

PATENTS ACT 1977

CLAIMANT

BVG Group Limited

DEFENDANT

Hangzhou Chic Intelligent Technology
Co. Ltd.

PROCEEDINGS

Application under section 72 for
revocation of patent GB2529565

HEARING OFFICER

H Jones

PRELIMINARY DECISION & COSTS

Introduction

- 1 The claimant is requesting permission to amend its statement of case in order to rectify what it acknowledges are insufficiencies in its pleadings to date. The defendant opposes the request and is also asking for an award of costs to cover any expenditure directly attributable to the request. The claimant says that it is prepared to pay such costs provided that they have been reasonably incurred. I have received submissions from the defendant in respect of its costs and both sides are content that I should decide the matter on the basis of the papers.

Insufficiencies in the pleadings

- 2 The claimant filed its statement of case in October 2018, alleging lack of inventive step with respect to two items of prior art (D1 and D2) and also in view of the common general knowledge at the priority date of the patent. The defendant denied this in its counterstatement filed in December 2018, noting that a number of features required by claim 1 said to be present in D1 are not specifically disclosed (which was subsequently acknowledged by the claimant). This was not a critical failing, but it demonstrates, I believe, the lackadaisical approach in preparing the application for revocation.
- 3 In order to support its allegation of lack of inventive step, the claimant filed evidence in the form of a Witness Statement by its patent attorney, Mr Richard Halstead. The defendant said that Mr Halstead was not independent of the parties and that his duties to his client would appear to be in conflict with his duties to the comptroller in these proceedings. To rectify this difficulty, the claimant proposed to file a replacement Witness Statement from an independent expert witness and asked for a brief extension of time to do so (and be allowed to file it out of time). In the interests of progressing the case without starting afresh, I allowed the claimant to file a replacement Witness Statement and gave the defendant an opportunity to file any

evidence it needed as a result, in effect allowing the evidence rounds to restart. I invited submissions from both sides on wasted costs.

- 4 A replacement Witness Statement (or Expert Report) by Mr N J Williamson, CEng, FIMechE, FIEE, Consulting Engineer in Independent Practice, was filed in May 2019, which refers to a new prior art document (D3) that Mr Halstead says was brought to his attention a few weeks earlier and which forms no part of the claimant's pleaded case. Mr Halstead says that D3 was already known to the defendant through prosecution of an equivalent US patent application. However, as the defendant quite rightly says, this would have been true for the claimant as well: document D3 was cited in an Information Disclosure Statement on the corresponding patent application in the US, and so the existence of the document would have been evident from a review of the file of the US application, which is available online and has been since well before the application for revocation was filed. It is the replacement Witness Statement and the new prior art referred to therein that gives rise to the claimant's request to amend its statement of case.

Amendment of statements of case (rule 82(e) of Patents Rules 2007)

- 5 Paragraphs 2.40 to 2.50 of the Patents hearing [manual](#) set out Office practice in dealing with requests to amend statements of case. Paragraph 2.41 refers to the case of *Cobhold v London Borough of Greenwich* (Court of Appeal, 9 August 1999) where LJ Gibson considered the approach that should be adopted under the Civil Procedure Rules 1998 to requests to amend:

The overriding objective is that the court should deal with cases justly. That includes, so far as practicable, ensuring that each case is dealt with not only expeditiously but also fairly. Amendments in general ought to be allowed so that the real dispute between the parties can be adjudicated upon provided that any prejudice to the other party or parties caused by the amendment can be compensated for in costs, and the public interest in the efficient administration of justice is not significantly harmed.

- 6 Against this background, paragraph 2.42 of the manual says that there are a number of considerations to bear in mind, the most relevant in this case being:
 - i) that a party should make any significant changes to its case clear at the earliest opportunity. The other side must have a proper chance to deal with every issue (including if necessary filing evidence), and so a party that tries to spring last minute surprises should not be allowed to get away with it;
 - ii) each party is expected to do its best to put its whole case forward at the outset. A party that deliberately or through incompetence fails to do so can expect later requests to amend its statement to receive less sympathetic treatment.
- 7 In deciding whether to allow a statement of case to be amended, paragraph 2.43 of the manual says that I should also consider the diligence of the party concerned in preparing its case and whether any ensuing delay is unjust to the other party or against the public interest. Paragraph 2.47 says that it is permissible for a party to introduce a new issue even as late as the hearing itself, but only if it is of overriding importance and could not have been obtained by reasonable diligence beforehand.

Arguments and conclusion

- 8 The defendant argues that if the request to amend is permitted then it will need time firstly to amend its counterstatement and to subsequently file any evidence in response, with the likelihood that the hearing window in September will be lost. The defendant's attorney, Mr David Harries of Barker Brettell LLP, says that the defendant is already suffering prejudice from the continued delay and uncertainty in this case, saying that licensees in Germany and Spain have terminated their licences because of the uncertainty caused by this revocation action and that negotiations in Italy have stalled for the same reason. Even though this action relates to the UK only, the defendant says that potential licensees will be watchful of the outcomes of validity litigation in other jurisdictions, particularly in fellow EPC countries where there has been some harmonisation of patent law.
- 9 Should the request to amend be permitted, the defendant says that it would need to be on the basis that the claimant pays the defendant's costs occasioned by the amendments. The claimant has made clear that it is willing to pay any wasted costs that have been reasonably incurred.
- 10 Mr Halstead says that if his client is not permitted to plead its best case in these proceedings then it will simply "withdraw them and refile", thereby further delaying a decision in the matter and the implication that this delay would not be in the defendant's interests. The defendant says it would oppose any refiling as an abuse of process and would seek to have it struck out. The claimant's position is that it would not be an abuse of process to withdraw the current proceedings and start afresh now that the additional prior art has been drawn to its attention, this being prior art that the defendant was already aware. It says that a more time-efficient and appropriate way forward would be to amend the pleadings to include the additional item of prior art, conceding again that it is liable for any reasonable costs wasted.
- 11 Turning to the detail of the amendment being sought, the defendant says that it is a fundamental requirement that any amendment must be clear and must disclose a clear issue to be tried, citing paragraph 2.38 of the hearing manual. The defendant says that the amendment does not do so for a number of reasons:
- i) the proposed new paragraph 12, which relates to the new prior art document D3, does not identify on what basis the inventive step attack is made, e.g. it does not set out which features of claim 1 are alleged to be known from D3.
 - ii) the claimant's Expert Report does not address why it would be obvious to modify D3 in the manner that would arrive at the claimed invention; on this evidence, the defendant says that the claimant's plea of obviousness over D3 cannot survive;
 - iii) on the subject of the replacement Witness Statement (or Expert Report), the defendant notes that, as a matter of form, the statement of truth refers to Criminal Procedure Rules Part 33 rather than the Civil Procedure Rules Part 35.
- 12 I do not accept the defendant's arguments that the amended pleadings are so unclear that they do not identify the issues the parties propose to argue about. The defendant may well be right in saying that the evidence does not support the pleadings, but that is not a matter I need to consider now before a full consideration of the facts. The amended statement of case alleges that the patent is invalid for lack of inventive step over various documents and the common general knowledge. The

defendant has already seen the Expert Report that the claimant relies upon to support its allegations, so it is in a position to deny the allegation by way of an amended counterstatement. If the allegation proves unfounded after a full hearing of the facts, then the patent will remain in force and the defendant will be entitled to an award of costs. If the Hearing Officer decides that the claimant has pursued a hopeless case, then this can be reflected in a departure from the standard scale of cost award.

- 13 The claimant has said that it is prepared to pay any wasted costs that have been reasonably incurred by the defendant, so a pragmatic approach might be for me to allow the claimant's request to amend, assess the defendant's submissions on costs and decide the amount the claimant should pay. I accept the defendant's argument that this may lead to the hearing being rescheduled and could extend the period of uncertainty concerning the validity of the patent. The alternative option of refusing the request to amend, the claimant withdrawing the application for revocation, refiling a new one and a challenge of the refiled application by the defendant, is likely to result in a longer period of uncertainty. For this reason, I think the fairest and most expeditious way to resolve the situation is to allow the claimant to amend its statement of case and for the defendant to be reimbursed its wasted costs. By doing so, I am not condoning in any way nor wish to encourage others to believe that the behaviour of the claimant in not putting its strongest case forward at the earliest opportunity is acceptable practice in proceedings before the Office.
- 14 I will allow the claimant to amend its statement of case as proposed. The defendant will be given a period of time to file an amended counterstatement and a timetable setting out the deadline for doing so and for submitting new evidence will be issued in due course. The hearing window in September will be retained for the time being.

Costs

- 15 Based on the charges set out in the defendant's letters dated 25 June and 17 July 2019 and the claimant's submissions set out in its letter 17 July 2019, I consider the wasted costs incurred as a result of the claimant's request to amend its statement of case to be as follows:

Review of first expert report, liaise with Counsel, etc.: £5627.50

Correspondence regarding request to amend: £ 520.00
[25% of the £2,080.50 charge, which excludes work involved in reviewing second expert report]

Reviewing second expert report and relevance to original statement: £ 650.00

Reviewing first expert report and advising strategy: £ 277.00

Total wasted costs: £7074.50

- 16 I hereby order BVG Group Limited to pay Hangzhou Chic Intelligent Technology Co. Ltd. the sum of £7074.50, this being the sum total of wasted costs incurred by the defendant due to the claimant's request to amend its statement of case.

Appeal

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

H Jones

Deputy Director, acting for the Comptroller