PATENTS ACT 1977 BL O/044/96 Miss Durow 3Y60

IN THE MATTER OF a reference under Section 8(1) and an application under Section 13(3) by Peter Graham Schaefer in respect of Patent Application No 9206074 in the name of Peerless Nursery Products Limited

DECISION

Patent Application No 9206074 was filed without priority on 20 March 1992 by Peerless Nursery Products Limited ("Peerless"), naming as inventors Alan Jeffrey Gorst and Peter Graham Schaefer. It was published on 29 September 1993 as GB2265410, and was terminated following the failure to file Form 10/77 within the prescribed period.

In April and May 1994 Mr Schaefer submitted to the comptroller a reference under section 8(1)(a) and an application under section 13(3), respectively seeking an order under section 8(2)(a) that the patent application should proceed solely in his name instead of that of Peerless, and a certificate under section 13(3) to the effect that Alan Jeffrey Gorst should not be mentioned as joint inventor. Following termination of the patent application Mr Schaefer amended his reference under section 8(1)(a) to seek an order under section 8(3)(c) that he might make a new patent application for the whole of the matter comprised in the earlier patent application and that such new application should be treated as having been filed on the date of filing of the earlier application. In his statements associated with the two actions Mr Schaefer alleged that he was the true and sole inventor of the invention described and claimed in the patent application in suit, that he was not and never had been an employee of Peerless or any associated company, that the invention was made by him between 18 March and 27 March 1991 at which time he was not an employee of any company, that he disclosed

the invention to Mr Gorst on 11 April 1991, and that he had not assigned his rights in the invention to Peerless or to any other person.

In counterstatements filed in the two actions Peerless requested that the comptroller should refuse to make the orders sought by Mr Schaefer. They denied that Mr Schaefer was the sole inventor of the invention in suit, and alleged that the invention was made jointly by Mr Schaefer and Mr Gorst during the period commencing on or about 5 September 1990 and ending in about the first week of May 1991, during which period Mr Schaefer had, by virtue of his position within or association with a company which subsequently transferred assets including the patent application in suit to a company of which Peerless became a wholly owned subsidiary, an obligation to further the interests of the company.

The matter came before me at a hearing on 11 December 1995, when Mr Arthur Ashton, instructed by Michael J Ajello, and Mr Ian Purvis, instructed by Urquhart-Dykes & Lord, appeared as counsel respectively for Mr Schaefer and for Peerless. At the hearing I had the advantage of hearing cross-examination of Mr Schaefer, who had filed affidavits in the proceedings, and of Mr Adrian Rees, Chief Executive of Lawtex Group plc, who had also filed an affidavit on behalf of Peerless. Other evidence on behalf of Mr Schaefer comprised affidavits from Mr Gorst and from Mr Robert Leadbeater, a Factory Superintendent with Barnsley Light Industries, and at the hearing a statutory declaration by Mr Michael Ajello, Mr Schaefer's patent agent, was handed up. On behalf of Peerless an affidavit by their patent agent, Mr George Thomas Kelvie of Urquhart-Dykes & Lord, was also handed up at the hearing.

The patent application in suit relates to a clamp assembly for securing an article such as a parasol to, for example, a tubular frame member of a child's pushchair. Claim 1 is as follows:

> "A clamp assembly for connecting a first article to a second article, and having; a body capable of engaging in a clamping relationship with the second article; a first connector

part secured to the body; and a second complementary connector part detachably connected to the first connector part and providing a mounting for the first article."

This may, I think, fairly be paraphrased as follows. A clamp body is secured to the frame member, and there is a two-part connector or clip of which the first part is secured to the clamp body and the second part is detachable from the first part and provides a mounting for the parasol. The first part of the connector is preferably pivotally adjustable relative to the clamp body about the clamping axis of the body. As described and illustrated, and claimed in appendant claims, the two connector parts are latched together by a plug and socket arrangement, and an omnibus claim covers the illustrated arrangement. This arrangement might conveniently be characterised by the term snap-fit. It allows the parasol to be removed for use independently of the pushchair, without undoing the clamping jaws. The specification states that alternatives to the latched arrangement may be used, and there are brief mentions of what the specification describes, with no further elaboration, as a "conventional type socket", and of "a conical press fit". There is also a claim, seemingly with no supporting disclosure, to a threaded connection between the two connector parts. Some of the discussion in these proceedings has led me to believe that certain of the parties and witnesses have on occasion perceived the invention with which I am concerned as being very narrowly defined, incorporating what might be termed design features - indeed the word "design" has often been used in the proceedings - but since both the section 8 reference and the section 13 application are directed to the patent application in suit, I consider that it is to the claims and description of that application that I must primarily turn in determining what in fact constitutes the invention for the purposes of these proceedings. In fact on the evidence I have no doubt that the invention, in the sense in which Mr Schaefer perceives it, incorporates the latched snap-fit arrangement described and claimed as a feature of appendant claims in the patent application. I see no reason, however, for interpreting the invention so narrowly as to encompass only the specific features of the preferred embodiment illustrated in the drawings of the patent application and claimed in the omnibus claim.

In cross-examination Mr Schaefer dated the origin of the project which resulted in the invention to sometime before September 1990, when he was, according to various accounts,

Managing Director, Chairman and Chief Executive of a company called Lawtex plc. In that month Mr Schaefer's son Mark met Mr Gorst, a partner in the Broadoak Design Partnership, and discussed with him the possibility of Broadoak becoming involved in design of a parasol clip embodying a two-piece snap-fit arrangement. Mr Schaefer stated that he had discussed the ideas with his son, and that he had himself met Mr Gorst on the occasion of his visit to Lawtex plc. In response to specific questions Mr Schaefer stated that the clamp was a known product and that he could not remember who had first thought of the idea of a detachable clip for attaching to the clamp. In re-examination Mr Schaefer said that his son Mark had been working as a student during the summer holidays on ways of improving (by which I took him to mean reducing) the costs of the clamp.

As an aside I would note that Mr Schaefer objected to the word "project" in relation to the early work on the invention, preferring to describe it as "an idea which had been in my mind for about a year" (by early 1991). I do not, however, regard this as more than a semantic distinction, and will, for convenience, from time to time use the word "project".

Mr Schaefer was not at first prepared in cross-examination to accept that the project discussed with Mr Gorst in September 1990 was specifically concerned with a two-piece clip fitting to attach to the clamp, noting that there had in April of that year been a first attempt which had involved a one-piece arrangement. Nevertheless he accepted that when, on 7 September 1990, subsequent to his meeting with Mark Schaefer, Mr Gorst wrote to Mark Schaefer at Lawtex with details of fees and a proposed design procedure, referring to a "two-piece snap-fit arrangement", this was indeed the project with which the present proceedings are concerned.

Mr Schaefer also mentioned in cross-examination that in April 1990, prior to his son's meeting with Mr Gorst, he had himself discussed the clip idea with another design company, but no other details were given. This indicates that the idea was current in some form in Lawtex plc at least this early, and is consistent with Mr Schaefer's comment that the idea had been in his head for about a year by early 1991.

The next point at which the evidence shows that the project was discussed was in January or February 1991, when Mr Schaefer visited Mr Leadbeater, whose employers were Lawtex plc's principal suppliers of injection moulded components. He went mainly to talk about clamp production, but he also discussed the clip which had previously been discussed with Mr Gorst. Mr Leadbeater described the object of the discussions as "a new type of clip which Peter Schaefer wanted to produce to enable easy release of Lawtex parasols from the clamps used to attach the parasols to pushchairs". Mr Schaefer said that he described to Mr Leadbeater a particular functional need, and as a result Mr Leadbeater produced a three-dimensional model, which Mr Leadbeater himself described as cylindrical in shape. At the hearing Mr Schaefer handed up an article which he identified as the model made for him by Mr Leadbeater, and this does not appear to be in dispute. He also handed up an example of a clamp, and showed me how the two items fitted together.

It is worth describing these exhibits in some detail. The clamp, which carries a Mothercare symbol (Mothercare being important customers of Lawtex plc, including for a clamp), appears to be effectively identical to that illustrated in the patent application in suit. I have already noted that Mr Schaefer accepted that the clamp was known at the relevant time. The model made for Mr Schaefer by Mr Leadbeater consisted of a first part securable to the clamp by the thumb screw arrangement which tightened the clamp itself, and including a cylindrical barrel in the side of which was an aperture. The securing arrangement included a knurled nut engaging a correspondingly contoured surface on the clamp body which, as Mr Schaefer demonstrated, enabled the two pieces to be secured in a range of different relative angles. The model had a second part including a stiff flexible spring several inches long at one end of which was a cylindrical socket. At the other end was a cylindrical member which Mr Schaefer demonstrated as fitting snugly into the cylindrical barrel on the first part of the model, and he also showed me how, when the two parts were thus mated, a sprung button on the side of the cylindrical member engaged in the aperture in the side of the cylindrical barrel, permitting release of the two parts by thumb pressure on the button and providing what Mr Schaefer agreed was a two-piece snap-fit arrangement. Mr Schaefer manipulated the item strenuously while describing how such manipulation would place severe torque on sections of the model, and his point was graphically illustrated when the model broke in his hands. Its essential

characteristics, however, remain discernable. The evidence shows that Mr Schaefer rejected Mr Leadbeater's design as insufficiently robust, though under cross-examination he agreed that the model could be described as a "potential prototype".

At a Lawtex plc Directors' Meeting on 15 March 1991 Mr Schaefer resigned as Chairman and Chief Executive with effect from 18 March. He remained a non-executive director of the company on a Director's fee of £8,500 pa. On 27 March 1991 he was appointed as a consultant for Lawtex plc for a one year period, on terms which required him to devote up to 30 hours a week to the company's business, advising and assisting them in all branches of their business. Under the agreement he undertook, for its duration, not to compete in the United Kingdom with the company.

Mr Schaefer's next visit to Mr Leadbeater was on 27 March 1991, the day on which the consultancy agreement came into effect, and on this occasion he brought with him various samples of belt buckles and luggage clips which, according to Mr Leadbeater, Mr Schaefer had obtained to assist him in devising his own design for a parasol clip. Mr Schaefer also showed Mr Leadbeater sketches of his own clip design. There appears to be some uncertainty as to how many sheets of sketches Mr Leadbeater saw on this occasion, but there seems to be no dispute that he saw at least one sheet, exhibited by him as RL2, and nothing significant appears to hinge on whether he also saw two others, exhibited by Mr Schaefer as PGS2. The sketches are extremely informal, but appear to show a quick-release mechanism responding to simultaneous finger and thumb pressure from opposed sides, and having at least that in common with the clip disclosed in the patent application. Mr Schaefer stated that, although he made the sketches at different times, they were all made during the period between 18 March and 27 March 1991, during the period when he states that he was not employed by Lawtex. While Mr Leadbeater's evidence does not corroborate the exact date range alleged by Mr Schaefer for his creation of these sketches, it is not inconsistent with it, and does appear to confirm at least that one of the sketches was made between the two men's meeting in January or February and their meeting on 27 March. Mr Rees exhibited the same three sheets as Mr Schaefer and stated that Mr Schaefer produced them at a meeting later, in April, but, assuming that by "produced" he meant no more than "showed to others", this is not

inconsistent with Mr Schaefer's account of the timing of their creation. Since Mr Rees expressly did not dispute Mr Leadbeater's evidence in cross-examination, I have no reason to doubt that these sketches were created by 27 March, though I have nothing other than Mr Schaefer's assertion that they were not made between the January/February meeting and 18 March. It will emerge, however, that in the final outcome this point is not critical, and I can for the purposes of my consideration of the issues work on the basis that Mr Schaefer made the sketches within the narrow date range he alleges.

Although Mr Schaefer was clearly active on the project during March 1991, Mr Gorst heard no response to his letter of 7 September 1990 to Mark Schaefer at Lawtex until early April 1991, when Mr Peter Schaefer telephoned him and arranged a meeting for 3 April at which design possibilities for the clip were discussed. There then followed a series of meetings between the two men, and although the precise chronology is not necessarily recalled identically by each of them, I believe that there are no differences having a substantial bearing on the issues before me. The following account is, I am satisfied, accurate enough in all significant respects.

At a further meeting on 11 April 1991 Mr Gorst produced sketches he had made setting out his design of a clip. Mr Gorst exhibited these sketches, which included some which were very informal and others which were more "finished". The designs they show cover a range of alternatives, including some of generally cylindrical construction, similar in some respects to Mr Leadbeater's model, and others of somewhat flatter configuration. The words "press and pull" on the sketches, as well as the general form of the clips illustrated, suggest that they were all concerned with addressing the design of a two-part snap-fit arrangement. Following discussion Mr Schaefer took the sketches away for further consideration. Shortly afterwards the two met again and, mirroring to a degree his earlier discussions with Mr Leadbeater, Mr Schaefer produced samples of luggage clips and children's safety straps, together with sketches he had drawn of a clip of different design from Mr Gorst's which incorporated features of the samples. Mr Gorst exhibited the three sheets which he says Mr Schaefer showed him, and they appear to be the same ones that Mr Schaefer says he had earlier shown to Mr Leadbeater, one of which Mr Leadbeater confirmed having seen.

Mr Schaefer explained his ideas and asked Mr Gorst to produce drawings suitable for manufacturing purposes. This was done, and both Mr Schaefer and Mr Gorst exhibited a sheet identified as LAW 1-1050, bearing a Broadoak symbol and the words "drawn A.G" and dated April 1991, as these drawings. As is accepted by Mr Rees, there is a very close resemblance between the detailed features of LAW 1-1050 and those of the illustrated embodiments in the patent application in suit. They also shared, although in a much less detailed manner, common characteristics with Mr Schaefer's informal sketches shown to both Mr Leadbeater and Mr Gorst, featuring a quick-release mechanism responding to simultaneous finger and thumb pressure from opposed sides, as I have already described.

On 23 April and 30 May 1991 Mr Gorst submitted invoices for his work to Lawtex Babywear Limited. Mr Gorst stated expressly in his affidavit that the clip in question was conceived, not by him, but exclusively by Mr Schaefer. He went on to state that it was his belief that Mr Schaefer was the true and sole inventor of the clip of the patent application in suit. I would observe, however, in this latter respect, both that this is, of course, a question of fact which only I could determine in these proceedings, and that, since the inventorship application is made under section 13(3), which is essentially concerned with persons who ought **not** to have been named as inventors, rather than section 13(1), which is concerned with the right of a person to be named as inventor, it is not strictly relevant to these proceedings.

During cross-examination Mr Rees agreed that he had no reason to dispute Mr Gorst's account of what had happened at the meetings between Mr Gorst and Mr Schaefer, but he went on to say that, although he thought that Mr Schaefer was "instrumental in the design of that clip", he disagreed with Mr Gorst's use of the word "exclusively" in relation to Mr Schaefer's contribution. When asked whether he had any evidence for not agreeing with Mr Gorst, he said that his experience was that these designs derive usually from "an awful lot of people".

On 10 June 1991 Mr Schaefer faxed Mr Leadbeater, under a Lawtex plc header, asking him to produce quotations for moulds required to produce the clips, and the following day Mr Leadbeater received by fax from Mr Bond of Lawtex plc detailed drawings of the clip. Mr Leadbeater exhibited both faxes, and I note that the detailed drawings carry a Broadoak

symbol and are marked "drawn A.G" in the same way as drawing LAW 1-1050, which was drawn by Mr Gorst. They are dated "8-5-91".

In July 1991, before Mr Gorst had received payment on his invoices, Lawtex plc, as well as Lawtex Babywear Limited and Lawtex Umbrellas Limited, went into receivership. At this stage Mr Schaefer's consultancy ceased, and he resigned as a non-executive director of Lawtex plc. On 16 August 1991 Lawtex plc's assets were sold to the Haddon Group Limited, which was later renamed as Lawtex Group plc. The sale was part of a complex agreement involving all three of the liquidated Lawtex companies. Mr Schaefer sought to show that the definitions of the assets included in the sale, which covered intellectual property, did not cover the invention of the patent application in suit, which had still at this date not been applied for. Mr Rees, on the other hand, was of the understanding that the sale covered, to use his words in re-examination, "all associated items - everything associated with the clamps, the parasols, the canopies, the whole kit and caboodle". In his written evidence Mr Rees stated that the "Co-Co" clip ("clip-on clip-off"), by which the new clip was known within Lawtex, related to one of their most profitable lines, and the purchasers of the assets were determined to continue the children's parasol business and to keep supplies to the main customer, Mothercare Limited, undisrupted. Broadoak were paid in full for the work done, and Mr Gorst confirmed that he was eventually paid on 11 November 1991. It was a feature of his original letter to Mark Schaefer on 7 September 1990 that Mr Gorst acknowledged that "all design rights together with patentable ideas would belong to yourselves upon payment of the final fees". Haddon (later Lawtex Group plc) worked on the understanding that the invention had transferred to them with the sale, and on that basis on 20 March 1992 applied for the patent application in suit in the name of Peerless Nursery Products Limited, a wholly owned subsidiary of Lawtex Group plc, naming Mr Schaefer and Mr Gorst as joint inventors.

The continuity of ownership of the invention in suit between the liquidated Lawtex companies, the Haddon Group and, eventually, Peerless, might prove a potentially difficult matter to resolve, given the nature of the agreement, and I was not addressed on it at any length. In the event I accept Mr Purvis's view that this is, in any event, irrelevant to the questions before me, which go respectively to inventorship and to Mr Schaefer's claim that, prior to the time

of the agreement of 16 August 1991, the intellectual property in the invention belonged to him and not to any of the liquidated Lawtex companies and so, on Mr Schaefer's submission, it was not theirs to transfer. Whether he is right or wrong in his assertions, they depend upon events which took place well before the transfer of assets, which is therefore a secondary matter. I therefore consider that I do not need to address the question of the effect of the Lawtex/Haddon agreement.

I shall deal first with the question of inventorship. Section 13(3) is as follows:

> "Where a person has been mentioned as sole or joint inventor in pursuance of this section, any other person who alleges that the former ought not to have been so mentioned may at any time apply to the comptroller for a certificate to that effect, and the comptroller may issue such a certificate; and if he does so, he shall accordingly rectify any undistributed copies of the patent and of any documents prescribed for the purposes of subsection (1) above."

The definition of "inventor" is provided by section 7(3), which states:

> "In this Act 'inventor' in relation to an invention means the actual deviser of the invention and 'joint inventor' shall be construed accordingly."

My task, then, in relation to the section 13(3) application, is simply to determine whether Mr Gorst should have been named as inventor, and therefore, in the terms of section 7(3), whether he was an "actual deviser" of the invention, jointly or otherwise. I find Mr Rees opinion in this regard unpersuasive, since he provided no support for his view that his general experience that "an awful lot of people" were usually involved was applicable in relation to the particular clip in dispute. Equally, he did not support his contention that Mr Gorst, who was directly and crucially involved at the time, was wrong in effectively disowning any significant role for himself in the conception of the invention. At the end of his submissions Mr Purvis put the issue of inventorship into a helpful context, commenting that his clients were "not terribly bothered" as far as section 13 was concerned, and that "there is no serious

issue here". Mr Gorst was in no doubt that he had not himself contributed significantly to the conception of the clip, and I regard his evidence in this regard as decisive. I therefore find, as requested by Mr Schaefer, that Mr Gorst should not have been named as an inventor, and I so certify in accordance with section 13(3) and direct that an erratum stating this fact should be prepared for the published patent application.

With regard to Mr Schaefer's inventorship, I note only that this is not a question in issue in these proceedings, but that Mr Schaefer's inventive contribution has not been disputed on behalf of Peerless.

I turn next to the reference under section 8(1), which reads as follows:

> "8(1) At any time before a patent has been granted for an invention (whether or not an application has been made for it) -
>
> > (a) any person may refer to the comptroller the question whether he is entitled to be granted (alone or with any other persons) a patent for that invention or has or would have any right in or under any patent so granted or any application for such a patent; or
> >
> > (b) .....
>
> and the comptroller shall determine the question and may make such order as he thinks fit to give effect to the determination."

Section 39 is also relevant in this regard, parts (1) and (2) reading as follows:

> "39(1) Notwithstanding anything in any rule of law, an invention made by an employee shall, as between him and his employer, be taken to belong to his employer for the purposes of this Act and all other purposes if -

(a) it was made in the course of the normal duties of the employee or in the course of duties falling outside his normal duties, but specifically assigned to him, and the circumstances in either case were such that an invention might reasonably be expected to result from the carrying out of his duties;

or (b) the invention was made in the course of the duties of the employee and, at the time of making the invention, because of the nature of his duties and the particular responsibilities arising from the nature of his duties he had a special obligation to further the interests of the employer's undertaking.

(2) Any other invention made by an employee shall, as between him and his employer, be taken for those purposes to belong to the employee."

Mr Ashton's argument on behalf of Mr Schaefer also referred to section 130(1) which, to the extent that it is relevant, states that:

"In this Act, except so far as the context otherwise requires -

'employee' means a person who works or (where the employment has ceased) worked under a contract of employment ..."

Mr Schaefer has not disputed that, if the invention was made by him before 18 March 1991, his status at that time as an employee of Lawtex plc would, under section 39(1), have resulted in the invention belonging to his employer, and in those circumstances it is clear that his case would fail.

However, Mr Schaefer's case under section 8 relies principally upon his assertion that he conceived the invention described and claimed in the patent application during the period 18-27 March 1991, between the end of his employment as Chief Executive (among other posts) of Lawtex plc on 18 March 1991 and the start of his consultancy with Lawtex plc from 27 March 1991. During that period he was a non-executive director, and Mr Ashton argued

that the absence of any evidence of a written service agreement or memorandum of an oral agreement covering the period meant that, for the purposes of section 39, Mr Schaefer was not employed by Lawtex plc. Mr Ashton went on to argue that, even if Mr Schaefer could be considered as employee during the period when he was a non-executive director, his relationship with Lawtex plc at that time were not such as to satisfy the terms of section 39(1). Mr Purvis disagreed, arguing that even as a non-executive director Mr Schaefer was subject to a fundamental duty not to do anything which might create a conflict of interest between himself and his company. I note, however, that Mr Purvis stated at the hearing that it was not Peerless's contention that there was a contract of employment with Mr Schaefer from 18 March 1991 onwards.

Mr Ashton and Mr Purvis also differed as to ownership of the invention if it was created after 27 March 1991, during the time when Mr Schaefer was operating under his consultancy agreement with Lawtex plc, and I was referred to various authorities as to how I should interpret Mr Schaefer's relationship with the company at that time.

The issue for me to decide under section 8 on the evidence therefore becomes sharply focussed in terms of when the invention was devised. If this occurred before 18 March 1991, then I am satisfied that Mr Schaefer's action must fail. If it occurred at a later date, whether before or after 27 March 1991, then I must decide between the conflicting submissions I have received on the question of ownership in the context of Mr Schaefer's non-executive directorship and consultancy.

Before determining this issue on the facts which I have already reviewed, I need to deal with a slight element of confusion which appears to have entered into Mr Schaefer's evidence. In a letter dated 19 January 1992 to Mr F P Thompson, then Managing Director of Lawtex Umbrellas UK Limited, Mr Schaefer wrote that from the end of March 1991 he was a non-executive director and a free-lance consultant to Lawtex plc, and that during this period, he conceived the idea for the Co-Co clip, developed it, and took his ideas to Broadoak Designs Partnership, who made detailed drawings, which were delivered by Mr Schaefer to Lawtex plc. Later, however, Mr Schaefer has explained that the letter was written at a time when he

believed that he "had been a consultant at the material time when the clip was invented. Subsequently, however I have produced evidence to indicate that it was invented at a time when I was neither employed by nor a consultant to Lawtex plc". I am satisfied that Mr Schaefer's submission on his evidence is that he created the invention while he was a non-executive director and **not** when he was acting as consultant.

Asked in cross-examination how he knew that he had drawn the first sketch after he had, in his own words, "left Lawtex", (by which I am satisfied that he meant after he had resigned as Chairman and Chief Executive), Mr Schaefer said that he had cleared his desk for the first time in 27 years, that there were 10 days when he was not expected to attend the company, that he had had the idea of a detachable clip "rolling around in his head" for about a year, and that here was something to which he could apply his mind.

On the evidence which I have already reviewed, including the timings and contents of his meetings with Mr Leadbeater and Mr Gorst, it seems entirely probable that Mr Schaefer **did** address himself to the detachable clip project during the few days in March 1991 when he was no longer Chairman of Lawtex plc but had not yet taken up consultancy status with them, and it is quite conceivable that he may during this period have produced the design sketches which he showed to both men. However, the notion that the clip had until that time been nothing more than "an idea rolling around in his head", with the implication on his behalf that the invention had not by that time been devised, is not, in my judgement, supported by the facts. Mr Schaefer has conceded that the origin of the idea arose sometime before September 1990, and has even stated that he could not recall who had first thought of the idea (though, as I have indicated, his right to be named as inventor is not challenged by Peerless). His son Mark had broached the idea with Broadoak in September 1990 while, apparently, he was doing holiday work for Lawtex plc, and some months earlier than this, while he was still employed as, *inter alia*, Chairman of Lawtex plc, Mr Schaefer had himself discussed it with another design consultant. He was still so employed when he visited Mr Leadbeater in January or February 1991 as part of his routine duties on behalf of Lawtex plc and discussed the project with him.

Mr Ashton focussed on what he referred to as the legal issue of when an invention is made for the purposes of section 39(1). He referred me in this connection to a number of authorities. In *Hickton's Patent Syndicate v Patents and Machine Improvements Co Ltd* (1909) 20 RPC 339 he drew attention to Buckley LJ's words, as follows:

> "No doubt you cannot patent an idea, which you have simply conceived, and have suggested no way of carrying it out, but the invention consists in thinking of or conceiving something and suggesting a way of doing it."

He referred me also to *May & Baker Ltd v Boots Pure Drug Co Ltd* (1950) 67 RPC 23, *E I DuPont de Nemours & Co's Patent* [1961] RPC 336 and *Beecham Group Ltd v Bristol Laboratories International SA* [1978] RPC 521, all of which relate to pharmaceuticals and, he submitted, support the point first made in *Hickton*. Mr Purvis, on the other hand, regarded these three cases as all relating to selection inventions, and not applicable to the present case. In expanding on his point Mr Ashton argued that, in the case in suit, the evidence indicated that the invention was made when Mr Schaefer made his sketches between 18 and 27 March 1991, and that prior to that the idea was only conceived and no invention had been made. He suggested that the discussions in September 1991, which, in his words, "led in fact to nothing being done", fell into this class.

I cannot accept Mr Ashton's submission in this respect. It is, in my judgement, of critical significance that the model which Mr Leadbeater produced for Mr Schaefer in January, or at latest February, 1991 reads clearly on to claim 1 of the patent application in suit and, indeed, includes a snap-fit arrangement such as I have concluded that Mr Schaefer perceives to be an essential element of the invention ownership of which he claims. It seems clear to me on the evidence, therefore, that in January or February 1991 a working model of the invention which Mr Schaefer demonstrated to me, comprising the two-piece snap-fit arrangement, was made. Mr Schaefer graphically illustrated his concerns that the model was not sufficiently robust by breaking it at the hearing, but it had survived for approaching five years before suffering this fate, and I see nothing in *Hickton* to suggest that the "way of doing it" which must be suggested before an invention can be regarded as having been made must necessarily guarantee

indestructibility, or even that it must be the **best** way. I am satisfied that the model made by Mr Leadbeater **did** show a way of making the invention, and this is not affected by the fact that Mr Schaefer rejected Mr Leadbeater's design and instead came up with his own designs, drawing on the sort of buckles which by that time had become conventional. Mr Schaefer himself accepted that it was a "potential prototype".

I thus find that the invention was made at least by January or February 1991, and certainly before 18 March 1991. It was thus made at a time when Mr Schaefer was still employed by Lawtex plc, and I have already noted that it is not contested on behalf of Mr Schaefer that in these circumstances the invention rightfully belonged to Lawtex plc.

Even if I had been able to accept Mr Schaefer's contention that he devised the invention between 18 and 27 March 1991, there are aspects of the evidence which tend towards the view that, throughout the relevant period, including those few days, Mr Schaefer did not consider himself to be operating as, so to speak, a free agent, independent of Lawtex plc. He agreed in cross-examination that, before the Lawtex plc Directors' Meeting at which he resigned, it was known that he was shortly to rejoin them on a consultancy basis, and it would seem to me to be a most singular arrangement if, in such circumstances, he could legitimately consider himself at liberty to pursue and claim exclusive ownership of a project which had, on his own evidence, been commenced under Lawtex's aegis. When he visited Mr Leadbeater on 27 March he signed himself in as "Peter Schaefer - Lawtex", and neither Mr Leadbeater nor, apparently, Mr Gorst were given to understand that Mr Schaefer was acting in any other capacity than as a representative of Lawtex. Mr Gorst described his client, for example on drawing LAW 1-1050, as "Lawtex", and submitted his invoices to a company in the Lawtex group (though it has not been fully explained to me why he directed the invoices to Lawtex Babywear Limited in particular). In June 1991, when Mr Schaefer asked Mr Leadbeater for quotations for moulds for the clips, he did so under a Lawtex plc heading, seemingly implying that he regarded that ongoing project as within Lawtex's domain. There is no suggestion whatsoever that at any stage Mr Schaefer gave either Mr Gorst or Mr Leadbeater any indication that he was acting on his own behalf. It seems to me on the evidence that, as argued

by Peerless, there was continuity in Mr Schaefer's involvement in the project on Lawtex's behalf spanning the period in which he was only non-executive director.

It follows from my finding that Mr Schaefer has failed to discharge the onus upon him to show that, as pleaded, he should be entitled to an order that he might make a new patent application for the matter comprised in the earlier application, and I make no such order.

In the event, then, Mr Schaefer has succeeded in his application under section13(3), which reference was consistently contested up to the time of hearing, and even at the hearing itself by Mr Rees, but was eventually not resisted with any vigour by Mr Purvis. Mr Schaefer has, however, been wholly unsuccessful in his reference under section 8(1). In all the circumstances I consider it appropriate to make no order for costs.

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

Dated this 7 day of MARCH 1996

Dr P FERDINANDO
Superintending Examiner, acting for the Comptroller.

THE PATENT OFFICE