Miss Durow
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PATENTS ACT 1977

IN THE MATTER OF a reference under
Section 8(1) by Darchem Limited
in respect of Patent Application
No 8804284 (Serial No 2215204)
in the name of James Steel

0/139/94

DECISION

Patent Application No 8804284 was filed on 24 February 1988 by the inventor James Steel and was subsequently granted on 8 December 1993 as Patent No 2215204. It relates to a fire protection system for passenger carriers.

On 15 February 1993 Darchem Limited ("Darchem") made a reference to the Comptroller in respect of Application No 8804284. Although the question referred was not spelt out, I take it from the fact that it was made under section 8(1)(a) that it was whether Darchem were entitled to be granted a patent for the invention the subject of the application in suit, and/or whether they had any right in the application. Since a patent has now been granted on the application, the reference is now proceeding under section 37, in accordance with the provisions of section 9.

In a statement accompanying the reference Darchem state that, by virtue of an Asset Purchase Agreement dated 31 January 1990, they acquired all the rights and interest in certain assets of a company called Safety (Aircraft and Vehicle) Equipment Limited ("SAVE"), the patent application in suit being listed as included in these assets. They state that, since at the time of filing the patent application James Steel was an employee of SAVE and because the nature of his duties and the particular responsibilities arising from the nature of his duties were such that he had a special obligation to further the interests of SAVE, and since also the application related to an activity which was the concern of SAVE at the time the application was filed, it is their belief that the application was held in trust by Mr Steel for SAVE. They also state that it is their belief that it was Mr Steel's intention to assign the

application to SAVE, in view of the fact that he had previously assigned his rights in US Patent Application No 923868, directed to an aircraft fire protection system, to SAVE. Copies of the Asset Purchase Agreement, dated 31 January 1990, US Patent Application No 923868 and the assignment document for the US patent application were provided.

The reference is opposed by Michael Steel and Margaret Steel ("the opponents"). Following the death of James Steel, Michael Steel and Margaret Steel were entered on the Register of Patents as the personal representatives of James Steel by virtue of a grant of probate dated 18 July 1989. Under the provisions of rules 7(2)(b) and 7(3) they are therefore entitled to oppose the reference.

In a letter received in the Patent Office on 26 October 1993 which was treated as a counterstatement under rule 7(3), the opponents state that, since there was no assignment of the patent application to SAVE, the application could not have formed part of the assets sold by SAVE to Darchem. They do not dispute that James Steel assigned his US patent application to SAVE. However, they allege that it was not his intention to assign the application in suit to SAVE. They state that the possible assignment of the application in suit to SAVE had been discussed between James Steel and Michael Steel, but that the decision had been taken not to do so.

Neither party has elected either to file evidence in support of their statements or to be heard. The reference not, however, having been withdrawn, it therefore falls to me to determine the matter on the basis of the pleadings alone.

Darchem's case is based on allegations (1) that it was the intention of James Steel to assign his rights in the patent application in suit to SAVE, and (2) that the nature of his duties as an employee of SAVE meant that SAVE were in any event the rightful owners of the application and therefore that the application was held in trust by James Steel for SAVE.

The first allegation is expressly denied by the opponents, and in the absence of any evidence to support it I am unable to find that there was any intention on the part of James Steel to assign the application in suit to SAVE. Even had such an intention been established, I am

not, in the complete absence of argument on the point, convinced that this would in itself have been sufficient for me to direct that ownership of the patent should lie with Darchem. I would presumably have had to have been persuaded of the less than self-evident thesis that the intention and the act had the same effect.

As to the second allegation, the opponents do not expressly dispute Darchem's statement that at the time of filing the application in suit James Steel was an employee of SAVE. Nor, indeed, do they expressly deny either that, 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 SAVE, or that the subject of the application in suit was an activity which was the concern of SAVE at the relevant time. Michael Steel does, however, in correspondence both to the Patent Office and to Darchem's patent agents, expressly deny that the patent was held in trust for SAVE, and I regard it as proper for me to take account of the unfamiliarity of Mr Steel, who with his fellow opponent is unrepresented in these proceedings, with the processes governing such proceedings to the extent of regarding this as the equivalent of a formal denial of Darchem's allegation that James Steel held the application in trust for SAVE.

This is a puzzling matter. SAVE appear to have regarded the application in suit as theirs to assign, since that is precisely what they did early in 1990, treating the application in suit in exactly the same way as regards its listing on the schedule to the Asset Purchase Agreement as the US application which had been expressly assigned to them some 2½ years earlier. James Steel's patent agents, Kilburn & Strode, also apparently regarded the application as belonging to SAVE - they stated in a letter to the Patent Office, dated 14 May 1992, that James Steel was managing director of SAVE and it was their view that the invention had always belonged to SAVE under the provisions of section 39(1)(b) of the Patents Act 1977.

Section 39(1)(b) states that an invention belongs to an employer if:

> "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".

In entitlement proceedings under sections 8 or 37 the onus is on the referrer to make the case, any failure to do so to the necessary standard of proof resulting in a decision in favour of the *status quo*. Therefore, for the present reference to succeed it would be necessary for Darchem to provide evidence to support their assertions that James Steel made the invention during his employment with SAVE and as part of his duties.

Whilst *prima facie* a managing director has a responsibility to further his company's interests, no evidence, for example in the form of a contract of employment, has been filed to substantiate Darchem's assertion that the terms of James Steel's employment were such that the invention was held in trust by him for SAVE. However, I consider that it is unnecessary for me to come to a firm conclusion on this aspect since I have been shown no evidence of when, in fact, the invention which is the subject of the patent in suit was made, and consequently there is no evidence that, **at the time of making this invention**, James Steel was employed by SAVE as an inventor and/or managing director.

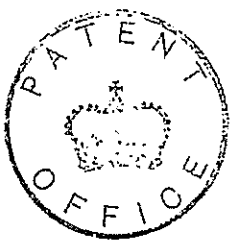
Darchem have therefore failed to discharge the onus upon them, and in consequence I find that they have not established any entitlement to the patent. Accordingly I determine that the *status quo* should be maintained and make no order in respect of the reference.

Under section 107(1) the Comptroller may, in proceedings before him, order an award of such costs as he may consider reasonable and direct how and by what parties they are to be paid. The practice is for the Comptroller to order awards which are not intended to compensate parties for the expenses to which they have been put, but which constitute a contribution to costs, guidance as to the size of the award being drawn from a notice published from time to time in the Official Journal (Patents), most recently on 1 June 1994. Neither party in the present proceedings has raised the matter of costs, but I am conscious that the opponents, in representing themselves in the proceedings, are unlikely to have been aware of the normal practice. Therefore, in light of the fact that Darchem allowed their reference to continue in issue despite providing no support for it, and subject to any

argument to the contrary which Darchem may wish to submit to the Patent Office within two weeks of the date of this decision, I order that Darchem should pay to the opponents, Michael Steel and Margaret Steel, the sum of £100 as a contribution to their costs.

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

Dated this 4 day of OCTOBER 1994



Dr P FERDINANDO

Superintending Examiner, acting for the Comptroller.

THE PATENT OFFICE