



2<sup>nd</sup> January 2009

**PATENTS ACT 1977**

BETWEEN

Strix Ltd

Claimant

and

Otter Controls Ltd

Defendant

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PROCEEDINGS

Application under Section 27 of the Patents Act 1977 to amend GB 2337684 B

HEARING OFFICER

J Elbro

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**PRELIMINARY DECISION**

**Background**

- 1 Patent GB 2337684 B (“the patent”) in the name of Strix Limited (“the patentee”) was granted on 28 February 2001. On 31 August 2006, the patentee applied under Section 27 of the Patents Act 1977 to amend the patent. Following advertisement of this application, Otter Controls Ltd (“the opponent”) filed an opposition to this amendment under section 27(5) on 30 November 2007.
- 2 Before the patentee filed a response to the opposition, Section 27 was amended by the Patents Act 2004 as detailed below. As a result, in its response the patentee observed that it assumed the objection on grounds of bad faith would be struck out. The opponent contested this, arguing that the objection was still a valid ground for refusing amendment. Both parties filed further submissions on this issue and were content for a decision on it to be made on the papers.

**Striking Out**

- 3 Striking out is governed by Rule 83 of the Patents Rules 2007 (reflecting rule 3.4 of the *Civil Procedure Rules* 1998):

83.— (1) A party may apply to the comptroller for him to strike out a statement of case or to give summary judgment.

(2) If it appears to the comptroller that—

(a) the statement of case discloses no reasonable grounds for bringing or defending the claim;

(b) the statement of case is an abuse of process or is otherwise likely to obstruct the just disposal of the proceedings; or

(c) there has been a failure to comply with a section, a rule or a previous direction given by the comptroller,

he may strike out the statement of case.

...

4 The relevant law is summarised in paragraphs 2.69-2.71 of the Patent Hearings Manual as follows:

*“2.69 A party may apply to the comptroller to have another party’s statement of case struck out either in part or in its entirety. Any application for striking out should identify precisely what is to be struck out and the grounds on which this is brought.*

*2.70...*

*2.71 The summary procedure of striking out should be used sparingly. In line with the principles set out in rule 3.4 of the Civil Procedure Rules 1998, it may be used to strike out something which discloses no reasonable grounds for bringing or defending the claim, although often amendment of the pleadings will be more appropriate than striking out. It may also be used when there has been abuse of process, or a failure to comply with any rule or with an order of the comptroller. (For examples of striking out, see *Justwise Group Ltd v Magis S.p.A* BL O/126/05 and *Aleshin v Sony United Kingdom Ltd* BL O/056/05; in *Justwise* a reference under section 246(1) of the Copyright, Designs and Patents Act 1988 was struck out because there was in fact no dispute on any of the matters covered by that section.).*

### **The contested statement of claim**

5 This decision is concerned with the points raised under the third section of the opponent’s statement of case. They are essentially that the patentee has been aware for the past seven years of the need to amend the patent to overcome the prior art. It refers in support of this to the proceedings on the patent’s EP equivalent (which was revoked following opposition). The opponent argues that this delay, which has led to uncertainty and potentially misled third parties as to the scope of the patent, means that the comptroller should refuse to exercise his discretion to allow amendment.

### **Section 27**

6 Section 27 of the Patents Act 1977 allows patentees to request amendment of a patent after grant. One of the historical grounds for the comptroller refusing to exercise his discretion to grant the request (whether or not the request was opposed) has been related to the patentees conduct. It is common ground that the issue at stake in this striking out action falls under this category.

7 Floyd J set out the historical law in *Markem v Zipher* [2008] EWHC 1379 (Pat) (“*Markem*”):

197. For many years prior to the coming into force of the Patents Act 2004, courts and tribunals in this country have exercised a very wide discretion over whether to allow a party to amend the scope of the monopoly granted by a patent following its grant. In *SKF v Evans Medical* [1989] FSR 561, Aldous J (as he was then) described the discretion in the following terms (at p.569):

"The discretion as to whether or not to allow amendment is a wide one and the cases illustrate some principles which are applicable to the present case. First, the onus to establish that amendment should be allowed is upon the patentee and full disclosure must be made of all relevant matters. If there is a failure to disclose all the relevant matters, amendment will be refused. Secondly, 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. Thirdly, it is in the public interest that amendment is sought promptly. Thus, in cases where a patentee delays for an unreasonable period before seeking amendment, it will not be allowed unless the patentee shows reasonable grounds for his delay. Such includes cases where a patentee believed that amendment was not necessary and had reasonable grounds for that belief. Fourthly, a patentee who seeks to obtain an unfair advantage from a patent, which he knows or should have known should be amended, will not be allowed to amend. Such a case is where a patentee threatens an infringer with his unamended patent after he knows or should have known of the need to amend. Fifthly, the court is concerned with the conduct of the patentee and not with the merit of the invention."

8 As alluded to in the above passage, the Patents Act 2004 amended Section 27 in a way which has a bearing on the exercise of the Comptrollers discretion. A new subsection 27(6) was inserted which reads as follows:

"(6) In considering whether or not to allow an amendment proposed under this section, the court or the comptroller shall have regard to any relevant principles applicable under the European Patent Convention."

9 This section came into effect on 13 December 2007. There were no relevant transition provisions and it is common ground that it applies in this case.

10 The patentee's argument may now be succinctly put: There is no discretion under the European Patent Convention for the European Patent Office to refuse amendment on grounds of the patentees conduct. Therefore, it is no longer open to the comptroller to refuse amendment on those grounds – to do otherwise would be not paying the required regard to those principles. The part of the statement of case relating to this therefore provides no reasonable grounds for refusing amendment and should thus be struck out.

11 The patentee finds support in the guidance notice published by the Intellectual Property Office explaining the effects of the Patents Act 2004. Paragraph 5 of Guidance Note number 8<sup>1</sup> on the changes made reads as follows:

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<sup>1</sup> <http://www.ipo.gov.uk/pro-types/pro-patent/p-law/p-law-guidance/p-law-changes/p-law-changes-postgrantamend.htm>

5. The new UK legislation will ensure that there is consistency of approach in post-grant amendment in the UK and at the EPO. While the comptroller and the courts still continue to have discretion to allow or to refuse an amendment, in exercising that discretion they are required to have regard to any relevant principles applicable under the European Patent Convention. For example relevant regulations under the European Patent Convention, any relevant guidelines produced by the European Patent Office and decisions of the Opposition Division and Boards of Appeal. The intended effect in the UK is that the old law relating to covetousness and delay is swept away and these matters are no longer an issue in post-grant amendment.

- 12 The opponent argues that this goes too far. It points out that the guidance note is merely guidance, and not the law. It argues that there is no exact equivalent proceedings before the European Patent Office (central amendment proceedings lacking the possibility of opposition), making it hard to draw exact comparisons. Further, it argues that the European Patent Office does have some leeway for refusing applications on “bad faith”-type grounds – it points to the longstanding practice of refusing to allow two patents for one invention (and refusing amendments in opposition proceedings that would create this situation) as an example of this.

### ***Markem v Zipher***

- 13 Before a decision could be made in the present case, the previously mentioned *Markem* judgment was issued. This dealt with a closely related matter: amendments during infringement proceedings. This comes under section 75 of the Act, and the same questions as for proceedings under section 27 relating to the patentees conduct had always been relevant. A new subsection 75(5) was introduced by the Patents Act 2004 which was in identical terms to subsection 27(6).

- 14 Floyd J dealt at length with the question of what this amendment meant:

205. Section 75, as it now stands, requires the court to "have regard to any relevant principles applicable under the European Patent Convention". Accordingly, one should turn to the Convention to see what principles are applied to considering whether or not to allow amendments.

206. There is very little by way of express guidance in the European Patent Convention. Amendments may be made both in the course of prosecuting the application and in the course of opposition proceedings. Article 123 in its original form provided:

"(1) The conditions under which a European patent application or a European patent may be amended by proceedings before the European Patent Office are laid down in the Implementing Regulations. In any case, an applicant shall be allowed at least one opportunity of amending the description, claims and drawings of his own volition."

207. So there was one mandatory opportunity, followed by amendment under the conditions specified in the Rules. The first sentence has been amended to read:

"(2) A European patent application or European patent may be amended in proceedings before the European Patent Office in accordance with the Implementing Regulations."

208. Rules 86(2) and (3) give effect to the right to amend once in the course of prosecution as follows:

"(2) After receiving the European search report and before receipt of the first communication from the Examining Division, the applicant may, of his own volition, amend the description, claims and drawings,

(3) After receipt of the first communication from the Examining Division the applicant may, of his own volition, amend once the description, claims and drawings provided that the amendment is filed at the same time as the reply to the communication. No further amendment may be made without the consent of the Examining Division."

209. Article 102(3) of the Convention refers in passing to "amendments made by the proprietor in the course of the opposition proceedings". The relevant rules are Rules 57 and 57A:

"57(1) The Opposition Division shall communicate the opposition to the proprietor of the patent and shall invite him to file his observations and to file amendments, where appropriate, to the description, claims and drawings within a period to be fixed by the Opposition Division.

57A Without prejudice to Rule 87, the description, claims and drawings may be amended, provided that the amendments are occasioned by grounds for opposition specified in Article 100, even if the respective ground has not been invoked by the opponent."

210. It will be seen that Rule 57A restricts the discretion to amend to those amendments which are occasioned by grounds for opposition (including unpleaded ones). Until the introduction of that rule, the EPO only permitted amendments under Articles 102(3) and 123 which were responsive to a validity attack actually raised by an opponent.

211. The case law of the Boards of Appeal shows that appropriateness of the amendments to the proceedings, their necessity and procedural fairness are the main, perhaps only, factors considered relevant to the discretion to allow amendment in opposition proceedings. The EPO's publication, *Case Law of the Boards of Appeal* states at 570:

"As already mentioned, the boards of appeal have derived in particular from R. 57(1) EPC the principle that the proprietor has no right to have amendments admitted at any stage of the proceedings. At the discretion of the opposition division or the board of appeal, amendments can be refused if they are neither appropriate nor necessary."

212. The EPC 2000 introduced a new procedure in Article 105a which enables a patentee to limit a granted European patent by an amendment of the claims outside the context of opposition proceedings and by a central application in the EPO. New Article 105(a) provides:

"(1) At the request of the proprietor, the European patent may be revoked or be limited by an amendment of the claims. The request shall be filed with the European Patent Office in accordance with the Implementing Regulations. It shall not be deemed to have been filed until the limitation or revocation fee has been paid."

213. Article 105b now provides:

"(1) The European Patent Office shall examine whether the requirements laid down in the Implementing Regulations for limiting or revoking the European patent have been met.

(2) If the European Patent Office considers that the request for limitation or revocation of the European patent meets these requirements, it shall decide to limit or revoke the European patent in accordance with the Implementing Regulations. Otherwise, it shall reject the request."

214. Rule 95(2) provides

"If a request for limitation is admissible, the Examining Division shall examine whether the amended claims constitute a limitation vis-à-vis the claims as granted or amended in opposition or limitation proceedings and comply with Article 84 [*requiring that the claims are clear and concise*] and Article 123, paragraphs 2 and 3 [*requiring that there is no added matter and the claims do not extend the scope of protection*]. If the request does not comply with these requirements, the Examining Division shall give the requester one opportunity to correct any deficiencies noted, and to amend the claims and, where appropriate, the description and drawings, within a period to be specified."

215. Rule 95(3) provides

"If a request for limitation is allowable under paragraph 2, the Examining Division shall communicate this to the requester and invite him to pay the prescribed fee and to file a translation of the amended claims in the official languages of the European Patent Office other than the language of the proceedings, within a period of three months; Rule 82, paragraph 3, first sentence, shall apply mutatis mutandis. If the requester performs these acts in due time, the Examining Division shall limit the patent." [emphasis added]

216. Neither Article 105b nor the Implementing Regulations (rules 90-96) appear to give the EPO a discretion to reject a limitation request which complies with the formalities prescribed in rule 92 and with Articles 84 and 123(2) and (3).

217. The position under the EPC would therefore appear to be that:

i) in opposition proceedings, appropriateness of the amendments to the proceedings, their necessity and procedural fairness are the main, perhaps only, factors considered relevant to the discretion to allow amendment;

ii) in central amendment proceedings, compliance with the procedural requirements gives rise to a right to have the patent limited in accordance with the request.

218. If a proper amendment is now brought forward in opposition proceedings in good time and which is necessary and appropriate to meeting the opposition, it seems inescapable that it will be allowed. It would, it seems to me, be an odd result if an amendment which would be available as of right under the central amendment procedure was refused simply because the patent was under opposition. Such a result would only be justified if either (a) the amendments would have no effect on the opposition and could accordingly be made after its conclusion if the patent survives or (b) procedural fairness to the opponents meant that it could not be considered. I appreciate that (b) might result in a patent being revoked before it could be amended: but if it were not so, the patentee could derail the proceedings by claiming the right to amend at the last moment.

219. I think what I have derived so far can fairly be described as the principles on which in future, if not in the past, the power to allow amendment will be exercised in the EPO under the EPC. It follows that if I am to have regard to the principles applicable

under the EPC, the discretion which I have to refuse amendments which comply with the Act has been limited. Considerations such as those formerly considered relevant to the discretion, such as the conduct of the patentee, are no longer relevant.

- 15 Both parties were asked for comments on the relevance of this judgment. The opponents pointed out that the reasoning above is *obiter* as the amendment was refused on other grounds, and therefore not binding on me.

### **Analysis**

- 16 Regardless of whether or not *Markem* is binding on me, I respectfully agree with the reasoning I have quoted above and believe it applies equally to amendment under section 27. Indeed, I believe the reasoning is even stronger regarding section 27 than section 75 because the broad equivalence in purpose between the European central amendment proceedings and section 27 proceedings is clear. I find the opponents reference to such matters as avoiding double patenting unconvincing as an indicator of a broad discretion to refuse amendment.
- 17 I therefore hold that considerations relating to the conduct of the patentee are no longer relevant to whether the comptroller should exercise discretion to allow an request for amendment under section 27.

### **Conclusion and Order**

- 18 The matters raised under section 3 of the opponent's Statement of Case do not provide grounds for refusal of the patentee's requested amendment. I therefore strike out this part of the Statement of Case in accordance with Rule 83(2)(a) of the Patents Rules 2007. The remainder of the case should now proceed towards the substantive hearing.

### **Costs**

- 19 Neither side has asked for costs in this preliminary matter; I therefore leave the question of costs to be considered at the time of the substantive hearing.

### **Appeal**

- 20 Under the Practice Direction to Part 52 of the Civil Procedure Rules, any appeal must be lodged within 28 days.

**J ELBRO**

Deputy Director acting for the Comptroller