

PATENTS ACT 1977

IN THE MATTER OF a reference by
HMSI Ltd under section 37(1) as to the
entitlement to Patent Number EP(UK)
0616658 in the name of Polar Bay Ltd

PRELIMINARY DECISION

1. Patent EP(UK)0616658 was granted to Polar Bay Limited (“Polar”) on 8 October 1997, the patent application having originally been filed under the Patent Cooperation Treaty (“PCT”) on 23 November 1992 by Wash 'N' Rinse Ltd. The PCT application claimed priority from a GB application, GB9124819.5, made on 22 November 1991 by Manufacturers Agents Limited, who subsequently went into liquidation. A reference under section 37(1) for determination of entitlement to the EP(UK) patent was filed by HMSI Limited (“HMSI”) on 25 February 1998.
2. A counterstatement was filed by the registered proprietors, Polar, on 7 May 1998 and, after the referrers' evidence-in-chief had been filed on 24 September 1998, Polar asked for the action to be stayed pending the outcome of opposition proceedings against the patent in the European Patent Office (“EPO”). These were initiated on 7 July 1998 by HMSI (Europe) Ltd. The referrers however object to a stay and the parties have now invited the comptroller to decide, on the basis of the papers on file, whether or not the action should be stayed. Both parties have been represented in these proceedings by their patent agents, the referrers by Venner, Shipley & Co and the patentees by Baron & Warren.
3. In deciding whether to stay I need to have regard to all the circumstances, including possible prejudice to either party, the public interest and the desirability of avoiding proceedings that could turn out to be wasted. The likely duration of any stay will also be a relevant factor, and that is particularly so in the present case. Opposition proceedings before the EPO are very slow. As the present opposition has only just been launched, it is likely to be

4 - 8 years or even longer before it is concluded. Thus whilst it is desirable to avoid possible conflict between proceedings in this country and proceedings before the EPO, both the Courts and the Patent Office are reluctant to stay proceedings for the duration of a pending EP opposition because of the length of the delay involved - see, for example, the decision of the Court of Appeal in *Beloit Technologies Inc. v Valmet Paper Machinery Inc.* [1997] RPC 489. Consequently, before agreeing to stay the present proceedings I would need to be persuaded that there are very good reasons to do so.

4. Polar's main argument in favour of a stay is that the parties will only know whether there are any UK patent rights to dispute after the outcome of the EPO opposition proceedings. They suggest in particular that one possible result of those proceedings might be that the patent will be maintained with an amended claim directed to subject matter not described in the application from which priority was claimed. If this happens, they say, that would terminate the present action because the referrers' claim is based on alleged entitlement to the invention of the priority application. Thus continuing with the present reference without waiting for the outcome of the EPO opposition could be a complete waste of time. HMSI put the emphasis differently, maintaining that unless and until the EPO revokes the European patent there are UK rights at issue and that the entitlement to these rights ought to be resolved.

5. In opposing a stay, the referrers have pointed out that the opponent in the EPO opposition proceedings, HMSI (Europe) Ltd, is not the same company as the referrers, namely HMSI Ltd. They therefore argue that the two proceedings have nothing to do with one another. Indeed, their agents, Venner, Shipley & Co, have complained that the Office has not kept the correspondence separate for the two actions, arguing that the correspondence about issuing a certified office copy of the priority document was not relevant to the present proceedings. Polar have responded by pointing out that whilst the two companies may strictly be independent legal persons they share the same address, have the same directors and shareholders and are stated to be associated companies in their company accounts. Further, they are represented by a single patent agent whilst ostensibly pursuing wholly conflicting aims in relation to the same UK patent. All this must mean that they are cooperating with each

other.

6. In my judgement, the referrers' agents are being disingenuous in suggesting that the entitlement proceedings in the UK by HMSI have no bearing on the opposition proceedings before the EPO by HMSI (Europe) Ltd. Indeed the referrers' agents themselves have not clearly distinguished the two issues. For example in their letter of 6 July 1998, which initiated the subsequent correspondence concerning the certified copy about which they complained, they wrote on behalf of HMSI Ltd, not HMSI (Europe) Ltd, and I note further that the agents' reference on their letters dated 6 July and 6 August about the certified office copy issue is identical to that on the present reference. This does not however mean that the two actions are inconsistent with each other, as alleged by the proprietors. If someone considers that a patent is bad because (a) it is not patentable, but (b) that, even if it is patentable, the proprietor is not entitled to it, then it is quite proper to launch two actions. Of course, if that person were successful in their entitlement dispute, they would undoubtedly find it difficult to maintain the patent in its present form, having challenged its patentability, but it would be open to them to apply for amendment to overcome the unpatentability which they have alleged.

7. I am, though, unconvinced by Polar's claim that the outcome of the EPO opposition stands a good chance of making the present proceedings otiose. It seems to me that, at this stage, the suggestion that the outcome of the EP proceedings might be the abandonment of the claim to priority is purely speculative. The situation might have been different had the proprietors already made an offer to abandon priority but this has not happened. However, even if the claim to priority were abandoned, it is conceivable that entitlement to the invention of the original UK application might result in some rights in the EP patent. Indeed, in section 37 proceedings the comptroller is not constrained to consider only the invention claimed: he considers all the matter in the patent. It is therefore possible to find that one party is entitled to some matter in the specification with the rest belonging to another.

8. There is another factor that I feel is relevant. The opposition before the EPO is based in part on a challenge to entitlement, albeit one that has been dressed up as a challenge to the

claim to priority. Polar have asserted that these proceedings under section 37 are being used by HMSI as a fishing expedition to obtain information for use in connection with the opposition proceedings before the EPO. In my view there is another way of looking at this. Since the EPO have no jurisdiction to settle entitlement, they may conclude that they are unable to settle some aspects of the opposition until the present entitlement action is resolved. In other words, although it is possible the outcome of the EPO proceedings could render the present proceedings otiose, it is just as possible that the EPO proceedings would be unable to reach a conclusion until the present proceedings have been disposed of. The present action will clarify which party is entitled to which aspects of the matter disclosed in the patent and may thus facilitate rather than hinder the proceedings in the EPO.

9. Polar have also maintained that HMSI's evidence does not link the invention of the patent-in-suit with the invention of UK Patent Application 9124819.5 purportedly assigned to HMSI by Treasury Solicitor, and that consequently it will not be possible to decide the entitlement issue until the EPO have decided whether the claims of the patent are fairly based on the disclosure in the original UK application. This argument, it seems to me, will depend for its support on the quality and sufficiency of the referrers' evidence, which will be a matter for consideration at the substantive hearing. It is not a matter I feel I should take into consideration now.

10. As I indicated earlier, in the present circumstances I would need strong arguments to justify a stay. I have come to the conclusion that Polar's arguments in favour of a stay are weak and that therefore HMSI's wish for the proceedings to continue should prevail. Furthermore, ownership rights have been conferred on the proprietor by grant of this patent and it is in the public interest that any doubt as to ownership should be removed as quickly as possible. Accordingly I decline to stay the action.

11. At the moment, the ball is in the opponents' court, waiting for them to file their evidence. They are supposed to do this by 23 December. If they consider this is an impossibly tight timetable, given the delays that have occurred whilst the question of a stay has been considered, they should apply in the normal way for an extension. Subject to any comments

from the other side, a sensible extension is unlikely to be refused.

12. As this decision relates to a matter of procedure, under the Rules of the Supreme Court any appeal should be lodged within 14 days.

Dated this 16th day of December 1998

P HAYWARD

Superintending Examiner, acting for the comptroller

THE PATENT OFFICE