PATENTS ACT 1977

IN THE MATTER OF a reference under section 8 and an application under section 13 by Michael Lovegrove in respect of UK Patent Application No 2291019 in the name of Nimar Supplies Limited

DECISION ON COSTS

1. UK Patent application number 9513839.2 was filed on 7 July 1995 in the name of Nimar Supplies Limited ("the Opponents"), claiming priority from an earlier application filed in 1994. It named Nigel John Hallard as inventor and was subsequently published with the number 2291019. The application relates to a hand propelled wheelchair which includes a hand wheel which is linked to a road wheel by a gear train offering a step-down drive ratio to impart a mechanical advantage.

2. On 11 June 1998, Michael Lovegrove (whom I shall call “the Referrer" for simplicity) initiated a reference under section 8 and an application under section 13 of the Patents Act 1977. His statement (as later amended) declared that a prototype wheelchair had previously been produced, and was the subject of a secrecy agreement signed on 30 November 1993 by Messrs Hallard and Lovegrove. Mr Lovegrove claims that the subject of the patent application corresponded with this prototype and that he was the inventor.

3. In their counterstatement, the Opponents admit that an agreement was signed, but deny that the information subject to the agreement corresponded with the subject of the application. They state that all the information in the application in suit was either in the public domain when the application was filed or invented by Mr Hallard.

4. On 20 October 1998 the Applicant was invited to file evidence in support of his case. He did not do so. Instead, in a letter dated 2 December 1998 his agents said that their client:

> "has come to the conclusion that, although based on information obtained from him, the drive system shown in the drawings will not work. He will, therefore, not be proceeding any further with this case and in particular will not be filing evidence. The application is accordingly hereby withdrawn. In all the circumstances of this case it is not, it is submitted, appropriate for any award of costs to be made."

5. The Patent Office informed the Opponents that they would formally terminate the proceedings with no matters outstanding, subject to any comments. The Opponents' agents replied by seeking costs, saying:

> ". . . we note that the referrer has withdrawn this referral without filing evidence. In the circumstances, therefore, it would appear to be appropriate for the opponent to receive an award of costs in this matter, for which purpose I enclose a note of the costs which have been incurred. It is requested that the Office take cognisance of the fact that all of these costs have been unnecessarily incurred by the unreasonable action of the referrer in making a reference which is entirely unsubstantiated by any evidence. Accordingly costs on the higher scale, matching those actually incurred are requested."

This letter was accompanied by a statement of costs amounting to £986.61.

6. The referrer has objected to this claim for costs, maintaining that Mr Hallard had used information obtained from him contrary to "verbal and written contracts", and had based his patent application on this information. He adds that he has no savings, is out of work, and on sickness benefit. He also claims that by their actions the Opponents may have affected his ability to earn anything from what he says is his intellectual property.

7. It falls to me therefore to decide whether to award costs, and if so, at what level. Both parties have agreed to the decision being made on the basis of the papers on file.

8. The comptroller's authority to award costs is provided by Section 107 (1), which reads:

> "The comptroller may, in proceedings before him under this Act, by order award to any party such costs or, in Scotland, such expenses as he may consider reasonable and direct how and by what parties they are to be paid."

9. This gives me considerable discretion. Exercising that discretion, in the present circumstances I consider it is appropriate to award costs to the Opponents because they have been put to the trouble of filing a counterstatement on a case that has now been withdrawn. Mr Lovegrove clearly feels he would have succeeded had the case continued, but the fact is that he did not continue it and it would therefore be quite wrong for me to make any assumptions about which side would have won. He alleges he is hard up, but that is not a factor I can take into account either. If the Opponents are rightly entitled to costs as a result of action Mr Lovegrove has taken, they should not be deprived of their rights merely because Mr Lovegrove is not flush with cash. Finally, his claim that the Opponents may have harmed other rights that Mr Lovegrove believes he has is irrelevant to the question of costs in this action.

10. I must now consider what sum I should award the Opponents. It is the Comptroller's normal practice to award a contribution towards costs only, using as a guide a scale which is periodically announced in the Patents and Designs Journal. According to this scale, since the case was withdrawn at a relatively early stage, the appropriate award would be for £135. The Opponents, though, have asked for a compensatory award equal to the full costs they say they have incurred.

11. The Comptroller certainly has the power to deviate from the published scale, and indeed frequently does so. The question is, should I do so in the present case, and in particular, should I go so far as to award full compensation? In *Rizla Ltd's Application,* [1993] RPC 365, the hearing officer did decide to award compensatory costs, but he was overturned on appeal. The Deputy Judge agreed that departure from the normal practice required exceptional circumstances, and then went on:

> "Counsel was unable to refer me to any reported case where such a strong order for costs has been made by the Comptroller and therefore there is no established yardstick to measure what might be regarded as exceptional. 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 a genuine belief that there is an issue to be tried. In my view, this is not shown to be such a case. There are of course a large number of other circumstances such as deliberate delay, unnecessary adjournments *etc* where the Comptroller will be entitled to award

compensatory costs, but it is unnecessary to attempt to define what is clearly a wide discretion."

12. I believe this sets out the principles I should adopt in the present case. On that basis, the Opponents' argument that the case warrants exceptional treatment because the referrer's claims have not been substantiated by any evidence is not sufficient. Indeed, if it were it would act as a deterrent to a party withdrawing as soon as they realise their case is not worth pursuing, and that would not be in anyone's interests. I have no evidence whatsoever that Mr Lovegrove launched this action with no genuine belief that there is an issue to be tried, nor can he be accused of conducting the case in an unreasonable way, eg by causing delays or unreasonable expense. Thus I can see no good reason to award compensatory costs or, indeed, costs higher than the scale.

13. I therefore order Michael Lovegrove to pay Nimar Supplies Limited £135 as a contribution to their costs.

14. As this decision does not relate to a matter of procedure, under the Rules of the Supreme Court any appeal must be lodged within six weeks.

Dated this 21st day of January 1999

P HAYWARD
Divisional Director, acting for the Comptroller

THE PATENT OFFICE