Examined 192 01/14/92

PATENTS ACT 1977

IN THE MATTER OF an application under Section 10 in respect of Patent Application No 8814150 (Serial No 2225229A) in the name of Melco Products Limited and Demeek Limited

FINAL DECISION

Patent Application No 8814150 was filed on 15 June 1988 naming as joint applicants Melco Products Limited (hereinafter Melco) and Demeek Limited (hereinafter Demeek) and was published on 30 May 1990 under the Serial Number 2225229A.

In October 1989 Melco applied under Section 10 of the Act for a direction by the Comptroller that the application should proceed in the name of Melco alone; this is opposed by Demeek and, although they do not indicate in their counterstatement what outcome they want, it is implicit that they still seek to be co-applicants.

In my interim decision dated 25 April 1991 I expressed the view that the best prospects for the successful exploitation of the invention lay in a measure of co-operation between the parties and that they had not fully appreciated either the implications of a failure to reach agreement or the provisions of Section 36 should the application proceed in joint names. Accordingly I allowed Melco and Demeek the period of two months in which to reconsider their dispute with a view to drawing up a draft agreement for my approval to allow the application to proceed in their joint names, failing which I said that I would reconsider the matter.

The period set to enable the parties to reach agreement was extended, first in the expectation that further negotiations would produce a satisfactory outcome and, subsequently, because Demeek had run into financial difficulties, to allow discussions to take place with the

Liquidator for the company. In their letter of 14 November to the Patent Office, however, the patent agents acting for Demeek stated that they were unable to obtain any instructions from the Liquidator and both sides agreed to the Comptroller deciding the matter on the basis of the papers on file.

There is no dispute between the parties that the inventor is Mr Rudolph Mehlman, a director of Melco, and that Melco have a right to apply for a patent by virtue of the provisions of Section 39(1) of the Act in that Mr Mehlman made the invention in the course of his normal duties as an employee of Melco.

In seeking to ensure that the application proceeds in the most equitable manner, I explained in my earlier decision that there are two possible practical alternatives for me to consider.

The first is to allow the application to proceed in joint names.

If I direct this alternative, it will be necessary to execute a simple agreement between Melco and Demeek setting out the facts, that is the fact of Mr Mehlman conceiving the invention and its ownership by Melco, the commitment by Demeek to assist in development of the product and pay for the UK patent costs up to grant, the agreement to file a joint patent application, and a waiver of the provisions of Section 36 (which sets out the rights of joint owners of a patent) to allow for future negotiations. This has the attraction of being equitable in that it clearly reflects the original intentions of both parties and also provides Demeek with a reward for their efforts and the resources which they have expended, which efforts and resources I feel Mr Mehlman may have underestimated.

The second is to direct that the application should proceed in the name of Melco alone and to make provision for the grant of a licence to Demeek. In the circumstances, while this may be the cleaner solution and closer to what Mr Mehlman originally had in mind, it is further from the verbal understanding which the parties reached at the beginning of their discussions.

The only information I have concerning the present position of Demeek is that provided in their agent's letter of 23 August 1991 which is that the company's affairs are in the hands of the Liquidator. This being the case, it would seem that Demeek will not be in a position either to develop the invention or to participate in the prosecution of the patent application; nevertheless in the absence of evidence on the point, I think I must base my decision on the assumption that the company continues to exist.

Moreover, since Melco itself does not appear to be in a position to manufacture the invention and Mr Mehlman in any case has indicated his wish to retire, joint ownership would hinder Melco's ability to exploit the patent having regard to the provisions of Section 36.

Since the prospect of any co-operation between the parties now appears to be remote, I have concluded in the circumstances that joint ownership is no longer a practical alternative and that the interests of the parties will best be served if the patent application proceeds in the name of Melco alone and Demeek, in recognition of the contribution which they have already made, are allowed a licence. It would not be right in my view, however, to fetter any attempts by Melco to exploit the invention through other licencing arrangements Demeek's licence should therefore be non-exclusive. The licence would, of course, have to make provision inter alia for the payment of a royalty to Melco and, while it may be the case that Demeek will never be in a position to take the licence or work the invention, I must make some provision for settling the terms of the licence if the parties are unable to reach agreement.

In summary, therefore, I direct that Demeek should be struck out from Patents Form 1/77 as co-applicant so that the patent application shall proceed in the name of Melco alone and that Melco, in return for the payment of a royalty, shall grant a non-exclusive licence under the patent to Demeek on request to permit the company to do any of those things in respect of the invention which, in the absence of such a licence, would amount to an infringement of the patent. Furthermore, if any dispute arises over the terms of the licence (but not the interpretation thereof), either party may refer the matter to the Comptroller who will give directions with regard to the subsequent procedure for the hearing of the dispute.

In view of the amendment to Patents Form 1/77 which I have ordered, Patents Form 7/77 filed on 10 February 1989 in respect of Melco is valid and I do not need to give the matter further consideration.

In the pleadings neither party asked for an award of costs and I make no order in this respect.

Signed this 4 day of February 1992

P J HERBERT
Superintending Examiner acting for the Comptroller

THE PATENT OFFICE