BLO/096/04

5th April 2004

PATENTS ACT 1977

BETWEEN

AM Medical Fabrics Limited — Claimant

and

Technology Fund Pte Ltd — Defendant

PROCEEDINGS

Reference under section 37 of the Patents Act 1977 in respect of patent number GB 2302669

HEARING OFFICER P M Back

DECISION

1 Patent application number GB9513102.5 was filed on 27 June 1995 in the name of Marilyn Olga Jeffcoat. The application was granted on 23 July 1997 as patent number GB 2302669 ("the patent") under the title "Absorbent non-adherent wound dressing". The register shows that AM Medical Fabrics Limited was registered as Applicant/Proprietor in place of Marilyn Olga Jeffcoat by virtue of assignment dated 26 May 1997 and that Technology Fund Pte Ltd was registered as Applicant/Proprietor in place of AM Medical Fabrics Limited by virtue of assignment dated 22 April 2002.

2 On 9 August 2002, a reference under section 37(1) of the Patents Act 1977 ("the Act") was made by A. M. Medical Fabrics Limited ("the Claimant") asking the comptroller to determine that A. M. Medical Fabrics Limited is the true proprietor of the patent and that the patent is transferred to A. M. Medical Fabrics Limited and the register is amended to show A. M. Medical Fabrics Limited as the patent proprietor in replacement of Technology Fund Pte Ltd ("the Defendant").

3 In a letter dated 19 September 2002, the Defendant maintained that the UK Patent Office is not a suitable forum to adjudicate on this dispute and argued that the dispute revolves around the construction and interpretation of certain documents where the governing law is Singapore law. They asked that the proceedings be stayed on the grounds of *forum non conveniens*. The Claimant was invited to comment on this request but no comments were submitted. The proceedings were stayed for a period of

one month.

4 During the period that the proceedings were stayed, the Defendant informed the Patent Office that they had obtained a judgment no. Jud164/2003/G from the High Court of the Republic of Singapore in its favour against the Claimant. The Defendant claimed that this judgment included confirmation that the deed of assignment dated 22 April 2002 (referred to above) relating to the assignment of the patent to the Defendant was valid. On this basis the Defendant asked that the proceedings be dismissed.

5 In a letter dated 21 May 2003, the Office informed the parties that it would not be appropriate to decide the issue until the usual rounds of statement, counterstatement and evidence had been completed. The Defendant submitted their counterstatement and supporting documentation on 17 June 2003 and this was followed by a witness statement on 22 September 2003. No evidence in reply was submitted by the Claimant although they were given several reminders of their right to do so.

6 The Office wrote to both parties on 3 October 2003 asking if they would agree to the matter being decided on the papers and asking the Claimant to confirm that they did not intend to file evidence in reply.

7 The Defendant agreed to the matter being decided on the papers in a letter dated 16 December 2003. No response has been received from the Claimant. Accordingly this matter will be decided on the papers before the Office.

Background

8 It is the Claimant's case that the deed of assignment dated 22 April 2002 by which Technology Fund Pte Ltd was registered as Applicant/Proprietor in place of AM Medical Fabrics Limited is invalid and I need to consider the events which led to that deed of assignment.

9 There are two companies involved in this dispute with the name A.M. Medical Fabrics. Firstly there is the Claimant, namely A.M. Medical Fabrics Ltd, a company registered in Hong Kong, which as indicated above, I will refer to as the Claimant throughout this decision. Secondly there is A.M. Medical Fabrics Ltd (S) Pte Ltd. a company incorporated in Singapore which I will refer to as AMS. The Defendant has claimed that Marilyn Jeffcoat, Hugh Alasdair Carmichael Stirling and Andrew John Way were at all material times shareholders in the Claimant holding, in aggregate, 75% of issued shares in the capital of the Claimant and that the same three individuals were also at all material times shareholders in AMS holding, in aggregate, 100% of issued shares in the capital of AMS. The Claimant has not denied this.

10 There is no dispute that on 2 July 1997 AMS entered into a Loan Facility Agreement ("the loan facility") with the Defendant and that for security of due performance of AMS's obligations under the loan facility, the Claimant executed a debenture in favour of the Defendant on 2 June 1997. There is also no dispute that the property secured by the debenture included the patent. There is agreement that the loan facility had a termination date of 2 June 2000. In both the loan facility and the debenture the parties have agreed that the agreements shall be governed by, and construed in accordance

with, the laws of the Republic of Singapore.

The law

11 This action is brought under Section 37(1) of the Act which states:

After a patent has been granted for an invention any person having or claiming a proprietary interest in or under the patent may refer to the comptroller the question -

(a) who is or are the true proprietor or proprietors of the patent,

(b) whether the patent should have been granted to the person or persons to whom it was granted, or

(c) whether any right in or under the patent should be transferred or granted to any other person or persons;

and the comptroller shall determine the question and make such order as he thinks fit to give effect to the determination.

The papers

12 As this issue is being decided on the papers it is useful to set out what those papers are. The Claimant filed a statement of case dated 9 August 2002 accompanied by copies of the loan facility and the debenture. There has been no other written communication from the Claimant. The Defendant submitted a counter statement dated 12 June 2003 accompanied by a number of documents:

A copy of the loan facility
A copy of the debenture
An extract from the Singapore Companies Act Sections 255 and 259
A copy of the deed of assignment
A copy of a Writ of Summons in the High Court of the Republic of Singapore
A copy of an Order for Service of Document out of Singapore in the High Court of the Republic of Singapore
A copy of the Judgment of the High Court of the Republic of Singapore referred to above

In addition, the Defendant submitted a witness statement dated 18 September 2003 in the form of an affidavit by Glenn Chin-Yuen Chao who is a director of the Defendant, in which he affirms and confirms that the annexed to the counter statement and referred to above are authentic and true copies of the originals.

The Claimant's case

13 As the issue is being decided on the papers, I can only consider those papers which the parties have submitted and in that I am hampered but the sparsity of the Claimant's case. As indicated, they have filed a statement of case accompanied by copies of the loan facility agreement and the debenture which I have already referred to. They have

filed no evidence-in-chief in support of their case and no evidence strictly in reply to the Defendant's case.

14 In proceedings under section 37(1) of the Act, it is accepted that the onus is upon the Claimant to show that they are entitled to the relief sought - in the present case that the patent is transferred to the Claimant and the register is amended to show that the Claimant is the patent proprietor in replacement of the Defendant. I will say at this early stage that the lack of evidence from the Claimant and thereby their failure to specifically address any of the Defendant's arguments, leads to some doubt as to whether they have discharged this onus. Before returning to the question of onus, I will look at the Claimant's case, such as it is, in more detail.

15 As I have already said, the Claimant's main argument is that the deed of assignment dated 22 April 2002 by which the Defendant was registered as Applicant/Proprietor in place of the Claimant is invalid. Although they agree that the property secured by the debenture included the patent, they argue that the debenture ceased to have effect when the loan facility was terminated. They argue, and there is no dispute on this point, that the loan facility terminated on 2 June 2000.

16 The Claimant maintains that during the subsistence of the loan facility no act of default occurred. Further, they argue that the Defendant in making the assignment purported to be acting on behalf of the Claimant under the terms of Clause 16 of the debenture but that the debenture ceased to have effect on 2 June 2000 such that the deed of assignment dated 22 April 2002 is invalid and void *ab initio*.

The Defendant's case

17 The Defendant seems to me to be arguing their case on two fronts. Firstly, they argue that the issue of the validity of the deed of assignment has already been decided by the Singapore High Court in the judgment referred to above, which judgment included confirmation that the deed of assignment was valid. Secondly, they argue that the deed is valid in that it was properly made withing the terms of the loan facility and the debenture.

18 With regard to the Singapore judgment, the Defendant has exhibited an authenticated copy of the judgment. I have examined this judgment and find that it is between the Defendant on the one hand and the Claimant and the three shareholders referred to above on the other hand. It is headed "JUDGEMENT IN THE HIGH COURT OF THE REPUBLIC OF SINGAPORE" and shows the seal of the Supreme Court, Singapore. It is signed by the Assistant Registrar of that court. The judgment is dated 28 February 2003 and states among other things:

19 **"PURSUANT** to an Order of Court dated 28th day of February 2003, **IT IS THIS DAY ADJUDGED AND DECLARED** that:-

1. The Deed of Assignment dated 22 April 2002 is valid;"

The judgment also covers other matters but they do not appear relevant to this case. The Claimant has not appealed against this judgment and the period in which such an

appeal could have been made has expired.

20 As I have already indicated, the Claimant has made no response to this argument, indeed their statement of case pre-dates the Singapore judgment and there has been no communication from the Claimant since then although they have been given ample opportunity to respond. Thus there is nothing on the papers to persuade me that I should disregard this judgment. On that ground alone I think I would be justified in finding that the Claimant has failed to make their case and to dismiss their application. However, for completeness I will look at the other arguments from the Defendant.

21 With regard to the loan facility, the Defendant's statement takes me to a number of clauses in that document. It should be noted that the loan facility refers to "The Lender" and "The Borrower", the Lender is the Defendant of the present case and the Borrower is the company identified as AMS in this case. In quoting from the loan facility I will substitute Defendant and AMS as appropriate. Of some significance is the definition of an Event of Default. According to clause 12 of the loan facility Events of Default include a number of events and included in the list of such events is

> *Winding up*
>
> *any step is taken by any person with a view to the winding-up of AMS (except for the purpose of and followed by reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by the Defendant before that step is taken) or for the appointment of a liquidator (including a provisional liquidator), receiver, judicial manager, trustee, administrator, agent or similar officer of AMS over any parts of the assets of AMS.*

22 The Defendant claims that on 19 May 2000, Hugh Alasdair Carmichael Stirling, referred to above as one of the shareholders in both the Claimant and AMS, filed a Companies Winding Up Petition against AMS in the High Court of Singapore and that this constituted an Event of Default by AMS under clause 12 of the loan facility. In this respect they exhibit an extract from Section 255(2) of the Singapore Companies Act which provides that the winding up of a company is deemed to have commenced at the date the petition is presented and they claim that in the present case that date was 19 May 2000. I take the significance of this to be that it is before the termination date of the loan facility which it is agreed by both parties was 2 June 2000. I note that there is no evidence to establish whether or not the petition was submitted on 19 May 2000.

23 In the debenture the Claimant is referred to as "the Company" and the Defendant is referred to as "The Lender". As with the loan agreement, when quoting from the debenture I will substitute Claimant and Defendant as appropriate. The Defendant's statement takes me to clause 16.1 of the debenture which provides that as security for the performance of its obligations under the debenture, the Claimant thereby unconditionally and irrevocably appoints the Defendant to be attorney of the Claimant to do a number of things which things include:

> *to do all and any acts and execute all and any documents which may be proper, necessary or desirable to transfer, complete and vest title in the Claimant or its nominee to all or any IP rights, stocks, shares, bonds and other securities*

charged hereunder and to present all or any transfers therefore for registration and generally to exercise all or any rights in respect thereof.

24 The Defendant's statement also takes me to clauses 4.2, 10.1 and 16.3 of the debenture under which in the event of an event of default (which is defined to include an event of default under the loan facility):

the security created by the debenture shall become immediately enforceable without further notice to the Claimant

all powers of attorney contained in clause 16 of the debenture shall become exercisable after the occurrence of the event of default.

25 Thus the Defendant appears to be arguing that an event of default occurred when the winding up petition was filed against AMS and that once that had occurred they were empowered by the debenture to make the assignment. The loan facility defines initiation of winding up proceedings as an event of default. The debenture stipulates that the defendants will have power of attorney if such an event occurs and that the security created by the debenture will become enforceable in such an event. The debenture stipulates that IP rights are included in the power of attorney and there is no dispute that the property secured by the debenture included the patent.

Summary

26 The patent was assigned from the Claimant to the Defendant by virtue of a deed of assignment dated 22 April 2002. The Claimant has argued that that deed was invalid and that the patent should accordingly be assigned back to them. The validity of the deed was tested in the High Court of the Republic of Singapore and that court ruled that the deed of assignment was valid. The Claimant has not appealed against that judgment, the period in which such an appeal could have been made has expired and they have not submitted any arguments or evidence which would persuade me that I should disregard that judgment. The Defendant has argued that an event of default under the loan facility occurred when a winding up petition was filed against AMS and that once that had occurred they were empowered by the debenture to make the assignment.

Conclusion

27 As I have said, in proceedings under Section 37(1) of the Act, the onus is upon the Claimant to show that they are entitled to the relief sought. After careful consideration of all the papers before me and for the reasons set out above, I find that they have failed to do so.

Costs

The Defendant have made their case and they have asked for an award of costs "on a full indemnity basis". It is long-established practice for costs awarded in proceedings before the comptroller to be guided by a standard published scale. However, the scale

is not mandatory and I have the power to award costs off the scale where the circumstances warrant it. I am mindful that the Claimant's failure to respond to official letters, particularly to requests for their views on whether they would agree to the matter being decided on the papers or indicate their intentions regarding the filing of evidence has caused inconvenience, uncertainty and extra expense to the Defendant. Whilst I do not think this justifies an award on a full indemnity basis, I do think an award of somewhat more than the standard scale is appropriate in recognition of the extra expense incurred by the Defendant. Accordingly I order the Claimant to pay to the Defendant £900 as a contribution towards its costs. This sum should be paid within seven days after the expiry of the period for appeal against this decision, except that if an appeal is lodged, payment is suspended pending the outcome of the appeal.

Appeal

28 Under the Practice Direction to Part 52 of the Civil Procedure Rules, any appeal must be lodged within 28 days.

P M Back
Divisional Director acting for the Comptroller