

013/91

PATENTS ACT 1977

IN THE MATTER OF a reference  
under Section 8(1) (a) by  
Mr A E J Evans in respect of  
Patent Application Nos 8711979  
and 8711980 in the name of  
Stablocel Phenolics Limited

DECISION

Patent Applications Nos 8711979 ('979) and 8711980 ('980)  
were filed on 21 May 1987 in the name of Caltech Phenolics  
(later changed to Stablocel Phenolics Limited) naming  
Albert Edward John Evans and David Paul Hanney as the  
inventors. Neither application claimed an earlier  
priority date and the applications were published on  
15 February 1989 as GB2207919A and GB2207920A  
respectively.

On 20 April 1989 Mr Evans filed Patents Form 2/77 together  
with a statement referring to the Comptroller the question  
of whether he is entitled to be granted a patent for the  
inventions of the applications in suit or would have any  
right in or under any patent so granted. Following  
completion of the procedures for filing the counter-  
statement and evidence set out in Rule 7, the parties  
wrote to the Comptroller asking that the question be  
decided without a hearing on the basis of the admissible  
evidence which had been filed.

Mr Evans, as referror, gives evidence on his own behalf.  
Evidence for the applicants for the patents is given by  
Mr D P Hanney, Mr A R Hill and Mr D E Cowie.

The subject matter of the two applications is very similar  
and relates to the production of low K (that is, low  
thermal conductivity) rigid phenolic foams for use as

insulating materials. In order to avoid the known problems of distortion and cracking of the cell walls during foam production, which result in a loss of the closed cell structure and hence of the insulating properties, it is proposed to establish two different size populations of blowing agent droplets in the foam mixture. On foaming, cells of two different sizes are formed, the smaller fitting within the larger. This is achieved by preparing separate dispersions of blowing agent in resin, using different blowing agent formulations and dispersing conditions, and then blending the two dispersions to give a final resin mix containing the two sizes of blowing agent droplets.

Although the order of the words in claim 1 of each application varies slightly, the invention claimed in the two applications is as follows:

"A process for the production of a phenolic foam, which comprises forming a composition comprising a (anhydrous) curing agent, a phenolic resin and a blowing agent, and causing or allowing the composition to foam and cure, the blowing agent being insoluble in the resin and capable of forming at least two distinct droplet size populations which are able to expand separately to form a cellular structure having two or more cell species substantially different in size".

The word "anhydrous" in parentheses is present in '980 but not in '979 and provides the only effective difference between the two specifications. Despite the additional qualification of the term "curing agent" in '980, the particular description of the curing agents to be used is identical in both specifications, as are the specific examples.

It would seem that Mr Evans and Mr Hanney were both employed by the firm Caltec Insulations Limited

("Insulations") from 1983 until they were made redundant when the firm went out of business at the beginning of 1985. Mr Evans was the Technical Manager and Mr Hanney, who was the Senior Chemist, worked closely with him on the production of phenolic foam materials.

Insulations went into receivership in November 1984 but, through the intermediary of Lancashire Enterprises (Investments) Limited ("LEIL"), the business and assets were acquired by a new company Cablejean Limited ("Cablejean"). Mr Evans and Mr Hanney were given to believe that, after being made redundant from Insulations, they would be re-employed by the new company to continue their work and this did take place in the first half of February 1985 when they were employed by Cablejean. This company later changed its name to Caltec Phenolics Limited ("Phenolics") which itself subsequently became Stablocel Phenolics Limited ("Stablocel") and from which Mr Evans was again made redundant in November 1986.

There is a disagreement between the parties as to the exact timing of events at the end of 1984 and in the early part of 1985 which is of some importance. According to Mr Evans, he was made redundant by Insulations "before Christmas 1984", whereas the applicants state, and this is supported by Mr Hanney in his evidence, that Mr Evans continued to be employed by Insulations after they went into receivership on 20 November 1984 until 11 January 1985. From this I deduce that Mr Evans suffered a relatively short period of unemployment of something like 4 to 8 weeks covering some or all of January and the early part of February 1985, with Mr Evans' spell of unemployment lasting about one week longer than Mr Hanney's.

The length of the period of unemployment is important because, according to Mr Evans, it was during this period that he and Mr Hanney carried out literature searches in

order to establish the novelty of certain ideas concerning the production of heat insulating ("low K) phenolic foams. Mr Evans goes on to say that the idea of using blowing agents with two or more droplet size populations is his intellectual property and originated during this period of unemployment following his being made redundant from Insulations and prior to his subsequent re-employment by Cablejean; that no work on low K phenolic foam had been undertaken previously at Insulations; that he later divulged his idea in confidence to his employer Caltec (and I assume he means Phenolics rather than the earlier firm Insulations); and that he undertook some preliminary work on the topic when so employed "on the understanding that any intellectual property would remain my own", and that it is this work which is the basis of the application in suit.

In paragraphs 4-6 of his statement Mr Evans also makes certain comments concerning the patentability of the inventions which I have disregarded since no provision is made under Section 8 for patentability to be considered in entitlement proceedings.

The applicants deny the claims made by Mr Evans and contend that they have the sole right to be granted patents for the invention in question, the subject matter having been invented jointly by Mr Evans and Mr Hanney with Mr Evans' contributions being made in the course of his normal duties as an employee and in circumstances such that an invention might reasonably be expected to result from the carrying out of his duties. In their submission the idea of producing low K phenolic foams using blowing agents with different droplet size populations originated with Mr Evans and Mr Hanney while they were employed by Insulations prior to the redundancy period at the beginning of 1985 and were developed by Mr Evans during his subsequent employment by Cablejean and Phenolics, with no significant developments being made during the period

of Mr Evans' redundancy. They go on to say that there is no evidence of any agreement between Mr Evans and Cablejean or Phenolics to the effect that the subject matter is his intellectual property.

The question of the right to employee inventions is covered by Section 39 of the Act which I do not think that I need to recite. There would not appear to be any disagreement between the parties that Mr Evans was an inventor of the subject matter of the applications in suit and that he was concerned with the further developmental work as part of his duties during the period of his employment by Cablejean and Phenolics. The matters in dispute are whether the idea of using blowing agents of different droplet size populations to produce low K phenolic foam originated during the period of Mr Evans' unemployment following redundancy from Insulations; whether the invention originated from Mr Evans alone or jointly with Mr Hanney; and whether there was any agreement between Cablejean or Phenolics and Mr Evans with regard to intellectual property rights in the invention.

Mr Evans' case as set out in his evidence is based upon exhibits AEJE-1 and AEJE-2. AEJE-1 is a document entitled 'Two patent specifications formulated by D P Hanney and A E J Evans, January 1985' and AEJE-2 is a memorandum of a meeting which took place between Messrs Evans, Hanney and Cowie in January 1985, although the memorandum itself is dated 7 August 1986. Mr Evans says that he deposited the document which is AEJE-1 with his solicitor subsequent to the meeting referred to in AEJE-2 although there is no evidence as to how and when the document was actually deposited and Mr Hanney states that he had no knowledge of the existence of the document until April 1989.

Although the concept upon which the patent applications are based does appear to be described in paragraph 2 of AEJE-1, this document gives no clear indication of when

the idea was formulated and the date of January 1985 given at the top of the document imposes a further limitation on the length of the period during which the concept could have originated if this did not happen prior to Mr Evans' short period of redundancy, particularly if, as the applicants contend, this redundancy did not take place until 11 January 1985.

Mr Evans' claim that no work on low K phenolic foams had been undertaken previously at Insulations is denied by Mr Hanney who states that, on the contrary, the inventive concept itself was developed at Insulations. Mr Hanney is supported by Mr A R Hill, who is employed as a factory manager by Vencil Resil Limited (of which Stablocel is a subsidiary company) in their Glasgow factory, and who states that he visited the premises of Insulations at his employer's request because Vencil were considering acquiring an interest in Insulations. Mr Hill goes on to say that, during the course of this visit, Mr Evans and Mr Hanney were very cooperative and outlined in considerable detail, in confidence, their past and proposed work regarding low K foams including the use of the invention. In support of this Mr Hill relies on a page from a report (ARH-1) which he says was sent to him by Mr Evans following his visit to Insulations; this document is of a purported date of 24 April 1984 and does suggest that some work had been carried out at Insulations on low K foams but it does not provide an indisputable link to the inventive concept.

Evidence in support of Mr Hanney is also given by Mr D E Cowie who, at the relevant time, was an employee of LEIL and was engaged in negotiations on their behalf to acquire the business and assets of Insulations from the Receivers of that company.

In his evidence in reply Mr Evans exhibits 3 memoranda which he had written to Mr Cowie but these do not appear

to help a great deal since all are dated April 1985 or later and relate to work at Cablejean or Phenolics after the redundancy period and only one appears to mention low K foam production. None of these memoranda seem to provide clear proof either that no work on low K phenolics foams was carried out at Insulations or that the inventive concept originated during the period of redundancy.

Turning to the question of the ownership of the intellectual property rights in the invention, Mr Evans states that at a meeting which he attended with Mr Cowie and Mr Hanney in January 1985, which was during the redundancy period, Mr Cowie agreed that the ideas for the invention would remain the property of himself and Mr Hanney. In support of his argument Mr Evans relies on exhibit AEJE-2 to which I have already referred and which is a minute to Mr Evans from Mr Hanney and summarises Mr Hanney's understanding of that meeting with regard to intellectual property rights. Although this memorandum does suggest that Mr Cowie agreed that "the patent rights of any novel work carried out between the above-mentioned dates (that is between the dates of Messrs Evans' and Hanney's redundancy from Insulations and their re-employment by Cablejean) would belong to A E J Evans and D P Hanney", it goes on to say that Mr Hanney subsequently forfeited any patents rights relating to such work because it was his opinion that "any patent would rely heavily on work carried out for either Caltec Insulations Ltd or Cablejean Ltd as such any patentable invention would belong ultimately to Caltec Phenolics Lid". Although it is not clear what initiated this document, and Mr Evans suggests that it was his supplying Mr Hanney with a copy of the document which is AEJE-1, the memorandum is consistent with the statement in Mr Hanney's declaration that the invention originated prior to the redundancy period. Consequently it is difficult to see how this document helps Mr Evans' case. I also note that

the memorandum is dated 7 August 1986, that is over 18 months later than the meeting to which it refers, and I would question whether any of the participants in that meeting could recall with accuracy the discussion which took place after such a lapse of time.

Mr Cowie's recollection of this meeting is set out in paragraph 5 of his declaration and is supported by Mr Hanney.

According to Mr Cowie, Mr Evans claimed that he and Mr Hanney had made significant technical advances in foam technology which had implications for the development of a low K foam and that any patent rights in these advances belonged to him and to Mr Hanney. Mr Cowie states that his response to this was that if they could establish that any such technical advances had been made and perfected at their own expense and at a time when they were not employed by Insulations, and without requiring further development after they commenced employment with Cablejean, then he believed that any intellectual property rights would belong to them. Mr Cowie goes on to say that he expressed doubts that such advances could have been made during the short period of the redundancy and that he pointed out to Mr Evans and Mr Hanney that intellectual property rights attaching to the work done at Insulations would pass to the new company. Mr Cowie denies Mr Evans' contentions that there was any understanding that Mr Evans' later work on low K foams at Cablejean or Phenolics would be on the basis that Mr Evans would own the intellectual property rights or that Mr Evans made any confidential disclosure of an invention in which he would personally be entitled to the intellectual property rights.

It would seem that any suggestion that Mr Evans was the sole inventor of the subject matter in dispute is undermined by the title of his own exhibit AEJE-1 which is



"Two patent specifications formulated by D P Hanney and A E J Evans . . . . ." and which clearly suggests a joint effort with Mr Hanney. Mr Hanney also claims a joint effort and this is supported in the declarations of Messrs Hill and Cowie and, indeed, in Mr Evans' own declaration.

In my view there is no doubt that the concept was invented jointly by Messrs Evans and Hanney. There is conflicting evidence, however, as to when the idea originated but I have great difficulty in accepting the proposition that it originated during the short period between the beginning of Mr Evans' redundancy from Insulations and the meeting with Messrs Hanney and Cowie in January 1985 and exhibit AEJE-1 must cast doubt upon the likelihood of the idea having originated solely during that period. Although as I have said, the evidence is inconclusive, I am inclined to the view that work on the invention began at Insulations and continued with the new company which was set up in February 1985 and I accept Mr Hanney's evidence that, in the period during which he and Mr Evans were redundant, they discussed the proposals which they had made in connection with the invention while they had been employed by Insulations and reviewed the patent literature on two or three occasions but that no developments were made.

In the absence of any written agreement between the parties, I also find the evidence concerning the meeting in January 1985 at which intellectual property rights were discussed unsatisfactory for the purpose of reaching a firm conclusion since the recollections of both parties were committed to paper some considerable time after the event and it is far from clear that the intellectual property in question was specified with any great degree of precision.

In conclusion Mr Evans has not persuaded me that he was the sole inventor, that he made the invention during the

period of his unemployment or that he had a clear agreement with the applicants that the invention belongs to him and, therefore, he fails with this reference.

The applicants have asked for their costs in this action in which they have been successful. The evidence filed in this case has not been extensive, nor have the applicants been put to the inconvenience and expense of attending a hearing. I therefore direct that the referror, Mr A E J Evans, should pay to the applicants, Stablocel Phenolics Limited, the sum of £300 (three hundred pounds) as a contribution towards their costs.

Dated this 27 day of December 1990



P J HERBERT

Superintending Examiner, acting for the Comptroller.

THE PATENT OFFICE