INTELLECTUAL PROPERTY OFFICE

BL O/394/10

12 November 2010

PATENTS ACT 1977

BETWEEN

Mr Duncan Parfitt	Proprietor
and	
Axium Process Ltd and Ceres Power Ltd	Opponents

PROCEEDINGS

Request under section 74B of the Patents Act 1977
for a Review of Opinion 1/10 issued
on patent number GB2436776

HEARING OFFICER Phil Thorpe

Decision

Introduction

1 This decision relates to a request for a review of opinion 1/10 ("the Opinion") under section 74B of the Patents Act (the "Act"). The Opinion was requested by Mr Parfitt in relation to whether his patent, GB 2436776 was being infringed by Axium Process Ltd and Ceres Power Ltd. The Opinion, which was issued on 6 April 2010, concluded that there was no infringement of the patent.

2 The proprietor of the patent, Mr Parfitt, has now requested a review of the Opinion under section 74B.

The Law

3 The law governing reviews of opinions is set out, so far as is relevant here, in section 74B and Rule 98 of the Patent Rules 2007. These read:

Section 74B Reviews of opinions under section 74A

(1) Rules may make provision for a review before the comptroller, on an application by the proprietor or an exclusive licensee of the patent in question, of an opinion under section 74A above.

(2) The rules may, in particular-

(a) prescribe the circumstances in which, and the period within which, an application may be made;

(b) provide that, in prescribed circumstances, proceedings for a review may not be brought or continued where other proceedings have been brought;

….

Rule 98.

(1) The patent holder may, before the end of the period of three months beginning with the date on which the opinion is issued, apply to the comptroller for a review of the opinion.

(2) However, such proceedings for a review may not be brought (or if brought may not be continued) if the issue raised by the review has been decided in other relevant proceedings.

(3) The application must be made on Patents Form 2 and be accompanied by a copy and a statement in duplicate setting out the grounds on which the review is sought.

(4) The statement must contain particulars of any relevant proceedings of which the applicant is aware which may be relevant to the question whether the proceedings for a review may be brought or continued.

(5) The application may be made on the following grounds only—

(a) that the opinion wrongly concluded that the patent in suit was invalid, or was invalid to a limited extent; or

(b) **that, by reason of its interpretation of the specification of the patent in suit, the opinion wrongly concluded that a particular act did not or would not constitute an infringement of the patent.** (Emphasis added)

4 It is important to note that the grounds on which an opinion on infringement can be reviewed are quite narrowly prescribed in Rule 98(5)(b). The reason for this is that in most circumstances where a party feels aggrieved by an opinion, there will be a clear route for addressing that grievance. For example a party who is deemed by an opinion to be infringing a patent can seek a declaration of non-infringement. Equally where an opinion has concluded that no infringement is taking place and the patent proprietor disagrees, he may sue for infringement. This could include the circumstances where the patent proprietor disagrees with the way that the claims have been construed. But suing for infringement is not possible if the opinion was sought on a potential or hypothetical act, and in such circumstances it would be unfair to deny the patent proprietor a chance to overturn an infringement opinion based on a construction of the claims which is adverse to him. Thus the rules allow a review of an infringement opinion but only if the opinion came to a wrong conclusion on infringement as a result of how it interpreted the specification of the patent in suit.

5 It is also I believe worthwhile for me to briefly say something here about the

nature of reviews under S74B. This was considered in the Patents Court in the case of *DLP*[1] where the judge, Kitchen J, noted:

> "In the case of an appeal under rule 77K [now Rule 100], the decision the subject of the appeal is itself a review of the opinion of the examiner. More specifically, it is a decision by the Hearing Officer as to whether or not the opinion of the examiner was wrong. I believe that a Hearing Officer, on review, and this court, on appeal, should be sensitive to the nature of this starting point. It was only an expression of an opinion, and one almost certainly reached on incomplete information. Upon considering any particular request, two different examiners may quite reasonably have different opinions. So also, there well may be opinions with which a Hearing Officer or a court would not agree but which cannot be characterised as wrong. Such opinions merely represent different views within a range within which reasonable people can differ. For these reasons I believe a Hearing Officer should only decide an opinion was wrong if the examiner has made an error of principle or reached a conclusion that is clearly wrong. Likewise, on appeal, this court should only reverse a decision of a Hearing Officer if he failed to recognise such an error or wrong conclusion in the opinion and so declined to set it aside. It is not the function of this court (nor is it that of the Hearing Officer) to express an opinion on the question the subject of the original request."

6 It follows that the remit of any review is quite narrow. It is not a rehearing that would necessarily allow for example for new evidence not available to the examiner to be considered. Rather it is simply a review of whether the original opinion reached a conclusion that is clearly wrong on the basis of the material available at the time.

The request for a review

7 Mr Parfitt in an email dated 2 June 2010 sets out the grounds on which he is requesting a review. In particular he argues that the examiner is wrong to state in paragraph 11 of the opinion that the

> "The patent relates to an engine that utilises the power generated by the thermal expansion and contraction of a fluid".

8 Mr Parfitt argues that the patent actually relates to the utilisation of the properties of expansion and contraction of a fluid and in particular accelerated condensation of a vapour. He goes on to argue that the examiner has, when interpreting the specification, comprehensively misunderstood this critical element of the patent and in doing so has not recognised what it is that that the patent actually protects.

9 Ceres Power and Axium Process have both filed responses to the request for the review. Ceres Power notes that it stands by its observation made in response to the initial request for the opinion that its technology does not incorporate the features set out in the claims of the patent. Axium Process remains of the view that Mr Parfitt has provided no evidence of any infringement of the patent on its part.

10 Mr Parfitt has also submitted a range of "evidence" to assist me in this decision.

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[1] [2007] EWHC 2669 (Pat)

11 Ceres Power and Axium Process are both content for me to decide the matter on the basis of the material filed without the need for a hearing. Mr Parfitt was asked in a letter dated 15 September 2010 whether he was content to proceed on this basis. The letter noted that in the absence of a response I would proceed to write the decision. Mr Parfitt responded by email on 27 September. In this response Mr Parfitt was keen to ensure that his supplementary evidence was made available to me. That evidence has been made available to me. I have also taken the absence in this email of any explicit objection by Mr Parfitt to a decision being made on the papers to constitute implied agreement to proceeding on that basis.

Analysis of the arguments

12 The issue before me is whether the examiner has, by reason of how he has interpreted the specification of the patent wrongly concluded that what Axium Process and Ceres Power are doing does not constitute an infringement of the patent.

13 So how has the examiner interpreted the patent? The relevant parts of the opinion are paragraphs 11—17. The examiner starts in paragraph 11 by explaining what the patent relates to. He does this using wording taken directly from the patent itself. In particular he recites the third paragraph of page 1 of the patent which refers to the accelerated condensation of a vapour.

14 The examiner then goes on to describe the particular embodiment set out in the patent again using text as well as a figure taken from the patent. He then sets out in their entirety independent clams 1 and 14 of the granted patent. He concludes in paragraph 17 by stating that

> "I do not think that claims 1 and 14 present any problems as far as claim construction is concerned. In short, they each require the provision of a cylinder, conduit, piston, heating means, fluid, and a condensing means. It should be noted that although the embodiment described in the description with reference to the figure utilises two cylinders connected by a conduit, in their broadest sense claims 1 and 14 require just a single cylinder and a conduit."

15 Having interpreted the patent to the extent that he considered necessary, the examiner then went on to consider whether Axium Process or Ceres Power were infringing the patent. He concluded that there was simply no evidence to show that anything that either of these companies was doing was an infringement of the patent. The examiner notes in respect of Ceres Power in paragraph 22 that

> "Ceres Power develops fuel cells, a well known and well established technology. Mr Parfitt is mistaken in his belief that a fuel cell works in a way that is at all similar to his invention. A fuel cell, as is well known, and as is stated in the webpage submitted by the requester as evidence, works

by converting "…fuel and air directly into power and heat through a quiet, efficient, solid state electro-chemical reaction". The invention set out in Mr Parfitt's patent, on the other hand, does not use any chemical reaction, but rather it attempts to utilise the effects of thermal expansion and contraction of a fluid. There is no evidence to suggest that the fuel cells made by Ceres Power have the features set out in claims 1 and 14 of the patent."

16 On Axium Process the examiner states in paragraph 29 that:

> "I conclude the requester has supplied absolutely no evidence that Axium Process is remotely involved in making or keeping of articles that infringe his patent. Furthermore, Mr Parfitt's assertion that Axium Process made itself "notable" to him by way of advertising in no way suggests, let alone proves, that it is involved in the infringement of his patent, which seems to be the main thrust of the requester's allegations.

17 Mr Parfitt argues most strongly that the examiner did not give due weight to the requirement of accelerated condensation of the vapour. It is the case that the opinion does not discuss this particular feature at any length. Indeed the only reference to accelerated condensation is in paragraph 11 as I have noted above. It seems clear to me that the lack of discussion of this particular feature is not because the examiner has misunderstood the invention. Rather it is because the lack of information provided about the alleged infringing acts meant that it simply was not necessary for the examiner to consider the importance of this particular requirement, which incidentally is not explicitly required by the independent claims of the granted patent.

18 I can therefore find no fault whatsoever in how the examiner has construed the patent or in how he has applied that construction when considering the question of infringement. I can see nothing that would suggest, as Mr Parfitt claims, that the examiner has comprehensively misunderstood any critical element of the patent. He has based his opinion throughout on the language of the patent itself and in particular the language of the claims which define what it is that that the patent actually protects.

19 I will say a little at this point about the additional "evidence" provided by Mr Parfitt. I should perhaps reiterate that in a review of an opinion I am considering only whether the examiner came to an opinion that was clearly wrong on the basis of the material available to him. Hence evidence submitted as part of a review and which was not available to the examiner is most unlikely to have any bearing on the outcome of the review. This is I'm afraid true in this case. The additional material provided by Mr Parfitt includes details about a new patent application that he has made which purports to show why fuel cells may not work as claimed. Even if that is true, and I have not looked at the application itself, then that would still not be relevant to the question in issue here which is has the examiner misinterpreted the patent.

20 Mr Parfitt has also raised questions about possible misrepresentation of patent rights under section 110. These are not questions relevant to the issue in dispute here and I will say no more about them.

Conclusion

21 Having carefully considered all the arguments and material presented by all the parties I am satisfied that the opinion has not, by reason of its interpretation of the specification of the patent in suit, wrongly concluded that a particular act did not or would not constitute an infringement of the patent. I therefore refuse to set aside the opinion.

Costs

22 Ceres Power and Axium Process have in effect been successful in this dispute. They are therefore entitled to a cost award in their favour payable by Mr Parfitt.

23 It is a long-established practice for costs awarded in proceedings before the comptroller to be guided by a standard published scale. The scale costs are not intended to compensate parties for the expense to which they may have been put but merely represent a contribution to that expense. This policy reflects the fact that the comptroller is intended to be a low cost tribunal for litigants, and builds in a degree of predictability as to how much proceedings before the comptroller, if conscientiously handled by the party, may cost them.

24 In this particular case, given the minimal amount of material submitted and because a decision was taken without a hearing, it is likely that any cost award will be at the very lowest end of the scale. Subject to any arguments to the contrary, I would not expect any cost award to be exceed £200 to each of the successful parties.

25 I will give both Axium Process and Ceres Power two months from the date of this decision in which to clarify whether they wish a cost award in the favour and if so whether they are content for it to be in line with the published scale. If either of these parties requests an award then I will invite further submission from Mr Parfitt before deciding on the matter. If neither Axium Process nor Ceres Power seeks an award of costs then that would conclude these proceedings before the comptroller.

Appeal

26 The legislation provides Mr Parfitt with a right to appeal this decision to the Patents Court, which is part of the Chancery Division of the Supreme Court. The scope of any appeal will be in line with the guidance provided in the *DLP* case which I have already set out in paragraph 5.

27 I have no power to prevent Mr Parfitt from launching such an appeal. I would however urge Mr Parfitt to think very carefully before doing so and ideally seek professional advice. In particular he should consider the possible cost of such an action should he lose. The cost will include the Court fees and also possibly the costs of any other party that chooses to be involved in the appeal. In *DLP* the

alleged infringer chose not to be a party to the appeal though in the event the opinion was still not set aside. In *Frank Cunningham and Nokia*[2], which is the only other opinion to be appealed to the Court, the alleged infringer was a party to the proceedings and was awarded interim costs of £20,000 payable by the appellant. The opinion was also upheld in that case.

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

P THORPE
Divisional Director acting for the Comptroller

[2] [2008] EWHC 1174 (Ch)