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PATENTS ACT 1977

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IN THE MATTER OF a reference under section 8(1) by Paul Anthony Davidson in respect of Patent Application No. GB9525491.8 in the name of Westco Building Components Limited

DECISION

GB Patent Application 9525491.8 was filed on 14 December 1995 by Westco Building Components Ltd ("Westco") naming Paul Anthony Davidson ("Davidson") as inventor, and claiming priority from GB9425400.0 filed 14 December 1994. It was published on 26 June 1996 as GB2296300A. The application is as yet ungranted. On 23 February 1996, Mr Davidson submitted to the Comptroller a reference under Section 8(1) questioning whether he was entitled to be granted alone a patent for the invention the subject of Application 9525491.8. On 23 May 1996, Westco filed their opposition to the reference on the ground that Mr Davidson was employed by them at the time the invention was made and they are thus entitled to be granted alone the patent by virtue of section 39 of the Patents Act 1977. Following the usual rounds of evidence which comprised two affidavits by Mr Davidson and a statutory declaration by Mr R L Phillips, Chairman of Westco, the matter came before me on 2 July 1997. Mr Davidson represented himself, and Westco were represented by Mr Michael Hicks, instructed by Messrs W.P. Thompson & Co. During the course of the hearing, I had the benefit of observing both Mr Davidson and Mr Phillips in the witness box.

The invention relates to a quick connector arrangement for connecting a pipe tailpiece to, *eg* a radiator, avoiding the use of threaded connectors. Essentially a stepped socket receives a pipe tailpiece having a circumferential flange adjacent an end, and a locating sleeve surrounding the pipe is inserted into the socket to engage the flange. The sleeve is locked into the socket by snap engagement of a radial lug on the sleeve in a groove in the socket, or by a lug on the sleeve being forced outwardly into engagement with the groove in the socket by a separate retainer sleeve being inserted between the pipe and the locating sleeve. An O-ring

seal is located on the tailpiece and is compressed between the circumferential flange and a shoulder defining the step in the socket. This invention was referred to throughout the proceedings as "invention B".

Mr Davidson is a design engineer, and prior to his association with Westco he had been responsible for *inter alia* two other patent applications which were also referred to in the proceedings - one relating to a system for fitting pipework or cabling through walls or the like (referred to as "invention C"), and the other for a quick connector for radiators, similar to that described above, but in which the circumferential flange is replaced by an O-ring located in an annular groove in the periphery of the pipe tailpiece (referred to as "invention A"). The latter application, GB9410191.2, was filed on 23 May 1994 in the name of DA Controls Ltd, with whom Mr Davidson had a business association at the time.

It is not disputed that the first meeting between Mr Davidson and Westco took place on or around 10 November 1994. Mr Davidson was offering to sell to Westco the rights to his two inventions A and C, and in return was seeking a capital payment, and a contract of employment for himself. Part of the capital sum was to be paid to DA Controls Ltd in return for their handing over rights to GB9410191.2. In the event Mr Davidson's association with Westco was a very short one - both parties agree that it ended on 20 December 1994, and he received only one monthly salary payment on 15 December for that month.

Much of the chronology of events following the meeting on 10 November 1994 is undisputed and appears to be as follows:

- 14 November 1994 Mr Davidson began occupying an office at Westco, whilst details of the assignment of inventions A and C and of the contract were being sorted out.
- 17 November 1994 Mr Davidson attends a heating and ventilating ("HEVAC") exhibition in London with Mr George Rice, a Westco employee, and subsequently his travel expenses are reimbursed by Westco.

- 21 November 1994 Westco contact W. P. Thompson & Co. ("WPT") regarding the preparation of an assignment for inventions A and C.
- 24 November 1994 Westco request novelty searches from WPT in respect of inventions A and C. Also, Westco write to Messrs Wheelcock & Berry Ltd ("W&B") an engineering company used by Mr Davidson to produce prototypes of his inventions to set out their terms and conditions for authorising such work.
- 25 November 1994 Mr Davidson receives a formal offer of employment with Westco to take effect from 1 December 1994, following negotiations over contract terms. In the event, no contract was ever signed.
- 1 December 1994 Davidson formally begins his employment with Westco. This is also the date that Westco authorise the manufacture of prototype parts for "Quickdress snapfit joints" from W&B.
- 6 December 1994 Quotation received by Westco from Stephen Brown Design ("SBD") for work instructed by Mr Davidson, *inter alia* modifying existing illustrations of "Quickdress radiator system". Westco also approach WPT to enquire about filing of a new patent application.
- 7 December 1994 Westco authorise the modified drawings from SBD.
- 14 December 1994 Application GB9425400.0 is filed in the name of Westco, claiming priority from GB9410191.2, and disclosing inventions A and B. (The priority claim was subsequently relinquished when the transfer of rights from DA Controls did not go ahead). The application used the modified drawings produced by SBD.

- 15 December 1994 Davidson receives a payslip covering the month of December.
- 20 December 1994 Davidson's employment at Westco is terminated (for alleged breach of confidentiality).
- 14 December 1995 The application in suit, GB9525491.8, is filed, claiming priority from GB9425400.0, and disclosing invention B only.

Westco do not dispute that the invention disclosed in the application in suit (invention B) was devised by Mr Davidson. Nor is it in dispute that Mr Davidson occupied an office at Westco's premises from about 14 November 1994; that he received a formal offer of employment with effect from 1 December 1994 and considered himself to be formally employed from that date; that he received a salary payment stated to be for the period 1-31 December 1994; and that his employment was terminated on 20 December 1994. It is also not contested that invention B was devised sometime between 14 November, when Davidson first occupied an office at Westco, and 14 December, when the patent application was filed.

The issues which are in dispute are the precise date on which invention B was devised, and the relationship that existed between Davidson and Westco at that time. Mr Hicks reminded me that the onus was on Mr Davidson, as referrer, to prove his case. He drew my attention to the opening passage of para 37.07 of the CIPA Guide to the Patents Acts in this regard. The passage reads: "The onus of proof in all types of entitlement proceedings is on the referrer If there is a conflict of evidence which cannot be resolved, the referrer must fail ...". I agree that this correctly states the position in law as I understand it. So I have to consider Mr Davidson's testimony and evidence with this in mind. Thus he needs to establish, on the balance of evidence, that firstly invention B was devised prior to the 1 December 1994 when, he admits, he entered into formal employment with Westco and thus the provisions of section 39 would apply; and secondly that, even so, his association with Westco in the latter part of November was not such as to give them employer or other rights to invention B. It is Westco's contrary submission that the invention was made on or after 1 December 1994 or,

in the alternative, Mr Davidson cannot establish exactly when in the period 14 November 1994 to 14 December 1994 invention B was created, *ie* he cannot prove section 39 to be inapplicable. They further contend that even if Mr Davidson can show that invention B was made prior to 1 December, he was nevertheless contractually or otherwise obligated to them at that time.

The question of terminology as regards to the inventions A to C is perhaps of some significance and was raised during the cross-examination of Mr Davidson. Reference to invention C as the 'Polysleeve system' was not disputed. However, it seems that both of inventions A and B have been similarly referred to as the 'Quickdress' valve or radiator system. Under cross-examination, Mr Davidson sought to relate the 'Quickdress' name specifically to invention B in contradistinction to invention A which he instead termed the 'Slip Lock system'. This was of potential importance when considering some of the exhibited documents suggestive of the date of invention. Such alternative use of terminology, however, whatever its basis in the trade names under which the products may be actually sold, seems to me to be inconsistent with the written evidence as to the state of affairs existing at the end of 1994 and I will take the expression 'Quickdress' to cover either or both of inventions A and B, distinguishing only when the context allows.

Turning to Mr Davidson's case in detail, it is his contention that the idea for invention B came to him around 18 November 1994. In support of this he has filed as evidence a rough sketch, dated the same day, and containing some instructions and dimensions regarding manufacture of a component. The drawing and particularly its associated text is not entirely clear, but appears to show a component which is a cylindrical tube having a circumferential flange and a pair of annular grooves in its outer surface for use as a pipe coupling. Mr Davidson states in his first affidavit that this sketch was to instruct W&B to manufacture prototypes of invention B for testing. In his second affidavit, he explains that he had reservations about the integrity of the O-ring seal in his earlier application (invention A) and came to the view that a better seal would be achieved if the O-ring were compressed axially between two shoulders. Thus, he had the idea of providing an outwardly directed circumferential flange on the pipe tailpiece. He added that he included two additional O-ring seals in peripheral grooves to the

original prototype component. He goes on to explain that the prototype components were made by W&B on 18 November 1994 and, when testing the prototype coupling at home the same evening, he formed the view that the annular grooves (or more accurately, the O-ring seals that they carried) were not necessary, so he himself cut off that portion of the pipe (thus forming a component corresponding to that in invention B) and retested the coupling. As a result of the success of this modified component he requested W&B to manufacture a complete prototype of invention B shortly after 18 November 1994.

Mr Hicks questioned Mr Davidson at some length about this sketch, and in particular about the textual matter it carries relating to the grooves. This matter is clearly an instruction to the person making the part(s). According to Mr Hicks, this read "O RING GROOVES (MAKE ONE WITH GROOVES AND ONE WITHOUT)". Mr Hicks put it to Mr Davidson that in his written evidence, he had referred to only one prototype part, whereas the instructions on the drawing would suggest that he had two prepared, and one of those had no grooves, so casting doubt on his evidence that he had needed to remove the portion carrying the grooves. Mr Davidson maintained that he had cut off the portion carrying the grooves, and sought to explain that the reason he did this was that the non-grooved prototype part had not been made to the correct dimensions to fit the test jig he had at home for pressure-testing the connectors. It was Mr Hicks' contention that this contradicted Mr Davidson's affidavit, which referred only to one prototype - one which had grooves in. Mr Davidson countered by suggesting that in fact, as in all development projects, many prototypes were made, including, in this case, one without grooves.

Of course, if the text on the drawing did say "make one with grooves and one without", it would have strengthened Mr Davidson's case in that it would be direct evidence that he had the essential component of invention B. He did not, to my mind, satisfactorily explain however why the non-grooved sample should be a different size (such as not to fit his test jig and necessitate modification of the grooved sample) when the parts ostensibly had been made in respect of the same drawing and instructions. In retrospect, I perhaps see why. At the hearing I expressed the view that what the text might rather say was "O RING GROOVES (MAKE ONE WITH TWO SLOTS AND ONE WITHOUT)" (my emphasis), the word 'two' being

nearly obliterated by a filing hole punched adjacently the edge of the document. On inspecting the document again, I have come to the conclusion that what it actually says is something different again, viz. "O RING GROOVES (MAKE ONE WITH TWO SLOTS AND ONE WITH ONE" (again my emphasis). This would be more consistent with Mr Davidson's written evidence insofar as it suggests that he did not have a test piece without grooves, but is not consistent with his evidence from the witness box.

In my view, the textual matter was misread by Mr Hicks (who was working from a poor copy) and this resulted in the cross-examination to some extent being misdirected. Mr Davidson's replies to the cross-examination by Mr Hicks were thus an attempt, more than 2½ years after the event, to reconcile what he recalled to be the situation, namely that he did not have a suitable sample without the grooves, with the instructions presented to him by Mr Hicks as being present on the drawing. Although Mr Davidson's oral testimony thus raised doubts regarding the consistency overall of his evidence, I am not satisfied that the drawing, and the text on it, have been shown to be fatally inconsistent with the evidence given by Mr Davidson in his second affidavit.

Also, in regard to the drawing, Mr Hicks pointed out that the component shown did not correspond with the component that formed that part of the connection associated with invention B in patent application 9425400.0, which was filed subsequently on 14 December, and from which the case in suit claims priority, nor did the drawing show the other essential components of the overall connector. I agree that this drawing only shows a supposed precursor of the distinctive flanged component of invention B and does not show any of the other components of the coupling. However, I observe that these latter are essentially identical in invention A and invention B, so it would be reasonable to expect that they would be left out of the drawing, which shows only the modified component. Mr Hicks also expressed doubt about the veracity of the date on the drawing, implying, I presume, that the drawing was made or the date inserted later than 18 November 1994. On reflection, I do not consider this proposition to be likely. If Mr Davidson was in the business of producing false evidence after the event, then he could have produced more convincing material than he did provide. Further, I consider a drawing of about this date to be consistent with the subsequent events which I will go on to consider.

In summary therefore, I find that the drawing, insofar as it exhibits the circumferential flange distinctive of invention B as compared to the prior construction of invention A, establishes that the initial steps towards invention B were taken on or about 18 November 1994. The question is whether there is any further evidence to establish the date of the subsequent development of invention B to late November 1994 as stated in Mr Davidson's affidavits. The drawing dated 18 November 1994 is the only direct evidence in this regard, the remaining evidence is circumstantial. I will consider the apparent sequence of events chronologically.

On 21 November 1994 Westco are shown to have contacted WPT regarding the preparation of an assignment for inventions A and C. They point towards this as evidence that Westco did not know about invention B, which is a modification of invention A, at this date. Otherwise, it would have been included in the negotiations. This is not inconsistent, however, with the statement in Mr Davidson's second affidavit that he did not tell Westco about the invention until 24 November 1994, and I note that the 21 November 1994 was the Monday (*ie* the first working day) following Friday 18 November when Mr Davidson first claims to have hit upon the inventive concept, thus leaving little time for him to do so anyway.

As I have indicated, Mr Davidson claims to have told Messrs Phillips and Rice of Westco about invention B on 24 November 1994. Mr Phillips denies this and points to the evidence that on the same day when instructions were issued for patent searches to be carried out on inventions disclosed by Mr Davidson, the instructions were in respect only of inventions A and C. Had Westco been aware of invention B at this stage, he suggests, they would have had a search carried out in respect of that one too. Mr Davison, for his part, points out that at this stage no patent application or intended claim existed for invention B and, hence, there was little basis on which to search. I agree. The instructions for the searches were in terms of the specific patent applications which were the intended subject of the proposed assignments.

Mr Davidson has stated that "shortly after 18 November 1994" he instructed W&B to manufacture a complete prototype of invention B, and then he told Westco about the invention on 24 November 1994. The exhibited correspondence establishes that Westco themselves wrote to W&B on 24 November (apparently in response to a fax of the previous day from

W&B) setting out authorisation criteria for prototype work ordered by Mr Davidson, and on 1 December 1994 eight hours of such work was authorised by Westco in respect of "manufacturing parts for Quickdress snap fit joints". It is Mr Davidson's contention that this was retrospective authorisation for the work ordered around 18 November, *ie* manufacture of the invention B prototype. If I understood Mr Hicks correctly, it was his contrary contention that because of the ambiguity in the 'Quickdress' terminology this might have been equally well work in respect of invention A. However, given the written evidence of Mr Phillips for Westco that these prototypes were for a meeting with Caradon Heating Ltd on 14 December 1994 at which invention B was to be disclosed, and given Westco's exhibited letter dated 19 January 1995 to W&B which states that only one project was authorised, it appears that Westco must have been in a position to order a prototype for invention B on 1 December 1994, and thus the work authorised on that day related to invention B. I note that the invoice dated 15 December 1994 subsequently submitted by W&B to Westco includes 10 hours of work charged under the descriptive heading "SKETCH Pipe Fitting" rather than the 8 hours actually authorised and thus seems consistent also with Mr Davidson's statement that he was informed that the initial sample produced on 18 November took about 2 hours to manufacture. Mr Davidson claims that W&B had in fact already made the parts by the date of this authorisation or at least had the work well in hand, but I can see no documentation to confirm this one way or the other.

Mr Phillips has also declared that Westco first enquired about making a patent application for invention B on 6 December, filing as supporting evidence, a reply, presumably from the Patent Agents WP Thompson, dated 6 December, and referring to "your recent enquiry". Mr Phillips has also produced evidence to show that modified drawings to cover invention B were ordered on 7 December, following a precise quotation received from a firm of designers on 6 December. I do not question any of this evidence. I merely observe that it is evidence which suggests that Westco were aware of the invention by 6 December 1994 at latest.

Having carefully weighed all this evidence, I come to the conclusion that Mr Davidson's account of how the invention was made is a true account, and on the balance of probability he has established to my satisfaction that the invention was in essence made in the period 18 November 1994 to 24 November 1994.

What I now have to decide is the relationship between Mr Davidson and Westco at the time that he devised the invention. Mr Davidson suggests that at least up until 30 November 1994, he was a free agent in that he was not working for Westco. His employment began on 1 December 1994. Westco contend that even if the invention was made in late November, Mr Davidson was, by virtue of an informal verbal agreement, their employee for the purposes of Section 39 of the Patents Act 1977, and so the invention belongs to them.

Section 39 states:

(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 these purposes to belong to the employee.

Neither party presented any argument in regard to whether, assuming Mr Davidson was employed by Westco within the meaning of the above section, the terms of section 39(1) should apply as opposed to the terms of section 39(2). I take this as indicating, in as far as there was such 'employment' that it is not disputed that section 39(1) would apply, and I find that consistent with Mr Davidson's intended role as a 'Design Engineer' as set out in Westco's offer of employment of 25 November 1994.

It is Westco's case that in the period from 14 November 1994 to the end of that month, while Mr Davidson was using the premises and facilities of Westco, he was, for the purposes of the

Act, an employee of Westco or regarded himself as such. The term 'employee' is itself defined by reference to section 130 of the Act in terms of a person who works under a contract of employment. Westco concede that there was no written contract covering November (nor any signed contract for December for that matter). Although no formal contract of employment was ever signed by Mr Davidson and Westco, it is clear that Mr Davidson believed that his relationship with Westco changed on 1 December 1994. He had received an official offer of employment on 25 November, which stated that his employment would commence on 1 December 1994. I note that this offer did not refer to the employment as being considered to have commenced earlier in November.

Mr Phillips, however, maintains that there was an effective prior oral contract in respect of a verbal agreement between Mr Davidson and himself that Mr Davidson would start work on 14 November, and that he would be paid a full month's salary in December, although he would not be entitled to it, because his leave entitlement would be less than the leave actually taken because of the Christmas shut down. Mr Davidson denied that there was such an agreement, pointing out, as I understand it, that it would not have been much of a deal for him, involving him working more days in November than he would have had off in December. I note from a calendar for 1994, that there are 13 working days from 14 November to 30 November, whilst from 21 to 31 December there are only 6 working days. The conflict of evidence in this regard is not easy to resolve and both Mr Phillips and Mr Davidson were adamant under cross-examination as to their contrary version of events. In the event I find myself swayed by the only piece of documentary evidence I have casting any light upon this period. It is a DHSS questionnaire completed by Mr Phillips for Westco subsequent to Mr Davidson's dismissal and which asked for details of Mr Davidson's dates and terms of employment, presumably with a view to ascertaining his eligibility for unemployment benefit. I will quote two extracts which read as follows:

Question 1) "Mr Davidson made a claim for benefit from 23/12/94 but you have stated his employment terminated on 31/12/94." (*Answer "He was paid for the month of December although he finished on the 20th"*). "Was he in your employment from 23/12/94 to 31/12/94? If so, how much was paid for this period?" (*Answer "No although he was paid for these dates"*).

Question 5) "Under what circumstances was he paid salary to 31/12/94 when he last worked on 20/12/94?" (*Answer " Monthly salary paid into bank early for December normally paid rest of year on or about the 23rd of month"*).

I note that there is no reference in the answer to question 5 to Mr Davidson being paid *in lieu* of the period worked during November, instead there is explanation for the apparent overpayment on the fact that the monthly payment was made early for December. Mr Phillips in cross-examination argued that if the overpayment had not been to cover the November period, then Westco would have subsequently attempted to recover it as they did in other cases. This may be so, but that is not what the answer to question 5 suggests. I conclude that normal paid employment did not begin until 1 December.

Although Mr Phillips suggests it was part of the verbal agreement that out of pocket incurred during November would be paid, Mr Davidson denies this. Whatever, it seems that in the event, apart from a train fare in respect of the HEVAC exhibition on 17 November, Mr Davidson received no travel or other expenses during November. On the other hand, Mr Davidson had free use of telephone and perhaps other facilities at Westco's offices and did not apparently have to keep full office hours. Of course, even if not paid, Mr Davidson had the incentive of the foreshadowed job offer pending successful negotiations and of the capital sum to be received upon successful completion of the assignment of inventions A and C, and he himself acknowledges he was keen to move matters forward for these reasons.

Mr Hicks suggested to me that, even if the invention had been made in November, Mr Davidson's actions at the time, in allowing the application to go forward in Westco's name, pointed to his recognition that he made it as an employee of Westco and that invention B accordingly belonged to Westco. He questioned Mr Davidson as to why he had not tried to include invention B in the agreement already under negotiation between him and Westco in respect of inventions A and C. Mr Davidson explained that as the application filed on 14 December 1994 was claiming priority from the earlier application for invention A over which he had control, he believed that he had some control over the later application. After all, he

said, it described invention A as well as invention B. I find this explanation believable. It would have required some considerable foresight on Mr Davidson's part to realise what would in fact happen, *ie* that the assignment of invention A and his employment with Westco would both fall through and that Westco could validly produce an independent patent in their name by cancelling the priority claim and filing a subsequent application for invention B only.

Mr Hicks put it to me that one possible explanation of Mr Davidson's position in November would be that of a self-employed consultant for Westco, and any work he did belonged to Westco. He referred me to the decision in *Godwin and Rennie's Application* [1996] RPC 141 where Lord Cullen on page 178 referred, on the question of a contract, to an earlier decision of Aldous J in *Bogrich & Shape Machines Ltd.'s Application* (CH 1992 P No. 6973). In that case Aldous J decided that a Mr Potemkin, who was carrying out consultancy work for the applicants, did not own the rights in an invention made during that consultancy work. Mr Hicks suggested that the situation in the present case was similar. Mr Davidson was, in effect, a self-employed consultant in the period before formal employment began and whilst the paperwork for the formal employment was being drawn up. I find this suggestion untenable on two counts. Firstly, no evidence has been presented to show that Mr Davidson was working on anything other than his own developments during that period. Although he was negotiating to sell the rights in these ideas to Westco, they were still his at this stage. In this regard I take note of a letter dated 3 April 1995 between the solicitors for the parties and which, when referring to a sum invoiced from W&B which appears to correspond to the additional 2 hours of work commissioned in respect to the drawing dated 18 November 1994, states "*We do know at least £70.00 of the amount mentioned was outstanding from November from your clients to Wheelock and Berry Limited i.e. before any temporary relationship existed between our respective clients. Any work done was personal to your client and in so far as you say it is our clients responsibility was done without authorisation*" (my emphasis). Secondly, I have already said that it is my conclusion that Mr Davidson was not paid or otherwise compensated for the period in November that he was occupying an office at Westco which I believe to be not the position in respect of the quoted precedent cases.

Thus I conclude that Mr Davidson devised the invention, the subject of the patent in suit, between 18 November 1994 and 24 November 1994, and that at that time he was not an employee of Westco for the purposes of Section 39 of the Patents Act 1977 nor are Westco otherwise entitled to invention B. I therefore order that Patent Application 9525491.8 should proceed in the name of Paul Anthony Davidson alone, instead of Westco Building Components Limited.

Although Mr Davidson represented himself at the hearing, he had originally engaged counsel and he has indicated his costs in relation to this action to be significant. It is not the practice for full costs to be awarded following hearings before the Comptroller, but insofar as Mr Davidson has been successful in his reference he would normally get a contribution towards his costs. Equally, however, I realise that Westco have met filing and other costs in respect of the patent application in suit (as well as GB Application 9425400.0 from which priority is claimed), and which I would expect to exceed any contribution I might award to Mr Davidson. I think it is appropriate that Mr Davidson should make some contribution towards these costs since he will now have the benefit of the application. In the circumstances, therefore, I propose to make no order for costs in this action.

The period within which any appeal to the Patents Court from this decision must be lodged is six weeks from the date of the decision.

Dated this 1st Day of August 1997

G M BRIDGES

Superintending Examiner, acting for the Comptroller

THE PATENT OFFICE

