PATENTS ACT 1977

IN THE MATTER OF an offer under section 29 to surrender patent no. GB 2317817

DECISION AND ACCEPTANCE OF OFFER

Introduction

1 Dyson Limited, the proprietors of patent no. GB 2317817 relating to a vacuum cleaner and granted on 3 November 1998, gave notice to the comptroller on 1 February 2002 of an offer to surrender the patent. The surrender was not opposed, but in my decision of 18 July 2002 I stayed surrender to await the outcome of revocation proceedings brought by Hoover Limited which were still pending before the court. I ordered the proprietors to notify the comptroller of the outcome of the court proceedings or of any order from the court that the surrender proceedings should continue before the comptroller.

2 The proprietors wrote on 24 July 2002 giving further explanation of the circumstances underlying their offer to surrender and asking me to reconsider my decision, or to be heard if I was minded to maintain the stay. They stated that, because there was a corresponding European application which they believed should properly be the subject of any dispute with Hoover, they had unsuccessfully proposed to the court that the revocation proceedings should be stayed until GB 2317817 had been revoked by the comptroller under section 73(2) of the 1977 Act.

3 The Patent Office wrote to the proprietors on 5 August 2002 saying that since the court had already expressed a view as to whether the revocation proceedings should continue before it, it did not prima facie appear appropriate for the comptroller to accept the offer to surrender the patent without the view of the court as to how this might impact on the revocation proceedings. In the absence of agreement between the proprietors and the Office the matter came before me at a hearing on 16 September 2002. The proprietors were represented by Mr Andrew Inglis of Olswang (Solicitors) and Mrs Gillian Smith, Head of Intellectual Property at Dyson Limited.

Power to review the earlier decision

4 At the hearing I said that I would need to consider whether I had the power to review my own earlier decision, although I considered it right to hear any points which the proprietors wished to make. Mr Inglis suggested to me that, as I had not decided the issue of surrender one way or the other and because the circumstances contemplated in the order that I gave did not actually exist, the right thing to do was to refer the matter back to me rather than to appeal.

5 On this I should first consider what is required by rule 43 of the Patents Rules 1995, the relevant parts of which state:

"43.-(1) A notice of an offer by a proprietor of a patent under section 29 to surrender his patent shall be -

(a) given in writing accompanied by:

(i) a declaration that no action is pending before the court for infringement or for revocation of the patent; or
(ii) if an action before the court is pending full particulars of the action in writing; and

(b) advertised by the comptroller in the Journal.

(2) At any time within two months from the advertisement any person may give notice of opposition to the surrender to the comptroller on Patents Form 15/77.

....."

6 On the one hand it could be argued that the proprietors should have put all the relevant facts before the comptroller when they made their offer to surrender, since rule 43(1)(a)(ii) does not require the proprietor to give reasons for surrender but merely requires "full particulars" to be given of any action pending before the court for infringement or revocation: they should therefore not now be given an opportunity to re-open a decided issue by putting forward reasons or further particulars of the court action. On the other hand, it could equally be argued that, if further reasons come to light after the comptroller has come to a view that no sufficient grounds have yet been established to justify surrender, the proprietors should be given an opportunity to make observations and to amplify the history of the court proceedings, and if necessary to be heard, before any final decision is reached.

7 Bearing in mind that all I have done is to "decide not to decide" the issue of surrender for the time being, I consider that the interests of justice point to the latter approach as the correct one to take. I note that, even though rule 43 does not specifically provide for the giving of reasons or further particulars, neither does it prohibit it.

8 Although I do not rely on it in reaching this conclusion, I believe that the decision of the comptroller in *Camfil AB v Interfilta (UK) Ltd* (BL O/390/02) - given on 8 October 2002 and not therefore available at the time of the hearing - lends support to my view. In this decision the hearing officer reviewed the extensive case-law to which he had been directed, including cases in which the court had been willing to reconsider its order before it was drawn up. He concluded that the comptroller did have discretion (although it was not exercised in the particular circumstances of the case) to consider uninvited submissions from one of the parties to a revocation action after the substantive hearing but before the decision issued. This is analogous to the present situation in that, even though I have issued a decision, I have not in fact yet decided whether the patent should be surrendered, and on this view I am not debarred from considering the submissions made by the proprietors at the hearing.

The proprietors arguments for surrender

9 Before turning to the points which Mr Inglis made at the hearing, I should briefly explain the considerations which underpinned my earlier decision. I was mindful that I

ought not to delay the overall settlement of the revocation proceedings or to prejudice the position of the proprietors. However it was not clear to me how the offer to surrender might impact on the revocation proceedings before the court, and I took the view that staying the surrender to await their outcome was desirable and would be unlikely to prejudice the proprietors' position since it was open to them, if neither they nor any third parties had any interest in it, not to defend the revocation action.

10 Mr Inglis argued that it was not a realistic option for the proprietors not to defend the revocation action. They did not accept that the revocation action brought by Hoover should go ahead and explained (as mentioned above) that they had applied unsuccessfully to the court to stay the proceedings until the patent was revoked by the comptroller under section 73(2). This they said had led to unhelpful speculation in the press - and on this I was referred to an article from the "Financial Times" on 1 February 2002 headed "Dyson loses out in latest Hoover battle" - in consequence of which they felt compelled to defend the action.

11 However, Mr Inglis said that the offer to surrender had been made - I note on the same day that the above article appeared - with the aim of saving costs and avoiding wasting court time. The proprietors believed that Hoover had initiated the revocation proceedings because they were concerned that infringement proceedings might be brought against them. To meet this concern they had already given an undertaking to the court not to bring infringement proceedings, and acceptance of the surrender would in any case mean that no action for infringement would lie for acts done before publication of the surrender by virtue of section 29(3) of the Act. The proprietors believed that Hoover were now maintaining the revocation action only because the surrender had not been accepted, and I note that Hoover's letter to the proprietors dated 2 September 2002 (which the proprietors have copied to the Office) does indeed state:

> "Bearing in mind the decision of the Patent Office dated 18 July, to defer any decision on your client's offer to surrender the GB patent until after the outcome of the revocation proceedings, it seems that those proceedings should now be progressed as speedily as possible."

12 Mr Inglis further explained that the corresponding European patent had in fact been granted on 2 May 2002, and the nine-month opposition period under the European Patent Convention therefore expired on 2 February 2003. However he believed that even if the national patent fell to be revoked under section 73(2), the proprietors' concerns outlined above were still pressing, and justified them in offering to surrender.

13 I put it to Mr Inglis, first, that it was the court, and not the comptroller, that was in a position to say whether costs would be saved, and, second, that Hoover might well take a different view of the matter to the proprietors. It seemed to me that these were pointers towards seeking the view of the court as to whether the revocation proceedings should be concluded before the comptroller considered the offer to surrender.

14 On the first point Mr Inglis took the view that discretion under section 29 was for the comptroller and not for the court: the court had no power to direct the comptroller, and to await its view was an improper divesting of the comptroller's discretion. On the

second point Mr Inglis noted that Hoover had not opposed the surrender, and that their conduct indicated that they were prepared to have the matter dealt with by surrender.

15 Section 29(3) requires the comptroller to be "satisfied that patent may be properly surrendered", and Mr Inglis said that there was nothing improper in accepting surrender in the present circumstances. On this he took me to the following passage in paragraph 14.46 of "Terrell on the Law of Patents" (15th edition):

> "An offer to surrender may also be made during the course of revocation proceedings at a point at which the patentee takes the view that he no longer wishes to contest the matter, but equally does not accept that the patent is invalid and ought to be revoked."

to show that the mere existence of revocation proceedings was not sufficient of itself, and that the comptroller needed to consider was whether there were any circumstances which would make surrender improper. In his view, there were no such circumstances, and Hoover would not be prevented by a surrender from continuing revocation proceedings if they so wished.

16 Consistent with his view that surrender is not a matter for the court, Mr Inglis did not accept that the Laddie J's observation in *Connaught Laboratories Inc's Patent* [1999] FSR 284 to which I had drawn attention in my earlier decision:

> "It is open to me therefore to order revocation of the patent if, having regard to what is pleaded and the material I have seen, that is the appropriate course of action. Alternatively I can allow the offer to surrender to be further processed through the Comptroller"

was a bar to the comptroller accepting surrender. In his view Laddie J was not deciding *whether the patent should be revoked by the court or surrendered before the comptroller*: rather he was saying that the court could decide *whether or not to revoke the patent*, and if it was not revoked the matter of surrender remained live before the comptroller. It will be seen that this comes down to what is meaning is to be placed on the word "allow" in this passage.

17 However, in my earlier decision I expressly said that I did not think that *Connaught* took away the comptroller's powers of decision under section 29. I drew on *Connaught* merely to illustrate the desirability of making the court aware of the offer to surrender so that it could consider whether it was preferable to go ahead with revocation or leave the offer of surrender to take its course before the comptroller.

18 I fully accept that the facts of *Connaught* - where the offer to surrender was made one day before the trial of the revocation action in circumstances justifying indemnity costs - are distinguishable from the present situation. However, no nearer precedent case has been drawn to my attention, and I note that *Connaught* is the only authority referred to by "Terrell" (quoted above).

19 As explained above, the Office wrote to the parties on 5 August 2002 concerning the court's declining stay the revocation proceedings. Subsequent to the hearing Mrs Smith wrote to explain that although no transcript of the proceedings before Laddie J on 31 January 2002 was available, their notes confirmed his view that there could be no objection to Hoover disputing the validity of the patent whilst the proprietors retained

the benefit of it. Although the correspondence between themselves and Hoover which the proprietors have copied to the Office indicates some disagreement about how the court conveyed its view, there seems to be no dispute what that view was and I accept it.

Conclusions

20 Having carefully considered all the arguments now advanced by the proprietors, I believe that the patent may properly be surrendered. In reaching this view, I note that rule 43 gives no guidance as to how the comptroller should proceed in the event that an action is pending before the court. I am nevertheless satisfied that rule 43 leaves it open to me to decide whether or not to seek the view of the court or to await the outcome of the court proceedings before accepting an offer to surrender, according to the merits of the particular case. I do not accept that this is necessarily an improper abrogation of a discretionary power. I also accept Mr Inglis' arguments that *Connaught* does not go so far as requiring me to await a view from the court on whether the patent should be revoked before accepting an offer to surrender.

21 I believe that there are a number of factors which taken together make it proper for the patent to be surrendered:

- the proprietors have given satisfactory reasons as to why they should not simply decline to defend the revocation action;

- it seems at least possible from the views expressed in the correspondence between Hoover and the proprietors that the stay of the surrender may be preventing the revocation action from proceeding;

- no-one, including Hoover, has opposed the surrender;

- the court been made aware by the proprietors of the offer to surrender, and has not expressed any view;

- the view of the court at the hearing on 31 January 2002 does not point to any reason why surrender would be inappropriate; and

- surrendering the patent would not adversely affect the continuance of the revocation action.

Orders and further action

22 I therefore accept the offer to surrender. In accordance with section 29(2), the patent will cease to have effect from the date when the notice of this acceptance is advertised in the Patents and Designs Journal.

23 Although the proprietors have referred to the likely revocation of the patent under section 73(2) following the grant of the European patent, it is not the practice of the Office to initiate proceedings under section 73(2) if at the relevant date the UK patent is no longer in force or if an offer to surrender it has been made (see paragraph 73.09 of

the “Manual of Patent Practice”. The Office would therefore propose to take no further action under section 73(2).

Dated this 21st day of November 2002

R C KENNELL
Deputy Director acting for the Comptroller

THE PATENT OFFICE