

Intellectual Property Office of Singapore Case Summary: Singapore Shipping Association and Association of Singapore Marine Industries v Hitachi, Ltd. and Mitsubishi Shipbuilding Co., Ltd. [2019] SGIPOS 5

Source: <https://www.ipos.gov.sg/protect-ip/hearings-mediation/legal-decisions>

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The dispute here takes place in the wider context of a patent revocation action by the Opponents, Singapore Shipping Association and Association of Singapore Marine Industries, against a patent in the name of Hitachi, Ltd. and Mitsubishi Shipbuilding Co., Ltd. (the “Proprietors”). The patent relates to a ballast water management system for a ship.

In their defence against the revocation, the Proprietors proposed amendments to the patent specification. It is the opposition to these amendments with which the present dispute is concerned.

The Opponents’ case is not that the Proprietors’ proposed amendments run afoul of statutory requirements, but rather that they should not be allowed because of discretionary factors, namely: (i) failure to make full disclosure; (ii) undue delay; and (iii) unfair advantage.

This case is interesting because, among other things, for the first time in Singapore, it fell to be decided whether the discretionary factor of “unfair advantage” may be applied to a scenario of monetisation.

Failure to Disclose

The Registrar disposed of the first factor (failure to disclose) fairly quickly, finding that the Proprietors have put forward the facts relevant to the reasons for the proposed amendments.

Undue Delay

A large part of the decision centred on the analysis of whether there had been an undue delay on the part of the Proprietors in proposing the amendments. Corresponding patents and patent applications in Japan, Korea, China and India have seen the specifications undergo amendment. Yet, the Proprietors did not propose amending their patent specification in Singapore until November 2017.

Pre-grant Amendments

The Registrar considered that it would, in general, be unreasonable for the Proprietors to amend their granted patent in Singapore in view of pre-grant examination objections elsewhere, unless those resulted in an allowable claim set. Given that the corresponding application in India was still pending when the Proprietors sought to amend the specification in Singapore, they cannot be faulted for not seeking these amendments earlier once they knew of the need to amend the patent application in India.

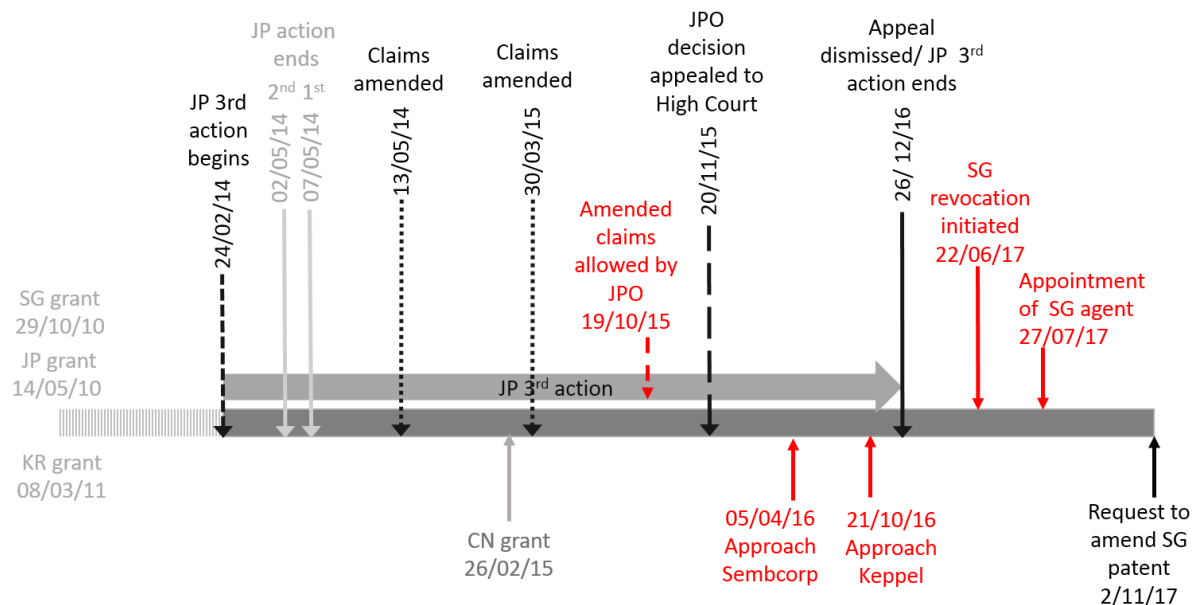
Allowed (amended) Claims and Post-grant Amendments

The Registrar therefore focused the inquiry on the corresponding post-grant proceedings in Japan, and the allowed (amended) claims in Korea and China.

The Proprietors’ Korea patent was granted in March 2011, 6 years and 8 months before the Proprietors sought amendments in Singapore. The Registrar accepted the Proprietors’ explanation that they narrowed the claims in Korea in order to obtain quick grant of their patent, while at the same time filing divisional applications to pursue alternative embodiments. It would be reasonable for the Proprietors to at least gauge how the examination would proceed in their divisional applications before committing to amend their patents in other jurisdictions. As for the China patent, this was granted in February 2015, with amendments made pre-grant. The Registrar agreed with the Opponents that this is further evidence that the Proprietors were aware of the need to amend their patent in Singapore, but at that point in time, they were embroiled in their third invalidation trial in Japan. It was reasonable for the Proprietors to await the outcome of the trial in Japan before deciding how to amend their patent in Singapore.

Over in Japan, the Proprietors faced three invalidation trials. These overlapped in time and there was no clear break in proceedings where the Proprietors could have definitively known the scope of claims that would ultimately be allowed. The Registrar concluded that there was not necessarily an undue delay on the Proprietors’ part, in waiting until the conclusion of the third invalidation trial in Japan before considering what amendments to make to their Singapore patent.

The inquiry then focused on what happened from the end of the third invalidation trial in Japan in December 2016 and, almost 11 months later, the Proprietors’ proposed amendments in Singapore. A timeline is set out below:



The Proprietors gave two main reasons for the delay of almost 11 months in seeking to amend their Singapore patent. First, they needed time to sift through the five related patents and patent application with a view to ascertaining their status and how they related to the amended Japan patent in order to determine what amendments may be needed. They saw no reason to prioritise the Singapore patent as it was not foreseen that a revocation would start in six months' time, in June 2017. Second, the Proprietors had to find new patent agents to act for them in Singapore because of conflict of interest issues with their former patent agents.

The Registrar was not persuaded. On prioritisation, the Proprietors should have first turned their attention to the Singapore patent as this was the patent with the broadest monopoly, being in an unamended state. This is in contrast to the patents in Korea, China and Japan, which were already narrowed down in scope; and to the patent application in India, which was still pending. The delay in appointing new patent agents in Singapore also appears to be a consequence of the Proprietors not prioritising the Singapore patent.

Even before the third invalidation trial in Japan ended, one of the Proprietors, Hitachi, had already begun to consider selling or licensing the Singapore patent. This resulted in the engagement of a market research consulting company, Frost & Sullivan, who helped Hitachi reach out to Sembcorp Marine Ltd ("Sembcorp") and Keppel Shipyard Ltd ("Keppel") for talks. Contradictions in the Proprietors' submissions on their actions became evident. On the one hand, they claimed to need to take time to analyse the amendments needed in their related patents and patent application, and ensure that such amendments complied with local laws and practices. On the other hand, Hitachi went ahead with business meetings to try to monetize the Singapore patent in its unamended state. It could devote time and effort to follow up on business leads but could not (or rather, did not) channel resources to amend the 788 without undue delay after the close of the third invalidation proceedings in Japan.

The Registrar therefore found that there was an undue delay on part of the Proprietors in seeking to amend their patent specification almost 11 months after the end of the invalidation trial in Japan.

Unfair Advantage

This discretionary factor is closely connected with the above factual matrix. Hitachi purported to monetize its patent by holding it out in its unamended state to Sembcorp and Keppel. According to the Opponents, the "advantage" that the Proprietors sought to gain was the opportunity to sell or license the patent, and the opportunity to close the deal at a higher price or subject to terms that were more favourable to the Applicants than would otherwise have been the case if the patent were amended. On their part, the Proprietors contended that no threats of infringement of their Singapore patent were made, nor infringement proceedings commenced.

Hitachi did not disclose to Sembcorp and Keppel that amendments to the Singapore patent were contemplated, claiming that such details could only be shared under the protection of a non-disclosure agreement. However, the Registrar took the view that at the very least, Hitachi should have pointed out that some amendment to the Singapore patent was likely to be necessary. Instead, it appeared from the evidence that Hitachi continued to base their discussions around the unamended patent, producing a brochure depicting the unamended claims.

In addition, Frost & Sullivan informed Keppel that the final ruling was in favour of the Proprietors, making it “3 consecutive win (*sic*) for Hitachi without loss”. Given that the validity of the Japan patent was only upheld in an amended form, resulting in a much narrower monopoly than what Hitachi represented to Sembcorp and Keppel, the Registrar did not consider the outcome a “win without loss”. This statement was misleading in the context.

While it is true that available jurisprudence deals with scenarios of infringement or suggestions of infringement, these are only examples of unfair advantage and the list is not exhaustive. Case law puts the conduct of patentees under scrutiny. The Registrar found that the Proprietors’ unreasonable delay in applying for an amendment was compounded by the behaviour of Hitachi in their discussions with Keppel and Sembcorp. Using the words of Lee J in ***Ship’s Equipment Centre Bremen GmbH v Fuji Trading (Singapore) Pte Ltd*** [2015] 4 SLR 781 at [155], the Proprietors’ actions could be considered as “*covetous conduct*”.

The opposition is therefore successful and the Proprietors’ proposed amendments to the patent specification are refused.

Disclaimer: The above is provided to assist in the understanding of the Registrar's grounds of decision. It is not intended to be a substitute for the reasons of the Registrar. The full grounds of decision can be found at <https://www.ipos.gov.sg/docs/default-source/resources-library/hearings-and-mediation/legal-decisions/2019/singapore-shipping-association-and-association-of-singapore-marine-industries-v-hitachi-and-mitsubishi-shipbuilding-2019-sqipos-5.pdf>