

PURSUANT TO THE PRACTICE STATEMENT OF THE MASTER OF THE ROLLS DATED 9TH JULY 1990, I CERTIFY THAT THE ATTACHED TEXT RECORDS MY JUDGMENT AND THAT NO FURTHER RECORD OF TRANSCRIPT NEED BE MADE.

THE HONOURABLE MR JUSTICE JACOB

26 March 1996



IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
PATENTS COURT

No.CH 95 B 7790
21st March 1996

Before THE HON. MR JUSTICE JACOB

IN THE MATTER OF United Kingdom Patent No. 1,507,959 and United Kingdom Patents Nos. 2,025,566 and 2,066,409 and 2,130,681 in the name of Coflexip Stena Offshore Limited (formally Stenna Offshore Limited)

(the respondent)

AND

IN THE MATTER OF An application to Rectify the Register of Patents by (1) Brown Root McDermott Fabricators Limited and (2) McDermott Subsea Constructors Limited.

(the applicants)

AND

IN THE MATTER OF Section 34 of the Patents Act 1977

(the Act)

Mr Nicholas Pumfrey QC, Mr Stephen Brandon
instructed by Messrs Bristows Cooke & Carpmael appeared on behalf of the Applicant

Mr Richard Miller QC instructed by Messrs Norton Rose
appeared on behalf of the Respondent

Hearing Dates
5th & 6th March 1996

JUDGMENT AS APPROVED BY THE JUDGE

Jacob J

Background

5 This is in form an application for rectification of the Register of Patents. But the
substance of the dispute is whether the applicants, (whom I will collectively call
“McDermotts”) have a significant defence to the financial part of the relief claimed in a
pending patent action. In that action the plaintiffs (whom I will call “Stena”) sue McDermotts
for infringement of 4 patents. One of these is shortly to expire. It is said to be the most
10 important. So, if there is a defence to all or most of the financial claim, McDermotts will
escape substantial liability at least on that important patent. Thus I think they have sufficient
standing to be “persons aggrieved” (see s.34(1)), even though this is not the normal type of
rectification dispute between rival claimants to a patent.

15 Stena acquired the patents from a company called Sante Fe. It is said that in an
attempt (now accepted to be bona fide) to comply with the formality provisions of the Patents
Act 1977 and the requirements of the Stamp Act 1891 they lost their way in the jungle. The
consequence is said to be that the entries in the Register of Patents for the 4 patents
concerned are incorrect. In particular it is said the current entries recording Stena as
20 proprietors are wrong, even though Stena are admittedly in fact proprietors. None of this
would matter but for the provisions of s.68 of the Patents Act, which is said to provide a
defence to the financial claim.

The Statutory Provisions

25 Before proceeding further it is convenient to set forth the provisions of the two Acts
so far as they are material. I am sorry that so much is necessary.

Patents Act 1977 as amended

30 30.-(1) Any patent or application for a patent is personal property (without being a
thing in action), and any patent or any such application and rights in or under it may be
transferred, created or granted in accordance with subsections (2) to (7) below.

35 (2) Subject to section 36(3) below, any patent or any such application, or any right in
it, may be assigned or mortgaged.

(5) Subsections (2) to (4) above shall have effect subject to the following provisions of
this Act.

(6) Any of the following transactions, that is to say-

(a) any assignment ...

shall be void unless it is in writing and is signed by or on behalf of the parties to the transaction or in the case of a body corporate is so signed or is under the seal of that body.

(7) An assignment of a patent or any such application or a share in it, and an exclusive licence granted under any patent or any such application, may confer on the assignee or licensee the right of the assignor or licensor to bring proceedings by virtue of section 61 or 69 below for a previous infringement or to bring proceedings under section 58 below for a previous act.

32.-(1) The comptroller shall maintain the register of patents, which shall comply with rules made by virtue of this section and shall be kept in accordance with such rules.

(2) Without prejudice to any other provision of this Act or rules, rules may make provision with respect to the following matters, including provision imposing requirements as to any of those matters-

(a) the registration of patents and of published applications for patents;

(b) the registration of transactions, instruments or events affecting rights in or under patents and applications;

(c)

(3) Notwithstanding anything in subsection (2)(b) above, no notice of any trust, whether express, implied or constructive, shall be entered in the register and the comptroller shall not be affected by any such notice.

(5) Subject to rules, the public shall have a right to inspect the register at the Patent Office at all convenient times.

(9) Subject to subsection (12) below, the register shall be prima facie evidence of anything required or authorised by this Act or rules to be registered and in Scotland shall be sufficient evidence of any such thing.

(14) In this Act, except so far as the context otherwise requires-

"register", as a noun, means the register of patents;

"register", as a verb, means, in relation to any thing, to register or register particulars, or enter notice of that thing in the register and, in relation to a person, means to enter his name in the register;

and cognate expressions shall be construed accordingly.

[33 (1) and (2) deal with priorities.]

33(3) This as section applies to the following transactions, instruments and events:-

- 5 (a) the assignment of a patent;
- (b)

10 34.-(1) The court may, on the application of any person aggrieved, order the register to be rectified by the making, or the variation or deletion, of any entry in it.

15 (2) In proceedings under this section the court may determine any question which it may be necessary or expedient to decide in connection with the rectification of the register.

20 (3) Rules of court may provide for the notification of any application under this section to the comptroller and for his appearance on the application and for giving effect to any order of the court on the application.

25 68. Where by virtue of a transaction, instrument or event to which section 33 above applies a person becomes the proprietor or one of the proprietors or an exclusive licensee of a patent and the patent is subsequently infringed, the court or the comptroller shall not award him damages or order that he be given an account of the profits in respect of such a subsequent infringement occurring before the transaction, instrument or event is registered unless-

30 (a) the transaction, instrument or event is registered within the period of six months beginning with its date; or

35 (b) the court or the comptroller is satisfied that it was not practicable to register the transaction, instrument or event before the end of that period and that it was registered as soon as practicable thereafter.

Stamp Act 1891

40 5. All the facts and circumstances affecting the liability of any instrument to duty, or the amount of the duty with which any instrument is chargeable, are to be fully and truly set forth in the instrument;

45 14(4) Save as aforesaid, an instrument shall not, except in criminal proceedings, be given in evidence, or be available for any purpose whatever, unless it is duly stamped

58(1) Where property contracted to be sold for one consideration for the whole is conveyed to the purchaser in separate parts or parcels by different instruments the consideration is to be apportioned in such manner as the parties think fit, so that a distinct consideration for each separate part or parcel is set forth in the conveyance

relating thereto, and such conveyance is to be charged with ad valorem duty in respect of such distinct consideration.

The Facts

5 By a written agreement of 13th June 1989 Stena agreed to buy from Santa Fe, for US\$31.5m., an agglomeration of assets for an offshore pipe laying business. The assets included a vessel, onshore facilities, permits, contracts, records, sales information and so on. It also included all Sante Fe's intellectual property relating to the pipe laying business. This included about 150 patents around the world, copyrights, designs and know-how. It included
10 the 4 patents the subject of the present application. So far as these were concerned there was therefore an agreement to assign, which gave Stena an equitable interest - an enforceable immediate right to call for a formal assignment .

Following the agreement to assign, steps were taken to execute the agreement. Stena
15 and Sante Fe entered into an assignment, which I will call A1. (For the present I will ignore the argument that I may take no notice of it because it is unstamped). A1 was signed by both parties. The second party to do so did it on 28th November 1989. Then it was sent to the Patent Office on 28th December 1989 for registration. In due course the Office sent it back because it was unstamped. The patent agent who sent it knew it was not stamped. He did not
20 have any intention of avoiding stamp duty. Apparently the Office act on such documents to the extent of changing the address for service. Pragmatically it is worth getting an assignment on file even though it is not yet stamped - stamping can be achieved later.

Next the patent agent learned that the original agreement for sale was itself unstamped
25 and that accordingly he needed a valuation for the assigned patents. It was as a practical matter wholly impossible to value them according to some market worth. In the context of the whole original agreement the value of individual patents was impossible to apportion out. For one thing the patents covered what was on the vessel and there were no known infringers or persons who wanted to use the patented technology. For another, at the time of the sale
30 the whole business was losing money. So the patent agent used a well-recognised alternative technique of valuation based on the cost of obtaining the patents. He reached a figure of £54,000.

Originally it was suggested that this figure was fraudulent. By a rather grudging letter
35 (it was the final paragraph with no apology) the charge of fraud was withdrawn shortly before

the hearing. Even then the pleadings had to be amended during the hearing and I had to order that allegations of dishonesty made in an affidavit should be struck out and the original affidavit removed from the file to be replaced by an affidavit with the offending matter omitted. People should realise that not only is it the case that a charge of fraud must be properly framed if it is to be made at all, but that if such a charge having been made is to be withdrawn it should be properly withdrawn. Bits of the charge should not remain lying around in court files or pleadings.

I turn back to what happened. The patent agent did not re-submit A1 to the Stamp Office, as he could have done explaining that the valuation he had reached and why. What he did was to prepare a fresh assignment, A2. His reason for doing this was explained in a letter to Stena of 13th February 1990:

“The most straightforward way of proceeding on the UK cases would be to replace the existing formal assignment with a new one placing reasonable estimates of value on the UK patent rights, and pay Stamp Duty on those values.”

I have explained how he made that estimate, reaching a figure of £54,000. The parties considered this and were prepared to enter into A2 on that basis. Moreover I have express evidence from an officer of Stena that he thought the valuation “about right.” Thus it is that the operative part of A2 came to read:

“NOW THEREFORE in consideration of £54,000 the receipt whereof is hereby acknowledged by the Assignor as beneficial owner and hereby assigns to the Assignee completely all right title and interest in and to the Patent Rights together with the right to sue in respect of infringements of the Patent Rights both before and after the date hereof.”

The “Patent Rights” included the patents included in A1. A2 recited the original agreement to assign but made no mention of A1.

A2 was in due course signed by both parties, thus complying with s. 30(6). The second party to sign did so on 1st September 1992. The document was presented to the Stamp Office for adjudication. There was no formal adjudication though the Stamp Office could have required that procedure. The Office accepted the valuation of £54,000. This led to a duty of £540 which was paid and the document was stamped accordingly. It was then presented (with some delay, irrelevant in this application) to the Patent Office with the relevant forms by letter of 1st October 1992. The Patent Office recorded A2 on the register. In the

case of 3 of the patents it did so on 9th November 1994 and in the case of the other, on 11th November.

The attacks on the register - preliminary

5

Two substantive attacks are made on the entries in the register. Mr Pumfrey QC for McDermotts also pointed out that the actual wording describing A2 was not accurate. Whilst this seems to be right, nothing turns on this. Moreover the point was not raised in the Notice of Motion and I propose to take no action in relation to it. One cannot expect the
10 Comptroller's officers (who at this level are not legally trained) always to summarise accurately the effect in law of documents such as assignments. Anyone interested can always get a copy of the actual document, which is open for inspection on the public file.

The first attack: the Stamp Act points on A2

15

I begin with what Mr Pumfrey regarded as his weaker attack. This was directed solely at A2. He said that Stena were in breach of their duty under s.5 of the Stamp Act. Whilst he now accepted that the agent's method of valuation was adopted for bona fide reasons, the Stamp Office were not told how the calculation had been done. So said Mr Pumfrey there was
20 a breach of s.5: "all the facts and circumstances affecting the liability to duty" were not "fully and truly set forth" in A2. But A2 recited the original agreement, which the Stamp Office could have called for. And it recited a valuation bona fide placed on the assignment by both parties. Section 58(1) entitles them to do that. It permits parties in circumstances such as this (i.e. where many things are bought for a lump overall consideration) to apportion the
25 consideration "as they think fit." These are wide words. Doubtless they would not extend to a dishonest apportionment. But if the apportionment is bona fide, that is enough, see *West London Syndicate v IRC*¹. I think A2 sufficiently complied with s.5.

That is a first answer to Mr Pumfrey's point. But there is more. A breach of s.5 does
30 not lead to a document being a nullity. This can be seen from *Nisbet v Shepherd*² where a stock transfer form which had failed to recite the consideration at all was held to be effective,

¹ [1892] 2QB 507 at p.526 *per* Rigby LJ

the failure to state the consideration being, in the words of Leggatt LJ³, a “mere irregularity”. If here there was a failure to recite enough for the purposes of s.5, then I would hold that to be a mere irregularity - indeed less of an irregularity than in *Nisbet*. Further, even if there had been a dishonest attempt to evade s.5. there could be considerable difficulties in any attack on the underlying transaction. Not all transactions involving some illegality are disregarded by the law, see for instance *Saunders v Edwards*⁴ where a plaintiff succeeded in a claim to set aside an agreement for fraudulent misrepresentation, even though he and the defendant had dishonestly agreed to misstate the value of the property conveyed to reduce stamp duty.

The pleadings suggest that a true valuation should have been between £5.4 to £13m, based on some evidence given in a pending Licence of Right application. This seems to me to be wholly irrelevant to a bona fide valuation by way of an apportionment as the parties think fit for a transaction in 1989 when the commercial conditions were as I have described. So I do not think it is established that there was an undervaluation. And accordingly A2 was duly stamped.

Suppose that were wrong, however. Given that it is accepted that A2 was prepared in good faith, can a third party complain if the Comptroller enters it on the register of Patents? There is nothing in the Stamp Act which leads to this conclusion. Indeed the Act points the other way. S.17 provides:

“If any person whose office it is to enrol, register, or enter it in or upon any rolls, books, or records, any instrument chargeable with duty, enrolls, registers, or enters any such instrument not being duly stamped, he shall incur a fine of ten pounds.”

It does not provide that any enrolment etc. so made is a nullity. I do not see why the court should add a sentence to that effect. I was, incidentally, told that the Commissioners of Inland Revenue have been kind enough to tell the Comptroller that provided he acts in good faith in making entries on the Register they will not attempt to levy the £10 if in error he enters a document which is not duly stamped. I am sure the Comptroller was glad to have this pressing worry removed.

² [1994] BCC 91

³ p.95

⁴ [1987] 2 All ER 651

The Second Attack: A2 a nullity

So the first point fails. I turn to the second, which can be stated as a syllogism:

- 5 (1) A1 complied with the Patents Act in all respects;
- (2) So it was A1 which vested the patents in Stena;
- (3) So far as A2 purported to do so it was therefore a nullity - the job had already been done by A1;
- (4) So the entry of A2 in the register is wrong ;
- 10 (5) The register should be rectified by the removal of any reference to A2.

This would leave the original patentee, Santa Fe, on the register as proprietor. And although an attempt to register A1 (supposing it were now duly stamped) would succeed, the date of registration would be some time in 1996. So up until that registration McDermotts
15 would have a defence under s.68. Thus although they commenced their allegedly infringing activities well after the date of registration of A2, they would escape both damages or an account of profits until A1 is registered.

The argument has considerable logic. After all s.32(9) only makes the register prima
20 facie evidence of A2. Indeed the argument has much the same logic irrespective of the state of the register. Even if no application for rectification had been made, at trial McDermotts could, it seems, have taken the same point. Now there may be a *res judicata* or quasi-*res judicata* argument because the point is being raised in this claim for rectification.

25 Stena advance three answers in law, failing which they appeal to discretion. Before turning to these I must mention a general observation made by Mr Miller QC for Stena. He submitted that if McDermotts were right, there could be very serious commercial consequences arising under s.68. He said it frequently happens that there are global sale and purchase agreements which happen to include British Patents. Such agreements may include
30 not only intellectual property of all kinds in many countries but also physical assets. Moreover many (probably most) such agreements are entered into by foreign companies, generally on both sides and indeed very often the agreement will not even be governed by English law. The authors would be unaware of the trap laid for them by s.68. So if any such agreement was

followed by a short form of assignment, only the latter being submitted for stamping and then registration at the Patent Office then the patentee would be caught by the arguments he had to meet. Furthermore he said, even if the parties were aware of the problem and had to bring the original international sale agreement into the country for stamping there would be substantial practical difficulties.

Mr Pumfrey provided a two part submission by way of answer to this general plea *ad inconveniens*. First he said there was no problem if the original agreement is merely an agreement to assign (as was the case, for instance, here). Such an agreement operates in English law to create and vest in the buyer an immediate equitable interest in the patent. Such an agreement may be entered in the register as a transaction affecting rights in it (see s.32(2)(b), r.44(4) of the Patents Rules 1990, and *Re Casey's Patents*⁵). But it is not itself an assignment or any of the other transactions, instrument or events specified in s.33. So it is simply not within s.33 and accordingly not within s.68. I think that must be right.

Mr Miller's submission also covered the case where the original sale agreement itself constituted an assignment. He said many people entering global deals would have little concern whether their agreement was an actual assignment or merely an agreement to assign. He may be right. I do not know whether there are in fact many global sale agreements which are in themselves assignments. Nor did Mr Pumfrey. He said that if there were such documents then they are within s.33 and so s.68. He submitted that parties who enter this kind of arrangement know there are local formalities to be complied with in various countries. Here the formality is that the assignment must be registered and failure to do so results in the s.68 sanction. If people enter into a short form after the patent has already been assigned, they have not done that which is required by s.33. So that may be an unintended consequence of s.68, but it is the consequence all the same. Mr Pumfrey, if he is otherwise right, must be right about this too. Whether that in practice could create problems in a large number of cases I do not know.

⁵ [1892] 1 Ch.104

I turn to the points argued by Mr Miller.

(1) The Stamp Act point

5 Before proceeding with this further I note that this cannot be a general solution to the problem. It depends for its validity on s.14(4) of the Stamp Act.

The argument is that neither the Comptroller nor the Court can take any notice of A1 by virtue of s.14 of the Stamp Act. Even if the document is effective between the parties to vest the patents in Stena, that fact is not receivable in evidence and should be ignored. It should be ignored for the purposes of this application and should presumably likewise be ignored if and when s.68 falls to be considered. McDermott's argument is supported by the Comptroller, whose assistance by way of a written submission from Mr Silverleaf of counsel I requested at a directions hearing. He put it thus:

15

“[The registration of A2] can only be challenged on the basis that A2 was a nullity. To establish that proposition requires proof of A1, which would require A1 to be stamped.”

20

Now s.14 is not a “voiding” provision. And notwithstanding the wide words of the section, there are cases where the courts or others have considered an unstamped document and given effect to it. The court must, for instance, look at a document to see whether it is stamped either at all or “duly.” And there is a well-recognised practice of the court acting on an unstamped document where the party concerned undertakes to get it stamped. But the former use of the document is clearly implied from the statute and the latter is really no more than a way of avoiding an adjournment for the document to be stamped. I turn to the authorities to see whether wider use of an unstamped document may be made.

25

In *R v Fulham, Hammersmith & Kensington Rent Tribunal*⁶ the jurisdictional issue before a rent tribunal had been, were the premises the subject of a furnished letting or not?

30

⁶[1951] 2 KB 1

The landlord relied upon an unstamped document which said the premises were furnished and the tenant had given evidence that he had taken the premises unfurnished but that the landlord had made him sign the document before giving him possession. The tribunal had accepted the tenant's evidence and held it had jurisdiction. A writ of certiorari was sought and the heart of the decision was concerned with the extent to which an inferior tribunal could look into the question of its jurisdiction. Nothing turned on the unstamped nature of the document for that purpose. However Lord Goddard CJ added:

"....there is one other matter which, though immaterial for the purpose of the decision, cannot be passed over without notice. The document produced by the landlord, and on which he relied as a memorandum of agreement, was improperly stamped. It may be that he required the tenant to sign over the stamp with a view to impressing on him that it was a formal document, but the document would in any case have required a sixpenny stamp. Had he attempted to put it before a court of law, an arbitrator or a referee, it could not have been looked at without requiring him to pay the proper stamp duty and a penalty of £10. These tribunals cannot be described as courts of law for the reasons for which this court pointed out in *Rex v Brighton and Area Rent Tribunal*⁷ nor are its members arbitrators or referees. We could not say, therefore, that they were not entitled to look at the document, and, as we have to consider whether the decision was within their jurisdiction, it is necessary for us to look at the same evidence as was before them. It will be for the Commissioners of Stamps to determine what, if any, action they should take in view of what appears to be a deliberate understamping of the document; and it will accordingly be sent to them by the court."

I do not quite understand why, just because the rent tribunal was not a court of law, the document could be taken into account by the tribunal. Lord Goddard did not say why and did not deal with the language of s.14 (*not be ... available for any purpose whatever*). No argument appears to have been directed at the point, even though there were fine counsel on both sides. However, upon the assumption that the document was available to the tribunal, I can readily follow the next step, that the court, in reviewing the decision for jurisdictional error, could look at the document too. In the end, although it was sent for stamping, the effect of the court's decision was that the document was "bogus" (Devlin J's word⁸). I do not think *Kensington* assists one way or the other.

⁷ [1950 2 KB 410

⁸ p.14

In *Birchall v Bullough*⁹ the plaintiff sued for the return of money lent. An interrogatory was administered to the defendant, asking him whether he had signed a promissory note for a certain sum. At trial the defendant was ordered to answer and given the note (unstamped) to refresh his memory. He acknowledged that he would not have signed it if he had not had the money and that he had no recollection of paying it back. The only use of the note was to challenge the defendant's recollection - the note itself was neither put in evidence, nor founded the claim. The claim succeeded simply on the defendant's own evidence after seeing the note. The use of the note for this limited purpose was held legitimate, even though the note itself was inadmissible. The case does not establish the wider proposition for which Mr Pumfrey contended: that it is always legitimate to give evidence of an unstamped document provided the actual document is not placed before the court.

A case where the unstamped nature of a document rendered it proper for a party not to act on it was *Maynard v The Consolidated Kent Collieries*¹⁰. A share transfer document was not properly stamped and it was held that the directors of the company to whom it was presented were entitled not to act on it. Moreover they were entitled to go into the question of whether it was properly stamped. Stirling LJ said:

“The company cannot be called upon to register a transfer which would not be available to them in a Court of justice, if they were desirous of making use of it either for the purpose of enforcing their rights against the transferee or defending themselves if attacked for what they have done on the faith of it.”

This passage shows the even-handed nature of the rule. If a document is within s.14 it does not matter why. There is no sub-rule that the document may be used against a party who ought to have got it stamped but did not. Mr Pumfrey suggested otherwise but I can find no basis for the suggestion in the words of the section or any of the cases. *Maynard* was followed by Bennett J in *Conybear v British Briquettes*¹¹, but the case adds no new reasoning.

Mr Pumfrey's best case was *Marx v Estates & General Investments*¹², another share transfer dispute. The chairman of a company meeting had accepted proxy forms which ought to have been stamped but were not. Brightman J held that the chairman would have been

⁹ [1896] 1 QB 325

¹⁰ [1903] 2 KB 121

¹¹ [1937] 4 All ER 191.

¹² [1975] 3 All ER 1064.

entitled to reject the forms on the basis of s.14(4). On the other hand he had accepted them and, because the forms were valid and not nullities, his action in accepting them could not be impeached. Brightman J said¹³ that “not be available for any purpose whatever” means:

5 “that one person cannot compel another person to rely upon and accept an instrument which is not at the time of presentation properly stamped”

And that those words:

10 “Cannot be given their strictest meaning where they appear in the Act.”

This does not in my judgment go far enough for Mr Pumfrey’s purpose. He is asking the court to “rely upon and accept” A1. That, on Brightman J’s interpretation of the second limb of s.14, I cannot do.

15 Mr Pumfrey also has difficulty in relation to the first limb, *shall not be given in evidence*. He argued that this is limited to putting the actual document in evidence. Here he says, he has secondary evidence of the document, its effect and the fact (elicited in cross-examination of the patent agent) that it is signed by both parties. So, without any need to look
20 at the document, there is sufficient evidence of it. And, he said, (in refutation of Mr Miller’s point based on the best evidence rule) what he had was the best evidence he could give of the document. I do not think any of this will do. It depends on Mr Pumfrey establishing the rule that secondary evidence of an unstamped document can be given. But no case (in particular *Birchall*) or the language of the section supports that.

25 Accordingly I accept the submissions of Mr Miller and Mr Silverleaf that I cannot receive in evidence A1. Without A1 it cannot be proved that A2 is a nullity. So I must refuse the application for rectification. Mr Pumfrey suggested that this would be wholly contrary to the public interest because it is in the public interest that the register should not be misleading.
30 As it stands it is, he says, because it incorrectly records how Stena became owners. This is true, but I cannot see that it matters. And it is noteworthy that the Comptroller, whose views I sought precisely because I wanted to have an impartial view of the public interest, did not support Mr Pumfrey’s overenthusiastic espousal of the public interest.

¹³ At p.388

Rescission

Because the matter was fully argued, I think it right to go on to consider Mr Miller's two further answers, each of which assume that A1 was effective to convey title and is
5 receivable in evidence.

Mr Miller submitted that it was possible for the parties to a transaction to rescind it in the sense of treat it as if it had never happened. If they did that, then the law for all purposes also so treated it. He pointed to a passage in Snell which makes it clear that rescission is an
10 act of a party and to the principal case cited in support of the proposition, *Abram Steamship v Westville Shipping*¹⁴. But although I accept the first part of the proposition, I do not accept the second: that where a transaction is rescinded, anything done under it actually never happened. If a transaction passes property then it does. If the parties wish to rescind that
15 transaction, then they can. But this means no more than that if property had passed under the transaction, it must be passed back. If that requires some formal conveyance, then such a conveyance will be needed. The answer to Mr Miller's point was supplied long ago by Old Khayyam:

20 "The moving finger writes; and having writ,
Moves on; nor all thy piety nor wit
Shall lure it back to cancel half a line,
Nor all thy tears wash out a word of it."

Moving fingers wrote A1. Nor all Mr Miller's piety nor wit can cancel half a line. He did not
25 try tears but they would not have worked either. The agreement by the parties to "replace" A1 by A2 (assuming that is the effect of A2, which I am not sure it is) does not mean that A1 had no effect in law. It did, and the execution of A2 does not mean it did not.

Estoppel

30 The argument ran thus: as between Stena and Santa Fe, Santa Fe would be estopped from denying that the document which assigned the patents was A2. Because A2 was a title

¹⁴ [1923] AC 773

transferring document, this estoppel is not only effective against Santa Fe, it is also effective against the whole world.

Mr Miller relied upon a single case to support his argument, *Eastern Distributors v Goldring*¹⁵. Stripped of unnecessary complexity, an agent with ostensible but not actual authority had purported to sell his principal's van to a hire purchase company. The principal then sold the van to the defendant. The claim against the defendant was by the hire purchase company for the van. The question was whether the sale by the agent with ostensible authority conferred title on the hire purchase company. If so the subsequent purported sale to the defendant could not do so. It was held that title was indeed transferred by the first transaction. Two reasons were given by Devlin J sitting in the Court of Appeal. The first of these turned on s.21 of the Sale of Goods Act and is irrelevant here. The second reason was based on estoppel. The effect of the estoppel (i.e. as between the principal and the hire purchase company) was "to transfer a real title and not a mere metaphorical title by estoppel." So here, said Mr Miller, because of the estoppel, A2 conveyed a real title.

Ingenious though the argument is, I think it is flawed. Firstly if it were right it would apply also to A1. You cannot have two estoppels saying different things. This is not a case of estoppel at all. Secondly, the reason the estoppel gave rise to title in *Goldring* was because, as between the principal and the hire purchase company property had passed. This affected the rest of world because it was only what passed between the parties which mattered so far as title transfer is concerned.

Discretion

On my conclusion under the first point the question of my discretion does not arise. But if I had a discretion I would not rectify the register. At present it correctly shows that Stena are proprietors, but (assuming A1 could be taken into account) by virtue of the wrong assignment, A2. If I were to remove the entry in respect of A2 the register would show Santa Fe as proprietors. That would make it significantly misleading. From the public point of view what really matters is that the register should show who the proprietor is. How he came to be

¹⁵ [1957] 2 QB 600

proprietor is of no or little importance. Thus the Banks Committee¹⁶, on whose recommendation s.68 was passed, said.¹⁷

5 “Clearly it is most important for the proper functioning of the patent system that information concerning ownership of, and other interests in, patents should be as readily available as possible.”

And

10 “We think it [i.e. the requirement to register] should be supplemented by more effective encouragement to the registration of changes of ownership of patents and the grant of exclusive licences in respect thereof. Ownership of a patent or the holding of an exclusive licence confers the most important of all patent rights, that of bringing an action against an infringer, and it follows that in these respects the register should always be complete and up to date.”

15 The whole emphasis is on getting the true proprietor on the register as such. That is what the parties here tried to do.

Indeed the only case suggested where the means by which a man became proprietor might matter is that someone might be deprived of a defence under s.68. However s.68 is not
20 intended to be for the benefit of a defendant - a true exception to liability such as, for instance, the defence of innocence or experimental use. Section 68 is aimed at patent holders, providing a sanction if they fail to register assignments. It only provides a benefit to defendants adventitiously.

25 I would only add two points in relation to discretion. The effect of leaving the register unrectified so far as a defence under s.68 is concerned was not argued before me. I say nothing about what the consequence on that defence would have been if the case had come to an exercise of discretion only.

30 Secondly I have considered whether or not there would be no room for discretion. The argument here is that A2 is a nullity and the court cannot have a discretion to leave a nullity on the register. I regard this as overlogical. The fact is that the registration of A2 did get Stena on the register as proprietor. That it should be on from an even earlier date is, in the circumstances, a mere irregularity.

¹⁶ Report of the Committee to Examine the Patent System and Patent Law, 1970 Cmnd 4407

Conclusion

I reach my conclusion without intellectual satisfaction. But there is some rough justice. It was an attempt to comply with the Stamp Act which caused the trouble and it is the
5 Stamp Act which saves the position. I get no satisfaction because, apart from the Stamp Act, s.68 sets a trap for a patentee who registers a short form assignment following a much longer agreement which is expressed to be an assignment.

¹⁷ para 560