

PATENTS ACT 1977

IN THE MATTER OF

applications by Baker Hughes Incorporated
to amend or correct Patent Numbers GB 2291909 B and GB 2302110 B
and opposition thereto by Halliburton Energy Services Inc

DECISION

Introduction

- 1 Baker Hughes Incorporated (“Baker Hughes”) applied to the comptroller initially under section 27 of the Patents Act 1977 (“the Act”) to amend, and subsequently under section 117 of the Act to correct, the specifications of patents nos GB 2291909 B (“the 909 patent”) and GB 2302110 B (“the 110 patent”). The corrections requested under section 117 are textually identical to the amendments requested under section 27. Halliburton Energy Services Inc (“Halliburton”) opposed the applications, and the parties agreed to consolidation of the various proceedings.
- 2 Following consolidation, confirmation was sought by the Patent Office that evidence which had been filed in respect of the section 27 proceedings also applied to the section 117 proceedings. Halliburton agreed, but Baker Hughes requested permission to file further evidence out of time. That request was refused by my decision of 2 January 2001.
- 3 The substantive matter came before me at a hearing at which Mr Daniel Alexander, instructed by Boulton Wade Tennant, appeared as counsel for Baker Hughes, the patentee, and Mr Justin Turner, instructed by AA Thornton & Co, appeared as counsel for Halliburton, the opponent.

Evidence

- 4 Evidence was filed on behalf of Halliburton in the form of: two statutory declarations by Mr Philip Anthony Curtis, a partner in the firm of AA Thornton & Co; an affidavit by Mr Michael B Vinzant, a mechanical engineer employed by Halliburton; and two affidavits by Mr William M Imwalle, a patent attorney in the United States employed by Halliburton.
- 5 Evidence was filed on behalf of Baker Hughes in the form of: a statutory declaration by Dr David Robert Hardisty, a partner in the firm of Boulton Wade Tennant until 1998; a statutory declaration by Sarah Elizabeth Merrifield, a partner in the firm of Boulton Wade Tennant; two affidavits by Mr Edward G Fiorito, a specialist in United States patent and trademark law; two affidavits by Professor Steven M Tipton, a professor in the department of mechanical engineering at the University of Tulsa in the United States; and an affidavit by Mr Steve Rosenblatt, a patent attorney in the United States.

The patents

- 6 An international application under the Patent Co-operation Treaty was filed by Baker

Hughes on 14 March 1994 and published as WO 94/21888 (“the PCT application”). Priority was claimed from US application no 08036345. After undergoing international search and international preliminary examination at the European Patent Office (“EPO”), the PCT application entered the national phase in the United Kingdom and was published as application no GB 2291909 A. A further application was divided from it under section 15(4) and was published as GB 2302110 A. Both GB applications were granted on 23 April 1997.

- 7 Both patents 909 and 110 are concerned with downhole systems and have similar descriptions and drawings. Pin and box (ie male and female) tubular components are assembled to form a tubular housing with an internal bore. The components are shaped to form an annular chamber in the wall of the housing, which chamber forms part of a hydraulic control arrangement.
- 8 The 909 patent is concerned with the sealing arrangement between the two components where they form the chamber. An internal seal is formed between the components adjacent the bore, and an external seal is formed between them adjacent the outside wall of the housing. The independent claims of the patent require both seals to be formed by metal-to-metal contact between the components.
- 9 The 110 patent is concerned with the dimensions of the internal wall of the annular chamber. The independent claims of the patent require the chamber wall to be sufficiently thin to facilitate radial penetration to form an opening in it. Such an opening may be formed by a penetrating tool when it is required to transmit hydraulic pressure to actuate a replacement component lowered into the downhole system.

The requests

- 10 Both patents 909 and 110 have drawings labelled Figures 1, 2 and 3; Figures 2 and 3 are described as illustrating the invention. The requested amendment or correction is directed to removing all statements to the effect that Figure 1 illustrates the prior art. Figure 1 is described in both patents as a “sectional elevational view showing the annular chamber with a sealing assembly using resilient seals, as was done in the prior art”. Deletion of the words “as was done in the prior art” is requested from page 2 of both patents.
- 11 In addition, in the 110 patent it is requested that at page 4, line 1 “Figure 1 illustrates the prior art” be altered to read “Figure 1 illustrates the annular chamber with a sealing assembly” and at page 6, line 1 “The elimination of the flexible seals, as used in the prior art, is a significant improvement ..” be altered to read “The elimination of the flexible seals is a significant improvement ..”. The corresponding passages in the 909 patent are already in this form, as explained below.

Chronology

- 12 The initial sequence of events in this case, according to the evidence of Mr Rosenblatt, is as follows. Mr Rosenblatt filed the US patent application no 08036345 on 24 March 1993 labelling Figure 1 as prior art on the basis of information received from two of the

inventors, Mr Kurt Hickey and Mr Clifford Beall. The first report from the United States Patent and Trademark Office (“USPTO”), which was received by Baker Hughes in June 1994, raised objection that certain claims were not patentable over the acknowledged prior art of Figure 1, and in December 1994 a letter was received from the EPO as International Preliminary Examining Authority which, amongst other things, sought identification of any document known to reflect the prior art described with regard to Figure 1.

- 13 As a consequence of these events, Mr Rosenblatt made further enquiries about the Figure 1 design, which are explained in some detail in his affidavit. In response to those enquiries, Mr Beall in a letter dated 30 March 1995 explains that the device shown in Figure 1, which he describes as a “step seal design”, was a development of “shear ring, shear sleeve or shear plug designs” (hereafter the “shear ring design”) and was a precursor to the metal-to-metal seal arrangement. Mr Beall goes on in that letter to describe the sale of a version of the step seal design to Shell in March 1993, referring for confirmation to a fax dated 15 March 1993 from Mr Steve Shirk, Mr Beall’s supervisor, to Mr Jonathan Price, a representative of Baker Hughes in Aberdeen. Mr Price, however, states in a declaration made in the USPTO on 29 April 1995 that the original design of Figure 1 was never shown to or discussed with Shell. Accordingly Baker Hughes requested amendment of the US application on 3 May 1995 and instructed foreign associates in a letter dated 4 May 1995 to amend the PCT application.
- 14 The subsequent prosecution history is not in dispute. New pages 2, 3 and 5 were submitted by Baker Hughes to the EPO with a letter of 7 June 1995 incorporating amendments to the PCT application. These amendments carried through to the 909 patent application as it entered the national phase in the United Kingdom. An examination report under section 18(3) issued on 11 March 1996 in respect of the 909 application objecting, among other things, that the claims related to more than one invention. In response, a divisional application (the 110 patent application) was filed on 8 July 1996, *but without the above described amendments made during the international phase*. In addition a minor amendment to the 909 application was made by filing a new page 2 on 8 July 1996, *which omitted the change made to page 2 during the international phase*. In other words, certain amendments made during the international phase of the PCT application were later left out of the patents 909 and 110. This case is in essence about whether they can and should be put back.
- 15 In a letter dated 15 June 1998 accompanying its application to amend under section 27, Baker Hughes sets out its reasons for the amendment. These are along the lines described by Mr Rosenblatt summarised above. The letter goes on to say that:

“In discussions concerning UK Patent No. 2302110 during 1997, a third party suggested to Baker Hughes Incorporated that claims 1, 2, 7 and 8 could be read on to the design of Figure 1. Although Baker Hughes Incorporated makes no admission that claims 1, 2, 7 and 8 can indeed be read on to the design of Figure 1, for the sake of good order and for consistency with the US case, it is desired to amend both UK Patent No. 2291909 and UK Patent No. 2302110 to remove reference to Figure 1 constituting prior art”.
- 16 There is also an infringement issue concerning the 909 and 110 patents which, according

to the evidence of Mr Imwalle, is as follows. An initial warning in respect of both patents 909 and 110 was given by Baker Hughes in a letter to Halliburton dated 9 May 1997. Halliburton responded on 16 July 1997 giving technical reasons why it felt it infringed neither patent, and also arguing that:

“Furthermore, independent claim 1, dependent claim 2, dependent claim 7, and independent claim 8 of the UK ‘110 patent each read on to apparatus shown in Figure 1. The apparatus shown in Figure 1 is acknowledged to be prior art in the UK ‘110 patent. Accordingly, these claims are invalid.”

- 17 The infringement issue in respect of the 110 patent was pursued by Baker Hughes in a letter dated 3 June 1998, to which Halliburton responded on 19 June 1998 maintaining the argument of invalidity in the light of Figure 1. Finally, Baker Hughes in a letter dated 23 July 1998 explained that in the 110 patent Figure 1 had been inadvertently labelled as prior art and that the patent was in the process of being corrected.

The request to amend under section 27

The law

- 18 The most relevant parts of the Act are sections 27 and 76. Section 27(1) reads as follows:

“27.-(1) Subject to the following provisions of this section and to section 76 below, the comptroller may, on an application made by the proprietor of a patent, allow the specification of the patent to be amended subject to such conditions, if any, as he thinks fit.”

Section 76 (3) reads:

“(3) No amendment of the specification of a patent shall be allowed under section 27(1), 73 or 75 if it-

- (a) results in the specification disclosing additional matter, or
- (b) extends the protection conferred by the patent.”

The main issues

- 19 In essence, Mr Alexander submitted that the requested amendment had effectively been made (in the PCT application), then by error unmade during the course of the proceedings in the United Kingdom; that discretionary factors favour allowing the amendment; and that there is no contravention of section 76. He argued that the amendment did not seek to extend the scope of protection, this being defined in the claims to which no amendment is proposed. He recognised, however, that an acknowledgement of prior art may have an impact on the validity of the claims. He submitted that Baker Hughes had acted promptly, there had been no lack of candour, there was no evidence that anyone else had been prejudiced, Baker Hughes’ intention was to avoid misleading the public, and if there had not been a mix-up during processing, the current application to amend would not have been necessary. He also observed that allowing the amendment would not preclude Halliburton from running the argument in any future proceedings as to whether or not Figure 1 is prior

art.

- 20 Mr Turner argued that the reason Baker Hughes wished to amend was not for the public good, it was a backdoor application to prepare the ground for infringement proceedings. He submitted that there was a heavy onus on the patentee to justify the amendment which in this case Baker Hughes had not discharged; in particular, it had omitted to mention the infringement issue in its original application to the comptroller to amend. Also, the amendment to the description would affect how the claims were construed. In addition, Mr Turner argued that the balance of the evidence filed by Baker Hughes suggests that the Figure 1 arrangement was indeed prior art, which makes favourable exercise of the comptroller's discretion inappropriate.

Section 76 considerations

- 21 Section 76 requires that, to be allowable, the proposed amendment must not add matter to the specification nor extend the protection conferred by the patent. In this regard, I shall consider first a number of authorities to which I was referred at the hearing, and then the particular circumstances of the patents in issue.
- 22 Mr Alexander took me to three decisions of the EPO Technical Boards of Appeal: *Siemens Aktiengesellschaft* [1982] 5 OJEPO 183 (T06/81), *Fujitsu* [1988] 4 EPOR 234 (T22/83) and *Toshiba* (T1039/93; unreported); and to two judgments of the Court of Appeal, namely *Cartonneries de Thulin v CTP White Knight Ltd* [2001] RPC 6 and *Gerber Garment Technology Inc v Lectra Systems Ltd and another* [1995] FSR 492.
- 23 In *Siemens* the Board allowed a feature to be transferred from the precharacterising to the characterising part of a claim in response to the applicant's submission that the feature was purely in-house state of the art. In *Fujitsu* the Board stated that an erroneous statement of prior art in a patent application cannot be held against an applicant and allowed the deletion of figures initially stated to represent prior art. In *Toshiba* the Board allowed the deletion of the label "prior art" from certain figures in response to the applicant's submission that those figures showed in-house technical knowledge and had been erroneously labelled. In each of these cases the Board had no evidence before it to contradict the applicant's submission, which was made in order to avoid objection to lack of inventive step based on the acknowledged prior art.
- 24 In *Cartonneries*, the Court of Appeal confirmed that the addition of a reference to a certain prior patent was permissible since it did not result in a different construction of the claims. In *Gerber*, where the patent proprietor sought to resile from a recital of prior art which would have rendered the claims obvious, the Court of Appeal held that although such a recital was an admission which carried great weight, that did not estop the patentee nor debar him from adducing evidence to contradict it.
- 25 Mr Alexander concluded that these authorities support first the argument for a common approach between Europe and the United Kingdom, and, second, that in the absence of evidence of detrimental reliance on the recital, Baker Hughes should be allowed to resile from it.

26 Mr Turner distinguished between the principles under section 76 that applied pre-grant and those that applied post-grant. He argued that opposition proceedings before the EPO are essentially an extension of the pre-grant examination procedure, and that post-grant a much greater onus rests on the patentee. He also noted that section 27 is not one of the sections specified in section 130(7) as having as nearly as practicable the same effects as the corresponding provisions of the European Patent Convention.

27 Mr Turner argued that, contrary to Mr Alexander's submission, the proposed amendment did affect what was effectively claimed, notably in the light of section 125, which states that:

“an invention for a patent .. shall, unless the context otherwise requires, be that specified in a claim .. as interpreted by the description and any drawings .. and the extent of the protection conferred by a patent .. shall be determined accordingly.”

Mr Turner submitted that it followed that an amendment to the description could affect what was to be construed as the inventive step, and that simply because there is no change to the claims does not mean that the nature of the inventive step is not affected.

28 Referring to the authorities quoted by Mr Alexander, Mr Turner accepted there were cases where prior art had been added or taken out without contravening section 76, but argued that equally there will be cases where section 76 is contravened by such an amendment. He noted that although it was found in *Toshiba* that the deletion did not affect the disclosure of the invention, there was no statement to the effect that if the deletion had affected the disclosure, it would still have been permissible. He pointed out that making a distinction between the precharacterising and the characterising parts of a claim, as in *Siemens*, is a very European approach, not precisely in line with UK practice. Mr Turner contrasted the situation in *Fujitsu* with the present case, pointing out that, whereas in *Fujitsu* figures initially stated to represent prior art were deleted, in the present case the request is not to delete Figure 1 but to change its status so that it is covered by the patent.

29 On *Gerber*, Mr Turner noted in particular that in the judgment given by Millett LJ, at page 495 the judge, speaking of the recital of prior art, says that:

“ It might have constituted a trap, and led them [competitors] to infringe or apply for revocation of the patent; and if they could satisfy the Court that they had done so in reliance on the recital in the patent, then on ordinary principles the patentee might well be estopped from resiling from the recital”.

Mr Turner argued that this went to the central issue in the present case.

30 It seems to me that the EPO decisions quoted by Mr Alexander clearly support the possibility of amending a recital of prior art provided there is no evidence indicating it would be wrong to do so. However, Mr Turner rightly points to the fact that section 27 is not one of the sections quoted in section 130(7); and that in any case amendment in opposition proceedings before the EPO is not the same as post-grant amendment of a patent in the UK where a greater onus rests on the patentee. It follows that, while I recognise the relevance of such EPO Board of Appeal decisions, the guidance they provide

must necessarily be treated with some caution when considering amendments post-grant.

- 31 In *Cartonneries* amendment was allowed since the construction of the claims was judged not to be affected by it, though in that case the amendment to the recital of prior art was by way of addition of a reference to a prior patent of undisputed date and therefore, it seems to me, was much more clear cut than the circumstances of the present case. In *Gerber* however, whilst recognising the importance of the recital, the Court of Appeal held that the patentee was not debarred from putting in evidence to contradict it. This it seems to me is closer to the circumstances of the present case. I conclude therefore that in principle amendment of a recital of prior art may be justified post-grant without contravening section 76, and that the onus rests with the patentee to demonstrate that justification. Having said that, however, it is important to acknowledge the rider in the judgment in *Gerber* that if a competitor could satisfy the court that it had been led to infringe in reliance on the recital, then the patentee might be estopped from resiling from the recital. In the present proceedings, some limited evidence has been put in about possible infringement proceedings; in addition, Halliburton has referred in correspondence with Baker Hughes to the prior art label applied to Figure 1 as a reason why certain claims of the 110 patent might be invalid. However, it seems to me this falls far short of satisfying the requirements of the reliance rider envisaged in *Gerber*. I do not therefore believe that on these grounds Baker Hughes is estopped from seeking to resile from its recital.
- 32 Turning to the texts of the patents, Mr Alexander stressed the importance of adopting a purposive construction of claims, and in line with this approach identified the inventive concept of the 909 patent as metal-to-metal sealing, and that of the 110 patent as the wall which is sufficiently thin to facilitate radial penetration. He argued that the PCT application also covered these two aspects: first, the metal-to-metal seal generally described there; and secondly the feature described in the passage of the PCT application at page 3, lines 28 and 29 which reads “Another feature of the apparatus of the present invention is the configuration of chamber 10. Chamber 10 has a thin-walled section 52.” Regarding the 110 patent he noted in particular the passage at page 1, line 19 to page 2, line 4 which he said articulates the heart of the invention and has nothing to do with the nature of the seal. He construed claim 1 to be wider than metal-to-metal on the basis that this feature was not explicitly included in claim 1, and was the subject of dependant claims 3 and 5. Regarding the 909 patent he argued that the amendment would not extend the protection since the claims manifestly require metal-to-metal sealing. He argued that the amendment did not extend the scope of either patent, since the claims remain unchanged.
- 33 Mr Turner began with the PCT application. He noted that in the passage at page 2, lines 1 to 10, two objects are advanced, namely using metal-to-metal seals and eliminating resilient seals; that this is confirmed in the summary of the invention at page 2, lines 12 to 21; that Figure 1 is then described as showing “a sealing assembly using resilient seals, as was done in the prior art”; that at the top of page 5, in the description of the preferred embodiment, it is stated that “The elimination of the flexible seals, as used in the prior art, is a significant improvement in reliability ..”, with the following paragraph making another reference to metal-to-metal seals; and finally that the claims are limited to metal-to-metal contact. He contrasted the objects advanced in the PCT application with those quoted by Mr Alexander from the 110 patent which have nothing to do with the nature of the seal, and warned against what he called “creeping amendment”. He concluded that within the

confines of the PCT application there could be no question that the inventive step is a movement from resilient to metal-to-metal seals.

- 34 Referring to the 909 patent, Mr Turner noted that the description of Figure 1 on page 2 still describes Figure 1 as prior art, and that the amendment made at the top of page 3 which reads “Figure 1 illustrates the annular chamber with a sealing assembly” is not inconsistent with that description of Figure 1. He pointed out that the claims are limited to metal-to-metal contact, and that within the confines of this document there could be no question that the inventive step is a movement from resilient to metal-to-metal seals. He then argued that the requested deletion of the description of Figure 1 as prior art would open the way, under a purposive construction, to a wider interpretation of the claims to include resilient seals, that is to say the amendment would extend the protection conferred by the patent contrary to section 76.
- 35 Referring to the 110 patent, Mr Turner noted that the description still refers throughout to Figure 1 as prior art. On the question of how to construe the claims, Mr Turner noted that Mr Alexander had construed claim 1 to be wider than metal-to-metal on the basis that this feature was not explicitly included in claim 1, and was the subject of claims 3 and 5. Mr Turner argued, however, that claims 3 and 5 provide a narrowing from (implicit) metal-to-metal contact to metal-to-metal interference fit. On this point he referred me to *Joseph Lucas (Batteries Limited) and another v Gaedor Limited and others* [1978] RPC 297. In this case, Whitford J construed a claim to a case for a storage battery to be limited to car storage batteries on the grounds that a notional addressee would have understood the specification to relate to car storage batteries. Mr Turner concluded that claim 1 of the 110 patent should likewise be construed narrowly, namely as being limited to metal-to-metal seals. Mr Alexander on the other hand felt that *Lucas* supports Baker Hughes’ case that the amendment does not alter the scope of the claims, and pointed out that at page 346 Whitford J had approved the widely quoted opinion of Lord Russell in *EMI Ltd v Lissen Ltd* [1938] 56 RPC 23 that it was not justified to take “stray phrases from the body of the specification for the purpose of narrowing or widening the boundaries of the monopoly fixed by the plain words of the claim”.
- 36 Mr Turner concluded that at present the 909 patent is explicitly limited to metal-to-metal seals and the 110 patent is similarly implicitly limited. The proposed amendment would bring resilient seals into the ambit of both patents thereby extending the protection and covering prior art resilient seals.
- 37 It seems to me that Mr Turner is right to point to the requirement of section 125 that the claims must be interpreted by reference to the description and drawings, and I note the decision in *Lucas* where in the circumstances the judge placed a narrow interpretation on a claim having regard to the description. Mr Alexander refers to the warning of Lord Russell quoted in *Lucas* that “stray phrases” from the description should not be used to alter the interpretation of the scope of the claim, though I have to say that the amendment under consideration here appears to be of greater moment than to merit a description of “stray phrase”.
- 38 Bearing the above in mind and looking first at the 909 patent, it seems to me that whether Figure 1 is described as a prior art assembly using resilient seals, or whether it is described

simply as an assembly using resilient seals, does not alter the fact that each independent claim requires metal-to-metal sealing, nor does it make the description in any way inconsistent with the claims. I therefore find myself in agreement with Mr Alexander that the amendment does not alter the scope of the claims and therefore does not extend the protection conferred by the patent. Neither can I see that the proposed amendment would add matter to the specification. Accordingly, I do not find section 76 to be contravened by the amendment proposed to the 909 patent. What the amendment might impact on, as Mr Alexander acknowledged, is the validity of the claims; for instance, an inventive step objection could no longer be built using the Figure 1 assembly as the starting point. However, I do not believe the present proceedings require me to delve further into that issue.

- 39 I turn next to the 110 patent where it seems to me the circumstances are not as straightforward. The claims are not explicitly restricted to metal-to-metal sealing and Mr Alexander argued that they should be construed more widely than this on the grounds that claims 3 and 5 introduce this limitation. However, I agree with Mr Turner that the fact that claims 3 and 5 introduce the feature of a metallic interference fit weakens Mr Alexander's argument. Mr Alexander also pointed to the passage in the PCT application at page 3, lines 28 and 29 which reads "Another feature of the apparatus of the present invention is the configuration of chamber 10. Chamber 10 has a thin-walled section 52". Since this passage is not restricted to metal-to-metal sealing, it arguably provides support for a wider claim. But that is not necessarily the issue here - the question I have to address is whether the amendment would extend the protection of the claim as granted. As in the case of the 909 patent, the amendment would not change the words of the claims. Moreover, it seems to me that whether or not the resilient seal arrangement is described as prior art does not in this case alter how the claims are in fact construed. What it might affect, as with the 909 patent, is the validity of the claims. Hence again I do not find that the amendment extends the protection; neither do I consider it to add subject matter. Hence, section 76 is not contravened by the amendment proposed to the 110 patent.

Discretion

- 40 On the issue of discretion, both counsel referred me at the hearing to a number of authorities with a view to establishing the general principles concerning discretion, and in particular how the behaviour of the patentee is to be taken into account by the comptroller when considering the exercise of discretion.
- 41 Mr Alexander argued that discretion should not be refused merely because something has gone wrong, but that conduct that is essentially blameworthy would be necessary for refusal. In support he cited *Kimberly-Clark Worldwide Inc v Proctor & Gamble Ltd* [2000] RPC 422, and also *SmithKline & French Laboratories Ltd v Evans Medical Ltd* [1989] FSR 561, both well-known and key authorities on the question of discretion in amendment proceedings. In *Kimberly-Clark*, the Court of Appeal referred to covetousness as a ground of refusal. In *SmithKline & French*, Aldous J, as he then was, refused discretion in circumstances where the patentees knew about certain prior art but did not apply to amend for eight years.
- 42 Mr Alexander made particular reference to three authorities mentioned in the judgment of

Aldous J in *SmithKline & French* at pages 566 to 569, namely *Bristol Myers Company v Manon Freres Limited* [1973] RPC 836, *Matbro Limited v Michigan (Great Britain) Limited* [1973] RPC 823, and *Autoliv Development A B's Patent* [1988] RPC 425. In *Bristol Myers*, Whitford J held that a patentee will be refused discretion if he has been representing to the public that he has a valid claim when he knows his claim cannot be supported, but distinguished the case in suit, in which he allowed the amendment because there was no good reason why the patentees ought to have thought they should amend. In *Matbro*, Graham J said that mere delay is not, of itself, necessarily sufficient to justify refusal of amendment, there must have been or be likely to be some detriment to the respondents or to the general public caused by such delay before it can be an effective bar to relief. Finally, in *Autoliv* Falconer J refused to allow an amendment where the patentees had knowledge of a prior use and knew that amendment was necessary, but delayed amending for four years and sent threatening letters to alleged infringers.

- 43 Mr Alexander contrasted the circumstances of the present case with the circumstances in the above authorities. He noted in particular that instructions were given by Baker Hughes in a letter dated 4 May 1995 to foreign associates to amend the PCT application, and argued that it is this date which is the relevant date for assessing when action to amend was originally initiated, not June 1998 when the current application under section 27 was made.
- 44 Mr Turner also took me to *Kimberly-Clark*, pointing out that the Court of Appeal drew a clear distinction between pre- and post-grant amendment in the context of discretion. He drew my attention to page 432 where Aldous LJ, quoting from his own judgment in *SmithKline & French*, said that the onus to establish that amendment should be allowed is upon the patentee and full disclosure must be made of all relevant matters, and that if there is a failure to do so, the amendment will be refused. Mr Turner then moved on to page 435, lines 33 to 43 where the judge held that discretion to refuse amendment is as wide as it was under the Patents Act 1949. Mr Turner also referred to paragraph 9.33 of *Terrell on the Law of Patents* which relates to the need for full disclosure to be made, noting in particular the quotation there of Graham J in *Chevron Research Company's Patent* [1970] RPC 580, where at page 586 the judge stated that those seeking amendment should realise that they have a heavy onus to discharge and can only expect to do so if they have full evidence to prove their case and put the whole story before the court. Mr Turner contrasted these requirements with the absence of any reference to the infringement issue in Baker Hughes' letter of 15 June 1998 accompanying the section 27 request. He also referred me to *Union Carbide Corporation (Bailey & O'Connor's) Application* [1972] RPC 854 in support of the proposition that discretion should not be permitted merely to delete passages which were an embarrassment to the patentee.
- 45 Mr Turner referred also to the evidence of Mr Imwalle, noting the long delay between Halliburton's letter of 16 July 1997, which argued that certain claims of the 110 patent read on to the Figure 1 design, and Baker Hughes' reply of 3 June 1998 which makes no reference to the status of Figure 1, despite the fact that the section 27 request was made soon after on 15 June 1998. It was not until Baker Hughes' letter of 23 July 1998 that the issue was mentioned. This again Mr Turner felt constitutes a reason to refuse discretion.
- 46 Mr Turner contended that a further key issue was that, for the amendment to be allowed,

there must not be any doubt that Figure 1 is not prior art. Referring to Mr Rosenblatt's evidence, he noted first what he felt were extensive redactions in some of the exhibits, and argued that they contributed to a failure to provide all necessary evidence, and as such justified refusal of discretion. Turning to the substance of that evidence, he referred to the letter of 30 March 1995 from Mr Beall and the fax from Mr Shirk which refer to the shipping of the step seal design of Figure 1 to Shell in March 1993, and pointed out that the fax was dated 15 March 1993 which is earlier than 24 March 1993, which is the priority date of the patents. Mr Turner envisaged that there would also have been discussions with Shell even earlier than the date of the fax, but pointed out that there was no evidence to shed any light on this. He noted that Mr Rosenblatt in paragraphs 17 and 18 of his affidavit describes discussing with Mr Beall the letter of 30 March 1995 and concluding that Mr Beall had been mistaken, that it was the shear ring design not the step seal design of Figure 1 that had been sold before the priority date. Again Mr Turner noted the absence of evidence to substantiate this conclusion, or to substantiate the statement by Mr Price that the Figure 1 design was never shown to or discussed with Shell.

- 47 On the issue of good faith and Halliburton's submission that Baker Hughes had not informed the Patent Office of all the relevant circumstances, Mr Alexander responded that Baker Hughes had provided a full history of the amendment in the United States, and noted that Halliburton had made no request for disclosure nor made any challenge to the redactions before the hearing. He argued that the relevant question is not whether or not Figure 1 is prior art, but whether there is a proper basis for amending the description of Figure 1 in order to avoid misleading the public. If the amendment were allowed, it would not preclude the same arguments being raised by Halliburton in any future infringement proceedings.
- 48 On this question of discretion, I entirely accept Mr Turner's submission that there is a heavier onus on the patentee post-grant. However, I also accept Mr Alexander's submission that Baker Hughes has acted with reasonable timeliness in applying for amendment during the international phase and again in the national phase. Significant dates it seems to me are the date on which Baker Hughes applied for the amendment in the international phase, which was 7 June 1995, and the date on which it opened the question of infringement with Halliburton, which was 9 May 1997 ie almost two years later. Its behaviour in this respect cannot in my view fairly be described as covetous or blameworthy, or in any sense bracketed with the circumstances in *SmithKline & French* and *Autoliv* where discretion was refused. That said, I think Mr Turner is right to draw attention to the terms in which Baker Hughes applied for the amendments in the UK in its letter of 15 June 1998. Although this letter referred to discussions with a third party which had raised the question of whether certain claims in the 110 patent could be read on to the Figure 1 design, it did not refer specifically to potential infringement proceedings against that third party, which of course is Halliburton. However, I have to say that this in itself is not in my view sufficient to merit refusal of discretion; the question of covetousness does not arise here and, although the original letter is short on detail, again it seems to me that the conduct of Baker Hughes cannot be compared with that in the cited decisions where discretion was refused. In short I would not refuse discretion on the grounds of bad faith.
- 49 Mr Turner submitted that when considering whether or not discretion is appropriate it is also necessary to consider both the redactions in the evidence filed by Baker Hughes and

the failure of Baker Hughes to provide full evidence relevant to what was shown or discussed with Shell prior to the priority date of the patents. I find myself in agreement with Mr Turner that as it stands the evidence is not wholly satisfactory, not least because the important evidence of Mr Price, in which he categorically states that the original design of Figure 1 was never shown to or discussed with Shell, appears only in the form of a copy of his evidence to the USPTO as an exhibit to the evidence of Mr Rosenblatt. However, there is no evidence to the contrary before me. That there been no request by Halliburton for disclosure is not to my mind persuasive; as Mr Turner argued, it is not for the opponent to prompt the applicant for amendment to make its case. But I do note that Halliburton did not seek to cross-examine any of Baker Hughes' witnesses, which they might have done had they really felt there were lacunae to be explored. On balance I find that the disclosure of the facts given by Baker Hughes in its application and evidence has been sufficient to discharge the onus on it and hence that there is no reason on this count to refuse discretion.

- 50 Mr Turner also argued as a matter of discretion that if there is any doubt that Figure 1 may be prior art, the amendments should not be allowed. At best he said the patentee has shown it may not be prior art, but that is not good enough. It seems to me that he has a point, but it is not as black-and-white as he suggests. If I harbour significant doubts about the prior art nature of Figure 1, I believe I should not exercise discretion to permit the proposed amendments, since this would incur a serious risk of the information in the patents being incorrect and hence of the public being misled. But if, on the evidence before me, I do not have those significant doubts, I do not believe I should refuse discretion. On Mr Turner's argument, it might be that a patentee in the present situation would be obliged to undertake all manner of searches to show that Figure 1 was not prior art. That would in my view be unreasonable. In the present case, I am satisfied that I should not refuse the amendments on this count, as to my mind no significant reservations about the prior art nature of Figure 1 have on the evidence been made out.

Conclusion on request to amend under section 27

- 51 For the reasons I have given, I find that the amendments proposed to the 909 and 110 patents do not contravene section 76 and that discretion to permit them should not be refused. I therefore allow the requests to amend both patents.
- 52 There is another angle to this case. In the above discussion, the arguments are rightly presented in the context of a post-grant amendment. However, this is not a straightforward post-grant amendment. As I have said, Mr Alexander submitted that what we have here is in fact a situation where the amendment had effectively been made pre-grant in the international phase, then by error unmade during the course of the proceedings in the UK, and I am satisfied on the basis of the evidence before me that this is indeed the case. In particular, I am satisfied that Baker Hughes had no intention of undoing, in either of the patents, the amendments made during the international phase. Indeed if there had not been an administrative mix-up there would have been no need for section 27 action at all and this hearing would not have taken place. These circumstances reinforce me in the decision I have already reached to allow the requests under section 27.

The request to correct under section 117

53 Section 117(1) reads as follows:

“117.-The Comptroller may, subject to any provision of rules, correct any error of translation or transcription, clerical error or mistake in any specification of a patent or application for a patent or any document filed in connection with a patent or such an application.”

The relevant rule is rule 91 of the Patents Rules 1995. Rule 91(2) is of particular relevance and reads as follows:

“(2) Where such a request [for correction] relates to a specification, no correction shall be made therein unless the correction is obvious in the sense that it is immediately evident that nothing else would have been intended than what is offered as the correction.”

54 Mr Alexander referred me to *Dukhovskoi's Application* [1985] RPC 8 and submitted that rule 91(2) requires a two stage test. First, it has to be clear that something has gone wrong, and secondly it must be immediately evident that nothing else would have been intended than what is offered by way of correction. Regarding the first stage of the test, Mr Alexander argued that in the present case an alert reader analysing the specifications of the patents would realise that there were inconsistencies - in the 909 application by the amendments carried through from the international phase in manuscript, and in the 110 application by an inconsistency between the description and the claims. As to the second stage of the test, Mr Alexander pointed out that in *Dukhovskoi*, Whitford J, in considering a request for correcting an error of translation, held that it was right to refer outside the specification itself to the document which had been translated. Mr Alexander argued that in the present circumstances it is also proper to go outside the specification itself and to have regard to the documents on the file, including the specification in the form it entered the national phase and the correspondence; and in the case of the divisional application it was reasonable to expect the file of the parent to be consulted. He pointed out that this approach is consistent with that set out in the Patent Office's *Manual of Patent Practice* at paragraph 117.08.

55 Mr Turner responded that the right question to ask is whether the original intention to label Figure 1 as prior art was a clerical error. He submitted that if an applicant adds objectionable subject matter, then leaves it out, he cannot use section 117 to get it back in again. He argued that in the case of the first stage of the test the error has to be obvious on the face of the document itself, and it is only when this has been satisfied is it allowed to go beyond the document itself. In the case of the 110 patent, Mr Turner argued that there is no conflict between the claims and description. In the case of the 909 patent, Mr Turner argued that there was no conflict between the description of Figure 1 as prior art on page 2 and the amended text on page 3 which states that “Figure 1 illustrates the annular chamber with a sealing assembly”. He also pointed out that there are other passages still remaining in the patent which refer to resilient seals as prior designs. He submitted that the fact that page 3 has been amended in manuscript does not affect the issue; there is no conflict within the document. Finally he argued that even if the mistake were noticed, there was no justification in going to other documents; *Dukhovskoi* is limited to the particular circumstances of mistranslation.

- 56 I am satisfied that the approach I have to take involves the two steps set out by Mr Alexander: first, it has to be clear that something has gone wrong, and secondly it must be immediately evident that nothing else would have been intended than what is offered. I am also satisfied that the first step in this approach should be qualified in the manner described by Mr Turner, which I understood Mr Alexander not to dispute, namely that it has to be obvious on the face of the document itself that something has gone wrong.
- 57 In respect of the 909 patent, Mr Alexander argued that the manuscript amendment that had been made would alert the reader to the amendment that had not been made. Mr Turner responded that there is no conflict between the amended and unamended passages to alert the reader that something is wrong, and that other statements to the effect that the resilient seals are prior art remain. I find myself in agreement with Mr Turner on these points. The document seems to me to be self-consistent as it stands. I note that at page 2, line 2, for instance, there is a statement that “Prior designs have employed resilient seals on at least one side of the chamber”; this is wholly consistent with the passage proposed for correction lower down on the same page at line 25 which refers to “a sealing assembly using resilient seals as was done in the prior art ..”.
- 58 In respect of the 110 patent, Mr Alexander argued that an inconsistency between the description and the claims would alert the skilled reader to an error, although he did not go into any detail on the point. Mr Turner responded that he could see no such conflict and again I agree with him. The passages to be corrected all relate to the prior art status of the resilient seal designs, whereas the two independent claims of the patent are wholly silent on the nature of the seal. Again it seems to me that the document is self-consistent as it stands.
- 59 I am not therefore persuaded that in either patent it is clear on the face of the document itself that something is wrong. It follows that I do not regard the first requirement of rule 91(2) as met, and I do not therefore need to pursue the second. I refuse the requests under section 117.

Conclusion

- 60 Taking account of all the evidence and argument before me, I allow the requests to amend patents 909 and 110 under section 27 but not the requests to correct them under section 117.

Costs

- 61 Mr Alexander submitted that if the opposition were unsuccessful then the opponent, Halliburton, should pay costs. Mr Turner submitted that the mistake was Baker Hughes’ and that the usual order was that it should pay, even if the opposition was unsuccessful. He also submitted that the fact that Halliburton has been threatened with infringement is a factor here.
- 62 Before reaching a conclusion on the point, I need to refer briefly to the two preliminary decisions in these proceedings. First, at a preliminary hearing on 28 January 1999 I gave

an oral decision which included an award of costs in respect of that hearing. The question of costs on that count has therefore been fully dealt with and does not enter the present equation. Secondly, in a decision dated 2 January 2001 I refused a request from Baker Hughes to file fresh evidence out of time. I deferred consideration of costs in relation to that decision, but noted that Halliburton did not comment on the point in issue and was unlikely therefore to have been put to significant costs in the matter. I therefore need to take account of that decision here.

- 63 In the substantive matter I have found in favour of Baker Hughes in respect of its application under section 27 but against it in respect of its application under section 117. There has clearly been a substantial amount of overlap in the preparation by both sides for the initial section 27 and later section 117 applications, but I do not attach any great weight to that. Taking into consideration all of the evidence and submissions before me, including the circumstances of my decision dated 2 January 2001, but in particular the fact that I have found for Baker Hughes under one section and for Halliburton under another, I am inclined to regard the costs question as even. I therefore make no award for costs.

Appeal

- 64 This being a decision other than on a matter of procedure, the time within which any appeal may be lodged is six weeks from the date of this decision.

Dated this 9th day of August 2002

S N DENNEHEY

Divisional Director, acting for the comptroller

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