Wantoch & Wray's Patent (Estoppel P.A.T.)

IN THE APPEAL TRIBUNAL

Before MR. JUSTICE LLOYD-JACOB

30th July, 1968.

WANTOCH AND WRAY'S PATENT


The patentees filed three provisional specifications relating to an invention concerning hypodermic syringes. They then assigned their provisional applications to the applicants for revocation, hereafter referred to as the opponents, under an agreement which provided for reassignment if the opponents should lose interest in the applications. Thereafter the opponents themselves filed two further provisional specifications of their own relating to hypodermic syringes, and the five provisionals formed the basis of a single complete specification. A dispute arose as to whether the claims of the complete specification could validly embrace the construction of a syringe which the opponents found to be commercially attractive, the opponents maintaining that such a claim would be invalid, and the patentees asserting its validity. No agreement being reached, the reassignment clause was invoked, and the whole application based on all five provisionals was assigned by the opponents with "the full benefit of the said applications and of any patent which may be granted in respect thereof together with all rights of action, powers and benefits to the same belonging or accrued." The patentees then secured the grant of a patent with claims amended in the manner suggested previously by them. The opponents applied for the revocation of these claims on the same grounds as they had previously raised in their dispute as to the validity of the amendments. The patentees contended that the opponents had no locus standi being estopped by the deed of reassignment from alleging invalidity. The opponents contended that no such estoppel arose for it was precisely because the opponents had disputed the validity of the challenged claims that the assignment had taken place. The hearing officer held that there was no estoppel because the opponents could not be estopped from attacking the validity of a claim which was not present in the specification at the time of its assignment, and further that the fact that the dispute as to the validity of the proposed claims was known to both parties to be the reason for the reassignment reinforced the view that the deed could not be taken as an assertion of facts such as would create an estoppel, that the patentees' conduct could not be so taken, and that in the circumstances any estoppel would operate most inequitably against the opponents. On appeal to the Patents Appeal Tribunal:

Held, allowing the appeal, that the applicants for revocation had, by their reassignment, deprived themselves of the necessary locus standi to prosecute their application for revocation and that they could not derogate from their grant.
There was no justification for the hearing officer to take into account extraneous documents and circumstances in the absence of any ambiguity in the deed of reassignment.

This was an appeal to the Patents Appeal Tribunal from a decision of the Assistant Comptroller, Mr. E. Armitage, dated 22nd January 1968 in relation to an application by Lapis Engineering Company Limited for the revocation of letters patent No. 1,005,869 granted to Franz Wantoch and Leonard George Wray. The facts of the case appear from his decision which is set out below.

Bruce Spalding, instructed by Forrester Ketley & Co. appeared for the patentees. R. A. Stanley instructed by Gill Jennings & Every, appeared for the applicants for revocation.

Mr. Armitage—The application is based on the grounds (a) that the patentees' invention so far as claimed in any of claims 16, 18 and 24 has been previously published in certain foreign specifications, and (b) that the patentees' invention so far as claimed in claims 16, 17 and 24 is obvious and clearly involves no inventive step having regard to the matter published in the same specifications. The patentees contend in their counterstatement that the applicants for revocation have no locus standi, or more precisely that 'they are estopped from asserting their interest, and that accordingly the application should be dismissed without an enquiry into the merits of the allegations against claims 16, 17, 18 and 24.

A hearing to consider this question as a preliminary point was held on 24th November 1967.

The facts of the case, which are not in dispute and are set out in paragraph 1 of the counterstatement and in correspondence between the parties and the Comptroller, are as follows:

On 5th December 1960 the patentees filed an application for a patent accompanied by a provisional specification No. 41702/60. On 18th January 1961, two more applications accompanied by provisional specifications were made—2021/61 and 2022/61. All the applications related to hypodermic syringes.

On 2nd October 1961, a deed of assignment was executed between the patentees and the applicants for revocation (hereinafter referred to as the opponents) under the terms of which the patentees assigned their interest in the three applications to the opponents in consideration of a sum of money and subject to certain covenants undertaken by the opponents. These included a covenant to reassign should the opponents at any time desire the applications or patents or rights to be granted in respect thereof to lapse or be unwilling to defend any proceeding for the revocation of any such patents or other rights.

On 31st October 1961 and 9th November 1961, the opponents filed two further applications for patents both accompanied by provisional specifications and relating to hypodermic syringes. These were numbered 38886/61 and 40159/61 respectively and were cognated together with the three assigned applications to form the basis for a single complete specification filed on 5th December 1961.

Subsequent to taking assignment of the patentees' applications the opponents found that the particular construction disclosed therein was not entirely practicable and consequently devised a new form of syringe which, in their view, fell outside the scope of any of the claims proposed up to then for the complete specification. Accordingly they informed the patentees that there would be no need to operate the commercial provisions of the assignment and offered them a sum of money in
lieu of royalties. The patentees refused this offer. They maintained that the claims of the complete specification could properly be widened so as to cover the new form of syringe and to this end proposed a new claim (basically the main claim now in dispute—claim 16). The opponents did not agree and thought the proposed claim would be invalid, firstly because it would be anticipated by U.S. specification No. 2,690,179 (one of the opponents’ citations in their application for revocation) and secondly because it would be ambiguous and/or not fairly based. No agreement having been reached, the reassignment clause of the original assignment was invoked by the patentees with the result that the opponents in a deed executed on 22nd April 1965 assigned to the patentees their interest in the original three applications, together with the two later applications cognate with them.

Having taken this assignment the patentees proceeded to prosecute the applications to acceptance and grant. The patent finally granted, No. 1,005,869 includes a number of claims (16, 17, 18 and 24) acknowledged by both sides to be based on that originally advocated by the patentees to the opponents to cover the new embodiment, and the opponents now seek revocation of the patent so far as those claims are concerned.

Mr. Spalding for the patentees submitted that the opponents had no effective locus standi since they were estopped from alleging invalidity of any claim of the patentees’ patent by reason of the deed of assignment of 22nd April 1965. He did not dispute that the opponents were persons “interested” within the meaning of section 33(1) and in that sense that they had the necessary locus. The point was that they were estopped from asserting their interest. The deed assigned “the full benefit of the said applications and of any letters patent which may be granted in respect thereof together with all rights of action, powers and benefits to the same belonging or accrued.” Mr. Spalding argued that this constituted an unequivocal assignment of the opponents’ rights in the patent applications, including the right to make such amendments as were acceptable to the Patent Office, and that if the opponents had wished to attack any such amendments then they should have negotiated some provision to allow this in the deed of 22nd April 1965. Having failed to do so they were estopped from calling into question the validity of any of the patentees’ claims irrespective of when these first appeared in the applications. He submitted that to allow them to attack the validity of any of the patentees’ claims would be to allow them to derogate from their own grant. He referred to the judgment in Franklin Hocking & Co. (Ltd.) v. Franklin Hocking (1887) 4 R.P.C. 255 as authority that an assignor of a patent must not seek to derogate from his grant and to Terrell (11th edn.) para. 615 as setting out the law on estoppel of assignor.

Mr. Spalding also argued that even if he were wrong on his main contention that there was a general estoppel, a specific estoppel would lie as regards reliance by the opponents upon documents knowledge of which was acquired during the course of the prosecution of the patent applications prior to the reassignment. I return to this point later.

Mr. Stanley for the opponents contended that there should be no estoppel so far as claims 16, 17, 18 and 24 were concerned since the opponents had all along maintained that such claims would be invalid. It was the dispute as to their possible validity that had led to the deed of reassignment being executed. Had the opponents considered that the patent applications for the inventions of which they had taken assignment in October 1961 could properly have been extended to
cover the new embodiment there would have been no reason to abandon commercial exploitation of those inventions. In these circumstances Mr. Stanley submitted that any estoppel created by the 1965 deed did not extend to a challenge of the validity of claims 16, 17, 18 and 24. He referred to the Franklin case as supporting the view that while the grant as such could not be denied, the proper scope of the grant could be disputed.

Mr. Spalding’s main argument seems to me to proceed upon the view that the deed of reassignment of April 1965 should be treated on exactly the same footing as if it had been an original deed of assignment freely negotiated between the parties. Even if this argument were accepted I do not think that there would be any estoppel. Whatever may be the rights or wrongs of estoppel in relation to claims present in the specification at the time of assignment of an application (and none of the precedent cases is direct authority for applying to such claims the doctrine of estoppel applicable to the claims of granted patents) I do not see how the assignor can be estopped from attacking the validity of a claim which was not present, either explicitly or by clear implication, in the specification on assignment. Certainly, the Franklin case does not appear to provide authority for such a proposition.

As I understand the principle of estoppel by deed, a person who enters into an engagement by deed as to certain facts is estopped from denying the existence of those facts in any action on the deed. Presumably the facts which the opponents are estopped from denying in the present case are that they were owners of the rights in the applications and that the reassigned patent applications were believed to be capable of giving rise to a valid patent. I do not think the opponents are denying this. What they are saying is that the invention which was the subject of the reassigned patent applications was not capable of supporting valid claims in the form of claims 16, 17, 18 and 24. In any case the position between the parties was not the same as it would have been had the deed of reassignment of April 1965 been an original deed freely negotiated. The opponents, having come to the conclusions that they did concerning the applications, had no reasonable option but to execute the deed of reassignment when the reassignment clause of the deed of October 1961 was invoked by the patentees. They were, moreover, obliged to reassign in substantially the terms of the original assignment. It is true that they could have sought to include some clause under which the patentees would waive any right to raise the question of estoppel in certain circumstances, but since the patentees were in a position to insist upon reassignment without any such clause it seems to me unlikely that the attempt would have succeeded. The fact that the opponents’ denial of the validity of a claim in the form of claim 16 was the reason for the execution of the deed of reassignment of April 1965, and was known by both parties to be so, reinforces my view that the deed cannot be taken as an assertion of facts such as would estop the opponents from attacking the validity of those claims; and certainly their conduct cannot be so taken. The opponents can hardly be said to be asserting the validity, vis-a-vis the patentees, of claims of a form not then embodied in the applications and expressly considered by them, to the knowledge of the patentees, to be invalid. Moreover, any estoppel would, so it seems to me, operate most inequitably against the opponents in the circumstances in question.

For these reasons I decide that there is no estoppel in respect of claims 16, 17, 18 and 24 and that the opponents have accordingly the necessary locus standi to proceed with their application for revocation.
Mr. Stanley also argued that a term permitting the opponents to attack the validity of any claims in the form of claim 16 should be implied into the deed of April 1965 by reason of the conduct of the parties, in order to give efficacy to the contract between the parties. Since the only effect of such a notional term would be to give the opponents the freedom which I have already decided that they have anyway, it follows that such a term does not need to be implied for the reason advanced by Mr. Stanley.

I turn now to Mr. Spalding's second contention that a specific estoppel should lie as regards reliance by the opponents upon documents knowledge of which was acquired during the prosecution of the patent applications prior to the reassignment, specifically U.S. specification 2,690,179. To support this argument he relied upon Cranleigh Precision Engineering Ltd. v. Bryant [1965] 1 W.L.R. 1293; [1966] R.P.C. 81. I do not consider that the present case is analogous. In the first place what was at issue in the Cranleigh case was not estoppel from the use of a patent specification in pleadings but an injunction against the commercial use of the patent against the plaintiffs. Secondly, the injunction restraining the defendant from making use of the information concerning the prior patent was issued because he had deliberately withheld the information from the plaintiffs when under a clear duty to disclose it. In the present case it is not alleged that the opponents have withheld from the patentees information concerning any document upon which they now rely to attack the patentees' claims, when they were under a duty to pass it on. On the contrary the opponents informed the patentees that one of their reasons for not considering that claims of the form of claim 16 could be valid was because of U.S. specification No. 2,690,179. In other words that prior document was, to the knowledge of both parties, instrumental in giving rise to the reassignment deed of April 1965. I do not consider therefore, that the opponents' conduct, in these circumstances, such as should estop them from relying, in their attack on the validity of claims 16, 17, 18 and 24, upon documents of the class referred to by Mr. Spalding and specifically U.S. specification No. 2,690,179.

To sum up, I find that there is no estoppel either as regards reliance by the opponents upon documents knowledge of which was acquired during the prosecution of the patent applications prior to the reassignment, specifically U.S. specification 2,690,179.

On appeal the parties were represented as below.

Lloyd-Jacob, J.—The patentees appeal from a preliminary decision of Mr. E. Armitage (Assistant Comptroller, acting for the Comptroller General) dated 22nd January 1968 whereby he ruled that the applicants for revocation were not estopped from seeking revocation of the letters patent in suit.

The complete specification was based upon five provisionals, the first three in order of date having been filed by the present patentees and the other two filed by the present applicants for revocation during the period when they had, by virtue of a first deed of assignment dated 2nd October 1961, acquired the present patentees' interest in the application. This assignment included a covenant by the assignees to reassign the interest in the application for patent protection should they desire to surrender their rights therein. By a second deed of assignment dated the 22nd April 1965 the present applicants for revocation assigned to the patentees the interest in the original three provisional applications together with the two subsequent applications cognated therewith. Thereupon the patentees prosecuted such applications to acceptance and grant, which grant included claims 16, 17, 18 and 24 to which the applicants for revocation take exception. This second deed
of assignment expressed the subject matter of the transaction as "the full benefit of the said applications and of any letters patent which may be granted in respect thereof together with all rights of action, powers and benefits to the same belonging or accrued."

5   The argument for the patentees is simplicity itself. They contend that, having conveyed by deed the full benefit of any letters patent to be granted on the applications, the applicants for revocation cannot now derogate from such grant by prosecuting an application for its revocation.

The applicants for revocation say that their decision to reassign was based upon the view that claims such as the four here in question could not be validly included in the specification in suit, and that by prosecuting their objection to the inclusion within the specification of these claims they are acting in a consistent manner to substantiate their opinion conveyed to the patentees before the second deed of assignment was executed.

15   The hearing officer formed the view that, as the claims in question had not been submitted to the Patent Office at the date of the second deed of assignment, any estoppel to which the applicants for revocation can be said to be subject by operation of law cannot include such claims. In this he must plainly be wrong. If an assignor chooses to relate his obligation to something in futuro—as this assignor did by including the conveyance of the full benefit of any letters patent which may be granted—he must be taken as accepting that which the future may bring as the measure of his obligation. Now that the grant of letters patent has been secured, the full benefit of it extends to the whole of it and the applicants for revocation cannot derogate from their grant by prosecuting an application to restrict its scope.

The hearing officer was pressed by the applicants for revocation to reach his decision not upon the interpretation of the words used in the conveyance of rights by the second deed of assignment alone but upon a consideration of all the documents and circumstances connected with the relationship of the parties. For this contention I can find no justification, for no term requires to be implied in the second deed of assignment to give it business efficacy, and the obligation which it recites is wholly free from any ambiguity.

Counsel for the patentees also relied upon a contention that the applicants for revocation were estopped from citing in the application any documents of which they had acquired knowledge during their period of ownership of the initial three provisional applications. Having regard to my decision on the main ground of estoppel, it is not necessary for me to give my reasons for regarding this contention prima facie as lacking in cogency, and I prefer to leave the matter, as counsel invited me to leave it, as a point open to him to pursue if necessary at some later stage.

In the result, therefore, I must allow this appeal and direct that by their assignment of the 22nd April, 1965, the applicants for revocation have deprived themselves of the necessary locus standi to prosecute this application. The case should therefore be remitted to the Patent Office for formal dismissal and con-