

THE PATENTS ACT 1977

IN THE MATTER of an Application
by Investronica S.A. for the settlement
of the terms of a licence of right under
Patent No 1596134 in the name of
Gerber Garment Technology Inc.

*Hayward 7/96
Licence of right
- final wording*

DECISION

Following a hearing on the 25th June 1996, I issued an interim decision on the 9th July indicating in outline what provisions should and should not appear in the licence I am settling and giving the parties two weeks to draft agreed wording. I also indicated that I would then issue a final decision settling the terms of the licence, making it clear that while I would be happy to include any agreed wording in the licence, in the absence of agreed wording I would draft terms as I considered appropriate.

Following discussions between the parties, Kings Patent Agency who represent the applicants, Investronica S.A., wrote on the 24th July 1996 stating that with the exception of one provision, there was agreement over the wording for the licence a draft of which had been sent to the Patent Office with a letter dated the 23rd July from Urquhart-Dykes & Lord who represent the proprietors, Gerber Garment Technology Inc. There were further exchanges of correspondence on the following two days, but they did not resolve the one area of disagreement.

The disputed provision is clause 3.2 of the licence which deals with the keeping of accounts and with the rights of the proprietors to inspect the licensee's books and records for the purpose of verifying the royalties due under the licence. As it stood at the hearing the clause was based in large measure on the applicants' original proposal and although there was no argument at the hearing over the detailed wording, there was certainly argument about the nature of the information which the licensors should have the right to inspect. Towards the end of the hearing both sides accepted that an adequate safeguard against "cheating" by the

applicants could be provided by requiring the licensee to provide the proprietors with the serial numbers of machines which were retrofitted under the licence. In my interim decision I said that such a provision should be included. I also said that clause 3.2 needed amendment to reflect the limitation of the licence to retrofitting but that otherwise the clause was uncontentious and should remain.

Each side has tried to make the necessary amendments to clause 3.2 whilst keeping as much of the original wording as possible, but neither has come up with what I consider to be a satisfactory result. The problem, I feel, is that the original wording is not as clear as it might be, for two reasons. Firstly, the second half of the first sentence in the original wording is structured poorly even though its intention is clear - namely, to give the licensor the right to inspect/copy whatever is reasonably necessary for verifying the royalties due. Secondly, the first part of the sentence is not clearly consistent with the second part insofar as it could be construed as requiring the licensee to keep much more extensive records than are appropriate for the "reasonably necessary" provision of the second half.

Recognising from the hearing and from the recent correspondence how contentious this right of inspection is, I feel it is important to make this clause as clear as possible. Rather than stick as closely as possible to the original wording, therefore, I have rewritten it so as to preserve its basic message - modified as directed in my interim decision - but presenting it in a clearer and simpler way.

There is one other matter I must mention. In a letter of the 25th July, the applicants proposed the addition of the word "existing" to the definition of "Installed Apparatus". The patentees object to this. Quite apart from the fact that this proposal was submitted out of time, I reject it anyway. In my interim decision I made quite clear under the heading "The Rights Licensed" that the right to retrofit related to "machines which have already been installed before the date of the licence". The applicants have quoted an earlier passage in my decision in which I used the term "existing machines". However, this earlier passage was merely reciting what Mr Young had offered at the hearing, and when I look back at the transcript it is quite clear that what he meant is existing machines that were already with customers.

I had also suggested in my interim decision that the licence should require an officer of the licensee to certify the royalty statements as accurate, it being my understanding that both sides agreed to this. In the event, neither side has included this provision in their drafts, and since it is of doubtful value I am content to omit it.

Otherwise, having corrected a number of clerical errors and having substituted a reference to the European Economic Area for a reference to the European Economic Community, I am content to use the wording which was agreed between the parties.

Thus, in conclusion, I hereby order that the proprietors grant to the applicants a licence under patent number 1596134 in the terms appended to this decision, to take effect from the date of this decision as set out below.

Any appeal from this decision must be lodged within six weeks from the date of this decision.

Dated this 26th day of July 1996.

Peter Hayward

PETER HAYWARD

Superintending Examiner, acting for the Comptroller.

THE PATENT OFFICE



LICENCE OF RIGHT

THIS LICENCE is made between GERBER GARMENT TECHNOLOGY INC. of 55 Gerber Road, South Windsor, Connecticut, 06074, United States of America, (hereinafter called "the Licensor" which expression shall, where the context admits include its successors and assigns) of the one part and

INVESTRONICA S.A. of Tomas Breton, 62, E-28045 Madrid-7, Spain, (hereinafter called "the Licensee" which expression shall where the context admits include its successors and assigns) of the other part.

WHEREAS

A) the Licensor is the registered proprietor of letters patent No 1596134 of the United Kingdom of Great Britain and Northern Ireland and the Isle of Man in respect of an invention relating to "Closed loop method and apparatus for cutting sheet material", (hereinafter called the Patent);

B) pursuant to Schedule 1, paragraph 4(2)(c) of the Patents Act 1977, the Patent is deemed endorsed "licences of right" with effect from the end of the sixteenth year of its term, that is to say from 18 November 1993;

C) the Licensee has applied to the Licensor for a licence, but on terms which were unacceptable to the Licensor;

D) the parties have accordingly applied to the Comptroller General of Patents for the terms of a licence to be settled;

the Comptroller has ordered that a licence be granted on the following terms:

Definitions

"The Territory" the United Kingdom of Great Britain and Northern Ireland and the Isle of Man.

"Conversion Apparatus" Apparatus to convert existing cutting machines from machines which do not incorporate the invention the subject of the patent ("the Invention") into machines incorporating the invention.

"Installed Apparatus" Garment cutting machines of the Licensee's manufacture which have at the date of this licence been sold and supplied by the Licensee to customers in the Territory and are at the date of this licence installed in the Territory.

"Converted Apparatus" Installed Apparatus to which Conversion Apparatus has been retrofitted.

1. Licence

1.1 The Licensor HEREBY GRANTS to the Licensee subject to the following terms hereof full but non-exclusive licence and authority under the Patent for the unexpired term thereof limited to doing the following acts only that is to say: import offer for sale sell and supply Conversion Apparatus for retrofitting to Installed Apparatus.

1.1A The licence further includes a licence for the users of Installed Apparatus to use Converted Apparatus.

1.2 The licence shall not be exercised by importing any Conversion Apparatus from outside the European Economic Area.

1.3 The Licensee shall not export Conversion Apparatus or Converted Apparatus from the UK to any country in which the Licensor has patent protection corresponding to the Patent.

1.4 This licence shall be personal to the Licensee. The Licensee shall not have the right to assign or otherwise transmit it to any other person.

1.5 The Licensee has no right to sub-licence the rights given pursuant to this licence.

2. Royalty

2.1 The Licensee shall pay to the Licensor a royalty of £6,000.00 (six thousand pounds) in respect of each Installed Apparatus to which Conversion Apparatus is retrofitted during the term of the licence.

3. Accounts and Payment

3.1 The Licensee shall within 30 days after the end of every usual quarter day render to the Licensor a statement showing the details of each Installed Apparatus to which Conversion Apparatus has been retrofitted and the Licensee shall at the same time pay the sum due.

3.2 The Licensee shall keep such records of the retrofitting of Installed Apparatus with Conversion Apparatus (such records to include the serial number of the Installed Apparatus) as may be reasonably necessary for the purpose of allowing the Licensor to verify the amount due in respect of royalties and shall allow the Licensor by its duly appointed officer or accountant at all reasonable times to inspect and take copies of or extracts from those records. Such inspection may be made notwithstanding termination of this Agreement whilst any outstanding claim remains unsettled in the view of either party.

4. The Patent

4.1 If the Licensee shall attack or challenge the validity of the Patent otherwise than by counterclaim to an action for infringement of the Patent or cause procure or assist any other person to do so, the Licensor shall be entitled to terminate the licence forthwith without prejudice to the Licensor's remedies in respect of any unpaid royalties or any previous breach of the terms hereof.

5. In the event of

(a) a breach by the Licensee of any of the terms of this Licence which is not remedied within 30 days of notice of that breach being given to the Licensee in writing

(b) the Licensee or the whole or part of its assets being placed into receivership or liquidation or an order being made for its winding up or an arrangement being made with its creditors

the Licensor shall have the right to terminate this licence forthwith by serving notice in writing to that effect. But such termination shall be without prejudice to the remedies of the licensor in respect of unpaid royalties hereunder or in respect of any previous breach of the terms hereof

6. Nothing in this licence shall be taken as granting to the Licensee any licence under any other patent or other intellectual property of the Licensor whether in the UK or elsewhere.