



PATENTS ACT 1977

BL O/060/07
26 February 2007

BETWEEN

Northern Lights Music

Claimant

and

Conversor Products Limited

Defendant

PROCEEDINGS

A request for specific disclosure of documents which relate to a reference made under section 37 in respect of patent number GB2267412 and under section 8 in respect of its priority document, patent application GB 9027784.9.

HEARING OFFICER

Peter Back

**PRELIMINARY
DECISION**

Introduction

1. These proceedings relate to the ownership of granted patent GB2267412 (the "Patent") and its priority document GB9027784.9.
2. According to the Register of Patents, the rights to the Patent were originally held by the Claimant, Northern Lights Music Ltd. ("NLM"); I understand NLM is owned by Mr Andrew Hall, who is also the inventor. However, the rights appear to have been assigned to the Defendant, Conversor Products Ltd ("Conversor") via a series of assignments between a number of other companies: Select Hearing System (in receivership); Sense Sonic Limited (in receivership) and finally Tonewear Ltd, which is the Defendant's previous name.
3. This is a complex case because of the number of assignments involving third parties, including administrators. However, I will not go into the details for they are matters for the substantive hearing and decision.

4. Acting for the Claimant in this entitlement action, Mr Hall, had previously indicated that he would require disclosure of certain documents from the Defendant and other parties which he believed would be a necessary pre-requisite to the filing the Claimant's evidence-in-chief. Obviously he believes the information they contain may help the Claimant's case. Of course, the fact that an order for disclosure may be damaging to the Defendant is not an issue. It is the fundamental purpose behind a request for disclosure and the reason why orders are required to give effect to a request.

5. At a case management conference, held on 21 September 2006, I ordered that if the Claimant intended to file a request for specific disclosure, then he should do so by 4 pm on 28 September 2006 and that if the Defendant wished to respond to any such request, it should do so by 5 October 2006. The Claimant complied with this order and the Defendant responded, objecting to the request.

6. After further correspondence from both parties which attempted to clarify the nature of the documents being requested, the Claimant filed a further letter on 23 November 2006 confirming which parties he was requesting documents from and referring to his previous letter of 28 September 2006 regarding the reasons for making the request. A further deadline of 1 December 2006 was set making further submissions with respect to specific disclosure, however, neither party chose to do so.

The preliminary issue to be decided

7. Therefore, the issue I must decide now is whether I should order the disclosure of certain documents or classes of documents which the Claimant has requested. I shall make my decision based on what has been filed up to the aforementioned deadline and I note that both parties have agreed to the decision being issued "on the papers", rather than requiring an oral hearing.

General rules and case law which apply

8. Initially, I think it is worth setting out the considerations which normally apply to specific disclosure so that the basic principles I have applied in making my decision are clear to both parties.

9. Disclosure is not as common in proceedings before the Comptroller as it is in the High Court. It can be costly and discretion must be exercised to keep excessive costs down. In exercising their discretion to make an order for disclosure, hearing officers have traditionally followed principles set out in Order 24 of the old Rules of the Supreme Court. This approach was endorsed by Aldous J in *Merrell Dow Pharmaceuticals Inc's (Terfenadine) Patent [1991] RPC 221*. The questions to be considered are: firstly, whether the documents concerned relate to the matters in question in the proceedings; and secondly whether their disclosure is necessary to dispose fairly of the proceedings or to reduce costs.

10. It should be noted that the relevance of documents is not an issue when deciding whether to make an order, but as I have just said it is important to consider the particular matters which are to be decided at the main hearing, as indicated by Aldous J in *Merrell Dow*, where he said:

“The test is whether the documents relate to the matters in question. If they do, then they should be disclosed and their relevance will be decided at trial. To decide whether a document relates to a matter in question, it is first necessary to analyse what are the questions in issue in the proceedings.”

11. The hearing officer also has the discretion to refuse to make an order, for example, if the value of the material to the Claimant is outweighed by the burden it would impose on the Defendant, as discussed in *Mölnlycke AB v Procter and Gamble Ltd (No 3) [1990] RPC 498*.

12. Another reason might be if the categories of documents requested were very general and not adequately particularised. In other words, the request amounts to a “fishing discovery”, as discussed in *British Leyland Motor Corporation v Wyatt Interpart Co Ltd [1979] FSR 39* at pages 44-45.

13. I am also aware of the Practice Direction issued under part 31 (disclosure and inspection) of the Civil Procedure Rules, which the Office’s practice on specific disclosure should now reflect. It says at 5.4:

“In deciding whether or not to make an order for specific disclosure the court will take into account all the circumstances of the case and, in particular, the overriding objective described in Part 1. “

14. As the hearing officer concluded in *Cerise Innovation Technology Ltd v Abdulhayoglu BL O/177/99*, this new approach does not mean that the old tests are to be discarded, but the hearing officer should now additionally put greater emphasis on the principle of proportionality and on the need to deal with proceedings expeditiously.

15. Therefore, I think it is clear that the hearing officer should not grant vague or excessively broad requests, though in some circumstances he may choose to grant disclosure that is more limited or more specifically-defined than that originally sought.

16. Finally, I appreciate that a person who is not a party to the proceedings can be ordered to disclose under rule 31.17 of the Civil Procedure Rules. However, even the courts are cautious about this and will not entertain a request unless it is for specific documents which the court is satisfied do actually exist.

What are the matters in question in these proceedings?

17. Since these proceedings were launched under section 37 in relation to the Patent and under section 8 in relation to its priority document, the matter

to be determined is who is entitled to the Patent? Is it the current proprietor as indicated on the register or is it the original owner of the rights or indeed another party?

18. Since the provisions of section 37 appear to be fairly broad, another matter which may be decided is whether the Claimant is entitled to royalty payments and other payments in respect of commercial rights which are said to be specified in the original assignment agreements of 31 July and 18 December 1991 between NLM and Select Hearing Systems Ltd. Indeed, I will need to consider how far I am allowed to take the provisions of section 37 (1) which state that:

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

19. I conclude that, primarily, I should order specific disclosure of documents only if they directly relate to matters considered under the aforementioned sections of the Act and only if their disclosure is necessary to make a fair decision or reduce costs. However, I must not make an order which places an excessive burden on third parties.

The Claimant's request

20. The Claimant has requested a number of documents under rule 31.12 of the Civil Procedure Rules. The documents were specified in the Claimant's various letters dated 28 September 2006 as follows:

a) Documents in respect of clause 4.5 of the 15 September 2003 agreement between Sense Sonic Ltd (“SSL”) and Bulldog Partners Ltd's “Buyers Group”. As I understand it, the Claimant is referring to the agreement which assigns assets from SSL (in receivership) to Elitesound Ltd, Websound Limited and Tonewear Ltd (now “Conversor”). According to Mr Hall, this clause of the agreement requires parties to enter into assignments in respect of the Patent and inter-company debt. I note that part (a)(ii) of clause 4.5 specifically refers to:

“an assignment to Tonewear Limited of the Intellectual Property Rights”

The term “Intellectual Property Rights” is defined as including those rights mentioned in Schedule 2 of the agreement which lists patent number GB2267412. Mr. Hall also suggests the inter-company debt includes debt due payments made to NLM for the patent and unassigned rights in the product itself.

b) A declaration from Stephen Conn of Begbies Taylor, the administrator for SSL, in relation to the above agreement. However, straight away I must say that it seems to me that asking for a

declaration from a non-party goes beyond a request for specific disclosure of documents which already exist and so I simply cannot make such an order.

c) From Peter Linthwaite, of British Venture Capital Association (BVCA) an e-mail dated 15 August 2006 “by which Jeremy Brassington and Adrian Mundy resigned membership of Bulldog Partners” and letters from BVCA to Mr Brassington in relation to alleged discrepancies on their members’ web page for Bulldog Partners.

d) From Companies House, letters exchanged between Companies House and Jeremy Brassington in respect of “accounts relating to Glentronics Ltd, Conversor Products and Conversor Ltd.” I note that the Claimant says these documents have been requested from Companies House under the Freedom of Information Act 2000.

e) From nominee shareholders identified in SSL’s 2004 Annual Return, confirmation of the identity of shareholder who have bought shares in SSL through these nominee shareholders. Again, this seems to go beyond the specific disclosure of existing documents as I have already said under request (b).

f) From the Patent Office, letters between the Patent Office and Jeremy Brassington of Conversor Products Ltd in relation to alleged false claims to trademark and patent rights.

g) From Paul Ashworth of PKK accountants, a copy of Paul Davidson’s bank statement of 31 August 2001 and evidence of the true recipient bank account of a cash transfer in the name of Mr & Mrs H Bake on 31 August 2001.

h) From Jeremy Brassington of Conversor or Christopher Ratten of Tenon Recovery, a deed or agreement dated 9 December 2005 which relates to tooling for the manufacture of invention of the Patent.

i) From Christopher Ratten of Tenon Recovery, any one of several letters held by their lawyers about the appointment of an administrator, allegedly of Jeremy Brassington’s choice, to Glentronics Ltd.

j) From Christopher Ratten, letters from lawyers acting for Jeremy Brassington allegedly demanding the release of tooling for the invention.

k) From Addleshaw Goddard, an E-mail dated 2&4 April 2001, between Ged Barnes and Mark Warburton, relating to attempts to secure the assignment of the Patent. No more information is given.

21. The Claimant also provided very extensive commentary within the various requests made on 28 September 2006 which indicate its interest in these documents. So much so that I cannot repeat it all here. Although it was

claimed that the evidence sought is relevant to the present action, I think that some of it is perhaps more suited to other avenues of redress. I must re-iterate that I have to consider whether the requested material relates directly to the issue of entitlement in the Patent and not to other issues relating to, for example, rights to tooling for the invention or rights in the product itself which go beyond the Patent's monopoly.

22. What the Claimant does not do, perhaps with the exception of the first request (a), is direct me as to how these documents relate to these entitlement proceedings. Nor am I specifically directed as to how their disclosure is necessary to dispose of this entitlement action fairly or how they would reduce costs.

The Defendant's response

23. In the Defendant's response of 5 October 2006, they make the point that I have already mentioned (in paragraph 16) about the court's resistance to ordering disclosure against non-parties. In support of this, the defendant has referred me to the case of *American Home Products Corporation and anr. v Novartis Pharmaceuticals UK Ltd and anr.* [2001] EWCA Civ 165, [2001] FSR 41, which lays out the strict rules applied to disclosure from non-parties.

24. Avoiding a blow-by-blow account of the arguments, I will summarise the Defendant's position. It is suggested that, in addition to some of the Claimant's assertions being inaccurate and possibly defamatory, all of the requests are made to non-parties, many with regard to confidential documents and critically these documents do not relate of the matters which are to be decided in these proceedings.

25. It is also said that with regard to documents concerning Mr Brassington's alleged exaggeration of IP rights held by Conversor, there was certainly no intent on his behalf to do so and, again, the information does not relate to the entitlement issue.

Conclusions

26. Having carefully considered arguments from both sides, whilst taking into account the general rules for disclosure which I must apply, I take the following view.

27. I accept some of the Defendant's arguments. Indeed, my own view based on reading the Claimant's requests is that many of the documents requested are held by non-parties and ordering disclosure from them would place a significant burden upon them whilst at the same time it seems they cannot affect the Claimant's case, simply because they do not relate to the matters being decided in these proceedings.

28. I do not accept, as the Defendant suggests in the letter of 5 October 2006, that all the requests are made to non-parties. I think a request made directly to Mr Brassington, who as I understand it is the Managing Director of

Conversor, is effectively a request to the Defendant. However, if I do not consider these documents pass the tests which I must apply then I cannot order disclosure.

29. With regard to requests (b) and (e), as I have stated above, these request go beyond specific disclosure and are in effect a request for a statement. They are made in respect of non-parties and do not relate directly to ownership of the Patent. Indeed, the “nominee shareholders” are not well specified.

30. The requests made of: (c) Peter Linthwaite of BVCA; (g) Paul Ashworth of PPK Accountants; (i) Mr Ratten or Tenon Recovery’s Lawyers; and (k) Addleshaw Goddard are all to non-parties about matters which do not relate directly to these proceedings.

31. The requests made of Mr Brassington and/or Mr Ratten regarding (h) deeds or letters (j) appear to relate to rights for tooling to make the invention rather than to the invention covered by the patent itself and so cannot be said to relate directly to entitlement to the Patent.

32. With respect to the request (f) for letters between the Patent Office and Mr Brassington, apart from the fact that they are not very well specified, it seems to me that documents relating to trademark matters are of no apparent consequence to patent entitlement proceedings and even those relating to any alleged exaggeration of the Patent’s monopoly do not relate to the issue of entitlement.

33. Of course, this does not affect the Claimant’s right as a member of the general public to inspect the open part of the Patent Office’s patent application case files under section 118 of the Patent Act 1977 or to make a request under the Freedom of Information Act 2000.

34. In respect of the request (d) for correspondence between Mr Brassington and Companies House, though again they appear not to directly relate to these proceedings in any event, the Claimant has already identified his rights under the Freedom of Information Act. An order for disclosure, therefore, seems to neither appropriate nor necessary.

35. Finally, the first of the Claimant’s requests is for documents in respect of clause 4.5 of the assignment agreement of 15 September 2003 and this request seems to be a different matter. Though I have no idea if they are relevant at this point, that is not meant to be one of my considerations, following the advice of Aldous J in *Merrell Dow*.

36. It seems reasonable that such documents would exist because contracts are often discussed and negotiated before a final draft is signed. If such documents do actually exist then they may well reveal relevant information about the parties’ understanding of the assignment agreement and so I must conclude that they do relate to the matters to be decided. In short, they could be a factor in disposing fairly of the proceedings.

37. As I pointed out earlier, clause 4.5(a)(ii) indicates the assignment of the Patent to Tonewear Limited (now Conversor), who are clearly not a non-party. Neither do I see how providing such information could place an unnecessary burden on Tonewear Ltd/Conversor. However, I do not believe that information from Elitesound Ltd. in relation to inter-company debt, referred to in part (i) of clause 4.5(a) relates to the entitlement question and I also consider Elitesound Ltd to be a non-party.

Order

38. In conclusion, I have decided to make no order for specific disclosure of any of the documents requested by the Claimant, with the exception of the following.

39. I order Conversor Products Ltd (formerly known as Tonewear Ltd) to disclose any documents they have in their possession, or have access to, which relate to clause 4.5 of the assignment agreement of 15 September 2006, which is between themselves (and other parties) and Sense Sonic Ltd when it was in receivership. Any such documents should be delivered to the Claimant within one calendar month of the date of issue of this decision.

Costs

40. I will consider costs at the substantive hearing, though I note the issue of security of costs is being discussed at a forthcoming case management conference.

Appeal

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

PETER BACK

Divisional Director acting for the Comptroller