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IP Case Update



Attempting to commercialise a patent before amendment can amount to seeking an unfair advantage

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*The decision in *In the Matter of Proposed Patent Amendments by Hitachi, Ltd. and Mitsubishi Shipbuilding Co., Ltd. and Opposition to Amendment by Singapore Shipping Association and Association of Singapore Marine Industries (Intellectual Property of Singapore, 20 March 2018)* marks the first time that a tribunal in Singapore has ruled that an attempt to commercialise a patent can amount to seeking an unfair advantage of the unamended patent and has refused the amendments sought on this basis*

The dispute

The patent in question – Singapore Patent No. 159788 ("**the Patent**") – pertained to ballast water treatment systems for installation aboard vessels. Singapore Shipping Association and Association of Singapore Marine Industries (collectively, "**the Opponents**") - which members comprise shipping companies and companies in the ship repair, shipbuilding and rig building industries - applied for revocation of the Patent. In response to the application for revocation, the patentees, Hitachi and Mitsubitshi (collectively, "**the Applicants**"), applied to amend the specification of the Patent and the Opponents filed an opposition. The decision deals with the opposition.

(NB: Hitachi owned another two patents pertaining to the same subject matter which were revoked in earlier proceedings - see [2018] SGIPOS 13 and [2018] SGIPOS 14.)

Principles governing post-grant patent amendments

Amendments to a granted patent will only be allowed if they neither result in the disclosure of additional matter (that is, matter not present in the patent application as filed), nor extend the protection conferred by the patent. Additionally,

the court or the Registrar has a discretion to refuse the amendments taking into account whether the Applicants had (i) failed to disclose all relevant matters with regard to the amendments; (ii) unduly delayed in seeking the amendments; or (iii) had sought to obtain an unfair advantage from the patent.

The opposition was on the basis that all three discretionary criteria had not been met, and succeeded on grounds based on the last two criteria – that is, that there was undue delay in filing the amendment application and that the Applicants were seeking an unfair advantage of the Patent in its unamended form.

Attempting to derive a commercial benefit can amount to seeking unfair advantage

It is widely accepted that threatening or suing an alleged infringer based on a patent which the owner knows to be invalid is an example of conduct that would be considered seeking an unfair advantage. It has also been noted (in *Zipher Ltd v Markem Systems Ltd* [2007] EWHC 145 (Pat)) that what was intended to be an unfair advantage "[does not] amount to any form of rigid rule". While the circumstances that may amount to seeking an unfair advantage remain open, it appears that no

tribunal in Singapore, the U.K. or Australia has previously ruled that an attempt to commercialise a patent can also amount to seeking an unfair advantage of the unamended patent in certain situations and has refused the amendments sought on this basis.

Here, the Applicants were found not to have acted reasonably in trying to sell or licence the Patent to two shipyards - Keppel Shipyard Ltd and Sembcorp Marine Ltd - without mentioning that amendments were likely to be necessary to render the Patent valid. This was despite the Hitachi was found to have been aware, on account of three invalidation proceedings in Japan and the examination process in Korea and China, that the Patent needed to be amended. Moreover, Hitachi had made representations to Keppel and SembCorp during the discussions that the invalidation proceedings in Japan were all concluded in its favour, without also mentioning that the Japanese corresponding patent had been amended. This was found to be particularly misleading and to amount to "*covetous conduct*". The fact that the parties did not eventually enter into any licensing or sale agreement was irrelevant given that this was not for want of trying by Hitachi.

Undue delay

The Applicant's attempt to obtain an unfair advantage from the unamended patent was found to be compounded by its unfair delay in taking out the amendment application.

The following principles can be deciphered from the decision on this ground:

- Pre-grant examination proceedings elsewhere - It would generally be unreasonable to expect a patentee to amend a granted patent in view of pre-grant examination proceedings relating to corresponding patents applications in other jurisdictions, unless those proceedings had resulted in an allowable claim set (citing *Novartis AG and another v Ranbaxy (Malaysia) Sdn Bhd* [2013] 2 SLR 117). Additionally, where the patentee was pursuing divisional applications covering alternative embodiments of the invention, it was reasonable for him to gauge how examination of the divisional applications would proceed before amending granted patents in other jurisdictions.
- Post-grant amendment applications elsewhere - The fact that an application was filed to amend a

granted patent relating to the same invention in another jurisdiction did not mean that the patentee ought to immediately take out an application to amend his other granted patents; it is reasonable to apply to amend after obtaining the ruling on the amendment application (again citing *Novartis v Ranbaxy*).

- Patentee's obligation to obtain advice - A patentee cannot be said to be put on notice of the need to amend only when it receives clear advice that the patent is problematic (citing *Warner-Lambert Company LLC v Novartis (Singapore) Pte Ltd* [2017] 2 SLR 707). Instead, once the patentee is put on notice that there may be an issue with his claim(s), he has an obligation to obtain advice to determine if amendment is needed.

Applying the above principles, the Registrar found that the Applicant was entitled to wait until after the conclusion of the third invalidation trial in Japan before considering amendments to the Patent. Nevertheless, there was undue delay because Applicant failed to satisfactorily explain the delay of more than 10 months between the conclusion of the third invalidation trial and their amendment application.

The Applicant argued that the delay was justified because they were dealing with corresponding applications across 5 countries and in 4 different languages. However, the Registrar took the view that the Applicants ought to have prioritised the Patent over the other corresponding applications given that the granted patents in Korea and China were already narrower in scope, with amendments akin to those made to the Japanese patent during the first and second invalidation proceedings in Japan and, more importantly, when they had begun to push forward with their attempts to monetise the patent in Singapore.

The obligation to make full disclosure is satisfied by putting forward correct reasons for the amendment and facts relevant to the exercise of the court's discretion

The opposition based on this ground failed.

The Registrar accepted the principle laid down by the UK Court of Appeal in *Oxford Gene Technology Ltd v Affymetrix Inc. (No.2)* [2001] RPC 18 that any obligation upon a patentee to trawl through his documents to determine their relevance to an

amendment would result in considerable expense and is not required under modern principles. Instead, “[t]he obligation of good faith requires the patentee to put forward correct reasons for the amendment. If there be facts relevant to the exercise of the discretion for those reasons then those facts need to be put before the court.” Additionally, there is no obligation upon a patentee in amendment proceedings to waive privilege in respect of any document.

Additionally, there is no need for the patentee to provide the entire file histories of the pre-grant prosecutions of the corresponding patents in other jurisdictions as the documents can generally be retrieved by any interested third party from the open dossier systems of the different jurisdictions. Similarly, there was no need for the Applicants to provide the entire file histories of the Japanese invalidation proceedings as this information is publicly available.

Applying the above principles, the Registrar found that the Applicants had met their obligation of full disclosure by putting forward all the facts relevant to the reasons for their proposed amendments.

Key take-aways

The following are some key take-aways from the decision:

- A patentee who is thinking to sell or licence his patent may wish to first consider and obtain advice on whether there is a need to amend the patent. If so, the amendment application should ideally be filed before contact is made. At the minimum, the negotiations must be handled sensitively. Otherwise, he may be denied the opportunity to amend. This can be disastrous if

the amendments are required to make the patent a valid and enforceable one.

- Additionally, where patents are filed in multiple jurisdictions and patent grant has been obtained in any one jurisdiction based on narrowed claims to overcome the prior art, it will be prudent for the patentee to examine the scope of the corresponding patents and patent applications in other jurisdictions which pertain to the same invention and to obtain advice as to whether similar amendments need to be made.

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