

PATENTS ACT 1977

IN THE MATTER OF a reference
under section 8 by Phillip Walter Strong
in respect of Patent Application
GB 9911627.9 in the name of
Stafford Rubber Company Limited

DECISION

Introduction

1. Patent Application GB 9911627.9 entitled “Method and device for raising loads” was filed in the name of Stafford Rubber Company Limited (hereafter referred to as Stafford Rubber or the defendant) on 20 May 1999 and published on 22 November 2000 as GB 2350099A. However, no request for substantive examination was filed and the application was duly announced as terminated in the edition of the *Patents and Designs Journal* published on 22 August 2001.
2. On 7 September 2001, a reference under section 8 in respect of this application was filed by Phillip Walter Strong (hereafter referred to as Mr Strong or the claimant), seeking relief under section 8(2) and 8(3), together with costs. In his statement accompanying the reference, Mr Strong describes the circumstances of this case as set out in the following paragraph.
3. Mr Strong is the proprietor of an unincorporated company involved in the production and distribution of patient handling equipment. In 1999 he had the idea of using a foam body to lift a patient by locating the foam in an impermeable container and evacuating air from the foam to collapse it. When air is readmitted, the foam returns to its original shape under its own resilience, and in so doing can be used to lift a patient. On 17 March 1999, Mr Strong met Mr Thomas Matthew Caveney of Stafford Rubber in order to discuss development and production of his idea. He was accompanied at the meeting by Mr Raymond Geoffrey Todhunter, a business acquaintance who had introduced Mr Strong to Stafford Rubber. Having obtained Mr Caveney’s agreement that all disclosure would be treated in the strictest confidence, Mr Strong explained his idea, though in the event Stafford Rubber did not become involved in the project. On 5 January 2001, Mr Strong filed a patent application GB 0100332.6 claiming a priority date of 8 January 2000 and entitled “Load handling apparatus”. This application was published on 15 August 2001 as GB 2359063A. In the search under section 17 carried out in respect of the claimant’s application, the defendant’s application was cited, alerting the claimant and eventually giving rise to this reference under section 8.
4. In response to the reference, the defendant stated in a letter dated 15 October 2001 that it did not intend to file a counterstatement, and went on to specify certain of the relief sought to which it had no objection, provided that no costs were awarded. In a letter dated 12 November 2001, the claimant clarified the relief it was seeking and maintained its position on costs, setting out its case on costs in some detail. The claimant also stated that it was content for the matter to be decided on the papers. The defendant

responded in a letter dated 14 December 2001 stating that it had no further comment to make and confirmed that it too was content for the matter to be decided on the papers.

5. In an official letter dated 18 January 2002 concerning possible relief, it was noted that an order under section 8(3) might adversely affect innocent third parties, and that in order to balance the interests of the claimant against those of any such third party, it might be appropriate to make any order under section 8(3) subject to third party terms. The views of the claimant were sought on the issue, and in a response dated 8 February 2002 the claimant indicated its opposition to third party terms, again setting out its case in some detail.
6. Finally, statutory declarations were filed on behalf of the claimant by Mr Strong and by Mr Todhunter respectively dated 3 February 2002 and 26 February 2002 with a view to confirming the events described in the statement. In response the defendant confirmed that it had no further comment to make, but pointed out that this was not to be construed as acceptance of what was set out in the statutory declarations.
7. The issues I have to decide then are whether and what relief is appropriate in the circumstances, and whether any order should be subject to third party terms. I also have to determine the question of costs.

The law

8. In its statement the claimant requests relief under section 8(2) and 8(3). However, since section 8(2) explicitly excludes the situation where the application is refused or withdrawn before the reference is disposed of by the comptroller, relief under that section is not available in the present case. In its letter of 12 November 2001, the claimant acknowledged this and amended the relief sought, requesting an order under section 8(3).
9. Section 8(3)(c) specifically applies *inter alia* to applications “withdrawn before the comptroller has disposed of the reference, but after the publication of the application”, and therefore is the relevant provision in the present case. The section provides that in such circumstances

the comptroller may order that any person by whom the reference was made may within the prescribed period make a new application for a patent for the whole or part of any matter comprised in the earlier application or, as the case may be, for all or any of the matter excluded from the earlier application, subject in either case to section 76 below, and in either case that, if such a new application is made, it shall be treated as having been filed on the date of filing the earlier application.

10. The prescribed period is set out in rule 10 which reads as follows:
The prescribed period for the purposes of sections 8(3) and 12(6) shall be three months calculated from the day on which the time for appealing from an order made under either of those subsections expires without an appeal being brought or, where an appeal is brought, from the day on which it is finally

disposed of.

Findings

11. The defendant has not filed a counterstatement and hence the description of events set out in the statement and summarised above stands unopposed for the purposes of these proceedings. In addition, in its letter of 15 October 2001 the defendant indicated, with reference to the relief originally sought, that it had no objection to the application in suit “proceeding in the name of Phillip Walter Strong or to an order from the Comptroller pre-dating Mr Strong’s patent application”, and in its letter of 14 December 2001, the defendant indicated, with reference to the claimant’s amended request for relief, that it had no further comment to make. Although this is not an explicit acceptance of the relief sought under section 8(3), I conclude from these comments that the defendant does not resist the request.
12. An important aspect of this case is that, in respect of the claimant’s application, the defendant’s published application forms part of the state of the art under section 2(2) or 2(3). The claimant’s application cannot therefore proceed without limitation of its claims to distinguish them from the subject matter in the defendant’s application. Since there is a large degree of similarity between the two applications, inevitable in the circumstances, significant limitation of the claims would be necessary. The claimant would therefore be significantly disadvantaged if the situation were allowed to stand unchanged.
13. Taking all of this into account, I think it is right to exercise the discretion provided by section 8(3) in the claimant’s favour and to allow it to file a new application for the whole or part of any matter contained in the defendant’s application; with any such new application taking the filing date of the defendant’s application.
14. Turning to the issue of third party terms, the situation is this. The application in suit was announced as terminated on 22 August 2001, and any third party was then free to begin working the invention on the basis of that announcement. If a new application were subsequently made by the claimant under a section 8(3) order and a patent granted on it, then such a third party would be open to an infringement action. However if the third party had acted in good faith upon termination of the defendant’s application, arguably it should have the right to continue to work the invention free of the threat of infringement. The issue here then is how to balance the rights of the claimant and those of third parties, and to this end the official letter of 18 January 2002 raised the question of imposing third party terms
15. The claimant in its letter of 8 February 2002 resists the imposition of such terms. The claimant argues that such a third party right never existed in view of the claimant’s own patent application. This has a priority date of 8 January 2000, earlier than the publication date of 22 November 2000 of the defendant’s application; and was published on 15 August 2001, earlier than the announcement of termination of the defendant’s application on 22 August 2001.
16. The claimant contrasts this to the situation under section 28, arguing that where a

lapsed patent is restored under that section, a third party may properly have considered themselves free to make use of an invention, whereas in the present case, the claimant's patent application was in existence at the time of the announcement of termination.

17. I have to say that I have some sympathy with the claimant, and I take the point that a third party aware of the announcement of termination of the defendant's application on 22 August 2001 should be held also to have been aware of the publication of the claimant's application on 15 August 2001. However I think there is a further aspect of this to consider when examining the consequences of that publication. Firstly, it is clear that a third party would rightly see itself remaining free of constraint in respect of any matter present in the defendant's terminated application but not in the claimant's. Secondly, the claimant's published application includes a copy of the search report under section 17, in which report the defendant's application is cited. The third party would therefore be aware that the claimant's application would not be able to proceed without restriction to distinguish its claims from the subject matter of the defendant's application. In consequence, the third party would, it seems to me, justifiably see itself also free of constraint in respect of matter in the claimant's application which was also present in the defendant's earlier application. Finally, matter in the claimant's application which was not present in the defendant's earlier application would not appear to enter the equation at all, since such matter could not be included in any new application filed under section 8(3) and third party terms would not therefore bite on it. In short, it seems to me that the subject matter of the claimant's application will divide between that which is also present in the defendant's application and which the claimant's application cannot therefore protect, and that which is not present in the defendant's application and on which third party terms cannot therefore bite. In consequence it seems to me that publication of the claimant's own application is not a factor I need to take account of here.
18. In considering whether or not to impose third party terms, I need also to take account of the fact that a new application made under a section 8(3) order would take the filing date of the defendant's application which is earlier than that of the claimant's original application. There is an advantage here to the claimant which I think, at least to an extent, would balance third party terms. Taking all of this into account I think it right to make the section 8(3) order subject to appropriate terms. Although such terms may prove to be academic, for completeness I should add that if in the event they are invoked, then it seems to me that the claimant may have a case for damages against the defendant.

Form of order

19. Taking account of my findings above, an order based on the terms of section 8(3), allowing the claimant to file a new application for all or part of any matter in the defendant's terminated application, within the period prescribed by rule 10, is appropriate.
20. For the reasons I have given, I have decided that the order should be subject to third party terms. It is convenient, and it seems to me sensible, to follow to the greatest extent possible the form of third party terms used in restoration proceedings under

section 28; such terms being based on the wording of section 28A. I therefore propose to adopt the relevant wording from section 28A subsections (4) to (6); although it will be necessary to adapt this wording. Firstly, I think it necessary to make the terms conditional on a new application being made and a patent granted thereon. Secondly, I note that in restoration proceedings third party terms are applied, under section 28A(4), to acts begun in the period beginning from when it was no longer possible for the patent to be renewed and ending on publication of notice of the application for restoration. In the present circumstances it seems to me that the relevant period should begin on 22 August 2001, the date that the defendant's application was announced as terminated, and end on the date that this reference was advertised in the *Patents and Designs Journal*, namely 31 October 2001.

Order

21. I therefore order as follows:

- (1) that the claimant may - within three months from the day on which the period for appealing this decision expires if no appeal is brought, or where an appeal is brought, within three months from the day on which the appeal is finally disposed of - make a new application for a patent for the whole or part of any matter comprised in patent application GB 9911627.9 (hereafter "the earlier application"), subject to section 76, and that if such a new application is made, it shall be treated as having been filed on the date of filing of the earlier application
- (2) that the following conditions shall apply:
 - (i) if such a new application is made and a patent is granted thereon, then if, between 22 August 2001 (the date that the earlier application was announced as terminated) and 31 October 2001 (the date that this reference under section 8 was announced), a person-
 - (a) began in good faith to do an act which would have constituted an infringement of the patent, or
 - (b) made in good faith effective and serious preparations to do such an act,he has the right to continue to do the act, notwithstanding the grant of the patent, but this right does not extend to granting a licence to another person to do the act.
 - (ii) if the act was done, or the preparations made, in the course of a business, the person entitled to the right conferred by sub-paragraph (i) above may-
 - (a) authorise the doing of that act by any partners of his for the time being in that business, and
 - (b) assign that right or transmit it on death (or in the case of a body corporate on its dissolution), to any person who acquires that part of the

business in the course of which the act was done or the preparations were made

- (iii) where a product is disposed of to another in exercise of the rights conferred by sub-paragraph (i) or (ii) above, that other and any person claiming through him may deal with the product in the same way as if it had been disposed of by the registered proprietor of the patent
- (iv) the above provisions apply in relation to the use of a patent for the services of the Crown as they apply in relation to infringement of the patent.

Costs

- 22. Turning now to the question of costs, the defendant in its letter of 15 October 2001 asks that no costs be awarded as a condition of its not filing a counterstatement and its agreement to the relief sought. However, the claimant in its letter of 12 November 2001 argues that it has incurred costs through the preparation of the statement and supporting evidence, that it will incur further costs if it prosecutes a new application, and that all of this is due solely to the defendant's actions. I find myself entirely in agreement with the claimant on the issue, and do not accept that there should be no cost award.
- 23. Regarding the amount of costs, it is long established practice that costs in proceedings before the comptroller are not intended to compensate parties for the expense to which they have been put; rather they are intended to represent a contribution to that expense, and to that end guidance is given by a published scale. Guided by the current scale, I award the claimant the sum of £650 in respect of its costs in filing this reference and the accompanying statement and in preparing and filing its evidence.
- 24. I am also inclined to make an award in respect of the costs the claimant will incur if it prosecutes a new application. There is no guidance here from the scale, but the principle that the comptroller does have a wider discretion on costs if circumstances require is also well established. Since the claimant will already have to hand the specification filed by the defendant, and bearing in mind that a contribution to, rather than compensation for, costs arguably remains a strong guiding principle here, I think it right to make an award but to limit it to the cost of the official fees that the claimant will necessarily incur for search and examination, namely £200.
- 25. Together these two sums amount to £850. In consequence I direct that the defendant shall pay the claimant the sum of £850 as a contribution to its costs. The payment shall be made within seven days of the expiry of the appeal period unless an appeal is lodged, in which case payment may be suspended pending the appeal.

Appeal

- 26. This being a decision other than on a matter of procedure, the period for appeal is six weeks from the date of the decision.

Dated this 25th day of June 2002

D J BARFORD
Deputy Director, acting for the Comptroller

THE PATENT OFFICE