



BL O/045/05

1 March 2005

PATENTS ACT 1977

BETWEEN

M-Systems Flash Disk Pioneers Ltd Claimant

and

Trek Technology (Singapore) Pte Ltd Defendant

PROCEEDINGS

Application under section 72 for revocation of patent number GB 2371653

HEARING OFFICER D J Barford

PRELIMINARY DECISION

Introduction

- 1 This decision follows a preliminary hearing arranged at short notice, primarily to determine whether or not a substantive hearing scheduled to begin on 7 March 2005 should go ahead.
- 2 The patent in suit number GB 2371653 (“the patent”) was granted on 6 August 2003 to Trek Technology (Singapore) Pte Ltd (“Trek”) under the title “A portable data storage device”.
- 3 An application for revocation accompanied by a statement was filed by the claimant, M-Systems Flash Disk Pioneers Ltd (“M-Systems”), on 15 December 2003. The defendant, Trek, filed a counterstatement on 9 March 2004, and an amended counterstatement on 24 June 2004 together with a request to amend under section 75. The claimant filed a supplementary statement on 20 September 2004 opposing the amendment, and an amended statement on 6 January 2005.
- 4 Events have not proceeded entirely smoothly, and two preliminary decisions have already issued - on 31 March 2004 and 28 September 2004 - to resolve disputes between the parties over extensions of time. However, the evidence rounds having been completed, arrangements have been put in place for the substantive hearing to take place from 7 to 11 March 2005.

5 In a letter dated 7 February 2005 however, the defendant states that its counsel is of the opinion that the issues which it must answer are not clear. It requests that the claimant clarifies its case, and that the defendant be given an opportunity to consider the clarified case before the substantive hearing. Following further interchanges the defendant in a letter of 21 February 2005 requests that the substantive hearing be deferred in the light of the points it had previously made and in view of an issue that had arisen concerning disclosure. The claimant has responded in a letter dated 22 February 2005 arguing that no clarification is necessary and that the defendant's motive here is to lose the hearing date.

6 The matter came before me at a hearing on 28 February 2005. Mr Mark Platts-Mills QC instructed by patent agents Marks & Clerk appeared for M-Systems, and Mr Peter Prescott QC assisted by Mr James St. Ville and instructed by patent agents Lloyd Wise appeared for Trek.

7 I begin then by looking in more detail at the pleadings.

The pleadings

8 The claimant's grounds as set out in its statement filed on 15 December 2003 are that the invention lacks novelty or inventive step, that the specification does not disclose the invention clearly enough and completely enough for it to be performed by a person skilled in the art, and that the matter disclosed in the specification of the patent extends beyond that disclosed in the application for the patent as filed.

9 Accompanying the statement is a witness statement by Dr Paul Fenster, the claimant's patent agent in Israel. This witness statement itself runs to 50 pages and it has 38 annexes. It deals with addition of subject matter, lack of clarity, insufficiency and lack of support, alleges bad faith by the defendant in its dealings with the Patent Office pre-grant, and discusses common general knowledge and prior art.

10 In a counterstatement filed on 9 March 2004, the defendant denies all of the claimant's grounds, and addresses the issues of added matter, bad faith and prior art in some detail.

11 On 24 June 2004, the defendant filed an amended counterstatement accompanied by a proposal to amend the patent under section 75 together with a detailed statement of reasons for proposing that amendment. The stated purpose of the amendment is to meet objections by the claimant to added subject matter, to enhance the clarity of the claims and to distinguish more clearly from the prior art.

12 On 20 September 2004 the claimant filed a supplementary statement opposing the amendment, together with a detailed statement of reasons.

13 Finally on 6 January 2005 the claimant filed an amended statement maintaining the grounds set out in its initial statement and alleging that the patent lacks novelty in the light of EP 1102172 and WO 00/42491.

The issues

- 14 Mr Prescott submitted that the pleadings are in a mess and in consequence it is not clear to the defendant exactly what case it faces; that the novelty attack set out in the amended statement of 6 January 2005 is a new departure; that the Patent Office in accepting the amended statement in the way that it did is guilty of a procedural irregularity; that PCT application number WO 00/42491 (Rainbow Technologies, Inc) which now forms part of that novelty attack was not pleaded; and that the material in Annexes 16 and 26 to Dr Fenster's first witness statement, which relates to a product known as the Rainbow iKey, is being belatedly used by the claimant to demonstrate prior use.

General state of claimant's pleadings

- 15 On the general state of the claimant's pleadings, Mr Prescott argued that they contain a mass of material which should either be clarified or removed; if retained the defendant will incur unnecessary costs. As examples he pointed to the high volume of prior art; the references to proceedings in other jurisdictions which he felt were of dubious relevance (in particular there are related proceedings currently before a court in Singapore and before the European Patent Office); reliance on the priority documents of WO 00/42491 which has not been clearly explained; and references and opinions relating to the admissibility of disclaimers and the principles of claim construction - some of which he argued are contradictory.
- 16 On more specific issues, Mr Prescott argued that the claimant's points on claim broadening and its argument that the disclosure in the patent is not complete enough are incorrectly argued and/or lack sufficient detail. He also argued that there was doubt as to when a document described as the McHasp document exhibited by Dr Fenster at Annex 27 was published.
- 17 In conclusion Mr Prescott requested that the substantive hearing be postponed and in any case that the claimant be directed to provide a fresh, concise statement of grounds.
- 18 Mr Platts-Mills main line of response was firstly that the bulk of Mr Prescott's criticism is directed to material in Dr Fenster's first witness statement which has been on the table since 15 December 2003; and secondly that deletion of much of the material objected to would not prevent him from running it at the substantive hearing in any case. There were some sharp exchanges between counsel in particular as to the relevance of material from the proceedings in Singapore and at the European Patent Office. However Mr Platts-Mills did agree to withdraw the grounds relying on priority documents of WO 00/42491.
- 19 I have to say that I have a great deal of sympathy with Mr Prescott here. In my view there can be no denying the sprawling and unfocussed way in which the claimant has pleaded its case. That said, we are over a year down the line from when the first statement was filed and less than a week away from the date set for the substantive hearing, and I note that no objection was taken in the counterstatement on the general grounds advanced here by Mr Prescott.

- 20 It seems to me that if Mr Platts-Mills' arguments on specific issues are not substantiated or are irrelevant or bad in law, then at this stage of the proceedings that has to be a matter for decision at the substantive hearing. The overriding question at this stage to my mind is does the defendant know the case that it has to answer, and, despite manifest deficiencies in the way the claimant has chosen to present its case, having carefully considered all the submissions from both sides, I think the answer to that is yes. For that reason, I am not persuaded that the substantive hearing should be postponed on these grounds.
- 21 For the same reason, and also because I am reluctant to open up yet another area for possible dispute between the parties prior to the substantive hearing, I am also minded not to order the claimant to file yet another statement.

WO 00/42491

- 22 Mr St. Ville took me carefully through the history of the part in these proceedings played by WO 00/42491. He pointed out that although Dr Fenster refers to this document in his first witness statement, which is annexed to the statement filed on 15 December 2003, it is to support an allegation of bad faith rather than an attack on novelty. Dr Fenster puts forward arguments regarding bad faith that, in his view, the comptroller should consider should the defendant seek to amend the claims (which in the event it has). Mr St. Ville described this as a pre-emptive strike.
- 23 Moving on to the statement of reasons accompanying the supplementary statement filed on 20 September 2004, Mr St. Ville drew attention to a section headed "Lack of good faith" and to the four page analysis that follows comparing the unamended claims of the patent with the disclosure of WO 00/42491. He pointed out that this document ends in a statement of truth signed by Mr Terence Johnson for the claimant, thereby identifying the document as evidence, which was filed after completion of the evidence rounds.
- 24 The claimant filed an amended statement on 6 January 2005. Mr St. Ville pointed out that the accompanying letter from the claimant's patent agents states that the amended statement provides further particularisation and consolidation of the claimant's case but "no new material". This was taken as read by the Patent Office which in a letter dated 3 February 2005 stated that given that no new material had been introduced, there was no requirement for the defendant to file an amended counterstatement. Mr St. Ville argues that there was a procedural error here on the part of the Office and that the defendant should have been invited to consider the new material and to file evidence in response. In the event concerns were raised by the defendant in its letter of 7 February 2005 which were not addressed by the claimant until 22 February 2005.
- 25 Mr Platts-Mills responded that WO 00/42491 was referred to in a list of prior art provided by the defendant on 24 June 2004, and conceded that the first time the claimant ran the document against novelty was in its response of 20 September 2004. He pointed out that in that response the claimant states that "It is respectfully submitted that WO 00/42491 is relevant to the patent in suit", which should have alerted the defendant to the importance to be attached to the document, and that this is followed by the four page analysis referred to by Mr St. Ville comparing the patent

with the disclosure of WO 00/42491. He also submitted that insofar as the Patent Office in its letter of 3 February 2005 had accepted the amended statement, WO 00/42491 was clearly in the proceedings.

- 26 Again there can be no doubt to my mind that the claimant's case has not been clearly presented, and I have to say that if the first time that WO 00/42491 had appeared in these proceedings had been in the amended statement of 6 January 2005 then I would not hesitate in giving the defendant ample opportunity to address it.
- 27 That is not however the case. This document has been around for a long time. It was cited by the Patent Office against novelty in a pre-grant letter of 12 June 2002; and it is referred to in Dr Fenster's first witness statement filed on 15 December 2003 although not against novelty. This was a point picked up by the defendant in its counter statement filed on 9 March 2004, where it points out that "... no specific objections to the novelty or inventiveness of the claims of the patent have been made by the applicant for revocation on the basis of WO 00/42491." However the defendant goes on to state that "The patentee considers that the present claims are novel and inventive in relation to this citation for the reasons given in the correspondence with the UK Patent Office", that is to say the defendant does in fact address the issue of novelty here.
- 28 As to the statement of reasons filed on 20 September 2004, the claimant again fails to refer explicitly to novelty, but its four page analysis I think should have alerted the claimant; and moreover I have to say that my reading of this statement of reasons differs from that of Mr St. Ville in that it seems to me that the claimant is no longer referring to WO 00/42491 in the context of bad faith; the discussion of this document is placed in a section following that dealing with bad faith.
- 29 There is no doubt to my mind that the claimant's case could have been more clearly focussed. That said, the defendant has clearly considered in its counterstatement whether or not this document demonstrates lack of novelty; and can have been left in no doubt at all as to the importance that the claimant attached to the content of the document given the lengthy analysis in the statement of reasons.
- 30 The circumstances here are not ideal, since the claimant failed until very late in the day to refer explicitly to the document in the context of an attack on novelty, and I do not find it surprising that this issue is one to which the defendant attached particular importance at the hearing. However I do not consider the defendant to have been put to such a disadvantage that a postponement of the substantive hearing would be justified on these grounds either; the defendant's intimate relationship with the content and relevance of this document go back a long way; and the document has taken a high profile in these proceedings from day one.

Procedural irregularity by the Patent Office

- 31 It is clear that in issuing its letter of 3 February 2004 acknowledging receipt of the amended case filed on 6 January 2005 and stating that no counterstatement was required, the Office was taking the claimant's reasons for filing the statement at face value. Mr Prescott noted the delay between the Office's receiving the amended

statement and issuing its letter, and the Office's failure to invite comment from the defendant.

- 32 I note that the defendant did respond, in no uncertain terms, in its letter of 7 February 2005, and I assume that this response was not prompted by the letter from the Office but by a reading of the amended statement itself. Mr Prescott confirmed at the hearing that the claimant had indeed copied the amended statement and letter to the defendant. I have to say that in these high profile proceedings, it is surprising to me that the defendant did not itself carry out an immediate scrutiny of the amended statement, a document which is under a page in length. At any rate if there was an error on the part of the Office, and that is arguable given the disputed status of the documents WO 00/42491 and EP 1102172, I am not persuaded in the light of the circumstances described above that it has materially prejudiced the defendant's case.

EP 1102172

- 33 Of the two documents WO 00/42491 and EP 1102172 referred to in the amended statement, WO 00/42491 has already been discussed. EP 1102172 was not referred to at the hearing but for completeness I note that this document was introduced into these proceedings by the defendant itself in its application for amendment under section 75 made on 24 June 2004. The defendant states that one of the reasons for seeking the amendment is that:

“The patentee had recently become aware of the existence of EP 1102172. The patentee is drawing this to the attention of the UK Patent Office, and is seeking to make amendment to ensure that the claims of the patent are distinguished over this”

- 34 The application to amend is opposed by the claimant, and in paragraph 5 of its statement of reasons for the opposition filed on 20 September 2004 it states:
“EP 1102172 anticipates claim 1 of the patent in suit both as granted and as sought to be amended. EP 1102172 discloses a USB adapter for a memory card. It is in the same field of technology, is highly pertinent, and is not an “accidental” anticipation.”

- 35 This it seems to me leaves the defendant in no doubt at all to the case it has to answer in respect of EP 1102172; and this position was clearly stated over 5 months ago.

Rainbow iKey

- 36 On the final point above, Mr Platts-Mills stated at the hearing that the claimant did not intend to rely on the material in Annexes 16 and 26 for prior use or otherwise; and I therefore order that it be struck out.

Disclosure

- 37 The statement of reasons filed with the amended counterstatement of 24 June 2004, refers to “a considerable body of prior art” which has been drawn to the defendant's attention in the course of other proceedings, and goes on to list about a hundred documents. Reference is also made to a small number of documents “which the patentee does not consider to be of any particular relevance anyway, [but] which the patentee is forbidden to disclose because of the discovery of documents rules applied by the courts of Singapore”.

38 The claimant has requested details of those prior art documents expressly withheld by the defendant, arguing that there is no relevant constraint in Singapore law to prevent this. It also states that the documents were apparently discovered from the claimant itself by the defendant in the course of the proceedings in Singapore. The defendant has responded that the claimant could identify the documents itself if it was the source of them, and adds that the defendant would need time to consider any such new documents put into the proceedings.

39 At the hearing I asked counsel to address me on this issue. After interchanges of submissions on the law concerning disclosure here and in Singapore, and on the relevance of the documents in question, Mr Platts-Mills agreed to withdraw the request.

Witnesses

40 Finally Mr Prescott requested that, if the substantive hearing does go ahead as scheduled, his witness Professor Kim who will travel from Singapore should testify on 8 March 2005, the only day he will be available. I understood Mr Platts-Mills to concur with this request.

Conclusions

41 Having carefully considered all of the submissions made by the defendant in correspondence, in its skeleton argument and at the hearing, I am not persuaded that the substantive hearing should be postponed.

42 Also I am not persuaded for the reasons I have given that at this late stage I should order the claimant to file yet another statement. I note that as a result of certain concessions made at the hearing by the claimant a limited amount of clarification of the issues has been achieved, namely the striking out of Annexes 16 and 26 to Dr Fenster's first witness statement, withdrawal of the request for disclosure, and agreement by the claimant to withdraw its reliance on priority documents.

Costs

43 Neither side has asked for costs at this stage and I make no award.

Appeal

44 The appeal period is 28 days, which extends well beyond the dates scheduled for the substantive hearing. If the defendant wishes to appeal it can seek an urgent appeal before the substantive hearing date, or alternatively it can appeal after that date if unsuccessful on the substantive issue.

DAVID BARFORD

Deputy Director acting for the Comptroller