

PATENTS ACT 1977

IN THE MATTER OF a reference
under section 8(1) by Xtralite Limited
in respect of UK application No
GB0030017.8 in the name of
Hartington Conway Limited

PRELIMINARY DECISION

- 1 This decision is concerned with three questions: whether I should admit a supplementary statement of case submitted by the defendants after the normal evidence rounds, whether I should admit some evidence filed by the defendants with that supplementary statement, and whether I should order one of the claimants' witnesses to attend the substantive hearing for cross examination.

Background

- 2 This is a dispute over ownership of patent application no GB0030017.8. For the purposes of this decision I do not need to go into the details of the dispute. It is sufficient to say that the patent application was filed in the name of Xtralite Industrial Rooflights Limited (XIRL) on 8 December 2000. Hartington Conway, the present defendants, subsequently purchased XIRL and its assets - including, they believe, the patent application at issue. Indeed, a formal document purporting to assign the application to Hartington Conway from XIRL was signed on 28 February 2001. The claimants, Xtralite Limited, subsequently launched the present claim asserting their entitlement to the patent application, essentially on the grounds that it never belonged to XIRL in the first place. The claimants are in fact currently in administration.
- 3 The claimant's statement of case was filed on 15 January 2002. The proceedings progressed smoothly through the remainder of the pleadings and evidence rounds and the substantive hearing was arranged for 12 and 13 November. However, on 29 August the defendant asked for a supplementary statement of grounds and additional evidence to be admitted. The claimants objected to this. Further, although it would seem that the parties had already agreed between them that a number of witnesses on both sides should be cross examined at the substantive hearing, the claimants have also objected to a request from the defendants that a further one of the claimants' witnesses - the claimants' administrator - be cross examined.
- 4 With a view to maintaining the dates for substantive hearing both parties agreed that I should decide these issues on the basis of their written submissions, and I am grateful to them for that. I shall address each of the three issues in turn, although to a certain extent the first two are inter-related.

Supplementary Statement of Grounds

- 5 The supplementary statement of grounds is essentially directed to what the defendants describe as “a formal pleading of estoppel or acquiescence on the part of the claimant” or their representatives. I shall refer to this as the new pleading. In deciding whether to admit it, I need to take all the circumstances into account. In the present case, that means considering why this pleading is only now being made, the impact admitting the supplementary statement is likely to have on the proceedings, and the risk of injustice or disadvantage to either side by admitting or not admitting it.
- 6 Both parties have rehearsed at some length their views on whether the new pleading is sound in law. Additionally, the claimant has argued that some of the facts on which the defendants say they will rely to support the new pleading do not support it. Interesting though these views might be, they are irrelevant for the purposes of the present decision because I am not at this stage deciding whether the defendants have or have not successfully made out a case on this issue. That is for the substantive hearing. It would only be proper to consider it now if the new ground was manifestly untenable, and I do not think the present case falls into that category. What I need to do now is simply decide whether I should allow the new pleading to be introduced.
- 7 The defendants blame the late introduction of this pleading in part on the inadequacy of the claimants’ original statement of case. That statement was unconventional in that it took the form of a witness statement from the inventor, Robert Tweedy. Whilst that may not be an ideal form of statement, I cannot see any inadequacies in it of such a nature as to excuse the defendants for not including the new pleading in their original counterstatement. I am reinforced in this view by the fact that in paragraphs 15(b) and (c) of the counterstatement the defendants specifically alleged that the directors of the claimants and XRIL had acted as though they wished the invention to belong to XRIL and that no attempt had been made to change the registered proprietor in the 12 months following the filing of the patent application. It is clear from this that the defendants had been able to decide even at that stage that their defence would rely, at least in part, on the behaviour of the key players, and that, of course, is what estoppel and acquiescence are all about.
- 8 These allegations in the original counterstatement do, though, highlight what seems to me to be a crucial consideration. The claimants argue that by submitting this supplementary statement of case the defendants are trying to reopen the case all over again as they no longer want to rely on the case they originally pleaded. They also say it raises a raft of fresh issues, none of which has been addressed in evidence. The defendants do not deny they are trying to introduce an additional ground, but say that the evidence already filed has rehearsed in detail the representations made by the claimant and its directors in respect of the ownership of the patent and the reliance placed on those representations by the defendant, and accordingly admission of the extra ground at this stage should not be burdensome.
- 9 I think the defendants are rather closer to the truth on this. The allegations in paragraphs 15(b) and (c) of the original counterstatement are not a million miles from an allegation of estoppel or acquiescence, even though they do not use those expressions explicitly. Further, the evidence that has been submitted to deal with those

original allegations is, I suspect, the same as the evidence that would have been needed had estoppel or acquiescence been formally pleaded. This puts the supplementary statement in a different light. It seems to me that, far from introducing something completely new, it is not going very much beyond clarifying the grounds originally pleaded.

- 10 I have not accepted the defendants' submission that the new pleading is late because they were hampered by the inadequacy of the claimants' statement, but I do not think the reason for the lateness calls for much investigation. I have little doubt that the defendants came to the conclusion it would be useful to clarify their defence when reviewing the case following completion of the evidence rounds. The unearthing of the additional evidence that the defendants now want admitted was almost certainly a contributory factor too, but there is nothing that calls into question the defendants' *bona fides*. I am satisfied this is not a case where a party is deliberately introducing something late to wrong-foot their opponent.
- 11 I must now consider what impact allowing the new pleading might have on the proceedings. The claimants argue that allowing the new pleading will have a substantial impact because it will no longer be possible to complete the hearing in the two days allocated for it. The defendants say two days should still be enough. I am not convinced by the claimants' submissions on this point. Those submissions seem to be based largely on the allegation that the defendants' evidence doesn't appear to support the new pleading; that, they submit, means a lot of time will need to be spent at the hearing trying to probe why the defendants believe it does support it. I do not believe there is a time consuming issue here. If the defendants' evidence is indeed insufficient, I doubt whether the claimants will have too much difficulty establishing that. As far as I can assess the position at present, because the supplementary statement does not in my view go very far beyond sharpening up the original counterstatement, I doubt whether its admission would be likely to have any significant impact on the timetable for these proceedings, and in particular, I do not believe it should lengthen the hearing significantly. Further, the claimants have not suggested its admission might cause the hearing dates to be lost, because they have not so far suggested they would want to respond by seeking to file an amended statement or additional evidence themselves.
- 12 On possible prejudice or disadvantage to either side, the balance is a fine one. As the supplementary statement is not, in my view, introducing something totally new, I do not feel the claimants would suffer any significant prejudice if I admitted it, but by the same token, the defendants would probably not suffer much prejudice if I did not since by and large they would still be able to pursue this ground on the basis of their original counterstatement.
- 13 The claimants have argued that the defendants have left it far too late to seek to introduce new grounds. In any dispute it is important for the parties to define the issues to be addressed at the earliest possible stage, and I accept that the defendants have not done as well as they might in the present case. However their request was still filed some two and a half months before the date of the substantive hearing, and I do not consider the delay to have disadvantaged the claimants so much that I should refuse the request on the grounds of undue delay.

- 14 After taking account of all the factors I have considered above, I have decided that the desirability of clarifying the defendants' case just tips the balance in favour of admitting the supplementary statement.

Additional Evidence

- 15 The additional evidence comprises a second witness statement from one witness, Geoff Woodman, and a third witness statement from another witness, Myles Ogilvie, along with various documents exhibited to those statements. Both witness statements are essentially vehicles for introducing the exhibits, though the witnesses also make a number of comments about the exhibits. Both witnesses acknowledge that the exhibits have been found as a result of making a more thorough search through the archives. In the case of Mr Ogilvie's statement, the accompanying bundle of exhibits is fairly substantial.
- 16 In deciding whether to admit this evidence, again I need to take all the circumstances into account. In the present case, that means considering the reason for the delay, the extent of the delay and its likely impact on the proceedings, the risk of injustice or disadvantage to either side by admitting or not admitting it and the relevance of the extra evidence.
- 17 I have to say that I am not impressed with the reasons given for the delay. The filing of this evidence does not seem to me to have been triggered primarily by evidence filed by the claimants. Rather, it seems to be a result of the defendants conducting exactly the sort of diligent search that they might reasonably have been expected to perform when responding to claimants' evidence in chief. However, I accept that the extent of the delay warrants less criticism. The additional evidence was filed some five weeks after the claimants had filed their evidence in reply and some two and a half months before the date of the substantive hearing, so it is not being bounced on the claimants so close to the substantive hearing that they do not have time to prepare their case properly in response to it. Further, as the claimants have not suggested they will want to file more evidence themselves if I admit this additional evidence, I think it unlikely that admitting this evidence will lead to a loss of the substantive hearing dates.
- 18 On relevance the picture is mixed. Without going through it in detail, I accept that Mr Woodman's new exhibits - eg what are alleged to be signed minutes of an XIRL Board Meeting on 22 September 2000 - are *prima facie* very relevant, and indeed the claimants have not suggested otherwise. Mr Ogilvie's new exhibits are not quite so straightforward. Some simply appear to duplicate evidence filed previously. The rest are not as strongly relevant as Mr Woodman's exhibits, but equally I do not think they can be dismissed out of hand as clearly irrelevant, as the claimants suggest. On balance, I am, prepared to accept that the bulk of the new evidence is potentially relevant.
- 19 That brings me finally to risk of injustice or disadvantage. So far as Mr Woodman's exhibits are concerned, the claimants themselves have suggested they could have been put to one of the claimants' witnesses in cross examination, so that hardly suggests they feel admission of this evidence would be prejudicial or disadvantageous to them. Indeed, since the comptroller has made clear in paragraph 46 of Tribunal Practice

Notice 1/2000 ([2000] RPC 587) that in general she discourages the introduction of new evidence at a hearing, it would seem much more satisfactory for me to admit the evidence now. On Mr Ogilvie's exhibits, the claimants have only objected to its relevance. If it really is irrelevant, they would be disadvantaged only to the extent that they would have a few more papers in their file. From the defendants' perspective, they clearly feel this extra evidence would help their case. Since I have accepted that the new evidence is potentially relevant, I also accept that there is a risk the defendants could be prejudiced if I refused to admit it.

- 20 Weighing up all these factors, but paying particular attention to the question of relevance, I have decided to allow the additional evidence to be admitted to the present proceedings. I did consider admitting everything apart from those exhibits which duplicate evidence submitted previously, but concluded this would probably create more hassle and confusion than it was worth.

Cross examination

- 21 I turn now to the last issue. The claimants have provided written evidence from three witnesses. In a letter dated 31 July the defendants sought cross examination of two of them but did not mention the third, the claimants' administrator Mr Avery-Gee. They requested that he too be available for cross examination in a subsequent letter dated 28 August. They have not offered any specific explanation as to why they did not request his attendance originally and indeed imply that the omission was simply an oversight. This oversight has resulted in a delay in his being asked to attend but that is not in my opinion significant in this instance since the two and a half months' notice the defendants have given is clearly well in excess of the four weeks that the Patent Office Practice Notice of 4 January 1999 suggests would normally be considered adequate. Accordingly, the question I have to consider is not whether I should refuse the request because it was late but simply whether I should refuse the request in any case.
- 22 The claimants argue that there is no legitimate reason to cross examine Mr Avery-Gee because his evidence is uncontroversial and not in conflict with any of the defendants' evidence. The defendants submit that as he has given factual evidence relevant to the matters in issue, they are entitled to test that evidence in cross examination. To support this approach, they rely on *Alliance & Leicester Plc's Trade Mark Application [2002] RPC 29*. This was an appeal from the refusal of the comptroller, acting as the registrar of trade marks, to allow cross examination of a witness. Having reviewed a number of earlier decisions of the comptroller and judgments of the court, Ferris J concluded that the words of Lord Evershed in *Kidax Ltd's Application [1959] RPC 167* provided the best guide:
- "It is only consistent with the general principles upon which we administer justice here that if a party desires to test the evidence which appears by affidavit or statutory declaration, then prima facie and within reason he should be allowed to do so."
- 23 Ferris J went on to suggest that "within reason" would, for example, allow the court to avoid doing something which would be gravely oppressive, and would also cover cases

where there is nothing to test because the evidence manifestly gets nowhere. However, he also said:

“But I do not think it is necessary to show that there is a direct conflict of evidence on a particular point. It would suffice if a declarant says something which would be relevant if true but which the opposite party is not prepared to accept without probing of the kind which is appropriately undertaken in cross-examination.”

24 Cross examination can be a useful tool in elucidating the facts on which an issue is to be decided. However, it can also be a significant factor in increasing the duration and cost of *inter partes* hearings. For this reason cross examination is not routine in proceedings before the comptroller, and I am sure that is as it should be, bearing in mind that, in line with rule 1.1 of the Civil Procedure Rules, one of the comptroller’s overriding objectives in managing litigation is to save expense. In most cases before the comptroller, a sound decision can be reached on the basis of the written evidence alone, and the parties wisely recognise that and do not automatically ask for cross examination of everyone in sight.

25 However, given the nature of the issues and the conflicts in the evidence, I have no doubt that the present case is one in which cross examination is appropriate. Indeed, both sides have recognised that by agreeing already to the cross examination of most of the witnesses. The only question is whether that should extend to Mr Avery-Gee. The claimants have questioned the value of cross-examining him, and looking at his evidence and his status in the history of events, I have some sympathy with them, particularly as the defendants have not given any hint of the aspect of his evidence that they wish to test. Nevertheless, to quote the test suggested by Ferris J in *Alliance & Leicester*, his evidence is clearly relevant if true, and in those circumstances I have concluded that it would be wrong for me to refuse to allow him to be cross examined. I would, though, point out that if it eventually transpires the defendants had no good reason for calling him to the witness box, I have the power to reflect that in costs.

Summary

26 I have decided that on balance, I should exercise my discretion by:

- C admitting the defendants’ supplementary statement of grounds;
- C admitting the additional evidence in the form of the second witness statement of Mr Woodman and third witness statement of Mr Ogilvie;
- C allowing the request for cross examination of Mr Avery-Gee.

Next Steps

27 As I have indicated earlier, the claimants have not suggested that they will want to seek leave to amend their own statement and/or file further evidence if I allow the

supplementary statement and additional evidence. Equally they have not expressly said they will not want to do so, and accordingly I think it is proper for me to allow them a short time to say whether they do in fact wish to seek leave for this. I want to avoid jeopardising the dates set for the substantive hearing if at all possible, and since the claimants have been aware of the contents of the supplementary statement and extra evidence for some time, I feel I need only allow them a relatively short time. Accordingly I allow the claimants, Xtralite Limited, until 29 October (ie two weeks before the hearing) to say whether they seek leave to amend their own statement and/or file further evidence.

Costs

- 28 The comptroller is now prepared to consider awarding costs in a preliminary decision. However, in the present case neither side has yet had the opportunity to make submissions on costs. Accordingly I will defer further consideration of costs until the substantive hearing. I will merely observe that though the defendant has won on all the issues I have considered in this decision, that is tempered by my finding that they are not blameless so far as the lateness of their requests for admission of the supplementary statement and additional evidence is concerned.

Appeal period

- 29 This being a procedural matter, any appeal must be made within fourteen days of the date of this decision.

Dated this 25th day of October 2002

P HAYWARD

Divisional Director acting for the comptroller

THE PATENT OFFICE