

PATENTS ACT 1977

0146/94

IN THE MATTER OF a reference under Section 37 by Darenth Vending Services Limited in respect of Patents Nos 2049622 and 2049623 in the name of Douglas Cameron Parr

DECISION

Patent Nos 2049622 and 2049623 (the "patents in suit") were each filed on 31 May 1979 in the name of Douglas Cameron Parr, who was also named as the sole inventor. Both patents were published on 31 December 1980 and proceeded to grant for the purposes of the provisions following section 25(1) on 30 March 1983. GB 2049622 is entitled: "Improvements in or relating to dispensing nozzles" and GB 2049623 "Improvements in or relating to dispensing machines".

On 9 April 1992, Darenth Vending Services Limited (the "referrers") referred to the Comptroller under section 37(1) the question of whether the patents in suit and Patent Nos 1535928 and 1540613 (also in the name of Mr Parr) should have been granted to Flugel & Company (London) Limited ("Flugel") and whether the referrers are entitled to these patents by virtue of an assignment from Flugel acting by its Receivers.

In accordance with rule 54(2) a copy of the reference and accompanying statement under rule 54(1) were sent to Flugel and to Mr Parr under cover of official letters dated 1 May 1992.

The patents in suit ceased, in accordance with section 25(3) on 31 May 1992 due to failure to submit the requisite renewal fees in respect of the 14th year. However, this did not have the effect of terminating the reference in suit in respect of those patents.

Following confirmation in their agents' letter of 10 June 1992 that they were withdrawing the reference in relation to Patent Nos 1535928 and 1540613, a revised statement under rule 54(1) restricting the reference to the patents in suit was filed on 16 July 1992. A copy of

this was sent to Flugel and Mr Parr under cover of official letters dated 6 August 1992 in which they were each informed that if they wished to oppose the reference they should file within a period of two months a counter-statement setting out fully the grounds of their opposition.

In an earlier letter dated 1 June 1992, the agents for Mr Parr had stated that he would be contesting the reference. However, in the event, neither Flugel nor Mr Parr filed such a counter-statement. Each recipient was therefore informed in official letters dated 26 October 1992 that the Office proposed to treat the facts pleaded in the referrer's revised statement as uncontested.

The statement was further amended following correspondence between the Office and referrers and, in its final form, reads as follows:

- "1. British Patents GB 2049623 B, GB 2049622 B, presently stand on the Register in the name Douglas Cameron Parr. At their respective dates, Mr Parr was a Director of Flugel & Company (London) Limited.
2. By virtue of the provisions of Section 39(a) or (b) of the Patents Act 1977, Flugel & Company (London) Limited are entitled to the benefit of the inventions of the Patents and to the ownership of the Patents.
3. Flugel & Company (London) Limited are in Receivership, and by virtue of an Assignment between Flugel & Company (London) Limited acting by its Receivers and Darenth Vending Services Limited dated 23 March 1992, Darenth Vending Services Limited are now the beneficial owners of the Patents and the inventions defined therein, and have made application to record the Assignment on the Register.
4. Investigations at Companies House have established reference being made to Douglas Cameron Parr as a Director of Flugel & Company (London) Limited as early as 1973, in addition to his mention as Director in the Administrative Receiver's Report dated 9 December 1991. Annex 1 hereto is photocopied extracts from the

Administrative Receiver's Report and the Annual Returns of 1973. From this it can reasonably be concluded that at the date of Application and at the date of grant of the Patents in suit, Mr Parr was a Director of the Company.

5. Any Director of a Company of such longstanding as Mr Parr, would undoubtedly fully understand his fiduciary duties to the Company, and would equally be aware of the provisions of Section 39(1) of the Patents Act 1977 dealing with the question of beneficial ownership of inventions made by employees of companies, in circumstances where the invention was made in the course of the normal duties of the employee, or because of the nature of the employee's duties and the particular responsibility arising therefrom, he had a special obligation in furthering the interest of his employers.

6. Section 37(5) in raising the question of what the proprietor of a patent knew at the date of grant embraces the question of what a proprietor could reasonably be expected to know.

7. It is maintained that having due regard to Mr Parr and his longstanding as a Company Director he either knew, or in the alternative could reasonably be expected to have known, that he had no entitlement to lodge application for patent for inventions related to his Company's activities, and secure their grant, in his personal name.

8. Darenth Vending Services Limited therefore ask for a Declaration under Section 37 of the Patents Act 1977 that Flugel & Company (London) Limited were the true proprietors of the Patents, and that the Assignment to them dated 23 March 1992 can be recorded."

As noted above, the patents in suit were granted on 30 March 1983 and the references in suit were made on 9 April 1992, ie nine years after grant.

Section 37(5) provides that:

"(5) On any such reference no order shall be made under this section transferring the patent to which the reference relates on the ground that the patent was granted to a person not so entitled and no order shall be made under subsection (4) above on that ground, if the reference was made after the end of the period of two years beginning with the date of the grant, unless it is shown that any person registered as a proprietor knew at the time of the grant that he was not entitled to the patent." (Emphasis added)

In an official letter dated 5 January 1993, the referrers were informed that it was the preliminary view of the Office that the facts pleaded in the statement were not sufficient to establish that Mr Parr knew at the time of the grant of the patents (ie on 30 March 1983) that he was not entitled to the patents and were allowed a period of two months in which to file such evidence under rules 54(6) and (7) as they may wish in support of their reference.

Following further correspondence such evidence was duly filed in the form of a statutory declaration by David Houghton dated 22 October 1993.

This evidence and arguments put in correspondence was considered by an examiner, and an official letter dated 18 November 1993 was sent to the referrers in the following terms:

"Prior to the determination by the Hearing Officer, the above reference has now been passed to an examiner for preliminary consideration. He has made the following observations which I have been asked to bring to your attention.

Employment of Mr Parr at the time the inventions were made

The evidence that Mr Parr was a director of Flugel and Company (London) in 1973 and 1991 does not appear to establish that Mr Parr was an employee within the terms of section 130 of Flugel (as distinct from a director) at the time he made the inventions. In this connection, it is pointed out that there is no evidence as to when the invention was made prior to the filing of the patent applications on 31 May 1979.

In addition, even if it were accepted that Mr Parr was an employee of Flugel at the time the inventions in question were made, there would appear to be no evidence that the inventions were made either pursuant to a special obligation on Mr Parr in accordance with section 39(1)(b) or in the course of his normal or specially assigned duties in accordance with section 39(1)(a).

Requirement under section 37(5)

It is an overriding requirement of section 37(5) that a reference under section 37 must be made within two years of the grant of the patent (in this case on 30 March 1983) unless it is shown that the person registered as the proprietor (ie Mr Parr) knew at the time of the grant (ie 30 March 1983) that he was not entitled to the patent. However, the mere unsupported assertion in paragraph 7 of the declaration dated 22 October 1993 that Mr Parr was an experienced director "who would have known or ought to have known that he was not entitled to the Patents in suit" does not appear sufficient to satisfy the above requirement, notwithstanding the submissions on the interpretation of that section contained in that declaration.

In connection with the above matters it is also noted that there is no evidence that Mr Parr's entitlement to the patents was ever disputed by Flugel even though, it appears from your agents' letter of 23 April 1993 that they did make commercial use of the invention. This would suggest that both parties believed that the invention belonged to Mr Parr and not Flugel.

Finally, it is pointed out that the patents in suit both ceased on 31 May 1992. Accordingly, a declaration under section 37 that Flugel were the true proprietors and the recording of the assignment to you, as sought in paragraph 8 of your statement, would appear otiose in the circumstances.

In the light of the above, an early hearing will be appointed to determine the reference if you so request. Any such request should be made within one month of the date of this letter. In the absence of any such request the order sought in your

reference will be refused for the reasons given above."

No request to be heard has been made either in response to the official letter dated 18 November 1993 or to a further letter sent on 10 February 1994.

I have fully considered the papers filed on this reference including the statutory declaration and the various submissions made by Mr Houghton on behalf of the referrers.

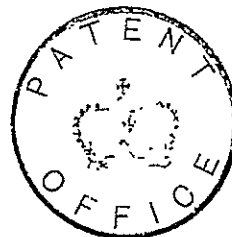
One of the principal points that has arisen is the provision of section 37(5). This sub-section, recited above, imposes a time-limit of two years from grant on the power of the Comptroller to transfer a patent under section 37. The fact that this reference is not being opposed does not override this limitation on the Comptroller's powers. Sub-section (9) imposes a similar limitation on the powers of the Court. The only exception to this limitation is if "it is shown that any person registered as a proprietor of the patent knew at the time of the grant that he was entitled to the patent".

Unless it can be so shown the exception is not applicable. I am not satisfied that it has been shown that Mr Parr knew at the time of grant of his alleged non-entitlement. I appreciate the difficulties the referrers are under in this matter but I cannot make the order sought unless I have the power.

I accordingly have no option but to refuse the reference.

Signed this 23 day of March 1994

B G Harden
Superintending Examiner, acting for the Comptroller



THE PATENT OFFICE