



PATENTS ACT 1977

BETWEEN

Mr Robert Wilson

Pursuer

and

Enviromax Ltd.

Defender

PROCEEDINGS

Reference under section 37 of the Patents Act 1977 in respect of patent number GB
2494073 B

HEARING OFFICER

Julyan Elbro

Hutchinson IP for the pursuer

Cameron IP for the defender

Hearing date: *Decision on the papers*

DECISION ON EXPENSES

- 1 In a Decision dated 25 August 2015¹ I concluded that the pursuer's claim for entitlement to GB 2494073 B ("the patent") was not made out. I noted that the defender had therefore won and were in principle entitled to a contribution to its expenses in accordance with the Comptroller's standard scale of costs², and indicated that I would give both parties an opportunity to make submissions on this point. The parties made submissions in letters dated 9 September 2015.
- 2 The Comptroller's standard scale of costs is set out in Tribunal Practice Notice 4/2007³. The scale costs are not intended to compensate parties fully for the expense to which they have been put, but to represent a contribution to that expense. This policy reflects the intention that the IPO be a low cost tribunal for litigants, and builds a degree of predictability as to how much proceedings before the IPO may cost them. The hearing officer retains discretion, however, to depart from the scale in exceptional circumstances.

¹ BL O/465/14 http://www.ipo.gov.uk/pro-types/pro-patent/pro-p-os/p-challenge-decision-results-bl?BL_Number=O/403/15

² The Decision was made under Scottish law; expenses are the Scottish equivalent of costs in English law

³ See <http://www.ipo.gov.uk/p-tpn-42007.htm>

- 3 As I mentioned in my original decision, the defender submitted additional witness statements (from witnesses who were then cross-examined at the substantive hearing) only two weeks before the substantive hearing. I decided to admit this late evidence at a preliminary hearing, but reserved the question of expenses arising, and I address that issue here, along with the expenses from proceedings as a whole.

The Pursuer's submissions

- 4 The pursuer argued that it would be appropriate in this case to depart from the Comptroller's usual practice of awarding expenses to the prevailing party. He set forward a number of reasons for this:
- a. The pursuer won on his pleaded case that he was the inventor and was not employed by the defender when he devised the invention.
 - b. The defender has originally pleaded that the pursuer had assigned the right to apply for a patent to it and it lost on that point.
 - c. The defender applied for permission to adduce additional evidence just two weeks before the hearing, which related to the question of personal bar which was the grounds on which the defender ultimately prevailed.
 - d. The party that requests permission to adduce additional evidence usually has to pay the costs of and incidental to that application in any event.
 - e. My decision to reserve costs until the hearing and the dismissal of the pursuers claim ought not to detract from P's entitlement to the costs occasioned by the application to admit evidence out of time in any event.
- 5 For this reason, the pursuer contended that a decision to make no order as to costs would be justified. Alternatively the pursuer suggested either
- Awarding the pursuer his expenses up to the preliminary hearing and the defender its costs after.
 - Awarding the pursuer his expenses on the issues on which he was successful, and the defender its expenses on the personal bar issue
 - Or determining the expense that I would normally award to the defender and then discounting to take account of the fact that it lost on its case as originally pleaded.
- 6 As a final alternative, the pursuer argued that even if I did not discount the defender's expenses, I should still award the pursuer his expenses occasioned by the application to adduce additional evidence.
- 7 The pursuer sought expenses on the scale and saw no reason to depart from the scale.

The Defender's submissions

- 8 The defender argued that I should depart from the scale and make a more fully compensatory award of its expenses. The defender referred to *Rizla Ltd's application* [1993] RPC 365, which suggested that an off-scale award would be justifiable if “*in the particular circumstances of the case, the scale produces an unreasonable award.*” Reference was also made to the hearing officer's decision in *Farr v Orbis* (BL O/469/11) where an off-scale award was refused despite alleged “unreasonable behaviour”, and *Statoil ASA v University of Southampton* (BL O/268/05) where a significant off-scale award was made on the basis of accepted “unreasonable behaviour”.
- 9 The defender put forward two principal grounds for departing from the scale in this case:
 - The defender was forced to respond to evidence filed by the pursuer in respect of grounds which were ultimately not pursued at the hearing – specifically, whether the pursuer has agreed to the patent application in question being made in the name of the defender.
 - The pursuer commenced or maintained his case without a genuine belief that there was an issue to be tried – essentially in light of the pursuer's admission under cross examination that he had agreed to the patent being filed in the defender's name.
- 10 The defender also emphasised that (in contrast to *Farr v Orbis*), the pursuer was legally represented throughout the case.
- 11 As to the amount, the defender proposed four alternatives:
 - An award to recover all their expenses, totalling £33,586.
 - An award to cover expenses post 20 October 2014 when the pursuer made a number of subsequently shown to be false or misleading assertions in his evidence-in-chief, totalling £25,594.
 - An award to cover expenses from 13 January 2015, when the pursuer made his evidence in reply, totally £19,606.
 - To follow the practice adopted by the hearing officer in *Statoil ASA v University of Southampton* and start from the position that a court would challenge costs, and likely reduce them to 60-70% of the value claimed, and to then apportion the remaining amount to reflect the proportion of costs caused by the unreasonable behaviour. (The defender proposed 60%, giving a total percentage of 39%=65%x60% of total costs).

Analysis

- 12 It was at all times common ground that the pursuer was the inventor of the invention in the patent, and that a second inventor named in the application for it should be removed. It was also conceded by the defender that the original justification made in

the application of the defender's right to apply – that the inventors were employees of the defender – was not correct. The contention between the parties during the proceedings was therefore whether the defender had derived a right to the patent via another route.

Unreasonable Behaviour

- 13 My original decision ultimately covered two main issues:
- A contention by the defender that a document it exhibited constituted an assignation of the right to apply for the patent in question by the pursuer – I held that it did not
 - The question of whether the pursuer was prevented by the doctrine of personal bar from arguing that he did not agree to the patent application being filed in the name of the defender. I held that he was so barred, and as a result the defender made out an equitable right to the patent.
- 14 It was not, however, immediately apparent from the pleadings or from the initial rounds of evidence that the second of these (which ultimately determined the outcome), would be a point in contention. Early filings by the pursuer appeared to maintain that only a written assignment would be sufficient to transfer rights, and although the defender contested this, it was not immediately apparent that they would be arguing for an equitable assignment of rights having occurred.
- 15 In my view, the first time that the defenders clearly indicated they would be pursuing the equitable grounds came with their filing of evidence in reply on 1 December 2014. While the argument accompanying this evidence focused on the alleged written assignation, it clearly flagged up rights in equity that the defender maintained flowed from the pursuer's alleged agreement to the filing of the application (which the defender maintained was shown by *inter alia* email correspondence submitted as evidence).
- 16 In response to this, the pursuer filed evidence in reply on 13 January 2015. In that evidence, he stated:
- “At no point in *these* proceedings has the Claimant acknowledged that he *agreed* to the patent being filed in the name of the Defendant. The Claimant's failure to object to the filing is not tantamount to the Claimant *agreeing*, and so this case is distinguished over BL O/156/01 on its facts.”
- 17 Under cross-examination at the hearing, the pursuer admitted that he had agreed to the patent application being filed in Enviromax's name.
- 18 It seems to me that the pursuer very clearly put the defender to proof of a significant point of fact – whether he agreed to the patent being filed in Enviromax's name – when all along he knew that it was true. This seems to be a paradigm example of forcing the defender to waste time and money, and I consider it unreasonable behaviour justifying a departure from the scale to compensate the defender for the expenses incurred in attempting to prove this fact.
- 19 However, I do not believe that it is established that the pursuer commenced or maintained his case without a genuine belief that there was an issue to be tried.

Certainly, given his victory on the question of the written assignation, I do not think his pursuing the case can be questioned prior to the defender's position on equitable rights becoming clear in December 2014. Even after that point, I believe he had some respectable arguments, as advanced by his counsel at the hearing, on the personal bar and equity arguments, even though I ultimately found them unavailing.

Quantum

- 20 As to quantum, in my view the pursuer's conduct only reached the necessary levels of unreasonableness after 13 January 2015, when it became clear that whether or not he had agreed to the patent application being filed in the defender's name was a key fact at issue that he required the defender to prove.
- 21 In addition, prior to that point, the main expenditures by both parties would appear to relate to issues the pursuer ultimately succeeded on, and the reason for that focus appears to lie at the feet of the defender. For that reason, I do not think I should give the defender expenses regarding the proceedings prior to 13 January 2015.
- 22 Furthermore, I believe it is only fair to the pursuer firstly, to take account of the fact that under challenge only a portion of claimed costs are likely to be accepted by a court, and secondly that the pursuer should only pay costs occasioned by his unreasonable behaviour and not costs on issues on which he prevailed. (I observe that if awarding scale costs, I would not usually break costs down by issue, but this seems more just when making a higher off-scale award).
- 23 With this in mind, I consider reasonable, taking account of the balance of the relationship of the evidence to the issues decided, to accept the defender's estimate of 60% of costs relating to the unreasonable behaviour – but only for the period post 13 January 2015. Applying a discount to 65% of costs as discussed above, this gives a total sum of $£19,606 \times 0.65 \times 0.6 = £7646$.
- 24 For comparison, I would judge scale costs for a case of this reasonably low size and complexity with a one day hearing to have been £2600.

Pursuer's claim for some expenses

- 25 Regarding the pursuer's argument for expenses, I consider there is nothing in his point a) – the inventorship and employee questions were quickly conceded by the defender. Point b) I have taken account of in my calculation of quantum above.
- 26 Points c), d), and e) all relate to the preliminary hearing. In my view the defender was unacceptably slow in identifying a need for further evidence after the pursuer's evidence in reply put them to proof of the pursuer's agreeing to the filing of the patent application. However, the whole issue only arose because of the pursuer's unreasonable behaviour in not acknowledging the truth of the situation sooner. I therefore decline to make any award of costs in respect of the preliminary hearing separate from my overall award discussed above.

Conclusion

- 27 I award the defender the sum of £7646 as a contribution towards its expenses. This sum is to be paid within 7 days of the expiry of the appeal period set out below.

Appeal

28 Any appeal must be lodged within 28 days after the date of this decision.

JULYAN ELBRO