THE PATENT OFFICE

Video Conference Room 3R25
Concept House
Cardiff Road
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Friday, 28th February, 2003

Before:
THE DIVISIONAL DIRECTOR
(Mr Peter Hayward)

(Sitting for the Comptroller-General of Patents, etc.)

In the Matter of THE PATENTS ACT 1977, section 72

and

In the Matter of Patent Number EP (UK) 0575163 in the name of
NGK SPARK PLUG COMPANY LIMITED

and

In the Matter of THE APPLICATION of DENSO CORPORATION
for REVOCATION thereof

Transcript of the Shorthand Notes of Harry Counsell (Wales)
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Verbatim Reporters

MR ANDREW LIKIARDOPOLOUS (of Messrs Bristows, Solicitors, 3 Lincoln's Inn Fields, London WC2A 3AA) appeared as Agent on behalf of the Claimant and Applicant

MR DOUGLAS CAMPBELL (instructed by Messrs JA Kemp & Co, Chartered Patent Attorneys, 14 South Square, Gray's Inn, London WC1R 5JJ) appeared on behalf of the Defendant and Respondent

D E C I S I O N (as approved by the Hearing Officer)
ON CLAIMANT'S APPLICATION TO ALLOW LATE ADMISSION
OF EXPERT EVIDENCE

THE DIVISIONAL DIRECTOR: I have been hearing this morning arguments about whether or not I should admit some evidence that has been filed late, fairly close to the substantive hearing. The proceedings relate to the revocation of a patent, and the main substantive issues are obviousness, support and exercising my discretion.

There has been, up to this stage, no expert evidence in connection with obviousness from either side. The evidence that the claimant now seeks to admit is evidence going to the question of obviousness and, in particular, to the question of what was common general knowledge at the time.

The substantive hearing is set for 14th March, which is just about two weeks away. The request to submit this evidence came in I think on 5th February, about five weeks before the date of the hearing.

Both sides are agreed that the question of whether I admit this evidence or not is a matter for my discretion. I have had a number of factors put to me this morning that I should take into account in exercising that discretion. I think that the correct approach is to look at the overriding objective of the Civil Procedure Rules, which also applies to proceedings before the comptroller, and exercise my discretion with those in mind.

Both sides have taken me to what I might call the specific interpretation of the overriding objective in rule 3.9 of the Civil Procedure Rules, that the courts would use in a situation like the present, when considering the admission of late evidence. I am happy to go along with this. The factors listed do provide a good summary of the sort of things I need to take into account in exercising my discretion - though they are of course prefaced by "the court will consider all the circumstances", so they are not an exhaustive

list. But it is in fact a pretty good guide, and possibly a more comprehensive guide than currently appears in the Hearing Officers' Manual. Therefore I am happy to work down the sub-paragraphs of 3.9 and to weigh up the position on the basis of the points that are put there. It is - and I think that Mr Campbell stressed this point - it is a balancing exercise. No one of these points is necessarily a killer point: it is a question of looking at the pros and looking at the cons and arriving at a balance at the end of the day.

I will therefore go through the various factors there. I am going to come back to point (a) - the interests of the administration of justice - a little later, and deal first with point (b): has the application for relief been made promptly? The circumstances here are that at a late stage the patent agents who had been acting for the claimants instructed Bristows, and Bristows looked at the case that had been made and decided it could be made stronger by submitting evidence from an expert; and that is the evidence they now seek to admit.

The application for relief has been made, as I understand it, promptly after that advice was given; but I have heard argument this morning about whether "promptly" for the purposes of sub-paragraph (b) means promptly in the context of the proceedings as a whole or promptly once the advice was given. I believe I need to take account of both angles. The fact that the claimant did not think about this at an earlier stage in the proceedings must count against them. They have had legal advice all the way through and they have had two opportunities to file evidence, and they did not take up either of those opportunities. They have come in rather late, following late

legal advice, deciding that perhaps they do want to file expert evidence after all. So although they may have been prompt in filing the evidence after getting legal advice – and that counts in their favour - in the context of the whole proceedings, their failure to come up with this evidence earlier must count against them.

The next point, (c), was whether the failure to comply was intentional. Mr Campbell argued that the claimant had taken a deliberate decision not to submit such evidence, and to that extent the failure to comply was intentional. Mr Likiardopolous said that is not the right approach. There was no deliberate intention to file the evidence late, it was just that they did not get this proper legal advice until late on in the day. I am with Mr Likiardopolous on that one. It is not a major factor, but it does not count against the claimant at all.

Sub-paragraph (d) of rule 3.9(1) is whether there is a good explanation for the failure. There is an explanation. Mr Campbell submitted that we should have had some evidence about this explanation because rule 3.9(2) says "An application for relief must be supported by evidence". Mr Likiardopolous's response was that 3.9 is not binding on the comptroller, and therefore what may be appropriate in court is not necessarily appropriate before the comptroller. On the face of it, arguing that the comptroller should follow 3.9(1) and not 3.9(2) is trying to have it both ways. Equally I do not think it is desirable in proceedings before the comptroller to be asking for evidence unless it is really necessary: we try to keep the amount of evidence down to keep costs down. So I am not going to say the application must be ruled out because there was no evidence, but I do take some account

of the point Mr Campbell was making, namely, that we have assertions about why there was this delay and why things were not done, but we do not have any evidence to back up the assertions, and it is possible that there is a murkier story lying underneath. I am not saying there is a murkier story: Mr Campbell was just arguing it is possible there is. I accept that, though because the explanation that has been offered is entirely plausible, I am not going to give this point much weight.

Sub-paragraph (e) is the extent to which the party in default (that is the claimant here) has complied with other relevant rules. Mr Likiardopolous said they had not failed to comply with other rules, and I think that is right. There is nothing in this to count against them.

Sub-paragraph (f) is whether the failure to comply was caused by the party or his legal representative. I find this an interesting one because it is not very clear whether it should count more heavily against someone if it is their legal representative or if it is the party. Mr Campbell has argued it is one way, and Mr Likiardopolous has argued it is the other way. Neither referred me to any case law on the subject, and indeed I am not sure the courts have been terribly consistent on this; so it is an interesting provision to have in the Civil Procedure Rules, because it is not very clear which way it goes. In the present circumstances I am more inclined to Mr Likiardopolous's view that the claimant should not be penalized (and I am not being critical here) for acting upon what must, for the purposes of this subparagraph, be notionally treated as poor advice from the legal representatives. However, I am not going to attach very much weight to this point at all, because I am not entirely sure which way it should go.

Paragraph (g) is, whether the trial date or the likely date can still be met if the relief is granted. Mr Likiardopolous came to the hearing this morning, and indeed so did I, on the presumption that if I allow this evidence in, the hearing date will be lost. Mr Campbell has - and I give him full credit for this - made clear this morning that the defendants will bend over backwards to ensure the hearing date is not lost, to the extent of actually surrendering their right to reply to this evidence in order to preserve the hearing date. That concession is noted, and I am very grateful for it. It does put a slightly different complexion things - although equally I have to be sure that Mr Campbell is not disadvantaged by trying to be helpful.

I come next to (h), the effect which the failure to comply had on each party. Mr Campbell argued that allowing this evidence is going to put the defendants to a lot of extra expense because (subject to the concession he had just made) they will have to provide evidence of their own in order to deal with this new evidence. Mr Likiardopolous argued that if he had put this evidence in on time, the other side would have had to put in evidence in reply anyway, so they are not being put to any extra cost beyond what they would have incurred if the evidence had not been late. The only problem is the question of timing - that it may delay things.

Mr Likiardopolous is right on that: had this evidence been put in in the first evidence round (or the second evidence round at the very latest) the defendants would have had to deal with it anyway. They would have had to incur the costs of dealing with it. So the mere fact that this is coming in late is not increasing the defendants' costs, as far as I can see.

There is one other factor that comes into the question of prejudice to one side or the other: the claimants argue that they will not be able to present their case properly. Actually they put a gloss on this: they say I will not be able to decide the substantive issues, so they try to put the disadvantage on me rather than on them. I agree this is a valid consideration. I think that actually sweeps in sub-paragraph (i) as well: the effect which the granting of relief would have on each party.

I come back to the administration of justice, which is point (a) and which is fairly crucial. There is clearly a public interest in this dispute, because it is a question of the validity of a patent right. There is a public interest in resolving questions of validity quickly, and insofar as allowing the evidence in would delay the case, that argues against allowing it. Equally there is a public interest in not allowing patents that may be invalid to remain on the register. That means there is a public interest in making sure that issues that might go to validity are explored properly, and that argues in favour of allowing it. On balance, the public interest probably weighs slightly in favour of allowing the evidence in.

Mr Campbell conceded that the evidence was relevant. He argued that in fact it may not carry a lot of weight because - to put it in a nutshell - the witness in question was not an expert in the right business at the right time and I think was submitting this is a factor I should take into account. The potential weight of the evidence is a difficult factor for me to take into account without analysing the evidence in full, which more properly belongs to the substantive hearing. I think it is rightly a factor I should be prepared to consider, in the sense that if the evidence was manifestly weak, the mere

fact that the claimant has put a label on the front saying "This is from an expert witness, therefore it must be relevant, and therefore the other side must respond to it", shouldn't mean I must ignore the fact that it was clearly never going to influence the end result.

However, at the moment I do not know whether this particular evidence is going to influence the end result. I have no doubt that the defendants will make some criticisms of it. What effect those criticisms will have on the end result I do not at this stage know, so I do not feel I should attach much weight to the criticisms of the evidence for the purposes of deciding whether to admit it, especially as Mr Campbell has conceded it is relevant.

I think I have covered most - I hope all - of the factors that I need to take into account in exercising my discretion. Some of them go in favour of allowing, and some go against allowing the admission of this late evidence. That is not surprising: that is almost always the case when the comptroller is being asked to exercise her discretion.

The conclusion to which I have come, weighing up these factors, is that I should allow it. I will be honest with Mr Campbell: probably what has tipped the balance - and I think, the pros and cons are fairly finely balanced - is the fact that this probably will not jeopardize the hearing date. To that extent I feel (if you like) a little uncomfortable about penalizing him for being generous; but I think that, if we can preserve the existing hearing date and he can deal with this either by arguing the evidence is useless or by putting his own evidence in reply - or both, of course - and because he accepts the evidence is relevant, I think the balance just tips in favour of

allowing it. In the circumstances therefore, I am going to allow this evidence in.

Mr Campbell, theoretically I need to allow you a period in which to file evidence in reply, because the other side have quite rightly conceded you should have that opportunity. But, from what you have indicated, you do not in fact need any period beyond the period up to the hearing - is that correct?

MR CAMPBELL: That is right.

THE DIVISIONAL DIRECTOR: Right. So you now have permission to put evidence in reply as soon as you possibly can, and obviously before the hearing - and I think that probably means not five minutes before the hearing!

MR LIKIARDOPOLOUS: Sir, on the evidence in reply, of course the claimant accepts that they need as much time as they can, but you say not a few minutes before the hearing comes. Is it possible to put just some long-stop date, so that we do not have for instance the night before? - otherwise it will be almost impossible to take it into account.

THE DIVISIONAL DIRECTOR: The reason I paused at that point was to ask you precisely that, because clearly there is a limit on "reasonableness". Mr Campbell?

MR CAMPBELL: Well, sir, it is really quite difficult. I mean, obviously the later we leave it to the hearing the more we can be criticized for being late. Suppose you set a deadline and we do not make it, then what? Do we rely on no evidence at all, or do we still do our best to get it in as soon as possible?

THE DIVISIONAL DIRECTOR: I do not think that the claimants are in a position to be too demanding on this, to put it bluntly. What I had in mind is to say that you should get it in at the very latest twenty four hours before the hearing.

MR CAMPBELL: We will obviously try and do it as quickly as we can.

THE DIVISIONAL DIRECTOR: Absolutely. We are talking about barely two weeks.

MR CAMPBELL: Yes, sir. It must be translated as well, and so forth. You have made that direction, sir, and I am just exploring what happens if we do not meet that. Are we not allowed to rely on any evidence at all, even if we get it later on that day? That would be most unfortunate really, wouldn't it? I am not trying to be difficult here, I am just ---

MR LIKIARDOPOLOUS: Perhaps, sir, I can help. The claimants would not be attempting to ambush my learned friend. Maybe if we have a direction? I mean, if we talk and can work out how things are going, then if it could be done before that twenty four hours then clearly that is better, but if it cannot be done then perhaps if we discuss it, we can resolve it. Because if it is going to be ready twenty three hours before the hearing or twenty hours, then the claimant will not be ridiculous about it. All the claimant needs to be prepared about is, we cannot have evidence (which could be quite voluminous - how do we know?) handed to us as we walk in, because that again makes the whole thing unworkable.

MR CAMPBELL: In that case you can just criticize that on the spot, and we could deal with it in that way, couldn't we?

MR LIKIARDOPOLOUS: It doesn't seem in the interests of justice, sir.

THE DIVISIONAL DIRECTOR: I am sorry?

MR LIKIARDOPOLOUS: My learned friend was suggesting I could just criticize it on the spot; but I think it is in the interests of justice that we do have some sort of long-stop date, and if he cannot meet that then we could discuss it then.

THE DIVISIONAL DIRECTOR: That's right. I think, Mr Campbell, the other side have to have a chance to just go through the evidence and decide what points they want to make on it in advance of the hearing. It is a question of how long they need to do that.

MR LIKIARDOPOLOUS: Could it be that we at least agree that we can discuss it forty eight hours before, and a long-stop date of twenty four hours? They are aiming for forty eight hours, but possibly twenty four hours is the long-stop date. Because if they are just aiming for twenty four hours, that is very close, if for instance it was ready. So if we could have maybe two dates that they could aim towards, then they could have best endeavours to make it forty eight hours before, or twenty four hours otherwise.

MR CAMPBELL: There is no real point. Sir, if you want to make the order for twenty four hours, if we have a problem with that then I think we would have to come back before the expiration of that period and say precisely what situation we are in. But I am not in a position where I can say yes, it will definitely be done by that time, although I obviously appreciate it would be highly desirable to do so.

THE DIVISIONAL DIRECTOR: I think that the order I will make is that you should get the evidence in as soon as possible - I think that goes without saying - and that in any case no later than twenty four hours beforehand, or

such later time as the two of you may agree between you; or, if you are really in trouble, you may come back to me within that twenty four hours for a ruling on whether you can put it in after that. But from what Mr Likiardopolous says, that he is not going to be unreasonable on this - so if you are only twenty hours before, as long as he has got the time to deal with it, that is what matters. But certainly you should aim to do it at least forty eight hours beforehand, but with a little bit of flexibility if you cannot. Are you happy with that?

(<u>The parties conferred</u>)

MR CAMPBELL: Sir, that only leaves the question of the costs for today. Normally we would leave it until the hearing, but in all the circumstances my friend has had an indulgence, hasn't he, so we should be entitled to the costs of today.

THE DIVISIONAL DIRECTOR: Mr Likiardopolous?

MR LIKIARDOPOLOUS: The claimant would suggest it would be best to leave the costs for the hearing. The claimant did have the evidence submitted, but the claimant also accepts that it was an indulgence, but it was an indulgence that was granted. We would suggest that it is better for the costs to be dealt with all in one, as in the normal course.

THE DIVISIONAL DIRECTOR: The normal course now is not necessarily to deal with the costs all in one. I think there was Tribunal Practice Notice 2/2000 which made clear we would be much more inclined to deal with costs as they arose on preliminary matters. I do not have to. I can defer it.

MR LIKIARDOPOLOUS: The normal order on case management decisions in the courts would be costs in the case - to put the matter off. That would be

the normal case management decision. Here the claimant accepts that it has caused this hearing, but it also accepts that it succeeded, and normally the costs would follow the event on that; but it suggests that, rather than aiming for its own costs at this hearing now, it is more appropriate (because of the circumstances) to put them off in the normal case management kind of way, and for costs to be decided at the hearing.

THE DIVISIONAL DIRECTOR: Thank you. I have heard what Mr Likiardopolous has said but, in fact, I think it is not appropriate in these circumstances to put off a decision on costs. I think costs in respect of this hearing should be dealt with now.

The hearing has been necessitated solely by the claimant, but, as they rightly point out, they have actually won. I have allowed them to put their evidence in. I think the correct order for me to make in those circumstances, to balance the fact they have won against the fact they caused the problem in the first place, is to make no order for costs in respect of this hearing.

It only remains for me to say that if either of you wish to appeal this decision, it is a procedural decision and therefore you have two weeks. I have to make the ruling formally, but I sincerely trust that it will not be invoked, because otherwise that would definitely scupper the substantive hearing date!

Thank you both very much for agreeing to hear this over a video link. I know it is not ideal, particularly because of the time delay in transmission, which makes it much more difficult for example for me to interject, but it least it does save me a long journey up to London and back.

Thank you both very much. I shall look forward to seeing you in person on the 14th.