

BLO/147/93

PATENTS ACT 1977

IN THE MATTER OF a request under section 10 concerning Patent Application No 2234658 in the names of Brian West and Anthony Michael Gibbon

DECISION

A request under section 10 for directions as to the further conduct of Patent Application No 2234658 has been made by Mr Gibbon after he and Mr West have found themselves unable to agree upon a common course of action. This decision follows a hearing before me on 27 September 1993 at which Mr Gibbon appeared in person and Mr West was represented by his patent agent, Mr R P Maury of Marks & Clerk.

Mr Gibbon requests that the application be allowed to proceed in his name alone, or that he be granted sole discretion in its further conduct, or that such other directions be made as will enable the application to proceed to grant. He also requests that the rule 34 period for putting the application in order be extended sufficiently to enable the application to proceed to grant.

Mr West requests that he be named as sole inventor and that the monopoly claimed be limited to the scope of original claim 15 or to an invention which, in his submission, is clearly patentable, or that the application be withdrawn. If the application is to continue, he submits that it should remain in the present joint names with each party having the right to grant licences without the other's consent, Mr Gibbon's power to licence being limited to an embodiment of the invention known as the "Tala Flower Nozzles" and his own power to other embodiments.

Before considering the substantive issues, I will deal with some formal points which arose at the hearing. During Mr Maury's submission he requested the admission of two pieces of additional evidence. However, when I questioned him on their content and relevance, he

admitted that one was only peripheral to his submissions and the other was covered, at least to some extent, elsewhere. I refused to admit either on the ground that any questions of additional late-filed evidence should have been raised at the start of the hearing. As Mr Gibbon had already made his primary submission I could not alter the evidence on which that submission had been based. However, with Mr Gibbon's consent, I allowed Mr Maury to show me samples of cake-decorating nozzles which Mr West has attempted to exploit commercially.

The invention concerns a nozzle for decorating cakes with cream or icing, comprising inner and outer cylindrical walls defining an annular passageway for the decorating medium. This passageway terminates in an annular outlet, which, in a preferred embodiment, has saw-toothed inner and outer edges, so that the decorating medium can spread inwardly and outwardly to form the petals of a flower. Icing nozzles of this type have been sold under the name "Tala Flower Nozzles".

Claim 15, to which Mr West would like the monopoly restricted, relates to an alternative embodiment in which the inner wall of the annular passageway is large enough to completely encompass a cake and the annular outlet opens inwardly to apply icing to the cake's outer surface.

The present application was filed as PCT Application GB89/00061 on 23 January 1989, claiming priority dates of 22 January and 11 July 1988, based on UK applications nos 8801390 and 8816472 respectively. (The two priority applications have since been allowed to lapse.) The present application entered the national phase on 20 July 1990, when a PCT Form NP1 was filed naming Graham Coles & Co as patent agent. Substantive examination began on 10 May 1991 but, when a second official action was issued on 29 January 1992, Graham Coles indicated in a letter dated 21 April 1992 that his response was on behalf of Mr Gibbon alone and that he no longer represented Mr West. The Office replied that it could not deal with a response which did not have the support of both co-applicants and suggested that action under section 10 would apparently be necessary in order to resolve the problem. The present request was filed by Graham Coles & Co on behalf of

Mr Gibbon on 21 July 1992, Mr West having already indicated in a letter dated 25 June 1992 that he wished his interests to be represented by Mr Maury.

There is considerable disagreement between the parties on the background to the request, but, in so far as I can ascertain from the evidence and submissions before me, it may be summarised as follows.

In 1987 the two joint applicants were partners in a company called Britton Precision Tools ("Brittons"). The invention was conceived during the Christmas period of that year, but there is disagreement as to its inventorship. Mr West says that he was the sole inventor, but Mr Gibbon says that it was a joint enterprise. Nonetheless, when patent protection was first sought in UK application 8801390, from which the present application claims priority, both parties were named as joint inventors and joint proprietors and this has remained the official position in this country and in respect of international application PCT/GB89/00061, of which the present UK application forms part.

In June 1989 the partnership in Brittons was terminated, but for several months thereafter Mr West, trading as Intact Precision Tools ("Intact"), attempted to arrange for exploitation of the Tala Flower Nozzles. He says that he had Mr Gibbon's verbal agreement to do this, but this is disputed by Mr Gibbon. In view of the terms of section 36(3), Mr West could not licence the invention without Mr Gibbon's consent and Mr Gibbon was not prepared to grant this. Accordingly, Mr West's attempts to exploit the invention were at least partially unsuccessful for this reason.

Mr West also made some developments of the invention and sought patent protection for these in his own name alone. He believed that he could exploit these developments independently of Mr Gibbon, but Mr Gibbon considered that some of them, at least, fell within the claims of the present application and was unwilling to consent to their exploitation.

Various aspects of the winding-up of the Brittons partnership were submitted to the High Court for settlement in 1990 (CH 1990 W No 276), resulting in a Court Order dated 12 December 1990, of which Clause 5 deals with intellectual property rights. This is a

consent order, made with the agreement of both parties and there is much argument about what it means and what it was intended to mean. This document is central to the issues before me and I will return to it in detail later.

Mr Gibbon contends that the Court Order requires assignment of the present patent application to him. Accordingly, in March 1991, his patent agent sent to Mr West the papers necessary to effect such an assignment. Mr West refused to sign them, however, saying that in his view the order required no more than that he grant Mr Gibbon a licence to exploit the Tala Flower Nozzles. Since that time there has been a number of attempts to resolve this disagreement, including an, as yet, inconclusive return to the High Court in November 1992, but no accommodation has proved possible. Correspondence during this period includes assertions by Mr West that much of the invention lacks novelty and/or an inventive step over particular items of prior art.

The Comptroller's jurisdiction to issue directions on the conduct of applications involving joint applicants is set out in section 10 in the following terms:

"If any dispute arises between joint applicants for a patent whether or in what manner the application should be proceeded with, the comptroller may, on a request made by any of the parties, give such directions as he thinks fit for enabling the application to proceed in the name of one or more of the parties alone or for regulating the manner in which it shall be proceeded with, or for both those purposes, according as the case may require."

From this wording I understand that I am entitled to give directions as to whether or not this application should proceed and if it is to proceed, whether it should proceed in the name of Mr Gibbon alone or in the present joint names. I am also entitled to give such other directions as appear necessary for regulating the manner in which it proceeds. I do not consider, that it would be proper under this section to issue directions on other matters for which specific provision is made elsewhere in the Act.

In particular, the right of inventors to be mentioned as such in patents and patent applications falls to be decided under section 13 and, notwithstanding Mr Maury's representations to the contrary at the hearing, it is not, in my view, a matter for consideration in these proceedings which have been brought under section 10 alone. In any case, although reference is made in both the counterstatement and the evidence to matters which touch upon the question of inventorship, the pleadings and the bulk of the evidence are concerned with the dispute over the ownership of the rights in the invention and, in my view, are insufficient for me to come to any conclusion on inventorship. Accordingly, in these proceedings, I shall not attempt to resolve the conflicting evidence on who made the present invention and unless and until such time as an application to review the present inventorship may be made, it will remain in the joint names of Mr West and Mr Gibbon.

I am also of the view that validity and the proper scope of the claims are matters to be considered, in the first instance, by an examiner under section 18. Section 10 makes no express provision for these matters to be considered and I therefore decline Mr West's request that the application be withdrawn for want of patentability or that the claims be limited to the scope of original claim 15.

The rights of joint patentees and joint applicants for a patent are set out in section 36 of the Act which, in so far as it relates to the matters in hand, reads as follows:

"(1) Where a patent is granted to two or more persons, each of them shall, subject to any agreement to the contrary, be entitled to an equal undivided share in the patent.

(2) Where two or more persons are proprietors of a patent, then, subject to the provisions of this section and subject to any agreement to the contrary-

(a) each of them shall be entitled, by himself or his agents, to do in respect of the invention concerned, for his own benefit and without the consent of or the need to account to the other or others, any act which

would apart from this subsection , amount to an infringement of the patent concerned; and

(b) any such act shall not amount to an infringement of the patent concerned.

(3) Subject to any agreement for the time being in force, where two or more persons are proprietors of a patent one of them shall not without the consent of the other or others grant a licence under the patent or assign or mortgage a share in the patent

(4) where two or more persons are proprietors of a patent, anyone else may supply one of those persons with the means, relating to an essential element of the invention, for putting the invention into effect, and the supply of those means by virtue of this subsection shall not amount to an infringement of the patent.

(5) Where a patented product is disposed of by any of two or more proprietors to any person, that person and any other person claiming through him shall be entitled to deal with the product in the same way as if it had been disposed of by a sole registered proprietor.

(6) [This deals with the rights of trustees of a deceased person.]

(7) The foregoing provisions of this section shall have effect in relation to an application for a patent which is filed as they have effect in relation to a patent and-

(a) references to a patent and a patent being granted shall accordingly include references respectively to any such application and to the application being filed; and

(b) the reference in subsection (5) above to a patented product shall be construed accordingly."

Thus, in accordance with subsection 36(7), the remainder of section 36 applies to patent applications with the same force as it applies to granted patents. In accordance with subsections 36(1) to (5), joint applicants for a patent may each work the invention separately, may each separately be supplied with means for putting the invention into effect and may each dispose of the invention through a dealer in the product without committing any infringement. However, in accordance with subsection 36(3), neither may licence the invention without the consent of the other. Moreover, these provisions are "subject to any agreement to the contrary".

I see Clause 5 of the Court Order, to which I have referred earlier, as constituting an agreement which modifies the rights set out in section 36, so that the rights of Mr Gibbon and Mr West in respect of the present application are those defined in section 36 of the Act, but subject to such changes as are required by the Court Order.

The Order of the High Court dated 12 December 1990, made by consent of the parties (Exhibit AMG1) contains six provisions. Intellectual property is dealt with in the first sentence of provision 5, which reads:

"That the Plaintiff [Mr West] do give to the Defendant [Mr Gibbon] as against himself his heirs and assigns all rights to exploit make licence market distribute and freely use the device known as Tala Flower Nozzles including without limitation UK Patent Applications 8801390, 8816472.8 and International Patent Application PCT/GB/89/00061 in perpetuity without payment of royalty licence fee or any other sum freely and without let or hindrance and the Plaintiff will not derogate from his grant of rights and will execute all necessary documents as required from time to time to give effect hereto and that the Defendant for so long as he chooses to use these rights do henceforth pay the fees of the Patent Applications."

As I have indicated previously, the two parties have very different views on what this clause was intended to provide. Thus Exhibit AMG4, a letter dated 12 March 1991 from Mr Gibbon's solicitor, to his patent agent, reads:

..... The position as we understand it is that Mr West is designing a new style nozzle which he hopes to patent for his own exclusive benefit. He intended, by the Order agreed outside the Court, to give all rights without limitation to the existing patentable product [the Tala Flower Nozzles], but to protect himself in respect of his new invention.

Paragraph 5.1 of the counterstatement confirms that this was indeed Mr West's intention and implies that Mr Gibbon had the same intention. It reads:

Messrs Cole & Cole's letter (AMG4) of 12th March 1991 states (on behalf of Mr Gibbon) that Mr West intended by that Order to "give all rights without limitation to the existing patentable product, but to protect himself in respect of his new invention". This language is not entirely clear, but it indicates the commercial reality behind both parties' intentions, namely that the business and equipment associated with the Tala Flowers should go to Mr Gibbon, while that associated with all the later-designed nozzles (also designed solely by Mr West) should stay with Mr West.

.....

However, on pages 3 and 4 of his evidence-in-chief, Mr Gibbon indicates that his intention was different from Mr West's. On page 3 he says:

In regard to clause 4.2 of the Counter Statement the real commercial intention behind the Consent Order as far as I was concerned was that my products would be the only ones on the market that embodied any feature that were subject of the claims of the patent applications now in dispute.

I was at the time of the trial in possession of a number of nozzles of Mr West's latest design it was my opinion that they came within the scope of the patent applications in dispute and if found to be so it was my intention in due course to stop production and marketing of them.

and on page 4:

In regard to clause 5.3 there was no confusion on my part that the applications in suit covered the new product produced by Mr West and it was my intention to use the Consent Order to stop its production.

Mr Maury suggested to me at the hearing that the terms of the consent order are not clear and that I should base my decision on what was intended, rather than what is actually written in the order. Regardless of whether or not Clause 5 is ambiguous, and I will look at this later, it seems to me that I would be in some difficulty in basing my decision on what it was intended to say, rather than what it actually says, not least because the parties do not agree on what the intention was.

Of greater importance, however, is the fact that the document before me is an Order of the High Court. The Comptroller's jurisdiction requires me to interpret it as a basis for directions under section 10, but I have no powers to vary its terms or to set those terms aside. If, as Mr Maury argued, the Court Order does not reflect Mr West's intentions, then it is a matter which he will have to pursue before the Court.

On his evidence Mr Gibbon is in no doubt that the Order does give effect to the intentions of the parties and gives him all rights to the invention and its exploitation. His understanding may be succinctly and accurately summarised by the terms of the letter from Mr Gibbons' solicitor to his patent agent (AMG4 - referred to earlier) which says

"..... The wording of the Consent Order is, in effect an assignment of all beneficial rights. There was a great deal of discussion about this matter between ourselves and the Lawyers, and it was clear that the intentions was to pass all rights without using the word "assignment". Mr West alleged that this was because he had been advised that to use the word "assignment", would jeopardise his new Patent Application"

For his part Mr West places a very different interpretation upon Clause 5 of the Court Order. Mr West had apparently been advised that the use of the word "assignment" should be avoided in the clause because it might jeopardise his rights to a new invention which he had made and Mr West submits that the absence of the word "assignment" in the Clause supports his contention that no assignment of the various patent applications was contemplated by him. However, the Clause clearly orders Mr West to "give" certain rights to Mr Gibbon and I see little difference between giving and assigning rights. Both suggest to me a transfer of rights from one party to another and I cannot see how one could be done without the other.

Mr Maury put it to me that Clause 5 of the Court Order is not clear but accepted that one of the rights to be given by the Plaintiff to the Defendant is the right to "licence" Tala Flower Nozzles. On this basis he argued that Clause 5 merely requires that Mr Gibbon be permitted to grant licences under the patent application. However, the right to licence is only one of a number of rights mentioned in the opening lines of the clause. All rights to exploit, make, market and freely use the Tala Flower Nozzles are also to be given to the defendant and these seem to add up to comprehensive use of that embodiment.

I have also been referred to a comment on Clause 5 made by Mr Justice Vinelott when the dispute returned to the High Court in November 1992. This is reported in a note by Mr West's solicitor's clerk, which is exhibited to Mr West's statutory declaration, as follows:

..... Counsel challenged the validity of the Notice of Motion saying that no Writ had been issued. The matter revolves around exhibit No 9 paragraph 5 of Gibbon's Affidavit which gives us a shared interest. The Judge fully agreed with this and asked Gibbon for his view. Gibbon said he was prepared to abandon paragraphs 2, 4 and 5 of his Motion to allow the case to be heard. The Judge said that in his brief reading of the documents it was clear to him that paragraph 5 gave West perpetual licence. He told Gibbon that in his view it would be very difficult for him to argue non-exclusive licence.

Although this report has been referred to by both Mr Gibbon and Mr West, I have little information on its background. The High Court proceedings which it claims to record appear

to have been quite brief and of a preliminary nature only. The judge is reported as having offered a preliminary opinion following only a brief reading of the relevant document and no consideration of the evidence. Moreover, his words, as reported, are difficult to understand. He seems to be quoted as saying that Mr Gibbon would find it difficult to argue "non-exclusive licence". But, on the evidence before me, this is not an argument which Mr Gibbon would put forward. Both parties agree that he is due at least a non-exclusive licence under the Court Order and Mr West is quite prepared to give him this. In these proceedings, however, Mr Gibbon is seeking assignment of the patent application, or an exclusive licence at the very least. At the hearing Mr Maury conceded that the quoted remarks of the judge were made quickly and almost inaudibly and that his use of a pronoun, rather than a name obscures the identity of the person referred to. Taking all these circumstances into account, I do not consider that the judge's words, as reported, are decisive on the issue before me.

As I see it the opening part of Clause 5 requires the plaintiff, Mr West, to give to the defendant, Mr Gibbon, all rights to freely use the device known as Tala Flower Nozzles. This, as I understand it, Mr West is willing to do. However, the clause requires more than this, because the rights to be given are to include three patent applications. Mr West is to give Mr Gibbon "all rights including without limitation UK Patent Applications 8801390, 8816472.8 and International Patent Application PCT/GB/89/00061". There is no suggestion that what is to be given is merely certain rights within the patent applications. This could have been indicated, but was not. The wording used is quite explicit and requires transfer of the applications themselves "without limitation".

This interpretation is, of course, inconsistent with Mr West's intention as set out above, but it is conceded in the counterstatement that there is a difference between the wording of the clause and its intended effect and an explanation of the difference is also provided. Thus paragraph 4.2 of the counterstatement reads:

Thus the real commercial intention behind the Consent Order was being thwarted by the legal provisions which were not appreciated and understood at the time.

and paragraph 5.3 reads:

Mr West had all along been adamant in his communications with his Solicitors and others that he should not give up any patent rights in relation to the nozzles he designed after the Tala Flower nozzles. The confusion has apparently arisen because at the time of the Court Hearing it was not appreciated that the patent application in suit claimed the invention broadly enough to cover nozzles other than the Tala Flower nozzles. This fundamental misunderstanding has led to the current dispute over interpretation of the Consent Order.

If it was believed at the time that the three specified patent applications were relevant only to Tala Flower Nozzles, then there would be no need to distinguish between transfer of the applications themselves and of the less extensive rights which Mr West says he intended to give to Mr Gibbon.

Later Mr West realised that the order did not say what he had intended and considered, a return to the Court, but did not pursue the idea. Paragraph 5.4 of the counterstatement reads:

Mr West signed the Consent Order contract only after speaking to his Solicitors. In order to avoid further lengthy and expensive legal action, he decided against having the agreement re-written and presented again to the Judge, because he was confident that the lawyers on both sides, and Mr Gibbon knew what had been agreed verbally."

It would, indeed, have been possible for Mr West and Mr Gibbon, by mutual agreement, to set aside the terms of the Court Order in favour of a different verbal understanding, but I cannot do this without the agreement of both parties and this I do not have. Accordingly, I have no alternative but to follow the wording of the Order.

The remainder of Clause 5 orders that all rights, including the three patent applications, are to be given in perpetuity without payment of any royalty or licence fee or any other sum. They are also to be given without let or hindrance or derogation on the part of the plaintiff,

who is further required to execute all necessary documents. The only charge imposed upon the defendant is that he must pay the fees of the patent applications for so long as he chooses to use them. Mr Gibbon sees this as an indication that he was intended to enjoy exclusive rights under the applications, but Mr West says that he did not want to continue paying the cost of the application because he believed it to be largely invalid.

There was very little discussion before me on the precise meaning of the wording of Clause 5 and, in the absence of persuasive argument, I do not see that the Clause is capable on a plain reading of the interpretation which Mr Maury would have me put upon it, that is that Mr Gibbon should merely be granted a non-exclusive licence. Indeed, if I am correct in concluding that the Court Order varies the rights of the co-applicants under Section 36, I do not see that Clause 5 can be interpreted as leaving Mr West with any rights at all in the patent application. The wording of Clause 5 is entirely consistent with Mr West having lost interest in the Tala Flower Nozzles and the associated patent applications and the subsequent difficulties have arisen through the failure at the time when the Clause was drawn up to appreciate the legal provisions and the scope of the patent application.

In conclusion, therefore, I see the Order of the High Court as requiring that Mr West transfer to Mr Gibbon International Patent Application PCT/GB89/00061, which is now before the UK Patent Office in its national phase as UK application 2234658 and, consistent with this requirement, I direct, under section 10, that this UK application proceed henceforth in the sole named proprietorship of Mr Anthony Michael Gibbon.

There are two further matters with which I must deal, the first being the period allowed for putting the present application in order. Under rule 34 this period would normally have expired on 22 July 1992, that is 4½ years after the earliest declared priority date. However, in response to a request on Form 52/77 and under the provisions of rule 110(4), an extension has been granted

"until such time as the Comptroller issues directions in accordance with the request made under Section 10 and action in accordance with those directions can be carried out to place the patent application in compliance with the Act and Rules ".

Mr Gibbon gave no indication at the hearing of how long he expects to need to put the application in order. However, I note that there have already been two official actions and a response to the second action is at present on file awaiting the examiner's attention. It is now over 15 months since the normal rule 34 period expired and I am anxious not to leave third parties in doubt on the ultimate outcome of the application any longer than is necessary. On this basis I think it would be appropriate for the rule 34 period to expire three months from the date of this decision or, should this decision be appealed, to extend until such time as the Court may decide.

The second outstanding matter is the question of costs. Both parties have asked for costs and, as I have found in favour of Mr Gibbon, the order of costs should also be in his favour. At the hearing Mr Maury suggested that in considering what costs to award I should bear in mind that two offers of settlement were made, on Mr West's behalf, in April 1991 and July 1992 and both were rejected by Mr Gibbon. However, both these offers fell short of what I have found to be Mr Gibbon's entitlement and, accordingly, I must conclude that he was fully justified in declining them. I have, also taken into account that, although Mr Gibbon had professional assistance in preparing and filing his statement, he later assumed personal responsibility for the conduct of his case. A party which represents itself may claim costs on the basis of expenses incurred, but is not, of course, entitled to professional fees which have not been paid. It is usual in proceedings before the Comptroller for only partial costs to be awarded and, in the circumstances of this case, I order that Mr West pay Mr Gibbon the sum of two hundred pounds (£200) as a contribution towards his costs in this action.

Dated this 22 day of November 1993



P J HERBERT

Superintending Examiner, acting for the Comptroller.

THE PATENT OFFICE