

11 June 2008

PATENTS ACT 1977

BETWEEN

Kenneth Farr

Claimant

and

Orbis Corporation

Defendant

PROCEEDINGS

Reference under section 37 of the Patents Act 1977 in respect of patent
number EP(UK) 1268313

HEARING OFFICER

Peter Back

PRELIMINARY DECISION

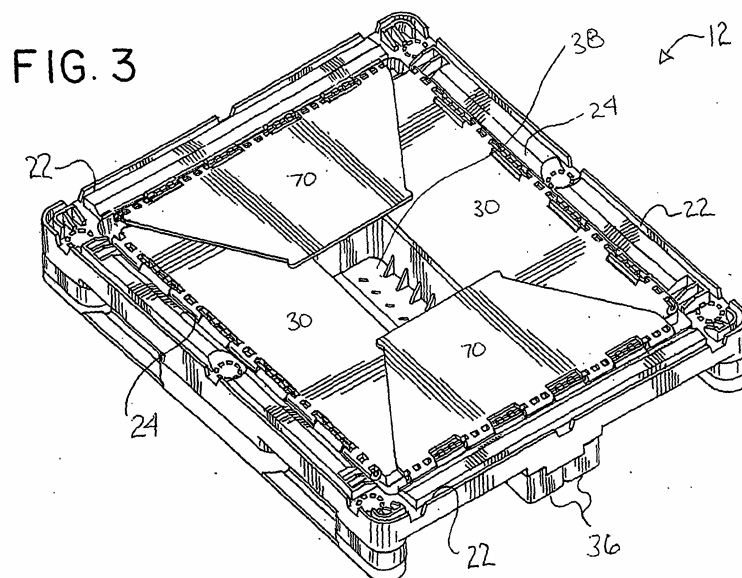
Introduction

1. This decision concerns a reference by Mr. Farr under section 37(1) of the Patents Act 1977 (the Act) that he should be named as proprietor/inventor of EP 1268313 (the patent) which is owned by Orbis Corporation (Orbis). Orbis responded by requesting summary judgment/dismissal of Mr. Farr's claim on the grounds that it is causing them great inconvenience yet has no reasonable chance of success. Furthermore, Orbis state that Mr. Farr's reference is made out of time under section 37(5) of the Act.
2. At the time of this preliminary hearing, the evidence rounds had begun but all parties acknowledge that they were not complete. However, Orbis allege that there is nothing in Mr. Farr's submissions thus far to suggest that there is any significant extra evidence and further that the evidence submitted to date does not provide him a reasonable prospect for success. Naturally, Mr. Farr contests this. It should be noted that the following decision relates only to Orbis' request for dismissal it is not a substantive decision on Mr. Farr's claim under section 37(1).

3. At the hearing on 16th April 2008, Mr. Farr appeared in person while Mr. Gwilym Roberts (of Messrs. Kilburn & Strode) appeared as Patent Attorney on behalf of Orbis.

Background

4. WO 01/76959 was filed by Nucon Corporation (Nucon) on 5th April 2001. It claimed priority from US 6416271 (the US patent) filed by Nucon on 7th April 2000. The WO application was republished in due course as EP 1268313 and granted to Orbis on 18th August 2004. Orbis was the parent company to Nucon. Nucon merged into Orbis on 19th December 2003.
5. The patent concerns a base frame for a drop box container for bulk items. The frame typically comprises four side members which define a rectangular opening, with the upper surface of each side member sloping towards the opening. Each side member has a door panel attached along its inner edge for opening and closing across the opening. There are more details than this to the Patent's claims but I believe that they are not relevant to this preliminary decision and so will not expound upon them any further here. Figure 3 of the patent gives a useful illustration of the technology involved:



6. Turning now to Mr. Farr's reasons for his reference under section 37(1), he states in his evidence the following course of events:
7. On 25th September 1995 Mr. Farr approached Continental PET concerning the exploitation of a drop box design he was then working on. In December 1997 Continental PET was taken over by Schmalbach-Lubeca (SL). SL

subsequently asked Mr. Farr to work exclusively with them with regards to his drop box design.

- On 8th October 1998 Mr. Farr filed patents GB 2 330 128 & WO 99/19219. Both relate to his drop box design and claim a priority of 9th October 1997 from an earlier, unpublished, GB application by Mr. Farr. The technology disclosed in these patents is broadly similar to that of the patent in question. Figure 7 of Mr. Farr's GB patent gives a useful illustration:

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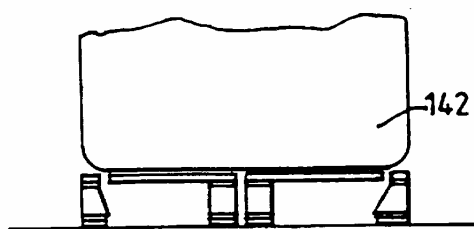


Fig.7(A)

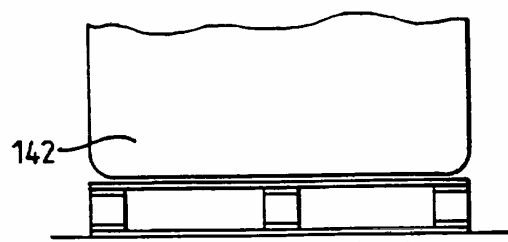


Fig.7(B)

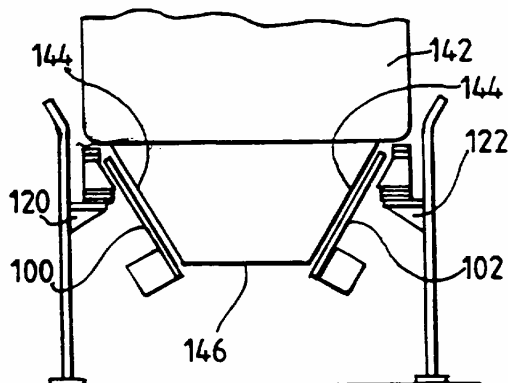


Fig.7(C)

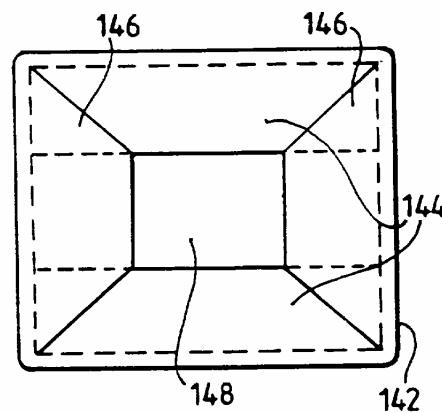


Fig.7(D)

- Mr. Farr further states that on 28th October 1998 he met with SL, as represented by John Gillison and Geoff Williams. During that meeting SL revealed to Mr. Farr a drop box design that they had commissioned from Nucon. Nucon were a supplier of plastic pallets to SL at that time. Later the same day SL introduced Mr. Farr to Mr. Denis Brain, a representative of Nucon UK. Mr. Farr states that he explained to all three people named above that the Nucon design would not work due to the lack of a slope on the inside of the frame.
- On 11th November 1998 Mr. Farr states he again met with SL and was introduced to Mr. Peter Piggot and Mr. Michel Trapp of Nucon USA and Mr. Denis Brain of Nucon UK. At this meeting Mr. Farr states that he was shown an updated version of the Nucon design, now incorporating a slope inside the

frame. Mr. Farr states that he then explained that this slope was “not enough”.

11. Mr. Farr states that on 29th July 2002 Nucon informed him of the grant of the US patent. It should be noted that Mr. Peter Piggot and Mr. Michel Trapp are named as inventors both on the US patent and the patent in question. On the 4th August 2002 Mr. Farr states that he wrote to these two gentlemen, c/o Nucon, asking what they intended to do with the US patent – specifically, was it Nucon’s intention to use it as “a running mate with, or a competitor against” his patent.
12. On 19th December 2002 Mr. Farr states that he produced a graphic proposing an association between himself, Amcor, who had taken over SL, and Mensha Material Handling (MMH), who had acquired Nucon, to exploit the drop box technology. MMH were subsequently renamed Orbis. Mr. Farr revised this graphic on 1st March 2004 adding Orbis. It is not clear from Mr. Farr’s evidence who, other than himself, was aware of this graphic.
13. On 30th May 2003 Mr. Farr states that he met with Mr. David Parry, lawyer for Amcor, and Mr. Martin Hargreaves and Mr. Trevor Long, also of Amcor. At this meeting Mr. Farr states that he made it clear that he considered that “Nucon had obtained its (patent) grant by theft”. Further, Mr. Farr states that Mr. Long responded by stating that Nucon had explained it to Amcor/SL as “the analogy: given you have a patent on a pencil, if you added an eraser tip to it it becomes a new patent”.
14. On 10th January 2007 Mr. Farr wrote to the Office requesting that he should be named as the true inventor of the patent. He initially made this request under section 13(1) of the Act but subsequently changed this to a reference under section 37 concerning entitlement.

The law

15. Section 37(1) of the Act provides that:

After a patent has been granted for an invention any person having or claiming a proprietary interest in or under the patent may refer to the comptroller the question –

(a) who is or are the true proprietor or proprietors of the patent,

(b) whether the patent should have been granted to the person or persons to whom it was granted, or

(c) whether any right in or under the patent should be transferred or granted to any other person or persons;

and the comptroller shall determine the question and make such order as he thinks fit to give effect to the determination.

16. However, section 37(5) states:

On any such reference no order shall be made under this section transferring the patent to which the reference relates on the ground that the patent was granted to a person not so entitled, and no order shall be made under subsection (4) above on that ground, if the reference was made after the end of the period of two years beginning with the date of the grant, unless it is shown that any person registered as a proprietor of the patent knew at the time of the grant or, as the case may be, of the transfer of the patent to him that he was not entitled to the patent

17. As noted above, the patent was granted to Orbis on 18th August 2004. Mr. Farr first wrote to the Office requesting that he should be named as “the true inventor” of the patent on 10th January 2007. The fact that Mr. Farr initially applied under section 13(1) of the Act, and only later stated that he really meant section 37, is not important as even this initial reference is clearly more than two years after the date of grant.

The submissions of Orbis

18. Mr. Roberts’ started by saying that this case had caused quite a lot of difficulty and inconvenience to Orbis. While he acknowledged that the full exchange of evidence was not yet complete he felt that there was nothing in Mr. Farr’s submissions thus far to suggest that there was any significant extra evidence remaining. Furthermore, the evidence filed to date was weak, in evidential terms, consisting of a confusing collection of non-contemporaneous and unsubstantiated documents. In short, Mr. Roberts felt that there was no real case to answer.

19. However, Mr. Roberts contended that the main issue was that Mr. Farr’s reference was out of time under section 37(5). He reminded me that it was thus necessary for Mr. Farr to show that the proprietor knew at the date of grant that he was not entitled to grant of the patent and emphasised that the burden was on Mr. Farr to prove that Orbis so knew rather than the other way around.

20. Mr. Roberts then reminded me of the judgments in *Yeda v Rhone Poulenc* (case No.: A3/2006/0496) drawing my attention to paragraphs 4 & 5 in the Court of appeal decision where Lord Justice Jacob said:

4. Why it took the unacceptable period of nearly 13 years for the European Patent Office to examine and grant the patent was not a question before us and we did not ask why. It does mean however, that whatever the ambit of the entitlement dispute, it will be one going back over many many years. Such delay is thoroughly undesirable both commercially and from the point of view of industry needs to know where it stands - otherwise investment and development will be put at risk or impeded. From the dispute resolution point of view, entitlement disputes often involve conflicting evidence as to who

exactly contributed what and who said what to whom. To decide that after so many years is at best deeply unsatisfactory.

5. I do not suppose the fathers of the modern European patent system expected for a moment that the patenting process would or could take so long. So when Art.23 of the Community Patent convention was drafted so as to provide (broadly) for a 2-year from grant time limit for attacks on title, they never contemplated that national limitation periods for the lex fori might come into operation before the 2-year period was up. I am sure they expected Art.23 to operate as an early, not a back-stop, time bar.

21. Mr. Roberts also drew my attention to paragraph 36 in the House of Lords' decision on the same case ([2007] UKHL 43) where Lord Hoffman said:

36. Thirdly, both the judge and the Court of Appeal relied upon the fact that the purpose of section 37(5), like any other limitation period, is to provide certainty and prevent stale claims from being asserted. For the benefit of third parties, notice of the reference must be entered in the register. But the notice is merely of the existence of proceedings to determine entitlement to the patent. It gives no indication of the extent of the claims being made by the referrer. And to say that a person reading the notice and sending for the statement (a public document) would be entitled to assume that it would remain unamended is to argue in a circle, because that would depend on the extent of the comptroller's powers to allow.

22. Mr. Roberts then highlighted two decisions by the Comptroller, specifically: Darenth Vending Services/Parr's Patent (BL O/46/94), where on page 5 the hearing officer states:

It is an overriding requirement of section 37(5) that a reference under section 37 must be made within two years of the grant of the patent unless it is shown that the person registered as the proprietor knew at the time of the grant that he was not entitled to the patent. However, the mere unsupported assertion in paragraph 7 of the declaration dated 22 October 1993 that Mr. Parr was an experienced director "who would have known or ought to have known that he was not entitled to the Patents in suit" does not appear sufficient to satisfy the above requirement, notwithstanding the submissions on the interpretation of that section contained in that declaration.

23. Also page 13 of Peart's patent (BL O/209/87) where the hearing officer stated that:

Firstly of course it is not sufficient for Mr. Bates' case that Pass knew he was disputing their proprietorship before the patent was granted, it must be established that Pass knew they were not entitled to the grant, and in my opinion the evidence does not do that.

24. Mr. Roberts summarised the above decisions as teaching that the bar to overcoming the 2-year limit of section 37(5) is a very high one. Mr. Roberts then went on to discuss two pieces of Mr. Farr's evidence in detail.

25. Firstly, Mr. Farr's letter to Nucon on 4th August 2002, asking what they intended to do with the US patent. Mr. Roberts argued that this letter did not mention entitlement or any dispute on entitlement.
26. Next Mr. Roberts addressed Mr. Farr's diagram of 1st March 2004 proposing a business association between Mr. Farr, Orbis and Amcor, again arguing that this document did not address entitlement or any dispute thereof.
27. In closing, Mr. Roberts stated that he did not believe that Mr. Farr's evidence to date showed that Orbis knew that they were not entitled to the patent at or before the date of grant. Given that the 2-year limit was a very serious hurdle he did not see any real prospect of Mr. Farr overcoming it.

The submissions of Mr. Farr

28. Mr. Farr began by restating that in his opinion the patent in question was nothing more than his patent plus the detail of the slope, a technical input which he was responsible for. He stated that he had had a business arrangement with Nucon and that he felt that they had gone behind his back when filing their patents.
29. On the issue of the section 37(5) and whether Orbis knew that they were not entitled to the patent at grant, Mr. Farr stressed that Nucon 'must' have known as their employee Mr. Dennis Brain had been given the idea of the slope by Mr. Farr at their meeting on the 28th October 1998. On 11th November 1998 Mr. Farr states he again met with Mr. Denis Brain and was introduced to Mr. Peter Piggot and Mr. Michel Trapp also of Nucon. These latter two gentlemen were subsequently named as (two out of five) inventors of the patent in question. Mr. Farr states that he was shown an updated version of the Nucon design, now incorporating a slope inside the frame. Mr. Farr states that he then explained that this slope was "not enough" and wrote comments to that effect on a diagram of the Nucon design.
30. Mr. Farr admitted that the above argument relates to whether or not Nucon knew that they were not entitled to the patent, it did not address the issue of whether Orbis so knew. However, all parties agree that Nucon merged into Orbis on 19th December 2003, some 8 months before the patent was granted. Further, Orbis was the parent company of Nucon for some time before the merger. Mr. Farr stated that his letter of 4th August 2002 was also sent to Mr. Harold Smethills who was president of MMH (subsequently renamed Orbis). Mr. Farr also stated that he had additional evidence that he had told Orbis both before and after that letter that the patent was 'unsafe'.

Conclusion

31. The key question in this preliminary decision is does Mr. Farr have no reasonable chance of success ? Mr. Roberts has rightly focused my attention

on section 37(5) and I agree that it is certainly a high hurdle to overcome. In this case the hurdle is further complicated by the fact that Mr. Farr's alleged disclosure of key technical details was to Nucon but the patent in question was granted to Orbis. Thus to succeed at a full hearing, Mr. Farr would not only have to prove that Nucon knew that the key inventive features of the patent were contributed by himself, he would then have to go on to prove that Orbis knew this as well.

32. However, I am also aware that a summary judgment, striking out Mr. Farr's reference at this preliminary stage, is not something to be done lightly. It is at least arguable that Orbis, as parent company to Nucon, should have been aware of Nucon's issues at, or before, the merger. Additionally, I am conscious that not all of the evidence rounds have been completed and that Mr. Farr claims to have further evidence showing that he contacted Orbis concerning the patent in question. Even the evidence to date, as confusing and non-contemporaneous as some of it may be, invites the deeper consideration a full hearing will allow.

33. Thus I am satisfied that Mr. Farr does at least have a case to argue and that it would be wrong to conclude at this stage that he has no reasonable chance of success. Accordingly I refuse Orbis' request for summary dismissal.

Costs

34. The parties did not address me on costs at this preliminary hearing and I make no order for costs at this stage of the proceedings.

Appeal

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

PETER BACK
Divisional Director acting for the Comptroller