A.-G., decided that he had no power under sect. 38 of the Act of 1883 to give costs in these cases (*l*).

The forms for obtaining the fiat of the Attorney-General will be found in the Appendix.

Practice. The practice before the Court is partly regulated by Order LIIIA. By rule 11 the petitioner is bound to deliver particulars of the objections on which he intends to rely, and the degree of particularity required, and the consequences, so far as costsare concerned, are precisely the same as in the case of the particulars delivered in an action for infringement (see Chap. XVI.).

By rule 12 the respondent is entitled to begin and give evidence in support of the patent, and if the petitioner gives evidence impeaching the validity of the patent the respondent is entitled to reply.

The evidence which will be required of the respondent in the first instance, will be very slight, and will be similar to that which he would give as to the validity of the patent were he plaintiff in an action for infringement. The petitioner will then have to prove the case he alleges in his petition and particulars, and the respondent has the right of reply. It is merely to preserve this right of reply that the respondent is made practically plaintiff at the trial.

The usual practice is to allow the petition to appear in the petition list, nominally for hearing; a patent may be revoked at this stage when a clear case is made out if the patentee does not appear (*m*). The order for revocation will, however, only be made in open Court and not in chambers, even though the respondent consent (*n*); but the usual course is for the judge to give directions as to the filing of an answer, and also as to interrogatories, inspection, discovery, &c., and the manner of trial, after which the petition stands adjourned.

A day should be fixed before which the petition is not to come on for trial, and the day should not be fixed earlier than that on which the parties will be ready (*o*).

(*l*) See notes in Griff. P. C. at pp. 319, 320.

(*m*) *Vaisey's Patent*, 11 R. P. C. 591.

(*n*) *Clifton's Patent*, 21 R. P. C. 515.

(*o*) *Borrowman's Patent*, 19 R. P. C. 159; *Scott's Patent*, 19 R. P. C. 273.

It is advisable to ask for directions as to the persons to be served with the petition if there are any parties interested in the patent other than its actual owners, since it is possible that by serving licensees extra costs may be incurred, although such persons may have taken no active part in the trial at all (*p*). But all persons whose names appear upon the register as beneficially interested should be served.

Where an assignment had been executed after the petition had been presented, the name of the assignee was ordered to be substituted for that of the original respondent to the petition (*q*).

Where the patentee or other person interested in the patent is out of the jurisdiction, notice should be given to such person by registered letter that the petition has been presented, as the Court will not decree the revocation of a patent without giving all interested parties an opportunity of being heard, but the mere fact that the patentee is out of the jurisdiction will not prevent the institution of proceedings for revocation (*r*).

The usual order is that notice of the proceedings be sent to the patentee or other proposed respondent, and that unless he appear by counsel the petition is not to appear in the list for hearing except by leave of the judge (*s*).

A respondent residing out of the jurisdiction will not be ordered to give security for costs (*t*).

Order XXXI., rule 1, of the Rules of the Supreme Court gives power to the Court, or a judge, to permit interrogatories "*in any cause or matter*," to be delivered by either party to the other, and leave will be given to the respondent (called defendant in the Patent Act, 1883) to deliver interrogatories to the petitioner. Circumstances may arise when it would be just to permit the petitioner to examine the respondent. The

(*p*) See, *e.g.*, *Brown's Patent*, 24 R. P. C. 313, at p. 346.

(*q*) *Haddan's Patent*, 2 R. P. C. 218.

(*r*) *Drummond's Patent*, 6 R. P. C. 576; L. R. 43 Ch. D. 80; *Kay's Patent*, 11 R. P. C. 279; *Goerz and Hoegh's Patent*, 12 R. P. C. 370; *Cerckel's Patent*, 15 R. P. C. 500.

(*s*) *King's Trade Marks*, 9 R. P. C. 350; L. R. 1892, 2 Ch. 462; *Kay's Patent*, 11 R. P. C. 279.

(*t*) *La Société Anonyme Trade Mark*, 10 R. P. C. 290; *Miller's Patent*, 11 R. P. C. 55.

rules as to interrogatories are similar to those in an action for infringement.

The petition may be tried at the assizes if convenient (*u*); but by sect. 31, sub-sect. 1, the trial is to be without a jury unless otherwise ordered. In modern practice patent actions are almost invariably tried in the Chancery Division.

The parties are entitled to have the petition heard with vivâ voce evidence (*v*).

Assessor.

Under sect. 31 (1) the Court may if it think fit, and shall if all the parties request, call in the aid of a qualified assessor.

Amendment of specification.

In cases before the Act of 1907, where the patent was invalid on the ground of want of novelty in part, which defect might be cured by amendment, the Court usually followed the order made in *Deeley* v. *Perkes* (13 R. P. C. 581; L. R. A. C. 496), by which the patent was ordered to be revoked unless within a given time the patentee applied at the Patent Office to amend by a specified disclaimer and unless such disclaimer was allowed.

This course was followed because if the order to revoke had not been made conditional, the Comptroller would have been unable to amend the specification of a patent which did not exist. This difficulty arose in *Deeley* v. *Perkes* (supra), and was thus surmounted.

Under sect. 22 the Court was given power in an action for infringement or petition for revocation to make an order amending the specification by way of disclaimer. By rule 23 of Order LIIIA the application to amend must be made by way of motion, and directions may be given by the judge as to advertisements, &c., and the Comptroller is to be notified. The order will be made subject to suitable terms. (See Chap. X. on "Amendment.")

When the patent has been revoked on the ground of fraud the Court will not entertain an application to amend the specification so as to disclaim those parts which have been fraudulently claimed but will revoke the patent as a whole (*w*).

(*u*) *Edmond's Patent*, 6 R. P. C. 355.

(*v*) *Gaulard and Gibbs' Patent*, L. R. 34 C. D. 396; 56 L. J. Ch. 606; 56 L. T. 284

(*w*) *Ralston's Patent*, 26 R. P. C. 313.

An order for revocation even when made by consent will usually include an order to pay the petitioner's costs (*x*).

It is usual to stay the order for revocation pending an appeal.

The power of the Court to make an order for revocation on the ground that some of the claims of the specification are invalid is not affected by the new sect. 32A, which gives power to the Court in an infringement action to give relief in respect of valid claims notwithstanding the existence of invalid claims. The proper course is for the respondent if he finds that some of his claims are invalid is to apply in the petition under the rule for leave to amend, and, as was seen in Chap. X., such leave is in the discretion of the Court and subject to the payment of costs.

Surrender of patent.

By sub-sect. 3 of sect. 26, "*A patentee may at any time by giving notice in the prescribed manner to the Comptroller offer to surrender his patent, and the Comptroller may, if after giving notice of the offer and hearing all parties who desire to be heard he thinks fit, accept the offer, and thereupon make an order for the revocation of the patent.*"

The practice on such an application is dealt with in Chap. IX.

(*x*) *Aylott's Patent*, 20 R. P. C. 227; *Merryweather's Patent*, 29 R. P. C. 64.

CHAPTER XV.

ACTION TO RESTRAIN THREATS.

SECT. 36 of the Patents Act, 1907 (corresponding to Sect. 32 of the Act of 1883), as amended by the Act of 1919, provides, "*Where any person claiming to have an interest in a patent, by circulars, advertisements, or otherwise, threatens any other person with any legal proceedings, or liability in respect of any alleged infringement of the patent, any person aggrieved thereby may bring an action against him, and may obtain an injunction against the continuance of such threats, and may recover such damage (if any) as he has sustained thereby, if the alleged infringement, to which the threats related, was not in fact an infringement of the patent:*

"*Provided that this section shall not apply if an action for infringement of the patent is commenced and prosecuted with due diligence*" (*a*).

Common law before 1883.

Prior to the Act of 1883, the proprietor of a patent might issue threats of proceedings for infringement broadcast without rendering himself liable to account for any of the damage which he might occasion thereby, provided such threats were made bonâ fide; in such a case the only remedy open to an injured person was to apply for an injunction to restrain the patentee from continuing to threaten him, and in this he could only be successful after showing that the statements made were in fact untrue (*b*).

In the case of malicious threats an action for damages lay similar to that of slander of title, when the plaintiff would have to show that the threat made by the defendant amounted

(*a*) The alterations made by the amendment may be seen by reference to the text of the Act in the Appendix.

(*b*) *Halsey* v. *Brotherhood*, 1880, L. R. 15 C. D. 514.

to a "malicious attempt to injure the plaintiffs by asserting a claim of right against his own knowledge that it was without any foundation" (*c*).

Object of statutory change.

The object of sect. 32 of the Act of 1883 was to remedy the hardship we have described, namely, that of a man whose business is paralysed by the threats of the proprietor of a patent, without any opportunity being afforded him of putting the question to the test. The section is addressed to the case "of a patentee who causes damage by disseminating threats which he dare not or will not justify by an action, who is willing to wound but yet afraid to strike" (*d*).

The old common law remedy still lies when the case is taken out of the statute by the proviso, and in such a case the plaintiff in the threats action must show that notwithstanding that the defendant has duly prosecuted an action for infringement such action was not brought bonâ fide (*e*).

In the Acts of 1883 and that of 1907 (before amendment) the words at the beginning of the section read "*where any person claiming to be the patentee of an invention. . . .*" Accordingly threats by a person who stated that he was "the sole licensee" under the patent were held not to be actionable under the section (*f*). Probably on account of this decision the amendment was made to cover such a case.

Nature of threats.

The words "by circulars, advertisements, or otherwise" have given rise to a number of cases in which an interpretation has been put upon them, and in which the principle of the enactment is clearly illustrated. The cause of action is not similar to libel, and there is no question of publication; therefore the manner in which the threat is made is immaterial. In *Skinner* v. *Perry* (1893, 1 Ch. 413; 10 R. P. C. 1), the plaintiffs complained of two threats—one in the form of a letter to a third party, who had inquired of the defendants whether they thought

(*c*) Per Blackburn, J., in *Wren* v. *Wield*, 1869, L. R. 4 Q. B. at p. 737.

(*d*) Per North, J., in *Day* v. *Foster*, 1890, 7 R. P. C. at p. 60; see also Lindley, L.J., in *Skinner* v. *Perry*, 1893, 1 Ch. at p. 420; 10 R. P. C. at p. 5.

(*e*) *Challender* v. *Royle*, 35 C. D. at p. 434; *Colley* v. *Hart*, 7 R. P. C. at p. 112.

(*f*) *Diamond Coal Cutter Co.* v. *Mining Appliances Co.*, 32 R. P. C. 569.

that the plaintiffs' article of manufacture infringed the defendants' patent; the other contained in a letter from the defendants to the plaintiffs themselves in reply to similar inquiries. In giving judgment for the plaintiffs, Bowen, L.J., said: "Using language in its ordinary sense, it is difficult to see that an intimation ceases to be a threat because it is addressed to a third person in answer to an inquiry, or because it is addressed to the person himself. We are not dealing with libel or questions of publication—we are dealing with threats. If I threaten a man that I will bring an action against him, I threaten him none the less because I address that intimation to himself, and I threaten him none the less because I address the intimation to a third person." The usual letter by a solicitor before issuing a writ or in proposing a compromise if conveying the intimation that the alleged infringer is incurring liability or that proceedings will be taken against him is a threat within the meaning of the section (*g*). And verbal statements will therefore probably be threats (*h*), and the use of the words "without prejudice" will not affect the matter (*i*).

Bona fides of patentee immaterial.

It is immaterial that the threat was made bonâ fide or in answer to inquiries (*j*); the question to be considered is what the defendant said or did, and not what he intended; and if damage is occasioned by the circulation of a threat, it is no reply to an action to say that damage was not intended if the threatener does not bring himself within the shelter of the proviso at the end of the section.

General warning is not threat.

The publication of a general warning to the whole world—such as, "I have a patent for such and such a machine, proceedings will be taken against any person who infringes it"—will not be actionable, since this is no more than the patent itself says; but should such warning amount by implication to a suggestion that the manufactures of a certain person are infringements of the patent referred to, and be circulated in the trade to the

(*g*) *Driffield Cake Co.* v. *Waterloo Mills Cake Co.*, 3 R. P. C. 46; L. R. 31 C. D. 638; *The Combined Weighing Machine Co.* v. *The Automatic Weighing Machine Co.*, 6 R. P. C. 502; 42 C. D. 66; *Day* v. *Foster*, 7 R. P. C. at p. 58.

(*h*) See *Kurtz* v. *Spence*, 5 R. P. C. at p. 172.

(*i*) Ibid.

(*j*) *Skinner* v. *Perry*, 10 R. P. C. at p. 8.

detriment of such manufacturer, an action will lie under the section. In *Challender* v. *Royle* (L. R. 36 C. D. at p. 441; 4 R. P. C. at p. 375), Bowen, L.J., said: "Suppose that a manufacturer is making and issuing machines which the patentee considers to be infringements of his patent, and the patentee issued a threat really directed against the manufacture and sale of those machines, I do not think he could escape from the section by wording his notice in such terms that, according to the letter, it was only a general warning to all persons not to infringe his patent" (*k*).

Save when aimed at special manufacture.

In the same case the same Lord Justice, in his judgment suggested that the language of the section would not apply to threats relating to future infringements. Commenting upon that portion of the Lord Justice's judgment in *Johnson* v. *Edge* (9 R. P. C. at p. 148), Lindley, L.J., said: "I should like to qualify that a little by saying that I think upon the true construction of this section, the section might apply to an intended infringement, provided that you could make out that the intended infringement, if carried out, would be an actual infringement." And Kay, L.J., in the same case said: "I can easily conceive one case of future infringement which would come entirely within the mischief which this section was intended to provide against. For instance, take this case: suppose a man issued a circular saying, 'I have a patent for such and such an article; I understand that Messrs. A. & Co. have recently erected a large manufactory for the purpose of manufacturing articles, which, when made, will be an infringement of my patent.' Can it be said that a case like that would not come within the mischief intended to be provided against by this section?" (*l*).

"*Any person aggrieved.*"—The right of action under the section is not limited merely to the person threatened, but any person, such as a rival patentee, to whom damage is occasioned by the issue of the threats is entitled to relief: so where circulars were issued to the trade intimating that the articles manufactured and sold by the plaintiff were infringements of

The person aggrieved.

(*k*) And see *Boneham* v. *Hirst, Ltd.*, 34 R. P. C. 209.

(*l*) See also *Kurtz* v. *Spence*, 5 R. P. C. at p. 171.

the defendants' patent and that proceedings would be taken against any person dealing with such articles, and in consequence injury was done to the plaintiff's business, it was held that the plaintiff was a person aggrieved and could maintain an action, although no threats were made to him personally (*m*).

Validity of patent may be in issue.

"*If the alleged manufacture, &c.*"—In an action brought under this section the validity of the patent may be put in issue. In *Challender* v. *Royle*, Cotton, L.J., said: "In my opinion . . . the question whether the patent of the persons making the threats is a valid patent must come into consideration if the plaintiff in the action seeks it, because I cannot see how, if a patent is invalid, there can be any act done in infringement of a legal right when the legal right depends only on the validity of that patent (*n*).

Defendant need not now be legal owner to succeed.

The words of the section immediately preceding the proviso were amended by the Act of 1919. Formerly they read, "*if the alleged infringement to which the threats related, was not in fact an infringement of any legal rights of the person making such threats*," consequently, to constitute a defence to an action under this section, not only had it to be shown that the act complained of was an infringement of the patent in question, but also that it was an infringement of the legal rights of the defendant, that is to say, the defendant had to be the legal owner of the patent and not merely possessed of a beneficial interest (*o*).

By reason of the amendment this is no longer the case, and the defendant may allege infringement although, in spite of his claim, he has no interest in the patent.

The burden of proof.

Primâ facie the burden of proof is on the plaintiff that what he has done is not an infringement of the patent but the onus may easily be shifted on to the defendant, and the

(*m*) *Kensington, &c. Electric Lighting Co.* v. *Lane-Fox Co.*, 1891, 2 Ch. 573; 8 R. P. C. 277; see also *Burt* v. *Morgan*, 4 R. P. C. 278; *Johnson* v. *Edge*, 9 R. P. C. 142; L. R. 1892, 2 Ch. 1.

(*n*) 4 R. P. C. at p. 371; L. R. 36 Ch. D. at p. 435; see also *Kurtz* v. *Spence*, 4 R. P. C. 427; *Herrburger* v. *Squire*, 5 R. P. C. 581.

(*o*) *Kensington, &c. Electric Light Co.* v. *Lane-Fox Co.*, 8 R. P. C. 277.

issues, including validity, will be tried as in an action for infringement (*p*).

"*Provided that this section shall not apply, &c.*"—In this proviso lies the most important part of the section, and many points arise in its consideration of considerable difficulty. It is proposed to deal with it first in detail, after which the effect of the proviso as a whole will be more easily understood. To take the last portion first, it is necessary that the person owning the patent should commence and prosecute an action for infringement of his patent. Before the amendment effected by the Act of 1919, the action had to be taken by the person uttering the threats but inasmuch as threats by persons other than the person claiming to be patentee are made actionable, the proviso has been amended so as to be effective if the person entitled to sue takes action although he may not be the person who has uttered the threats.

The proviso.

The infringement action.

The action need not necessarily be against the person aggrieved by the threats (*q*), since in many cases an action could not be brought against him—where, for instance, the person aggrieved is a rival patentee who does not manufacture at all.

It is immaterial whether the issue of validity is raised in the infringement action. In *Day* v. *Foster* (7 R. P. C. 54) the plaintiff, after threatening the defendant, who was a licensee under the plaintiff's patent, and also Messrs. Barrett and Elers, brought an action against the defendant for infringement and royalties; he being a licensee, was unable to dispute the validity of the patent, and consequently Messrs. Barrett and Elers were anxious to be joined as co-defendants to the action. This being refused by the plaintiff, they instituted proceedings under the section. North, J., held that the action of *Day* v. *Foster* was an action for infringement within the meaning of the proviso, and in accordance with the interpretation laid down by Cotton, L.J., in *Challender* v. *Royle* (supra): "That in order to bring the case within the proviso the action must be an

Validity need not be disputed.

(*p*) *Challender* v. *Royle*, 4 R. P. C. at p. 371; L. R. 36 C. D. at p. 435.

(*q*) *Challender* v. *Royle*, 4 R. P. C. 363; 36 Ch. D. 425.

honest action, honestly brought in order to test the validity of the patent, or the fact of infringement, whichever may be in question"; and in consequence held that the action for threats was vexatious, and directed that all further proceedings in it should be stayed.

Must be on same patent as threats.

The action for infringement must be brought in respect of the patent on which the threats are based. In *Dowson, Taylor & Co., Ltd.* v. *The Drosophore Co., Ltd.* (12 R. P. C. 95), where the threats action was in respect of four patents on which the defendant threatened, and the infringement action was in respect of one only of these four, the motion to stay the threats action was dismissed. In *Temler* v. *Stevenson & Sons* (15 R. P. C. 24) the defendants issued general threats in respect of three patents. In the action for infringement they sued on all three patents, but abandoned one of them in the statement of claim, and abandoned another after the particulars of objections had been amended, and as to the third they discontinued the action altogether after the particulars had been re-amended. Romer, J., said (at p. 31): "Of course considerations applicable to a case like this would not concern a case where there were special threats under separate patents. I am only dealing with a case like that before me, where the particular acts were done, not under a particular patent, but where there were only general threats that what the plaintiff was doing would be stopped because of the defendants' rights as patentees generally of the three patents. In this case, it seems to me that even if the action had been originally brought on the two patents alone, it would have brought them within the benefit of the proviso."

The fact that the specification of the patent has been amended after the threats and before the hearing of the action for infringement is immaterial to the protective effect of the proviso over the threats, notwithstanding that the effect of the amendment has been to make valid a patent which was invalid at the time when the threats were uttered (*r*).

The fact that an action for infringement by the patentee has

(*r*) See *Hall* v. *Stepney Spare Motor Wheel, Ltd.*, 27 R. P. C. 233, and *Stepney Spare Motor Wheel, Ltd.* v. *Hall*, 28 R. P. C. 381.

already been decided in favour of the defendant will not disentitle the patentee from issuing further threats if he can shelter himself under the proviso by beginning a fresh action for infringement and prosecuting it with due diligence (*s*).

And for same infringement.

The action for infringement must be brought in respect of the same or similar articles as those to which the threats relate (*t*). The case of *The Lycett Saddle Co., Ltd.* v. *Brooks, Ltd.* (21 R. P. C. 656), which deals with this point, requires some comment. The defendants in that case had issued threats with respect to three specific types of saddle called "L 16," "L 5," and "L 14." The plaintiffs issued their writ on November 19th, 1903. On May 9th, 1903, the defendants had issued a writ claiming damages for infringement by the manufacture of certain saddles, not specifically mentioning "L 5," "L 14," and "L 16." "L 5" and "L 14" were not manufactured at all when the action for infringement was commenced, and so could not have been included in the particulars of breaches. It would seem from the report that the learned judge considered that the saddles complained of in the infringement action and those the subject of the threats were of the same type, and he held that the case came within the proviso. The case was therefore decided upon a question of fact only, and is no authority for the proposition that the infringement sued for need not be the same as the act in respect of which the threats are made.

Bona fides essential.

As is pointed out, the action must be brought bonâ fide (*u*), and the onus of proof rests on the other party to show that the action was not in fact an honest one (*v*), and so to bring the action for threats under the old common law rule requiring malice.

Due diligence.

"*Is commenced and prosecuted with due diligence.*"—In considering whether such an action is brought with due diligence, the time of issuing the threats, and not the time when the

(*s*) *Waite and Saville, Ltd.* v. *Johnson Die Press Co.*, 18 R. P. C. 1.

(*t*) *Combined Weighing Machine Co.* v. *The Automatic Weighing Machine Co.*, 6 R. P. C. 502; 42 Ch. D. 665.

(*u*) *Challender* v. *Royle*, L. R. 36 Ch. D. at p. 439; 4 R. P. C. 363; *Colley* v. *Hart*, 7 R. P. C. at p. 112; 44 Ch. D. 179.

(*v*) *Colley* v. *Hart*, 7 R. P. C. at p. 112.

party bringing the action first knew of the acts which he alleges to be infringements, is the period to be looked at (*w*), and it is immaterial whether the action is brought before or after the commencement of the threats action (*x*).

The Courts have refused to consider threats made after an action has been commenced for infringement, as contempt of court (*y*).

Where threats of proceedings were made by the patentee to another for the space of three years, after which continuous negotiations took place between the parties and further complaints made, it was held that an action for infringement brought on the termination of those negotiations by the patentee disclosed no lack of due diligence (*z*).

Infringement action need not be successful.

The section does not require that the action should be prosecuted to a successful termination, and the extent to which the action must be prosecuted will depend largely on the circumstances of the case.

In *Colley* v. *Hart* (7 R. P. C. 101; 44 Ch. D. 179), the facts were as follows:—On September 15th, 1888, the defendant issued a circular threatening proceedings against the plaintiff, amongst others. On the 22nd of the same month the plaintiff commenced an action to restrain the threats of the defendant; on December 6th the defendant commenced an action for infringement against the plaintiff, and delivered particulars of infringement in February in the following year, and on May 13th delivered his statement of claim. On November 7th, after the close of the pleadings, but before trial, the defendant abandoned his action for infringement. It was held that this action had been prosecuted with due diligence within the meaning of the proviso in the section. In his judgment, North, J., said (7 R. P. C. at p. 111): "Under those circumstances, of course, he is exactly in the

May be discontinued.

(*w*) *Challender* v. *Royle*, L. R. 36 Ch. D. at p. 437.

(*x*) *Combined Weighing Machine Co.* v. *Automatic, &c. Co.*, 6 R. P. C. 502; *Berliner* v. *The Edison-Bell Phonograph Co.*, 16 R. P. C. 336; *Haskell Golf Ball Co.* v. *Hutchison*, 21 R. P. C. 497.

(*y*) *Dunlop Pneumatic Tyre Co.* v. *Clifton Rubber Co.*, 19 R. P. C. 527; *Haskell Golf Ball Co.* v. *Hutchison*, 21 R. P. C. 497.

(*z*) *Edlin* v. *Pneumatic Tyre, &c. Agency*, 10 R. P. C. 311.

same position by discontinuing a hopeless action before trial as he would have been in if he had prosecuted it to trial, and had then failed. As failure at the trial would not have prevented the action being one within the proviso, so, in my opinion, the discontinuance before trial does not put him in a worse position than if he had carried it to trial."

In *The English and American Machinery Co.* v. *The Garc Machine Co.* (11 R. P. C. 627), the facts were very similar to those in *Colley* v. *Hart* (supra), but in this case the defendants abandoned their infringement action before delivering their reply. It was held by Chitty, J., approving of the decision of North, J., in the earlier case, and upon the same grounds, that due diligence had been exercised in the prosecution of the action for infringement.

But where the defendant showed great delay in taking proceedings for infringement, in accordance with his threats, and, further, it appeared that he only took such proceedings in order to escape from the liability to which he had exposed himself by reason of those threats, it was held that such proceedings were not sufficient to satisfy the proviso (*a*).

On the other hand the mere fact that the patentee has been advised, even by a competent person, that his action must fail does not make the action the less bonâ fide (*b*).

The question of "due diligence" is therefore one of fact.

Infringement raised by counterclaim.

The action for infringement may be raised by way of counterclaim, and if the proviso be relied on, it will be a question of fact whether such a claim is brought with sufficient diligence (*c*).

Stay of threats action.

If an action to restrain threats has been commenced and stayed pending an action for infringement, and the action for infringement is not prosecuted with due diligence, the stay upon the first action will be removed, and an injunction will be granted.

In *The Fusee Vesta Co.* v. *Bryant and May* (4 R. P. C. 191), the action, which was one for infringement of the plaintiffs'

(*a*) See, *e.g.*, *Herrburger* v. *Squire*, 5 R. P. C. at p. 594.

(*b*) *Craig* v. *Dowding*, 25 R. P. C. 259; and see *Colley* v. *Hart*, supra.

(*c*) *Appleby Twin Roller Chain Co.* v. *Albert Eadie Chain Co.*, 16 R. P. C. 318.

patent, was stayed, pending the amendment by the plaintiffs of their specification. During the stay, and prior to amendment, the plaintiffs circulated post-cards among the customers of the defendants, threatening legal proceedings. On a motion by the defendants for an injunction to restrain such threats, Kay, J., granted the injunction applied for to extend to the trial of the action, or further order, the plaintiffs to pay the costs of the motion.

The effect of commencing and prosecuting an action for infringement with due diligence is to nullify the whole of the section, that is to say, its provisions cease to apply, and the rights of the person threatened are confined to those which existed prior to the Act of 1883. What those rights were has already been indicated at the commencement of the present chapter. There it was pointed out that damages could only be recovered when the threats were malicious; but since the action to satisfy the proviso must be a bonâ fide one, and, in fact, it has been suggested that that action was required as a sort of test whether the threats were bonâ fide or not (*d*), it would be practically impossible to recover damages upon the plea that the threats were in fact malicious. The result is that in such a case the only course opened to persons threatened, where the action for infringement has been dropped, as in *Colley* v. *Hart* (supra), and the question of infringement never tested in the Court, is to apply for an injunction to restrain the further issue of threats; but it is doubtful whether such an injunction would be granted under the circumstances, since, it being presumed that the threats were bonâ fide (*e*), the abandonment of the proceedings for infringement would imply, of necessity, that those threats would not be continued, and injunctions are only granted where there is a probability of the continuance of the acts complained of. Moreover, in the event of the renewal of the threats, the right of action under the section would be revived.

Proper course to pursue.

Where an action for infringement has been commenced after

(*d*) *Challender* v. *Royle*, L. R. 36 Ch. D. at p. 439.

(*e*) See *Dredge* v. *Parnell*, 13 R. P. C. at p. 393; *Incandescent Gas Light Co.* v. *Sunlight Incandescent Gas Lamp Co.*, 14 R. P. C. at p. 188.

the institution of proceedings under the section the proper course for the parties to pursue in the threats action was indicated by Kekewich, J. (*f*). The patentee should take steps to get rid of the threats action, or to put a stay upon it, so that no unnecessary cost should be incurred, and in that case, where it appeared that the patentees had insisted upon having the threats action set down for trial and disposed of, the learned judge, at the close of his judgment, said: "If I could with propriety make them (the patentees) pay the costs, I should be disposed to do so. I cannot do that. I dismiss the action; but I certainly shall dismiss it without costs."

But on a motion to stay an action for threats, on the ground that an action for infringement is being prosecuted, it must be shown that the letters patent, which are the subject-matter of the two actions, are the same. So where the threats action was in respect of four patents on which the defendant threatened, and the infringement action was in respect of one only of these four, the motion to stay the threats action was dismissed (*g*). But where the defendant has threatened, on the strength of several patents, he is not compelled to use all of them in the infringement action (*h*) (see p. 310, supra).

General effect of section.

The effect of the section, taken as a whole, is not to deprive a patentee of the power, or it may be termed the duty (*i*), of warning infringers before rushing into litigation; but it does limit that power to one class of patentees, that is to say, only a man who is in possession of a patent which he is willing and intends to support in a Court of law may threaten others with legal proceedings in respect of it. A. may be infringing through ignorance, B. through design, but both possibly would desist on receipt of a warning. But when an alleged infringer shows that, in spite of the warnings, he has no intention of desisting from the acts complained of, the patentee must put his threat

(*f*) *Combined Weighing, &c. Co.* v. *Automatic, &c. Co.*, L. R. 42 Ch. D. 665.

(*g*) *Dowson-Taylor Co., Ltd.* v. *The Drosophore Co., Ltd.*, 12 R. P. C. 95.

(*h*) *Temler* v. *Stevenson & Sons*, 15 R. P. C. 34; *Lycett Saddle Co.* v. *Brooks*, 1904, 21 R. P. C. 656.

(*i*) Per Jessel, M.R., in *Halsey* v. *Brotherhood*, L. R. 15 Ch. D. at p. 517.

into execution, by which means alone can he escape liability under the provisions of this section.

Interlocutory injunction.

In *Challender* v. *Royle* (L. R. 36 Ch. D. at p. 435), upon the subject of an interlocutory injunction to restrain threats, Cotton, L.J., said: "I think, however, that before going to the proviso I ought, having regard to the judgment of the Vice-Chancellor, to state my opinion as to how the matter ought to be dealt with in an interlocutory application. As far as I understand the Vice-Chancellor, he seems to have considered that he could not enter, or that he need not enter, at this stage of the cause into the question whether the sale of the plaintiff's tap-unions was an infringement of the defendant's patent, or whether that patent was a valid patent, and that all he need consider was the balance of convenience and inconvenience as between these parties in granting or refusing the interlocutory injunction. I must express my dissent from that view. It is very true that in all cases of interlocutory injunction the Court does consider and ought to consider the balance of convenience and inconvenience in granting or refusing the injunction. But there is another and very material question to be considered—Has the plaintiff made out a primâ facie case? That is to say, if the evidence remains as it is, is it probable that at the hearing of the action he will get a decree in his favour? Therefore, though I quite agree that the Court ought not on an interlocutory injunction to attempt finally to decide the question whether the act complained of is an infringement, or (if the question of the validity of the patent is raised) whether the patent is a valid one or not, yet in my opinion it ought to be satisfied that on one or both of these points the plaintiff in the action has made out a primâ facie case, and unless the Court is so satisfied it would be wrong to grant an injunction merely on the ground that it cannot do the defendant any harm."

In *Colley* v. *Hart* (6 R. P. C. 17), which was a motion for an interlocutory injunction to restrain threats, North, J., said: "When there is a doubt whether the thing does infringe what he calls his rights or not, the fact that the defendant refrains from bringing an action to assert his rights is a fact I

cannot leave out of consideration in forming an opinion as to whether he has such rights or not."

Usual interlocutory order.

The usual order is that the action be stayed until after the trial of the infringement action which the defendant undertakes to begin, commence and prosecute with due diligence, the threats to be discontinued, costs in the threats action to abide the result of the infringement action, with liberty to apply to remove the stay if the action for infringement be not commenced and prosecuted with due diligence (*j*).

Form of injunction.

The injunction being by far the more important remedy, it seldom occurs that a substantial sum in damages is asked for or granted. The form of injunction granted in *Mountain* v. *Parker and Smith* (20 R. P. C. at p. 774) is given in the Appendix.

Damages.

The best course is for the judge to assess the damages at the trial. They are usually problematical, and depend upon a general impression of the case rather than upon a close examination of figures, and the cost of a reference for inquiry would be as a rule quite out of proportion to the amount that could be awarded. See, for example, *Ungar* v. *Sugg* (9 R. P. C. 113) (*k*).

Particulars.

The defendant in an action under this section is entitled to particulars of the threats upon which the plaintiff relies (*l*), and if the validity of the patent is put in question the general rules relating to particulars of objections will apply (*m*). Those rules will be considered in detail hereafter.

Where there was a doubt upon which patents the defendants had based their threats, the Court ordered that the defendants should deliver to the plaintiffs a list of such patents (*n*).

(*j*) *Mackie* v. *Solvo Laundry Co., Ltd.*, 9 R. P. C. 465; *Wrightson* v. *Taylor*, 24 R. P. C. 347, and see as to the costs of the threats action thus stayed *Metropolitan Gas Meters, Ltd.* v. *British Automatic Controlling Co.*, 29 R. P. C. 680.

(*k*) But see *Skinner* v. *Perry*, 11 R. P. C. 406; *Hoffnung* v. *Salsbury*, 16 R. P. C. 375.

(*l*) *Law* v. *Ashworth*, 7 R. P. C. 86.

(*m*) Ibid., and *Union Electrical Power Co.* v. *Electrical Power Storage Co.*, 5 R. P. C. 329.

(*n*) *Union Electrical Power Co.* v. *Electrical Storage Co.*, 5 R. P. C. 329; 38 Ch. D. 325.

And where the plaintiffs alleged that the threats were made by the defendants' agents, it was held that the defendants were entitled to particulars of the names of those agents (*o*).

(*o*) *Dowson-Taylor* v. *The Drosophore Co.*, 11 R. P. C. 536.

CHAPTER XVI.

ACTION FOR INFRINGEMENT.

I. PARTIES.

AN action for infringement is the remedy which the patentee has, and the means which is given to him for enforcing his patent privileges.

The courts are bound to take notice of the patent, and are bound to give legal effect to it, provided it cannot be shown to have been granted contrary to law.

Plaintiff. *The Plaintiff.*—The original grantee, it is obvious, so long as he has not parted with the whole of his interest in the patent, may be a plaintiff. And so may the assignee of a patent, even though he have acquired the right by assignment of two separate moieties, and the party sued be the original grantee (*a*).

Assignees.

Joint owners. One of several joint owners of a patent may bring an action in his own name to restrain infringement, or for damages, without joining his other co-owners (*b*).

The assignee of a portion of a patent may sue for an infringement of that part. Erle, C.J., in giving judgment in *Dunnicliff* v. *Mallett* (7 C. B. N. S. at p. 209), said: "The question is whether an assignment of part of a patent is valid. I incline to think that it is. It is every day's practice for the sake of economy to include in one patent several things which are in their nature perfectly distinct and severable. . . . Being therefore inclined to think that a patent severable in its nature may be severed by the assignment of a part, I see no reason for holding that the assignee of a separate part which is the subject of infringement may not maintain an action."

(*a*) *Walton* v. *Lavater*, 8 C. B. N. S. 162; 29 L. J. C. P. 275; see p. 222, supra.

(*b*) *Sheehan* v. *Great Eastern Railway Co.*, 16 Ch. D. 59, and see p. 220, supra.

The plaintiff in such an action would not be allowed to sever his part from the rest of the patent, and he would be liable to be defeated if it could be shown that the patent in any of its parts was void. But, on the other hand, he would have to show that his part alone would have been sufficient to support a patent, *i.e.*, that it contains a new and useful invention. Sect. 14, sub-sect. 2, however, of the Act of 1907 (corresponding to sect. 33 of the Act of 1883) provides, "*Every patent . . . shall be granted for one invention only, but the specification may contain more than one claim; and it shall not be competent for any person in an action or other proceeding to take any objection to a patent on the ground that it has been granted for more than one invention.*"

Assignee for a district.

By sect. 14, sub-sect. 1, "*A patentee may assign his patent for any place in or part of the United Kingdom, or Isle of Man, as effectually as if the patent were originally granted to extend to that place or part only.*" The assignee for a district will be in a position to bring an action for infringement, but it is obvious that the infringement must be within his district, otherwise he will be unable to prove damage.

The requirement that titles shall be registered has been made stringent under the new sections introduced by the Act of 1919. The patentee is now defined as "*the person for the time being entered on the register as the grantee or proprietor of the patent.*" By the new sect. 71 assignments and transmissions of interest have to be registered, and by sub-sect. (3): "*The person registered as the proprietor of a patent or design shall subject to the provisions of this Act and to any rights appearing from the register to be vested in any other person, have power absolutely to assign, grant licenses as to or otherwise deal with the patent or design, and to give effectual receipts for any consideration for any such assignment, license or dealing: Provided that any equities in respect of the patent or design may be enforced in like manner as in respect of any other personal property.*

(4) "*Except in applications made under section seventy-two (c) of this Act, a document or instrument in respect of*

(c) For rectification of the Register.

which no entry has been made in the register in accordance with the provisions of sub-sections (1) *and* (2) *aforesaid, shall not be admitted in evidence in any court in proof of the title to a patent or copyright in a design or to any interest therein unless the court otherwise directs.*"

In *Duncan* v. *Lockerbie and Wilkinson, Ltd.* (29 R. P. C. 454), the plaintiff had before the date of the writ assigned his patent to a trustee for the benefit of creditors, and after the writ had been issued the trustee re-assigned the patent to the plaintiff. The assignment to the trustee did not appear on the register, and Neville, J., held that at the date of the writ, the plaintiff, being the registered proprietor, had the right to sue.

Legal owner must be party

An equitable assignee cannot sue without joining the legal owner. In *Bowden's Patent Syndicate, Ltd.* v. *H. Smith & Co.* (1904, 2 Ch. 86; 21 R. P. C. 438), the facts were as follows: In 1897 B. applied for a patent. By a deed in the same year B. assigned to the plaintiffs the benefit of this application. The patent was subsequently granted to B., and of course was dated as of the day of application. In June, 1903, the plaintiffs issued the writ in this action, and in October, 1903, B., in pursuance of the deed of 1897, assigned the letters patent to the plaintiffs. B. had since died. It was held that as the patent was not granted at the time of the assignment of 1897 that assignment was equitable only, and consequently the plaintiffs at the date of the issue of the writ were not the legal owners of the patent and could not sue. They were allowed to amend the writ and statement of claim by adding the executors of B.

It will be noticed that sub-sect. (4) of sect. 71 prevents evidence being given of any unregistered documents which should have been registered under sub-sects. (1) and (2), and under these sub-sections the duty of registering is thrown on the shoulders of the assignee or grantee. But an assignor suing for the purchase price or on a covenant in the assignment, or a licensor suing for royalties, would not be bound to prove registration as the document is not used in proof of title to or any interest in a patent.

Licensees cannot sue.

A mere licensee would have no exclusive right to use the

invention; he is only a person who is permitted to use it. The grantor of such a license might grant a dozen other such licenses without prejudicing the rights of the licensee; and although an exclusive licensee has a right of property in the monopoly, and stands very much in the same position as an assignee for a district, yet he cannot sue infringers (*d*).

This principle, however, has not been followed in Scotland, where it has been held that an exclusive licensee may sue (*e*).

Licensees under sects. 24 and 27.

Sub-sect. (1) (d) of sect. 24 and sub-sect. (3) (b) of sect. 27 enable licensees under licenses granted by the Comptroller to sue infringers if the patentee neglects to sue, making the patentee a defendant, and if the patentee does not appear he is not under any liability as to costs.

Trustees in bankruptcy and executors.

The assignees or trustees in bankruptcy of a patentee may maintain action for infringement in their own name (*f*), and so may the executors or administrators of a patentee.

Mortgagee cannot sue.

A mortgagee of a patent is not a necessary party in an action for infringement of that patent (*g*), and he cannot sue infringers, inasmuch as although an assignee he is registered as mortgagee and not as proprietor (*h*).

A mere agent to introduce, sell, and grant licenses for the use of a foreign patent in this country is not entitled to take proceedings to restrain infringement (*i*).

Defendants.

As defendants, any person infringing is liable (*j*).

A company, to whom the business of the defendants was assigned while an action for infringement of a patent was pending against them, could not be joined as co-defendants in that action (*k*).

Effect of contract of indemnity.

But where an indemnity was given to the defendants, after the commencement of the action, by a third party who had manufactured the infringing articles, it was held that the

(*d*) See p. 224, supra.

(*e*) *Cochrane & Co.* v. *Martin's (Birmingham), Ltd.*, 28 R. P. C. 284; *Scottish Vacuum Cleaners Co.* v. *Provincial Cinematograph Theatres, Ltd.*, 32 R. P. C. 353.

(*f*) See p. 214, supra.

(*g*) *Van Gelder* v. *Sowerby Bridge Flour Co.*, 44 C. D. 374; 7 R. P. C. 208.

(*h*) Ibid.

(*i*) *Adams* v. *North British Railway Co.*, 29 L. T. N. S. 367.

(*j*) See Chap. VII.

(*k*) *Briggs* v. *Lardeur*, 2 R. P. C. 13.

person giving such an indemnity should be joined as a party under R. S. C. Order XVI., r. 48 (*l*), but such third party will only be bound by the decision of the Court so far as such decision falls within the terms of the order by which he was directed to appear, and if the plaintiffs neglect to amend by joining him as a defendant they will not be able to obtain an injunction against him as well as against the actual defendant (*m*).

Manufacturers need not be joined.

The manufacturer and patentee of a machine, the use of which is claimed to be an infringement of another patent, cannot compel the plaintiff to join him as a co-defendant with the person by whom the machine was used and against whom the action for infringement was brought (*n*).

Directors of company.

Where a company is defendant, and its financial position is unsound, it may be advisable to join the directors as defendants, inasmuch as they are equally liable with the company as joint tort feasors (*o*).

Carriers.

An action is properly brought by the patentee against a company who are innocent carriers of infringing articles, to restrain them from dealing with or handing over such articles to other persons, and on the discovery of the name of the consignee, such consignee should be joined as a co-defendant in the action (*p*).

II. Pleadings.

The writ.

Writ.—An action for infringement is commenced by writ issued out of the High Court of Justice.

The writ may be issued either in the King's Bench or in the Chancery Division, but the machinery of the latter tribunal is the more suitable, and is the more generally used.

County Court.

Where the validity of the patent is put in issue the County Court has no jurisdiction to entertain an action for infringement inasmuch as a patent confers a "franchise" within the meaning

(*l*) *Edison* v. *Holland*, 3 R. P. C. 395.

(*m*) *Edison* v. *Holland*, 6 R. P. C. 243, 286.

(*n*) *Moser* v. *Marsden*, 9 R. P. C. 214.

(*o*) See, *e.g.*, *Welsbach Incandescent Gas Light Co.* v. *New Incandescent Gas Lighting Co. and Ors.*, 17 R. P. C. at p. 247.

(*p*) *Washburn and Moen Manufacturing Co.* v. *Cunard Steamship Co.*, 6 R. P. C. 398.

of the sect. 56 of the County Courts Act, 1888 (*a*). If infringement were the only issue, and the amount claimed as damages were within £100, there would seem to be no reason apart from practice and convenience why the action should not be so tried, but the authors do not know of any case where the attempt has been made. Actions for royalties have been tried in the County Court (*b*).

The Court of the County Palatine of Lancaster has jurisdiction to hear actions for infringement and to decide the issue of validity.

In nearly all actions for infringement, the writ is indorsed with a claim for (1) an injunction; (2) damages; and (3) delivery up to the plaintiffs or destruction of all infringing articles in the possession of the defendants. If the patent has expired there cannot, of course, be a claim for an injunction.

Service of a writ in Scotland for an infringement in England will be allowed (*c*).

The practice is regulated by Order LIIIA. of the Supreme Court Rules. In addition to the special rules of this order, the ordinary rules apply where applicable (*d*).

By sect. 94, sub-sect. 1, nothing is to affect the forms of process in Scotland, and, apart from rules which may be made by the Scottish Courts, the practice seems to remain what it was under the Act of 1883, so far as particulars and costs are concerned, for the English Supreme Court Rules do not apply to Scotland (*e*).

Statement of claim.

Statement of claim.—Order XIX., rule 4, requires all material facts to be pleaded, and prohibits the pleading of evidence. Rule 5 is as follows:—"The forms in Appendices (C., D. and E.), when applicable, and where they are not applicable forms

(*a*) *Reg.* v. *County Court Judge of Halifax*, 1891, 1 Q. B. 793; 8 R. P. C. 344.

(*b*) See *Cutlan* v. *Dawson*, 14 R. P. C. 249.

(*c*) *Speckhart* v. *Campbell, Achnach & Co.*, Solr. Journ. Feb. 2nd, 1884; Vol. 28, p. 254; W. N. (84) 24.

(*d*) See *Haddan's Patent*, 54 L. J. Ch. 126; Griff. P. C. 108 (decided before O. LIIIA.).

(*e*) And see *Mica Insulators Co., Ltd.* v. *Bruce, Peebles & Co., Ltd.*, 22 R. P. C. 527.

of the like character, as near as may be, shall be used for all pleadings, and where such forms are applicable and sufficient, any longer form shall be deemed prolix, and the costs occasioned by such prolixity shall be disallowed to or borne by the party so using the same, as the case may be."

The forms mentioned relate to pleadings in an action for the infringement of a patent, but there is no provision made for the case where infringement has only been threatened, nor for the case when a mandatory order or an account of sales and profits is required.

The statement of claim should allege that the plaintiff is the grantee or registered legal owner of the letters patent, and if his title is derived by assignment he should set forth the devolution; this, however, is not strictly necessary.

It is unnecessary to allege either that the plaintiff or the original patentee was the first and true inventor (*f*), or that the invention is new (*g*). If the specification has been amended, it is better to plead the fact, and that the original specification was framed in good faith and with reasonable skill and knowledge (*h*), since, by sect. 23 of the Act of 1907 (see p. 211, ante), no damages are recoverable in respect of infringements committed prior to the decision allowing the amendment unless the patentee can satisfy the Court that it was so framed.

If a certificate of validity has been granted in a previous action so as to entitle the plaintiff to solicitor and client costs under sect. 35 of the Act of 1907 (sect. 31 of the Act of 1883), the certificate and the claim to such costs should be pleaded (*i*).

Two or more patents may be sued on at one and the same time if the different issues can be conveniently tried together.

Particulars of breaches.

Particulars of breaches.—Particulars of breaches were required to be delivered in every action for the infringement of a patent by sect. 41 of the Patent Law Amendment Act, 1852, and by sect. 29, sub-sect. 1, of the Act of 1883. Rules 13, 16, 19, 20 and 21 of Order LIIIA., have replaced these statutory

(*f*) See *Ward* v. *Hill*, 18 R. P. C. 491.

(*g*) *Amory* v. *Brown*, L. R. 8 Eq. 663.

(*h*) *Kane and Pattison* v. *Boyle*, 18 R. P. C. at p. 337.

(*i*) *The Pneimatic Tyre Co.* v. *Chisholm*, 13 R. P. C. 488.

The new rules.

requirements and are as follows: "(13) *In action for infringement of a patent, the plaintiff must deliver with his statement of claim particulars of the breaches relied upon.*

"(16) *Particulars of breaches shall specify which of the claims in the specification of the patent sued upon are alleged to be infringed, and shall give at least one instance of each type of infringement of which complaint is made.*

"(19) *Particulars of breaches and particulars of objections (j) may from time to time be amended by leave of the Court, upon such terms as may be just.*

"(20) *Further and better particulars of breaches or particulars of objections may at any time be ordered by the Court.*

"(21) *At the hearing of any action, petition, or counterclaim relating to a patent, no evidence shall, except by leave of the Court (to be given upon such terms as to the Court may seem just), be admitted in proof of any alleged infringement or objection not raised in the particulars of breaches or objections respectively.*"

The practice as formulated by these rules is substantially the same as that under sect. 29, sub-sect. 1, of the Act of 1883.

Purpose of particulars of breaches.

Particulars of breaches are particulars of the times, places, occasions, and manner in which the plaintiff says the defendant has infringed his letters patent. The defendant must have full, fair, and distinct notice of the case to be made against him (*k*). In *Batley* v. *Kynoch* (L. R. 19 Eq. at p. 231), Sir James Bacon, V.-C., said: "All that is required and provided by the Patent Law Amendment Act, 1852, which has made no alteration in the practice to be observed in these cases, is that the defendants shall not be taken by surprise, and it is the duty of the judge to take care that by the particulars of breaches they shall have full and fair notice of the case that they will have to meet."

It had, prior to the passing of the Patent Law Amendment Act, 1852, been the practice of the Courts to compel plaintiffs to give particulars of breaches, and the cases which

(*j*) See p. 334, infra.

(*k*) *Needham* v. *Oxley*, 1863, 1 H. & M. 248; *Mandleberg* v. *Morley*, 10 R. P. C. 256.

were then decided as to the sufficiency of particulars are applicable now; for then, as now, the object was that the defendant should be warned with reasonable certainty of the case that was to be made against him.

The plaintiff cannot be required to place a construction upon his patent in his particulars of breaches (*l*).

Differ from particulars of objections.

The requirements of particulars of objections differ materially from those of particulars of breaches. In the case of objections taken by the defendant to the plaintiff's patent, it is essential that each objection should be set out in detail and that the defendant should be tied down to the particular instances of anticipation which he discloses in those particulars, since the objections to be taken by the defendant at the trial cannot otherwise lie within the plaintiff's knowledge, whereas in the case of particulars of breaches, to use the words of Bristowe, V.-C. (*m*): "You must always bear this in mind, that the plaintiff, asserting his patent, knows what he claims, and he says, 'I tell the public according to that which I am bound to do by the specification that which I do claim'; and the defendant well knows, or the defendants, as in this case, perfectly well know what they are doing." Consequently to fulfil the object for which such particulars are required, it is only necessary for the plaintiff to indicate what patent or portions of what patent he relies upon and by what act he considers the defendant to have infringed, and if these two points be made clear without adducing specific instances, that will be sufficient (*n*).

Rule 16, in so far as it refers to the necessity of specifying, in all cases, the claiming clauses which are alleged to be infringed, follows what was substantially the practice before the rule in cases where the specification included a number of claims.

There is no objection, however, to a plaintiff stating that he relies on *all* the claims of his specification, and it is a matter of costs at the trial if this course has been taken unreasonably (*o*).

(*l*) *Wenham Co.* v. *Champion Gas Co.*, 8 R. P. C. 22.

(*m*) *Cheetham* v. *Oldham*, 5 R. P. C. at p. 626 (and see cases therein cited).

(*n*) *Aktiengesellschaft für Anilin* v. *Levinstein*, 29 R. P. C. 677.

(*o*) *Haslam & Co.* v. *Hall*, 4 R. P. C. at p. 206.

Type of infringement should be specified.

It has been customary to state that the patent has been infringed and "in particular by the sale, on the 3rd day of May, 1909, to one A. B., of an article constructed according to the invention described and claimed in claim No. —." This has been for the purpose of identifying the type of act complained of, and technically proving it if denied. The giving of the instance is merely for identification purposes, and a defendant does not limit his rights to damages to the example only. "It lies on the party who alleges that for the honest purpose of his litigation he wants further information or limitation, to satisfy the Court that he is really placed in a difficulty by the particulars as they stand" (*p*).

Infringements after action brought.

When an action is brought in respect of a particular type of infringement, and to restrain the threatened infringement by continued manufacture of that type (the usual way in which an action is framed), the plaintiffs will not be allowed to give evidence of infringements of a different type committed after action brought to justify the allegation of intention to infringe; the proper course is to apply to amend the particulars of breaches (*q*).

Further particulars of breaches have sometimes been postponed to discovery on the ground that the defendant knew the breaches which he had committed better than the plaintiff (*r*).

Degrees of particularity required against vendor.

Where an action is brought against the vendor of articles alleged to have been made by a process which infringed the plaintiff's patent, a greater degree of precision is required in the particulars of breaches than if the defendant had been the manufacturer himself.

In *Mandleberg* v. *Morley* (10 R. P. C. at p. 260), Stirling, J., said: "Now if a manufacturer is attacked for infringing a patent by a particular process he does not want to be told in the shape of particulars, or otherwise, what the process is he is using. He knows what the process he is using is. But it is a very different thing with respect to a vendor. The

(*p*) Per Wills, J., in *Huslam & Co.* v. *Hall*, 4 R. P. C. at p. 207.

(*q*) *The Shoe Machinery Co., Ltd.* v. *Cutlan*, 12 R. P. C. 342; *The Welsbach Incandescent Light Co., Ltd.* v. *Dowle*, 16 R. P. C. 391.

(*r*) *Russell* v. *Hatfield*, Griff. P. C. 204; 2 R. P. C. 144.

vendor does not know with certainty what process is being used by the person from whom he himself buys, and who manufactures the article."

In that case the particulars of breaches alleged that: "The plaintiffs complain that each of the said letters patent of the plaintiffs have been infringed by the sale and exposure for sale by the defendants of each of the said garments known as 'The Champion,' and 'The Distingué,' and by the sale and exposure for sale of other waterproof garments made by the manufacturers of 'The Champion,' 'The Distingué,' and 'The Tropical Odourless,' but not bearing their distinguishing names, but which unnamed garments are manufactured by similar processes to the three named garments." It was held that the reference to unnamed garments was not sufficiently specific, as it was not clear that the unnamed garments referred to were substantially the same as those which were specifically mentioned.

If the particulars delivered are too general, the defendant should apply for further and better particulars.

Evidence admitted if within particulars.

If at the trial evidence is tendered which comes within the literal meaning of the particulars it will be admitted, notwithstanding that the particulars are too general, as the defendant should have objected to the particulars, and not have waited until the trial to take his objection (*s*).

The plaintiff having delivered particulars of breaches specifying certain sales by the defendant of rollers, and in particular to Shaw and Smith, the defendant, in answer to interrogatories, admitted sales to Hirst. Fry, J., in giving judgment, said: "In this case I think I must admit the evidence tendered in respect of Hirst's case. It is said that in respect of those cases which are not mentioned by name in the particulars of breaches, the plaintiff cannot give evidence. It may be that the particulars were not sufficient, or tended to embarrass. But the defendant did not apply for amended particulars, according to the case of *Hull* v. *Bollard*. It appears to me I have to inquire what is the meaning of the particulars. I find the case of Hirst is within the literal meaning of the particulars.

(*s*) *Hull* v. *Bollard*, 25 L. J. Ex. at p. 306.

If I had found that the case of Hirst was likely to create surprise, or likely to introduce any point not raised by Smith's or Shaw's case, I should probably have given an opportunity to the defendant to bring fresh evidence. I have asked whether there is any witness not here whom the defendants would desire to bring in respect of Hirst's case, and have received no satisfactory answer on that point, and must assume that there is no such witness" (*t*).

Conversely, where the particulars of breaches complained of infringement by user only, the Court refused to enter into the question as to whether there had been infringement by manufacturing the articles complained of (*u*).

Particulars of breaches may also be ordered in actions which are not strictly actions for infringement or petitions for revocation; this is done under the ordinary jurisdiction of the Court. In an action charging that the defendant falsely and maliciously wrote and told persons who had bought certain machines of the plaintiff's that the machines were infringements of his the defendant's patents, the defendant having pleaded not guilty, the Court ordered the defendant to deliver particulars, showing in what part the plaintiff's machines were an infringement of the defendant's patents, and pointing out, by reference to the page and line of the defendant's specifications, which part of the inventions therein described he alleged to have been infringed (*v*).

Where infringement alleged to be contemplated in future.

Where the plaintiff claiming an injunction relies on certain acts of the defendant as evidence of an intention to infringe in the future, the defendant is entitled to full notice of the nature of the infringements he is alleged to be contemplating, especially where such acts have been committed since action brought (*w*), and the plaintiff will not be permitted to adduce evidence thereof unless such notice has been given.

(*t*) *Sykes* v. *Howarth*, L. R. 12 Ch. D. 826.

(*u*) *Henser* v. *Hardie*, 11 R. P. C. 421, 427.

(*v*) *Wren* v. *Weild*, L. R. 4 Q. B. 213.

(*w*) See *The Shoe Machinery Co.* v. *Cutlan*, 12 R. P. C. 357; *Welsbach Incandescent Light Co.* v. *Dowle*, 16 R. P. C. 391.

DEFENCE.

The following defences are available to a defendant to an action for infringement. **Defences available.**

1. He may deny the plaintiff's title to the letters patent sued on.
2. He may plead the leave and license of the patentee, specifying the circumstances.
3. He may deny that he has committed the acts complained of in the particulars of breaches.
4. He may deny that the acts complained of are infringements of the letters patent.

   [Nos. 3 and 4 are included under a mere denial of infringement.]
5. He may allege that at the date of the letters patent sued on the alleged infringing manufacture made, used, or sold by him was not new (see p. 119, ante).
6. He may allege that the letters patent are invalid, in which case he must deliver particulars of objections to the validity.
7. He may allege that in a contract made after the passing of the Act of 1907, if such contract is in force at the time, relating to the sale or lease of, or licence to use or work any article or process protected by the patent, there exist certain conditions which are made void by sect. 38 (constituted a defence by sect. 38, sub-sect. 4).
8. As a defence to a claim for damages (but not to a claim for an injunction) on a patent granted after the commencement of the Act of 1907, he may allege that at the date of the infringement he was not aware, nor had reasonable means of making himself aware, of the existence of the patent (constituted a defence to a claim for damages by sect. 33 of the Act of 1907).

Estoppel. An assignor who has covenanted for the validity of the patent is estopped from alleging invalidity in an action for infringement brought against him by the assignee (see p. 222 *et seq.*).

A licensee is always estopped from denying the validity of the patent or the title of his licensor (see p. 228 *et seq.*).

Where there are several defendants, an estoppel may operate against one and not against the others, and in an action against partners, one of the partners by putting in a separate defence may be able to free himself from the effect of the estoppel which prevents his partner from raising the issue of validity (*a*).

Judgment having been recovered against the defendant in an action for infringement, such defendant cannot plead the invalidity of the patent as a defence to a subsequent action brought against him for an infringement of the same patent; he is estopped by the first judgment, and this is so, even though the first judgment was entered by consent (*b*), and the defendant will not even be allowed to raise the question of validity on new grounds (*c*).

But where the defendants in the second action are not the same as those in the first, there will be no estoppel (*d*), though in such a case, if the patent had been previously upheld by a court of co-ordinate or superior jurisdiction, strong additional evidence will be required in order to reverse the previous finding, and the Court will usually hold itself bound by previous decisions in the question of the construction of the patent (*e*).

Similarly, if the patent has been held invalid in a previous action it will be a bar to a subsequent action for infringement between the same parties (*f*). But if the ground of invalidity has been removed by amendment of the specification there will be no estoppel (*g*).

"An estoppel must be certain to every intent and not be taken by argument or inference" (*h*), so where a question of infringe-

(*a*) *Hough and Chamberlain*, 25 W. R. 742; *Goucher* v. *Clayton*, 1865, 11 Jur. N. S. 107.

(*b*) *Thomson* v. *Moore*, 6 R. P. C. 426; 7 R. P. C. 325; *Brown* v. *Hastie & Co., Ltd.*, 23 R. P. C. 361.

(*c*) *The Shoe Machinery Co.* v. *Cutlan* (No. 2), 13 R. P. C. 141.

(*d*) *Goucher* v. *Clayton*, 1865, 11 Jur. N. S. 107; 34 L. J. Ch. 239; *Otto* v. *Steel*, 3 R. P. C. 109, 114.

(*e*) *Otto* v. *Steel*, 3 R. P. C. at p. 114; *Automatic Weighing Machine Co.* v. *Combined Co.*, 6 R. P. C. 367; *Edison* v. *Holland*, 1889, 6 R. P. C. 243; *The Flour Oxidising Co., Ltd.* v. *Carr & Co., Ltd.*, 25 R. P. C. at p. 448.

(*f*) *Horrocks* v. *Stubbs*, 12 R. P. C. at p. 540.

(*g*) See *Deeley's Patent*, 11 R. P. C 72.

(*h*) Com. Dig. tit. Estoppel (E 4).

ment was submitted to an arbitrator who in his award found that the letters patent were not illegal or void, in a subsequent action for infringement against the same defendant, it was held that the arbitrator's award was not such a decision as to make an estoppel within the above-cited rule (*i*).

And in an action against manufacturers who have at an earlier date, under a contract of indemnity, financed the defence of users in actions by the same plaintiffs, the manufacturers will not be precluded from raising the issue of validity (*j*).

Conditional defence.

A statement of defence alleged that if the specification were construed so as to make the defendant an infringer, the claims of invention would be bad for want of novelty, as including matters described in certain specifications (stating them). North, J., refused to strike out the paragraph under Order XIX., rule 27; the Court of Appeal dismissed the appeal with costs (*k*). This is somewhat similar to the defence numbered 5 on p. 331 and dealt with at p. 119, ante.

A statement of defence admitted infringement in ten instances and no more; the plaintiffs elected to move for judgment upon such admissions; held, that they were entitled to an inquiry as to damages as to these ten instances of infringement and no more, and that all evidence as to any other instances of infringement alleged to have been committed by the defendant must be excluded (*l*).

Special defence created by Act of 1907.

The defences which are made available by the Act of 1907, as amended by the Act of 1919, and numbered 7 and 8 on p. 331, must be specially pleaded in the defence and are not matters to be dealt with in the particulars of objections to validity.

It is no longer permissible to raise the question of non-working as a defence to an action for infringement (*m*).

By sect. 38, sub-sect. 4, of the Act of 1907 it is provided:—

(*i*) *Newall* v. *Elliott*, 32 L. J. Ex. 120.

(*j*) *Gammons* v. *Singer Manufacturing Co.*, 22 R. P. C. at p. 459.

(*k*) *Hocking* v. *Hocking*, Griff. P. C. 129; 3 R. P. C. 291.

(*l*) *United Telephone Co.* v. *Donohoe*, L. R. 31 C. D. 399; 3 R. P. C. 45.

(*m*) See amendment of sect. 25 effected by the Act of 1919.

Defence of existence of contract with void conditions.

"*The insertion by the patentee in a contract made after the passing of this Act of any condition which by virtue of this section is null and void shall be available as a defence to an action for infringement of the patent to which the contract relates brought while that contract is in force.*"

The nature of the conditions made void by sect. 38 has been discussed at p. 233, and the use of such conditions as a defence at p. 237.

By rule 10 of Order LIIIA. it is provided that a defendant relying on this defence must deliver with his defence full particulars of the contract and condition on which he relies.

Defence as to damages; ignorance of patent.

By sect. 33 it is provided that a patentee shall not be entitled to recover damages from a defendant who proves that he was not aware of the patent, and had no reasonable means of making himself aware of it.

This section is discussed farther on in this chapter. From the point of view of the pleader it is submitted that he should merely state that "at the date of the infringement alleged, he was not aware, nor had reasonable means of making himself aware, of the patent." The onus of proof is expressly laid upon the shoulders of the defendant.

Particulars of objections.

Particulars of Objections.—If the defendant in an action for infringement, or the petitioner in a petition for revocation pleads the invalidity of the patent he must deliver with his defence particulars of the objections upon which he intends to rely. The requirements as to the specific nature of such particulars have grown more and more stringent since the Act 5 & 6 Will. IV. c. 83, s. 3, which required that "in any action brought against any person for infringing any letters patent, the defendant, on pleading thereto, shall give to the plaintiff a notice of any objections on which he means to rely at the trial of such action." The Act of 1883 required particulars of the objections, which implies considerably more than a mere notice.

Sect. 29, sub-sect. (2), of that Act provided:—"The defendant must deliver with his statement of defence, or by order of the Court, or a judge at any subsequent time, particulars of any objections on which he relies in support thereof; (3) if

the defendant disputes the validity of the patent, the particulars delivered by him must state on what grounds he disputes it; and if one of those grounds is want of novelty, must state the time and place of the previous publication or user alleged by him; (4) At the hearing, no evidence shall, except by leave of the Court, or a judge, be admitted in proof of any alleged infringement or objection, of which particulars are not so delivered; (5) Particulars delivered may be from time to time amended, by leave of the Court, or a judge."

The statutory requirement is now replaced by rules 14, 15, 17, 18, 19, 20 and 21 of Order LIIIA. Rule 17 is as follows:—"*Particulars of objections (whether delivered with the defence in an action for infringement of patent or with a petition for revocation under sect. 25 of the Act or with a counterclaim for revocation under sect. 32 of the Act) must state every ground upon which the validity of the patent is disputed and must give such particulars as will clearly define every issue which it is intended to raise.*" **The new rules.**

By rule 21, "*At the hearing of any action, petition, or counterclaim relating to a patent, no evidence shall, except by leave of the Court (to be given upon such terms as to the Court may seem just), be admitted in proof of any alleged infringement or objection not raised in the particulars of breaches or objections respectively.*"

Every objection must be pleaded.

Apart from granting leave to amend the particulars, the Court will not readily allow an objection to be taken to the validity of the patent unless that objection has been pleaded (*n*).

In other than infringement actions or petitions.

Particulars of objections have always been ordered, when the validity of a patent has been put in issue. When it was a condition precedent to an agreement to assign letters patent, that the assignee should first satisfy himself as to the validity of the patent, in an action brought for specific performance of this agreement, and resisted by the assignee on the ground of his right under the condition precedent, it was held that the

(*n*) See judgment of Fletcher Moulton, L.J., in *British United Shoe Machinery Co., Ltd.* v. *A. Fussell & Sons*, 25 R. P. C. at pp. 659, 660, and of Lord Loreburn in *Alsop Flour Process, Ltd.* v. *Flour Oxidizing Co.*, 25 R. P. C. at p. 490.

validity of the patent was at issue and that the plaintiff was entitled to particulars of objections (*o*).

It is not necessary for every one of two or more defendants defending in the same interest to deliver separate particulars of objections (*p*).

Any of the objections which we have discussed in previous chapters may be taken in order to upset a patent, but the particulars must set out those objections in such terms that the plaintiff may be informed what case he will have to meet at the trial of the action.

In *Avery, Ltd.* v. *Ashworth, Ltd.* (32 R. P. C. 463), the defendants in their particulars of objections stated that they would rely "either by way of anticipation or as showing the scope of the claims . . . upon matters known to the plaintiffs, in consequence of which the plaintiffs" at an earlier date had applied to amend their specification by disclaimer. The defendants were directed to deliver full particulars of the "matters" alleged. The further particulars delivered under this objection consisted of a statement that the defendants would rely upon all the matters contained in the particulars of objections which had been delivered in an action by the plaintiffs against other defendants upon another patent several years before. This and the original paragraph were ordered to be struck out (33 R. P. C. 235).

True and first inventor.

If it be pleaded that the patentee was not the true and first inventor particulars must be delivered stating the name of the person whom the defendant alleges to have been the true and first inventor (*q*). The case of *Russell* v. *Ledsam* (11 M. & W. 647), which has been referred to in various text-books as an authority to the contrary, was decided upon the construction of the Act 5 & 6 Will. IV. c. 83, s. 3, and is now obsolete. Moreover, it is to be remembered that the issue raised by this plea is not one of novelty, but a specific ground of attack in itself.

Want of novelty. Rule 18.

The most common ground of objection to the validity of a

(*o*) *Hazlehurst* v. *Rylands*, 9 R. P. C. 1.

(*p*) *Smith* v. *Cropper*, L. R. 10 A. C. 249.

(*q*) *Smith's Patent*, 29 R. P. C. 339.

patent is want of novelty either on account of prior publication in some document or prior public user of the invention. By rule 18 of Order LIIIA., "*If one of the objections taken in the particulars of objections be want of novelty, the particulars must state the time and place of the previous publication or user alleged, and if it be alleged that the invention has been used prior to the date of the patent, must also specify the names of the persons or person who are alleged to have made such prior user and whether such prior user is alleged to have continued down to the date of the patent, and if not, the earliest and latest dates on which such prior user is alleged to have taken place, and shall also contain a description (accompanied by drawings if necessary) sufficient to identify such alleged prior user, and if such user relates to any machinery or apparatus shall specify whether the same is in existence and where the same can be inspected.*

"*No evidence at variance with any statement contained in the particulars shall be given in support of any objection, and no evidence as to any machinery or apparatus which is alleged to have been used prior to the date of the patent and which is in existence at the date of the delivery of the particulars shall be receivable unless it be proved that the party relying on such prior user has, if such machinery or apparatus be in his own possession, offered inspection of the same, or if not in his own possession, has used his best endeavours to obtain inspection of the same for the other parties to the proceedings.*"

If this rule be compared with paragraph 2 of sect. 29, sub-sect. 2, of the Act of 1883, it will be seen that the requirement for particulars has become far more strict than was formerly the case. It was decided by Parker, J. (*r*), that in the case of a prior user alleged to be in existence at the date of the particulars the defendants were not bound to deliver a description and drawings provided they obtained inspection of the articles for the plaintiffs, for in that case the plaintiffs might themselves make the required drawings.

Where the patent was for a process and anticipation by a prior user of process.

(*r*) *The Crossthwaite Fire Bar Syndicate* v. *Senior*, 26 R. P. C. 260.

process was relied on, the Court of Appeal would not order particulars of the apparatus employed nor would it order production of samples, holding themselves bound by the rule, and the Master of the Rolls said: "It seems to me that we cannot impose upon the defendant in a patent action any greater liability than is justified by that rule (18), and it does not seem to me to be relevant to urge that something beyond and outside that rule will enable the plaintiffs better to prepare for trial and will minimise expense. . . . If the patent is one for machinery or apparatus great detail is required by the rule . . . drawings have to be furnished and experiments have to be permitted, always qualifying that statement by the fact that it must be within the power of defendants to furnish the drawings and allow the experiments. But when the patent is for a process, and merely for a process, no such detailed particulars are required. All that the rule exacts is a description sufficient to identify such alleged prior user. . . . The patent relates to a process, and there is nothing either in the body of the specification or in the claim at the end which justifies us in exacting from the defendants any further particulars as to the nature of the apparatus used in working the particular process; nor do I think it is within our jurisdiction to require the defendants to say whether they have any samples of the ores so treated, or to require them to say whether they will allow the plaintiffs to have inspection of such samples and to make tests therefrom. Whether it might or might not be convenient that the rule should be so altered as to extend to a case like that I express no opinion. . . ." (*s*).

The same reasoning applies where the patent is for a particular prescription of ingredients; in such circumstances particulars will only be ordered of the ingredients used in the alleged prior user (*t*).

We submit, however, that the defendant should in justice be forced to disclose in his particulars all the information in his possession concerning the prior user which he proposes to prove

(*s*) See *Minerals Separation, Ltd.* v. *Ore Concentration Co., Ltd.*, 26 R. P. C. 413, 421.

(*t*) *Stahlwerk Becker Aktiengesellschaft's Patent*, 34 R. P. C. 332.

in Court, and that no useful purpose is served by allowing him to conceal the true nature thereof until the trial. Unfortunately the words "sufficient to identify" are precisely the words used in the judgment of Fletcher Moulton, L.J., in *Brown's Patent* (23 R. P. C. 792) before Order LIIIA. came into force. The learned Lord Justice held that the purpose of particulars under the old practice was not to describe the prior user to the plaintiff or to inform him of its nature, but merely to identify the article in question. We are not concerned with the question of whether this judgment was taken into account in framing the rules, but if the words of the rules bear the same meaning as those in the judgment there is some danger that a manifest and ridiculous injustice will be perpetuated.

Objections on the ground of prior publication stand very much upon the same footing as those on the ground of prior user.

If the prior publication is alleged to be in books or newspapers, the plaintiff is entitled to be told the name of the book or newspaper, and to be given such details of the books or newspapers as will enable them to be found and identified by the plaintiff.

Whether or not a defendant will be required to give particulars of lines and pages of the specifications upon which he relies in his objections or to point out specifically what part or parts of the plaintiff's specification he alleges to be affected thereby will depend upon the circumstances of the case and the nature of those specifications (*u*); where it appeared that the defendant had, figuratively speaking, "thrown at the head" of the plaintiff a large number of complicated specifications without any attempt at discrimination, further particulars were required (*v*), but if the defendant bonâ fide relies upon the whole of a specification, or any number of specifications in reason, and the subject-matter is simple, his particulars of objections will not be interfered with (*w*).

(*u*) *Heathfield* v. *Greenway*, 11 R. P. C. 17.

(*v*) *Holliday* v. *Heppenstall*, 6 R. P. C. 320; *Sidebottom* v. *Fielden*, 8 R. P. C. at p. 270; *Heathfield* v. *Greenway*, 11 R. P. C. 17.

(*w*) *Siemens* v. *Karo*, 8 R. P. C. 376; *Nettlefolds* v. *Reynolds*, 8 R. P. C. 410; *Edison-Bell Phonograph Co.* v. *Columbia Phonograph Co.*, 18 R. P. C. 4.

Want of subject-matter.

The objection that the invention is not proper subject-matter in view of the common knowledge of the time when it was patented is a distinct allegation, and should be specifically pleaded (*x*).

Common knowledge.

Objections on the ground of common knowledge must be carefully distinguished from objections on the ground of prior publication; in the latter case every book or document must be particularised, as no instance of anticipation can be adduced at the trial of which particulars have not been delivered; but when the objection to a patent is based upon common knowledge, no particular instances need be referred to, as this objection can only be proved by the examination of witnesses and references to well-known standard works upon the subject (*y*).

"Common knowledge" must be distinguished from "public knowledge." If the prior document is relied on in the latter sense it must be pleaded specifically (*z*), and in such a case it should not strictly be weighed as anything but an anticipation, and, strictly speaking, the contents of specifications, although part of public knowledge, are not necessarily common knowledge (*a*), but may be shown by evidence to be part of the common knowledge (*b*). Nevertheless, if a specification has been referred to in the particulars of objections it is common practice for the Courts to take it into consideration in dealing with the question of common knowledge without formal proof that its contents are sufficiently widely known to be considered properly as such (*c*).

The usual practice is to state in the particulars whether the specifications cited are referred to as anticipations or as part of the common knowledge.

(*x*) *Holliday* v. *Heppenstall*, 6 R. P. C. at p. 326; *Phillips* v. *The Ivel Cycle Co.*, 7 R. P. C. at p. 82.

(*y*) *Holliday* v. *Heppenstall*, supra; *English and American Machinery Co.* v. *Union Boot Co.*, 11 R. P. C. at p. 374.

(*z*) See *British Thomson-Houston Co.* v. *Stonebridge Electrical Co.*, 33 R. P. C. 166.

(*a*) *The Salvo Laundry Co.* v. *Mackie*, 10 R. P. C. 68; *English and American Machinery Co.* v. *Union Boot Co.*, 11 R. P. C. 367.

(*b*) *Salvo Laundry Supply Co.* v. *Mackie*, 10 R. P. C. 68; *Holliday* v. *Heppenstall*, 6 R. P. C. 320.

(*c*) See, *e.g.*, *Sutcliffe* v. *Abbott*, 20 R. P. C. at p. 55.

Particulars are not required of the allegation that "the patented invention is not useful." **Want of utility.**

The allegation that the specification is insufficient or ambiguous and misleading must be supported by particulars which indicate the alleged defect, and where a workman would meet with difficulty in carrying out the directions given (*d*). But if the objection amounts to saying that if the directions in the specification are followed the result described is not attained no further particulars will be ordered (*e*). Every case, however, will depend on its own merits (*f*). **Insufficiency of specification.**

The objection that the specification does not define the limits of the invention claimed is sufficient and does not require to be further particularised (*g*). **Specification does not define invention.**

When the objection is (under sect. 42) on the ground of disconformity between the provisional and complete specification, coupled with want of novelty in the excess matter at the date of the complete specification, the defendant ought to give such particulars as will inform the plaintiffs of the nature and scope of the alleged differences, and particulars of the want of novelty. This does not mean that the defendants must furnish the plaintiffs with the heads of what the defendants' argument will be at the trial, but only such information as the plaintiffs may reasonably require in order to know precisely the nature of the case that will be raised against them. **Disconformity.**

Order XIX., rule 6, of the Rules of the Supreme Court provides: "In all cases in which the party pleading relies on any misrepresentation, fraud, breach of trust, wilful default, or undue influence, and in all other cases in which particulars may be necessary beyond such as are exemplified in the forms aforesaid, particulars (with dates and items, if necessary) shall be stated in the pleading: provided that if the particulars be of debt, expenses, or damages, and exceed three **Fraud.**

(*d*) *Crompton* v. *Anglo-American Brush Corpn.*, 4 R. P. C. 197; *Heathfield* v. *Greenway*, 11 R. P. C. 17.

(*e*) See, *e.g.*, "*Z*" *Electric Lamp Co.* v. *Marples, Leach & Co.*, 26 R. P. C. 762.

(*f*) Ibid.

(*g*) *British Ore Concentration, Ltd.* v. *Minerals Separation, Ltd.*, 24 R. P. C. 790.

folios, the fact must be so stated, and a reference to full particulars already delivered or to be delivered with the pleading."

Such an allegation of fraud would be raised where the plaintiff is alleged to have stolen the invention from some one else, or that he had obtained the patent by bribery.

Particulars limit evidence.

By rule 21 of Order LIIIA., "*At the hearing of any action, petition, or counterclaim relating to a patent, no evidence shall, except by leave of the Court (to be given upon such terms as to the Court may seem just), be admitted in proof of any alleged infringement or objection not raised in the particulars of breaches or objections respectively.*"

Apart from rule 19, which will be considered presently, the Court has always possessed the power to allow the evidence to go beyond the matters set forth in the particulars of objections (*h*).

Evidence will be admitted at the trial, provided the language of the particulars of objections is large enough to admit it; since the proper course for the plaintiff to take should the defendant deliver vague particulars is to issue a summons before a judge in Chambers for further and better particulars, or, in the alternative, to have the objectionable words struck out.

In *Sugg* v. *Silber* (L. R. 2 Q. B. D. at p. 495), Mellish, L.J., said: "In my opinion there is a very large difference between a case where a judge has been applied to and has ordered further particulars in order to state an objection more specifically, and a case where at the trial the plaintiff asserts that the defendant ought to be prevented from availing himself of an objection. It is perfectly obvious that, if Mr. Cave was right in saying that the two questions are the same, and that wherever the Court would order further particulars because the objection had not been particularly specified, it would also hold that the party was precluded from raising it at the trial, nobody would be foolish enough to apply to a judge for further particulars."

Amendment of particulars.

By rule 19, "*Particulars of breaches, and particulars of objections may from time to time be amended by leave of the Court upon such terms as may be just.*"

(*h*) *Britain* v. *Hirsch*, 5 R. P. C. at p. 231.

The defendant will not be allowed at the hearing of the action to introduce evidence of prior user, not disclosed in the particulars of objection, although such evidence may have only come to his knowledge since the delivery of the particulars of objection. His proper course is to obtain leave by summons for leave to amend, when an order will be made upon terms.

Whether the application to amend be made before or at the trial the terms should be such that the plaintiff is at liberty, if he pleases, to discontinue the action, and to be in the same position as to costs, as if the proposed amended particulars had been delivered in the first instance; and the defendant should be put under such terms as to costs as to the judge or Court may seem just. The particulars of objections give notice to the plaintiff of the case which is to be made against him; and he should be able to discontinue or not, as he pleases, paying the defendant's costs. The defendant should not be permitted to keep back his most salient objections, and so to entice the plaintiff to proceed and incur costs, and then to amend his particulars at the last moment.

The form of order for leave to amend before trial which has been consistently followed is that which was made in *Baird* v. *Moule's Patent Earth Closet Co.* set out in the report of *Edison Telephone Co.* v. *India Rubber Co.* (17 C. D. 137) (*i*).

Where the application to amend is made at the trial such leave will only be granted if the new evidence has only been recently discovered, and could not with reasonable diligence have been discovered before (*j*).

In *British United Shoe Machinery Co.* v. *Fussel* (25 R. P. C. 631), the specification had been amended, and the judge at the trial held that the original claims were not framed with reasonable skill and knowledge. The defendant, in the Court of Appeal, attempted to rely on this finding of fact as an additional ground of invalidity, but the Court would not allow this course as the objection had not been pleaded, and they saw no grounds for going beyond the particulars of objections.

(*i*) See also *Ehrlich* v. *Ihlee*, 4 R. P. C. 115; *Wilson* v. *Wilson*, 16 R. P. C. 315.

(*j*) Per North, J., in *Moss* v. *Malings*, 3 R. P. C. at p. 375.

In *Badische Anilin und Soda Fabrik* v. *La Société Chimique* (14 R. P. C. at p. 881), it became clear during the course of the trial that the specification of the patent sued upon was insufficient, and the defendants applied to Romer, J., who was trying the case, for leave to amend the particulars by inserting an objection on this ground. Leave was granted to amend, the plaintiffs having a fortnight to elect whether they would continue the action, the terms upon which such leave should be granted being left for argument until the plaintiffs had elected. On the hearing the plaintiffs elected to continue, and the patent was declared invalid as a result of the new objection, but all costs of and occasioned by the application to amend, and all costs thrown away by reason of the amendment being made so late, were given to the plaintiff (*k*).

In *Allen* v. *Horton* (10 R. P. C. 412), the defendant obtained leave to put a prior specification which had not been pleaded to the plaintiff's witnesses and the patent was held invalid on account of prior publication by that specification. The action was dismissed but without costs.

In *Westley, Richards & Co.* v. *Perkes* (10 R. P. C. at p. 186), the Court allowed the defendants to amend at the trial by adding an allegation that the patented invention lacked subject-matter.

In *Pirrie* v. *York Street Spinning Co.* (11 R. P. C. at p. 431), leave to amend the particulars of objections was granted by the Court of Appeal in Ireland pending appeal.

The terms on which amendment will be allowed are a matter for the discretion of the Court, and it is of little use to appeal (*l*).

In *The Shoe Machinery Co.* v. *Cutlan* (1896, 1 Ch. 108), the Court of Appeal decided that they had jurisdiction to amend the particulars of objections although in that particular case they declined to do so, and the same rule has been held to apply to the Scottish Inner House (*m*).

(*k*) See also *Parker* v. *Maignen's Filtre Rapide Co.*, 5 R. P. C. 207; *Allen* v. *Horton*, 10 R. P. C. 412.

(*l*) *Wilson* v. *Wilson*, 16 R. P. C. 315.

(*m*) *Watson, Laidlaw & Co.* v. *Pott and Ors.*, 26 R. P. C. at p. 360.

III. Interlocutory Injunction.

Interlocutory injunction, when granted.

An interlocutory injunction may be granted *ex parte*, after the issue of the writ, and before service. An *ex parte* injunction will only be granted when it can be shown that great injury will accrue to the plaintiff by delay, where there is a presumption that the patent is valid, when he can clearly establish his title and the commission of the act which he declares to be an infringement, and where there is a strong primâ facie case that that act is an infringement of the patent (*a*); and the Court will usually require the plaintiff to give a satisfactory undertaking that he will pay any damage that the defendant may suffer in the event of the latter being successful at the trial (*b*).

Notice of motion.

Notice of motion having been given, an interlocutory injunction will be granted after appearance, or leave may be given to serve notice of motion with the writ.

Must be "primâ facie" evidence of validity.

An interlocutory injunction will be granted whenever there has been such working, user and enjoyment of the patent rights by the patentee as will satisfy the Court that there are strong primâ facie reasons for acting on the supposition that the patent is valid.

Established in former trial.

There having been a trial as to the validity of the patent, which has terminated in favour of the patentee, will be considered by the Court sufficient reason for granting an interlocutory injunction; and where the patentee has worked and enjoyed the patent for many years without dispute, an interlocutory injunction will be granted (*c*); so also where the defendant has admitted the validity of the patent (*d*), or is so placed in his relationship to the patentee as to be estopped from denying its validity (*e*).

Long possession.

In *Dudgeon* v. *Thompson* (30 L. T. N. S. 244), Jessel, M.R.,

(*a*) See *Gardner* v. *Broadbent*, 1856, 2 Jur. N. S. 1041.

(*b*) See p. 348, infra.

(*c*) *Dudgeon* v. *Thompson*, 30 L. T. N. S. 244; *Muntz* v. *Foster*, 2 W. P. C. at p. 95; *Rothwell* v. *King*, 3 R. P. C. 379; *Hayward* v. *Pavement Light Co.*, Griff. P. C. 124.

(*d*) *Dircks* v. *Mellor*, 26 Lon. Journ. 268.

(*e*) *Dudgeon* v. *Thompson*, 30 L. T. N. S. 244; *Clarke* v. *Fergusson* 1 Griff. 184.

said: "The Court can grant an injunction before the hearing where the patent is an old one and the patentee has been in long and undisturbed enjoyment of it, or where its validity has been established elsewhere, and the Court sees no reason to doubt the propriety of the result, or where the conduct of the defendant is such as to enable the Court to say that, as against the defendant himself, there is no reason to doubt the validity of the patent."

So in *Betts* v. *Menzies* (3 Jur. N. S. 358), Wood, V.-C., said: "The law of this Court is, that where the patentee has had long enjoyment, then he shall have an injunction to protect his rights until trial, even although his rights under his patent be doubtful."

What amounts to long enjoyment is difficult to define, but decided cases would appear to suggest that undisturbed enjoyment for six years would be sufficient (*f*); but the user of the invention during that time must be active. The mere possession of a patent for a long period does not of itself give rise to a presumption of its validity (*g*).

Mere possession insufficient.

Seldom granted for new patent.

An interlocutory injunction is seldom granted in the case of a new patent even though the defendant refuses to undertake to keep an account (*h*), unless very strong evidence in support of the motion be adduced. The proper course is for the motion to stand to the trial.

In *Clarke* v. *Nichols* (12 R. P. C. 310) the patent was less than a year old. Notice of motion was served with the writ, but the defendant did not appear. The affidavit by the plaintiff stated that prior to the purchase of the patent he had caused a full investigation to be made into its validity by his patent agents, and that he was advised that it was valid, and to the best of his knowledge, information and belief, it was valid now. The injunction was granted.

In *Holophane, Ltd.* v. *Berend & Co.* (15 R. P. C. at p. 19),

(*f*) *Bickford* v. *Skewes*, 1 Web. P. C. 211; *Rothwell* v. *King*, 3 R. P. C. 379.

(*g*) *Plimpton* v. *Malcolmson*, 44 L. J. Ch. 257; L. R. 20 Eq. 37.

(*h*) *Lister* v. *Norton*, 1 R. P. C. 114; *Jackson* v. *Needle*, 1 R. P. C. 174; *British Tanning Co.* v. *Groth*, 7 R. P. C. 1.

Kekewich, J., said: "During the forty years over which my experience extends, and I think for a considerably longer period, the Court has acted on one uniform rule, subject, of course, to exceptions, in dealing with applications of this character. The rule, as I understand, is this: that where the proprietor of recently granted letters patent, the validity of which has not been established by legal process, seeks an injunction against an alleged infringer, the Court declines to interfere by interlocutory injunction and leaves the patentee to establish the validity by formal proceedings. Of course, forty years ago, the motion for injunction had to stand over while the validity of the patent was established at law. Fortunately we have got rid of that, and the injunction and the validity can all be determined and disposed of in one and the same action in one and the same Court; but the rule holds still. Of course, there are exceptions; it will not do for a defendant coming here as against the proprietors of letters patent simply to say, 'I challenge the validity.' There must be something more than that. The Court must be satisfied that there is an honest intention of trying the question; and not only an honest intention of trying the question, but that there is something to be tried."

If a certificate of validity has been granted in a previous action, it will not avail the defendant on an application for an interlocutory injunction to allege fresh grounds for invalidity (*i*).

Delay will bar right.

An interlocutory injunction will not be granted in cases where the plaintiff is guilty of delay.

In *The North British Rubber Co.* v. *The Gormully and Jeffery Co.* (12 R. P. C. at p. 20), Chitty, J., said: "Now I am not aware, having regard to patents, that there is any substantial ground of distinction between an interlocutory injunction upon a patent right and upon any other. The principles appear to me to be substantially the same; and the general rule of the Court is that a person who comes to ask for that remedy, which is granted with despatch and for the purpose of protecting rights until the trial, should come promptly" (*j*).

(*i*) *Heine, Solly & Co.* v. *Norden*, 21 R. P. C. 513.

(*j*) See also *Bovill* v. *Crate*, L. R. 1 Eq. 388; *The Aluminium Co.* v.

The amount of delay which will prevent the granting of an interlocutory injunction will, of course, vary with the nature of the patent and the circumstances of the trade.

Unless explained.

The delay may, in some cases, be satisfactorily explained, and will not therefore be fatal, as in a case where the plaintiffs' solicitors advised them not to commence an action until the defendants appeared to be in a condition of sufficient financial soundness to undertake manufacture of the infringing articles (*k*).

Delay in proceeding against persons who are not parties to the application in question is no ground for refusing an injunction, if there has been no delay in proceeding against the defendant (*l*).

Usual course on application.

A common course is for the Court to order the motion to stand until the trial of the action on the condition that the defendant undertakes to keep an account of all articles made and sold by him, but in some cases the plaintiff may be justified in persisting in his application, and the Court may make the injunction notwithstanding that the defendant offers to keep such an account (*m*). In considering which course should be adopted, the Court will be influenced chiefly by the balance of convenience and the probability of injury to either side, and the plaintiff will usually be required to give an undertaking to pay any damages occasioned by the injunction if it should appear subsequently that the defendant was in the right (*n*). And the discontinuance of the action will not prevent the undertaking being enforced (*o*). An undertaking in damages will not be required from the Crown or any one suing on the Crown's behalf (*p*).

Undertaking to keep account.

Plaintiff to undertake in damages.

Although the Court is naturally disposed to avoid granting an injunction and to induce the defendant to keep an account,

Domeiere, 15 R. P. C. 32; *Gillette Safety Razor Co.* v. *A. W. Gamage, Ltd.*, 24 R. P. C. 1.

(*k*) *United Telephone Co.* v. *Equitable Telephone Co.*, 5 R. P. C. 233.

(*l*) *The Pneumatic Tyre Co.* v. *Warrilow*, 13 R. P. C. 284.

(*m*) *Plimpton* v. *Spiller*, L. R. 4 C. D. 286.

(*n*) See *Graham* v. *Campbell*, L. R. 7 C. D. 490 (undertaking enforced).

(*o*) *Newcomen* v. *Coulson*, L. R. 7 C. D. 764.

(*p*) *Secretary of State for War* v. *Cope*, 36 R. P. C. 273.

yet if he should refuse to keep an account the Court will not be the more disposed to grant the injunction, the application for which must be heard on its merits (*q*).

The evidence to be used upon an application for an interlocutory injunction is upon affidavit.

Nature of affidavit required.

The affidavit should clearly point out in what the alleged infringement consists, and depose to the novelty and utility of the invention. Affidavits on "information and belief" must state the sources of the information (*r*). An injunction granted prior to statement of claim will be dissolved if the statement of claim when delivered does not agree with the affidavits upon which the injunction was granted (*s*).

In the Chancery Division it is the practice to hear applications for interlocutory injunctions as motions in Court. In the King's Bench Division the application is heard by the judge in chambers upon a summons.

Forms of injunction upon undertaking as to damages, and of order refusing injunction upon terms, will be found in the Appendix.

IV. Discovery.

Order XXXI. rule 1, of the Rules of the Supreme Court provides that either party to an action, with leave of the Court, or a judge, may interrogate the other party.

The general rules as to interrogatories in ordinary actions apply equally to actions for infringement.

Interrogatories.

Interrogatories must be relevant to the issue, and will not be allowed to be used for the purpose of cross-examination. Since it is not possible to say precisely what the issues between the parties are before the statement of defence is delivered, neither party, except under special circumstances, will be allowed to interrogate until that stage of the action has been reached.

Directed to infringement issue.

The plaintiff may interrogate the defendant as to the act of infringement complained of; but where the defendant is asked

(*q*) See, *e.g.*, *The British Tanning Co., Ltd.* v. *Groth*, 7 R. P. C. 1.

(*r*) *The Saccharin Corporation* v. *Chemicals Co.*, 15 R. P. C. 55; *Badische Anilin und Soda Fabrik* v. *W. G. Thompson*, 19 R. P. C. 502.

(*s*) *Stocking* v. *Llewellyn*, 3 L. T. 33.

concerning the customers whom he has supplied, it becomes material to ascertain from the pleadings whether the acts complained of are admitted. If the act complained of be not admitted, the defendant may be asked whether he has not supplied a certain definite article to anybody, and to whom—since by this means an admission, not necessarily of infringement but of the act complained of, may be obtained. But if the act complained of be admitted, an inquiry as to the persons supplied only becomes relevant on the issue of damages and should be postponed until the inquiry (*a*).

The rule as to particulars of breaches requires that the plaintiff shall give at least one instance of the type of infringement complained of. Where the plaintiff in his particulars made firstly a general allegation of infringement of the only claim of his specification and then in compliance with the rule instanced a specific act as illustrating the type of infringement complained of, he was not allowed to interrogate the defendant broadly as to whether or not he had carried out the process claimed but was limited to an examination of the defendant as to the specific act alleged (*b*).

Crossley v. *Tomey* (L. R. 2 Ch. D. 533) was an action to restrain infringement. The defendant in interrogatories was required to state whether he was not making articles in all respects identical with those of the plaintiff, and to set forth in what respects they differed, and by what process they were made. It was held that the defendant, who alleged prior user by himself and others, had sufficiently answered by stating that, save so far as the articles manufactured by him before the date of the patent were similar to those of the plaintiff, the articles he now made differed from those made by the plaintiff, but he could not show in what they differed without ocular demonstration.

As to persons who supplied defendant.

An inquiry as to the names of persons who supplied a defendant who is merely a vendor will usually be inadmissible,

(*a*) *Lister* v. *Norton*, 2 R. P. C. 68, and see *Tetley* v. *Easton*, 18 C. B. 643; *De la Rue* v. *Dickinson*, 3 K. & J. 388; *Lea* v. *Saxby*, 32 L. T. N. S. 731; *Fennessy* v. *Clark*, 37 C. D. 184; *Rawes* v. *Chance*, 7 R. P. C. 275.

(*b*) *Aktiengesellschaft für Aluminium Schweissung* v. *London Aluminium Co.*, 36 R. P. C. 199.

since it is not relevant to any issue between the parties. But where the vendors sold a chemical product, which the plaintiffs had good reason to believe was manufactured in infringement of one of their patents for processes, the Court of Appeal allowed the interrogatory on the ground that the answers would probably enable the plaintiffs to ascertain whether the article were an infringement or not (*c*).

Framed on plaintiff's specification.

In *Benno Jaffé* v. *Richardson* (10 R. P. C. 136), the plaintiff administered interrogatories to the defendant, framing them upon the statements in his specification, which he alleged that the defendant had infringed, and asked the defendant if he had used the processes described in the specification, taking them step by step. Some of these interrogatories the defendant refused to answer, on the ground that they were not relevant until the patent was established. It was held by North, J., that the plaintiff was entitled to further answers.

On the other hand, the plaintiff although entitled to ask "Do you not use the process claimed by me?" is not entitled to go further and ask "If not, tell me then what you do use" (*d*).

Where defendant's process is secret.

Therefore, where a defendant alleged that his process was secret, he was bound to answer whether he used the materials mentioned in the specification, and whether he used any additional materials, but not to disclose the proportions in which he used the specified materials, or what the additional materials were (*e*).

The use of discovery after judgment on an inquiry as the damages (*f*) will be dealt with later.

Particulars will not excuse interrogatories.

The fact that the defendant's particulars of objections are sufficient will not necessarily preclude the plaintiff from obtaining more detailed information by administering interrogatories (*g*).

(*c*) *Saccharin Corpn.* v. *Haines*, 15 R. P. C. 344; and see *Osram Lamp Works, Ltd.* v. *Gabriel Lamp Co.*, 31 R. P. C. 231.

(*d*) *Aktiengesellschaft für Anilin Fabrikation* v. *Mersey Chemical Works*, 30 R. P. C. 401; *Osram Lamp Works, Ltd.* v. *Pope's Electric Lamp Co.*, 31 R. P. C. 31.

(*e*) *Renard* v. *Levinstein*, 3 N. R. 665; 10 L. T., N. S. 94.

(*f*) See p. 373.

(*g*) *Birch* v. *Mather*, 22 C. D. 629; *Alliance Pure White Lead Syndicate* v. *MacIvor's Patents*, 8 R. P. C. 321; *General Electric Co.* v. *Safety Light and Elevator Co.*, 21 R. P. C. 109.

As to prior user.

In *Delta Metal Co., Ltd.* v. *Maxim Nordenfelt, Ltd.* (8 R. P. C. 169), the defendants had pleaded prior user; the plaintiffs proposed to interrogate by asking whether the alleged prior user was in respect of a particular process, specifying it. The defendants answered that the prior user was substantially the process as described in the plaintiffs' specification. It was held that this was a sufficient answer.

Documents relating to prior user.

In *Carnegie Steel Co.* v. *Bell Bros., Ltd.* (24 R. P. C. 82), the defendants objected to allow inspection of certain documents referred to in their affidavit of documents, which documents, they said, referred solely to certain prior users alleged in their particulars of objections. It was held that the documents were privileged, and Buckley, L.J., said (at p. 92), "Particulars of prior user must be given; evidence of prior user need not be given; and it does not follow that every document relating to prior user is a particular of prior user; it may be something which may assist the defendant to prove the prior user, but that he is not bound to produce. I am not aware of any principle which in a patent action any more than any other action compels the defendant to produce documents of that description" (*h*). Needless to say, however, all documents that are relevant must be included in the affidavit of documents whether privileged or not (*i*). The same rules apply to a petition for revocation under sect. 25 (*j*).

For examination of plaintiff.

Interrogatories for the examination of a plaintiff are on a different footing from those for the examination of a defendant in this respect, that a plaintiff is not entitled to discovery of the defendant's case, but a defendant may ask any questions tending to destroy the plaintiff's case (*k*).

Communications with patent agent not privileged.

Communications between a man and his patent agent are not privileged, consequently, where the plaintiff's patent agent also acted as his solicitor, he was ordered to answer interrogatories with reference to documents which passed between them at the time the specification was prepared, such communications

(*h*) See also *Stahlwerk Becker's Patent*, 34 R. P. C. 332.

(*i*) *Carnegie Steel Co., Ltd.* v. *Bell Bros., Ltd.*, 24 R. P. C. at p. 93.

(*j*) *Haddan's Patent*, 54 L. J. Ch. 126.

(*k*) *Hoffman* v. *Posthill*, L. R. 4 Ch. 673.

having taken place in the relationship of patent agent, and not of solicitor, and client (*l*).

In a case where the plaintiff had amended his specification by disclaimer, the defendant in a subsequent action was held not to be entitled to discovery of the documents including correspondence with the patent agent showing the prior knowledge which had induced him so to disclaim, in order to support a general plea of the existence of such prior knowledge as rendering the patent invalid (*m*).

A defendant in a suit for infringement of a patent in order to prove that there was no novelty in the plaintiff's patent interrogated the plaintiff as to the inventions described in the specifications of various patents, and asked him to show in what respects they differed from his. The plaintiff declined to answer these interrogatories on the ground that the questions were not questions of fact, and that they related to the plaintiff's case; the defendant excepted to the answer, and the exceptions were allowed (*n*). But in a more modern case where the defendant having given particulars of alleged prior users sought to interrogate the plaintiff by asking him whether the prior users so alleged did not embody all the features claimed by the plaintiff's specification, it was held by the Court of Appeal that this amounted to asking him to state on oath whether or not the defendant was right in his defence and was disallowed (*o*).

In *Rylands* v. *Ashley's Patent Bottle Co.* (7 R. P. C. 175) the defendant pleaded that the invention patented was not useful, and administered an interrogatory asking whether it had not been found necessary to use some and what modifications in the process described in the specification. The Court of Appeal allowed this interrogatory.

As in other cases discovery of documents will not be ordered until after the delivery of the defence (*p*).

(*l*) *Moseley* v. *Victoria Rubber Co.*, 3 R. P. C. 351.

(*m*) *Avery* v. *Ashworth*, 32 R. P. C. 560.

(*n*) *Hoffman* v. *Posthill*, L. R. 4 Ch. 673.

(*o*) *Bibby and Baron* v. *Duerden*, 27 R. P. C. 283.

(*p*) See *Woolfe* v. *Automatic Picture Gallery Co.*, 19 R. P. C. 161.

The rules generally applicable with reference to discovery of documents apply to patent cases.

V. Inspection.

Inspection.

Sect. 34 of the Act of 1907 (as amended by the Act of 1919) provides *inter alia*: "*In an action for infringement of a patent . . . the Court may, on the application of either party, make such order for an injunction or inspection, and impose such terms and give such directions respecting the same and the proceedings thereon, as the Court may see fit.*"

The power to order an inspection was always assumed by the Courts; in *Bovill* v. *Moore* (1815, 2 Coop. Ch. Ca. Temp. Cottenham 56, n.) Lord Eldon said: "There is no use in this Court directing an action to be brought, if it does not possess the power to have the action properly tried. The plaintiff has a patent for a machine used in making bobbin lace. The defendant is a manufacturer of that article; and, as the plaintiff alleges, he is making it with a machine constructed upon the principle of the machine protected by plaintiff's patent. Now the manufactory of the defendant is carried on in secret. The machine which the defendant uses to make bobbin lace, and which the plaintiff alleges to be a piracy of his invention, is in the defendant's own possession, and no one can have access to it without his permission. The evidence of the piracy, at present, is the bobbin lace made by the defendant. The witnesses say that this lace must have been manufactured by the plaintiff's machine, or by a machine similar to it in principle. This is obviously in a great measure conjecture. No Court can be content with evidence of this description. There must be an order that plaintiff's witnesses shall be permitted before the trial of the action to inspect the defendant's machine, and to see it work."

"The right to inspection is a right to be given at the discretion of the Court—to be exercised with a judicial discretion and with due regard to the interests of the parties concerned in the litigation" (*a*).

(*a*) Per Bristowe, V.-C., in *McDougall* v. *Partington*, 7 R. P. C. at p. 357.

The object which the Court has in view in all cases where an inspection is permitted, is to ensure that the true facts of the case shall be carefully sifted; but at the same time the Court will take care that the process of the law is not abused, and that an action for infringement shall not be made a means and lever for the discovery of other persons' secrets.

Primâ facie case of infringement necessary. May be limited to scientific witnesses.

The Court requires, before granting an order for inspection, that a primâ facie case of infringement shall be made out, and that inspection is essential to enable the plaintiff to prove his case (*b*).

When the interests of justice require, the inspection will be granted to scientific witnesses, who will be required to keep any secrets which they may have discovered and do not affect the question of infringement. In *Flower* v. *Lloyd* (1876, W. N. 169, 230) and *Swan* v. *Edlin-Sinclair Tyre Co.* (20 R. P. C. 435) the Court strictly limited the inspection to scientific men, and excluded the plaintiff from being present.

In *Pigott* v. *The Anglo-American Telegraph Co.* (19 L. T. N. S. 46) it was alleged that an inspection would disclose important secrets. Giffard, V.-C., in refusing an order to inspect, said: "Of late years greater readiness has been shown by the equity Courts to allow inspection in patent cases than by the Courts of common law. But it has never been considered as a matter of right, nor have the equity Courts considered themselves as precluded from exercising a proper discretion in applications of this description. The Court ought to be satisfied of two things: that there really is a case to be tried at the hearing of the cause, and that the inspection asked for is of material importance to the plaintiff's case *as made out by his evidence.*"

In *British Thomson-Houston Co.* v. *Duram, Ltd.* (37 R. P. C. 121), the plaintiffs filed an affidavit of an expert who deposed that he had examined the defendants' products and believed that they could only have been produced by the aid of the plaintiff's patented process. Inspection of defendants' process was asked for and the defendants swore that their process was a valuable

(*b*) *Batley* v. *Kynoch*, L. R. 19 Eq. 90; *Germ Milling Co.* v. *Robinson*, 1 R. P. C. 217; *Cheetham* v. *Oldham*, 5 R. P. C. 617.

secret. Astbury, J., gave leave to the plantiffs to administer interrogatories, and to ask for samples (*c*), and refused to entertain the application for inspection until it should be shown that the answers by the defendants would be insufficient to enable the plaintiffs to present their case.

In *Batley* v. *Kynoch* (L. R. 19 Eq. at p. 92) Bacon, V.-C., said: "Upon the single point which is raised before me, there can be no doubt that the plaintiff in such a suit as this is entitled to an inspection of the means which the defendants employ in the manufacture of the articles alleged to be violations of the plaintiff's patents, when such inspection is essential for the purpose of enabling the plaintiff to prove his case; upon the materials before me that is not made out. There is no allegation by the plaintiff that he cannot make out his case without inspection. But there is on the part of the defendants a plain allegation that inspection is not necessary for the purposes of the suit; upon that only I must decide this question. I would rather not go into the other matters which have been referred to, the description in the specification and the allegation in the bill—but as I read both the description in the specification and the allegation in the bill—I find that the charge made by the plaintiff is that the cartridges, the right of manufacturing which is vested in him exclusively, have been imitated and copied by the defendant, and if that fact can be made out the plaintiff's case can be clearly established. The mode of making that out is by examination of the cartridges, the means by which they have been made, whether by a machine or hammer or a screw cannot signify in the least if the cartridges of the defendant when made are made upon the principle of the patent claimed by the plaintiff."

Laches sufficient to defeat the plaintiff's right to an interlocutory injunction is no bar to an order on the same motion for inspection.

In *Webb* v. *Kynoch & Co., Ltd.* (15 R. P. C. at p. 273), inspection was ordered of the defendants' works as one of the conditions for the refusal to grant an interlocutory injunction.

Mutual inspection.

In some cases, where it is necessary, the Court will order the

(*c*) See also *Patent Type Founding Co.* v. *Walter*, 8 W. R. 353.

defendant and the plaintiff to give mutual inspection, and to show both the patented machine and the alleged infringement at work, and to permit either party to take away any of the work or samples of the work which has been done in their presence (*d*).

Patent Office samples.

It is submitted that the Court could order the production of the samples which a patentee of a chemical invention is obliged to deposit at the Patent Office under sect. 2, sub-sect. 5, of the Act of 1907 (see p. 160, ante).

In a case where the defendant delivered to the plaintiff specimens of the alleged infringing articles, the latter was not allowed to see those articles in actual use on the defendant's premises (*e*).

In *McDougall* v. *Partington* (7 R. P. C. 351, 472) the plaintiff's right to inspection depended upon a contract, the construction of which was disputed, and since he was unable to show that inspection was necessary to prepare his case, it was held that no inspection should be granted, on the ground that the right depended upon the question to be determined at the trial.

Application how made.

The application may be made on motion to the Court or by summons; it is usually made upon the application for an interim injunction, but it is immaterial at what stage of the proceedings the application is made, and an order has been made before delivery of the statement of claim (*f*). The evidence in support must be on affidavit, and a primâ facie case of infringement must be made out, and it must be shown that the inspection is essential to the plaintiff's case.

Costs of inspection.

The costs of an inspection depend on the circumstances, and are in the discretion of the Court (*g*). In *Ashworth* v. *English Card Clothing Co.* (21 R. P. C. 353) Joyce, J., allowed the costs of an inspection to the successful party, although it had taken place voluntarily and without an order of the Court, on the ground that circumstances showed that it had been necessary and proper.

(*d*) *Davenport* v. *Jepson*, 1 N. R. 307; see also *The Germ Milling Co.* v. *Robinson*, 3 R. P. C. 11.

(*e*) *Sidebottom* v. *Fielden*, 8 R. P. C. 266.

(*f*) *Edler* v. *Victoria Press Manufacturing Co.*, 27 R. P. C. 114.

(*g*) *Mitchell* v. *The Darley Colliery Co.*, L. R. 10 Q. B. D. 457.

New rule as to inspection of prior users.

Rule 18 of Order LIIIA., dealing with particulars of objections concludes thus: ". . . *No evidence as to any machinery or apparatus which is alleged to have been used prior to the date of the patent and which is in existence at the date of the delivery of the particulars shall be receivable unless it be proved that the party relying on such prior user has, if such machinery or apparatus be in his own possession, offered inspection of the same, or if not in his own possession, has used his best endeavours to obtain inspection of the same for the other parties to the proceedings.*"

The Court has always exercised power to order inspection of articles in the possession of the parties, but it generally happened that when an application was made to inspect an important "prior user" the defendant was in a position to say that the article was in the possession of a third party who, though willing to produce it at the trial, positively refused to allow inspection beforehand. This device is now, it is to be hoped, effectually rendered useless, for it is to be remembered (*h*) that if the third party refuses inspection the defendant is nevertheless bound to deliver a description and drawings.

VI. The Remedy.

The remedy sought or granted in an action for infringement may consist of an injunction, damages, and delivery up or destruction of all infringing articles in the possession or power of the defendant.

Before the amending Act of 1919 there existed a right to claim an account of profits as an alternative to a claim for damages, but sect. 34 of the Act of 1907, as amended, has taken away this right which was in fact seldom claimed.

Injunction based on threat to continue.

Injunction.—The basis of an injunction is the threat, actual or implied on the part of the defendant, that he is about to do an act which is in violation of the plaintiff's right; so that not only must it be clear that the plaintiff has rights, but also that the defendant has done something which induces the Court to believe that he is about to infringe those rights.

The fact that he has been guilty of an infringement of the

(*h*) See p. 337, ante.

patent rights will, in most circumstances, be evidence that he intends to continue his infringement, but whether he has actually infringed the patent or not, it will be sufficient if he has threatened to infringe it. Actual infringement is merely evidence upon which the Court implies an intention to continue in the same course.

In *Frearson* v. *Loe* (L. R. 9 C. D. at p. 65) Jessel, M.R., said: "I am not aware of any suit or action in the Court of Chancery which has been successful on the part of a patentee, without infringement having been proved; but in my opinion, on principle there is no reason why a patentee should not succeed in obtaining an injunction without proving actual infringement. I think for this reason, where the defendant alleges an intention to infringe, and claims the right to infringe, the mischief done by the threatened infringement of the patent is very great, and I see no reason why a patentee should not be entitled to the same protection as every other person is entitled to claim from the Court from threatened injury, where that threatened injury will be very serious. No part of the jurisdiction of the old Court of Chancery was considered more valuable than that exercise of jurisdiction which prevented material injury being inflicted, and no subject was more frequently the cause of bills for injunction than the class of cases which were brought to restrain threatened injury, as distinguished from injury which was already accomplished. It seems to me, when you consider the nature of a patent right, that where there is a deliberate intention expressed, and about to be carried into execution, to infringe certain letters patent under the claim of a right to use the invention patented, the plaintiff is entitled to come to this Court to restrain that threatened injury. Of course it must be plain that what is threatened to be done is an infringement."

So in *Dowling* v. *Billington* (7 R. P. C. 191) two acts of infringement of the plaintiff's patent were proved, the first of which took place prior to the acceptance of the complete specification by the Comptroller, while the second was committed a few days after the commencement of the action, it was held by Chatterton, V.-C., whose decision was affirmed by the Court

of Appeal, that neither of these acts constituted an actionable infringement; but inasmuch as the conduct of the defendant showed a deliberate intention to infringe, the plaintiffs were entitled to an injunction upon the principle laid down by Jessel, M.R., in *Frearson* v. *Loe* (supra).

Evidence of acts after action brought.

Unless to support a claim for an injunction and for the purpose of showing that the defendant has an intention of infringing in the future, evidence of acts after action brought is inadmissible. In *The Welsbach Incandescent Gas Light Co.* v. *Dowle* (16 R. P. C. 391) the plaintiffs attempted to supplement their evidence of an actual infringement having taken place by means of evidence of such acts since the issue of the writ. Bruce, J., refused to admit the supplementary evidence.

Where what has been done since action brought is different in any away from what was done before, and is relied on as evidence of the intention to infringe, the defendant must have clear notice of the nature of the infringement which he is alleged to be contemplating. In *Shoe Machinery Co.* v. *Cutlan* (12 R. P. C. at p. 357) Romer, J., said: "Two kinds of action may be brought by a plaintiff patentee. The one is based on this—that the defendant has infringed before action brought, and in respect of this the plaintiff is entitled to claim damages, or an account, and an injunction to prevent similar infringements in the future. The other action is based on the fact, not that the defendant has infringed, but that he threatens and intends to infringe; and in this case the plaintiff may claim an injunction to restrain the threatened infringement. Of course you may find both kinds of action combined in one, but they are distinct in themselves in several respects. In the first, the plaintiff has to give particulars of breaches, that is to say, of the infringement relied on; and by statute, except by leave of the Court or a judge, no evidence can be given at the hearing, of an breaches other than those stated in the particulars. In the other, of necessity, there can be no particulars of breaches; but to avoid unfairness to the defendant, care is always taken that he shall have fair notice as to the nature and particulars of the special infringement he is alleged to be contemplating; and then no doubt, if after action he commits that special

Two kinds of action.

infringement, or substantially that infringement, evidence of it can be given, as it is evidence to show that the plaintiff was right in his allegation that, at the date of action brought, the defendant was threatening and intending to infringe. I may add that if an action, as originally brought by a plaintiff patentee, is of the first class only, but he finds that the defendant has, since action brought, infringed in a way substantially different from his former infringements, leave would be given by the Court to the plaintiff in a proper case, and on proper terms, to amend his action, and to bring these subsequent infringements before the Court to be dealt with once and for all with the prior infringements."

Actual infringement evidence of intention.

The actual infringement of the patent is taken by the Court to imply an intention to continue the infringement, notwithstanding any promises not to do so, unless it be proved beyond doubt that there can be no intention to continue infringing (see p. 363 *et seq.*, post), and an injunction will be granted. Vice-Chancellor Shadwell, in *Losh* v. *Hague* (1 W. P. C. at p. 200), said: "If a threat had been used, and the defendant revokes the threat, that I can understand as making the plaintiff satisfied; but if once the thing complained of has been done, I apprehend this Court interferes, notwithstanding any promise the defendant may make not to do the same thing again" (*a*).

If the fact of actual infringement is relied upon, and not a mere threat, it will be necessary to show very clearly that what has been done amounts to an infringement. In *British United Shoe Machinery Co.* v. *Simon Collier, Ltd.* (27 R. P. C. 567), the defendants had purchased a machine provided with an extra appliance which was an infringement of the plaintiff's patent; they had no use for the appliance and never connected it to the machine. After action brought they returned the appliance to the manufacturers. It was clear that there was no intention to infringe at the date of the action, and counsel for the plaintiffs relied on the purchase of the machine and appliance for the purposes of trade as an infringement. The House of Lords upheld the decision of the Court of Appeal, reversing the decision of Parker, J., on this point, holding that there

Mere possession is not threat.

(*a*) See also *Geary* v. *Norton*, 1 De G. & S. 9.

had been no actual infringement and that no injunction could be granted.

In the case of *Adair* v. *Young* (L. R. 12 C. D. 13), the defendant was the captain of a ship which was fitted with certain pumps which were an infringement of the plaintiff's patent. No act of using the pumps was proved; but it was shown that the ship was not supplied with other pumps. It was held that the possession of the pumps under such circumstances, although not of itself amounting to an infringement, was evidence upon which the Court would act that the defendant intended to use the pumps, should occasion require. And the Court, Brett and Cotton, L.JJ. (James, L.J., dissenting), granted an injunction.

Lord Justice James, in giving his reasons for dissenting, said: "I think that an injunction ought not to be granted against a man unless he has done something which he ought not to have done, or permitted something which he ought to have prevented. Now, a master who comes on board ought not to be answerable on the ground that, when he takes command, there is on board a pump which infringes the patent. He does not, owing to his qualified possession, become at once an infringer. He had no power to take a pump out of the ship; he had nothing to do with putting it there, and he was not wrong in allowing it to remain there, for he could not lawfully remove it. An injunction, therefore, can only be granted on the principle of *quia timet*, and in applying that principle I think that it would be a right exercise of the discretion of the Court not to grant an injunction against a master who has done nothing wrong when there is no difficulty in finding and suing the owner of the ship."

The Court, however, seem to have been of opinion that the ground upon which an injunction should be granted is not whether the defendant has done anything wrong or not, but whether there was evidence of an intention to use the patented invention. The Court held that the circumstances of the case showed an intention in the captain to use the invention.

Sale. If the evidence relied upon for the injunction is the sale by the defendant of the patented article, and not the manufacture,

the plaintiff must show that such patented article was not made by himself or his licensees (*b*).

The principle upon which the Court grants an injunction was clearly demonstrated in *Proctor* v. *Bayley* (6 R. P. C. 538). In that case the infringement complained of took place six years before the trial of the action. It was proved that the user continued only for a few months, after which the machines was abandoned as unsatisfactory. It was held by the Court of Appeal, reversing the decision of Bristowe, V.-C., that it was clear that the defendants had no intention whatever of continuing the wrongful act, and consequently that it was not a proper case in which an injunction should be granted. Cotton, L.J., in his judgment, said (at p. 541): "There is no doubt that it was a good patent, and we must also take it that the defendants have infringed; but the point is this: Is there any ground here which would justify the Court in exercising the extraordinary jurisdiction of the Court of Chancery in granting an injunction? That, I think, has been a good deal lost sight of in the argument. It is not because a man has done a wrong that an injunction will be granted against him. If a man has done a wrong which will not be continued, at common law damages may be obtained for the wrong done, which the common law says is sufficient indemnity for that wrong; but then the Court of Chancery says this, in the exercise of its extraordinary jurisdiction: 'We will not be satisfied with that; we will grant an injunction, because a wrongful act has been done, in order to prevent that wrongful act;' and they grant an injunction where a wrongful act has been done, and the Court is satisfied of the probability of the continuance of the wrongful act. . . . But here, although the defendants did infringe the plaintiff's patent, we must consider all the circumstances of the case in order to guide us in the consideration of this: Ought the Court to draw the inference that there will be a continuance of the wrongful act so as to justify the Court in granting the extraordinary interference and the protection which is exercised by the Court of Equity?" (*c*).

(*b*) *Betts* v. *Willmott*, L. R. 6 Ch. 239.

(*c*) Note also *Hudson* v. *Chatteris Engineering Co.*, 15 R. P. C. 438.

Innocent carriers.

An action for an injunction may be brought against innocent carriers of infringing articles. In *Upmann* v. *Elkan* (L. R. 7 Ch. 130) (*d*), which was a trade mark case, Lord Hatherley, L.C., in his judgment, said: "It has been argued that the plaintiffs were not entitled to an injunction against the defendants, who had been guilty of an offence, being merely carriers receiving goods, which, though fraudulently marked, were not for their own use, nor to be sold by them for their own benefit, but were received merely for the purpose of transmitting them to the persons to whom they were consigned. I cannot conceive a doctrine more dangerous or mischievous, or more fatal to the authority of the Court with respect to trade marks. If that argument prevailed, any persons being abroad, as was the case in this instance, and minded to commit frauds upon an English trade mark, could easily do so by sending their different consignments together to persons in the position of the defendants, who appear to be respectable agents and warehousemen, thereby committing an injury in a manner most convenient to themselves, and very mischievous to the person entitled to the benefit of the trade marks."

Consignees should be joined.

The above reasoning would apply equally well to infringements of letters patent. The consignees of the goods should also be added, even if out of the jurisdiction. In *The Washburn and Moen Manufacturing Co.* v. *The Cunard Steamship Co. and J. C. Parkes and Sons* (6 R. P. C. at p. 403) Stirling, J., said: "I conceive the action was properly brought in the first instance against the Cunard Steamship Company, who are within the jurisdiction, and the question which remains is, were Messrs. Parkes, who are out of the jurisdiction, the consignees, and, as it now turns out, the owners of the goods, proper parties to the action? If they were resident within the jurisdiction, I conceive there would be no question that they were. Where goods were alleged to constitute an infringement of a patent or were marked in such a way that a trade mark was infringed, it was the settled practice in the Court of Chancery to bring actions against carriers and others who had

(*d*) And see *Washburn and Moen Manufacturing Co.* v. *Cunard Steamship Co.*, 6 R. P. C. 398.

control of the goods, to restrain them from being dealt with, and upon the consignees of those goods being found out, to add them as parties, in order that the questions which arose might be decided once for all in the presence of the persons who were the real owners of the goods alleged to infringe." The carriers, however, will be absolved from all liability if they make full disclosure of the names of the consignors and consignees of the goods complained of.

Proper course where several infringers.

In cases where there are several infringers the plaintiff is not justified in commencing a vast multitude of actions and applying for injunctions in each.

His proper course is to "select that which he thought the best in order to try the question fairly, and proceed in that case to obtain his interlocutory injunction. He might write at the same time to all the others who were *in simili casu*, and say to them, 'Are you willing to take this as a notice to you that the present case is to determine yours? Otherwise I shall proceed against you by way of interlocutory injunction; and if you will not object on the ground of delay, I do not mean to file bills against all of you at once. Am I to understand that you make no objection of that kind? If you do not object I shall file a bill against only one of you.' I do not think any court could complain of a patentee for taking the course I am suggesting" (*e*).

Where one defendant only appears.

A question has arisen as to what should be done if on an action against two defendants for the same infringement one of them fails to appear. The defendant who appeared might succeed in establishing the invalidity of the patent, and the difficulty arises as to the position of the other defendant, since judgment for the defendant on the ground of invalidity is *inter partes* only, and does not affect the status of the patent.

On the whole, however, it may be said that injunction is an equitable remedy, and that it would be contrary to principle for the same tribunal which had pronounced a patent to be invalid to restrain a member of the public from doing what could not be an infringement.

(*e*) Per Sir W. Page-Wood, V.-C., *Bovill* v. *Crate*, L. R. 1 Eq. at p. 391. See also *Foxwell* v. *Webster*, 3 N. R. 103.

In *Actien Gesellschaft für Cartonnagen Industrie* v. *Remus and Burgon* (12 R. P. C. 94) Chitty, J., refused to set down on motion for judgment against the defendant who had not delivered a defence, asking what would happen if the other defendant succeeded in upsetting the patent.

In *Savage* v. *Brindle and Another* (17 R. P. C. at p. 233) a motion for judgment against one defendant stood over until the trial; after the hearing he consented to an injunction, but the other defendant succeeded in upsetting the patent. Farwell, J., granted the injunction asked for, but it is not likely that this practice would be followed to-day.

General convenience looked to.

The general balance of convenience will be looked to in granting an injunction.

In *Hopkinson* v. *St. James and Pall Mall Electric Light Co.* (10 R. P. C. at p. 62) an injunction was granted but was suspended for six months, the defendants agreeing to keep an account on the ground that great inconvenience would be caused to the public by suddenly stopping the use of the three-wire system.

In *The Leeds Forge Co.* v. *Deighton's Patent Flue Co.* (18 R. P. C. at p. 240) the injunction was suspended pending an appeal on the ground that to put it into force at once would throw a large number of workmen out of employment.

The injunction falls with the expiration of the patent (*f*), but where machines have been manufactured or articles made in infringement of patent rights, an injunction will be granted to prevent their use or sale, even after the patent has expired (*g*).

Injunction and subsequent amendment of specification.

In *Dudgeon* v. *Thomson* (3 A. C. 34) the plaintiff had obtained an injunction. Subsequently he amended his specification, and after this had been done took proceedings to enforce the injunction. The House of Lords held that he should have brought a new action, since the new specification might be open to objection, and was not the same as the old specification. It is submitted that this is no longer good law,

(*f*) *Daw* v. *Eley*, L. R. 3 Eq. 496.

(*g*) *Crossley* v. *Beverley and Crossley* v. *The Derby Gas Light Co.*, 1 W. P. C. 119.

on account of sect. 18, sub-sect. 9, of the Act of 1883, re-enacted as sect. 21, sub-sect. 7, of the Act of 1907 (see p. 206, ante).

In *Saccharin Corporation* v. *Dawson* (19 R. P. C. 169) and *The Same* v. *Jackson* (20 R. P. C. 611) the actions were brought upon several patents. It was impossible to say which patent had been infringed, but it was clear that one of them must have been. The injunction was granted for the life of the patent which would earliest expire.

A person against whom an injunction has been granted or who has given an undertaking in Court is liable to be committed should he be guilty of a breach of such injunction or undertaking, and a person aiding and abetting such a person and with knowledge of the injunction is also guilty of contempt (*h*), but an application for committal, involving as it does the liberty of the subject, will require the strictest proof in its support (*i*).

An injunction having been granted to restrain the defendant from infringing a patent for the manufacture of telephones, it was held to be a breach of the injunction to sell the separate parts of the patented telephones which any one might put together (*j*).

Positive acquiescence will bar the right of the patentee to apply for an injunction (*k*). But such acquiescence must amount to a representation to the defendant. Otherwise it is the general impression that laches do not bar the right to a perpetual injunction, although they certainly will prevent a plaintiff from obtaining an interlocutory order. **Acquiescence and delay.**

Damages.—In addition to an injunction, the plaintiff is entitled to damages, when there has been actual infringement as distinguished from an intention to infringe. **Damages or account.**

The measure of damage is not the profit made by the infringer, but is the loss which the plaintiff has actually sustained (*l*), **Measure of damage.**

(*h*) *Incandescent Gas Light Co.* v. *Sluce*, 17 R. P. C. 173.

(*i*) *Dick* v. *Haslam*, 8 R. P. C. 196.

(*j*) *United Telephone Co.* v. *Dale*, 25 Ch. D. 778.

(*k*) *Proctor* v. *Bennis*, 36 Ch. D. at p. 759.

(*l*) *United Horsenail Co.* v. *Stewart*, 3 R. P. C. at p. 143; 5 R. P. C. at p. 267.

"Damages" is not synonymous with an account of profits, the basis of calculation being entirely different.

"The loss must be the natural and direct consequence of the respondent's acts" (*m*); consequently the damages will be the estimated loss of profit incurred by the plaintiff by reason of the sale by the defendant of articles which infringed the plaintiff's patent.

The principle to be applied is the restoration of the plaintiff to the *status quo ante* the infringement, and the plaintiff may properly say that owing to the infringement he has lost profit which he would otherwise have made in his trade, he has lost business connection, and the development of his business on its natural lines has been interrupted by his having been driven by the acts of piracy out of sections of his own trade (*n*). And it is no answer for the defendant to say that even had he not manufactured and sold the infringing articles, that in the circumstances of the trade the orders for such articles would never in fact have gone to the plaintiff. In such circumstances the measure of damages will be the amount which on a reasonable estimate the defendants would have had to pay to the plaintiff for the privilege of fulfilling such orders. As Lord Shaw said (*o*): "If with regard to the general trade which was done, or would have been done by the plaintiffs within their ordinary range of trade, damages be assessed, these ought of course to enter the account and to stand. But in addition there remains that class of business which the plaintiffs would not have done; and in such cases it appears to me that the correct and full measure is only reached by adding that a patentee is also entitled, on the principle of price or hire, to a royalty for the unauthorised sale or use of every one of the infringing machines in a market which the infringer, if left to himself, might not have reached. Otherwise, that property which consists in the monopoly of the patented articles granted to the patentee has been invaded, and indeed abstracted, and the

(*m*) Per Lord Macnaghten, *United Horsenail Co.* v. *Stewart*, 5 R. P. C. at p. 268.

(*n*) See Lord Shaw's judgment in *Watson, Laidlaw & Co.* v. *Pott and Ors.*, 31 R. P. C. 104.

(*o*) Ibid. at p. 120.

law when appealed to would be standing by and allowing the invader or abstractor to go free. In such cases a royalty is an excellent key to unlock the difficulty, and I am in entire accord with the principle laid down by Lord Moulton in *Meters, Ltd.* v. *Metropolitan Gas Meters, Ltd.* (28 R. P. C. 163). Each of the infringements was an actionable wrong, and although it may have been committed in a range of business or of territory which the patentee may not have reached, he is entitled to hire or royalty in respect of each unauthorised use of his property. Otherwise the remedy might fall unjustly short of the wrong" (*p*).

Commercial competition.

A probable result of the sale by the defendant of articles which infringe the plaintiff's patent is a reduction in price owing to the commercial competition, and a consequent loss of profit to the plaintiff; whether this source of damage may or may not be taken into consideration will depend upon the circumstances of the case.

There may be cases in which the whole profit of the plaintiff is derived from the granting of licenses, and in such a case the damages might very properly be fixed at the amount which the defendants would have had to pay in royalties, as in such a case there could be no loss by reason of competition (*q*).

In the case of a patentee who is also a manufacturer the question of damages is more difficult, the use of royalties as a measure not being available and the profits of the defendant being immaterial. As Lord Watson said in *The United Horse-nail Co.* v. *Stewart* (5 R. P. C. at p. 267): "In that case the profit made by the infringer is a matter of no consequence. However large his gains, he is only liable in nominal damages so long as his illegal sales do not injure the trade of the patentee; and however great his loss, he cannot escape from liability to make full compensation for the injury which his competition may have occasioned." In that case loss of profit

(*p*) And see *British United Shoe Co.*, 13 R. P. C. 64; *The Pneumatic Tyre Co., Ltd.* v. *Puncture Proof Pneumatic Tyre Co., Ltd.*, 16 R. P. C. 209; *The British Motor Syndicate* v. *John Taylor and Sons, Ltd.*, 17 R. P. C. 723.

(*q*) *Penn* v. *Pack*, L. R. 5 Eq. 81; *English and American Machinery Co.* v. *Union Boot and Shoe Machine Co.* v. *Fussell*, 27 R. P. C. 205.

arising from such competition was not allowed. The patent in question was one for a machine to produce horseshoe nails more cheaply than had been done before. Consequently any one else could make nails in competition with the plaintiffs; they were only restrained from making them by means of that particular description of machine, and further, the plaintiffs had always gone a little before the defendants in reducing their price, and so continually kept the price lower than that quoted by the defendants.

When it is sought to recover damages on account of the reduction in prices, it must be clear that the reduction in the plaintiff's prices has been the result of the defendant's competition, and not of the ordinary exigencies of trade (*r*).

In *The American Braided Wire Co.* v. *Thomson* (7 R. P. C. 152) the patent infringed was one for the manufacture of a particular form of bustle; no one else being able to put a similar bustle on the market without infringing that patent, the plaintiffs did not reduce their prices until compelled to do so by the defendants, and then only reduced them to the level quoted by the defendants. The official referee in his finding said: "But for the defendants' competition and their selling at lower prices, the plaintiffs would, subject to the allowances mentioned in paragraphs 2, 3, and 4, have made the sales made by the plaintiffs and also those made by the defendants at the plaintiffs' original prices." Taking all these circumstances into consideration, the Court of Appeal held that the finding of the official referee was reasonable and fair, and that the plaintiffs were entitled to the full amount so found, including the loss of profit arising from the competition of the defendants (*s*).

Regard had to plaintiff's establishment charges.

In *The Leeds Forge Co., Ltd.* v. *Deighton's Patent Flue Co.* (25 R. P. C. 209), it was held that in arriving at the damages due to competition, regard should be had to the fact that had the plaintiffs received the orders which in fact went to the defendants, they would have been able to make a profit larger than the profit actually made by themselves on similar articles, or by the defendants on the articles actually

(*r*) *Alexander* v. *Henry*, 12 R. P. C. at p. 367.

(*s*) And see *Wellman and Others* v. *Burstinghaus*, 28 R. P. C. 326.

made in infringement, since the proportion borne on account of establishment charges by each article made would have been materially reduced.

In estimating the amount of damage by competition, or by injuring the reputation of the plaintiff's goods, it is of course impossible to name any precise sum, and it will always be a matter largely for individual judgment and discretion.

In *Ungar* v. *Sugg* (8 R. P. C. at p. 388), Wright, J., said: "No one can doubt that in this case there was substantial damage, and the difficulty and impossibility of stating the precise ground for assessing it at any particular figure does not seem to be a sufficient reason for giving only a nominal sum"; and Lord Esher, M.R., in the Court of Appeal, said (9 R. P. C. at p. 117): "They were problematical damages, and had to be what is called guessed at: that is, not a mere guess, as if you were tossing up for the thing, but it must come to a mere question of what, in the mind of the person who has to estimate them, was a fair sum."

In the case where the infringement is a part only of the article manufactured and sold by the defendant, the plaintiff is entitled to recover damages in respect of that part only provided that the infringing part is clearly separable and does not co-operate with the rest to produce the new effect which is the feature of the patented invention in question (*t*). But where it is an integral part of a machine as a whole, damages must be based on the fact that the plaintiff has lost an order for the whole machine, and the profits on the whole machine must be taken into account (*u*).

Users liable for damages as well as manufacturers.

The fact that a patentee has recovered judgment and damages against a manufacturer of infringing articles does not preclude him from taking further proceedings against the purchasers of infringing articles from such manufacturer (*v*). But the

(*t*) *Clement Talbot, Ltd.* v. *Wilson and Another*, 26 R. P. C. 467; *semble* also *United Telephone Co.* v. *Walker*, 4 R. P. C. 63. 28 R. P. C. 157; and see *The United Horsenail Co.* v. *Stewart*, 3 R. P. C. at p. 143.

(*u*) *Meters, Ltd.* v. *Metropolitan Gas Meters, Ltd.*, 27 R. P. C. 721;

(*v*) *United Telephone Co.* v. *Walker*, 4 R. P. C. 63.

damages recoverable in respect of each infringement must be confined to that infringement only.

Innocent infringers.

By sect. 33 of the Act of 1907, provision is made for the better protection of innocent infringers.

"*A patentee shall not be entitled to recover any damages in respect of any infringement of a patent granted after the commencement of this Act from any defendant who proves that at the date of the infringement he was not aware, nor had reasonable means of making himself aware, of the existence of the patent, and the marking of an article with the word 'patent,' 'patented,' or any word or words expressing or implying that a patent has been obtained for the article, stamped, engraved, impressed on, or otherwise applied to the article, shall not be deemed to constitute notice of the existence of the patent unless the word or words are accompanied by the year and number of the patent:*

"*Provided that nothing in this section shall affect any proceedings for an injunction.*"

The section applies only to patents granted after January 1, 1908.

Prior to this Act it had been the law that ignorance of the existence of a patent was no excuse for infringement, and the infringer was liable to an injunction and to pay damages for such infringement.

The effect of the section is merely to affect the right of the patentee in so far as his remedy is concerned.

It is to be noticed that the part of the section referring to the marking of the patented article with the number and year of the patent does not necessarily make the fact of such marking notice to the whole world that there is a patent for the article—the circumstances of the infringer are the true criterion. A manufacturer of an infringement of a patent for a costly machine might induce an innocent purchaser to use that machine; the purchaser might never before have seen such a machine, although those sold by the patentee were properly marked. But the whole burden of proof is on the infringer, who is primâ facie liable to damages, and we submit that in the

Burden of proof on infringer.

case of infringement by the use of tools in well-defined trades, the burden will not easily be discharged.

Patents indorsed "Licenses of Right".

By sect. 24, sub-sect. 1 (e), dealing with patents indorsed "Licenses of Right": "*if in any action for infringement of a patent so indorsed the infringing defendant is ready and willing to take a license upon terms to be settled by the comptroller, no injunction against him shall be awarded, and the amount recoverable against him by way of damages (if any) shall not exceed double the amount which would have been recoverable against him as licensee if the license had been dated prior to the earliest infringement: Provided that this paragraph shall not apply where the infringement consists of the importation of infringing goods.*"

Damages are recoverable (subject to the effect of the Statute of Limitations—six years) from the date of acceptance of the complete specification by the Patent Office (*w*).

Discovery on inquiry as to damages.

In aid of the inquiry as to damages, directed by the judgment for a perpetual injunction, the defendant must give full discovery, and will be required to set out the names and addresses of the persons to whom machines, made in infringement of the patent, have been sold (*x*); but not the names of the agents concerned in the transaction (*y*).

In *Hamilton & Co.* v. *Nielson* (26 R. P. C. 671), a Scottish case, the pursuers alleged damage under the head of falling off of their profits; and they were ordered to give discovery of their business books. The costs of an inquiry into damages are usually reserved in the order granting the inquiry, and if the defendant, before the inquiry, should offer a sum in satisfaction, that fact should be recited in the order so that it may be considered in the question of costs when that question comes to be decided (*z*).

Costs of inquiry.

Order for delivery up.

Order for delivery up or destruction.—After trial and judgment,

(*w*) Sect. 10.

(*x*) *Murray* v. *Clayton*, L. R. 15 Eq. 115; *American Braided Wire Co.* v. *Thomson*, 5 R. P. C. 375; *Saccharin Corporation* v. *Chemicals Co.*, 17 R. P. C. 612.

(*y*) *Murray* v. *Clayton*, L. R. 15 Eq. 115.

(*z*) *British Vacuum Co.* v. *Exton Hotels Co.*, 25 R. P. C. 617; *Fettes* v. *Williams*, 25 R. P. C. 511, and see *British Ore Concentration Syndicate* v. *Minerals Separation, Ltd.*, 26 R. P. C. at p. 148.

and upon application for a perpetual injunction, when the nature of the infringing matter will permit of it, an order will be made that the articles (machinery or otherwise) be delivered up to the plaintiff or destroyed (*a*). This was done in *Plimpton* v. *Malcolmson* (ref. M.R., January 28, 1876, B. 381). But where by reason of the nature of the invention such an order would be unreasonable, it will not be granted (*b*). The order for delivery up or destruction is usually made in the alternative, but where the defendant omitted to say which he preferred to do, and the order was made and drawn up for delivery up only, the Court would not vary the order to allow the defendant to make his choice (*c*). An inquiry will, when necessary, be directed as to the articles manufactured which are in the defendant's possession, and an order will be made that they be destroyed (*Betts* v. *De Vitre* (ref. V.-C. W., 1865, A. 119)). The defendant will also be ordered to make discovery upon oath of the articles or machinery which he may have in his possession, and which infringe the plaintiff's patent, so that they may be delivered up and destroyed (*d*). The right of property in the articles which infringe the patent remains in the infringer, although the Court may order the articles to be destroyed (*e*). But a defendant is not entitled to set off against the claim for damages the value of the goods delivered up under the order (*f*).

No set off of value.

These mandatory orders are never made except after trial, and when the plaintiff has fully established to the satisfaction of the Court the validity of his patent and the fact of the defendant's infringement.

VII. The Trial.

By sect. 31 of the Act of 1907 (as amended by the Act of 1919):

(*a*) *Frearson* v. *Loe*, 9 C. D. at p. 67.

(*b*) *United Telephone Co.* v. *London and Globe Co.*, 26 C. D. 776; *Siddell* v. *Vickers*, 5 R. P. C. 101. See also *Aktiengesellschaft für Autogene Schweissung* v. *London Aluminium Co.*, 37 R. P. C. at p. 170.

(*c*) *British Westinghouse Co.* v. *Electrical Co.*, 28 R. P. C. at p. 530.

(*d*) *Westinghouse* v. *Lancashire and Yorkshire Rail. Co.*, 1 R. P. C. at p. 253; *Edison-Bell Phonograph Co.* v. *Smith*, 11 R. P. C. at p. 406.

(*e*) *Vavasseur* v. *Krupp*, 9 C. D. 351.

(*f*) *United Telephone Co.* v. *Walker*, 4 R. P. C 63.

"(1) *In an action or proceeding for infringement or revocation of a patent, the Court may, if it think fit, and shall on the request of all of the parties to the proceeding, call in the aid of an assessor specially qualified, and try the case wholly or partially with his assistance; the action shall be tried without a jury unless the Court otherwise directs.*

"(2) *The Court of Appeal may, if they think fit, in any proceeding before them call in the aid of an assessor as aforesaid.*

"(3) *The remuneration, if any, to be paid to an assessor under this section shall be determined by the Court or the Court of Appeal, as the case may be, and be paid as part of the expenses of the execution of this Act.*"

Prior to the Act of 1883 either party had an absolute right to have the questions of fact decided by a jury, and the Court had no power to deprive them of this right (*a*).

In the case of *Saxby* v. *The Gloucester Wagon Co.* (1880, W. N. 28) Hawkins, J., ordered a patent case to be tried before an official referee, it being a case involving a "prolonged scientific examination," and in his opinion within sect. 57 of the Judicature Act, 1873. This practice has never been followed.

Actions for infringement and petitions for revocation are now almost invariably tried in the Chancery Division, although there is no rule of practice to prevent them from being tried in the King's Bench Division. It is to be noticed that it is only certain special matters that are to be tried before the selected judge. Actions for infringement are tried before any judge before whom the action comes in the ordinary way.

Assessor.

In *Hattersley* v. *Hodgson* (22 R. P. C. 229), an action in the King's Bench Division, an assessor was employed to assist the judge. When the case went to the Court of Appeal (at p. 240) the written statement of the assessor was read to the Court.

Before the amendment affected by the Act of 1919 either of the parties could insist on trial with an assessor (*b*). Such procedure now requires the consent of all parties.

(*a*) *Sugg* v. *Silber*, L. R. 1 Q. B. D. 362.

(*b*) *Marconi* v. *Helsby Wireless Telegraph Co.*, 31 R. P. C. 121, 399.

An independent expert has also been employed to make experiments and report to the Court in matters in which there was a conflict of testimony (*c*). "His duty is, instead of determining issues of fact, or of law, to find the materials upon which the Court is to act" (*d*).

Where the defendant alleged a secret process in an action for infringement, the hearing was conducted *in camerâ* and the shorthand notes of the trial impounded by order of the Court (*e*).

Jury. Cases have occasionally been tried before a jury at assizes, but the practice is not successful, and it is hardly likely to be followed in the future.

Hindmarch, at p. 291 of his celebrated work, says: "Few causes require so much care and industry in preparing for trial as patent actions, in which very nice points of law and difficult questions of fact must often be decided between the parties; and it will frequently happen that a party will succeed or fail in obtaining a verdict according to the industry with which he has got up his case for trial. Properly to understand the questions raised in such actions and prepare the necessary proofs, a competent knowledge, not only of law, but also of science in general and the useful arts, is essentially requisite" (*f*).

Right to begin. In an action for infringement the plaintiff has the right of beginning and of replying, notwithstanding that the burden of proof may really be on the defendant, as, for instance, where the case principally turns upon questions of prior user or prior publication, which are introduced by the defendant. It sometimes happened that this privilege, particularly in cases of conflicting evidence, was of great value, and for the purpose of snatching it from the plaintiff the defendant did not wait for the plaintiff to commence his action, but commenced proceedings himself by *scire facias* to repeal the patent, so as to

(*c*) *Badische Anilin und Soda Fabrik* v. *Levinstein*, 24 C. D. 156; *Moore* v. *Bennett*, 1 R. P. C. 129; *North British Rubber Co.* v. *Macintosh*, 11 R. P. C. 477.

(*d*) Bramwell, L.J., in *Mellin* v. *Monico*, L. R. 3 C. P. D. at p. 149.

(*e*) *Badische Anilin und Soda Fabrik* v. *Levinstein*, 24 C. D. 156.

(*f*) See also Selborne, L.C., in *Patent Marine Inventions Co.* v. *Chadburn*, L. R. 16 Eq. at p. 448.

place himself in the position of plaintiff. But, by sect. 26, sub-sect. 7, of the Act of 1883, it was provided that in cases where it is sought to revoke a patent, "*The defendant shall be entitled to begin and give evidence in support of the patent, and if the plaintiff gives evidence impeaching the validity of the patent, the defendant shall be entitled to reply.*" This rule of practice is continued by rule 12 of Order LIIIA.

Counterclaim for revocation.

The defendant has a right to counterclaim for revocation. By sect. 32, "*A defendant in an action for infringement of a patent, if entitled to present a petition to the Court for the revocation of the patent, may, without presenting such a petition, apply in accordance with the Rules of the Supreme Court by way of counterclaim in the action for the revocation of the patent.*"

In such a case the plaintiff naturally begins and has a right to reply. It must be remembered that a defendant is not obliged to counterclaim; he may if he so desires present an independent petition to revoke, but it has always been held that it is no ground for postponing the trial of an action for infringement that a petition has been presented by the defendant or any other person under sect. 26 to revoke the patent.

We have seen that proceedings for revocation are similar to, and for the same purpose as, *scire facias* prior to the Act of 1883. In *Muntz* v. *Foster* (2 W. P. C. 93, n.) it had been held that the fact of a writ of *scire facias* being pending was no ground for staying the action for infringement. Tindal, C.J., said: "As a general rule, a plaintiff has a right to have his cause go on for trial according to the ordinary course of business. Special circumstances may exist upon which the Court may see fit to interfere; but the present does not appear to us to be a case in which we ought to interfere by staying the proceedings in the action."

The ground of this decision was that the plaintiff in the action for infringement, being defendant in the proceedings by *scire facias*, had not the conduct of those proceedings, and that the defendant in the action for infringement might delay them;

but where, in *Patteson* v. *Holland* (Hindmarch, 293), an action for infringement had been tried, and a rule *nisi* for a new trial had been obtained and argued, and it appeared that another action was pending in that Court for another infringement of the same patent, and that a *scire facias* had been sued out to repeal the patent, the Court suspended their judgment upon the rule for a new trial, and ordered the trial of the other action to be postponed until after the trial of the *scire facias*.

And where a verdict had already gone for the Crown on *scire facias*, but a new trial was pending, the plaintiff was not permitted to proceed to trial with his action for infringement until the rule for the new trial in *scire facias* had been disposed of (*g*).

Burden of proof.

In *Westley Richards* v. *Perkes* (10 R. P. C. 181) the fact of infringement was admitted, and the case turned upon the validity of the plaintiff's patent. Kay, L.J., stopped the plaintiff's counsel after having made out a primâ facie case, the burden of proof as to invalidity being on the shoulders of the defendant, and in that case the learned judge gave leave to the defendant's counsel to reply on the whole case. Probably this was owing to the fact that the point that the alleged anticipation was never published was not taken by the plaintiff's counsel until he replied generally to the defendant's case.

The plaintiff must give evidence of the issues which he is bound to prove. He must prove his patent if the grant be denied. (In practice it is always admitted.) This is done by producing the patent itself, with the seal of the Patent Office attached to it. He must also prove the specifications (these are also always admitted in practice). Sect. 14, sub-sect. 1 provides that, "*A patent sealed with the seal of the Patent Office shall have the same effect as if it were sealed with the Great Seal of the United Kingdom*"; or under sect. 79, if it be not convenient or possible to produce the original, "*Printed or written copies or extracts, purporting to be certified by the Comptroller and sealed with the seal of the Patent Office, of or from patents, specifications, and other documents in the*

(*g*) *Smith* v. *Upton*, 6 M. & G. 251.

Patent Office, and of or from registers and other books kept there shall be admitted in evidence in all Courts in His Majesty's dominions, and in all proceedings, without further proof or production of the originals."

And in Ireland or Scotland where it may be inconvenient to obtain certified copies from the Patent Office recourse may be had to the provisions of sect. 80, "(1) *Copies of all specifications, drawings, and amendments left at the Patent Office after the commencement of this Act, printed for and sealed with the seal of the Patent Office, shall be transmitted to the Edinburgh Museum of Science and Art, and to the Enrolments Office of the Chancery Division in Ireland, and to the Rolls Office in the Isle of Man, within twenty-one days after they have been accepted or allowed at the Patent Office.*

"(2) *Certified copies of or extracts from any such documents and of any documents so transmitted in pursuance of any enactment repealed by this Act shall be given to any person on payment of the prescribed fee; and any such copy or extract shall be admitted in evidence in all Courts in Scotland and Ireland and in the Isle of Man without further proof or production of the originals.*"

If the plaintiff sues as assignee, or under any derivative title, and his title is denied, the entry from the register of patents may be proved in the manner suggested by the 78th section:—

"*A certificate purporting to be under the hand of the Comptroller as to any entry, matter, or thing which he is authorised by this Act, or any general rules made thereunder, to make or do, shall be primâ facie evidence of the entry having been made, and of the contents thereof, and of the matter or thing having been done or left undone.*"

For instance, if an entry in the register is denied by the defendant, he may prove its omission by a certificate under the 78th section.

Registration of title necessary.

By sub-sect. (4) of sect. 71 of the Act of 1907, enacted by the amending Act of 1919, "*except in applications made under section seventy-two of this Act* (for rectification of the Register), *a document or instrument in respect of which no entry has been made in the register in accordance with the provisions of*

sub-sections (1) *and* (2) *aforesaid, shall not be admitted in evidence in any court in proof of the title to a patent or copyright in a design or to any interest therein unless the Court otherwise directs.*"

If the fact of infringement is denied, the plaintiff must be ready with evidence that the defendant has made, used, or sold the articles or process, and any one of these acts, as we have already seen, will satisfy the allegation of infringement.

The burden of proving infringement is strictly on the plaintiff, and if he does not satisfactorily prove it there is no necessity for entering upon the defendant's case on other matters. The plaintiff must always give evidence, when the alleged infringement is the sale or use of an article, that it was not made by himself or his agents (*h*).

True and first inventor, and novelty.

As to the burden of proof of the validity of the patent, when the defendant pleads that the grantee of the letters patent was not the true and first inventor, or that the invention is not novel, the onus of proof is entirely on him, and no evidence need be given by the plaintiff to establish a primâ facie case (*i*). The evidence which the defendant brings must be complete and satisfactory, and the question is one of fact.

If the defendant has succeeded in establishing a case against the plaintiff, the latter will be permitted, before the defendant sums up, to adduce rebutting evidence (*j*).

Although the plaintiff may, as of right, rebut the case made by the defendant upon any issue which rests with the defendant, where the plaintiff has given such rebutting evidence, the defendant will not be allowed to strengthen the case which he had made by adducing further evidence; and this will apply with greater force when the defendant's counsel has summed up the evidence which has been offered (*k*).

Defect in specification.

When the defendant alleges that there is a defect or insufficiency in the specification, the burden of proving that there is

(*h*) *Betts* v. *Willmott*, L. R. 6 Ch. 239.

(*i*) *Ward* v. *Hill*, 18 R. P. C. at p. 490.

(*j*) *Penn* v. *Jack and Others*, L. R. 2 Eq. at p. 377.

(*k*) *Penn* v. *Jack*, L. R. 2 Eq. at p. 318.

such a defect is on the defendant, after the plaintiff has given primâ facie evidence that the specification is sufficient.

We have seen that it is a question of fact whether a specification is sufficient or intelligible or not; it is for the Court to place a construction upon the language used in the specification.

Functions of expert witness.

An expert witness cannot be asked his opinion as to whether or not there has been infringement. That is a question for the jury, or the Court in the absence of a jury. But the expert may explain the nature of what the defendants have done, and he may be asked whether the elements claimed in the patentee's specification (as construed by the Court) are to be found in the defendants' apparatus (*l*).

An expert cannot be asked whether any given invention is "subject-matter," for this is a question of law (*m*), but he may be asked whether the problem solved by the patentee involved any and what difficulties, and whether the solution offered is satisfactory. An expert may not be asked the "nature of the invention," *i.e.*, the ambit of the claim, for this is a question of construction for the Court alone (*n*).

The function of an expert was very clearly explained by Lindley, L.J., in *Brookes* v. *Steele and Currie* (14 R. P. C. at p. 73). "It is necessary to examine the patent, and to ascertain first what the patented invention really is; and secondly whether the defendants have used that invention. In this, as in all cases, the nature of the invention must be ascertained from the specification, the interpretation of which is for the judge, and not for any expert. The judge may, and indeed generally must, be assisted by expert evidence to explain technical terms, to show the practical working of machinery described or drawn, and to point out what is old and what is new in the specification. Expert evidence is also admissible and is often required to show the particulars in which an alleged invention has been used by an alleged infringer, and the real importance of whatever differences there may be between the plaintiff's invention and whatever is done by the

(*l*) See judgment of Lord Wensleydale, in *Seed* v. *Higgins*, 8 H. L. Cas. at p. 550.

(*m*) See Ch. III. ante.

(*n*) See pp. 99, 119, ante.

defendant. But, after all, the nature of the invention for which a patent is granted must be ascertained from the specification, and has to be determined by the judge and not by a jury, nor by any expert or other witness. This is familiar law, although apparently often disregarded when witnesses are being examined" (*o*).

Questions of Law and Questions of Fact.

(*A summary.*) (*p*)

Questions of law and fact.

We have seen that, as a rule, actions for the infringement of letters patent are directed to be tried before the Court without a jury. Still, under special circumstances, the parties, or either of them, may obtain an order to try before a jury. Under these circumstances it will be useful to consider again what are the questions which the Court should leave to the jury as matters of fact, and what are left to the decision of the Court as matters of law.

As to the specification. The construction is for the Court. The ambit of the claim is for the Court, and the rules of construction are similar to those which govern the construction of other documents.

It is for the jury to say whether the specification is intelligible or not, and it is for the Court to direct the jury as to the class of persons to whom it must be intelligible.

It is for the jury to say whether the specification is sufficient or not: that is, whether it contains a sufficient description of the invention; but it is for the Court to inform the jury the degree of sufficiency which the law requires in specifications.

The novelty of the invention is a question for the jury. Questions of prior user or prior publication are always questions of fact, and it is for the jury to compare what has been done before and what is set up as being new, and to say whether or not they are identical. And so any document

(*o*) See also the remarks of Neville, J., in *Graphic Arts Co.* v. *Hunters, Ltd.*, 27 R. P. C. at p. 687; and in *Joseph Crosfield, Ltd.* v. *Techno-Chemical Laboratories, Ltd.* 30 R. P. C. at p. 309.

(*p*) See Index for separate headings.

which is said to amount to prior publication must be construed by the Court, but it is for the jury to compare it with the specification and to say whether the described matter is the same or not.

Subject-matter is a question of law for the Court.

The utility of the invention is also for the jury, subject to the directions of the Court as to the degree of utility which the law requires for the purpose of supporting the validity of a patent.

The question of infringement is a mixed question of law and fact. In *Seed* v. *Higgins* (8 H. L. C. at p. 565) Lord Wensleydale said: "The question of infringement is one of mixed law and fact. The construction of the specification is for the Court, with the aid of such facts as are admissible to explain written documents. In deciding whether there has been an infringement, there is a question of fact wholly for the jury, viz., what the defendants have done; and if scientific evidence is necessary fully to elucidate the case on either side, it is no doubt admissible, and in determinating the question of infringement the judge must apply what the jurymen find to be true. . . . The opinion of scientific witnesses is only admissible as proof of fact." In *De la Rue* v. *Dickenson* (7 E. & B. 755) Campbell, C.J., said: "There may well be a case where the judge may and ought to take upon himself to say that the plaintiff has offered no evidence to be left to the jury to prove infringement, as if there were a patent for a chemical composition, and the evidence was that the defendant had constructed and used a machine for combing wool. But if the evidence has a tendency to show that the defendant has used substantially the same means to obtain the same result as specified by the plaintiff, and scientific witnesses have sworn that the defendant actually has used such means, the question becomes one of fact, mixed with law, which the judge is bound to submit to the jury."

VIII. Certificate of Validity.

Sect. 35 of the Act of 1907, as amended by the Act of 1919, is as follows:—

Certificate of validity.

"*In an action for infringement of a patent, the Court may certify that the validity of any claim in the specification of the patent came in question; and if the Court so certifies, then in any subsequent action for infringement the plaintiff in that action on obtaining a final order or judgment in his favour shall, unless the Court trying the action otherwise directs, have his full costs, charges, and expenses as between solicitor and client so far as that claim is concerned.*"

Similar provisions were contained in 5 & 6 Will. IV. c. 83, in sect. 43 of the Patent Law Amendment Act, 1852, and in sect. 31 of the Act of 1883.

The object of these sections is to prevent patentees of important inventions from being ruined by successive actions which they might be obliged to bring to restrain infringements, manufacturers banding themselves together to defeat a patentee's rights in this manner.

Before the amending Act of 1919 a certificate of validity could only be given for the whole patent. The Court may now certify as to any claim. This amendment has been effected in order to correspond with the new sect. 32A.

The Act of William IV. cited above gave the patentee a right to treble costs, but this was taken away by 5 & 6 Vict. c. 97, which gave him full costs; and now, as we have seen, costs as between solicitor and client are substituted for full costs.

As to whether the Vice-Chancellor of the Palatine Court can grant a certificate or even the Court of Appeal on hearing appeals from him, see *Proctor* v. *Sutton Lodge Chemical Co.* (5 R. P. C. 184).

To acquire the protection of the section a certificate is requisite, and this should be applied for at the trial of the action, and the application must be made to the Court or judge who has tried the cause.

The Court has no power under the section to order full costs upon the first trial in which the validity of the patent came in question, the words of the statute being "in any subsequent action for infringement" (*a*).

(*a*) *Penn* v. *Fernie*, L. R. 3 Eq. 308.

For the same reason the costs of a subsequent counter-claim for revocation can only be on the "party and party" scale (*b*).

When a certificate of validity has once been granted there is no need for another in a subsequent action upon the same patent (*c*), save where the validity is attacked on new grounds (*d*).

If the specification is amended after the granting of the certificate, so as to affect the claim or claims certified, the certificate will no longer hold good, and a new one must be applied for in any subsequent action (*e*).

It does not appear clear whether or not a certificate might be granted in an action to restrain threats that the validity of the patent came in question. This point arose in *Crampton* v. *The Patents Investments Co.* (5 R. P. C. 382), which was an action under sect. 32. In that case it was held that the defendant's patent was valid, and had been infringed; application was made by the counsel for the defendant for a certificate under sect. 31. Field, J. (p. 404), said: "I entertain great doubt whether I have jurisdiction, and I think the safer course will be for me to give a certificate without prejudice to the validity of it, if it should come into operation."

Court will protect the public.

In granting this certificate the judge is bound to protect the interests of the public and to see that the certificate is not given when the validity of the patent has not in fact been proved to the satisfaction of the Court; otherwise there is nothing to prevent collusive actions being brought merely for the purpose of obtaining this valuable privilege—a privilege which can be used as an enormous lever, preventing persons from incurring the risk of a conflict with the patentee.

When granted.

The practice seems to be to grant the certificate where the plaintiff is quite ready to fight the validity of the patent, even though the fight should not actually take place through the non-appearance or the submission of the defendant; but the

(*b*) *British Vacuum Cleaner Co.* v. *L. and S.W. Ry. Co.*, 27 R. P. C. at p. 670.

(*c*) *Edison* v. *Holland*, 6 R. P. C. 243.

(*d*) See *Flour Oxidising Co.* v. *Hutchinson*, 26 R. P. C. at p. 638.

(*e*) *Brooks & Co., Ltd.* v. *Rendall, Underwood & Co., Ltd.*, 24 R. P. C. 17.

Court ought to be satisfied that the withdrawal of the defendant from the contest is not the result of collusion, and primâ facie evidence should be given in such cases.

In *Haydock* v. *Bradbury* (4 R. P. C. 74) the validity of the patent was put in issue by the defence, but the defendant not appearing at the trial, the validity of the patent was not seriously contested. Primâ facie evidence of validity was given, and judgment was given for the plaintiff and a certificate of validity granted (*f*).

In *Chadburn's Telegraph Co.* v. *Robinson* (22 R. P. C. 486) the action was brought upon two patents. As to one of them, the defendants submitted to an injunction before any evidence was given. Evidence was then given in support of the validity of both patents, and the witnesses were not cross-examined. The defendants then submitted, as the result of a compromise, to pay a fixed sum as damages and to become the licensees of the plaintiffs. Farwell, J., granted a certificate in respect of each patent (*g*).

In *Claughton* v. *Foster* (21 R. P. C. 17) the defendant agreed to take a license from the plaintiff, and the certificate was refused.

In *Morris and Bastert* v. *Young* (12 R. P. C. 455) the defendants attacked the validity of the patent only on the assumption that it was wide enough to cover what they were doing. The House of Lords held that there was no infringement, and that the patent was valid on a narrow construction, and therefore refused a certificate of validity (*h*).

No appeal will lie from a granting or refusing to grant a certificate that the validity of a claim of the patent came in question; such appeal not being from a judgment or order within sect. 19 of the Judicature Act (*i*).

(*f*) Also *United Phonograph Co.* v. *Young*, 11 R. P. C. 489; *Acetylene Illuminating Co.* v. *Midland Acetylene Syndicate*, 17 R. P. C. 534; *Brooks* v. *Lycett*, 20 R. P. C. 390; *Consolidated Pneumatic Tool Co.* v. *Churchill*, 22 R. P. C. 367; *British Thomson-Houston Co.* v. *A. and A. Electrical Co.*, 34 R. P. C. 42.

(*g*) And see *Ferguson Superheaters, Ltd.* v. *Askern Coal and Iron Co.*, 29 R. P. C. 431.

(*h*) And see *New Inverted Gas Lamp Co.* v. *Cope and Timmins, Ltd.*, 23 R. P. C. at p. 116.

(*i*) *Haslam* v. *Hall*, L. R. 20 Q. B. D. 491; 5 R. P. C. 144.

"*In any subsequent action for infringement*": A certificate of validity granted in one action will not affect the costs in another, although decided at a later date, provided that the latter proceedings were instituted before the grant of the certificate in the earlier action (*j*). The subsequent action.

"*Unless the Court or judge trying the action certifies that he ought not to have the same.*" This clause gives unlimited discretion to the judge, a discretion which is exercised in view of the facts of each particular case; so where the second action was vexatious (*k*), or where litigation was the natural consequence of the vague and lax manner in which the specification had been drawn up (*l*), costs as between solicitor and client were refused.

In *Otto* v. *Steel* (3 R. P. C. at p. 120) solicitor and client costs were refused on the ground that the validity of the patent was attacked on new grounds entirely; but it is unlikely that that case will be followed at the present day (*m*).

The burden is on the defendant to show cause why he should not pay solicitor and client costs under this section (*n*).

The fact that the validity of the patent was not brought into question in the second action is merely one of the circumstances to be considered by the judge in exercising his discretion, and will not preclude the granting of solicitor and client costs (*o*). This is now decided, although in some older cases it had been doubted.

In two cases, however, where the issue in the second action

(*j*) *The Automatic Weighing Machine Co.* v. *The International Hygienic Soc.*, 6 R. P. C. at p. 480; *Saccharin Corpn.* v. *Anglo-Continental Co.*, 17 R. P. C. at p. 350.

(*k*) *Proctor* v. *Sutton Lodge Chemical Co.*, 5 R. P. C. 184.

(*l*) *Automatic Weighing Machine Co.* v. *National Exhibitions Association*, 8 R. P. C. at p. 352, but query this decision. See also *Boyd* v. *The Tootal Broadhurst Lee Co.*, 11 R. P. C. at p. 185.

(*m*) See *Fabrique de Produits Chimiques* v. *Lafitte*, 16 R. P. C. 68. See also *Flour Oxidising Co.* v. *Hutchinson*, 26 R. P. C. 638.

(*n*) *United Telephone Co.* v. *Patterson*, 6 R. P. C. 142; see also *United Telephone Co.* v. *St. George*, 3 R. P. C. at p. 339; *The Welsbach Incandescent Gas Light Co.* v. *The Daylight Incandescent Mantle Co.*, 16 R. P. C. at p. 354.

(*o*) *Welsbach Incandescent Gas Light Co.* v. *Daylight Incandescent Mantle Co.*, 16 R. P. C. at p. 353; *British Vacuum Cleaner Co.* v. *Exton Hotels, Ltd.*, 25 R. P. C. at p. 629.

was merely one of infringement, solicitor and client costs were refused by Farwell, J. (*p*).

IX. Certificates as to Particulars.

Rule 22 of Order LIIIA. re-enacts, with certain modifications, sub-sect. 6 of sect. 29 of the Act of 1883. The rule is as follows:—"*On taxation of costs in any action or counterclaim for infringement of patent, or in any petition for revocation of a patent under sect. 25 of the Act, or in any counterclaim for revocation of a patent under sect. 32 of the Act, the following provision shall apply, that is to say:—*

"*If the action, petition, or counterclaim proceeds to trial on any patent, no costs shall be allowed in respect of any issues raised in the particulars of breaches or particulars of objections, and relating to that patent to the parties delivering the same respectively, except in so far as such particulars are certified by the Court to have been proven or to have been reasonable and proper, without regard to the general costs of the case; but, subject as aforesaid, the costs of the issues raised by the particulars of breaches and the particulars of objections shall be in the discretion of the taxing master.*" This may be compared with sub-sect. 6 of sect. 29 of the Act of 1883, now repealed, which was as follows:—"*On taxation of costs regard shall be had to the particulars delivered by the plaintiff and by the defendant, and they respectively shall not be allowed any costs in respect of any particular delivered by them unless the same is certified by the Court or a judge to have been proven, or to have been reasonable and proper, without regard to the general costs of the case.*"

Changes effected thereby.

Two principal changes were effected by the rule, viz., (1) Certificates are required in petitions for revocation as well as in actions for infringement, and (2) It is no longer necessary for the action to proceed to trial for the successful party to obtain the costs of his particulars.

It is important, therefore, to ask for a certificate that the particulars of breaches or of objections, as the case may be, were

(*p*) *Saccharin Corporation* v. *Edison-Bell Phonograph Co.* v. *Dawson*, 19 R. P. C. at p. 173; *Waterfield*, 19 R. P. C. at p. 330.

reasonable and proper. The application should be made at the conclusion of the trial, although the omission to do so does not preclude the successful party from obtaining it, provided he applies within a reasonable time, and he is subject to the costs incurred by the delay (*a*).

As to the paticulars of objections, the practice is now well settled that when the action goes to trial, the Court will not certify unless the defendants can actually show that they are reasonable and proper; and so, where the action came on for hearing, and the plaintiff's case broke down by reason of certain of the particulars, the Court would not go through all the particulars with a view to ascertaining whether they were reasonable and proper, and a certificate was granted only as to those upon which the action was decided (*b*). And when the defendant succeeds on the issue of infringement and the issue of validity is not considered, the particulars of objections will not be certified.

If when a case is called on for hearing the plaintiff abandons it, the case is deemed not to have proceeded to trial, and the cost of the particulars are in the discretion of the taxing master (*c*). Where the defendant does not appear at the trial the Court will usually certify for the particulars of breaches on the ground that the defendant's non-appearance is evidence that they are reasonable (*d*).

In some cases it may be reasonable to put a number of specifications to a witness *en bloc*, and if thereupon he concedes the point the certificate may allow each specification (*e*).

Where one of the items in the particulars of objections is relied on as an anticipation, but fails in this capacity, the Court

(*a*) *Rowcliffe* v. *Morris*, 3 R. P. C. 145; *Duckett* v. *Sankey*, 16 R. P. C. 357.

(*b*) *Boyd* v. *Horrocks*, 6 R. P. C. p. 162; *Longbottom* v. *Shaw*, 6 R. P. C. 143, 510; *Peter Pilkington, Ltd.* v. *Massey*, 21 R. P. C. 712.

(*c*) *British Foreign and Colonial, &c., Co.* v. *Metropolitan Gas Meters, Ltd.*, 29 R. P. C. 303; *Babcock and Wilcox, Ltd.* v. *Water Tube Boiler and Engineering Co.*, 27 R. P. C. 626.

(*d*) *Brooks* v. *Hall*, 21 R. P. C. 29; *Saccharin Corporation* v. *Skidmore*, 21 R. P. C. 31.

(*e*) Per Swinfen-Eady, J., in *The Cooper Patent Anchor Rail Joint Co., Ltd.* v. *London County Council*, 23 R. P. C. at p. 297.

may nevertheless certify for it, if it has been useful in illustrating the state of the art or otherwise (*f*).

And it may occur that costs incurred by a defendant in respect of an investigation into prior knowledge may be allowed as part of the costs of his defence in limiting the plaintiff's claim, although no certificate as to the particulars of the objections may have been granted (*g*).

Particulars of breaches.

Care must be taken at the trial to ask the judge to certify as to each particular breach mentioned in the particulars of breaches, and as to each particular objection; and no cost of witnesses, or of and incidental to such breach of objection as is not specially certified for, will be allowed (*h*).

The certificates granted under this rule must not be confused with the certificate under sect. 35. The object of the rule is to provide what costs shall be payable in the action itself, and the object of sect. 35 is to provide for the costs of future actions.

Apportionment of costs.

Where the plaintiff is successful on some issues and the defendant on some, the costs should be apportioned, the plaintiff receiving a certificate as to the particulars of breaches and the defendant as to the particulars of objections. In *Badische Anilin Fabrik* v. *Levinstein* (L. R. 29 C. D. at p. 418; 2 R. P. C. at p. 118), in the Court of Appeal, Bowen, L.J., said: "I am of opinion in this case that the plaintiffs should have the costs occasioned by the issues raised by the particulars of breaches, and that in respect of all the other costs the costs in the action should follow the usual result and be awarded to the successful party. It seems to me that without laying down any hard-and-fast line, or trying to fetter our discretion at a future period in any other case, we are acting on a sensible and sound principle, namely, the principle that the parties ought not, even if right in the action, to add to the expenses of an action by fighting issues in which they are in the wrong. It may be very reasonable with regard to their own interest, and may

(*f*) *The Castner-Kellner Alkali Co.* v. *Commercial Development Co.*, 16 R. P. C. at p. 276.

(*g*) *Piggott & Co., Ltd.* v. *Corporation of Hanley*, 23 R. P. C. 639.

(*h*) *Honiball* v. *Bloomer*, 10 Exch. 538; see also *Losh* v. *Hague*, 5 M. & W. 387; *Longbottom* v. *Shaw*, 6 R. P. C. 510.

help them in the conduct of the action, that they should raise issues in which, in the end, they are defeated, but the defendant who does so does it in his own interest, and I think he ought to do it at his own expense. The order, therefore, I think ought to be as I have stated."

Costs will be apportioned both where the patent is held to be invalid and the acts alleged to be infringements proved (*i*), and where the plaintiff fails on the issue of infringement and succeeds in upholding his patent (*j*), but in each of these cases the issues must be perfectly distinct (*k*), because in theory there is only one issue, viz., the infringement of the plaintiff's legal right (*l*).

In cases of great difficulty the apportionment has been much simplified by the judge at the trial making an order that the entire taxed costs are to be divided between the parties in definite proportions (*m*).

Where the act of infringement was admitted before the trial the plaintiffs were not allowed any costs on that issue, their patent being held to be invalid (*n*).

Where the plaintiffs brought an action for infringement of two patents, but abandoned their case as to one of them at the trial of the action, it was held that the plaintiffs should pay all costs incurred by the defendants so far as occasioned by the claim to the patent so abandoned, although successful in the remainder of their action (*o*). And a similar apportionment may be made where the plaintiff succeeds on one patent and fails on

(*i*) *Brooks* v. *Hall*, 21 R. P. C. 29; *Saccharin Corporation* v. *Skidmore*, 21 R. P. C. 31. See also *Young* v. *Rosenthall*, 1 R. P. C. at p. 41; *Binnington* v. *Hill*, 8 R. P. C. at p. 332; *Cassel Gold Extracting Co.* v. *Cyanide Gold Recovery Syn.*, 11 R. P. C. at p. 653.

(*j*) *Tweedale* v. *Ashworth*, 7 R. P. C. at p. 435; *The Sunlight Incandescent Gas Light Co.* v. *The Incandescent Gas Light Co.*, 14 R. P. C. at p. 755; *Dunlop Pneumatic Tyre Co.* v. *Wapshare Tube Co.*, 17 R. P. C. at p. 458; *Pilkington* v. *Massey*, 21 R. P. C. at p. 712.

(*k*) *Kaye* v. *Chubb*, 4 R. P. C. at p. 300; *Robertson* v. *Purdey*, 24 R. P. C. at p. 302.

(*l*) *Haskell Golf Ball Co.* v. *Hutchinson*, 23 R. P. C. 125.

(*m*) *Incandescent Gas Light Co.* v. *Sunlight Incandescent Co.*, 13 R. P. C. at p. 345; *Monnet* v. *Beck*, 14 R. P. C. at p. 850.

(*n*) *Westley Richards* v. *Perkes*, 10 R. P. C. at p. 194.

(*o*) *Hocking* v. *Fraser*, 3 R. P. C. 3.

another (*p*), or even where the plaintiff succeeds on one claim of a single patent and fails on the others (*q*).

Costs on higher scale.

Costs on the higher scale are only allowed in cases of exceptional difficulty (*r*).

In *Gadd* v. *The Mayor, &c. of Manchester* (9 R. P. C. at p. 535), Lindley, L.J., said: "I think costs on the higher scale ought not only to be given where there are cases of very unusual difficulty and skill—antiquarian research and things of that kind. The idea of giving costs on the higher scale in all patent cases is one that I will not sanction."

In *The Wenham Gas Co.* v. *The Champion Gas Co.* (8 R. P. C. at p. 320) costs on the higher scale were refused on the ground that the necessity for scientific evidence was largely due to the unfortunate wording of the specification. Costs on the higher scale have been refused although the costs of three counsel have been allowed (*s*).

Three counsel.

The principle upon which costs on the higher scale should be allowed and the costs of briefing three counsel were discussed, and the authorities considered, by Buckley, J., in *The Dunlop Pneumatic Tyre Co.* v. *The Wapshare Tube Co.* (17 R. P. C. at p. 459), where both were allowed. But in the majority of cases in recent times they have been refused (*t*).

The practice has now arisen of leaving the question of allowing three counsel to the taxing master (*u*).

Costs of shorthand notes.

The costs of the shorthand notes are usually agreed between the parties before the trial commences, but in default of such an arrangement they will not be allowed unless they have been of material assistance to the Court in shortening the amount of time the case has taken, or otherwise (*v*).

(*p*) *Brooks* v. *Lamplugh*, 15 R. P. C. at p. 52.

(*q*) *Mouchel* v. *Coignet*, 23 R. P. C. 649.

(*r*) *Farbenfabriken vorm. F. Bayer & Co.* v. *Bowker*, 8 R. P. C. 389, 397; *Hopkinson* v. *St. James' Electric Light Co.*, 10 R. P. C. 46, 62; *Muirhead* v. *Commercial Cable Co.*, 12 R. P. C. at p. 64; *British Liquid Air Co.* v. *British Oxygen Co.*, 25 R. P. C. 218, 577; *Andrews' Patent*, 24 R. P. C. at p. 378.

(*s*) *Marconi* v. *British Radio Co.*, 28 R. P. C. 181.

(*t*) On this point, see the list of authorities cited in *Bradford Dyers' Association* v. *Bury*, 19 R. P. C. 125.

(*u*) *Andrews' Patent*, 24 R. P. C. at p. 378.

(*v*) See, *e.g.*, *Castner-Kellner Alkali Co.* v. *Commercial Development Co.*,

Public Authorities Protection Act.

Under the Public Authorities Protection Act, 56 & 57 Vict. c. 61, a public authority is entitled to costs as between solicitor and client, and this applies to actions for infringement (*w*).

No appeal as to costs.

Sect. 49 of the Judicature Act, 1873, provides that there shall be no appeal as to costs save where the costs were a matter of right, and not discretionary (*x*).

Directors of companies.

The directors of a limited company, whose servants have infringed a patent, may be ordered to pay costs personally.

In *Spencer* v. *The Ancoats Vale Co.* (6 R. P. C. 46) a motion for sequestration and attachment for breach of an injunction, it was ordered that costs on the higher scale should be paid by the defendant company, and by the directors in the event of the company not paying (*y*).

Where an action is brought against two defendants and the case against one of them is settled, and the action proceeds against the other and judgment is recovered, then unless a special order as to costs is made no deduction on taxation will be made from the general costs of the action to represent the amount incurred as against the defendant whose case was settled (*z*).

Judgment having been recovered, minutes of judgment should be prepared. The minutes will be in accordance with one or other of the precedents given hereafter. We have drawn attention in previous pages to those points which should be attended to in preparing these minutes. Care should be exercised, when an inquiry is directed, that provision be made for the payment of costs to the plaintiff up to and including the hearing, otherwise the payment of all costs will be delayed until the final account has been taken, which in some cases has been known to amount to a delay of years.

16 R. P. C. at p. 275; *The Palmer Tyre Co., Ltd.* v. *Pneumatic Tyre Co., Ltd.*, 16 R. P. C. at p. 496.

(*w*) *Chamberlain and Hookham* v. *Bradford*, 17 R. P. C. 762; *British Thomson-Houston Co.* v. *Manchester*, 20 R. P. C. at p. 471; cf. *New Conveyor Co.* v. *Edinburgh Commissioners*, 21 R. P. C. 147.

(*x*) *Turner* v. *Hancock*, 20 C. D. 303, C. A.

(*y*) See also *Betts* v. *De Vitre*, L. R. 3 Ch. 429.

(*z*) *Kelly's Directories, Ltd.* v. *Gavin and Lloyds*, 1901, 2 Ch. 763; *Badische Anilin und Soda Fabrik* v. *Hickson*, 23 R. P. C. 149.

A common course with regard to costs is for the solicitor to the successful party to give an undertaking to return the costs in the event of a successful appeal (*a*). In *Ackroyd and Best* v. *Thomas* (21 R. P. C. at p. 412), where the solicitors refused the undertaking, Joyce, J., stayed the payment of the costs, but refused to stay the taxation.

PRACTICE ON APPEAL.

Under Order LVIII. r. 4, the Court of Appeal has all the powers and duties as to amendment and otherwise of the High Court, together with full discretionary power to receive further evidence upon questions of fact, such evidence to be either by oral examination in Court, by affidavit, or by deposition taken before an examiner or commissioner. Such further evidence may be given without special leave upon interlocutory application, or in any case as to matters which have occurred after the date of the decision from which the appeal is brought. Upon appeals from a judgment after trial or hearing of any cause or matter upon the merits, such further evidence (save as to matters subsequent as aforesaid) shall be admitted on special grounds only, and not without special leave of the Court.

As to further evidence, in *Hinde* v. *Osborne* (2 R. P. C. at p. 47), Lindley, L.J., said: "The power given to the Court of Appeal to hear fresh evidence is an extremely valuable one, and is given by Order LVIII. r. 4. I cannot understand that as meaning that the Court of Appeal ought to grant leave to adduce fresh evidence, simply because a man has failed at the trial and he thinks he can get more evidence which, if he had got it before, would have enabled him to succeed on the trial. That cannot be. There must be some ground shown to satisfy the Court that there is some evidence now forthcoming, which with due diligence he could not have got; and it must, therefore, in accordance with the usual practice, be evidence, not merely swearing by affidavits or anything of that kind, but something in the nature of the production of a lost document, or something of that sort, which will not expose the parties to

(*a*) *The Ticket Punch Register Co.* v. *Colley's Patents, Ltd.*, 12 R. P. C. at p. 10.

a mere flood of affidavits made up to meet the blots and defects which have been disclosed upon the first trial" (*b*).

As to amendment of pleadings and particulars, in *Cropper* v. *Smith* (L. R. 26 C. D. at p. 710), Bowen, L.J., said: "Now, I think it is a well-established principle that the object of Courts is to decide the rights of the parties, and not to punish them for mistakes they make in the conduct of their cases by deciding otherwise than in accordance with their rights. Speaking for myself, and in conformity with what I have heard laid down by the other Division of the Court of Appeal, and by myself as a member of it, I know of no kind of error or mistake which, if not fraudulent or intended to overreach, the Court ought not to correct, if it can be done without injustice to the other party. Courts do not exist for the sake of discipline, but for the sake of deciding matters in controversy, and I do not regard such amendment as a matter of favour or of grace."

In *The Shoe Machinery Co.* v. *Cutlan* (12 R. P. C. 530) the Court of Appeal refused to allow amendment of the particulars of objections by adding seven new anticipating specifications. They based their decision on the fact that no satisfactory explanation was forthcoming as to why these specifications had not been found before. But in *Pirrie* v. *York St. Spinning Co.* (11 R. P. C. at p. 431) the Court allowed a similar application, which was supported, however, by affidavits by the applicant's patent agents, that a diligent and careful search had been made, and that the new specifications could not have been discovered in spite of proper care.

On appeal to the House of Lords, it was held in a case where the Court of Appeal had held the specification bad and for the defendant on the infringement issue, but the House had reversed the decision on the specification and upheld it on the infringement issue, that each party must pay its own costs of the appeal (*c*).

(*b*) And see *Nadel* v. *Martin*, 20 R. P. C. 721. Instances where fresh evidence was allowed on appeal were *Britain* v. *Hirsch*, 5 R. P. C. 226; *Spencer* v. *Ancoat's Rubber Co.*, 6 R. P. C. 46; *Blakey* v. *Latham* 6 R. P. C. at p. 186.

(*c*) *Moore* v. *Bennett*, 1 R. P. C.

The costs of employing an expert to assist counsel in the Court of Appeal will not be allowed save under the most special circumstances (*d*).

at p. 148; Griff. P. C. at p. 161; see also as to costs on reversal of decision of C. A. by House of Lords, *The United Horsenail Co.* v. *Stewart*, 5 R. P. C. 260, 269.

(*d*) *Consolidated Pneumatic Tool Co.* v. *Ingersoll Sergeant Drill Co.* 25 R. P. C. 574.

CHAPTER XVII.

RIGHTS OF THE CROWN AND TAXATION.

ALTHOUGH it had been the practice for the Crown to remunerate inventors when their inventions were used in the service of the Crown it was decided in *Feather* v. *The Queen* (6 B. & S. 257), notwithstanding that the patent included a condition that the patentee should supply the patented articles for the use of the Crown at or upon such reasonable prices and terms as should be settled by the officers of the Crown requiring them, and that the letters patent should be "taken, construed and adjudged in the most favourable and beneficial sense for the best advantage of" the patentee, that the Crown might use the inventions protected by the patent without the assent of or compensation made to the patentee.

In *Dixon* v. *London Small Arms Co.* (L. R. 10 Q. B. 130) it was, however, held that the decision in *Feather* v. *R.* was not to be extended so as to protect a contractor, as distinguished from a servant or agent of the Crown, who supplied to the Crown patented articles manufactured without license from the patentee, and this unanimous decision of the Court of Queen's Bench, reversed by the unanimous decision of the Court of Appeal (*a*), was restored by the House of Lords (*b*).

The right of the Crown to use a patented invention for the public service without being under any obligation to remunerate the inventor was expressly abolished by sect. 27 of the Act of 1883, re-enacted by sect. 29 of the Act of 1907, and this section, now amended by the Act of 1919, is as follows:—

"29.—(1) *A patent shall have to all intents the like effect as against His Majesty the King as it has against the subject;*

"*Provided that any Government department may, by*

(*a*) 1 Q. B. D. 384. (*b*) 1 A. C. 632.

themselves or by such of their agents, contractors, or others as may be authorised in writing by them at any time after the application, make, use or exercise the invention for the services of the Crown on such terms as may, either before or after the use thereof, be agreed on, with the approval of the Treasury, between the department and the patentee, or, in default of agreement, as may be settled in the manner hereinafter provided. And the terms of any agreement or licence concluded between the inventor or patentee and any person other than a Government department, shall be inoperative so far as concerns the making, use or exercise of the invention for the service of the Crown:"

It will be observed that this sub-section places contractors who are authorised on the same footing as servants and agents of the Crown as regards immunity. It is submitted that the authorisation in *writing*, required for the first time by the Act of 1919, need not refer explicitly to the patent in question, but may be inferred from the terms of the written contract as was done in *Pyrene Co., Ltd.* v. *Webb Lamp Co.* (37 R. P. C. 57), the judgment in which was delivered a few days before the amended section came into operation. Provided, therefore, the contract leaves no doubt as to the article which is to be made or the process which is to be used in making it, no specific reference to the patent need appear in it and, indeed, the officers of the department and the contractors may be in ignorance of the existence of the patent. It should also be noted that while under the unamended section the right given was "to use the invention" in the section as amended the right is "to make use or exercise the invention," but it is not clear that this change in any way alters the rights of the Crown (*c*).

Following the practice initiated during the war, when a Royal Commission presided over by a judge of the High Court was appointed on March 19, 1919, with powers *inter alia* to settle in lieu of the Treasury the sum to be paid by the Crown for the use of patented inventions, the provisions of the amended section substitute for the Treasury a new tribunal for this and other purposes. It has been decided that the new procedure

(*c*) *In re Hale's Patents*, 37 R. P. C. at p. 174.

(laid down in sub-sect. 2) of settling claims is not retrospective, *i.e.* if the user was prior to April 23, 1920, on which date the sub-sects. 1, 2 and 4 came into operation (*d*), the method laid down by the Act of 1907, unamended, as modified by the appointment of the Royal Commission, applied (*e*).

"*Provided further that, where an invention which is the subject of any patent has, before the date of the patent, been duly recorded in a document by, or tried by or on behalf of, any Government department (such invention not having been communicated directly or indirectly by the applicant for the patent or the patentee), any Government department, or such of their agents, contractors, or others, as may be authorised in writing by them, may make, use and exercise the invention so recorded or tried for the service of the Crown, free of any royalty or other payment to the patentee, notwithstanding the existence of the patent. If in the opinion of the department the disclosure to the applicant or the patentee, as the case may be, of the document recording the invention, or the evidence of the trial thereof, if required, would be detrimental to the public interest, it may be made confidentially to counsel on behalf of the applicant or patentee, or to any independent expert mutually agreed upon.*"

The question arises as to whether the words "*recorded in a document by . . . any Government department*" apply to a provisional specification, or to a complete specification before publication, which has been lodged at the Patent Office. If they do so apply then a Government department, *e.g.* the Admiralty, which has a claim made against it under this section may refer to such an unpublished specification to defeat the inventor's claim. On the other hand, it must be observed that under sect. 69 of the Act of 1907 the Comptroller is not allowed to communicate or publish such specifications, and this prohibition extend as much to communication to other Government departments as to a private individual. It is true that during the war he was allowed, under Regulation 18B of the Defence of the Realm Regulations, to communicate to the Admiralty, the Army

(*d*) S. R. & O., 1920, No. 658. R. P. C. 371.
(*e*) *In re Hale's Patents*, 37

Council and Air Council such inventions as he considered of military interest, but this regulation is no longer in force, and it is submitted that sect. 69 now prevents him doing so. It is clear that if the Government department have recorded a private letter in which the invention is disclosed, this, although not a publication which could invalidate the patent, will be enough to defeat the claimant's application for reward. A Government department, therefore, is in this respect in a position stronger than that of a defendant in an ordinary infringement action.

"(2) *In case of any dispute as to the making, use or exercise of an invention under this section, or the terms therefor, or as to the existence or scope of any record or trial as aforesaid, the matter shall be referred to the court for decision, who shall have power to refer the whole matter or any question or issue of fact arising thereon to be tried before a special or official referee or an arbitrator upon such terms as it may direct. The court, referee, or arbitrator, as the case may be, may, with the consent of the parties, take into consideration the validity of the patent for the purposes only of the reference and for the determination of the issues between the applicant and such Government department.*"

Pausing here for a moment it is not clear what effect, if any, is to be attributed to the last sentence. It does not give the patentee the right to insist on the question of validity being determined by the Court, referee, or arbitrator, if the Crown does not admit validity, and the Crown may still maintain the attitude adopted by the Treasury in the past that nothing is payable by the Crown for the user of an invention, the validity or infringement of which is not admitted.

It has been suggested by Sargant, J., who was also the Chairman of the Royal Commission already referred to, that in these circumstances a patentee could proceed by petition of right for a declaration by the Courts as to validity.

In two cases (*f*) under the former provisions the Crown agreed

(*f*) *Nobel Explosives Co., Ltd.* v. *Anderson*, 11 R. P. C. 115, 519; 12 R. P. C. 164; *Maxims Nordenfeldt Guns and Ammunition Co., Ltd.* v. *Anderson*, 14 R. P. C. 371.

to allow a nominal defendant to be sued for infringement in the ordinary way before the Courts, and the question of validity and infringement was tried, but this is a voluntary proceeding on their part, and the infringement of a patent, being a tort, does not enable the patentee to proceed by petition of right against the Crown (*g*).

Apart from the provision, the determination of validity has no effect (except on the question of costs in subsequent actions, if a certificate is obtained that the validity of the patent came into question) except *inter partes*.

Sub-sect. (2) continues: "*The court, referee, or arbitrator, further in settling the terms as aforesaid, shall be entitled to take into consideration any benefit or compensation which the patentee, or any other person interested in the patent, may have received directly or indirectly from the Crown or from any Government department in respect of such patent.*"

It has been decided by Sargant, J., that the "Court" for the purposes of this sub-section, is the High Court, as defined by sect. 92 (1), and not the judge selected by the Lord Chancellor under sect. 92 (2) of the Act (*h*).

"(3) *The right to use an invention for the services of the Crown under the provisions of this section or any provisions for which this section is substituted shall include, and shall be deemed always to have included, the power to sell any articles made in pursuance of such right which are no longer required for the services of the Crown.*"

The Crown's right to sell implies the purchaser's right to use the articles in this country, but not in the colonies or foreign countries if they are infringements of local patents. A purchaser of unassembled parts, which are in themselves unprotected, of a patented article, will also not be protected from an action for infringement of a patent for the combination if he assembles them.

"(4) *Nothing in this section shall affect the right of the Crown or of any person deriving title directly or indirectly from the Crown to sell or use any articles forfeited under the laws relating to the customs or excise.*"

(*g*) *Feather* v. *R.*, 6 B. & S. 257.

(*h*) *In re Hale's Patent*, 37 R. P. C. p. 174.

Goods forfeited under the provisions of the Merchandise Marks Acts, 1887, on importation (see sect. 16) but not otherwise (see sect. 2) are "*articles forfeited under the laws relating to the customs or excise.*" It is, however, submitted that these Acts only empower the Crown to forfeit and sell such articles, and that they do not permit the Crown or purchasers from them to use the articles if they are infringements of a patent any more than the right to use a patented article can be taken in execution under a writ of *fi. fa.* (*i*).

DEFENCE OF THE REALM ACTS.

The Regulations made during the war under the Defence of the Realm Acts in so far as they dealt with patents or inventions may be summarised as follows:—

8cc. Enabled certain Government departments, including the Food Controller, with a view to the more efficient or increased production of war material, to require the communication to their nominee of all particulars of any invention or process or method of manufacture, and provided that the communication of the invention should not prejudice the right of the inventor or owner subsequently to apply for or obtain a patent.

18B. Enabled the Comptroller, after consultation with and at the request of the Admiralty, Army Council or Air Council might delay the acceptance of the complete specification for a patent, the publication of which might be detrimental to the public safety, and might in such case prohibit:

(*a*) the publication or communication in any way of the invention;

(*b*) application being made for the protection of the invention in an enemy or neutral country; and

(*c*) application being made for the protection of the invention in any allied country or in any of the Dominions without permission.

The Regulation further prohibited the application for any patent abroad without the permission of the Comptroller.

These regulations have both been repealed, but they are of

(*i*) *British Mutoscope Co.* v. *Homer*, 18 R. P. C. 177.

interest as showing the additional powers deemed necessary by the Crown during a national emergency.

30A. Prohibited the entering into negotiations for the sale or purchase or other dealing in any right in any invention or process of manufacture relating to certain classes of war material without the permission of the competent naval or military authority.

Finally, 40BB enabled the Local Government Board to authorise any local authority or person to purchase, distribute and use medicinal preparations for the treatment of venereal diseases without being liable to any action for infringement of patent rights.

This power is an extension of the rights of the Crown conferred by sect. 29 of the Act of 1907 in that the user authorised is not confined to contractors or agents of the Crown, and the assessment of compensation (if any) is transferred from the Treasury to the Defence of the Realm Losses Commission. This regulation expires with the termination of the War.

Indemnity Act.

The Indemnity Act (*j*) has, we suggest, no effect on the rights of patentees as regards the use of inventions by the Crown or Government departments. The proviso to clause 1, sub-sect. (1) enacts: "*Provided that, except in cases where a claim for payment or compensation can be brought under section 2 of this Act, this section shall not prevent . . . (c) the institution or prosecution of proceedings respecting the validity or infringement of a patent.*" And the cases excepted by sect. 2 only apply to persons who have incurred or sustained any direct loss or damage "*by reason of interference with*" their property or business. We contend that infringement of a patent is not an interference with property or business within the meaning of this definition, and where the right of dealing with a patent has been interfered with under Regulation 30A the right of claiming compensation would not be in respect of infringement.

(*j*) 10-11 Geo. 5, c. 48.

STAMP DUTY.

In view of the amended provisions of sect. 71 of the Act of 1907 by which patentees, licensees, and others who fail to register the documents under which they acquire their title are placed under disabilities, the question of stamping has assumed an added importance. The Comptroller is liable to a penalty of 10*l.* if he register a document which is not duly stamped (*k*), and he may therefore refuse to register a document where he is not satisfied that the true consideration is not stated on the face of the document (*l*). The proper mode of questioning the legality of his refusal is to obtain the opinion of the Commissioners of Inland Revenue. An appeal from their decision lies to the High Court (*m*).

An assignment of a patent requires to be stamped as a conveyance or transfer on sale on the *ad valorem* scale imposed by the Finance (1909–1910) Act, 1910, which is at the rate of approximately 1 per cent. on the consideration money. The scale is arranged in stepped stages, and must be consulted. It should be noted that where the consideration for sale does not exceed 500*l.*, and the instrument contains a statement certifying that the transaction thereby effected does not form part of a larger transaction in respect of which the amount or value, or the aggregate amount or value, of the consideration exceeds 500*l.*, the sale is at one-half of the above rate.

An irrevocable license to use and vend is also liable to conveyance duty on sums reserved by way of fixed royalties during the life of the patent, but if the license contains a power of revocation no conveyance duty is payable in practice though covenant duty may be payable (see post).

For the purposes of conveyance duty it is immaterial whether a conveyance is under hand or under seal, but a deed must always bear a 10*s.* stamp unless the *ad valorem* duty exceeds this amount. Licenses which are not liable to conveyance duty because they are revocable will however be liable to

(*k*) Stamp Act, 1891, sect. 17.

(*l*) *Maynard* v. *Consolidated Kent Collieries*, 29 T. L. R. 448.

(*m*) *R.* v. *Registrar of Joint Stock Companies*, 21 Q. B. D. 131.

covenant duty, which is an *ad valorem* duty of $\frac{1}{8}$ per cent., in so far as they contain a covenant to pay fixed royalties, and the duty will be calculated on the amount to be received for the whole life of patent or period of the license. No duty is, however, payable on the royalty per article, apart from any minimum, as it is indeterminate, and no *ad valorem* duty is payable in respect of a lump sum of money paid down in consideration of the grant of a revocable license.

By sect. 59 (4) of the Stamp Act, 1891, the *ad valorem* stamp is not required for the mere purpose of enforcing specific performance or recovering damages for the breach of a contract or agreement for a license.

Though foreign patents rights are not within the scope of this book, and documents transferring rights in them are not registrable at the Patents Office, certain decisions in connection with the stamping of agreements made in this country for transferring foreign patent rights may not be out of place.

For the purposes of the Stamp Acts it has been held that a share in a patent and a sole license to use the invention patented are property (*n*). It was further held that such an interest in a colonial patent was not "property locally situate out of the United Kingdom," and that therefore an agreement to sell such rights made in this country was liable to pay "conveyance duty" on the lump sum which was agreed as the purchase price for both the share of the patent and the license as though it were an actual conveyance on sale (*o*).

The correctness of this decision of the Court of Appeal as regards the "local situation" of interests in foreign patents has been gravely doubted by Lord Lindley in a case dealing with the local situation of goodwill (*p*) on the ground that the patent was not assignable without registration in Australia and was therefore locally situated there, like shares, the transfer of which had to be registered in Australia. It has, however, been decided by the Court of Appeal that the decision in the

(*n*) *Smelting Company of Australia* v. *Commissioners of I.R.*, 1897, 1 Q. B. at p. 181,

(*o*) Ibid.

(*p*) *Müller & Co.'s Margerine* v. *Commissioners*, 1901, A. C. 237.

Smelting Co. of Australia Case was not overruled by *Müller's Case*, and it is therefore still law (*q*).

The question of the "local situation" of interests in foreign patents is also of importance in connection with Estate Duty (*r*).

INCOME TAX AND EXCESS PROFITS DUTY.

The high rates of income tax have also rendered an understanding of their rights and duties in this respect of increased importance to patentees and licensees, and an attempt is here made to state the law on the subject.

Sale of patent.

The proceeds of sale of a patent for a lump sum is not treated as annual income of a patentee and is exempt from income tax, for invention can hardly be treated as a profession (*s*). But if a man habitually invented and sold his patents it might be said he was carrying on a business (*t*), though not even then if he retained his patents and only granted licenses in return for royalties (*u*). For a royalty income, like a shareholder's income, cannot be regarded as income derived from a business, and cannot therefore be assessed for excess profits duty.

Royalties.

But though not liable to excess profits duty royalties received by a patentee are subject to income tax, the tax being deducted at its source.

The manufacturer is not allowed to make any deduction from his profits for purposes of income tax in respect of the royalty paid (*v*), though he may do so for the purpose of computing profits for excess profits duty (*w*). If the royalty is paid out of profits or gains on which income tax has been paid he is entitled on making the royalty payment to deduct and

(*q*) *Urban and Another* v. *Commissioners*, 1913, 29 T. L. R. 476.

(*r*) Finance Act, 1894, sect. 2, II. (2).

(*s*) Report of Departmental Committee on Income Tax, 1905, cmd. 2575, para. 51–52.

(*t*) *Commissioners of I.R.* v. *Sangster*, 1920, 1 K. B. 587.

(*u*) *Commissioners* v. *Marine Steam Turbine Co.*, 89 L. J. K. B. 49.

(*v*) Income Tax Act, 1918. Rules applicable to Cases I., II., Schedule D, rule 3, but see *Lanston Monotype Corporation* v. *Anderson*, 1911, 2 K. B. 15 and 1019, and *Boyd* v. *Havelock*, 1918, S. C. 727, as to the effect of royalties having ceased to be payable.

(*w*) Finance (No. 2) Act, 1915, Fourth Schedule, Part I. (2).

retain a sum representing the tax at the appropriate rate (*x*), for the period during which the royalty was accruing due (*y*), and if the royalty is paid out of profits which in whole or in part have not paid income tax he *must* deduct income tax from the sum paid as royalty, and account for the sum deducted to the Commissioners of Inland Revenue.

Deduction of income tax on royalties at the source secures the collection of the tax on the profits derived from the working of patents in the United Kingdom payable to patentees who reside abroad and have no agent resident in this country.

Deductions for expenses.

A patentee who has income tax deducted from his royalties is however entitled to claim an allowance for his expenses, including litigation expenses for the purpose of protecting and enforcing his patent rights (*z*).

Wasting assets.

Patents are material assets for the purpose of ascertaining the amount of capital employed in a business for Excess Profits Duty, and their value must be estimated at the time of introduction into the business (*a*).

In dealing with the question of the allowance for wasting assets the Royal Commission on the income tax has recommended as follows: Cmd. 615/1920 at para 197.

"Our general recommendation is that where copyrights, patent rights, goodwill and trade marks are in the hands of the original owner, no allowance for depreciation should be made, nor should any allowance be given to the purchaser of any assets of this nature if the vendor is within the scope of the United Kingdom Income Tax. We do, however, recommend that an allowance calculated in accordance with paragraphs 186–188 should be made to the patentee in respect of the proved cost of experimenting and patenting, whether (a) he works the patent himself, or (b) lets it on a royalty. If the patent is sold outright the allowance should be granted to the purchaser."

(*x*) Income Tax Act, 1918, General Rules, Schedules A, B, C, D, and E, 19 (2).

(*y*) Income Tax Act, 1918, General Rules, Schedules A, B, C, D, and E, 21 (1) and (2).

(*z*) Royal Commission on Income Tax, 1920: Cmd. 615, questions 2693/6.

(*a*) *Hamer* v. *I.R. Commissioners*, 37 T. L. R. 15.

CHAPTER XVIII.

WAR AND PEACE LEGISLATION.

Special legislation.

SPECIAL legislation dealing with Patents and arising out of the war is contained in the following Acts and in the orders, rules, and regulations made thereunder:—

1. Patents, Designs, and Trade Marks (Temporary Rules) Act, 1914 (*a*), amended by the Patents, Designs, and Trade Marks Temporary Rules (Amendment) Act, 1914 (*b*), together hereinafter referred to as the "Rules Acts."

2. Patents and Designs Act (Partial Suspension) Act, 1915 (*c*).

3. Defence of the Realm Act, 1914 (*d*).

4. Trading with the Enemy Acts, 1914 to 1918.

5. Treaty of Peace Acts.

6. Indemnity Act, 1920.

7. International Arrangement, signed at Berne, 30th June, 1920.

In addition a number of cases dealing with the rights and disabilities of enemy patentees during the war were decided by the Courts.

ENEMY WAR-TIME APPLICATIONS.

Common law.

In *Bloxam* v. *Elsee* (1825, 1 C. & P. at p. 564) the question whether a patent, granted to a British subject acting as trustee for a French subject at a time when this country was at war with France, was void, was raised but not decided. Be that as it may, patents were not granted directly to enemies during the Great War, but various steps were taken to give this country the benefit of enemy inventions without assisting the enemy.

(*a*) 4–5 Geo. 5, c. 27.
(*b*) 4–5 Geo. 5, c. 73.
(*c*) 5–6 Geo. 5, c. 85.
(*d*) 4–5 Geo. 5, c. 29.

Early policy.

At first applications from enemy nationals were received, and patent agents and others were licensed to pay the necessary fees, but formal acceptance of the specifications was not issued. As such documents might be of importance to British manufacturers, and as they might be anticipations of later applications, it was subsequently decided to accept and publish them in the ordinary way, but to withhold the grant. Following the policy, adopted in the early days of the war, of granting licenses under existing enemy patents under the "Rules Acts" (see post), patents were granted to the Custodian, under sect. 6 of the Trading with the Enemy (Amendment) Act, 1916 (*e*), on applications by or on behalf of or for the benefit of an enemy, and licenses to use such patents were thereupon granted by the Custodian to manufacturers in this country. Later a reversal of policy took place and enemy applications were no longer received, and finally, pursuant to the provisions of the Trading with the Enemy (Amendment) Acts, 1916 and 1918, a general Vesting Order, dated the 30th October, 1918, vested the benefit of all outstanding enemy owned patents and of applications made on their behalf in the Custodian.

Reversal of policy.

General vesting of all enemy interests.

This Order is set out in full at p. 438. It will be observed that while it operated to vest the patent interests of certain definite companies, namely, those in respect of which Orders under the Trading with the Enemy Acts had been made, in general the patents which it vested were unascertained and were not recorded on the Register. The Order also did not specify whether it operated on future-acquired interests as well as on existing interests, and this question may prove to be of importance in view of the restrictions subsequently imposed on all interests vested by the Order.

Statutory sanction of Treaties.

The Treaty of Versailles with Germany was signed on 28th June, 1919, and was ratified and came into force on 10th January, 1920. The Treaty of Peace Act, 1919 (*f*), enables His Majesty to make Orders in Council, and to do such things as appear necessary for carrying out the Treaty with Germany. The Treaty of Peace Order, 1919 (*g*), made pursuant to this

(*e*) 5-6 Geo. 5, c. 105. Amended by S. R. & O., 1920, No. 1410.
(*f*) 9-10 Geo. 5, c. 33.
(*g*) S. R. & O., 1919, No. 1517.

Act provides that certain sections of the Treaty, *inter alia* Articles 306 to 310 dealing with Industrial Property, shall have full force and effect as law as from 10th January, 1920, and it is only in so far as the Treaty alters the law relating to patents in the United Kingdom that its provisions will be considered in this chapter. In so far as Industrial Property in the United Kingdom is concerned, the Treaties with Austria, Bulgaria, Hungary and Turkey are substantially in similar terms to the Treaty with Germany, and reference will therefore only be made to the Articles of the German Treaty.

It should however be noted that the Treaties with Austria and Bulgaria have been ratified and made part of the law of the United Kingdom, and the nationals of the signatory powers, including those of the United Kingdom, consequently have under the provisions for the extension of time a similar period as under the German Treaty, but running from a later date (*h*). As this appears to be considered an inconvenient and unnecessary privilege, suitable measures may still be adopted in agreement with the other allied signatory powers to limit such extended times, as far as the rights of British and Allied nationals in the United Kingdom are concerned, to the period granted by the Treaty with Germany and the "Rules Acts."

In this connection it should be noted that in adhering to the International Arrangement concerning the preservation and re-establishment of rights of Industrial Property affected by the war, signed by certain belligerents and neutrals at Berne on 30th June, 1920 (*i*), hereinafter referred to as the "Berne Arrangement," which provides, *inter alia*, for longer extensions of time than are respectively provided for by Articles 307 (para. 1) and 308 of the Treaty with Germany (see post), these extensions, so far as the United Kingdom is concerned, have been limited so as to expire on 10th January, 1921.

In considering the construction to be placed on the terms of the Treaty the following points should be borne in mind:—

1. The Treaty was imposed on Germany and therefore,

(*h*) July 16th, 1920, in the case of the Austrian Treaty, and August 9th, 1920, in the case of the Bulgarian Treaty, S. R. & O., 1920, Nos. 1613, 1614.

(*i*) Treaty Series, 1920, No. 18.

according to the rules of International law, if there is a doubt as to whether it imposes a disability on German interests the doubt will probably be resolved in favour of Germany.

2. The French and English texts are both authentic, so that where they differ Germany will probably be able to choose the meaning which suits her best.

3. Prior to the signature of Treaty the Allied and Associated Powers explained and limited the scope of certain provisions of the Treaty in their "Reply to the Observations of the German Delegation on the Conditions of Peace," hereinafter referred to as the "Allied Reply" (*j*).

RESTORATION OF, AND RESTRICTIONS ON GERMAN-OWNED PATENTS.

Article 306 of the Treaty provides for the re-establishment, subject to exceptions and conditions, of German-owned patents, and for the establishment of patent rights which would have been acquired in this country but for the war by virtue of applications in this or other countries during the war, in the following terms:—

Article 306, para. 1.

"*Subject to the stipulations of the present Treaty, rights of industrial, literary, and artistic property, as such property is defined by the International Conventions of Paris and of Berne, mentioned in Article* 286, *shall be re-established or restored, as from the coming into force of the present Treaty, in the territories of the High Contracting Parties, in favour of the persons entitled to the benefit of them at the moment when the state of war commenced or their legal representatives. Equally, rights which, except for the war, would have been acquired during the war in consequence of an application made for the protection of industrial property, or the publication of a literary or artistic work, shall be recognised and established in favour of those persons who would have been entitled thereto, from the coming into force of the present Treaty.*

"*Nevertheless, all acts done by virtue of the special measures taken during the war under legislative, executive or administrative authority of any Allied or Associated Power in regard to the*

(*j*) 1919, Misc. No. 4, Cmd. 258.

rights of German nationals in industrial, literary or artistic property shall remain in force and shall continue to maintain their full effect."

In addition to the provisions of Articles 306 to 310 which are dealt with seriatim hereafter the principal "stipulations of the present Treaty," to which restoration and establishment are subject, are contained in Article 297 and in the Annex to sect. IV. of the Treaty. Paragraph 15 of the latter is as follows:—

Sect. IV., annex.

"15. *The provisions of Article* 297 *and this Annex apply to industrial, literary and artistic property which has been or will be dealt with in the liquidation of property, rights, interests, companies or businesses under war legislation by the Allied or Associated Powers, or in accordance with the stipulations of Article* 297, *paragraph* (*b*)."

Article 297, paragraph (*b*), is as follows:—

Article 297 (b).

"*Subject to any contrary stipulations which may be provided for in the present Treaty, the Allied and Associated Powers reserve the right to retain and liquidate all property, rights, and interests belonging at the date of the coming into force of the present Treaty to German nationals, or companies controlled by them, within their territories, colonies, possessions and protectorates, including territories ceded to them by the present Treaty.*

"*The liquidation shall be carried out in accordance with the laws of the Allied or Associated State concerned, and the German owner shall not be able to dispose of such property, rights, or interests nor to subject them to any charge without the consent of that State.*

"*German nationals who acquire* ipso facto *the nationality of an Allied or Associated Power in accordance with the provisions of the present Treaty will not be considered as German nationals within the meaning of this paragraph.*"

The Treaty, therefore, empowers the Allies to liquidate all patent rights and interests belonging on 10th January, 1920, to German nationals and German-controlled corporations. Where advantage has been or is in future taken of this provision Article 306 has no application, for its final paragraph provides:—

Article 306, para 7.

"*The provisions of this article shall not apply to rights in*

industrial, literary, or artistic property which have been dealt with in the liquidation of businesses or companies under war legislation by the Allied or Associated Powers, or which may be so dealt with by virtue of Article 297, *paragraph* (*b*)."

And the "Allied Reply" explains that :—

Allied reply

"2. *The last paragraph of Article* 306 *relates only to cases where German-owned companies and businesses have been, or will be hereafter liquidated under Article* 297. . . . *The provision . . . is therefore limited to the businesses or companies which are, or will be, in existence at the coming into force of the Treaty.*"

Divesting Order.

Instead of carrying out a general liquidation of all such German-owned patent rights and interests as had not already been dealt with, these were, subject to the restrictions contained in an Order made by the Board of Trade on 19th July, 1920 (*k*), restored by the Custodian to the persons entitled to them. This Order, hereinafter referred to as the "Divesting Order," is set out in full at p. 440, and as it imposes drastic restrictions and limitations on "restored patents" and "restored applications" it will in due course be necessary to examine carefully what these expressions cover.

Article 306 continues :—

Article 306, para. 2.

"*No claim shall be made or action brought by Germany or German nationals in respect of the use during the war by the Government of any Allied or Associated Power, or by any persons acting on behalf or with the assent of such Govcrnment, of any rights in industrial, literary or artistic property, nor in respect of the sale, offering for sale, or usc of any products, articles or apparatus whatsoever to which such rights applied.*"

This provision prevents German nationals making any claim against the Crown under sect. 29 of the Act of 1907 for user during the war, and protects subsequent purchasers of articles so used on the lines of the protection afforded by sub-sect. (3) of sect. 29 of the Act of 1907, as amended.

Article 306 continues :—

Article 306, para. 3.

"*Unless the legislation of any one of the Allied or Associated Powers in force at the moment of the signature of the present*

(*k*) S. R. & O., 1920, No. 1336.

Treaty otherwise directs, sums due or paid in virtue of any act or operation resulting from the execution of the special measures mentioned in paragraph 1 *of this Article shall be dealt with in the same way as other sums due to German nationals are directed to be dealt with by the present Treaty; and sums produced by any special measures taken by the German Government in respect of rights in industrial, literary or artistic property belonging to the nationals of the Allied or Associated Powers shall be considered and treated in the same way as other debts due from German nationals.*"

When licenses were granted under the "Rules Acts" the royalties reserved were payable to the Public Trustee, and were recoverable by the Board of Trade as debts due to the Crown. The above provision gives the benefit of such royalties to the German nationals, and provides for their being dealt with through the Clearing Office in the same way as other credits. The proviso to clause 8 of the "Divesting Order" directs that the payment of such royalties to the Custodian shall be continued.

In addition to their powers under the "Rules Acts," which will expire six months after the termination of the war, the Board of Trade are given power by the Treaty of Peace Order 1919, sect. 1, sub-sect. xx., to prescribe the limitations, conditions and restrictions to be imposed on patent rights acquired before or during the war or which may be acquired hereafter by German nationals, as provided in the following paragraph of Article 306:—

Article 306, para. 4.

"*Each of the Allied and Associated Powers reserves to itself the right to impose such limitations, conditions, or restrictions on rights of industrial, literary, or artistic property (with the exception of trade marks) acquired before or during the war, or which may be subsequently acquired in accordance with its legislation, by German nationals, whether by granting licences, or by the working, or by preserving control over their exploitation, or in any other way, as may be considered necessary for national defence, or in the public interest, or for assuring the fair treatment by Germany of the rights of industrial, literary, and artistic property held in German territory by its nationals, or for securing the due*

fulfilment of all the obligations undertaken by Germany in the present Treaty. As regards rights of industrial, literary, and artistic property acquired after the coming into force of the present Treaty, the right so reserved by the Allied and Associated Powers shall only be exercised in cases where these limitations, conditions, or restrictions may be considered necessary for national defence or in the public interest."

Allied reply.

According to the "Allied Reply" this paragraph has by no means for its object the outlawing of such property or the confiscation of these rights.

"(*a*) *It is intended, on the one hand, to reserve to the Allied and Associated Powers the right to impose restrictions on industrial . . . property when considered necessary for national defence or public interest. This right, which Germany has reserved to herself by her domestic legislation is a general and continuing right, to be exercised as occasion arises in respect of industrial . . . property acquired before or after the coming into force of the Treaty of Peace.*

"(*b*) *It is intended, on the other hand, to retain the power to use industrial property as a pledge for the accomplishment of the obligations of Germany and for the reparation of damages in the same manner as it is proposed to retain power to deal with other German property. But it is not the intention . . . to utilise for this purpose the industrial . . . property which may arise after the coming into force of the present Treaty. Only the industrial property arising before or during the war will be subjected . . . to limitations, conditions or restrictions . . . for securing the due fulfilment of all the obligations undertaken by Germany in the present Treaty.*"

It is submitted that the powers of the Comptroller under sect. 27 of the Act of 1907 and the rights of the Crown under sect. 29 of that Act, in both cases amended after the signature of the Treaty, provide all the limitations which are considered necessary by Parliament for safeguarding the public interest or national defence of the United Kingdom.

Acquirement of patent rights.

As the right of imposing limitations for the other objects, mentioned in paragraph (*b*), is restricted to rights of industrial property "acquired before or during the war," it is important

to ascertain the exact step in consequence of which such rights are acquired. It is submitted that as far as the United Kingdom is concerned no rights are acquired until a complete specification is accepted (see sects. 10 and 91 (1) (b) of the Act of 1907), and that full rights are not acquired until the patent is granted. Until the grant there is no registrable title or interest and no legal estate, and no right of action can be enforced. That the lodging of an application is not considered as the acquirement of rights of industrial property is also made clear in the Treaty itself, for the first paragraph of Article 307 speaks of "rights which, except for the war, might have been acquired during the war as a result of an application made before the war or during its continuance." Similar phraseology is used in the first paragraph of Article 306. The considerations which apply to determining the time when "rights of industrial property" are acquired differ, it is submitted, from those considered in *Osram-Robertson Lamp Works, Ltd.* v. *Public Trustee* (37 R. P. C. p. 189). In that case by a pre-war agreement a German company undertook to communicate to an English company all their inventions in connection with the manufacture of certain types of lamps, and to transfer to them the patents obtained. Russell, J., held that the English company were the beneficial owners of a patent granted during the war to the Custodian on an application by the German company made after the outbreak of war in respect of an invention which they had communicated to the English company before the war, on the ground that the rights in the invention had been acquired before the war, and that the subsequent acquirement and assignment of patent rights was merely machinery for giving the English company the full benefit of the invention.

Divesting Order. Objects.

It will now be convenient to examine the "Divesting Order" more closely. The objects of the Order are twofold: firstly, forthwith to divest the Custodian of all interests in patents, subject to certain exceptions, which were vested in him in consequence of the war with Germany by the special and general Vesting Orders referred to in the recitals; and, secondly, to impose such of the limitations and restrictions authorised by the Treaty in the case of German nationals, or

otherwise authorised in the case of other nationals, as are considered necessary in this country.

Uncertainty as to interests affected.

The difficulty in appreciating the effect of the restrictions, which are imposed on every such interest of which the Custodian divests himself of (except where the persons entitled have ceased to be German nationals by virtue of the Treaty), is due, firstly, to the fact that the ownership of the interests vested by the General Vesting Order was defined as that of "hostile persons" who, in the main, consisted of persons who were never individually determined to be "hostile persons" much less to be "hostile persons by reason of the war with Germany" to whom alone the "Divesting Order" applies (*l*), and secondly, to the fact that the classes of interest vested, being stated in the most general and all-embracing terms possible, can in consequence not be enumerated with certainty. This uncertainty may have been admirable for the purposes of a Vesting Order which was framed to satisfy popular clamour rather than to serve any useful purpose; it is most objectionable in an Order imposing restrictions on an undefined portion of a class of property which is the subject of constant dealing between British nationals.

Hostile person. Definition.

The ownership of the rights affected by the "Divesting Order" depends on the meaning of a "hostile person," and this term includes:—

(*a*) A subject of a State for the time being at war with His Majesty, and includes a body corporate constituted according to the laws of such a State.

(*b*) A company with respect to which the Board of Trade has made an order, (A) under sect. 1 of the Trading with the Enemy Amendment Act, 1916,

(1) prohibiting the . . . company from carrying on business, except for the purposes and subject to the conditions, if any, specified in the order; or

(2) requiring the business to be wound up;

or (B) under sect. 3 of the Trading with the Enemy Amendment Act, 1918,

(*l*) A similar Order, dated 9th November, 1920 (S. R. & O., 1920, No. 2118), has now been made to deal with patents of Austrian and Bulgarian nationals vested in the Custodian.

for the realisation and distribution of the assets of the business where the company has ceased to carry on business.

(*c*) An "enemy-controlled corporation," which expression means any corporation,

(1) where the majority of the directors or the persons occupying the position of directors, by whatever name called, are subjects of an enemy State; or

(2) where it appears to the Board of Trade that the majority of the voting power or shares is in the hands of persons who are subjects of an enemy State, or who exercise their voting powers or hold the shares directly or indirectly on behalf of persons who are subjects of an enemy State; or

(3) where the control is by any means whatever in the hands of persons who are subjects of an enemy State; or

(4) where the executive is an enemy-controlled corporation or where the majority of the executive are appointed by an enemy-controlled corporation.

The fact that a patent was vested in the Custodian by the General Vesting Order is not shown on the Register, and prior to the outbreak of the war no statement of the nationality of the parties was recorded by the Patent Office. It is therefore evident that it will often be a matter of great difficulty to recognise the enemy nationality of the patentee or to decide whether a company might be deemed to have been an "enemy-controlled corporation" within the meaning of the Trading with the Enemy Amendment Act, 1918.

Suggested Covenant.

In view of the serious restrictions and limitations imposed by the "Divesting Order" and the uncertainty as to the patents which fall within its scope, any person henceforth taking any interest in any British patent the date of the grant of which is prior to the 10th January, 1920, or, assuming similar restrictions to be imposed in the case of patents restored to nationals of other enemy States (*m*), the latest date when peace with any enemy State was ratified, probably the date of the "Termination of the

(*m*) See note, p. 417.

War," will be well advised in requiring the patentee to enter into an express covenant that no "hostile person" had at any time since the 1st August, 1914, any interest, share or right whatsoever in the patent. He should also register his interest without delay, for the fact that the Comptroller had registered the transfer or other interest would be primâ facie evidence that the devolution had taken place with the consent of the Board of Trade and that an assignee, for instance, could sue for infringements.

Powers of Board of Trade.

In considering the ownership of the interests affected by the Order it must also be borne in mind that the restrictions are expressed to be imposed by the Board in exercise of the powers conferred by sect. 5 (1) of the Trading with the Enemy Amendment Act, 1914, and by the Treaty of Peace Order, 1919. This Order only empowers the imposition of restrictions on the property of German nationals, but British companies in which Germans are interested, whether enemy-controlled or not, are not included in the definition of "German nationals" in the Order. Authority for the imposition of restrictions on the property of such British companies must therefore be sought in the Trading with the Enemy Acts, the relevant provision of which, having regard to subsequent amendments, is as follows:—

"5. (1) *The Custodian shall, except so far as the Board of Trade . . . may otherwise direct . . . hold any property vested in him . . . until the termination of the present war, and shall thereafter deal with the same in such manner as His Majesty may by Order in Council direct.*"

It is submitted that these words enable the Board to order the transfer or liquidation of such vested interests but do not enable them to vary the law in respect to patents laid down by Parliament, *e.g.* clause 5 of the Order under which the Board have substituted for the Comptroller, subject to an appeal to the Court, themselves, without such appeal, as the tribunal for deciding whether a patentee has refused to grant a licence on reasonable terms or whether it is in the public interest that a compulsory licence should be granted is in our view *ultra vires* the above provision of the Trading with the Enemy Acts. If the views of the authors on the true construction of the Treaty and the "Divesting Order" are correct, the conditions

under which German nationals enjoy their restored patent rights are briefly as follows :—

Restored Patents.

Subject to any other legislation not dealing specifically with industrial property, German nationals may by themselves or their agents exercise their monopoly rights, including the right to sue for infringements which are not excepted by the provisions of Art. 306, para. 2, or Art. 309, but any sale or other transfer of a restored patent, or any licence is invalid until the consent of the Board of Trade has been obtained. This will only be given on condition that 75 per cent. of the royalties or other cash consideration is paid to the Clearing Office. As the Board evidently wish to encourage such voluntary dealings by allowing the German national to retain 25 per cent. in such cases, as against nothing when a compulsory order is made, it is presumed that voluntary dealings with Allied nationals who may be established in this country are permitted under the same conditions as dealings with British nationals, although the Order does not expressly say so. The payments to the Clearing Office can only be authorised under the provisions of the Treaty which enable the Allies to use industrial property "as a pledge for the accomplishment of the obligations of Germany and for reparation of damages," and for this purpose, as the "Allied Reply" explains, only property in existence on the 10th January, 1920, can be used.

In the opinion of the authors this means, as regards patent rights, patents which had been sealed before that date, whether in force on that date or subsequently revived, but does not include patents granted subsequent to the coming in force of the Treaty on applications in this country made before or during the war or on convention applications in this country made after the termination of the war based on applications made before or during the war in another union country. All such patents are industrial property acquired after the coming in force of the Treaty, although the patent, when sealed, is dated prior to that event, and they are therefore only subject to restrictions considered necessary for national defence or in the public interest.

It is however understood that the authorities in this country maintain that all such patents and applications are industrial

property acquired before or during the war, as the case may be, and that the "Divesting Order" was intended to, and does in fact, impose on them the restrictions authorised by the Treaty in such case.

It is also not clear that a transfer out of German ownership with the assent of the Board frees the patent henceforth from the restrictions imposed by the Order, and it is therefore not safe to assume that this is the effect of such a transfer. In any case, licences granted thereunder during the war or prior to transfer into non-German ownership would remain subject to revision by the Board under clause 6 of the Order.

Apart from the difficulties in determining the scope and application of the Order the restrictions imposed are clear and require no comment; the same applies to the Patents (Treaty of Peace) Rules, 1920, made under clause 11 of the Order, which are also set out at the end of the chapter.

Article 306 continues:—

Article 306, para. 5.

"*In the event of the application of the provisions of the preceding paragraph by any Allied or Associated Power, there shall be paid reasonable indemnities or royalties which shall be dealt with in the same way as other sums due to German nationals are directed to be dealt with by the present Treaty.*"

Effect is given to the above in the "Divesting Order" by clause 5, which continues the power of the Board of Trade to grant licences "on such terms as to Royalty or otherwise as may be thought fit"; by clause 6, which allows the Board to alter the royalties; by clause 7, which enables the Board to expropriate, take over or sell patents on terms to be settled by a special Tribunal; and by clause 8, which provides that the royalties or other monies payable to the German national shall be paid to the Clearing Office.

Article 306 further continues:—

Article 306, para. 6.

"*Each of the Allied or Associated Powers reserves the right to treat as void and of no effect any transfer in whole or in part of or other dealing with rights of or in respect of industrial, literary, or artistic property effected after August 1, 1914, or in the future, which would have the result of defeating the objects of the provisions of this article.*"

Effect is given to this provision by sect. 1 (xx.) of the Treaty of Peace Order, and by clause 3 of the "Divesting Order," which requires all dealings in regard to restored patents or restored applications, and all devolutions to be assented to by the Board of Trade.

Article 306, para. 7. The final provision of Article 306 has already been set out (*n*). Such interests as have been effectually dealt with in the liquidation of businesses or companies under the Trading with the Enemy Acts are not restored or subjected to restrictions by the Divesting Order (see clause 12).

EXTENSION OF TIME.

"Rules Acts." In view of the difficulty, and in many cases the impossibility, of inventors and patentees obtaining, maintaining, and exercising their rights, or otherwise complying with the provisions of the Act of 1907 as regards time, the "Rules Acts" empowered the Board of Trade :—

"*. . . to make rules and to do such things as they think expedient . . . for extending the time within which any act or thing may or is required to be done. . . .*"

Rules (*o*) were made under the "Rules Acts," *inter alia* Rule 3, enabling the Comptroller to extend the time subject to such conditions as he may think fit, namely :—

"(*a*) *Where it is shown to his satisfaction that the applicant, patentee or proprietor, as the case may be, was prevented from doing the said act, or filing the said document, by reason of active service or enforced absence from this country, or any other circumstances arising from the present state of war which in the opinion of the Comptroller would justify such extension;*

"(*b*) *Where the doing of any act would by reason of the circumstances arising from the present state of war be prejudicial or injurious to the rights or interests of any applicant, patentee or proprietor as aforesaid.*"

It was held in *Woodall and Duckham's Patent* (34 R. P. C. 228) that these provisions enabled the Comptroller not only to grant extensions of time in matters which ordinarily fell

(*n*) See p. 412.

(*o*) S. R. & O., 1914, No. 1255.

within his jurisdiction, but also for the presentation to the Court of a petition for extension.

The Acts and the Rules made thereunder were originally to continue in force during the continuance of the state of war in Europe, and for a period of six months thereafter, but, by the War Emergency Laws (Continuance) Act, 1920 (*p*), in so far as they relate to the extension of time within which acts or things may or are required to be done under the Act of 1907, they are continued only until the 10th January, 1921, the date on which the extension of time granted under Article 307, para. 1, to nationals of powers which ratified the Treaty with Germany also expires. This Treaty provision is as follows:—

"*A minimum of one year after the coming into force of the present Treaty shall be accorded to the nationals of the High Contracting Parties, without extension fees or other penalty, in order to enable such persons to accomplish any act, fulfil any formality, pay any fees, and generally satisfy any obligation prescribed by the laws or regulations of the respective States relating to the obtaining, preserving, or opposing rights to, or in respect of, industrial property either acquired before August 1, 1914, or which, except for the war, might have been acquired since that date as a result of an application made before the war or during its continuance, but nothing in this article shall give any right to reopen interference proceedings in the United States of America, where a final hearing has taken place.*" Article 307, para. 1.

It should be noted that the benefits granted by this provision accrue to British nationals *inter alios* but not to nationals of the United States of America, until they ratify, or to neutrals. However, by adhering to the "Berne Arrangement," all Union States could give their nationals the benefit of a similar extension of time in matters relating to the obtaining and preserving (but not to the opposing) of patent rights. Further, the Treaty does not grant any extension of time for the accomplishment of acts, the time for doing which expired subsequent to the coming into force of the Treaty. Nationals of the United States and neutrals for all extensions of time, and nationals of the High Contracting parties for extensions in

(*p*) 10 Geo. 5, c. 5.

respect of acts due subsequent to 10th January, 1920, cannot make application as of right under the Treaty, but only for good cause under the "Rules Acts."

Although the only exception to this Treaty right specifically mentioned is that of reopening interference proceedings in the United States after a final hearing has taken place, it seems unlikely that an applicant who desired to oppose the grant or extension of a patent after it had been granted or extended would be heard in the United Kingdom.

Article 307, para. 2.

Article 307 continues :—

"*All rights in, or in respect of, such property, which may have lapsed by reason of any failure to accomplish any act, fulfil any formality, or make any payment, shall revive, but subject in the case of patents and designs to the imposition of such conditions as each Allied or Associated Power may deem reasonably necessary for the protection of persons who have manufactured or made use of the subject matter of such property while the rights had lapsed. Further, where rights to patents or designs belonging to German nationals are revived under this article, they shall be subject in respect of the grant of licences to the same provisions as would have been applicable to them during the war, as well as to all the provisions of the present Treaty.*"

Lapsed patents or applications, needless to say, only revive on payment of the fees, the omission to pay which have occasioned the lapse, but, in contradistinction to the provisions of sect. 20 of the Act of 1907, it is immaterial that the rights were deliberately allowed to lapse as long as the lapse occurred during the war. The terms for the protection of persons who have started to manufacture since a patent lapsed are the usual ones contained in Rule 62 of the Patents and Designs Rules, 1920, but no provision for compensation corresponding to Rule 63 is being imposed.

It should be noted that the French text speaks of "patents" and not of "rights to patents" being revived, as does also the Allied Reply on Article 307, which is as follows:—

Allied reply on Art. 307.

"8. *The German objection to the reservation by the Allied and Associated Powers of freedom to apply their war legislation to patents which may be revived under Articles* 307 *and* 308 *is based*

on an exaggerated view of the effect of this provision, which would probably affect only a small number of patents revived. All such patents would, if they had been kept up, have been subject to similar provisions during the war. The Allied and Associated Powers are prepared to limit their rights in this matter to the grant of licences, and for this purpose to insert the words 'as to the grant of licences' after the word 'provisions' in the penultimate line of the second paragraph of Article 307."

It would, therefore, appear that patents granted in respect of applications which are revived under Article 307, in contradistinction to patents which are revived, are not subject to the grant of licences by reason only that the owners are German nationals and that the provisions of clause 7 of the Divesting Order are to this extent *ultra vires* the Treaty, a conclusion already arrived at on the ground that such patents were only acquired after the coming in force of the Treaty.

The limitation, in the case of revived patents, to the grant of licences would, however, appear to be meaningless, because such revived patents are still subject "to all the provisions of the Treaty," which include the Allies right to liquidate.

SUSPENSION OF PROVISIONS FOR WORKING.

Finally, Article 307 provides that:— **Article 307. para. 8.**

"*The period from August* 1, 1914, *until the coming into force of the present Treaty shall be excluded in considering the time within which a patent should be worked or a trade mark or design used, and it is further agreed that no patent, registered trade mark, or design in force on August* 1, 1914, *shall be subject to revocation or cancellation by reason only of the failure to work such patent or use such trade mark or design for two years after the coming into force of the present Treaty.*"

In this country the Patents and Designs Act (Partial Suspension) Act, 1915 (*q*), hereinafter called the "Suspension Act," had already made provision for the suspension of the penalty which might be imposed by sect. 27 of the Act of 1907 for non-working as follows:—

(*q*) 5-6 Geo. 5, c. 85.

Partial Suspension Act, 1915.

"*The operation of section twenty-seven of the Patents and Designs Act*, 1907, *shall be suspended during the continuance of the present war, and for a period of six months thereafter, and in reckoning the period of four years mentioned in the said section the period during which that section is suspended by virtue of this Act shall not be taken into account.*"

It is therefore submitted that from 10th January, 1920, when Article 307 became law, nationals of powers which had ratified the Treaty became entitled to the benefit of both these suspensory provisions, while neutrals and nationals of the United States retained the benefit of the "Suspension Act."

On 1st April, 1920, the Board of Trade made an order (*r*) bringing into operation the amendments to sect. 27 of the Act of 1907 made by sect. 1 of the Act of 1919, that is to say, on that date the new provisions were substituted for the old.

Operation on sect. 1 of Act of 1919.

The "Suspension Act" has not been repealed, and therefore continues to operate until six months after the termination of the present war, and the question arises as to whether and to what extent the new sect. 27 is affected by its operation. One view is that the new section is not suspended at all, and in support it is said that the old section was, in effect, not amended but repealed, and that it is a matter of accident that the new section bears the same number as the old one.

Against this opinion it may be urged that the "Suspension Act" gave effect to the intention of the legislature to suspend the obligation on a patentee to work his invention and establish an industry in this country until the conditions brought about by the war had had time to alter, and that the Act of 1919 was intended to enable the Board of Trade to impose further obligations and further penalties at, or within a limited period subsequent to, such time as the requirements to establish industries would be automatically reimposed in consequence of the lapse of six months after the termination of the war.

A third view is that in passing the 1919 Act the intention of the legislature was to continue the suspension of the requirement as to working but to enable the Board of Trade to bring into operation the remedies provided for other newly defined

(*r*) S. R. & O., 1920, No. 413.

abuses of monopoly right at an earlier date, and that this limited purpose has been effected by the Order of the 1st April, 1920. This view may be supported by the fact that the abuse of monopoly right defined in sub-sect. 2 (*c*) of the new sect. 27 corresponds closely with the abuse which the old sect. 24 was intended to meet, and that this section was never suspended.

It is, however, submitted that of these three alternatives the second is the correct one, viz., that the operation of the whole new section remains suspended. The Act of 1919 is intituled "An Act to amend the Patents and Designs Acts," and sect. 21 (3) is as follows :— **Act of 1919, sect. 21.**

"*A reference in any Act of Parliament or other instrument to the principal Act shall, unless the context otherwise requires, be construed to refer to the principal Act as amended by this Act.*"

The new sect. 27 is simply an extension of the principle underlying the old sect. 27 requiring the establishment of an industry in this country, and there is nothing in the context which makes suspension inapplicable.

Conclusions.

The combined effect of the "Suspension Act" and the Treaty with Germany on sect. 27 of the Act of 1907, as amended, would therefore appear to be the following :—

(1) A patent cannot be revoked by reason only of failure to work before the expiry of four years from the date of the grant, exclusive of the period between August 4, 1914, and six months after the termination of the present war, but in no case before 10th January, 1922 (*s*).

(2) On proof of an abuse of monopoly rights by reason only of non-working the Comptroller may order the patent to be indorsed "licences of right," or he may grant a compulsory licence, general or exclusive, six months after the termination of the present war.

(3) If the Comptroller is satisfied that the monopoly rights have been abused in the circumstances set out in sect. 27 (2) *b*, *c*, *d* or *e*, he may, six months after the

(*s*) Under the "Berne Arrangement," nationals of adhering powers, including British nationals, are protected until 30th September, 1922.

termination of the present war, exercise any of the powers given to him by sub-sect. (3) of sect. 27, including that of revocation.

The above applies to nationals of all Treaty-ratifying Powers, including German nationals, although the latter, in respect of "restored patents," are also subject to the jurisdiction of the Board of Trade, who may grant compulsory licences at any time, as provided by clause 5 of the "Divesting Order."

INTERNATIONAL CONVENTION.

Revival as between U.K. and Germany.

Article 286 of the Treaty provides that the International Convention for the Protection of Industrial Property shall again come into effect between this country and Germany as from 10th January, 1920, in so far as it is not affected or modified by the exceptions and restrictions resulting from the Treaty.

Article 308, para. 1.

Article 308 of the Treaty provides:—

"*The rights of priority, provided by Article IV. of the International Convention for the Protection of Industrial Property of Paris, of March* 20, 1883, *revised at Washington in* 1911 *or by any other Convention or Statute, for the filing or registration of applications for patents or models of utility, and for the registration of trade marks, designs, and models which had not expired on August* 1, 1914, *and those which have arisen during the war, or would have arisen but for the war, shall be extended by each of the High Contracting Parties in favour of all nationals of the other High Contracting Parties for a period of six months after the coming into force of the present Treaty.*"

Under the "Berne Arrangement" this period has been extended until 10th January, 1921, and an extension up to this date can be granted equally to nationals of non-adhering powers under the "Rules Act."

Article 308, para. 2.

Article 308 continues:—

"*Nevertheless, such extension shall in no way affect the right of any of the High Contracting Parties or of any person who before the coming into force of the present Treaty was bonâ fide in possession of any rights of industrial property conflicting with rights applied for by another who claims rights of priority in respect of them, to exercise such rights by itself or himself personally,*

or by such agents or licensees as derived their rights from it or him before the coming into force of the present Treaty; and such persons shall not be amenable to any action or other process of law in respect of infringement."

Protection of prior rights:—(a) Under Treaty.

This proviso is far from clear, but it is submitted that the persons protected include not only a patentee, the subject-matter of whose patent is identical with the invention claimed by the Convention patentee, or is an improvement which is an infringement thereof, but that they also include persons who made or used prior to 10th January, 1920 (*t*), an unpatented article or process which is within the monopoly claimed. It might also well be held that the protection extends to an invention which was in the possession of a person though not actually used; as far as Government departments in this country are concerned such protection is already afforded by the second proviso to sect. 29 of the Act of 1907, as amended.

(b) Under Rules Acts.

It may be here mentioned that when the Comptroller allows a Convention applicant, who is not a national of a Treaty-ratifying Power, an extension of time under the "Rules Acts," beyond that provided in the Convention, a proviso is inserted in the patent exempting from actions of infringement "*such persons who may have been bonâ fide in possession of the invention before the date of application in this country.*"

The limitation that the possession is to be bonâ fide would appear to require the Courts, on occasion, to go into the question of fraud committed abroad, a matter which up to the present they have refused to do in connection with the obtaining and revocation of patents.

RIGHTS OF ACTION FOR INFRINGEMENT.

Common Law.

During the war alien enemies could not sue for infringements, whether committed before or during the war (*u*).

Article 309.

Article 309 provides that:—

Article 309. para. 1.

"*No action shall be brought and no claim made by persons residing or carrying on business within the territories of Germany on the one part and of the Allied or Associated Powers on the other, or persons who are nationals of such Powers respectively, or*

(*t*) 30th September, 1920, under the "Berne Arrangement."

(*u*) *Porter* v. *Freudenberg*, 1915, 1 K. B. 857.

by any one deriving title during the war from such persons, by reason of any action which has taken place within the territory of the other party between the date of the declaration of war and that of the coming into force of the present Treaty, which might constitute an infringement of the rights of industrial property or rights of literary and artistic property, either existing at any time during the war or revived under the provisions of Articles 307 *and* 308."

It therefore continues to deprive all Germans or persons carrying on business in Germany at the date the Treaty came into force of the right to sue for infringements committed in the United Kingdom during the war, but this disability does not apply to Alsace-Lorrainers who ceased to be Germans pursuant to the Treaty, or to non-Germans who carried on business in Alsace-Lorraine during the war.

Suspension of periods of limitation.

As regards infringements committed before the outbreak of war the rights of action of German nationals are no longer suspended by common law, and Article 300 of the Treaty provides that:—

"(*a*) *All periods of prescription, or limitation of right of action, whether they began to run before or after the outbreak of war, shall be treated in the territories of the High Contracting Parties, so far as regards relations between enemies, as having been suspended for the duration of the war. . . .*"

And the Treaty of Peace Order, 1919, provides by sect. 1 (xviii.) that:—

"*The time at which the period of prescription or limitation of right of action referred to in Article* 300 *shall begin again to run shall be at the expiration of six months after the coming into force of the Treaty. . . .*"

The General Vesting Order of 30th October, 1918, stated specifically that the rights of action accrued since the outbreak of war were included in the rights vested in the Custodian, and, although such rights of action are not mentioned in the relevant recital of the "Divesting Order," it is submitted that they are included in what was restored, and that the German patentee can sue for infringements committed since 10th January, 1920, not excepted by Article 306, para. 2, and Article 309. By a

writ issued, for example, on 10th July, 1921, a German national could recover damages for infringements by manufacture in this country committed since 4th August, 1909, excepting those between 4th August, 1914, and 10th January, 1920, *i.e.* a period of six and a half years prior to the issue of the writ. If, however, the correct view is that the Custodian retains rights of action which arose prior to the date when patents were restored, he should be joined as plaintiff or defendant in order to recover damages arising since 10th January, 1920. An interesting problem may arise in the case where a German transfers all his rights to a British national with the consent of the Board of Trade; *e.g.* will the British national obtain the benefit of the suspension of the period of limitation and/or be able to sue for infringements committed during the war, for which the German national could not sue?

Damages.

Damages assessed after the war under a pre-war judgment in favour of a German national are covered by the words "property rights and interests belonging at the date of the coming into force of the Treaty to German nationals." They may therefore be retained by the British Government under Article 297 (*b*), and are charged by sect. 1 (xvi.) of the Treaty of Peace Order in favour of the claims of British nationals, the German nationals being left with the right of compensation from the German Government given by Article 297 (*i*) of the Treaty (*The Marie Gartz*, L. R., 1920, P. 172). It is submitted that damages awarded to a German national in an action commenced after the termination of the war in respect of pre-war infringements would be treated in a similar manner, but that damages for post-war infringements of "restored patents" are payable in full to German patentees, although under the "Divesting Order" all royalties under a licence granted by the Custodian or the Board of Trade would be payable to the Custodian or the Clearing Office.

Article 309, para. 2.

Article 309 continues:—

"*Equally, no action for infringement of industrial, literary, or artistic property rights by such persons shall at any time be permissible in respect of the sale or offering for sale for a period of one year after the signature of the present Treaty in the*

territories of the Allied or Associated Powers on the one hand, or Germany on the other, of products or articles manufactured, or of literary or artistic works published during the period between the declaration of war and the signature of the present Treaty, or against those who have acquired and continue to use them. It is understood, nevertheless, that this provision shall not apply when the possessor of the rights was domiciled or had an industrial or commercial establishment in the districts occupied by Germany during the war."

The object of this provision is to allow manufacturers and dealers a reasonable period for the disposal of infringing articles made prior to the publication of the Treaty and to protect purchasers using such articles, acquired prior to 28th June, 1920, for ever. The question arises whether a resale after that date, say, by a retailer or by a user disposing of his business, and the subsequent user by the purchaser are infringements. A hardship may arise if such resale or user is an infringement, yet the wording of the Treaty as to the limiting period is precise and the case has apparently not been provided for.

On the other hand, if the user during the war was by the British Government, their agents, or persons authorised by them, the articles may be sold and used at any time under the provisions of Article 306, para. 2.

Article 306, para. 2.

"*No claim shall be made or action brought by Germany or German nationals in respect of the use during the war by the Government of any Allied or Associated Power, or by any persons acting on behalf or with the assent of such Government, of any rights in industrial, literary or artistic property, nor in respect of the sale, offering for sale, or use of any products, articles or apparatus whatsoever to which such rights applied.*"

Article 309 para. 2.

It is understood that the proviso at the end of paragraph 2 of Article 309 was introduced to enable a manufacturer established, for instance, in the occupied district of Northern France to sue for infringements committed by the sale or user in Germany after the coming in force of the Treaty of articles made with his own stolen machinery. The exception is, however, not happily worded, and may be held to deprive persons in the United Kingdom of the rights given to them by the second

paragraph in cases where the German owner of the British patent was domiciled or had a commercial establishment in, say, Belgium unless the Court holds that the exception, which is not reciprocal, and which is obviously intended to place persons who have suffered directly at Germany's hands in a more favourable position than other persons of the same or an allied nationality, should not be construed to deprive other allied nationals of freedom from actions of infringement by German nationals which they otherwise would have enjoyed.

LICENCES.

In addition to providing for extension of time (see ante) the "Rules Acts." "Rules Acts" enable the Board of Trade:—

"... *to make rules and to do such things as they think expedient for avoiding or suspending in whole or in part any patent or licence, the person entitled to the benefit of which is the subject of any State at war with His Majesty; ... for avoiding or suspending any application made by any such person ...; for enabling the Board to grant, in favour of persons other than such persons as aforesaid, on such terms and conditions, and either for the whole term of the patent ... or for such less period, as the Board may think fit, licences to make, use, exercise, or vend, patented inventions ... so liable to avoidance or suspension as aforesaid.*"

The "Rules Acts," and the Rules (*v*) made thereunder, continue in force for the above purpose during the continuance of the present state of war in Europe (the termination of which has not yet been declared by Order in Council at the time of writing) and for a period of six months thereafter.

The Treaty of Peace Order, 1919, sect. 1, sub-sect. (xxi.), provides that the term "*subject of any State at war with His Majesty*" shall, since 10th January, 1920, be deemed to include German nationals whose patents have been revived under Article 307 of the Treaty.

War licences granted: (*a*) By Board of Trade.

Under the provisions of the "Rules Acts" a few enemy-owned patents were avoided, *i.e.* revoked, and a large number were suspended in favour of one or more persons carrying on

(*v*) S. R. & O., 1914, Nos. 1255 and 1328.

business in the United Kingdom to whom licences, which provided for the payment of royalties to the Public Trustee, were granted. The existence of British non-exclusive licensees did not prevent the Board of Trade granting other licences (*w*), and the mere assertion by statutory declaration by a British subject that he was beneficially entitled to a share in an enemy-owned patent by reason of a partnership agreement, the terms of which were not put in evidence, was held insufficient to oust the jurisdiction of the Board (*x*).

(*b*) By the Custodian.

The "Rules Acts" only applied to patents which had been sealed; but by vesting the benefit of enemy applications in the Custodian, and granting patents to him under sect. 6 of the Trading with the Enemy Amendment Act, 1916, the Custodian was able to grant licences under such patents by virtue of sect. 5 (1) of the Trading with the Enemy Amendment Act, 1914.

All licences so granted by the Board or the Custodian remain of full force and effect under the provisions of Article 310 of the Treaty, but by clauses 6 and 9 of the Divesting Order the Board has power to alter the terms of such licences.

"Allied reply."

The "Allied Reply" on Article 310 explains that since contracts for licences in respect of rights in industrial property should receive the same treatment as other pre-war contracts the same procedure should be applied to them as is applied to contracts generally in Articles 299 to 305 of the Treaty.

Article 310, para. 1.

Article 310 commences as follows:—

"*Licences in respect of industrial, literary, or artistic property concluded before the war between nationals of the Allied or Associated Powers or persons residing in their territory or carrying on business therein, on the one part, and German nationals, on the other part, shall be considered as cancelled as from the date of the declaration of war between Germany and the Allied or Associated Power.*"

During the war the continued operation of contracts involving trading with the enemy was illegal by common law, and British nationals could sue under the Legal Proceedings against Enemies

(*w*) *British Association of Glass Bottle Manufactures* v. *Foster*, 34 R. P. C. 217.

(*x*) *R.* v. *Board of Trade, ex parte Derry*, 34 R. P. C. 241.

Act, 1915 (*y*), for a declaration by the Court, or could obtain an order from the Board of Trade under sect. 2 of the Trading with the Enemy Amendment Act, 1916, putting an end to such contracts. This provision of the Treaty deals with all such licences, and it is submitted, having regard to the reference in the "Allied Reply" to the general provisions of the Treaty for the cancellation of contracts, the parties to which became enemies, that "concluded before the war" means "operative at the declaration of war," *e.g.* if the German had prior to the war bonâ fide assigned his interest to an Allied national the licence is not cancelled. Also if the German national acquired under the Treaty the nationality of an Allied or Associated Power the licence is exempted from cancellation as provided in Article 299 (*d*). On the other hand, it is submitted the licence is cancelled if one of the parties, though not a German, is acting as the agent of or for the benefit of a German national. The paragraph continues:—

Article 310, para. 1 continued.

"*But, in any case, the former beneficiary of a contract of this kind shall have the right, within a period of six months after the coming into force of the present Treaty, to demand from the proprietor of the rights the grant of a new licence, the conditions of which, in default of agreement between the parties, shall be fixed by the duly qualified tribunal in the country under whose legislation the rights have been acquired, except in the case of licences held in respect of rights acquired under German law. In such cases the conditions shall be fixed by the Mixed Arbitral Tribunal referred to in Section VI. of this Part. The tribunal may, if necessary, fix also the amount which it may deem just should be paid by reason of the use of the rights during the war.*"

The Treaty of Peace Order, sect. 1 (xxii.), appointed the Comptroller as the duly qualified tribunal for granting new licences in this country to former beneficiaries, and if they have not applied within the six months provided they can, in the case of "restored patents," apply to the Board of Trade under clause 5 of the "Divesting Order."

Paragraph 2 is as follows:—

Article 310, para. 2.

"*No licence in respect of industrial, literary, or artistic property,*

(*y*) 5 Geo. 5, c. 36.

granted under the special war legislation of any Allied or Associated Power, shall be affected by the continued existence of any licence entered into before the war, but shall remain valid and of full effect, and a licence so granted to the former beneficiary of a licence entered into before the war shall be considered as substituted for such licence."

The terms of the licences granted by the Board of Trade or the Custodian may, however, by clauses 6 and 9 of the "Divesting Order," be modified by the Board on the application of the licensee or the patentee, and clause 4 of that Order adds a further provision to all such licences, viz. the licensee is to be deemed to have the right of calling upon the patentee to take proceedings for infringement, and, on the latter's refusal or failure for two months so to do, the licensee may institute proceedings in his own name as if he were *the* patentee, as provided in sect. 27 (3) (b) of the Act of 1907, as amended. It may therefore be argued that a licensee in these circumstances will have the benefit of the suspension of the statute of limitations during the period of the war and six months after which the patentee has by virtue of Article 300 (*a*) and the Treaty of Peace Order, and that he can sue persons still infringing for infringements committed in pre-war times.

Article 310, para. 8.

Finally, Article 310 provides :—

"*Where sums have been paid during the war by virtue of a licence or agreement concluded before the war in respect of rights of industrial property or for the reproduction or the representation of literary, dramatic, or artistic works, these sums shall be dealt with in the same manner as other debts or credits of German nationals as provided by the present Treaty.*"

It is understood that this provision was introduced to cover royalties paid to an international agency in respect of dramatic or musical copyright. It would not appear to have any practical application in this country in so far as royalties under patents are concerned.

DEFENCE OF THE REALM ACT, 1914.

INDEMNITY ACT, 1920.

The effect of these Acts in regard to patents and inventions have been dealt with, ante, in the chapter dealing with the "Rights of the Crown."

DECISIONS IN THE COURTS.

During the war an alien enemy could not institute or maintain an action in the Courts as actor (*z*). The same rule applied to an alien enemy company and a British company as joint co-plaintiffs (*a*), unless the alien was merely a formal party (*b*). An alien enemy could, however, defend an action, or appeal against a decision in a case in which he had been attacked (*c*), and as a defence to a petition for revocation he could apply to the Court for leave to amend his specification by disclaimer (*d*).

(*z*) *Porter* v. *Freudenberg*, 1915, 1 K. B. 857.

(*a*) *Actiengesellschaft für Anilin Fabrikation* v. *Levinstein*, 32 R. P. C. 140.

(*b*) *Mercedes Daimler Motor Co.* v. *Maudsley Motor Co.*, 32 R. P. C., p. 149.

(*c*) *Mertens' Patent*, 32 R. P. C. 109.

(*d*) *Patent of Stahlwerk Becker Actiengesellschaft*, 34 R. P. C. 339.

THE "GENERAL VESTING ORDER" OF THE 30TH OCTOBER, 1918.

In the matter of the Trading with the Enemy Amendment Acts, 1916 *and* 1918,

and

In the matter of—

(1) Every person, firm, body and company being an Enemy or Enemy Subject within the meaning of the above-mentioned Acts.

(2) Every Company with respect to which an Order has been made under section one of the Trading with the Enemy Amendment Act, 1916, or section three of the Trading with the Enemy Amendment Act, 1918.

(3) Every Company being an Enemy Controlled Corporation within the meaning of the Trading with the Enemy Amendment Act, 1918,

and

Entitled (a) to any interest, share or right in of or to any Letters Patent which have been granted in and for the United Kingdom of Great Britain and Ireland and the Isle of Man or

(b) to the benefit of an application for any such Letters Patent.

Whereas the expression "hostile person" (*a*) when hereinafter used means and includes—

(a) a person, firm, body or company being an enemy or enemy subject within the meaning of the Trading with the Enemy Amendment Acts, 1916 and 1918:

(b) a company with respect to which an Order has been made under section one of the Trading with the Enemy Amendment Act, 1916, or section three of the Trading with the Enemy Anendment Act, 1918:

(c) a company being an enemy controlled corporation within the meaning of the Trading with the Enemy Amendment Act, 1918:

And whereas the expression "British Patent" when hereinafter used means Letters Patent which have been granted in and for the United Kingdom of Great Britain and Ireland and the Isle of Man:

And whereas divers hostile persons are respectively (1) the owners of or otherwise interested in various British Patents (2) entitled to the benefit of applications for British Patents:

And whereas it appears to the Board of Trade to be expedient that such Vesting Order should be made as hereinafter appears:

(*a*) See also p. 417.

Now therefore the Board of Trade in exercise of the powers conferred on them by the Trading with the Enemy Amendment Acts, 1916 and 1918, and of all other powers enabling them in this behalf do hereby Order that—

(1) All and every the interest, share and right of every hostile person in, of or to any British Patent including all rights of action which since the 4th day of August, 1914, have or would but for the present War have accrued to any hostile person in respect or by reason of any British Patent, and

(2) The benefit of every application which has been made by or on behalf or for the benefit of any hostile person for any British Patent Do except in so far as the same shall already have been vested by any Order made under the Trading with the Enemy Amendment Acts or any of them Vest in the Public Trustee of Kingsway in the County of London the Custodian for England and Wales under the Trading with the Enemy Amendment Act, 1914.

Provided always that notwithstanding this order or anything herein contained any Order or Licence which the Board of Trade shall in pursuance or by virture of the powers or provisions conferred by or contained in the Patents Designs and Trade Marks (Temporary Rules) Acts, 1914, have made or granted in respect of any British Patent, and all rights, powers, conditions and stipulations by or in such Order or Licence granted, reserved or contained shall operate and take effect and shall be exercisable, enforceable, performed and observed as fully and freely and to the same extent as if this present Order had not been made.

Dated this 30th day of October, 1918.

By The Board of Trade

(Sd.) *H. Fountain,*

Assistant Secretary to the Board of Trade.

THE "DIVESTING ORDER."

STATUTORY RULES AND ORDERS, 1920, No. 1336.

TRADING WITH THE ENEMY.

PATENTS OF GERMAN NATIONALS VESTED IN CUSTODIAN (*a*).

ORDER OF THE BOARD OF TRADE, DATED JULY 19, 1920, UNDER SECTION 5 (1) OF THE TRADING WITH THE ENEMY AMENDMENT ACT, 1914 (5 GEO. 5, c. 12), AS TO "VESTED PATENTS," "VESTED APPLICATIONS" AND "RESTORED PATENTS."

In the matter of divers patents and applications for patents vested in the Custodian; and

In the matter of the Trading with the Enemy Acts, 1914 to 1918; and

In the matter of the Treaty of Peace (with Germany) Act, 1919; and

In the matter of the Treaty of Peace (with Germany) Order, 1919 (*b*).

Whereas the expression "British Patent" when hereinafter used means Letters Patent which have been granted in and for the United Kingdom of Great Britain and Ireland and the Isle of Man:

And whereas prior to the Order of the Board of Trade of the 30th October, 1918, hereinafter recited, divers British Patents which had been granted to or for the benefit of German Nationals (as defined by the Treaty of Peace (with Germany) Order, 1919), the shares and interests of German Nationals in divers other British Patents and also the benefit so far as the same belonged to German Nationals of or in divers applications which had been made by or on behalf or for the benefit of German Nationals, either alone or jointly with other parties, for grants of such patents were by or by virtue of Orders which were made by the High Court of Justice or the Board of Trade under the Trading with the Enemy Acts, 1914–1918, or some or one of such Acts duly vested in the Public Trustee, the Custodian for England and Wales under the Trading with the Enemy Amendment Act, 1914 (hereinafter called "the Custodian"):

And whereas by an Order dated the 30th October, 1918, and so made by the Board of Trade as aforesaid, after reciting that the expression "hostile person" when thereinafter used meant and included (a) a person, firm, body or company being an enemy or enemy subject within the meaning of the Trading with the

(*a*) The corresponding Divesting Order, dated November 9th, 1920, for Patents of Austrian and Bulgarian Nationals is S. R. & O., 1920, No. 2118.

(*b*) S. R. & O., 1919, No. 1517.

Enemy Amendment Acts, 1916 and 1918 (*c*), (b) a Company with respect to which an Order had been made under section 1 of the Trading with the Enemy Amendment Act, 1916, or section 3 of the Trading with the Enemy Amendment Act, 1918, and (c) a Company being an enemy controlled corporation within the meaning of the Trading with the Enemy Amendment Act, 1918, it was amongst other things ordered that (1) all and every the interest, share and right of every hostile person in, of or to any British patent, and (2) the benefit of every application which had been made by or on behalf or for the benefit of any hostile person for any British patent should, except in so far as the same should already have been vested by any Order made under the Trading with the Enemy Amendment Acts, or any of them, vest in the Custodian :

And whereas as regards certain of the said applications patents have in pursuance of the Trading with the Enemy Amendment Act, 1916, been duly granted to the Custodian :

And whereas the expression "vested patent" as hereinafter used means such interest, share, rights or title in, of or to a British patent as may by reason or on account of the late war between the United Kingdom and Germany have been so vested in or granted to the Custodian as aforesaid, and the expression "vested application" as hereinafter used means such benefit and rights of or in respect of any application for the grant of a British patent as may by reason or on account of the said late war have been so vested in the Custodian as aforesaid :

And whereas it is expedient that such Order or Orders and directions as are hereinafter contained shall be made and given in regard to vested patents and vested applications :

Now, therefore, the Board of Trade in exercise of the powers conferred upon them by section 5 (1) of the Trading with the Enemy Amendment Act, 1914, and/or the Treaty of Peace (with Germany) Order, 1919, and of all other powers (if any) them hereunto enabling do hereby order and direct as follows :—

1. (i) Subject to the provisions hereinafter contained the Custodian shall forthwith divest himself of the vested patents and of the vested applications in favour as the case may be of the respective persons who were at the commencement of the late war between the United Kingdom and Germany or would but for such war and the relative Vesting Orders now be entitled thereto.

Provided always that if by any Order made under the Trading with the Enemy Amendment Acts, or any of them which may affect any vested patent or vested application any condition was imposed upon the Custodian which might operate so as to prohibit him from dealing with such patent or application, the prohibiting condition shall be and stand discharged upon the Board of Trade certifying to that effect, but so nevertheless that such divesting as aforesaid shall not take effect as regards such patent or application unless and until the Board of Trade shall so certify :

(ii) In the subsequent provisions of this Order the following expressions shall mean and be construed as follows, that is to say :

(*c*) 5–6 Geo. 5, c. 105, and 8–9 Geo. 5, c. 31.

"restored patent" shall mean and include any vested patent of which the Custodian shall have divested himself under the directions in the preceding sub-clause contained and also such interest, share, rights or title in, of or to any British patent as may be or may have been granted upon or in pursuance or by virtue of a restored application: "restored application" shall mean and include any vested application of which the Custodian shall have divested himself as aforesaid and also to the extent to which the same may be or may have been revived as next hereinafter mentioned any application for the grant of a British patent which may be or may have been revived under the provisions of the Treaty of Peace between the United Kingdom and Germany (hereinafter referred to as the "Treaty of Peace"): "patentee" shall mean and include the person for the time being entitled to the benefit of a restored patent: "licensee" shall in relation to a licence mean and include any person for the time being entitled to the benefit of the licence.

2. Subject to the provisions of this Order dealings in regard to a restored patent are permitted between British Nationals and German Nationals (as respectively defined by the said Treaty of Peace Order).

3. An assignment or assurance *inter vivos* of a restored patent or a restored application shall not be made nor shall any licence be granted under a restored patent except after notice to and with the consent of the Board of Trade, and any such purporting (*d*) licence which may be made or granted except after such notice and with such consent shall be void and of no effect. And any devolution of a restored patent or of a restored application otherwise than by an assignment or assurance *inter vivos* shall not be operative unless and until assented to by the Board of Trade.

4. A restored patent shall remain and be subject to any licence under or in respect thereof which may have been granted by the Board of Trade under the Patents, Designs and Trade Marks (Temporary Rules) Acts, 1914 (*e*), or by the Custodian under section 5 (1) of the Trading with the Enemy Amendment Act, 1914, and any such licence shall with the additional rights, powers and privileges next hereafter conferred upon the Licensee, be and remain as valid and effectual as if this Order had not been made:

Provided always that in addition to any other rights, privileges or powers to which he may be entitled the Licensee, exclusive or otherwise as the case may be, shall be deemed to have and shall have all the rights, privileges and powers of such a Licensee under the provisions of section 1 of the Patents and Designs Act, 1919 (*f*):

Provided further that all powers which by or under any such licence as aforesaid may have been given to or vested in the Board of Trade or the Custodian shall as regards any powers given to or

(*d*) S. R. & O., 1920, No. 2118 (Austrian and Bulgarian Order), inserts the following words here:—"Assignment or assurance *inter vivos* or any such purporting," and it is assumed they were intended to be included in the German Order.

(*e*) 4–5 Geo. 5, cc. 27 and 73.

(*f*) 9–10 Geo. 5, c. 80.

vested in the Custodian be and be deemed to have been transferred to the Board of Trade and as to all such powers whether given to or vested in the Board of Trade or given to or vested in the Custodian shall be and remain exercisable by the Board of Trade.

5. The Board of Trade have and shall continue to have power upon the application of any person to grant to or in favour of the applicant a compulsory licence under any restored patent upon such terms as to Royalty or otherwise as may be thought fit (*a*) if in the opinion of the Board of Trade it is in the public interest that such licence shall be granted, or (*b*) if the Patentee shall refuse to grant to the applicant a licence upon reasonable terms. And for the purpose of and in connection with the exercise of such power the Board of Trade shall have all the powers of the Comptroller of Patents, Trade Marks and Designs (hereinafter called the Comptroller) under the Patents and Designs Act, 1919, in a case in which abuse of the monopoly rights has been established.

6. The Board of Trade shall as regards any licence which has been or may be granted under any restored patent, whether the licence is granted as mentioned in Clause 4 hereof or as mentioned in Clause 5 hereof, have power upon the application of the Licensee or of the Patentee to make such revisions or amendments in the licence as may be thought fit whether as regards the Royalty payable thereunder or otherwise, and any such revision or amendment may consist of or include a provision which will preclude the Patentee (*a*) from importing into the United Kingdom any goods the importation of which would if effected by a person other than the Patentee be an infringement of the patent, and/or (*b*) from working or using the patented invention in the United Kingdom.

7. Notwithstanding anything herein contained the Board of Trade shall as regards any restored patent or restored application have power either without or upon the application of any person interested to expropriate, take over or sell any such patents or the patent rights under any such application on such terms as to indemnity, purchase, consideration or otherwise as may be determined by a special Tribunal to be nominated by the Lord Chancellor for the time being but so that the President or Chairman of such Tribunal shall be a high judicial officer or a barrister of not less than ten years' standing, and in such case the Board of Trade shall be deemed to have all the powers of the patentee or proprietor and may make a good title to any transfer, licence or other assurance provided always that the power hereby conferred shall not be exercised unless in the opinion of the Board of Trade the exercise thereof is necessary for the National Defence or in the public interest or for securing the due fulfilment of all the obligations undertaken by Germany in the Treaty of Peace.

8. All Royalties and/or other monies which but for this provision would by virtue of anything done under or in pursuance of any provision contained in this Order be payable to a German National shall be divided and paid as follows, namely :—

(*a*) in the case of voluntary dealings—75 per cent. of such Royalties and/or other monies shall be paid to the

Controller of the Clearing Office for the purposes of such Office and the remaining 25 per cent. thereof shall be paid to the other party or parties who may be concerned :

(*b*) in every other case the whole of such Royalties and/or other monies shall be paid to the Controller of the Clearing Office for the purposes of such Office.

Provided always that any Royalties under any such licence as is mentioned in Clause 4 hereof which have accrued prior to the date upon which the patent shall have become a restored patent or which may thereafter accrue shall be retained by or paid to the Custodian as the case may be.

9. The conditions imposed by and other provisions contained in Clauses 3 to 8 of this Order upon or in regard to restored patents and restored applications shall not, except as hereafter mentioned, apply as regards vested patents or vested applications of which the Custodian shall have divested himself under the directions contained in Clause 1 (1) herein in favour of persons who, by or by virtue or in pursuance of the Treaty of Peace, have ceased to be German Nationals : Provided nevertheless that as regards such patents as last mentioned—

(i) The patents shall remain and be subject to any licence under or in respect thereof which may have been granted by the Board of Trade under the Patents, Designs and Trade Marks (Temporary Rules) Acts, 1914, or by the Custodian under section 5 (1) of the Trading with the Enemy Amendment Act, 1914, and any such licence shall be and remain as valid and effectual as if this Order had not been made.

(ii) The Board of Trade shall as regards any licence which has been granted as aforesaid under the patent have power upon the application of the licensee or of the patentee to make such revisions or amendments in the licence as may be thought fit whether as regards the royalty payable thereunder or otherwise.

10. Any application to be made under any provision herein contained shall be made to the Comptroller.

11. The Board of Trade may from time to time make such rules as may be necessary or expedient for the purpose of carrying out the provisions of this Order and by any such rules may regulate the procedure to be followed and may prescribe the payment of fees and fix the amount thereof and any such rules whilst in force shall be of the same effect as if the same were contained in this Order.

12. This Order shall not nor shall anything herein contained apply to any patent or application for the grant of a patent which has been effectually dealt with in or for the purpose of the liquidation of any business or company as regards which a Winding-up Order has been made under or in pursuance of the Trading with the Enemy Acts, 1914 to 1918, or any of them.

13. The Board of Trade may at any time revoke or vary this

Order and any provisions herein contained as well as any rules made under Clause 11 hereof.

Dated this 19th day of July, 1920.

R. S. Horne,
President of the Board of Trade.

THE PATENTS (TREATY OF PEACE) RULES, 1920 (*g*).

DATED 24TH JULY, 1920.

By virtue of the provisions of the Trading with the Enemy Acts, 1914 to 1918, the Treaty of Peace Act, 1919, the Treaty of Peace Order, 1919, and the Order of the Board of Trade, dated 19th July, 1920, the Board of Trade do hereby make the following Rules:—

Preliminary.

1. These Rules may be cited as the Patents (Treaty of Peace) Rules, 1920, and shall come into operation from and immediately after the 19th day of July, 1920.

Interpretation.

2. In the construction of these Rules any words herein used, the meanings of which are defined by the Order of the Board of Trade, dated the 19th day of July, 1920, shall have the meanings thereby assigned to them respectively.

Fees.

3. The fees to be paid under these Rules shall be those specified in the first Schedule to these Rules.

Forms.

4. The forms herein referred to are the forms contained in the second Schedule to these Rules. Such forms shall be used in all cases to which they are applicable and may be modified as directed by the Comptroller to meet other cases.

Voluntary Dealings in or under Restored Patents, &c.

5. Where any assignment or assurance of a restored patent or of the benefit of a restored application or any licence under a restored patent has been agreed between parties, application for the consent of the Board of Trade to any such assignment, assurance, or licence shall be made on Patents Form No. 40 before the execution of the document effecting such assignment, assurance or licence. Such application shall be accompanied by a copy of the draft document proposed to be executed.

(*g*) These Rules apply to Austrian and Bulgarian restored patents as from November 29th, 1920.

Devolution of Title by Operation of Law.

6. Where any person claims to be entitled to the benefit of or any interest in a restored patent or restored application by virtue of operation of law, arising after the outbreak of war, he shall make application for the consent of the Board of Trade to his title as claimed being recognised upon Patents Form No. 41. Such application shall be accompanied by a copy of the instrument or other document under which the applicant claims title.

Application for Licence under Restored Patent other than under Rule 5.

7. An application for the grant of a licence under a restored patent or a patent granted upon a restored application shall be made upon Patents Form No. 42. Such application shall be accompanied by an unstamped copy and a statement in duplicate setting out fully the reason for making the application, the facts upon which the applicant bases his case, and the terms of the licence which he is prepared to accept. A copy of the application and of the statement will be transmitted by the Comptroller to the patentee at his address for service on the Register of Patents.

Upon such application being made and copy thereof transmitted to the patentee, the latter, if desirous of contesting the application, shall within one month of the receipt of such copy at his address for service, or such further time as the Comptroller may allow, leave at the Patent Office a counter-statement fully setting out the grounds upon which the application is contested and, on so leaving, shall deliver to the applicant a copy thereof.

Upon receipt of such counter-statement, and/or any further evidence the Comptroller may require, the Comptroller shall proceed to determine the application.

Application for Revision of Licence.

8. An application for the revision of a licence, whether granted by the Board of Trade, the Custodian, or under these Rules under a restored patent, shall be made upon Patents Form No. 43. Such application shall be accompanied by an unstamped copy and a statement in duplicate setting out fully the facts upon which the applicant bases his case and the terms of such licence as he is prepared to accept or grant. A copy of the application and of the statement will be transmitted by the Comptroller to the patentee, at his address for service on the Register of Patents or the Licensee concerned, as the case may be.

Upon such application being made and copy thereof transmitted, the patentee or licensee, as the case may be, if desirous of contesting the application, shall within one month of the receipt of such copy at his address for service, or such further time as the Comptroller may allow, leave at the Patent Office a counter-statement fully setting out the grounds upon which the application is contested and, on so leaving, shall deliver to the applicant a copy thereof.

Upon receipt of such counter-statement and/or any further

evidence the Comptroller may require, the Comptroller shall proceed to determine the application.

Application for the Expropriation Taking Over or Selling Any Restored Patent.

9. An application for the expropriation, taking over or sale of any restored patent or a patent granted upon a restored application shall be made upon Patents Form No. 44. Such application shall be accompanied by an unstamped copy and a statement in duplicate setting out fully the reason for making the application and the facts upon which the Applicant bases his case. A copy of the application and of the statement will be transmitted by the Comptroller to the patentee at his address for service on the Register of Patents.

Upon such application being made and copy thereof transmitted to the patentee, the latter, if desirous of contesting the application, shall, within one month of the receipt of such copy at his address for service, or such further time as the Comptroller may allow, leave at the Patent Office a counter-statement fully setting out the grounds upon which application is contested and on so leaving, shall deliver to the applicant a copy thereof.

Upon receipt of such counter-statement and/or any further evidence the Comptroller may require the Comptroller shall proceed to determine whether the application should be granted and be referred to a special tribunal for the settlement of terms.

Where it is decided to grant the application and refer it to a special tribunal for the settlement of terms application to be heard by the special tribunal shall be made upon Patents Form No. 45.

Hearings.

10. Before deciding any issue raised under Rules 7, 8 and 9 of these Rules, or before exercising any discretionary power given to the Comptroller under the Order of the Board of Trade, dated 19th July, 1920, or these Rules, adversely to any party, the Comptroller shall give ten days' notice, or such longer notice as he may think fit, to the party or parties as the case may be, of the time when he is prepared to hear such party or parties or their representatives.

Evidence.

11. In lieu of or in addition to any oral evidence that may be given at a hearing the Comptroller may require any party to file evidence by way of statutory declaration, and allow any declarant to be cross-examined on his declaration.

Costs.

12. The Comptroller may award costs in any proceedings under these Rules, and direct how and by what parties they are to be paid. Further, in any case in which he thinks fit, the Comptroller may

require any person initiating proceedings to give security for costs, and in the event of such security not being forthcoming, may dismiss the application in question.

Dated this 24th day of July, 1920.

R. S. Horne.
President of the Board of Trade.

FIRST SCHEDULE.

Fees.

Subject or Proceeding.	Amount.	Corresponding Form.
	£ s. d.	
On application under Rule 5 for consent of Board of Trade to assignment, assurance or licence of patent rights .	2 0 0	Patents Form No. 40.
On application under Rule 6 for consent of Board of Trade to devolution of title to Patent rights by operation of Law .	2 0 0	Patents Form No. 41.
On application for licence under restored Patent	2 0 0	Patents Form No. 42.
On application for revision of Licence .	5 0 0	Patents Form No. 43.
On application for expropriation, taking over, or selling any restored patent rights	5 0 0	Patents Form No. 44.
On application for hearing by Tribunal in respect of the expropriation, taking over, or selling of restored patent rights	5 0 0	Patents Form No. 45.

Dated this 24th day of July, 1920.

R. S. Horne.
President of the Board of Trade.

SECOND SCHEDULE.

Here follows a Schedule of forms mentioned in the Order.

APPENDIX.

STATUTES.

SECTIONS 6 AND 7 OF THE STATUTE OF MONOPOLIES (1623).

[21 JAC. I. c. 3.]

An Act concerning Monopolies and Dispensations of Penal Laws and the Forfeitures thereof.

6. PROVIDED also, that any declaration before mentioned shall not extend to any letters patent and grants of privilege for the term of fourteen years or under, hereafter to be made, of the sole working or making of any manner of new manufactures within this realm to the true and first inventor and inventors of such manufactures, which others at the time of making such letters patent and grants shall not use, so as also they be not contrary to the law nor mischievous to the State by raising prices of commodities at home, or hurt of trade, or generally inconvenient: the said fourteen years to be accounted from the date of the first letters patent or grants or such privilege hereafter to be made, but that the same shall be of such force as they should be if this Act had never been made, and of none other. **What new patents to be good.**

7. Provided also, that this Act or anything therein contained shall not in anywise extend or be prejudicial to any grant or privilege, power, or authority whatsoever heretofore made, granted, allowed, or confirmed by any Act of Parliament now in force, so long as the same shall so continue in force. **Proviso.**

PATENTS AND DESIGNS ACT, 1907.

[7 EDW. VII. c. 29.]

AS AMENDED BY

THE PATENTS AND DESIGNS ACT, 1919.

[9 & 10 GEO. 5, CH. 80.]

ARRANGEMENT OF SECTIONS.

An Act to consolidate the enactments relating to Patents for Inventions and the registration of Designs and certain enactments relating to Trade Marks.

[28th August, 1907.]

[*Amending Act*, 23*rd December*, 1919.]

BE it enacted by the King's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows :—

[N.B.—Parts repealed by the Act of 1919 are printed in italic type. Amendments are printed (or indicated by notes) in black type.]

PART I.—PATENTS.

Application for and Grant of Patent.

Application. **1.**—(1) An application for a patent may be made by any person who claims to be the true and first inventor of an invention, whether he is a British subject or not, and whether alone or jointly with any other person. (*See p. 11.*)

(2) The application must be made in the prescribed form, and must be left at, or sent by post to, the Patent Office in the prescribed manner. (*See p. 153.*)

(3) The application must contain a declaration to the effect that the applicant is in possession of an invention, whereof he, or in the case of a joint application one at least of the applicants, claims to be the true and first inventor, and for which he desires to obtain a patent, and must be accompanied by either a provisional or complete specification. (*See pp. 85, 156.*)

(4) The declaration required by this section may be either a statutory declaration or not, as may be prescribed. (*See p. 156.*)

Specifications. **2.**—(1) A provisional specification must describe the nature of the invention. (*See p. 85.*)

(2) A complete specification must particularly describe and ascertain the nature of the invention and the manner in which the same is to be performed. (*See p. 85.*)

(3) In the case of any provisional or complete specification, where the Comptroller deems it desirable he may require that suitable drawings shall be supplied with the specification, or at any time before the acceptance of the same, and such drawings shall be deemed to form part of the said specification. (*See pp. 92, 116.*)

(4) A specification, whether provisional or complete, must commence with the title, and in the case of a complete specification must end with a distinct statement of the invention claimed. (*See pp. 92, 95.*)

(5) Where the invention in respect of which an application is made is a chemical invention, such typical samples and specimens as may be prescribed shall, if in any particular case the Comptroller considers it desirable so to require, be furnished before the acceptance of the complete specification. (*See pp. 92, 160.*)

Proceedings upon application.

3.—(1) The Comptroller-General of Patents, Designs, and Trade Marks (hereinafter referred to as the Comptroller) shall refer every application to an examiner. (*See p. 157.*)

(2) If the examiner reports that the nature of the invention is not fairly described, or that the application, specification, or drawings have not been prepared in the prescribed manner, or that the title does not sufficiently indicate the subject-matter of the invention, the Comptroller may refuse to accept the application or require that the application, specification, or drawings be amended before he proceeds with the application; and in the latter case the application shall, if the Comptroller so directs, bear date as from the time when the requirement is complied with. (*See p. 161.*)

(3) Where the Comptroller refuses to accept an application or requires an amendment, the applicant may appeal from his decision to the law officer, who shall, if required, hear the applicant and the Comptroller, and may make an order determining whether and subject to what conditions (if any) the application shall be accepted. (*See p. 163.*)

(4) The Comptroller shall, when an application has been accepted, give notice thereof to the applicant. (*See p. 163.*)

Provisional protection.

4. Where an application for a patent in respect of an invention has been accepted, the invention may during the period between the date of the application and the date of sealing such patent be used and published without prejudice to the patent to be granted for the invention; and such protection from the consequences of use and publication is in this Act referred to as provisional protection. (*See pp. 25, 74, 169.*)

Time for leaving complete specification.

5.—(1) If the applicant does not leave a complete specification with his application, he may leave it at any subsequent time within (*six*) **nine** months from the date of the application.

Provided that where an application is made for an extension of the time for leaving a complete specification, the Comptroller shall, on payment of the prescribed fee, grant an extension

of time to the extent applied for, but not exceeding one month.

(2) Unless a complete specification is so left the application shall be deemed to be abandoned. (*See p. 159.*)

Comparison of provisional and complete specification.

6.—(1) Where a complete specification is left after a provisional specification, the Comptroller shall refer both specifications to an examiner.

(2) If the examiner reports that the complete specification has not been prepared in the prescribed manner, the Comptroller may refuse to accept the complete specification until it has been amended to his satisfaction.

(3) If the examiner reports that the invention particularly described in the complete specification is not substantially the same as that which is described in the provisional specification the Comptroller may—

(*a*) refuse to accept the complete specification until it has been amended to his satisfaction ; or

(*b*) (with the consent of the applicant) cancel the provisional specification and treat the application as having been made on the date at which the complete specification was left and the application shall have effect as if made on that date :

Provided that where the complete specification includes an invention not included in the provisional specification, the Comptroller may allow the original application to proceed so far as the invention included both in the provisional and in the complete specification is concerned, and (*treat the claim*) allow an application for the additional invention included in the complete specification to be made and treated as an application for that invention made on the date at which the complete specification was left. (*See p. 163.*)

(4) (*A refusal of the Comptroller to accept a complete specification shall be subject to appeal*) **An appeal shall lie from the decision of the Comptroller under this section** to the law officer, who shall, if required, hear the applicant and the Comptroller, and may make an order determining whether and subject to what conditions (if any) the complete specification shall be accepted.

(5) Unless a complete specification is accepted within (*twelve*) **fifteen** months from the date of the application, the application shall (except where an appeal has been lodged) become void.

Provided that where an application is made for an extension of time for the acceptance of a complete specification, the Comptroller shall, on payment of the prescribed fee, grant an extension of

time to the extent applied for, but not exceeding three months.
(Amended by Act of 1919.) (*See p. 160.*)

Investigation of previous specifications in United Kingdom on applications for patents.

7.—(1) Where an application for a patent has been made and a complete specification has been left, the examiner shall, in addition to the other inquiries which he is directed to make by this Act, make a further investigation for the purpose of ascertaining whether the invention claimed has been wholly or in part claimed or described in any specification (other than a provisional specification not followed by a complete specification) published before the date of the application, and left pursuant to any application for a patent made in the United Kingdom within fifty years next before the date of the application. (*See p. 72.*)

(2) If on investigation it appears that the invention has been wholly or in part claimed or described in any such specification, the applicant shall be informed thereof, and the applicant may, within such time as may be prescribed, amend his specification, and the amended specification shall be investigated in like manner as the original specification.

(3) If the Comptroller is satisfied that no objection exists to the specification on the ground that the invention claimed thereby has been wholly or in part claimed or described in a previous specification as before mentioned, he shall, in the absence of any other lawful ground of objection, accept the specification.

(4) If the Comptroller is not so satisfied, he shall, *after hearing the applicant and*, unless the objection is removed by amending the specification to the satisfaction of the Comptroller, determine whether a reference to any, and, if so, what, prior specifications ought to be made in the specification by way of notice to the public.

Provided that the Comptroller, if satisfied that the invention claimed has been wholly and specifically claimed in any specification to which the investigation has extended, may, in lieu of requiring references to be made in the applicant's specification as aforesaid, refuse to grant a patent.

(5) An appeal shall lie from the decision of the Comptroller under this section to the law officer.

((6) *The investigations and reports required by this section shall not be held in any way to guarantee the validity of any patent, and no liability shall be incurred by the Board of Trade or any officer thereof by reason of, or in connection with, any such investigation or report, or any proceeding consequent thereon.*) (*See p. 164.*)

Investigation of specifications published subse-

8.—((1) *An investigation under the last preceding section shall extend to specifications published after the date of the application in respect of which the investigation is made, and being specifications which have been*

quently to application.

deposited pursuant to prior applications; and that section shall, subject to rules under this Act, have effect accordingly.)

(1) In addition to the investigation under the last preceding section, the examiner shall make an investigation for the purpose of ascertaining whether the invention claimed has been wholly or in part claimed in any specification published on or after the date of the application and deposited pursuant to a prior application. **(Substituted by Act of 1919.)**

(2) (*Where, on such an extended investigation, it appears that the invention claimed in the specification deposited pursuant to an application is wholly or in part claimed in any published specification deposited pursuant to a prior application*) **Where on such further investigation it appears that the invention claimed has been wholly or in part claimed in any such specification,** the applicant shall, whether or not his specification has been accepted or a patent granted to him, be offered such facilities as may be prescribed for amending his specification, and in the event of his failing to do so the Comptroller shall, in accordance with such procedure as may be prescribed, determine what reference, if any, to other specifications ought to be made in his specification by way of notice to the public.

(3) For the purposes of this section an application shall be deemed to be prior to another application if the patent applied for when granted would be of prior date to the patent granted pursuant to that other application.

(4) *This section shall come into operation at such date as the Board of Trade may by order direct, and shall apply only to applications made after that date, and the order shall be laid before both Houses of Parliament.*

(4) An appeal shall lie from the decision of the Comptroller under this section to the law officer.

(5) The investigations and reports required by this and the last preceding section shall not be held in any way to guarantee the validity of any patent, and no liability shall be incurred by the Board of Trade or any officer thereof by reason of or in connection with any such investigation or report or any proceedings consequent thereon. **(Sub-sects. 4 and 5 introduced by Act of 1919.)** (*See p. 165.*)

Advertisement on acceptance of complete specification.

9. On the acceptance of the complete specification the Comptroller shall advertise the acceptance; and the application and specifications, with the drawings (if any), shall be open to public inspection. (*See p. 167.*)

Effect of

10. After the acceptance of a complete specification and until

the date of sealing a patent in respect thereof, or the expiration of the time for sealing, the applicant shall have the like privileges and rights as if a patent for the invention had been sealed on the date of the acceptance of the complete specification. Provided that an applicant shall not be entitled to institute any proceeding for infringement until a patent for the invention has been granted to him. (*See p. 169.*)

acceptance of complete specification.

11.—(1) Any person may at any time within two months from the date of the advertisement of the acceptance of a complete specification give notice at the Patent Office of opposition to the grant of the patent on any of the following grounds:—

Opposition to grant of patent.

(*a*) that the applicant obtained the invention from him, or from a person of whom he is the legal representative; or

((*b*) *that the invention has been claimed in any complete specification for a British patent which is or will be of prior date to the patent the grant of which is opposed, other than a specification deposited pursuant to an application made more than fifty years before the date of the application for such last-mentioned patent; or*)

(By sect. 4 of the Act of 1919 the following paragraphs (b) and (bb) were substituted.)

Amendment of sect. 11 of principal Act as to opposition to grant of patent.

(*b*) that the invention has been published in any complete specification, or in any provisional specification followed by a complete specification, deposited pursuant to any application made in the United Kingdom within fifty years next before the date of the application for the patent the grant of which is being opposed, or has been made available to the public by publication in any document (other than a British specification) published in the United Kingdom prior to the application; or

(*bb*) that the invention has been claimed in any complete specification for a British patent which though not published at the date of the application for a patent the grant of which is opposed was deposited pursuant to an application for a patent which is or will be of prior date to such patent; or

(*c*) that the nature of the invention or the manner in which it is to be performed is not sufficiently or fairly described and ascertained in the complete specification; or

(*d*) that the complete specification describes or claims an invention other than that described in the provisional specification, and that such other invention forms the subject of an application made by the opponent in the

interval between the leaving of the provisional specification and the leaving of the complete specification,

or (*e*) that in the case of an application under section ninety-one of this Act the specification describes or claims an invention other than that for which protection has been applied for in a foreign state or British possession and that such other invention forms the subject of an application made by the opponent in the interval between the leaving of the application in the foreign state or British possession and the leaving of the application in the United Kingdom. **(Paragraph (e) added by sect. 4 of the Act of 1919.)**

but on no other ground.

(2) Where such notice is given the Comptroller shall give notice of the opposition to the applicant, and shall, on the expiration of those two months, after hearing the applicant, and the opponent, if desirous of being heard, decide on the case.

(3) The decision of the Comptroller shall be subject to appeal to the law officer, who shall, if required, hear the applicant and the opponent, if the opponent is, in his opinion, a person entitled to be heard in opposition to the grant of the patent, and shall decide the case; and the law officer may, if he thinks fit, obtain the assistance of an expert, who shall be paid such remuneration as the law officer with the consent of the Treasury may determine. (*See p. 173.*)

Grant and sealing of patent.

12.—(1) If there is no opposition, or, in case of opposition, if the determination is in favour of the grant of a patent, a patent shall, on payment of the prescribed fee, be granted to the applicant, or in the case of a joint application, to the applicants jointly, and the Comptroller shall cause the patent to be sealed with the seal of the Patent Office.

Amendment of sect. 12 of principal Act as to grant and sealing of patents.

Provided that where—

(*a*) an applicant has agreed in writing to assign a patent when granted to another party or a joint applicant and refuses to proceed with the application; or

(*b*) disputes arise between joint applicants as to proceeding with an application;

the Comptroller on proof of such agreement to his satisfaction, or if satisfied that one or more of such joint applicants ought to be allowed to proceed alone, may allow such other party or joint applicant to proceed with the application, and may grant a patent to him, so however that all parties interested shall be entitled to be heard before the Comptroller, and an appeal shall lie from the

decision of the Comptroller under this proviso to the law officer. **(Proviso added by sect. 5 of the Act of 1919.)** (*See p. 155.*)

(2) A patent shall be sealed as soon as may be, and not after the expiration of (*fifteen*) **eighteen** months from the date of application, provided that—

(*a*) Where the Comptroller has allowed an extension of the time within which a complete specification may be left or accepted, a further extension of four months after the said (*fifteen*) **eighteen** months shall be allowed for the sealing of the patent:

(*b*) Where the sealing is delayed by an appeal to the law officer, or by opposition to the grant of the patent, the patent may be sealed at such time as the law officer **or the Comptroller as the case may be** may direct:

(*c*) Where the patent is granted to the legal representative of an applicant who has died before the expiration of the time which would otherwise be allowed for sealing the patent, the patent may be sealed at any time within twelve months after the date of his death:

(*d*) Where (*in consequence of the neglect or failure of the applicant to pay any fee*) **for any reason** a patent cannot be sealed within the period allowed by this section, that period may, on payment of the prescribed fee and on compliance with the prescribed conditions, be extended to such an extent as may be prescribed, and this provision shall, in such cases as may be prescribed and subject to the prescribed conditions, apply where the period allowed for the sealing of the patent has expired before the commencement of this Act.

Date of patent.

13. Except as otherwise expressly provided by this Act, a patent shall be dated and sealed as of the date of the application. Provided that no proceedings shall be taken in respect of an infringement committed before the (*publication*) **acceptance** of the complete specification.

Effect, extent, and form of patent.

14.—(1) A patent sealed with the seal of the Patent Office shall have the same effect as if it were sealed with the Great Seal of the United Kingdom, and shall have effect throughout the United Kingdom and the Isle of Man. (*See pp. 5, 378.*)

Provided that a patentee may assign his patent for any place in or part of the United Kingdom, or Isle of Man, as effectually as if the patent were originally granted to extend to that place or part only. (*See p. 320.*)

(2) Every patent may be in the prescribed form and shall be

granted for one invention only, but the specification may contain more than one claim; and it shall not be competent for any person in an action or other proceeding to take any objection to a patent on the ground that it has been granted for more than one invention. (*See pp. 5, 320.*)

Fraudulent applications for patents.

15.—(1) A patent granted to the true and first inventor shall not be invalidated by an application in fraud of him, or by provisional protection obtained thereon, or by any use or publication of the invention subsequent to that fraudulent application during the period of provisional protection. (*See p. 67.*)

(2) Where a patent has been revoked (*on the ground of fraud*) **by the Court on the ground that it has been obtained in fraud of the true and first inventor or where the grant has been refused by the Comptroller under the provisions of paragraph (*a*) of sub-sect. (1) of sect. 11 of this Act or revoked on the same ground under the provisions of sect. 26 of this Act,** the Comptroller may, on the application of the true inventor made in accordance with the provisions of this Act, grant to him a patent **for the whole or any part of the invention** in lieu of and bearing the same date as the patent so revoked **or as would have been borne by the patent if the grant thereof had not been refused.**

Provided that no action shall be brought for any infringement of the patent so granted committed before the actual date when such patent was granted. (*See pp. 24, 181.*)

Single patent for cognate inventions.

16.—(1) Where the same applicant has put in two or more provisional specifications for inventions which are cognate or modifications one of the other, and has obtained thereby concurrent provisional protection for the same, and the Comptroller is of opinion that the whole of such inventions are such as to constitute a single invention and may properly be included in one patent, he may accept one complete specification in respect of the whole of such applications and grant a single patent thereon. (*See p. 158.*)

(2) Such patent shall bear the date of the earliest of such applications, but in considering the validity of the same **and in determining other questions under this Act** (*and for the purpose of the provisions of this Act with respect to oppositions to the grant of patents*), the Court or the Comptroller, as the case may be, shall have regard to the respective dates of the provisional specifications relating to the several matters claimed therein. (*See p. 158.*)