



BL O/082/06
23th March 2006

PATENTS ACT 1977

BETWEEN

Gerkros Boilers (Tipperary) Limited

Claimant

and

Alley Enterprises Ltd

Defendant

PROCEEDINGS

Application under Section 72 for revocation of
patent number EP0616676

HEARING OFFICER

Peter Back

PRELIMINARY DECISION

Background

- 1 An application for revocation of European Patent No. EP 0616676 in the name of Alley Enterprises Ltd ("the Defendant") was filed on 12 May 2005 by Gerkros Boilers (Tipperary) Limited ("the Claimant").
- 2 The patent relates to boilers and the application for revocation is made on the grounds that boilers manufactured and sold by the Claimant and used by the public before the priority date of the patent, include features which fall within the scope of the patent.
- 3 A number of issues have arisen further to my preliminary decision dated 15th November 2005 which the parties were unable to resolve themselves. Both parties were content for me to come to a decision on these issues solely on the papers submitted.
- 4 The issues relate to whether the Defendant should be given access to CRE Limited documents (a boiler testing facility, now Gastec at CRE Limited) and whether or not the comptroller should decline to deal with this case.
- 5 The first issue concerns the matter of the defendant's direct access to CRE documents relating to its testing of the Claimants boilers in 1997 and whether the Defendant should have access to these documents as the Defendant has requested.

6 The second issue concerns the question as to whether or not the comptroller should decline to deal with the case and whether it should be transferred to court under section 72(7)(b) of the Patents Act.

7 It is these issues which I will address in this preliminary decision.

The law

8 The request for the comptroller to decline to deal with the case is made under Section 72; the relevant part of which reads as follows:

Section 72(7)

9 *Where the comptroller has not disposed of an application made to him under this section, the applicant may not apply to the court under this section in respect of the patent concerned unless either –*

(a) ..

(b) the comptroller certifies in writing that it appears to him that the question whether the patent should be revoked is one which would more properly be determined by the court.

10 I will deal with the decline to deal issue in due course but I will first turn to the issue of the Defendant's access to the CRE documents.

Defendants access to the CRE documents

11 This issue has arisen as a result of my earlier preliminary decision in which I gave certain directions (20(v),21) ("the directions") which dealt with the issue of access to CRE documents. In particular, the directions required the Claimant to give disclosure by 4 p.m. on 2 December 2005 by list in respect of the following issues:

*20(v) Documents relating to the Claimant's dealings with CRE – such disclosure being **limited to documents that support or adversely affect a party's case** [emphasis added]; and*

21 The Claimant is to withdraw its objections to Mr Brian Bailey and CRE Limited discussing their dealings with the Claimant in July and August 1997 with the Defendant's representative regarding the issues in this case, and to notify Mr Bailey and CRE Limited of the same by sending them a letter by 4 p.m. on 18 November 2005, the letter being copied to the Defendant's representatives.

12 The date specified in direction 21 was subsequently modified to 25 November following my preliminary decision of 21 November.

13 Extensive and sometimes confusing correspondence by letter and e-mail has been received from both parties on this issue and I have taken full account of this in coming to my decision. The main points of the correspondence may be summarised as follows.

14. The Defendant has requested that the Hearing Officer issue directions giving the defendant **full access** to CRE's file concerning its testing of the Claimants boilers in 1997. Somewhat confusingly, the Defendant says it understands from CRE that CRE had been told by the Claimant's solicitors that it was "*under no obligation to obtain authority from the Claimant to release a file*" concerning its testing of the claimants boilers in 1997. It subsequently transpired that this was a rather convoluted way of saying that the Claimant was refusing to authorize CRE to give the Defendant full access to the file. The Defendant considered this situation to be inconsistent with the spirit of the directions in my earlier decision.
15. The Claimant disagreed with the Defendants "spirit of the hearing" contention, stating that if the Hearing Officer had intended the directions to be so broad as to require CRE's entire file to be disclosed then they would have been drafted accordingly. The Claimant stated that the directions were framed to enable the Defendant to discuss the issues in this case with Mr Bailey and CRE and provided for that to be supported by disclosure of those documents relating to the Claimants dealings with CRE to the extent that they supported or were adverse to the Defendant's case.
16. In subsequent e-mail correspondence to the Office on 11 January the Defendant repeated its request that a Decision be issued which gave it access to the relevant CRE files, in their entirety. The Claimant said that the Defendant should be satisfied with the selection of documents from the CRE files, provided by them on disclosure and inspection. The Defendant argued that in the light of the serious issues of credibility that lies at the heart of the Claimant's case that the only safe and appropriate course is for the Defendant to be given access to the entire CRE files. The Defendant did not believe that by requiring it to rely on the Claimants unilateral assessment of what it believes within the CRE papers is supportive or adverse to either parties' case, could possibly be appropriate in the circumstances. According to the Defendant, CRE were happy to give the Defendant unhindered access to their papers, provided the Claimant consented. However this contention was subsequently disputed by the Claimant who said they were not aware of it. The Defendant indicated that it wanted the Hearing Officer to make a Direction with respect to access to the CRE documents in addition to those made previously. However, the precise nature of this Direction was not entirely clear from the Defendants correspondence.
17. The Claimant stated in an e-mail to the Patent Office on 11 January that its objection to broadening the scope of the decision was that it would be disproportionate and wasteful of time. Far from being "crucial evidence" as alleged by the Defendant, it argued that the contents of the CRE file were of no relevance to the case. The Claimant stated the inspection of the CRE file was carried out by its solicitors, and anything that could be remotely considered to be relevant has been disclosed.
18. The Defendant argued in an e-mail of 12 January that all of the CRE files were relevant as they tell the story of exactly what happened when the boilers were tested in 1997. It further stated that the CRE documents were plainly relevant to a key prior art allegation made in the Defendant's case. The Claimant again

responded that its solicitors had reviewed the CRE file in accordance with the directions, with the Defendants allegations in mind and had disclosed the documents which were relevant. It stated that If the Defendant wished to put in evidence relating to these tests, those documents should be sufficient.

19. In summary it would appear that there is a file or files relating to the inspection of the Claimant's boilers by CRE. In accordance with my earlier directions, the Claimant has examined this file and disclosed to the Defendant those documents which the Claimant considers to support or adversely affect a party's case. The Defendant appears convinced that there are likely to be other relevant documents and that they should not be compelled to rely on the Claimant to identify such documents. They want disclosure of the full file. CRE will not release this file without authorization from the Claimant which the Claimant has refused to give. There is nothing in the papers before me to suggest that CRE would not release the file once authorization has been given.
20. I have carefully considered all of the submissions from both parties on this issue. Put simply, I must decide whether or not I should direct the Claimant to authorize CRE to disclose the Defendant its full file on the inspection of the Claimant's boilers. It is normal practice in hearings before the comptroller in such cases to consider whether the documents concerned relate to the matters in question, and whether their disclosure is necessary to dispose fairly of the proceedings.
21. Relevance of the documents is not the issue, as Aldous J said in *Merrell Dow Pharmaceuticals Inc's (terfenadine) patent [1991] rpc 221*: "The test is whether the documents relate to the matters in question. If they do, then they should be disclosed and their relevance will be decided at trial. To decide whether a document relates to a matter in question, it is first necessary to analyse what are the questions in issue in the proceedings.
22. The matter in question is the validity or otherwise of a patent relating to boilers on the ground that those boilers are anticipated by boilers manufactured and marketed by the Claimant before the priority date of the patent. The CRE file relates to the inspection of boilers manufactured by the Claimant. Accordingly I am satisfied that there is no doubt that the file relates to the matter in question.
23. The second question is whether disclosure is necessary to dispose fairly of the proceedings. There have been many allegations and much speculation as to whether or not the Claimant's boilers have been modified and when. The defendant says that the CRE files will help determine this matter and that it is not appropriate in the circumstances for the Claimant to decide which documents should be disclosed. I am inclined to agree. It may be that the extra documents will prove to be irrelevant but that is for the Hearing Officer to decide at the substantive hearing.
24. Accordingly I think it right that the Defendant should have access to the CRE file or files relating to CRE's inspection of the Claimant's boilers and I direct that the Claimant is to withdraw its objections to Mr Brian Bailey and CRE Limited disclosing such file(s) to the Defendant and to notify Mr Bailey and CRE Limited of the same by sending them a letter **by 4 p.m. on Wednesday**

29 March 2006, the letter shall be copied to Defendant's representatives. I am mindful that the Defendant will need an opportunity to consider this further disclosure but I am also mindful of the need to keep things moving. Accordingly I am giving the defendant a period of three weeks to respond from the deadline I am giving the Claimant namely until the **12th April 2006**.

Defendant's request for Comptroller to decline to deal with the reference

25. The Defendant requested in a letter dated 9 February to the Patent Office that the Comptroller should now consider terminating these proceedings in the Patent Office and provide certification that these proceedings would be more properly determined in court under section 72(7)(b) of the Patents Act 1977.

The basis of the Defendant's request may be summarised as follows:

- i) It stated that the key factual issues in the case involve extremely serious allegations of perjury and fabrication of evidence. The defendant says amongst other things that the Claimant's Mr Crosse had falsely given witness evidence that he originated various types of boilers prior to the priority date of the patent. It also says that he had procured the alteration of the baffle arrangements inside various types of the claimants boilers to provide substantiation for his witness statement;
- ii) It had recently discussed with Counsel which forum is best suited to dispose of this case. It believed that it would be more appropriate for the case to be determined before a court. It argued that the likelihood of pre-mediated perjury being committed requires the matter to be dealt with in a more formal setting of a court, rather than in informal proceedings before the Patent Office. Furthermore, and more importantly, in the Patents Court a judge has power to deal with false evidence by means of summary committal for contempt, a power that is not available to the HO under rule 103(4) of the Patents Rules 1995;
- iii) It stated that whilst acts of perjury before the Patent Office can be dealt with indirectly via other authorities (by prosecution in the criminal courts, for example), the fact that the witnesses in question live beyond the jurisdiction, (in the Irish Republic), may well make bringing a criminal prosecution against them problematic. This jurisdictional point being a significant factor why the person actually hearing the case should be empowered to deal summarily with any act of perjury that may occur;
- iv) It believed that a transfer to court would also help secure the overriding objective of a fair and just hearing. In essence, the defendant contends, a witness is much less likely to lie before a judge who can commit him to prison for contempt, than before a Hearing Officer who has no such powers; and
- v) Its recent inspections of the so-called "prior art" boilers put forward by the applicant, consideration of the applicant's disclosure documents, and a review of the amended Statement of Case, have all served to increase its earlier concerns about the veracity of the claimant's evidence on prior

art. It is for this reason that the defendant is requesting the Hearing Officer to consider transferring the case to court at this stage. The defendant believes that there is ample reason for the Hearing Officer to conclude that this is the appropriate course to take. If he is not minded to do so now, however, the defendant requested him to reconsider his request, once the defendant's evidence has been served and he has had the opportunity to carefully consider it in detail.

26. A letter was issued to the Claimant on 10 February by the Patent Office which related to the Defendant's request to move the proceedings to the court. The Claimant's solicitors responded in an e-mail of 14 February that it wished to have an opportunity to consider the Defendant's evidence well in advance of giving the Claimant instructions as to whether the proceedings should be moved. This position was repeated by the Claimant in a further e-mail of 15 February.
27. I have carefully considered all of above arguments put forward by the Defendant, especially those which related to the dispute involving extremely serious allegations of perjury and fabrication of evidence, and also the jurisdictional point regarding the power of Patents Court.
28. Clearly the issue of perjury and fabrication of evidence is an important one, and relevant to it is the decision in *Aline Holmes v Gordon Baldwin* BL O/187/97. Here a reference under section 37(1) was made concerning rights in a granted patent. The decision relates to the preliminary matter of a request by the defendant for the comptroller to decline to deal with the reference under section 37(8). The Defendant argued that the case differed from the norm in that cross-examination of numerous witnesses would be necessary, and that issues of forgery, deception and perjury might need to be resolved. The Claimant argued that it would be more appropriate for the comptroller to deal with the action because of his considerable experience in dealing with entitlement actions. The hearing officer stated that he must genuinely believe that the matter would more properly be determined by the court, not that it would merely be more convenient to the Comptroller to wash his hands of a particular case. The hearing officer noted that there had been a history of litigation between the parties – including actions before the High Court – and accepted that a judge would have greater experience in evaluating oral evidence, but concluded that for the comptroller to decline to deal with a case merely for this reason would seem to be an abdication of the responsibilities settled on him by parliament in enacting section 37(1). He also noted that the intention of proceedings before the comptroller is to provide a lower cost alternative to the court.
29. I believe that there are obvious parallels between *Aline Holmes v Gordon Baldwin* and the present case. Although in *Aline Holmes* the reference relates to a granted patent and was therefore made under section 37, the provisions of sections 72(7) and 37(8) on the comptroller's discretion to decline to deal are effectively the same. Presently, there are issues of allegations of perjury and fabrication of evidence to resolve. In my view it is far from uncommon for such issues to be argued before the comptroller. There are clearly circumstances where it is right for the comptroller to exercise his discretion to

decline to deal – notably when the request is supported by both parties; and where there are corresponding High Court proceedings. Otherwise, in my view, this discretion should be exercised with great caution, given the powers that parliament has given to the comptroller. It may well be that a judge has greater experience of resolving the issues in dispute but that, it seems to me, cannot be a deciding factor. I think it also material that proceedings before the comptroller are intended to enable parties to litigate disputes before a relatively informal – but nevertheless authoritative - tribunal, with any costs that the tribunal might award being to a large extent predictable.

30. That said, in the event of a dispute over whether or not the comptroller should decline to deal with a reference, the relative informality of proceedings and predictability of costs before the comptroller cannot be an overriding reason in favour of choosing that forum, any more than the expertise of the court and the fact that the comptroller's decision are appealable can be overriding factors against it. It is necessary to strike a balance in the context of the circumstances of the case. It seems to me that the issues in question – although involved – are not foreign to proceedings before the comptroller and this shifts the balance clearly towards the conclusion that it would not be right to decline to deal.
31. Furthermore, I have taken into consideration the recent Court of Appeal decision of *IDA Limited & Ors v The University of Southampton & Ors* [2006] *EMCA Civ 145* as requested by the Defendants in their e-mail of 2 March, and in particular the judgment of Lord Justice Jacob at paragraph 44 (iii) where he states, "...And even if there are no parallel proceedings in the court, he should seriously consider making such a reference in complex cases. He did so, rightly, for instance, in *Markem*. The Comptroller's jurisdiction should be reserved for relatively straightforward cases". However, I am not persuaded from the evidence now filed by the defendant that this case is sufficiently complex from a factual perspective, to fall squarely within that class of case which his Lordship suggests in this paragraph should be referred to the court.
32. Therefore, having carefully considered all of the submissions before me and, for the reasons that I have given above, it is my preliminary view that it would not be appropriate in the circumstances for the comptroller to decline to deal with the case under section 72(7)(b) of the Patents Act. Accordingly I make no order to that effect. I say "preliminary" because I have had no substantial submissions from the Claimant on this issue as yet and I allow the Claimants **7 days** from the date of this decision to make submissions on this issue.

Costs

33. The Defendant has referred to the issue of costs to date in its submissions and estimates that in excess of 90% of the defendants costs incurred to date have been in connection with the prior art, which it believes has been fabricated. I have had no submissions on costs from the Claimant on these issues. The Defendant has made various suggestions with regard to costs on the premise that the comptroller decides to decline to deal with the case and transfers it to court; however as I have decided that the case will remain under the

jurisdiction of the Patent Office then the issues of costs would in my view be more appropriately dealt with after the substantive hearing has taken place than at the present time as the substantive issues have not yet been heard.

Appeal

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

Peter Back

Divisional Director acting for the Comptroller