



PATENTS ACT 1977

BETWEEN

Michael Stephens and Andrew Bartlett Claimants

and

Anthony Brian Mallows Defendant

PROCEEDINGS

Reference under Section 37 of the Patents Act 1977 in respect of GB patent
number GB2537810

HEARING OFFICER

Phil Thorpe

Mr Sam Carter instructed by Graham Watt & Co LLP for the claimants
and Ms Julia D'Arcy from Harrison IP for the defendant

Hearing date: 27 May 2021

PRELIMINARY DECISION

Introduction

- 1 This preliminary decision relates to a reference under section 37 of the Patents Act 1977 concerning entitlement to granted patent GB2537810 (the patent). The application leading to the patent, GB1504589.1, was filed on 18th March 2015 in the name of ABMWaterstop Ltd. The inventor listed on the application was Mr Anthony Brian Mallows. The statement of inventorship filed with the application stated that ABMWaterstop derived the right to the grant of the patent from its employment of the inventor.

The earlier reference and earlier decision

- 2 The current reference is not the first-time entitlement to the patent has been contested. The application was the subject of an earlier reference (the earlier reference) made under section 8 on 18th March 2018 by Mr Mallows.

- 3 In that reference Mr Mallows argued that he should be named as the sole applicant in place of ABMWaterstop.
- 4 The reference was opposed in a counterstatement filed on 8th May 2018 by Mr Nicholas Kirkham of Graham Watt & Co LLP on behalf of ABMWaterstop. The normal evidence rounds then ensued, and a hearing was agreed for the 7th and 8th February 2019. Included in the evidence provided by ABMWaterstop were witness statements from Mr Michael Stephens and Mr Andrew Bartlett, two directors of ABMWaterstop.
- 5 On 17th January 2019 Ms Julia D’Arcy of Harrison IP, acting on behalf of Mr Mallows, requested an adjournment of the hearing. The reason given was that Mr Mallows had received a letter from Begbies Traynor LLP indicating that the directors of ABMWaterstop were taking steps to place the company into creditors’ voluntary liquidation. This correspondence from Ms D’Arcy was forwarded by the Office to Mr Kirkham who responded on the 17th January that he had not heard from ABMWaterstop to confirm that the company was in liquidation.
- 6 The office contacted Begbies Traynor on 22nd January 2019 and was advised that ABMWaterstop would go into liquidation on 31st January 2019. In a further communication dated 5th February, Begbies Traynor informed the Office that ABMWaterstop had entered into creditors’ voluntary liquidation with a Mr Paul Stanley and Mr Dean Watson appointed as joint liquidators.
- 7 The hearing was therefore adjourned until the intentions of the liquidator were confirmed.
- 8 In a letter dated 21st February 2019 the Office sought confirmation of the liquidator’s intentions with respect to contesting the reference to entitlement. Begbies Traynor responded on 4th March 2019 to advise that the joint liquidators would not be partaking in any proceedings relating to the patent application GB2537810.
- 9 The reference was therefore treated as uncontested and a decision on the matter was reached without any hearing. In that decision¹ dated 7th May 2019 (the earlier decision), I made the following findings:

“16. On the basis of the evidence provided by the claimant, and taking into account that the defendant is being treated as having withdrawn from proceedings, I am satisfied that Mr Mallows devised the improvements to his previous seal, resulting in the invention in GB2537810, without contribution from any other parties.

17. Further there is nothing before me to suggest that anyone else has a right to the invention.

Declaration & Order

18. I hereby declare that Anthony Brian Mallows is entitled to the invention of patent application number GB2537810.

19. I therefore order that Anthony Brian Mallows be named as sole proprietor of patent application GB2537810 and that the application proceed solely in his name.”

¹ BL O/234/19

10 The application therefore proceeded in Mr Mallows name and was granted on 15th July 2020.

The present reference

11 The present reference was filed by Mr Michael Stephens and Mr Andrew Bartlett on 24th November 2020.

12 The basis of Mr Stephens and Mr Bartlett's case is essentially the same as that advanced by ABMWaterstop in the earlier action namely that the inventive concept in the patent was devised by Mr Stephens and Mr Bartlett. In the present reference however they claim that they should be named as co-inventors and co-owners with Mr Mallows

13 In his counterstatement Mr Mallows maintains that he is the sole inventor and the sole owner of the invention in the patent. In addition, he contests that the making of this new reference is an abuse of process.

14 Given the issues in dispute seemed very similar to those in the earlier proceedings, I issued directions to both sides shortly after the counterstatement had been filed inviting them to file their evidence in chief. I also invited the claimant to respond on the issue of abuse of process. Both sides then made further submissions on the issue of abuse of process and asked to be heard on this matter.

15 The hearing took place via video conference on 27th May 2020. The claimant was represented by Mr Sam Carter of Counsel instructed by Graham Watt & Co LLP with the defendant represented by Ms Julia D'Arcy of Harrison IP.

16 I make one initial observation about the hearing. The claimant, as it was entitled to, filed a skeleton argument on the day preceding the hearing. This was copied to the other side however there was an internal delay within the Office in transmitting it to me which meant that I only became aware of it on the day of the hearing. Thinking that the other side may have also received it at such short notice, I indicated initially at the hearing that I would allow further submissions on it should that prove necessary. In the event I am satisfied that Ms D'Arcy was able to address all the points raised by Mr Carter at the hearing.

The law

17 The claimant is seeking that I strike the reference out as an abuse of process. The relevant legislation is Rule 83 of the Patent Rules 2007 which reads so far as is relevant as follows: (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:

...

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

he may strike out the statement of case.

18 What constitutes an abuse of process is not specified in the Patents Act nor the associated rules. It is however accepted there is an underlying public interest in there being finality in litigation and that a party should not be twice vexed in the same matter. This interest is delivered through the principle of *res judicata* and in particular both cause of action estoppel and issue estoppel. Further there is the principle as set out in *Henderson v Henderson*² that an abuse of process may arise if a party seeks to raise in subsequent litigation points which could and should have been raised before.

19 It was not challenged that I have the power to strike out a case if any of the above principles applied.

20 Mr Carter has referred me to a number of authorities to guide me on how these principles should be applied. It is not necessary to go through them in any detail though I will highlight the observations of Lord Wilberforce in *Brisbane City Council v. Attorney-General for Queensland*³ where, on the issue of abuse of process, he noted that

“... it ought only to be applied when the facts are such as to amount to an abuse: otherwise there is a danger of a party being shut out from bringing forward a genuine subject of litigation.”

The nature of the earlier decision

21 I will consider firstly the nature of my earlier decision. As noted already the liquidator who took control of ABM Waterstop gave a clear direction that it did not want to continue to be part of the proceedings. It was advised that if they did not continue, then the reference would be treated as uncontested. The decision, giving entitlement to Mr Mallows, was therefore reached on the basis that the claimant's arguments were unchallenged and, unless there were compelling reasons from the claimant's case alone, accepted.

22 In advance of the hearing I asked both sides to identify any case law that might be relevant to an attempt to relitigate an uncontested hearing by the same parties or in effect by the same parties. Neither side was able to provide any relevant authority on this.

23 Subsequent to the hearing I came upon the case of *Mr Gavin Boyer v Applications by Ms Elaine Stockbridge*⁴. In this case, the owner of a trade mark, Mr Boyer, did not file a counterstatement in response to an application by Ms Stockbridge for a declaration that his trade mark was invalid. The registrar therefore issued a decision as follows:

"The registered proprietor did not file a counterstatement within the two months specified by Rule 41 (6) of the Trade Mark Rules 2008, and neither party requested a hearing or gave written submissions in respect of the official letter dated 5 July 2018. Such circumstances are covered by Rule 41(6) which states:

" ...otherwise the registrar may treat him as not opposing the application."

² *Henderson v Henderson* (1843) 3 Hare 100, 67 ER 313

³ *Brisbane City Council v. Attorney-General for Queensland* [1979] A.C 411

⁴ *Mr Gavin Boyer v Applications by Ms Elaine Stockbridge* 2018 WL 08544513

Under the provisions of the rule, the Registrar can exercise discretion. In this case, no reasons have been given why I should exercise this discretion in favour of the registered proprietor and I therefore decline to do so.

As the registered proprietor has not responded to the allegations made, I am prepared to infer from this that they are admitted. Therefore, in accordance with Section 47(6) of the Act, the registration is declared invalid and I direct that it be removed from the register and deemed never to have been made."

- 24 Mr Boyer appealed the decision to the Appointed Person, but his appeal was dismissed. Mr Boyer subsequently sought to challenge the validity of Ms Stockbridge's trade mark applications on the basis of his trade mark that had been declared invalid.
- 25 Ms Stockbridge sought to strike out aspects of Mr Boyer's challenge on the grounds of res judicata. In his decision, the Hearing Officer noted it was common ground between the parties' representatives, Mr Edenborough and Mr Wood both of Counsel, that a default judgment can prevent the same matter being relitigated because it has become res judicata. I should add that there did not seem to be any question that the decision of the Registrar, based as it was on Mr Boyer not opposing or contesting the application, was not in effect a default judgement. I note also the definition of "default judgement" in Part 12.1 of the CPR as:

12.1 In these Rules, 'default judgment' means judgment without trial where a defendant –

- (a) has failed to file an acknowledgment of service; or
- (b) has failed to file a defence.

- 26 The decision went on to explore whether the circumstances of the case were such that there was res judicata. Reference was made to *Kok Hoong v Leong Cheong Mines Ltd*⁵ where the Privy Council held that:

"Default judgments, though capable of giving rise to estoppels, must always be scrutinised with extreme particularity for the purpose of ascertaining the bare essence of what they must necessarily have decided and they could estop only for what must "necessarily and with complete precision" have been thereby determined."

- 27 The Hearing Officer, applying the guidance in *Kok Hoong*, went on to find that the earlier uncontested decision should only be regarded as having finally determined that the trade mark was invalidly registered and the factual assumptions that the registrar was required to make in order to dispose of that application should not be treated as final determinations of those facts. The Hearing Officer set out three reasons for his decision. Firstly, he noted there was only an appeal available against the exercise of the discretion to treat the proprietor as not opposing the application rather than the consequential decision to invalidate the trade mark. He distinguished the decision before him with a default judgement of the court which could be more readily set aside. He thus concluded that the legal consequences of such unopposed decisions by the Registrar should be strictly limited. Secondly, the Hearing Officer was concerned that if estoppel applied then this would have potential disproportionate effects on subsequent litigation between the parties. Thirdly he noted that the Trade Mark Directive requires that owners of unregistered rights

⁵*Kok Hoong v Leong Cheong Mines Ltd* [1964] W.L.R. 150

should be entitled to bring invalidation proceedings. He went on to express concern that national rules on estoppel may conflict with rights established pursuant to European law if the application of the national rule had a disproportionate effect on the right of the person claiming to own an earlier right when compared to the procedural failure on the part of the trade mark proprietor which led to the original 'final' decision.

- 28 I would observe that the legislative framework for trade marks differs from that for patents, in particular the relevance of EU legislation, at least at the time of *Boyer*. There is nothing to suggest any concerns about conflict with other legislation here.
- 29 On the question of whether any estoppel here would have a potential disproportionate effect on subsequent litigation between the parties, I would note that invalidation of a right is obviously different to a change in ownership of the right. Further in contrast to *Boyer*, one of the parties to the original case no longer exists though the past directors of that party clearly still have an interest. I discuss this more shortly when I consider whether my decision is a decision *in personam* as argued by Mr Carter.
- 30 The issue of any available appeal does I believe have some parallels. The scope of appealing against a patent decision, such as the earlier decision here where the defendant indicated they did not want to continue to participate, has not as far as I am aware, been subject to the sort of consideration as similar trade mark decisions. Nevertheless it is likely that any appeal against the earlier decision here would have been limited to whether it was appropriate to treat the matter as unopposed and whether there was a prima facie case to award the patent to Mr Mallows on the basis of the evidence he had submitted.
- 31 Whilst *Boyer* is not binding on me, it does I believe on balance suggest I should take a similarly cautious approach, in line with *Kok Hoong*, and consider any estoppel only in the context of what was "necessarily and with complete precision" determined by my earlier decision. I turn now to the nature and extent of my earlier decision.

Was my earlier decision a decision in personam?

- 32 Mr Carter contends that my earlier decision was made in the context of different proceedings between different parties (namely the former company ABMWaterstop Ltd and the Mr Mallows) and was a judgment *in personam* such that it cannot form the basis of an estoppel binding the Claimants in these proceedings. He finds ample support from *Cinpres Gas Injection Limited v Melea Limited*⁶ which notes:

"115. It might be suggested that s.37 proceedings are more than inter partes; that they are designed to produce an answer *in rem* ("refer the question as to who is or are the true proprietor"). But that cannot be right. Such proceedings can only decide matters between the parties to them."

- 33 However, a decision *in personam* can also raise an estoppel against the privies of the parties.

⁶ *Cinpres Gas Injection Limited v Melea Limited* [2008] EWCA Civ 9, 2008 WL 168753

Are Mr Stephens and Mr Bartlett the privies of ABMWaterstop?

- 34 It is not in dispute that at the time it entered voluntary liquidation that Mr Stephens and Mr Bartlett were the only directors of ABMWaterstop.
- 35 Ms D'Arcy argues that because of this the parties to the two proceedings are in effect the same. Mr Carter however submits that even though they were initially directors of ABMWaterstop, and gave evidence in the previous proceedings as such, by the time of the earlier decision they were no longer directors, and they had no control over the conduct of those proceedings or the decision of the liquidator to withdraw from them.
- 36 I am unsighted as to if, and if so when, Mr Stephens and Mr Bartlett ceased to be directors of ABMWaterstop however I am satisfied that it was the liquidator's decision to withdraw from the proceedings. As such I am not persuaded that Mr Stephens and Mr Bartlett could, at the time I made my earlier decision, be considered as privies of ABMWaterstop. This therefore effectively rules out both cause of action and issue estoppel in this case.
- 37 I would add for completeness that Mr Carter argues that my earlier decision in any event addressed different issues, namely as between ABMWaterstop and Mr Mallows as to who should be named proprietor (rather than as between the Mr Stephens and Mr Bartlett and Mr Mallows as who should be named inventor(s) and consequentially proprietor(s)). Insofar as any estoppel might arise, which he denies, it would be an issue estoppel which would not bite on this claim.
- 38 I am not persuaded by that argument. The earlier proceedings and these current proceedings essentially cover the same question namely who out of Mr Mallows, Mr Stephens and Mr Bartlett devised the invention covered by the patent and who was subsequently entitled to be granted a patent for that invention. As Ms D'Arcy rightly notes, the arguments and the evidence that both sides have submitted is essentially identical in both sets of proceedings. That the two sets of proceedings were brought under different provisions of the patents act, namely sections 8 and 37, does not prevent them being considered to relate to the same subject matter⁷.
- 39 Mr Carter also argues that even if I find that the previous decision does give rise to a prima facie cause of action estoppel, it is in any event based on the false or fraudulent evidence of the defendant and that this was constitute special circumstances justifying the disapplying of any such estoppel. He refers in support to *Cinpres*. It is important however to consider each case on its own merits. In *Cinpres* for example there was acknowledged perjury – one of the witnesses having later confessed to perjuring himself in the first Patent Office proceedings. Here there is no acknowledged perjury. Indeed, Mr Carter is making his claim on the fact that Mr Mallows' account of events differs from that of Mr Stephens and Mr Bartlett. As Mr Carter is at pains to point out, there has yet to be a full consideration of these differing accounts and in entitlement disputes such as this, the views of the parties will invariably differ and can even be in direct conflict. But that does not necessarily mean one side is seeking to commit a fraud and even if that were the case here, and

⁷ See for example *Cinpres* §74-76

I make no inference at all on that, it is yet to be determined who is being fraudulent. Hence I can see nothing that would have caused me to disapply any estoppel.

- 40 Having found there is no estoppel, I will briefly consider whether anything else might constitute an abuse of process. Ms D'Arcy notes that Mr Stephens and Mr Bartlett put ABMWaterstop into creditors voluntary liquidation and that this happened on the eve of the original hearing. I do not however have any evidence before me to suggest that their conduct in this respect is an abuse of proceedings before the comptroller. Whilst the original hearing had to be vacated, progress in these later proceedings has, except for this preliminary point, been extremely straightforward with most of the previous argument and evidence being recycled. There is nothing to suggest that Mr Stephens and Mr Bartlett have gained any unfair advantage from the earlier proceedings concluding as they did. Indeed, as claimants they now have the burden of proof against them though that is very rarely a factor in cases such as this.

Findings and next steps

- 41 Overall, I am satisfied that there is no abuse of process that would justify striking out the reference and that it is in the interests of justice to proceed to a full examination of the issues raised.
- 42 In advance of the hearing I questioned the basis on which Mr Stephens and Mr Bartlett are now claiming a proprietary interest in the patent given that they have previously argued that ABMWaterstop is entitled to the patent including in respect of any inventive contribution provided by them. Mr Carter addressed me briefly on this indicating that there is a chain of assignment of the Patent from ABMWaterstop (in liquidation) to Mr Stephens and Mr Bartlett. I will provide the claimants until 10th September 2021 to amend its statement of case and to file the necessary evidence supporting this assertion. I will then issue directions regarding the further conduct of the proceedings.
- 43 I would add finally that the claimant has suggested that I should consider declining to deal with this case including declining before I decided this preliminary issue. Given the lateness of this suggestion, I did not decline however as with all such cases I will keep the matter under consideration and it is open to the parties to ask me to do so in future. I would however note that the focus of the entitlement dispute will be on the questions of what is the inventive concept and who devised it and even though that will most likely require the relevant witnesses to be cross examined, these are matters that would not necessarily be more properly determined by the court.

Appeal

- 44 Any appeal must be lodged within 28 days after the date of this decision.

PHIL THORPE

Deputy Director acting for the Comptroller