

THE PATENTS ACT 1977

CLAIMANT	Nut Security Products Limited
RESPONDENT	SafetyTrim Worldwide Holdings Limited
ISSUE	References under section 8 and 37 in respect of GB2508779 and GB2393487
HEARING OFFICER	H Jones

PRELIMINARY DECISION

Background

- 1 The issue before me is whether the comptroller should decline to deal with references to entitlement filed by Mr Ernest Randolph Craig, a director and shareholder of Nut Security Products Limited (“NSPL”), on behalf of NSPL in October 2017. It will become clear why I am being asked to consider this issue so late in proceedings.
- 2 The references are made under section 8 in respect of patent application GB2508779 and under section 37 in respect of granted patent GB2393487. The granted patent lapsed on 29 August 2017 due to non-payment of renewal fees, but it is open to the claimant to make an application for restoration of the patent under section 28 of the Act within the prescribed period (as specified by rule 40 of the Patents Rules 2007) should it be found to be entitled to the patent in these proceedings. Despite slight differences in the assignee names held on the Register, there is no dispute that both application and patent are currently held in the name of SafetyTrim Worldwide Holdings Limited (“SWHL”), who duly filed a counter-statement contesting the references in December 2017. It is worth noting at this stage that Mr Craig appeared to be pursuing the references as a litigant-in-person, without professional representation. SWHL has been represented throughout proceedings by Mr Nigel Brooks, CPA.
- 3 As entitlement proceedings before the comptroller go, the background to this dispute appeared to be quite straightforward. However, relations between Mr Craig, who was once a shareholder in SWHL, and individuals still involved with the company have broken down to such an extent that a great deal of bitterness, wild accusations and red herrings were introduced into proceedings as the case progressed through the evidence rounds towards a substantive hearing. Requests for extension of time to

meet various formal requirements were invariably contested and it was necessary for me to intervene with directions on far too many occasions.

- 4 Nevertheless, Mr Craig claims that in February 2015 there was an agreement to sell the IP rights and tooling owned by SWHL to a new company (NSPL) for a sum of £60k, which sum was provided jointly by himself and Mr Richard Heggie, a director and shareholder in SWHL. The new company, eventually registered at Companies House as NSPL, was to be formed to take ownership of these assets, but Mr Craig claims that the IP rights were never transferred. Consequently, Mr Craig claims that SWHL is in breach of the sale agreement and that NSPL is entitled to ownership of the patent application and the granted patent due to an effective assignment of the IP rights.
- 5 SWHL disputes much of this. It claims that there was no contract of sale in the manner asserted by Mr Craig, either in law or in equity. The relative shareholdings in the new company were intended to remain substantially the same as those in SWHL, with some credit given to Messrs Craig and Heggie for their additional investment. The proposal was that the new company would take over SWHL's business, that working capital would be provided by Messrs Craig and Heggie, that the debt in SWHL would be repaid and that SWHL would be funded to the tune of £60k. SWHL says that the total commitment under the contract was intended to be at least £300k and it claims that this was never paid.
- 6 The matter was scheduled for substantive hearing on 27 and 28 September 2018, with six witnesses expected to be cross-examined, including one by video-conference from Australia. The Office was informed that Mr Jason Perrin of No5 Chambers, Birmingham, instructed by Harvey Roberts Solicitors, was to appear on behalf of NSPL, and that Tim Austen of Three New Square, London, instructed by Mr Brooks, would appear on behalf of SWHL. SWHL submitted its skeleton arguments as requested on 20 September. Later that same day, NSPL submitted various documents requesting a brief adjournment of the hearing to allow Messrs Craig and Heggie to be added to the claim against SWHL and to raise an additional claim that there had been an agreement to assign the IP in equity as an alternative line of argument. One of the documents submitted in support was a witness statement from Mr Craig setting out the reasons for the late request, these being the need to conserve available funds for professional legal representation at the hearing and also a serious illness in his family that distracted attention and led inevitably to a delay in instructing his solicitor until, as he says, "a couple of weeks ago, in September 2018".
- 7 SWHL objected to this late request to amend pleadings and to adjourn the hearing, especially given that Counsel had already been instructed and skeleton arguments prepared. SWHL noted that it remained unclear whether Messrs Craig and Heggie were being added to the claim as co-owners alongside NSPL or whether they were to be substituted as claimants, adding that if co-ownership was to be argued then there was nothing in the evidence to support such a claim. Not wanting to adjourn the hearing if it could possibly be avoided, I asked NSPL to clarify its amendment and advised both sides that I would consider the question, i.e. the allowability of the amendment, as a preliminary matter at the start of the hearing. I informed NSPL that I would be reflecting the inconvenience that this late request would cause in any award of costs.

- 8 In response to my request to clarify the proposed amendment, NSPL's representative informed the Office that their client was seeking to substitute the claimant for Messrs Craig and Heggie and promised to submit an amended statement of grounds and/or further evidence as soon as possible. This undertaking was provided shortly after 1pm on 24 September, some three days before the date of the hearing. The amended statement of grounds was received shortly after 10am on 26 September, the day before the scheduled start of the hearing, together with an explanation that the delay was a consequence of the personal difficulty Mr Craig had in progressing the case as he had explained in his witness statement. Less than an hour later, the Office was informed that Mr Craig was unable to attend the hearing due to ill-health and would therefore not be available for cross-examination. A copy of a sick note dated 24 September 2018 was provided in support.
- 9 Despite an initial indication that the amendment sought by NSPL would be limited to a straightforward substitution of Messrs Craig and Heggie as claimants, the amended statement eventually submitted has Messrs Craig and Heggie named as second and third claimants respectively, together with a claim that "the second and third claimants were the rightful owners of the IP rights which were to be transferred by SWHL to them to be held on trust for the first claimant", the first claimant being NSPL. An additional remedy is sought in the form of an order that SWHL repays the sum of £60k to the second and third claimants on the basis of an unjust enrichment, the enrichment being unjust because the sum of £60k was transferred to SWHL in return for consideration which had totally failed. If the amendments are allowed, the claimants submit that the comptroller may determine that the questions it is now being asked to decide would more properly be determined by the court, especially since the comptroller has no jurisdiction with regard to the claim for unjust enrichment.
- 10 Given the nature of the amendments being proposed and the fact that a key witness was unable to attend the hearing due to ill-health, I decided to adjourn the hearing and invited submissions from both sides on the question of whether the comptroller should decline to deal with the matter. I subsequently asked both sides for submissions on costs, having already indicated that I would reflect the additional costs incurred by SWHL in an off-scale award of costs against the claimants given their late request to amend and the nature of the amendments. By this time, I had already received submissions from SWHL as to why the claimant ought not to be allowed to amend its case. In its submissions on costs, SWHL added that if I were to allow the late amendment then I should simply strike out the additional claim to unjust enrichment due the comptroller's lack of jurisdiction in the matter, and I invited further submissions on this point.

Issues for decision

- 11 The first issue to decide is whether to allow NSPL's request to amend its statement of grounds. If I allow the amendment, I need then to decide whether to strike out the claim to unjust enrichment and proceed on the basis of the claims under section 8 and 37 of the Act, or whether I should decline to deal with the matter in its entirety. There is also the issue of off-scale costs against NSPL for the late requests to amend and adjourn.

Allowability of amendment

- 12 The claimant refers to paragraph 2.41 of the [Patents Hearing Manual](#) which provides guidance on dealing with amendment of statements of case:

2.41 In *Cobbold v London Borough of Greenwich* (Court of Appeal, 9 August 1999, unreported) Peter Gibson L J considered the approach that should be adopted under the Civil Procedure Rules 1998 to requests to amend (see paragraph 17.3.5 of "Civil Procedure"):

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.

However, as was explained in *EDO Technology Ltd v Campaign to Smash EDO*, *The Times*, 24 May 2006, there is no general presumption in favour of permission to amend, and whether the amendment is likely to delay trial is a factor which should be considered. In Office proceedings it is not expected that the hearing date will be postponed, and parties will need to factor that into their timetables.

- 13 Paragraphs 2.48 and 2.49 of the Manual say that a request to substitute one party for another (e.g. because a patent in dispute has changed hands, or one company has acquired the interests of another) should generally be allowed unless there are objections from another party. Also, it is generally allowable to add claimants or defendants.
- 14 SWHL submits that the amendment should not be allowed because the request was made so late in proceedings. NSPL says that the need for amendment only became apparent after Mr Craig had engaged the services of Harvey Roberts Solicitors in the weeks leading up to the hearing, having prosecuted the case himself up to that point in order to minimise costs. NSPL submits that it ought not to be criticised for doing so in view of the intention to keep the Tribunal as a low-cost and accessible forum for deciding IP disputes. I note that the proposed amended statement of grounds differs from the original only in respect of the names of the claimants and the claim being made, such that the facts of the case and the evidence necessary to prove those facts remain the same.
- 15 Rule 82(1)(e) of the Patents Rules specifies that the comptroller may allow a statement of case to be amended within his general powers of managing proceedings. This rule is set in the context of the overriding objective of enabling the comptroller to deal with cases justly, with rule 74(2) saying that this includes such factors as ensuring that the parties are on an equal footing, saving expense, dealing with the case in ways which are proportionate, and ensuring the case is dealt with expeditiously and fairly.
- 16 It seems clear from submissions and observing how the case has progressed that the reason for the late request to amend is due to Mr Craig's decision to pursue the claim against SWHL himself and to seek professional legal advice at the last minute when he considered it necessary to represent his interests at the hearing. If he had received legal advice at the outset, I have little doubt based on the documents submitted in evidence that the claim against SWHL would have been different to the one he eventually made. SWHL has been greatly inconvenienced by this, but I can

compensate for this inconvenience in costs. My intention had been to avoid the need to adjourn the hearing by considering the issue of allowability of the late amendment as a preliminary point on the first day, and both sides were aware of this. However, an adjournment of the hearing subsequently became necessary due to Mr Craig's ill-health.

- 17 Given the overriding objective of dealing with cases justly and ensuring that the real dispute between the parties can be adjudicated, I consider that the statement of grounds should be amended to allow this to happen. I will consider the extent and nature of the amendment I am prepared to allow after considering the issues of "strike-out" and "decline to deal".

"Strike-out" and "Decline to deal"

- 18 SWHL submits that the comptroller should strike out the part of the amended claim relating to unjust enrichment on the basis that it has no jurisdiction in the matter, and that it should allow the claim to proceed on the basis of the amended claim for entitlement alone, i.e. that the second and third claimants, Messrs Craig and Heggie, are entitled to the IP rights on trust for the first claimant, NSPL.
- 19 SWHL says that it is unclear from the amended statement of grounds whether the claim for unjust enrichment is pursued as a standalone cause of action or as a remedy that is sought were Messrs Craig and Heggie to be found to be the true proprietors of the IP rights. If it is the former, SWHL submits that this claim is not a question or reference "under this section" for the purpose of both sections 8(7) and 37(8) of the Act and, in which case, the comptroller is not entitled to decline to deal and hand jurisdiction to the court, but simply has no jurisdiction at all. If it is the latter, i.e. that unjust enrichment is sought as a remedy, this does not fall within the scope of remedies provided for in either section 8 or 37 at all, so again the claim should be struck out.
- 20 The claimant refers to paragraph 2.71 of the Patents Hearing Manual which says that "*The summary procedure of striking out should be used sparingly*". It notes also that paragraph 2.70 says that parties should be given an adequate period of time (normally one month) in which to respond to any such request. It says that the procedure should not be exercised in relation to a claim which is based on the same factual matrix as the original statements of case. It says that a strike out would have draconian effects on the second and third claimants by depriving them of a significant sum of money and potentially raising issues of *res judicata*, adding that any prejudice to SWHL can be remedied by an order (at the court if necessary) for there to be an amended counter-statement and a costs award in its favour.
- 21 The question of whether the comptroller can decline to deal a claim upon which it has no jurisdiction to decide is an interesting one. All the case law relating to "decline to deal" relates to factors the comptroller should consider in deciding whether to defer the matter to the court, for example if both sides agree to the deferment, the complexity of the case, or if there are parallel High Court proceedings. Ordinarily when proceedings are launched at the Office, the claimant will be asked to amend its statement of grounds if the remedy sought is one that the comptroller has no legal authority to provide. The claimant might then seek remedy in respect of the deleted claim from the court. In any case, the issue of striking out such a claim is never a matter for consideration because the problem of lack of jurisdiction would have already been solved by early amendment of the pleadings.

- 22 It is worth noting that rule 83(2) specifies the circumstances in which the comptroller may strike out a statement of case, these being: a) if the statement of case discloses no reasonable grounds for bringing or defending the claim; b) if the statement of case is an abuse of process or is otherwise likely to obstruct the just disposal of the proceedings; or c) if there has been a failure to comply with a section, a rule or a previous direction given by the comptroller. It is also worth noting that unlike rule 83(3) which allows for summary judgment on the whole of a case or on a particular issue, rule 83(2) does not explicitly allow for part of a statement of case to be struck out. However, given that the comptroller has power under rule 82 to direct that part of any proceedings be dealt with as separate proceedings, it seems that striking out a part of a case is perfectly possible in practice, e.g. by directing that claims are split into separate proceedings and striking out only one of the claims.
- 23 None of the circumstances specified in rule 83(2) seem to justify striking out part of a case simply because the comptroller has no authority to decide the issue. I consider that the way to deal with this situation is by way of a further amendment which limits the claimant's case before the Office to one of entitlement alone, not by strike-out. The question of whether the comptroller can decline to deal with a matter that it has no authority to decide is therefore rendered moot.

Extent of amendment

- 24 It is extremely unfortunate that the claimant has found it necessary to seek to amend its pleadings so late in proceedings, however it is necessary to do so in this case to ensure that the real dispute between the parties is adjudicated. The comptroller has no authority on the issue of unjust enrichment and in normal circumstances the Office would ask the claimant to limit its pleadings to those matters upon which the comptroller can decide. The claimant would then be faced with a situation of taking its claim for unjust enrichment to the court. If it did so, this would result in a situation where there would be separate, but very much related, proceedings before the court and the Office, and I consider that the comptroller should decline to deal with the entitlement proceedings in such circumstances under sections 8(7) and 37(8).

Conclusion

- 25 I will allow the statement of grounds to be amended in such a manner that it relates only to claims to entitlement under section 8 and 37. The claimants are given two weeks from the date of this decision to file the necessary amendments. If the claimants fail to make these amendments then the case will proceed on the basis of the statement of grounds as served, i.e. prior to any request to amend.
- 26 If the claimants demonstrate in due course that a separate claim to unjust enrichment has been made to the court then I will decline to deal with the issue of entitlement. I make no such order at this stage. I will reconsider the need for amended counter-statement and deadlines for submission as soon as NSPL confirms, without delay, how it intends to proceed.

Costs

- 27 Both sides were aware of my intention to make an off-scale award of costs against the claimant for the very late request to amend its statement of grounds and also for the adjournment. I invited their submissions in respect of this.

- 28 Section 107(1) of the Patents Act states that “the comptroller may by order award to any party such costs or such expenses as he may consider reasonable and direct how and by what parties they are to be paid”. The comptroller’s standard scale of costs is set out in [Tribunal Practice Notice 2/2016](#). 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. The Hearing Officer retains discretion to depart from the scale in exceptional circumstances. Paragraphs 5.47 to 5.51 of the Patents Hearings Manual describe circumstances where it may be appropriate to depart from the standard scale of costs, for example in cases of unreasonable behaviour resulting in unnecessary or disproportionate costs being incurred by the other side.
- 29 NSPL has referred to the further guidance provided in *Rizla Ltd.’s Application*¹. It says that the first question I should consider is whether, in the particular circumstances of the case, the scale produces an unreasonable award. The Patents Hearings Manual (paragraph 5.35) refers to this same case, noting that the discretion conferred on the comptroller in this respect is very wide, with no fetter other than the overriding one that he must act judicially.
- 30 NSPL says that the relevant circumstances are as follows. NSPL made an application for adjournment on 19 September and at this point it still had not briefed Counsel to attend the hearing. I note that the application for adjournment was in fact made a day later, but nothing rests on this. The reason for the adjournment was said to be the serious illness in Mr Craig’s family which impacted upon the time he had to spend on the case and also affected his own mental health (as evidenced by the sick note dated 24 September). NSPL says that the reason for the adjournment was medically related and not due to unreasonable conduct, and it submits that this does not constitute an “exceptional case” demanding an off-scale order for costs.
- 31 As far as the late amendment is concerned, NSPL says that it made the claim without legal representation and did not obtain any assistance from lawyers until September 2018 in order to keep its costs as low as possible. Having received legal advice, it became clear that amendment was necessary to clarify “from a legal standpoint” a case brought by a litigant-in-person, who it says ought to be forgiven for not appreciating the distinction between assignments at law and in equity and understanding issues of *locus standi* which may arise if Messrs Craig and Heggie were not parties to the matter without NSPL and SWHL. NSPL says that Mr Craig submitted all the relevant evidence for the claim against SWHL in a timely manner and submits that SWHL was aware of the case it had to answer by the fact that its skeleton arguments dealt principally with the issue of an assignment in equity. NSPL says that it did not receive SWHL’s skeleton arguments until the day before the hearing, dismissing the suggestion made by SWHL that its application to amend was influenced by SWHL’s skeleton arguments and not by its own wish to clarify the case from a legal standpoint. In relation to the unjust enrichment claim, NSPL says that the costs associated with this are not wasted because the matter will still be determined by reference to the same evidence with the case being sent to court.
- 32 In its submissions on costs, SWHL notes that no further evidence in chief is required. SWHL says it will need time to prepare amended pleadings in reply and any further evidence addressing the new claim, which is likely to be supplementary in nature albeit directed at a different alleged oral agreement. Finally, Counsel will need to be

¹ [1993] RPC 365

instructed afresh to assist with pleadings and conduct the hearing. SWHL accepts that not 100% of the costs to date have been wasted by the actions of NSPL and Mr Craig. Nevertheless, it submits that a very substantial amount has been wasted by the very late adjournment of the hearing, long after legal representatives had been instructed: SWHL instructed present Counsel on 5 September and skeleton arguments were served on Mr Craig by email on 20 September; SWHL also arranged for preparation of the hearing bundles since it appeared that they would not be forthcoming from NSPL.

33 In its submission on costs, SWHL sets out a chronology of events that covers much of what I have set out above, noting that even when the application to amend was made on 20 September, it wasn't until the day before the hearing, i.e. on 26 September, that the amended statement of grounds was eventually submitted, and the request to adjourn was only made that very same day despite the fact that Mr Craig's sick note was dated two days earlier. SWHL notes that Mr Craig had said in an email exchange on 7 September (in reply to an email from SWHL mentioning a possible need to adjourn the hearing due to a serious accident suffered by Mr Brooks, which Mr Craig "vehemently" objected to and, in the event, was not necessary) that "solicitors and barristers" had already been instructed. SWHL says that what Mr Craig said in his email was clearly untrue.

34 SWHL claims the following costs:

- a) 50% of the legal costs in the preparation and service of pleadings to date;
- b) 50% of the costs incurred in the consideration of the evidence from NSPL and the preparation of the evidence of SWHL;
- c) Counsel's brief fee for the hearing;
- d) work done by Mr Brooks in preparation for the hearing.

and provides individual debit notes numbered 25571 (dated 19 January 2018), 25768 (dated 21 May 2018) and 26017 (dated 26 September 2018) in support of an award of costs against NSPL for the sum of £41,462.00 (+VAT).

35 NSPL says that if I find that off-scale costs are justified, I should not arrive at an award of costs argued for by SWHL. On SWHL's item a), it says that adjournment of the hearing has not led to the wasting of any of those costs and, at most, it would be reasonable for SWHL to seek the costs incurred in replying to the amended statement of case. It says that this will be a matter for the next hearing and the appropriate course may be to award the costs of the amended statement of case on the standard scale of £200 to £600 at that stage (unless the matter is remitted to the court, in which case appropriate directions can be made in that forum). Similar arguments are made in relation to SWHL's "item b)" costs: the standard scale of costs provides awards of £300 to £550 for preparation of submissions if there is no oral hearing.

36 NSPL submits that if an off-scale award of costs is made, the only debit note that is relevant to the adjournment is the one dated 26 September (number 26017) for the sum of £29,979.88 (+VAT). It says that not all the costs within this invoice have been wasted by the adjournment; for example, the continued advice in the proceedings and non-disclosure agreement, or liaising with Counsel and preparing bundles (which may still be used or updated). NSPL argues for a significant discount from the figure of £29,979.88 (+VAT), suggesting that a broad-brush discount of £10,000 might be

appropriate in the absence of any detailed breakdown of costs from SWHL. Further still, it submits that the costs ought to be proportionate and reasonably incurred akin to how they would be assessed in a court, referring to the Hearing Officer's decision in *Statoil ASA v University of Southampton*², in which it was accepted that the High Court would have cut 60-70% of the relevant costs as a rough guide in determining the reasonable costs and from that proportion attributed 30% of those to "unreasonable behaviour". In these circumstances, NSPL suggests the award would amount to £12,986.92 (+VAT), but again points out that the case has been litigated by Mr Craig before the IPO with a view to minimising costs.

- 37 Given that the reason for the adjournment is on medical grounds and is supported by medical evidence, and considering that the standard scale would have allowed up to £550 for the task of preparing for the hearing, NSPL submits that a further significant discount to £2500 should be allowed to reflect the actual wasted costs and that there has been no deliberate conduct or conduct in bad faith to justify a full compensation award. If scale costs are justified, which is NSPL's primary submission, then costs should be capped at the top of the scale, i.e. at £550.
- 38 The first question to consider is whether I was justified in indicating that I would make an off-scale award of costs against NSPL for the late amendment and request to adjourn.
- 39 NSPL refers to the Patents Court judgment in *Rizla Ltd.'s Application*. This was a case under section 12 of the Act (entitlement to foreign and convention patents) where the referrer alleged that information obtained from him had been used in devising the invention of a European patent application. The information was said to have been obtained as a result of a visit to the referrer's plant by a representative of the applicant on a specified date when he had seen a prototype machine devised by the referrer. In the Patent Office, the applicant's representative denied in evidence that he had seen the machine, exhibiting a memorandum which appeared to indicate that he had not visited the referrer's plant and therefore could not have seen the machine at the time he was alleged to have seen it. The proceedings continued with the giving of discovery, but this disclosed nothing to support the referrer's account of events. The referrer eventually withdrew the reference eight months after discovery was given and one week before the appointed day for the hearing.
- 40 In his decision on costs, the Hearing Officer ordered the referrer to pay compensatory costs of £12,000 rather than a contribution which would have been £1,300 if the normal scale of costs had been followed. He based his conclusion on the fact that the case was exceptional as to the referrer's conducts in i) continuing the proceedings after the memorandum was put in evidence, when he must have known that he could not succeed; and ii) delaying in withdrawing the reference once it was clear that discovery had provided nothing that would support his case, and failing to give reasons for the withdrawal. On appeal to the Patents Court, Mr A Watson QC, sitting as Deputy Judge, confirmed that the Act conferred on the comptroller a very wide discretion with no fetter other than he must act judicially. In an exceptional case where the losing party had been shown to have abused the process by commencing or maintaining the case without a genuine belief that there was an issue to be tried, the comptroller could award compensatory costs without any change in established practice. However, the Deputy Judge found that the referrer had not acted unreasonably by continuing proceedings or in delaying

² [BL O/265/05](#)

withdrawal, and decided to reduce the level of costs to a contribution award based on the standard scale.

- 41 As evidenced by the sick note submitted by Mr Craig, it was clear to him on or before 24 September 2018 that he would not be available for the hearing due to commence three days later. However, the request to adjourn the hearing due to his ill-health was not made until the day before the start of the hearing. I consider it unreasonable of Mr Craig not to have informed all concerned of his inability to attend the hearing at the earliest possible opportunity (by 24 September at the very latest). Any wasted costs incurred by SWHL as a consequence of this unreasonable behaviour should be compensated.
- 42 NSPL says that the late request to amend the statement of grounds can be wholly attributed to Mr Craig's decision to prosecute the case himself in order to reduce costs, and that he should not be penalised for doing so in view of the low-cost nature of the Tribunal. However laudable that may be, the fact remains that SWHL is now facing a very different case against it almost a year after it was notified that proceedings had commenced, although I do accept NSPL's point that the evidence matrix remains the same. Mr Craig had led SWHL to believe in early September that he had instructed solicitors and barristers in the matter, but that was clearly not true. Had he done so at that point or even earlier, the real case between the parties would have been known sooner and any unnecessary cost might have been avoided.
- 43 I have said that I am prepared to allow the statement of grounds to be amended in such a way that it relates only to claims to entitlement under sections 8 and 37. The *Cobbold* case referred to in paragraph 2.41 of the Hearings Manual says that amendments ought to be allowed provided that any prejudice to the other parties caused by the amendment can be "compensated for in costs". The standard scale of costs works well when cases run as they should through the routine exchange of statements, the evidence rounds, the preparations for hearing and the hearing itself, and the level of costs set out in Tribunal Practice Notice (2/2016) supports the long-established practice that the Tribunal should provide a low-cost forum for deciding disputes. However, as the Notice itself explains, the comptroller should have freedom to award costs off-the-scale to deal proportionately with unreasonable behaviour and to depart from the standard contribution-not-compensation approach.
- 44 It is clearly the case that Mr Craig should not be penalised for pursuing his claim simply because he did so initially without legal representation. Regardless of the merits of the claim initially made, I consider Mr Craig was pursuing a case he thought he had a chance of winning even though in hindsight, and after legal advice, that case may not have been his strongest. SWHL knew the case it had to answer and the evidence upon which Mr Craig was basing his claim through the normal course of proceedings, and that evidence will not change as a result of the amendment deemed necessary due to Mr Craig's inexperience in these matters. SWHL was in a position to prepare its strongest case as to entitlement of the IP rights based on the evidence submitted, and, as NSPL say, it anticipated the equity point in its skeleton arguments. SWHL's skeleton arguments also anticipate a separate argument being run to the effect that Mr Craig and Heggie are entitled to ownership in the alternative to NSPL (paragraph 53).
- 45 I do not consider that Mr Craig has acted unreasonably with respect to the application to amend the statement of grounds, despite having made the request very late in the day. SWHL is entitled to be compensated for any unnecessary

expense it has incurred, but not to the level of full reimbursement had I found that Mr Craig had acted unreasonably. Given the lateness of the application to amend, I consider an award of costs at the top end of the scale for any wasted work arising from the amendment is justified in the circumstances.

- 46 Unfortunately, the breakdown of costs provided by SWHL does not allow me to establish the level of unnecessary expense it has incurred. I shall invite SWHL to provide a further breakdown of costs included in its invoice number 26017 relating specifically to a) the wasted costs arising from the late adjournment (with an award of costs on a compensation basis), and b) the nature of the wasted work in respect of the late amendment (with an award of costs based on a contribution basis, at the top end of the scale). I will issue a separate order for costs in due course.

Other matters

- 47 The claimants should note that rule 40(1) allows an application for restoration of the lapsed patent to be made up until 29 March 2019 and that this date cannot be extended (Schedule 4, Part 1). Evidence needed to support such an application can be filed separately within a period specified by the comptroller (rule 40(5)).

Appeal

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

H Jones

Deputy Director, acting for the Comptroller