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SRIS 0/51/92

PATENTS ACT 1977

IN THE MATTER of an application
under Section 72 by Glaverbel for
the revocation of Patent No 2035524
in the name of Coal Industry (Patents) Limited

FINAL DECISION

In my interim decision of 2 September 1991, given after a substantive hearing before me in July 1991, I found that the applicants for revocation, Glaverbel, had failed to establish any of the three grounds upon which they sought revocation of patent no 2035524, namely lack of novelty or of inventive step and failure of the specification to disclose the invention clearly enough and completely enough for it to be performed by a person skilled in the art, at least in regard to the method claims 1 to 6.

I considered the application for revocation without any regard to the apparatus claims 7-11 since it was the stated intention of the patentees not to pursue these claims. Neither party addressed me at that hearing on the question of whether, if the patentees were to make an application to amend the specification by deletion of the apparatus claims, I should exercise my discretion to allow such amendment. Thus, in my interim decision I allowed the patentees a period of one month from the date of the interim decision in which to submit amendments to the Patent Office by way of deletion of the apparatus claims and any consequential changes in the description. I invited them at the same time to submit arguments in writing as to my discretion to allow the amendments and I set out a timetable for dealing with responses to any such arguments.

In an oral decision given on 8 October 1991 following a hearing at which only the applicants for revocation were represented I granted an extension of the period within which any appeal from my interim decision should be lodged to one month after issue of the final decision.

Within the periods allowed the patentees filed proposed amendments involving deletion of the apparatus claims 7-11 and consequential changes to the description, and both sides submitted written arguments as to my discretion to allow the amendments. The applicants disputed that I should allow the amendments, and a further hearing was held before me on 12 February 1992. As at the July 1991 hearing Mr George Hamer appeared as counsel for the patentees and Mr Andrew Waugh as counsel for the applicants for revocation.

I took the opportunity at the opening of the hearing to draw attention to the inadvertent omission from the interim decision of the final line of page 15. The missing line reads "and of material deposits. Mr Tucker suggested that he should". Both counsel agreed that nothing hung on this passage.

Mr Hamer's main contention was that, since at the substantive hearing in July 1991 both he and Mr Waugh had agreed that the apparatus claims be revoked, the question of my discretion to allow the deletion of the apparatus claims does not arise. He argued that the patentees were not in fact making any application to amend at all but were merely assisting the Office in complying with the orders that were made or ought to have been made in the circumstances by consent. Moreover, he said that the matter of discretion would only have arisen had the method claims been found to be invalid and amendment of them then been requested by the patentees.

Thus, the first question I have to consider is whether the question of discretion over the deletion of the apparatus claim actually arises.

At the time when the substantive hearing was appointed it appeared that arguments would be heard at the hearing concerning the validity of the apparatus claims as well as the validity of the method claims. However, before the hearing the patentees stated in correspondence that they would not be pursuing the apparatus claims since, although they did not admit that they were invalid, they were not interested in them.

At the start of the substantive hearing in July 1991 Mr Waugh said:

"I have spoken to my learned friend and we are agreed that there should be an order by consent that the apparatus claims be revoked..... In the light of the fact that my learned friend is prepared to concede that there should be revocation of these claims by consent then we need not in fact direct any argument in time towards them."

Mr Hamer did not use the phrase "order by consent" at that hearing, instead saying:

"We are not particularly interested in the apparatus claims, we are quite content that they should be revoked."

The question of discretion was first touched upon in the following terms at the July 1991 hearing by Mr Waugh.

"... the patent, if those (apparatus) claims are going to be revoked, will require amendment and, as I understand the correspondence from the other side, they accept that amendment thereafter is going to be necessary, but the only person really who can apply for the amendment is the patentee. It is then going to be a situation as to whether or not there should be discretion exercised in favour of the second round of amendments when in fact there is no application before you, sir, to amend and indeed no evidence directed to the question of amendment"

I considered at the time, and still do, that this statement by Mr Waugh indicates that although he agreed to an "order by consent that the apparatus be revoked" he was nevertheless under the impression that the question of discretion to allow the deletion of the apparatus claims would still arise. In coming to this interpretation of his statement I understood his reference to "the second round of amendments" to arise from the fact that an earlier "first" set of amendments had been offered by the patentees and then withdrawn in 1988. The earlier amendments included, inter alia, deletion of the apparatus claims. I am left, however, with some doubt as to exactly what it was that Mr Waugh was intending to consent to if, as I have concluded, he considered that the issue of discretion still had to be addressed.

Mr Hamer's comments on discretion at the July 1991 hearing were:

"May I just say on the question of amendment that of course at the end of the day if you, sir, should decide that the patent, even without the apparatus claims, should be revoked, there is always the opportunity for an application to amend at that stage and it makes sense if one bears that in mind during the hearing. It may be that, in the circumstances, you will decide that discretion should be exercised against us. It may be that you will decide it should be exercised for us, but it is still open to us at that stage to apply"

I understood this statement by Mr Hamer to mean that if I found the method claims invalid and if amendments of the method claims were then submitted he would expect me to exercise my discretion in relation to allowing the amendments. I do not consider that his statement helps me to understand what view he held in July 1991 with regard to discretion as it relates to the proposed deletion of the apparatus claims.

I expressly invited both sides to address me at the July 1991 hearing on the question of discretion. Neither side took up the invitation, Mr Waugh merely observing that it was difficult to say anything about discretion when it was not known what the amendments were.

At the February 1992 hearing Mr Waugh argued, contrary to Mr Hamer, that the question of discretion did indeed arise in relation to the proposed deletion of the apparatus claims and, moreover, he considered that an application to amend had in fact been made by the patentees. As I have already indicated, this is in my view consistent with his position in July 1991, though it leaves unresolved for me the question of what exactly he meant at that time by his agreement that there should be an order by consent that the apparatus claims be revoked.

Section 72, which in any event provides for revocation of an entire patent not of particular claims, provides for such revocation of a patent "on (but only on)" any of specified grounds. No such grounds were investigated in relation to the apparatus claims and the patentees did not admit invalidity of these claims. Mr Hamer was defending the method claims and the remainder of the patent, and there is therefore little doubt in my mind that his intention was to consent merely to the deletion of the apparatus claim. His use of the word "revoked" in relation to these claims was therefore somewhat misleading, and I note that in their patent

agents' letter of 25 June 1991 the patentees indicated that they were content "to allow the apparatus claims to be excised" and "that the Hearing Officer should order that these claims should be deleted". Mr Waugh, on the other hand, was seeking revocation of the entire patent, and it appears likely to me that his understanding at the time of the July 1991 hearing was that the mutual agreement regarding "revocation" of the apparatus claims merely avoided the need to spend time debating the validity of those claims. I can only conclude that his references at that hearing to discretion were intended to deal with the situation which in the event actually arose, namely that I found against him in relation to his arguments for revocation of the method claims.

In an attempt to resolve the difficulty in which I am placed by this apparent lack of consensus on the part of the parties as to the implications of the supposed agreement between them, I need to consider the significance of the term "order by consent" first used in these proceedings by Mr Waugh in July 1991. He drew my attention to "The Doctrine of Res Judicata" by Spencer Bower and Turner (1969) in which consent judgments and orders are considered, quoting the following passage from paragraph 41:

"Any judgment or order which in other respects answers to the description of a res judicata is none the less so because it was made in pursuance of the consent and agreement of the parties. It is true that, in such cases, the court is discharged from the duty of investigating, or (where the consent is given at a late stage in the proceedings) further investigating, the matters in controversy, and is not asked to, and does not, pronounce a judicial opinion upon any of such matters; but it is none the less true also that, at the joint request of the parties, the tribunal gives judicial sanction and coercive authority to what those parties have settled between themselves, and in that way converts a mere agreement which, except in certain special cases the subject of express statutory provision in that behalf, could only operate as an agreement, and not as a bar, into a judicial decision on which a plea of res judicata may be founded. Accordingly, judgments, orders and awards by consent have always been held no less efficacious as estoppels than other judgments, orders, or decisions..."

Part of my difficulty stems, however, from the fact that there is now dispute as to what it was that the parties have "settled between themselves". I note that the generality of this difficulty is recognised in the next paragraph of Spencer Bower and Turner, not quoted by Mr Waugh:

"But, though consent judgments and orders are undoubtedly in every case (subject as above) decisions in the sense that the actual or prohibitive parts of the judgment or order are conclusively binding, upon not only the parties but the rest of the world, it may often be a matter of legitimate doubt and debate as to what, if any, question or issue of rights, title, or liability were expressly or implicitly, the subject of the consent and the decision. For this purpose, as for all other purposes connected with the ascertainment of the subject matter of the decision the court will examine all such evidence, if any, as is available and admissible, and by the aid of such materials, will ascertain whether any and what adjudication of matters in dispute was expressed, or necessarily involved, in the actual decision assented to"

Mr Waugh and Mr Hamer are now in dispute as to the exact terms of their "consent" and the only relevant material available to me comprises the transcript of the July 1991 hearing from which I have already quoted, and correspondence preceding that hearing.

The letter of 25 June 1991 written to the applicants by the patentees, from which I have also already quoted, makes plain that the patentees do not accept that the claims are invalid, and this view was not altered by anything said at the July 1991 hearing or subsequently. Further, Mr Waugh was plainly under the impression, as he still is, that discretion to allow deletion of the apparatus claims would still arise. Mr Hamer cannot be said to have given any view on the matter at the July 1991 hearing, only, belatedly, giving his view at the February 1992 hearing. I consider that when the two parties consented to the apparatus claims being "revoked" they were not both assenting to the deletion being effected without discretion being involved. Mr Waugh clearly expected that an application to amend would have to be made and discretion would thus arise.

I have received very little useful guidance from counsel on either side as to the significance of the expression "order by consent" for me in the present circumstances. Thus, I remain by no means certain that the expression, which has a technical meaning in the Court where it entails specified procedures, as described for example in The Supreme Court Practice, has any direct application before the Comptroller, at least in the present circumstances. I found it particularly unhelpful that it was only at the hearing of February 1992, and not at the July 1991 hearing or during the invited exchange of written observations following that hearing, that my attention was directed to the difference between the parties as to how the purported "order by consent" related to the question of discretion to allow deletion of the apparatus claims. Furthermore, I have received no assistance from either counsel at any stage as to the necessary procedures consequential upon an "order by consent" in this case. What is clear to me, however, is that, at least by the time of the February 1992 hearing, counsel were themselves seriously at odds on this issue and were unable to agree exactly to what it was they had mutually consented.

I consider, therefore, that the only sensible conclusion for me to reach is that nothing which might formally be described as an "order by consent" in fact arose out of the July 1991 hearing, notwithstanding Mr Waugh's introduction of this expression at that hearing. There was a limited measure of agreement between the parties which, to the extent that their understanding of it is mutual, consisted in effect of no more than that the validity of the apparatus claims should not be argued. No order flows directly from that agreement.

I am left, therefore, in seeking to decide whether the question of discretion to allow deletion of the apparatus claims actually arises as an issue, with the recognition that amendments offered in the course of revocation proceedings are covered by section 75, and that it is well established that allowance of amendments under section 75 is discretionary. I am therefore satisfied that I am required to consider whether it is appropriate in the circumstances of this case to exercise my discretion to allow deletion of the apparatus claims.

The fullest guidance as to how I should approach this question is set out in Smith Kline and French Laboratories Limited v Evans Medical Limited [1989] FSR 561("SKF"), where five principles applicable to that case were extracted from the prior authorities, namely:

- (a) the onus to establish that amendment should be allowed is upon the patentee who is required to make a full disclosure of all relevant matters;
- (b) amendment will be allowed provided the amendments are permitted under the Act and no circumstances arise which would lead the court to refuse the amendment;
- (c) it is in the public interest that amendment is sought promptly. If delay in such amendment has arisen the patentee has to show reasonable grounds for his delay if leave to amend is to be given;
- (d) a patentee who seeks to obtain an unfair advantage from a patent which he knows, or ought to have known, requires amendment, will not be allowed to amend; and
- (e) in such applications, the court is concerned with the conduct of the patentee and not with the merit of the invention.

Mr Hamer put it to me that so far the patentees had not been afforded an opportunity to put in evidence in relation to discretion and that, if I concluded that I was required to address the issue of discretion, they would wish to do so. I cannot agree that the patentees were given no such opportunity. My interim decision invited them to submit arguments in writing as to my discretion to allow the amendments, and indeed they did this in their patent agents' letters of 17 September 1991 and 25 October 1991. However, they neither filed evidence nor indicated that they proposed to do so. The first SKF principle establishes that the onus in this regard is upon the patentees, and I do not consider it appropriate for me to delay matters further by affording them another opportunity to file evidence. Neither, as will emerge, do I regard it as necessary.

SKF principle (b) can be dealt with quickly. The applicants for revocation have not argued that the deletion of claims 7-11 is not permissible under the Patents Act. Apart from deleting the apparatus claims the proposed amendments merely involve consequential changes to the

description. I am satisfied that, as required by section 76(3), they neither result in the specification disclosing additional matter nor extend the protection conferred by the patent.

The remaining SKF principles all relate in some respect to the behaviour of the patentees which, as expressed in principle (e), is the key to determining whether discretion should be exercised to allow amendment. It is therefore convenient at this point to outline the chronology of the present proceedings as they relate to the proposed deletion of the apparatus claims.

The patent in suit was applied for in November 1978 and granted in August 1982. The application for revocation filed in December 1986 inter alia attacked the apparatus claims for lack of novelty or inventive step. In response, in March 1987, the patentees offered unconditional amendments including amendment of the main method claim and deletion of the apparatus claims. The reasons given were "to clarify and to distinguish the present invention more clearly from the prior art". In their notice of opposition to the amendments filed in December 1987 the applicants for revocation alleged undue delay on the part of the patentees in seeking amendment. In their counterstatement on amendment filed in May 1988 the patentees denied any undue delay. In November 1988 the patentees withdrew their application to amend, including the request to delete the apparatus claims, leaving the revocation action to proceed on the basis of the unamended claims. In April 1991, some weeks before the commencement of the substantive hearing on the revocation action, the patentees indicated that they did not after all intend to pursue the apparatus claims. At the hearing itself, in July 1991, the discussion about agreed "revocation" of the apparatus claims which I have already considered took place.

The above chronology shows that the patentees maintained the apparatus claims from their original inclusion in the patent application in 1978 to March 1987, when they offered to delete them. They effectively reinstated them in November 1988 and then once more sought to delete them in April 1991, shortly before the hearing. They have stated that they only became aware of the existence of several of the documents cited by the applicants for revocation on receipt of the application for revocation. Other documents relied upon by the applicants for revocation were drawn to the patentees' attention in the Patent Office's search

report on the application on which the patent in suit was granted, but were not cited by the examiner at the substantive examination stage. At no stage have the patentees admitted that the apparatus claims were invalid, even in the light of documents cited by the applicants for revocation which it is clear the patentees were aware of prior to the commencement of the revocation proceedings.

There has been no suggestion either that the apparatus claims have been actively relied upon to discourage competitors, as for example in Autoliv Development AB's Patent [1988] RPC 425, or that the patentees have at any stage believed or been advised that the claims were not valid, as in SKF itself.

In Matbro Ltd v Mitchigan (GB) Ltd [1973] RPC 823 Mr Justice Graham held that:

"Mere delay is not, of itself, necessarily sufficient to justify refusal of amendment. There must have been or be likely to be some detriment to the respondents or to the general public caused by such delay before it can be an effective bar to relief."

In Chrome-Alloying Co Ltd v Metal Diffusions Ltd [1962] RPC 33, Mr Justice Lloyd Jacob held that, provided the patentee does not know nor ought to have known the relevance of the prior art and has not attempted to obtain some unfair advantage from his patent, the delay in seeking amendment should not bar the exercise of discretion. Lord Justice Pearson commented in Van der Lely (C) NV v Bamfords Ltd [1964] RPC 54 that it was for the court and not for the parties or their counsels to decide whether the contentions as to the validity of claims were correct or not, and that the absence of any evidence of insincerity on the part of the patentees was an additional reason for (in that case) reversing the judgment of the lower court and allowing deletion of invalid claims.

In the present case there has undoubtedly been delay in seeking deletion of the apparatus claims, as indicated in the above chronology, and this was to an extent exacerbated by the patentees' behaviour in withdrawing then reinstating the request for their deletion. There is, however, in my judgment no evidence of insincerity on the part of the patentees. We are, furthermore, here dealing with claims the validity of which has not been considered, either

by me or by any other court. I consider that in all the circumstances the teaching of the above authorities, broadly summarised in SKF principles (c) and (d), is that the patentees' behaviour has not been covetous or otherwise unreasonable, and that the application of these two principles does not in itself require me to refuse to allow the requested amendment.

I will deal next with whether or not the patentees have made a full disclosure of all relevant matter. This consideration has recently been highlighted in Yen Wei Hsiung's Patent (to be reported), where the Court of Appeal did not disturb Mr Justice Aldous' decision to refuse the patentee an opportunity to submit further amendments to escape the penalty of revocation on the grounds that he had not made full disclosure of all relevant matters.

Mr Hamer summarised the relevant history for me. He repeated the comments made in correspondence by the patentees that they had never been particularly interested in the apparatus claims. Their patent agent at the time, a Mr Wishart, had been dealing with all matters concerning the patent at the period when the first amendments were put in. He subsequently, in Mr Hamer's phrase, "left the scene", and the new agents, who were still handling the case, were unable to understand the reason for making these amendments. Mr Hamer, who was consulted at the time by the patentees' then agent, a Mr Wood, was equally puzzled. The decision was taken that the method claims should not be "messed about", again using Mr Hamer's phrase. I would insert here the comment that this view was subsequently vindicated by my decision not to hold the method claims invalid. The amendments were consequently withdrawn so that the original method claims could be restored, but Mr Hamer made it clear that at the stage no great thought was given to the apparatus claims. The patentees were not particularly conscious of any weakness in them, and did not at that time consider a mid-way position whereby the method claims should be restored but the apparatus claims abandoned. In response to Mr Waugh's observation that no papers had been made available relating to the change of opinion following the departure of Mr Wishart, Mr Hamer stated that Mr Wood, who had since retired, had been unable to find any papers relating to it (by "it" I take him to mean Mr Wishart's original amendments). By the time of the substantive hearing, however, Mr Hamer had been advised that the patentees had all along had no particular interest in the apparatus claims. He conceded that he had also recognised that the method claims were the stronger set (though I note that even

at this point he did not concede that the apparatus claims were not valid). He therefore concluded that "there was not a proper incentive to argue a second best case", and the decision not to pursue the apparatus claims was taken and transmitted to the Patent Office.

Mr Waugh pointed out that no attempt had apparently been made to contact Messrs Wishart or Wood to obtain direct evidence from them as to the reasons for first making then withdrawing the amendments. Mr Hamer argued that it was quite unnecessary to do this. I would observe that, while Mr Hamer's personal account is consistent with the established facts, it neither in itself constitutes formal evidence nor draws for all its detail upon such evidence from others. A more complete and corroborated picture of developments in relation to the apparatus claims might have been obtained had evidence been submitted by the two former agents. The patentees have not volunteered such evidence although the onus to establish the allowability of the amendments is upon them, and as I have already indicated, I do not consider it appropriate for me to delay matters still further by affording them another opportunity.

Nevertheless, Mr Hamer argued that the need for evidence of that type rarely arises when the requested amendment comprises excision of claims. It was, he contended, more usually required in relation to what he termed "validating amendment", by which I took him to mean amendment of a claim which had been held to be invalid in order to render it valid. It might, he conceded, be required in relation to an excision-type amendment where there was evidence that the patentees had behaved particularly badly, as in the Autoliv case to which I have already been referred.

The courts have indeed drawn a distinction between these types of amendment. In Van der Lely v Bamfords (op cit) Mr Justice Lloyd Jacob refused leave to delete claims found to be invalid, the refusal being based not on any objections to the details of the proposed amendments but on the conduct of the patentees in pursuing invalid claims up to the House of Lords. The patent also included claims found to be valid by the House of Lords. However, on appeal the deletion of the invalid claims was allowed. Lord Justice Pearson said:

"The court has to consider and decide whether any, and if so what, amendments should be allowed; and therefore, if it be shown that the applicant's behaviour in relation to the patent has been so bad that he ought to be driven from the judgment seat, the court can refuse to allow any amendment at all to be made. On the other hand, the court should have regard to the direction given (usually by the same court) under section 62(3) [relief for infringement of partially valid specification], and would naturally be inclined to allow the amendments necessary for correction of the specification by striking out the invalid claims and making the consequential adjustments in the body of the specification and in the valid claims. The plaintiffs in this case have not applied for more than that".

Lord Justice Willmer underlined this in the following terms:

"So far as the matter is one of principle, it seems to me that there is all the difference in the world between an amendment designed to assist in the enforcement of a valid claim and one designed to validate an invalid one. Where a claim has been found to be valid, the patentee has made good his claim to monopoly rights to that extent. But where a claim has been found to be invalid, the patentee has failed; and it may well be said that no good reason exists why he should be accorded a second chance."

The Court of Appeal in Van de Lely did not consider that the patentee's behaviour in pursuing the invalid claims to the House of Lords outweighed these considerations.

It is true that in Autoliv deletion of invalid claims was not permitted, but I have already indicated my view that the behaviour of the patentees in the present case is not comparable with that in Autoliv. In Yen Wei Hsiung no claims had been found to be valid, so that case does not assist me in deciding whether Mr Hamer's distinction is critical in the present circumstances.

A further authority not referred to at the hearing reinforces my view that Mr Hamer is correct in arguing that a higher level of disclosure is required of the patentees if they are requesting validating amendment than if they are requesting amendment by excision of

claims. This is Bentley Engineering Co Ltd's Patent [1981] RPC 361 where simple excision of claims was allowed but recasting amendments were disallowed having regard to the patentees' conduct. The patentees had asserted a patent in unamended form and had failed to justify their behaviour by clear explanation. Mr Justice Graham held that the patentees' conduct, though not fully explained, should not prevent them from being allowed to cut out clearly invalid claims so as to enable them to rely on any claims properly left in the specification thereafter.

In all the circumstances, and taking full account of the authorities, I am of the opinion that had the apparatus claims been found to be invalid or had the patentees acknowledged their invalidity, which they have not, then I would have followed the guidance most clearly set out in Van de Lely and Bentley and exercised my discretion to allow the amendments requested. However, instead I am faced with a situation in which the patentees have not pursued the apparatus claims to a hearing and lost, but have agreed to their deletion in advance of a hearing. I consider that the patentees should not be penalised for so agreeing.

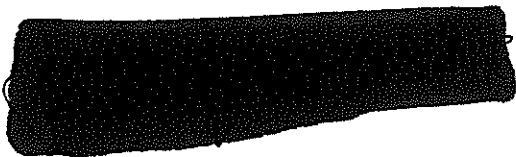
I therefore find that the patentees' conduct here, though not fully explained, should not prevent them from being permitted to delete the apparatus claims and, accordingly, I allow the amendments submitted. Since the amendments involve mere deletion of claims and minor consequential amendment of the description I do not consider that it is necessary to advertise them. I therefore order that the specification of patent No 2035524 be amended in the manner indicated in red in the copy attached to the patentees' agents' letter of 17 September 1991.

Both parties seek costs. The revocation proceedings of this patent have been complex, involving a preliminary hearing in addition to a lengthy substantive hearing and two further hearings. The patentees accepted at the preliminary hearing and later in writing that they are liable for some penalty in costs arising from the first set of amendments being unconditionally offered and then withdrawn and from the late non-pursuance of the apparatus claims. They have, on the other hand, been successful both in defending the patent against the main revocation attack and in seeking the exercise of the Comptroller's discretion to allow deletion of the apparatus claims. The applicants for revocation can, to a limited

degree, be regarded as having succeeded in that a set of claims which they have contended were invalid have in fact been removed from the patent, though their validity has not been determined. In all the circumstances I find that the patentees, Coal Industry (Patents) Limited are entitled to a sum of six hundred pounds (£600) as a contribution to their costs before the Comptroller, and direct that this sum shall be paid to them by the applicants for revocation, Glaverbel.

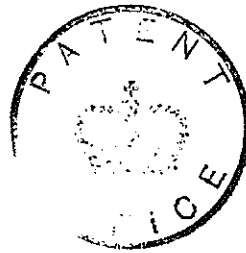
Any appeal against this decision should be lodged within 6 weeks after the date of this decision. Moreover, as stated in my oral decision given at the hearing on 8 October 1991, any appeal against my interim decision of 2 September 1991 should be lodged within one month after the date of this final decision.

Dated this 18 day of MAY 1992



DR P FERDINANDO

Superintending Examiner, acting for the Comptroller



THE PATENT OFFICE