

## **PATENTS ACT 1977**

**IN THE MATTER OF** a reference under  
Section 37 and an application under Section 13  
by Cogran Reclamation Limited and  
Chesney Richard Orme in respect of  
Patent Number GB 2274297 in the name of  
JKN Polymers Limited

### **DECISION ON COSTS**

1. This decision relates solely to the question of costs on a withdrawn action.

#### **Background**

2. These proceedings concern patent number GB 2274297 and are a consolidation of a reference to the Comptroller under Section 8 of the Patents Act (by operation of Section 9, treated as a reference under Section 37 subsequent to the grant of the patent), and an application under Section 13. The proceedings were the subject of a hearing by another of the Comptroller's hearing officers on 26 June 1997, and the background and history are set out in the opening part of his oral decision given at the hearing.

3. At the time of the hearing, evidence rounds had been completed, but the parties had reached an impasse as to whether the proceedings should be stayed in the light of concurrent proceedings for revocation of the patent before the Court. The claimants under Sections 13 and 37 were arguing for a stay, and the opponent (patentee) arguing against. The decision given at the hearing directed that the proceedings should indeed be stayed, but not sine die. The hearing officer ordered that the proceedings be stayed until the end of April 1998, when he would review the position and consider his further directions as to the proceedings. He also specifically reserved consideration as to costs until after the stay had been lifted.

4. In March 1998, the Office wrote to both sides inviting submissions as to the future course of the proceedings. Both sides responded, and the hearing officer directed the continuance of the stay until the end of February 1999. On 22 February 1999, the Office again wrote inviting further submissions as to the future course of the proceedings, and after exchanges of correspondence, the hearing officer directed (reported in an Office letter to both sides dated 7 July 1999) that the arrangements for the substantive hearing be put in hand.

5. The hearing was finally arranged for 1 - 4 November 1999. However, on 20 October 1999, just 1½ weeks before the hearing, the opponent sent a further affidavit and exhibits requesting that they be admitted into the proceedings. The claimants responded the next day, stating that, upon reviewing this further material, they considered that the appropriate course of action was to withdraw from the proceedings. They did however ask for an award of costs in their favour. Since then, both sides have made submissions as to costs, though neither wishes to be heard on the matter. I shall therefore decide the question of costs on the papers.

6. The further evidence sought to be introduced is an affidavit from the inventor named in the patent, Mokhtar Kourgli, together with some exhibits. The affidavit begins by saying that, upon a review of his files, further documents have come to light. It is stated that, in April 1996, there was a fire at the premises of his company, resulting in the destruction of many documents, but those that were saved were kept together. Exhibit MK16 to the affidavit is one such. It is singed around the edges, but clearly legible on the sheet submitted is information about a composition said to have been supplied by the Superwood Company, and is said to have come into the possession of opponents in 1991. The affidavit goes on to comment upon references made in the earlier evidence that Mr Orme suggested the idea of using mechanical fasteners in the invention. Exhibit MK17 is a copy of a fax to Mr Kourgli said to show that Mr Kourgli thought of and investigated the use of mechanical fasteners in late 1991. The affidavit continues by making further comment upon the use of fly ash in the compositions used in the invention, again referring back to previous evidence. Finally, there is a reference to the use of, and knowledge of, compression moulding which again is returning to issues discussed in previously-filed evidence.

## Submissions

7. The position of the claimants, as set out in their Agent's letters dated 21 October 1999 and 5 November 1999 is relatively simple. They assert that the opponent must have known of the existence of document MK16 because it was saved from the fire damaged documents in April 1996, and say they are astonished that the document was not filed earlier. They further say that had the new evidence been brought to their attention earlier, the proceedings would have been disposed of at that earlier stage, and that therefore, in their view, it would be fair and appropriate for an award of costs up to the date of receipt of the new evidence to be made against the opponent. Furthermore, they make the point that they, and not the opponent, were successful in the decision given at the earlier hearing, and therefore costs for that hearing should, in any event, be awarded against the opponent.

8. The position of the opponent is set out in their Agent's letter dated 5 November 1999. This begins by dealing with the first point made by the claimants. It says that MK16 only came to light when Mr Kourgli was "sifting through" the collection of fire-damaged documents in anticipation of the hearing. The letter then goes on to say that MK16, in their view, did not raise any new issues, but is merely supportive of other documents in the previous evidence, drawing attention to an exhibit (CO6) in one of Mr Orme's affidavits. I note, and am not impressed by, the inconsistency of this letter with the earlier one from the Agents for the opponent, dated 20 October 1999, where the new evidence was said to be "of considerable relevance" to the matter.

9. The letter then goes on to draw the inference that, by withdrawal, the claimants are acknowledging that they are not the true inventor or proprietor, and that their prior evidence must be "untrue".

10. The assumption is then made that the claimants are submitting that an order of the type made in *See-v-Scott-Paine* 50 RPC 56 should be made, and submits that it should not.

11. There then follows argument as to the factors which the opponent submits I should

take into account in determining the question of costs, as follows

- a) the respective degrees of success of the parties;
- b) the reasonableness of the parties' behaviour;
- c) the numbers of extensions of time during the proceedings; and
- d) the extent to which the case has been maintained beyond the point at which the claimants should have realised that there was no genuine case to be tried..

The letter goes on to expand upon these factors, and urges me to make the highest award of costs which my discretion will allow. I have carefully considered all of this in coming to my decision.

### **The Law**

12. Section 107(1) gives the Comptroller the power to order such costs as she may consider reasonable.

13. Where claimants, as in this case, unconditionally withdraw their claim, it is the Comptroller's normal practice to award costs against them unless there are some special considerations. Further, it is the Comptroller's normal practice to award only a contribution to costs, in accordance with a standard scale, published from time to time in the Official Journal (Patents) (now incorporated into the Patents and Designs Journal). As Mr A Watson QC, sitting as a Deputy Judge, confirmed in *Rizla Ltd's Application* [1993] RPC 365, the Comptroller has the power to award higher costs, and even full compensatory costs, but she would only do so where the conduct of the losing party constituted such exceptional circumstances that a standard award of costs would be unreasonable.

### **What costs are appropriate?**

14. In the present case the opponent is implicitly inviting me to award costs above the normal scale, while the claimant is inviting me to award costs for them rather than against them. What I must consider, therefore, is whether there is anything in this case to displace the normal presumptions that the claimant who has withdrawn should bear the costs and that

those costs should be on the normal scale.

15. I will start with the question of whether costs should be awarded to the claimants rather than the opponent. This hinges on the new evidence sent in on 20 October.

16. I must first say that I find it deplorable that such evidence should only be brought into the proceedings by the opponent an extremely long time (about three years) after the completion of the main body of evidence. It is incumbent upon those involved in litigation generally, and in particular before the Comptroller, that the proceedings be undertaken with diligence and promptness. However, I do not feel that on its own the lateness of the evidence is sufficient to justify reversing the normal burden of costs. What I should look at, I feel, is whether the lateness of this evidence has put the claimants to unnecessary and unreasonable expense. To do this, I need to consider the contents of this late evidence. Perhaps I should say that in doing so I am not coming to any conclusion as to whether it should or should not have been admitted had the claimants not withdrawn.

17. Having looked at the late-filed evidence and compared it with the evidence previously presented, I am inclined to agree with the opponent's view expressed in their letter dated 5 November 1999. It seems to me that MK16, which the claimants appeared to regard as particularly crucial, is indeed only confirmatory of previous evidence. MK17 is to do with fasteners, and in my view is only a minor feature of the invention, so I do not believe it can have tipped the balance. I do not consider that the references to the use of fly ash add anything significant to the evidence, nor do the references to the knowledge and use of compression moulding.

18. Thus all in all, I am not persuaded that, on the face of the new documents, the information contained in them is as significant as presented by the claimants, and I certainly do not believe that it could be said to be so significant and new as to change the position of the claimants in such a fundamental way as they allege. Thus I do not accept the claimants' submission that costs up to the filing of this evidence should be awarded to them, rather than against them. An order of the *See v Scott-Paine* type is not appropriate.

19. I now turn to the question of whether costs should be awarded at a higher rate than the standard scale. The opponent has made submissions as to the amount of evidence filed and the continuance of filing evidence past the time when (they say) the case should have been seen by the claimants as hopeless. I am not convinced by these submissions. The amount of evidence in this case is not unusual in proceedings of this type, and although some of the evidence (for example that of Johnson, Klobbie and Wood) does not seem crucial, I do not consider that this evidence would have taken much time to deal with. Thus I do not consider that I should take any special account of these arguments in deciding costs.

20. The opponent also asserts that the number of time extensions granted to the claimants shows dilatory conduct on the part of the claimants which should be penalised. The hearing officer in the decision at the earlier hearing said that he did not believe such extensions of time up to the hearing to have been exceptional, and I agree. The subsequent course of the case does not, in my view seem to me to be exceptional, and I therefore do not feel that this would merit any special adjustment to the standard approach.

21. Finally, the opponent implies that the claimants have pursued matters beyond the point at which they should have realised there was no genuine case to be tried. Although neither side has referred me to *Rizla Ltd's Application (supra)*, I think it is right for me to follow the guidance set out by Mr Watson on the last page of the decision as reported:

“I believe a case such as the present can only be regarded as exceptional if it can be shown that the losing party has abused the process of the Comptroller by commencing or maintaining a case without genuine belief that there is an issue to be tried.”

I do not feel it has been shown that the present claimants have maintained their case without genuinely believing there was an issue to be tried, and so I do not accept the opponent's last submission either.

22. There is one other point, though. With regard to the costs in the preliminary hearing, where the claimants were successful, I entirely agree with the claimants that the opponent

should carry these.

## **Conclusion**

23. Taking all of this into account, I consider that the claimants should pay a contribution to the costs incurred by the opponent in considering the statement and preparing a counterstatement, preparing their evidence and perusing the other side's, and preparing for the substantive hearing. However, a contribution to the claimant's costs in preparing for and attending the earlier hearing should be offset against this. In both cases, the contributions should be guided by the usual scale adopted in proceedings before the Comptroller.

24. Accordingly, I order that the claimants Cogran Reclamation Limited and Chesney Richard Orme pay to the opponents, JKN Polymers Limited, the sum of £850.

## **Appeal**

25. As this decision does not relate to a matter of procedure, any appeal from this decision must be filed within six weeks.

Dated this 24th day of November 1999

**P HAYWARD**

Divisional Director, acting for the Comptroller

**THE PATENT OFFICE**