

Status:  Judicial Consideration or Case History Available

## \*179 Coflexip Stena Offshore Limited's Patent

In the Patents Court

21 March 1996

**[1997] R.P.C. 179**

Before: Mr. Justice Jacob

5, 6 and 21 March 1996

Patent – Application to rectify Register – Registration of assignments – Compliance with formalities – Unstamped assignment not registered – Stamped second assignment registered – Whether second assignment effective – Whether first assignment receivable in evidence.

- [Patents Act 1977, sections 30\(1\), \(2\), \(5\), \(6\), \(7\), 32\(1\), \(2\), \(3\), \(5\), \(9\), \(14\), 33\(3\), 34\(1\), \(2\), \(3\), 68](#)
- [Stamp Act 1891, sections 5, 14\(4\), 17, 58\(1\)](#)

The applicants for rectification of the Register of Patents were defendants to a patent infringement action involving the four patents the subject of the application. The patentee (“ Stena” ) was not the original owner of the patents. The applicants claimed that the current entries recording Stena as proprietor were wrong although it was admitted that Stena was in fact the proprietor. The wrong recordal gave them, the defendants claimed, a defence to damages under [section 68 of the Patents Act 1977](#).

By a written agreement dated 13 June 1989 Stena had agreed to buy from SF all SF's intellectual property, including the patents, relating to SF's offshore pipe laying business. This transaction was an agreement to assign and gave Stena an equitable interest being an enforceable immediate right to call for a formal assignment. Following this agreement, Stena and SF entered into an assignment (“ A1” ) which was not stamped in accordance with the provisions of the [Stamp Act 1891](#). It was sent to the Patent Office on 28 December 1989 for registration but was returned because it was unstamped. The patent agent in charge of recording A1 assessed the value of the patents as being £54,000. However, he did not submit A1 to the Stamp Office with an explanation of how he had reached the valuation but instead prepared a fresh assignment (“ A2” ). The operative part of A2 was as follows:- “ ...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.”

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A2 recited the original agreement to assign but made no mention of A1. A2 was sent to the Stamp Office for stamping, was duly stamped and was then sent to the Patent Office for recordal on 1 October 1992 and Stena were duly recorded as proprietors of the patents.

The applicants attacked the series of transactions on a number of grounds. It was first argued that A2 did not comply with [section 5 of the Stamps Act 1891](#) because the Stamp Office were not told how the valuation of the patents was arrived at. The defendants' second argument was that A1 complied with the [Patents Act 1977](#) in all respects so that it was A1 which vested the patents in Stena; that so far as A2 purported to do so it was a nullity with the consequence that the entry of A2 in the register was wrong; and the register should be rectified by the removal of any reference to A2. Stena argued that neither the Comptroller nor the court could take any notice of A1 because under the provisions of the Stamp Act 1891 an unstamped document was not receivable in evidence and must be ignored. (This argument was supported by the Comptroller who made written submissions.) The applicants then contended that [section 14 of the Stamp Act](#) merely prohibited the putting of the impugned document in evidence and did not prohibit secondary evidence of it and its effect. Stena further argued that if A1 was effective to transfer title and was receivable in evidence it was possible for the parties to a transaction to rescind it *ab initio* and if this were done, A2 would be left as the only effective transfer document. It was also argued that as between SF and Stena, SF would be estopped from denying that it was A2 that transferred title to Stena and that this estoppel was also effective against third parties.

Held, , refusing to rectify the register

(1) A2 did comply with [section 5 of the Stamp Act 1891](#). It had 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, which they were entitled to do under [section 58\(1\)](#).

[The West London Syndicate Ltd. v. The Commissioners of Inland Revenue \[1898\] 2 Q.B. 507](#) referred to.

(2) Further a breach of [section 5](#) did not lead to the document being a nullity.

[Nisbet v. Shepherd \[1994\] B.C.C. 91](#) followed. [Saunders v. Edwards \[1987\] 2 All E.R. 651](#) referred to.

(3) Even if a document did not comply with section 5 of the Stamp Act 1891 that did not give a third party the right to complain if the document was recorded and entered on the register of patents.

(4) It was not permissible to receive A1 in evidence because it was not stamped. No case went far enough to support the applicants' argument that secondary evidence of an unstamped document can be given. Without A1, A2 could not be proved to be a nullity.

[R.v. Fulham, Hammersmith and Kensington Rent Tribunal ex parte Zerek \[1951\] 2 K.B. 1](#), [Birchall v. Bullough \[1896\] 1 Q.B. 325](#), [Maynard v. The Consolidated Kent Collieries Corporation Ltd. \[1903\] 2 K.B. 121](#), [Conybear v. British Briquettes Ltd. \[1937\] 4 All E.R. 191](#), [Marx v. Estates & General Investments Ltd. \[1975\] 3 All E.R. 1064](#) referred to.

(5) That although it was possible to rescind an agreement, an agreement which was effective to transfer property and which was rescinded did not mean that the property had not passed to the assignee. A reconveyance by the assignee would be required to transfer the property back again to the assignor. The execution of A2 did not mean that A1 had no effect in law.

[Abram Steamship Co. Ltd. v. Westville Shipping Co. Ltd. \[1923\] A.C. 773](#) referred to.

(6) This was not a case of estoppel. If the argument was correct it would apply equally to A1 and there would be two estoppels saying different things.

[Eastern Distributors Ltd. v. Goldring \[1957\] 2 Q.B. 600](#).

(7) The register should show who the proprietor was: how he came to be proprietor was of no or little importance. The fact that someone might be deprived of a defence under [section 68](#) was not significant, given that section 68 was not intended to be for the benefit of defendants.

The following cases were referred to in the judgment:

- [Abram Steamship Co. Ltd. v. Westville Shipping Co. Ltd. \[1923\] A.C. 773](#).
- [Birchall v. Bullough \[1896\] 1 Q.B. 325](#).
- [Casey's Patents \(In re\), Stewart v. Casey \[1892\] 1 Ch. 104](#).
- [Conybear v. British Briquettes Ltd. \[1937\] 4 All E.R. 191](#).
- [Eastern Distributors Ltd. v. Goldring \[1957\] 2 Q.B. 600](#).
- [Marx v. Estates & General Investments Ltd. \[1975\] 3 All E.R. 1064](#).
- [Maynard v. The Consolidated Kent Collieries \[1903\] 2 K.B. 121](#).
- [Nisbet v. Shepherd \[1994\] B.C.C. 91](#).
- [R. v. Fulham, Hammersmith and Kensington Rent Tribunal ex parte Zerek \[1951\] 2 K.B. 1](#).
- [Saunders v. Edwards \[1987\] 2 All E.R. 651](#).
- [West London Syndicate Ltd. \(The\) v. The Commissioners of Inland Revenue \[1898\] 2 Q.B. 507](#).

## Representation

Nicholas Pumfrey Q.C. and Stephen Brandon instructed by Bristows Cooke & Carmael appeared on behalf of the Applicants for Rectification. Richard Miller Q.C. instructed by Norton Rose appeared on behalf of the Respondent **\*182**

(patentee). Michael Silverleaf made written submissions on behalf of the Comptroller. Jacob J.

## Background

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 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 [section 34\(1\)](#)), even though this is not the normal type of rectification dispute between rival claimants to a patent.

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 proprietors are wrong, even though Stena are admittedly in fact proprietors. None of this would matter but for the provisions of [section 68 of the Patents Act](#), which is said to provide a defence to the financial claim.

## The Statutory Provisions

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.-(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.

(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 ...

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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.

**\*184** [33 (1) and (2) deal with priorities.]

33(3) This section applies to the following transactions, instruments and events:- • (a) the assignment .... of a patent .... ;

• (b) .....

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.

(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.

(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.

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

• (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

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;.....

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.”

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## The Facts

By a written agreement of 13 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 Santa 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 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 and Santa 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 28 November 1989. Then it was sent to the Patent Office on 28 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 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 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 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 (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 13 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 \*186 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 [section 30\(6\)](#). The second party to sign did so on 1 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 1 October 1992. The Patent Office recorded A2 on the register. In the case of 3 of the patents it did so on 9 November 1992 and in the case of the other, on 11 November.

### **The attacks on the register - preliminary**

Two substantive attacks are made on the entries in the register. Mr. Pumfrey Q.C. 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 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**

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 [section 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 a breach of section 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 consideration "as they \*187 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 [The West London Syndicate Ltd. v. The Commissioners of Inland Revenue \[1898\] 2 Q.B. 507 at page 526 per Rigby L.J.](#) I think A2 sufficiently complied with section 5.

That is a first answer to Mr. Pumfrey's point. But there is more. A breach of section 5 does not lead to a document being a nullity. This can be seen from [Nisbet v. Shepherd \[1994\] B.C.C. 91](#) where a stock transfer form which had failed to recite the consideration at all was held to be effective, the failure to state the consideration being, in the words of Leggatt L.J. at page 95, a "mere irregularity". If here there was a failure to recite enough for the purposes of section 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 section 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 \[1987\] 2 All E.R. 651](#) 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. [Section 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.

### The Second Attack: A2 a nullity

So the first point fails. I turn to the second, which can be stated as a syllogism: \*188 • (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;
- (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 would have a defence under [section 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 [section 32\(9\)](#) only makes the register *prima 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.

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 Q.C. for Stena. He submitted that if McDermotts were right, there could be very serious commercial consequences arising under section 68. He said it frequently happens that there are global sale and purchase agreements which happen to include British Patents. Such agreements may include 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 section 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 [section 32\(2\)\(b\)](#), [rule 44\(4\) of the Patent Rules 1990](#), and [Re Casey's Patents, Stewart v. Casey \[1892\] 1 Ch. 104](#)). But it is not itself an assignment or any of the other transactions, instrument or events specified in [section 33](#). So it is simply not within section 33 and accordingly not within section 68. I think that must be right. \*189

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 section 33 and so section 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 section 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 section 33. So that may be an unintended consequence of section 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.

I turn to the points argued by Mr. Miller.

### **The Stamp Act point**

Before proceeding with this further I note that this cannot be a general solution to the problem. It depends for its validity on [section 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 [section 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 section 68 falls to be considered. Stena'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: "[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."

Now section 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.

In [R. v. Fulham, Hammersmith & Kensington Rent Tribunal ex parte Zerek \[1951\] 2 K.B. 1](#) the jurisdictional issue before a rent tribunal had been, were the premises the subject of a furnished letting or not? 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 \*190 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 C.J. added at page 7: "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 \[1950\] 2 K.B. 410](#) 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 under stamping 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 section 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 word (at page 14)). I do not think [Kensington](#) assists one way or the other.

In [Birchall v. Bullough \[1896\] 1 Q.B. 325](#) 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 Corporation Ltd. \[1903\] 2 K.B. 121](#). 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 L.J. said at page 131: "...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 [section 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 Brioquettes Ltd.* [1937] 4 All E.R. 191, but the case adds no new reasoning.

Mr. Pumfrey's best case was [Marx v. Estates & General Investments Ltd. \[1975\] 3 All E.R. 1064](#), 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 entitled to reject the forms on the basis of [section 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. said that "not be ..... available for any purpose whatever" means: "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: “ 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 section 14, I cannot do.

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 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.

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 \*192 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. 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.

## 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 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 act of a party and to the principal case cited in support of the proposition, [Abram Steamship Co. Ltd. v. Westville Shipping Co. Ltd. \[1923\] A.C. 773](#). 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 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: “ The moving finger writes; and having writ, Moves on; nor all thy piety nor with 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 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

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 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 Ltd. v. Goldring \[1957\] 2 Q.B. 600](#). 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 \*193 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 section 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 proprietor is of no or little importance. Thus the Banks Committee<sup>1</sup>, on whose recommendation section 68 was passed, said:<sup>2</sup> “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 “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.”

The whole emphasis is on getting the true proprietor on the register as such. That is what the parties here tried to do. **\*194**

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 section 68. However, section 68 is not 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.

I would only add two points in relation to discretion. The effect of leaving the register unrectified so far as a defence under section 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.

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.

## 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 Stamp Act which saves the position. I get no satisfaction because, apart from the Stamp Act, section 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.

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<sup>1</sup>. Report of the Committee to Examine the Patent System and Patent Law, 1970 Cmnd 4407  
<sup>2</sup>. para 560