

PATENTS ACT 1977

IN THE MATTER OF an application for revocation under section 72 by Nigel Sullivan-Tailyour in respect of Patent Number GB2245583 in the name of Smartwater 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 This decision relates solely to the question of costs on a withdrawn action.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 2245583, in the name of Smartwater Limited (“Smartwater”) and entitled “Improvements in or relating to security of articles, goods, vehicles or premises”, and an application for revocation of the patent under section 72 of the Patents Act filed by Nigel Sullivan-Tailyour (“Sullivan-Tailyour”) on 24 February 1999 together with an amended statement of case. Sullivan-Tailyour is unrepresented. He is a director of a company called Securitrac Limited and he manufactures and sells “Mark- It”, also known as “Securitrac”, a product generally known as a forensic liquid.

3. The original statement of case was amended after Sullivan-Tailyour had been informed in an official letter dated 2 February 1999 that, in accordance with Rule 112, a copy of those documents (advertisements for “Mark-It”) referred to in the originally filed statement of case were required and also the wrong proprietor’s name had been given. This same official letter drew Sullivan-Tailyour’s attention to the fact that, since his application was based on novelty and inventive step grounds, the advertisements would need to be clear about dates, and also that, unless the advertisements for “Mark-It” contained technical information which allowed the proprietor to see their relevance against the invention of the patent, the statement might be deficient.

4. An affidavit by Sullivan- Tailyour and various exhibits, including an advertisement of “Mark-It”, a certificate of registration of a trade mark “Mark-It” in the United States of America Patent and Trademark Office, a telephone bill, and two letters dated 1975 and 1978 respectively concerning “Mark-It” were filed with the amended statement of case. The grounds for revocation given in the amended statement of case were that the products and techniques described in patent number GB2245583 were not new, because the products had been made public in commercial and scientific uses since 1974, and did not involve an inventive step, because compared with what was already known, it would have been obvious to many people with a good knowledge and experience of the subject. The materials and processes described were said to have been used in a similar product with an identical purpose since 1974.

5. A counterstatement was filed on 30 April 1999 by Potts, Kerr & Co, acting for the Smartwater. In it the allegations were denied and it was stated that the grounds of revocation as presented in the statement of case were unclear and indeterminate in scope and hence should be deemed inadmissible. It was also stated that the exhibits accompanying the statement of case did not substantiate that a composition and method as claimed in any claim of the patent was made available to the public prior to the priority date of the patent, that the applicant had not provided any evidence as to the level of common general knowledge to be attributed to the skilled man prior to the priority date of the patent, and that it was not clear whether the novelty or the inventive step of claim 1 was being attacked. The proprietor asked for costs.

6. Sullivan-Tailyour then filed his evidence-in-chief on 29 June 1999. Subsequently, following a request for an extension of time in which to file evidence-in-reply because of requiring more time to investigate the alleged availability of the product “Mark-It”, Potts, Kerr & Co. wrote to the Patent Office on 29 September 1999 stating that Smartwater had decided not to file evidence-in-reply for the time being, advising that the main reason for this decision was their opinion that the basis for attacking the validity of the patent was still not clear. They asked for a hearing to be appointed. to clarify the issue.

7. In an official letter dated 29 October 1999 the Patent Office informed both sides that a preliminary hearing would be arranged. It was after this that Pike & Co. wrote to the Office and

to Potts, Kerr & Co in letters dated 11 November 1999 saying that they had been asked to represent Sullivan-Tailyour and that their client withdrew his revocation action. In their letter to Potts, Kerr & Co, Pike & Co. stated that Sullivan-Tailyour had taken this withdrawal action to avoid unnecessary expense for both sides and that in return they requested that Smartwater withdrew their claim for costs.

8. However, Potts, Kerr & Co told the office that Smartwater's request for an award of costs still stood, that Smartwater had incurred charges, which were wholly avoidable, of approximately £1200 (excluding VAT), which included Counsel's charges of £300 (excluding VAT) for reviewing the case with a view to attending the proposed hearing.

9. Since it seemed to the Office that Smartwater might be asking for a compensatory award, the Office informed Smartwater that it is the Comptroller's normal practice to award a contribution to costs only, using as a guide a scale which is periodically announced in the Patents and Designs Journal, although the comptroller has the power to deviate from the published scale. In connection with compensatory costs, Smartwater's attention was directed to three cases all concerned with compensatory awards, namely *Rizla Ltd's Application [1993] RPC 365* and *Du Pont De Nemours and Co (Rebouillat's) Applications [1996] RPC 740* and *Nimar Supplies Ltd Patent Application no, 2291019 [1999]*.

10. In reply, Potts, Kerr & Co indicated that they were not requesting compensatory costs, but rather were drawing the Office's attention to the level of costs that have been incurred by their client to date, that is, so that the Comptroller is suitably placed to exercise her discretion.

11. Pike & Co have submitted, on behalf of Sullivan-Tailyour, that only modest, non-compensatory costs should be awarded. They have asked me to take into account (a) that the revocation was only initiated following a letter dated 1 April 1998 sent to Securitrac Ltd on behalf of the patent proprietor by Potts, Kerr & Co. drawing Securitrac Ltd's attention to the patent, and that in the absence of such a letter initiation of the revocation proceedings would not have been considered and no costs incurred, and (b) that the application for revocation was withdrawn at an early stage before the hearing in order to minimise costs for all parties.

12. Both sides have requested that the decision about costs be taken on the basis of the papers currently on file.

The patent

13. There are 21 claims in the granted patent but claim 1 is the only independent claim. It reads:

“ A composition for detecting or deterring unauthorised removal of or damage to articles or goods from vehicles, buildings and/or premises or for detecting or deterring damage to premises, said composition being colourless, odourless and having no feel thereto, and thereby being undetectable, and being capable of transfer from one surface to another, the composition comprising at least one fluorescent material together with a solvent medium therefor, said medium containing a volatile component. “

14. The description and appendant claim 19 make clear that when the articles or goods have been stolen or damaged by a person the fluorescent material is transferred to the person concerned and the person can then be identified by the use of UV-light emitting means.

The Law

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

16. Where claimants, as in this case, additionally withdraw their claim, it is the Comptroller’s normal practice to award scale costs on a contributory basis against them unless there are some special considerations suggesting that a higher award is appropriate. In *Rizla’s Application*, the hearing officer did decide to award compensatory costs but he was overturned on appeal, although The Deputy Judge A. Watson, Q.C., stated:

“As a matter of jurisdiction I entertain no doubt that if the Comptroller were of the view that a case had been brought without any *bona fide* belief that it was soundly based or if in any other way he were satisfied that his jurisdiction was being used other than for the purpose of resolving genuine disputes, he has the power to order compensatory costs. It would be a strange result if the comptroller were powerless to order more than a contribution from a party who had clearly abused the Comptroller’s jurisdiction.”

The Deputy Judge went on to approve the hearing officer’s view that the issue was “whether the

conduct of the referrer constituted such exceptional circumstances that a standard award of costs would be unreasonable” but differed with the hearing officer’s conclusion on the facts of the case, stating :

“Counsel was unable to refer me to any reported case where such a strong order on 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 case can only be regarded as exceptional if it can be shown that a 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.”

17. In *Du Pont De Nemours & Co.*, where the action was settled, except for costs, shortly before the substantive hearing, compensatory costs were not awarded, the line taken in *Rizla Ltd’s Application* being followed, and in *Nimar Supplies Limited* , where the case was withdrawn after the counterstatement was filed and before any evidence was filed, standard costs were awarded in spite of a request for compensatory costs being made and the Office being informed of the actual costs incurred, the hearing officer stating that he had no evidence whatsoever that the referrer launched his action with no genuine belief that there was an issue to be tried.

What costs are appropriate ?

18. In the present case Smartwater is implicitly inviting me to award costs above the normal scale but not at full compensatory level.

19. Section 107(1) gives me considerable discretion over costs. Exercising that discretion, in the present circumstances I consider it appropriate to award costs to Smartwater because they have been put to the trouble of filing a counterstatement, perusing evidence filed by Sullivan-Tailyour and preparing for a hearing on a case that has now been withdrawn. I must now consider what sum I should award.

20. The application for revocation was withdrawn just before a preliminary hearing to decide whether or not the basis for attacking the validity of the patent was clear. I thus consider that this

withdrawal indicates that Sullivan-Tailyour concedes that the opinion regarding lack of clarity of the basis for the revocation action made by Smartwater in their letter of 29 September 1999 is true and cannot be overcome, this same opinion also having been made at an earlier stage by Smartwater in their counterstatement.

21. My attention has been drawn to a letter sent to Securitrac Ltd on behalf of Smartwater before the revocation action was initiated. The letter in question was dated 1 April 1998 and reads-

“ UK Patent No 2245583B

Our clients, Smartwater Limited, are the registered proprietor of the above numbered UK patent. Our clients are also the applicants in respect of a corresponding European patent which has recently granted, as well as an international application in respect of improvements and/or modifications of the disclosure in the above mentioned UK patent. Furthermore, our clients are protected by appropriate insurance in respect of their intellectual property portfolio.

It is our understanding that your company undertakes the marketing of a product being offered for sale under the name “INTRUDASPRAY”.

We hereby formally draw your attention to the above numbered patent, a copy of which is enclosed.

Please acknowledge receipt of this letter and accompanying enclosure and supply us with your comments in connection therewith by 17 April 1998.”

The papers on file do not explain the connection between “Mark-It” and “Intrudaspray”

22. That Sullivan-Tailyour decided to initiate revocation proceedings after receiving this letter can be viewed as a natural response but it is, in my view, not relevant to this present matter of costs.

23. I have been provided with no evidence to show that when Sullivan-Tailyour launched his action in February 1999 he did not hold a genuine belief that there was an issue to be tried, even if that belief was misguided. I cannot be sure when he started having doubts about his allegations; but it seems that he had enough doubts after he received the letter of 29 September 1999 requesting a hearing to consult Pike & Co.

24. The question I have to consider is whether, once Sullivan-Tailyour had launched his action, he maintained his action beyond a point at which he realised or should have realised that he had no genuine case, and if he did, whether he abused the Comptroller's jurisdiction from that point onwards.

25. As I stated in paragraph 3 above, the Patent Office drew Sullivan-Tailyour's attention to what is required of a statement of case when the allegations made concern novelty and inventive step in order to ensure that it is not deficient. Of course, in an action, technical information and dates may subsequently come to light when evidence is filed.

26. Further, there was a six week delay between Smartwater's letter dated 29 September 1999 and the withdrawal letter dated 11 November 1999. In that time the Patent Office wrote twice to both sides, firstly on 1 October 1999 to say that, subject to comments from either party within 14 days, arrangements for a preliminary hearing would be commenced shortly, and secondly on 29 October 1999 to say that the case was in order for a preliminary hearing. Neither side wrote to the Patent Office between 29 September and 11 November 1999. It is to be expected that during this six week period Smartwater would have been making preparations for the hearing.

27. It seems to me that Sullivan-Tailyour showed a lack of proper care in not taking professional advice before filing his evidence in chief once he had read the counterstatement which queried the lack of evidence he had provided to substantiate his allegations, also bearing in mind the warning given by the Patent Office about the possible deficiency of a statement of invention which did not establish dates or contain technical information which allowed the proprietor to see the relevance against the invention. In my view, this lack of proper care turned into a more distinct abuse of the Comptroller's jurisdiction when he continued to maintain his application for some six weeks after Smartwater had written their letter dated 29 September 1999, in which they again queried the clarity of the basis of the application and requested a hearing. From 29 September onwards Sullivan-Tailyour should have been querying whether he had a genuine case. Private individuals cannot be expected to have a good understanding of patent legal matters, but it is nevertheless incumbent on them to bear in mind that in continuing with a post-grant patent action without much patent law knowledge they may be abusing the Comptroller's jurisdiction and at the same

time putting others to unnecessary and unreasonable expense.

28. Thus, although I find that Sullivan-Tailyour had a genuine belief that there was an issue to be tried when he launched his action, his later lack of proper care led to an abuse of the Comptroller's jurisdiction and this causes me to hold that the level of costs awarded should be above the contributory rate for part of the costs incurred by Smartwater, ie those incurred in consulting Counsel.

29. I therefore order Nigel Sullivan-Tailyour to pay Smartwater Limited £535 (five hundred and thirty five pounds) as a contribution towards their costs. This takes into account a contributory award of costs as far as perusal of the statement of case, filing of the counterstatement and perusing the evidence are concerned and a full compensatory award of costs for Counsel's charges for reviewing the case with a view to attending the proposed preliminary hearing.

Appeal

30. 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 9th Day of February 2000

G M BRIDGES

Divisional Director, acting for the Comptroller

THE PATENT OFFICE