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English Court of Appeal judgment in Schlumberger continues pro-patentee trend

Brian Cordery (Bristows) · Tuesday, August 10th, 2010

There have not been many decisions in 2010 from the English Patents Court that are likely to be regarded in future decades as seminal judgments. However, in the author's view, the judgment of the Court of Appeal of 28 July 2010 in [Schlumberger Holdings Limited v Electromagnetic Geoservices AS](#) is likely to be cited frequently for many years at least for the clear guidance and shift in emphasis that it provides in two key areas of patent law: namely the identity of the skilled addressee and the importance of so-called 'secondary evidence' of obviousness. The shift in both areas is favourable to patent holders. There is also continuing support for the use of a Scientific Advisor to the Court.

The facts of the case were relatively simple. Electromagnetic Geoservices ("EMGS") were the owners of a patent which taught the use of marine Controlled Source Electromagnetic ("CSEM") surveying on a previously identified liquid layer within sedimentary rock to find out whether the layer contained valuable hydrocarbon (i.e. oil or gas) or another liquid such as water or brine. Prior to the patent it was known to identify potential hydrocarbon-bearing layers using seismic techniques. However, as regards under-sea exploration, prior to the patent it was necessary to drill a well following seismic identification to determine whether the liquid layer contained hydrocarbons or another liquid. The success rate for locating hydrocarbons was about 1 in 10. The cost of each well was about US\$25m. So each hydrocarbon-producing well could be said to cost about US\$250m to locate. The problem of ascertaining whether layers of interest contained hydrocarbon was both long-standing and well known.

At first instance, in a [judgment dated 19 January 2009](#) Mann J. held the patent obvious over each of three pieces of prior art. EMGS appealed, contending that the Judge had made several errors of principle.

The first substantive issue considered by the Court of Appeal related to the composition of the skilled team to whom the patent was addressed. In a nutshell, the Court held that, prior to the patent, scientists working in the field of oil and gas exploration, known as exploration geophysicists, would have been intimately familiar with seismics and the problem of subsequently needing to drill to ascertain the identity of layers of potential interest. However, it was held that they would have had only a vague knowledge of CSEM and no apparent use for it. However, once a CSEM expert was introduced to the skilled team, the invention in the patent would have been considered at least worth trying. The question was, did a CSEM expert form part of the team or not? Additionally, since it was conceded that a CSEM expert would be needed to put the patent

into practice, could the make-up of the skilled team vary depending on the issue under consideration?

Jacob LJ held that it could. Having considered “inconclusive” authorities from the English Courts and some more helpful jurisprudence from the EPO including T422/93 (Jalon), the Judge held that the identity of the “person skilled in the art” could be different depending on whether the Court was considering the situation prior to the patent or subsequent to the patent. He observed:

“I think the flaw is to assume that “the art” is necessarily the same both before and after the invention is made. The assumption may be correct in most cases, but some inventions are themselves art changing. If a patentee says “marry the skills of two different arts to solve a problem,” marrying may be obvious or it may not. If it is not, and doing so results in a real technical advance then the patentee deserves and ought to have, a patent. His vision is out of the ordinary. This is not because a different construction is being given to the phrase “person skilled in the art” in the different Articles. It is because the phrase is being applied to different situations. Where the issue is claim construction or sufficiency one is considering a post-patent situation where the person skilled in the art has the patent in hand to tell him how to perform the invention and what the monopoly claimed is. But ex-hypothesi the person skilled in the art does not have the patent when considering obviousness and “the art” may be different if the invention of the patent itself is art changing.”

The second substantive legal issue concerned the weight to be attached to so-called “secondary” evidence of obviousness. Secondary evidence is the term used for contemporaneous or near contemporaneous evidence from the field of the alleged invention about the problem to be solved and/or the merit of the invention. This evidence, be it in the form of letters, emails, scientific articles and so on, of what people actually said or did at that time is distinguishable from “primary” evidence from expert witnesses, retained by the parties for the litigation, usually at least a decade after the invention was made. Since the mid-1990s most judges and commentators have placed great emphasis on the dicta from Sir Donald Nicholls VC in *Mölnlycke v Procter & Gamble* [1994] RPC 49 at p.113:

“Secondary evidence of this type has its place and importance, or weight, to be attached to it will vary from case to case. However such evidence must be kept firmly in its place. It must not be permitted, by reason of its volume and complexity, to obscure the fact that it is no more than an aid in assessing the primary evidence.”

In *Schlumberger*, Jacob LJ crucially observed that Nicholls VC’s words should not be read as suggesting that secondary evidence was always of minor importance. Jacob LJ went on to consider the secondary evidence in the case in question and held that far too little weight had been given to the contemporaneous written materials from experts in the field. In particular, Jacob LJ held that statements in a letter written by a Professor Constable, one of a small group of scientists familiar with CSEM, to the effect that the use of CSEM as a fluid predictor was “to the best of his knowledge, novel,” and that “it is pleasing to see innovative research coming out of the industry sector,” had been significantly undervalued by the judge. Jacob LJ felt the same way in respect of other contemporaneous materials. He also considered that much more weight should have been given to evidence given in the UK IPO (Patents Office) by two academics in an entitlement dispute over a different patent in a similar field to the effect that the use of CSEM in fluid prediction was an exciting concept.

Jacob LJ then considered the judgment of the trial judge in relation to each of the items of prior art, concluding that the patent was neither anticipated nor obvious. Thus, the appeal was allowed and the patent held valid.

As noted above, the *Schlumberger* decision is likely to have a significant impact on English patent jurisprudence. As regards the skilled team, it is now clear that the marrying of two previously disciplines can lead to invention in appropriate circumstances. This is inherently sensible. It is also surely correct that in such a situation the composition of the skilled team will vary depending on whether pre-patent issues, such as novelty and obviousness, or post-patent issues, such as infringement and sufficiency, are under consideration. Parties and their advisers will also no doubt place more emphasis on secondary evidence in preparing their cases. This is to be welcomed as evidence coming into existence at the relevant time outside of the context of litigation would generally be expected to assist the judge with the near impossible task of putting himself or herself into the shoes of the skilled team at the priority date of the patent and assessing what was obvious in all the circumstances. It is possible that in future judges will be called upon to exercise their case management powers to prevent parties adducing disproportionate amounts of such evidence. However this important judgment represents a further step towards balancing the interests of patent holders and challengers and is to be welcomed for the clarity of the guidance it provides.

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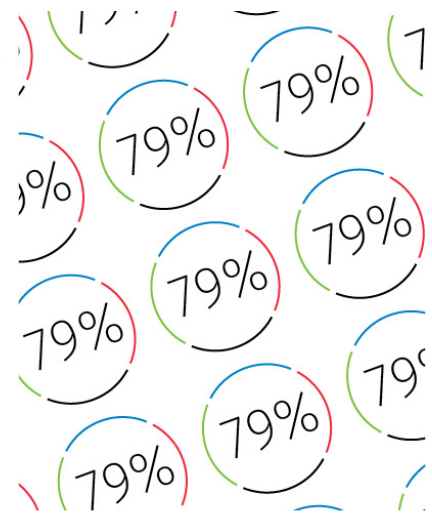
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