

PATENTS ACT 1977

IN THE MATTER OF references under sections 8 and 12 by Xtralite Limited (now Xtralite (Rooflights) Limited) in respect of UK patent application no. GB0030017.8 and European patent application no. 00310908.9 in the name of Xtralite Industrial Rooflights Limited (but now assigned to Hartington Conway Limited)

Introduction

- 1 The present dispute concerns who is entitled to the patent rights for the invention described in UK patent application No GB0030017.8. The invention relates to a particular form of glazing system known as a “rooflight”, though I do not need to go into the technical details since they are of little relevance to the matters at issue. As with many entitlement disputes the background to the case is complex and messy.
- 2 It is not disputed that the inventor of the glazing system is a Mr Robert Tweedy who is (or at least was) the Managing Director of a company called Xtralite Limited (whom I shall refer to as Xtralite). Xtralite began trading in 1993 and subsequently relocated to Blyth in Northumberland in 1995. Having spotted a gap in the glazing market, Robert Tweedy developed the rooflight system which is the subject of the present dispute between 1999 and 2000. It has become known as the Xlok.
- 3 In the meantime a sister company Xtralite Industrial Rooflights Limited (XIRL) was established in 1998 at Wolverhampton in the West Midlands. I have used the expression “sister company” because until the middle of 2000 all the directors and shareholders of Xtralite were also directors and shareholders of XIRL (though the latter had one additional director and some additional shareholders). However, whilst the day-to-day running of Xtralite was Robert Tweedy’s responsibility, the day-to-day running of XIRL seems to have fallen to a Mr Geoff Woodman. XIRL benefited from significant investment by Xtralite, but despite this, they started running into financial difficulties around February 2000. They signed a loan agreement with a supplier called Barlo Plastics in April 2000, but nevertheless went into administration in February 2001. Robert Tweedy resigned from the board of XIRL in December 2000.
- 4 A patent application for Mr Tweedy’s invention, ie Xlok, was filed on 8 December 1999. At the same time a separate application was filed for a different glazing system known as the Xlok+ invented by a Mr Richard Lowe. Further UK applications claiming priority from these earlier applications were filed a year later on 8 December 2000, the one which relates to Xlok being the subject of the present dispute. All these applications were filed in the name of XIRL. There is no dispute that XIRL rightly owns the Xlok+ applications, but whether XIRL were in fact entitled to be named as the applicants for the Xlok applications is at the heart of the dispute I have been asked to resolve.

- 5 I must now say a word about the parties, starting with the claimants. The section 8 reference was launched on 15 January 2002 by Xtralite. Xtralite, however, had themselves run into financial difficulties and had been in administration since February 2001. Their interest in the patent applications has now been assigned to a new company, originally called Redpuma Limited but later officially renamed Xtralite (Rooflights) Limited. Accordingly, as was accepted at the hearing, it is this latter company that now stands as the claimants. This information was only brought to the attention of the comptroller and the defendants one week before the hearing. (Indeed, the form 21/77 that the claimants said at the hearing they had filed to regularise this change of claimant was not in fact filed until two weeks after the hearing.) However I accept this was probably an oversight rather than a deliberate attempt to withhold information.
- 6 So much for the claimants, but the identity of the defendants has also changed. The patent application still stands in the name of XIRL on the register of patents and so they were originally named as the defendants. When the present proceedings had been launched it became clear that immediately after it had gone into administration this company had sold any rights it might have in the application to Hartington Conway Limited, and indeed an assignment to this effect has been included in the evidence on this case. Accordingly this case has proceeded on the basis that Hartington Conway are the defendants, notwithstanding the fact that it is not their name that is currently on the register.
- 7 During the evidence rounds it also emerged that there is also a European Patent Application (No EP00310908.9) for Xlok. This resulted in the new claimant company, Xtralite (Rooflights) Limited, filing the reference under section 12 at a very late stage in the proceedings. Both parties have agreed that the ownership issues relating to the two patents are the same. They therefore very sensibly agreed that it was not necessary to take the section 12 reference through formal pleadings and evidence rounds, and accepted instead that my decision on entitlement to the GB application should also apply to the European equivalent. I shall come back to the section 12 reference at the end. During the body of my decision I shall, in line with the way the case was presented at the hearing, refer only to the section 8 reference.

The Issues

- 8 The claimants' case can be summarised as follows. They argue that Robert Tweedy developed the Xlok system which is the subject of the application in suit as an employee of Xtralite. They say that his responsibilities at XIRL were limited solely to those of a non-executive Director and that he was not an employee of XIRL. Thus it is Xtralite who were entitled to apply for the patent in suit. They say that XIRL were named as the applicant by mistake and that this came about because all dealings with the patent agents were conducted by Geoff Woodman from the Wolverhampton premises on XIRL headed paper. As the patent was never an XIRL asset, it could not have been transferred to Hartington Conway when they bought XIRL.
- 9 For their part, the defendants assert that it was no mistake that the patent was applied for in XIRL's name. This was totally consistent with the view that it was always the intention for Xlok to be an XIRL product and that Robert Tweedy had developed it as

part of his duties or responsibilities with XIRL. If I find against them on this point, they assert in the alternative that the patent was just one of a range of assets that Xtralite invested in XIRL and whilst there was no document showing such a transfer, none is needed prior to the filing of an application and it was filed in the correct name. Even if I find them to be wrong on both those counts, the defendants contend that Xtralite are estopped from now claiming ownership of the patent. They say that Robert Tweedy was aware that the patent had been filed in XIRL's name and that he had done nothing to correct that. Furthermore they assert he was aware of the negotiations going on with Hartington Conway and that those negotiations involved ownership of the patent in suit. Moreover even if Robert Tweedy was not personally involved in those transactions, other directors of Xtralite were, and in the eyes of the law that was all that mattered. Thus Xtralite had acted as though the patent was owned by XIRL and they should not now be able to deny that.

10 In response to the defence of estoppel, the claimants argue that Xtralite never made any representation to Hartington Conway that the patent was owned by XIRL and in the absence of any such representation estoppel cannot arise.

11 Thus the issues I have to decide can, it seems to me, be broken down into three key questions:

C Who was entitled to make the initial application as the first owner of the invention? If that was XIRL (in whose name it was filed) then by subsequent sale of XIRL and its assets to Hartington Conway, ownership of the patent rights resides with Hartington Conway. If, on the other hand, I find it was Xtralite, I then have to address the second question:

C Were the rights in the application nevertheless transferred from Xtralite to XIRL? If yes, then again ownership resides with Hartington Conway. If no, I must then address the third question:

C Are the claimants estopped from claiming ownership of the rights because of the way their predecessor in title, ie Xtralite, behaved and acted in their relationships with the other parties in this dispute, in particular, by allegedly treating the rights as an asset of XIRL in all their business dealings?

The Hearing

12 I issued a preliminary decision on this case on 25 October 2002 to settle a dispute over the statement of grounds to be considered, evidence to be admitted and witnesses to be cross examined. The matter then came before me at a hearing on 12 and 13 November where the claimants were represented by Douglas Campbell, instructed by Hay and Kilner, and the defendants by Richard Davis, instructed by Serjeants.

13 The hearing commenced with a somewhat protracted series of exchanges on procedural issues. This was disappointing, but reflected the failure of both sides to examine their cases thoroughly well before the hearing so as to ensure they had put everything on the table in sufficient time for the other side to deal with it. A lot of inconvenience and argument could have been avoided if both parties had given appropriate consideration

to their cases and conducted diligent searches for crucial documents early on in proceedings instead of leaving things until the last minute.

14 Be that as it may, as well as resolving the claimants' current identity and how to handle the section 12 reference - both of which should have been sorted out well in advance - I was asked to rule on the admissibility of some further evidence. Firstly the claimants sought to admit a marketing brochure which they had shown the other side only the day before the hearing. I am at a loss to understand how what on the face of it could well have turned out to be one of the strongest pieces of evidence in support of the claimants' case only became available at the last minute, and suspect it was deliberately held back to wrong-foot the defendants. Such action is to be deplored. In the event, my deliberations as to whether or not to admit it were rendered otiose when Mr Campbell said he would in any case want to introduce it in cross examination to test the witnesses and Mr Davis accepted he could not resist this. Second, I admitted a further witness statement of Robert Tweedy in the absence of any objection from the defendants. Indeed, they could not object because it was replying to their own late filed evidence.

15 The final procedural point I was asked to consider concerned an assertion from the claimants that the defendants' skeleton argument pleaded grounds that had not been pleaded previously. The issue concerned the defendants' case on representation and reliance in connection with estoppel, which in the skeleton was broken down into three elements. At the hearing I decided that the second and third were merely reformulating the grounds I had allowed to be admitted in my preliminary decision on this case. They can be summarised as: through various bilateral documents Xtralite represented that XIRL were the true owners of the patents, a company can only act through its agents, and what was known to an agent was known to the company. The third ground was more contentious. It asserts that

“Xtralite and XIRL acted in concert to cause the priority document and the patent to be filed and hence to appear on the register in XIRL's sole name. The entry on the register constitutes a representation to the public at large (including, of course HC). When purchasing the assets of XIRL, HC relied upon this register entry.”

16 At the hearing I decided to admit the first part of this ground (on acting in concert) as the actions of the various directors and who they were acting for was central to the present case and would undoubtedly come across during cross examination whether I admitted the formal pleading or not. But I ruled out admitting the second part of the ground (relating to the register and Hartington Conway's reliance on it) as this had never previously been raised and it was too late to do so in the skeleton. In truth, although neither side realised this at the hearing, it was a hopeless point anyway because it overlooks the fact that the sale of XIRL's assets to Hartington Conway took place before any patent application had been published, and nothing appears in the register before publication - see section 32(2) of the Act and rule 44(1) of the Patents Rules 1995. In any case, there is absolutely nothing in the defendants' evidence that suggests they looked at the register. It is true that under the provisions of section 118(3) and rule 95, the name of the applicant does appear prior to publication in the comptroller's Journal published under section 123(6) and rule 115, but the defendants have not alleged that they looked at the Journal.

The law

- 17 Section 7(4) of the Patents Act 1977 says that the person who applies for a patent is taken to be entitled to that patent except so far as the contrary is established. That reinforces the onus that is on Xtralite to prove their entitlement to the patent.
- 18 Section 7(2)(a) says that it is primarily the inventor who may be granted a patent, but that presumption can be displaced under section 7(2)(b) by, *inter alia*, “rule of law”. In this instance, that means section 39(1) of the Act governing ownership of an invention as between an employee and an employer. Section 39(1) reads:

“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 have been 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.”

- 19 Section 30(6) also has a bearing on the present case. It says:

“Any of the following transactions, that is to say -

(a) any assignment or mortgage of a patent or any such application or any right in a patent or any such application;

(b) any assent relating to any patent or any such application or right;

shall be void unless it is in writing and is signed by or on behalf of the parties to the transaction (or in the case of an assent or other transaction by a personal representative, by or on behalf of the personal representative) or in the case of a body corporate is so signed or is under the seal of that body.”

- 20 For estoppel, Mr Campbell relied on Snell’s Equity and Mr Davis on Halsbury’s Laws of England. However, there was no real disagreement between them about the principles that apply. In a nutshell, a party who makes a clear, unambiguous representation of fact to another party, which is relied upon and acted upon by the other party to its detriment, cannot then allege that the fact is otherwise than it represented. Three key elements must therefore be present: representation, reliance and acting to one’s detriment. Both sides recognised that the representation can be by statement or conduct, that a relevant statement may be one made by a director and that “conduct”

can include silence or acquiescence. Mr Campbell pointed out, though, that silence does not give rise to estoppel if there was no duty to speak, and that the party who acts on the representation must be the party to whom the representation was made.

- 21 The only case law to which I was referred was *Ultraframe UK v Fielding & Ors* [2002] EWHC 1964, *IMH Investments Limited v Trinidad Home Developers Limited* [1994] FSR 616 and *Habib Bank Limited v Habib Bank A G Zurich* [1982] RPC 1 at p36. *Ultraframe* was raised in connection with employee inventions and I will come to that later. Conscious of the fact that arguments about estoppel are fairly rare in patent disputes, Mr Davis mentioned *IMH v Trinidad* solely to demonstrate that estoppel could apply in respect of patent rights. Mr Campbell did not dispute this, and I too can see no fundamental reason for supposing that estoppel is not applicable to patent rights.
- 22 As for *Habib Bank*, Mr Davis referred me to the following passage, which was actually quoting from an earlier unreported judgment of Oliver LJ:

“Furthermore the more recent cases indicate, in my judgment, that the application of the *Ramsden v Dyson* principle - whether you call it proprietary estoppel, estoppel by acquiescence or estoppel by encouragement is really immaterial - requires a very much broader approach which is directed rather at ascertaining whether, in particular individual circumstances, it would be unconscionable for a party to be permitted to deny that which, knowingly or unknowingly, he has allowed or encouraged another to assume to his detriment than to inquiring whether the circumstances can be fitted within the confines of some preconceived formula serving as a universal yardstick for every form of unconscionable behaviour.”

This, Mr Davis said, emphasised that estoppel was a flexible maxim. If there is unconscionable conduct and the laws of equity allow me to do something about it, I should do so without worrying about the exact mechanism.

Witnesses

- 23 At the hearing seven witnesses were cross examined. Mr Jonathan Avery-Gee (the Administrator of Xtralite), a witness for the claimants, Mr Jim Lowther (currently Director of Sales at XIRL but previously Area Sales Director for Xtralite), a witness for the defendants, and Mr Andrew Fennell (process engineering manager at Hartington Conway), another witness for the defendants, all came across as good honest witnesses. Their evidence was, however, not central to the case but merely supportive of a few indicative facts.
- 24 Mr Richard Lowe, the inventor of the Xlok+ glazing system, was another witness for the claimants. When he made his first witness statement he was an employee of Xtralite, having previously worked for XIRL and Hartington Conway, but he is no longer employed by any of the parties to these proceedings. Whilst he came across as an honest witness, he acknowledged certain mistakes in his written evidence which, whilst not as damning as Mr Davis would make out, did suggest a certain lack of attention to detail. I have interpreted his evidence with this mind.

- 25 Mr Ogilvie is the chairman of Hartington Conway and was cross examined on his evidence for the defendants. He also came across in the witness box as a good, honest witness. He did however acknowledge that a couple of the statements in his written evidence were not based on his personal experience and whilst that was apparent from the context anyway, his credibility is slightly undermined by his willingness to make assertions which he could not personally substantiate. Offsetting this, he explained in the witness box that he had written his first two witness statements without the help of his lawyers, so the fact that his evidence strays a little beyond matters of which he was personally aware is not so surprising. I therefore accept his evidence so far as it relates to matters he was directly involved in but not otherwise.
- 26 Robert Tweedy for the claimants and Geoff Woodman for the defendants were undoubtedly the key witnesses in the case. Both, I regret to say, were unconvincing in the witness box. With Robert Tweedy it became clear in cross-examination that he had not maintained a consistent story in the build up to the hearing. As an illustration, he initially denied seeing the minutes of a crucial XIRL Board meeting on 22 September 2000 but then, in the face of incontrovertible evidence, accepted that he had not merely seen them but agreed to and signed them. Likewise he initially denied that Xtralite had ever accepted XIRL's ownership of the patent application, but then had to back track when a copy of the minutes of an Xtralite board meeting on 20 September, which he had also signed, came to light, showing the company had agreed to approach XIRL for a licence. He was not able to provide any convincing explanation for these inconsistencies on what were fairly crucial points. For his part, Geoff Woodman was evasive in some of his answers and was clearly prepared to give answers that were incomplete to the extent of being misleading, for example over his involvement in the production of a marketing brochure. There was also ample evidence that both witnesses had been less than open in their business dealings. For example Robert Tweedy had not told Xtralite's Administrator of his plan for Redpuma to commence trading as Xtralite (Rooflights) Limited and Geoff Woodman was doing all sorts of things in XIRL's and Xtralite's names without apparently bothering to keep other directors in the picture. Against this background I have felt unable to rely on the evidence of either of these two key players when uncorroborated (save where it is uncontested). Even when it purports to have documentary support, I have looked carefully to ensure the documents really do support their story.
- 27 Written evidence was also submitted from Mr Peter Smith of Serjeants. This was not subjected to cross examination and was almost exclusively directed towards which company the patent agents processing the Xlok and Xlok+ patents were dealing with. The exception is his non-expert opinion on what a reference to a company that was at the time non-existent (Xtralite Rooflights Limited) was intended to mean and to which I have given no weight.

Who was originally entitled to the patent rights?

- 28 I must now endeavour to untangle the facts on the basis of the evidence I have been given, and I will start by looking at how the invention came about and the roles Xtralite and XIRL played in that. That will enable me to decide the first of the three key issues I have identified, namely, who originally was entitled to the patent rights.

29 It is not disputed that Robert Tweedy invented the Xlok system and that he did so as an employee. It is also not disputed that when he made the invention he was an employee of Xtralite. He was paid by Xtralite and had a contract of employment with them. He was also their Managing Director. What is less clear cut is his relationship with XIRL. It is not disputed that he was a director of XIRL. The question is, was he also an employee of XIRL and was the invention made in the course of duties assigned to him by XIRL and/or within the context of his responsibilities as a director of XIRL? Mr Davis asserted that the answer to both limbs of this question was yes, whereas Mr Campbell said the answer was no.

30 Mr Davis rightly asserted that a director of a company is not excluded from also being an employee of that company. This is entirely consistent with Laddie J's judgment in *Ultraframe* to which Mr Davis referred me, and it is, of course, also consistent with Robert Tweedy's relationship with Xtralite. However, Mr Tweedy did not have a written contract of employment with XIRL nor did he receive a salary from them. These are common pointers to the existence of an employer-employee relationship, but Mr Davis submitted their absence did not necessarily mean he cannot have been employed by XIRL. He relied on *Ultraframe* for the contention that a contract of employment need not be in writing, and argued that merely because Mr Tweedy chose not to take director's emoluments did not prevent him from being an employee. I agree. As Laddie J said in *Ultraframe*:

“Whether someone is employed by a company is a matter of fact to be derived from all the circumstances.”

However, as guidance for determining whether a director was an employee, Laddie J went on to quote with approval the following passage from *Gore Brown on Companies*:

“..usually a director who performs no more than the tasks of a director pure and simple (attending board meetings, and the like) will not be considered an employee of the company, whereas if he is appointed to some executive post such as managing director, or if he works full-time or part-time for the company so as to be part of its labour force, these activities may make him an employee even though he is also a director.”

31 Mr Davis argued that Robert Tweedy's responsibilities extended beyond those of a mere non-executive director. To support that assertion Mr Davis identified a range of tasks Robert Tweedy took on following XIRL board meetings. These included facilitating discussions on developing some new designs and tooling, checking details of a CAD licensing agreement and agreeing to compile a list of outstanding marketing reports. Having looked at what was involved in these tasks, I am not persuaded that they are anything more than the sort of minor, non-time-consuming tasks that any director of any company might reasonably agree to do. They fall well short of suggesting that he had some executive post in XIRL or that he was employed part time by them. I conclude that the role Robert Tweedy was fulfilling at XIRL was that of a non-executive director and no more. He was not an employee. In short, when he made the invention Robert Tweedy was employed by Xtralite but not by XIRL.

32 For evidence on which company was responsible for commissioning the development of

Xlok I was referred to the minutes of the Xtralite board meeting of 12 January 1999. These report:

“New product developed for Erisco Bauder has been presented. Awaiting response. The introduction of economy rooflights is to be discussed at next sales meeting then presented to board. RT [*ie Robert Tweedy*] proposed a new design idea which if introduced would give Xtralite it’s (*sic*) own product to compete against the Twinfix systems. Action Discuss both above products at next sales meeting.

It is not disputed that Robert Tweedy’s “new design” referred to Xlok. Even reading this into the text, though, this is not the clearest of statements. “Both” products were to be discussed at the next sales meeting and yet three, not two, products have been mentioned. Moreover, even if one of those to be discussed was Xlok, it is not entirely clear that the board was giving the go-ahead for its development. Thus arguably these minutes on their own do not provide unequivocal endorsement of Mr Tweedy’s evidence that it was this board meeting that approved the development of Xlok. However this has to be set against the fact that I have not been shown anything from the XIRL board minutes that suggests they commissioned the development of Xlok, nor have any of the defendants’ witnesses alleged that XIRL did so. Against this background, I am satisfied that the written evidence supports Mr Tweedy’s assertions, and that the development of the Xlok was an Xtralite project which was specifically assigned to Robert Tweedy.

- 33 Having received approval from the Xtralite Board to develop the Xlok, Robert Tweedy commissioned a Mr Ken Oley to produce some design drawings around June 1999. Initial development work to produce prototypes of the Xlok was carried out at the Xtralite premises at Blyth by Mr Tommy Steele, Xtralite’s production director. Finally, a company called Seco Aluminium were commissioned to prepare some drawings of the dies required to manufacture Xlok. Again there is no dispute that all this work was paid for by Xtralite. Furthermore, Mr Oley’s drawings are clearly marked as having been prepared for Xtralite Limited.
- 34 Whilst it is difficult to pin down a precise date by which the invention can be said to have been “devised”, it was clearly around this time because the next step was the filing of the initial patent application. Who, then, did the patent rights properly belong to at this stage?
- 35 Robert Tweedy was the inventor, but there is no dispute that he made the invention as an employee and that the provisions of section 39(1) of the Act therefore displace the starting presumption under section 7(2)(a) that the right to the patent belongs to him. There is no dispute that he was employed by Xtralite. I have found that the duties that gave rise to the invention were specifically assigned to him by Xtralite, so irrespective of whether those duties might also have been properly considered to be part of his normal duties, as between Xtralite and Robert Tweedy the invention belongs to Xtralite under section 39(1)(a).
- 36 Mr Tweedy was also the Managing Director of Xtralite and a director of XIRL. Both sides accepted that a director has “a special obligation to further the interests of the

employer's undertaking" within the meaning of section 39(1)(b). Had Robert Tweedy been employed by both Xtralite and XIRL, that would have created an interesting conundrum under section 39(1)(b) because this would have provided a basis for both companies to make a claim to the invention. However, I have found Robert Tweedy was not employed by XRIL, so section 39(1)(b) does not bite in respect of his relationship with XRIL, whilst it reinforces the finding I have already made under section 39(1)(a) in respect of his relationship with Xtralite. It follows that initially it was Xtralite who had the right to be granted a patent for the invention, not XIRL.

37 That, of course, does not dispose of the matter, because what I have to determine is who is entitled to be granted a patent now. I will therefore turn to the questions of whether the rights to a patent were subsequently transferred from Xtralite to XIRL (and hence to Hartington Conway), and if not, whether Xtralite are nevertheless now estopped from asserting ownership. To answer these questions, I must endeavour to establish the facts by looking first at the evidence of what the parties did and then at the evidence of what they intended. I can then consider the legal consequences of what I have found to be the facts.

The facts: what did the parties subsequently do?

38 I will start with the filing of the original patent application (the "priority application"). The task of securing patent protection was entrusted to Geoff Woodman because he had dealt with patent agents in the past. All the correspondence with the patent agents (Forrester Ketley) relating to the filing of the patent application was conducted by Geoff Woodman on XIRL headed paper. This culminated in the filing of the priority application on 8 December 1999 in XIRL's name, and it was XIRL to whom the patent agents sent invoices for the work they undertook. I will consider why the application was filed in XIRL's name later, but for the moment I will make two observations. First, there is no evidence of any exchanges of correspondence between Xtralite and XIRL as to the name in which the application should be filed. Second, Geoff Woodman was, of course, simultaneously discussing with the patent agents the proposed patent application for Xlok+, and it was, of course, quite correct for the Xlok+ application to be filed in XIRL's name.

39 In the period that followed the filing of the priority application, the picture becomes more confused in the sense that both companies got involved in the Xlok invention. There was still more development work to do, and Xtralite seem to have continued as the prime contributor on this. Mr Oley was commissioned to undertake more work and he produced a further series of design drawings around February and March 2000. Under cross examination, Robert Tweedy accepted that the invoices he had submitted as evidence that Xtralite had paid for this further design work could not have related to this particular work, but despite that, it is not disputed that it was Xtralite who paid for this design work. Moreover, there are endorsements on the drawings to the effect that Xtralite own the copyright in them, and leaving aside the question of whether those endorsements are strictly correct in law, they leave no doubt that it was Xtralite who commissioned the drawings.

40 It is not disputed that Xtralite also paid for the subsequent work by Seco Aluminium to manufacture the dies to make the Xlok. The design drawings from this phase clearly

identify Xtralite as the customer. What is more, following their manufacture, the dies were held by Seco who clearly take the view that they are holding them on behalf of Xtralite because they have been unwilling to allow anyone other than Xtralite to benefit from them, a source of considerable resentment to Mr Ogilvie when Hartington Conway bought XIRL. I note, though, that Xtralite also paid for Seco to manufacture the dies for the Xlok+ even though they never laid any claim to the Xlok+ invention.

- 41 On the other side of the coin, XIRL continued to take responsibility for handling the patent side of things. This extended beyond the mere filing of the patent applications and included obtaining advice on whether either Xlok or Xlok+ would infringe any existing rights.
- 42 On the marketing of Xlok and Xlok+ the division of responsibilities is very confused. A new salesman, Mr Western, was recruited by XIRL in Wolverhampton and initially paid by them, but he subsequently transferred to the Blyth site and Xtralite's payroll. I am prepared to accept Mr Lowther's assertion that initially Mr Western was responsible for marketing both products, but his role on transfer to Blyth is less clear. The marketing brochure to which I referred earlier shows that the two companies did undertake joint marketing initiatives because it contains details of both Xlok and Xlok+ systems (amongst others) and the contact details of both companies. However, the colour scheme employed clearly implies that Xlok was an Xtralite product and Xlok+ an XIRL product, contrary to the assertion of Mr Lowther (and Mr Ogilvie) that Xlok was always considered to be an XIRL product.
- 43 While all this was going on, XIRL was struggling financially. They therefore negotiated and concluded on 6 April 2000 a loan agreement with one of their suppliers called Barlo Plastics NV. There were, in fact, three agreements between XIRL and Barlo - the loan agreement, a debenture and a supply agreement - but for present purposes the loan agreement is the most relevant document. This agreement includes clauses that assume both the Xlok and Xlok+ patents belonged to XIRL. It carries the signatures of representatives of Barlo Plastics and XIRL, as one would expect, but it is also signed on behalf of Xtralite. The signatories for Xtralite were Geoff Woodman and Brian Martin, the same as the signatories for XIRL. Geoff Woodman was entitled to sign as a director of Xtralite, but I am unclear about the capacity in which Mr Martin signed as there is no evidence he was a director of Xtralite or connected with the company in any way (though he was a director of and employee of XIRL). It is worth noting that none of the Xtralite directors based at Blyth, including Mr Tweedy, signed the agreement. It is also worth noting that, whilst a signatory, Xtralite's involvement was peripheral and primarily concerned with a supply agreement of its own and the subordination of its own loans. I should add that the debenture also contains clauses that assume both the Xlok and Xlok+ patents belonged to XIRL, but this document was not signed on behalf of Xtralite.
- 44 These events take us up to September 2000. Robert Tweedy says that it was around 18 and 19 September that he had his first opportunity to study the Barlo loan documentation and that he was immediately concerned that the Xlok patent application was treated as an XIRL asset. He says he was sufficiently concerned that he telephoned Geoff Woodman immediately. It is not disputed that that telephone conversation took place, or that Geoff Woodman consulted with his lawyer brother (Peter Woodman) on

the issue. Furthermore it is not disputed that following the conversation with his brother, Geoff Woodman told Robert Tweedy that it was now too late to do anything about the patent being in XIRL's name because it was part of the Barlo agreement, and that the only way forward was for Xtralite to apply to XIRL for a licence.

45 Robert Tweedy responded by taking the matter almost immediately to an Xtralite board meeting, on 20 September, which Geoff Woodman apparently also attended. The minutes of that meeting read:

“At the meeting discussions took place with regard to obtaining a license (*sic*) from Xtralite Industrial Roofing Limited to manufacture, distribute & sell from Blyth the Xlok and Xlok+. It was agreed a formal approach should be made with regard to the above, it was also suggested we should offer to accept the costs which would be incurred in the completion of the designs and further tooling required.”

46 Two days later a board meeting of XIRL, also attended by both Robert Tweedy and Geoff Woodman, agreed to the request for a licence. The terms of the licence were discussed at the joint management meeting of the two companies on 8 November 2000 and it was finally signed on 31 January 2001.

47 One of the other outcomes of that joint management meeting was a document outlining XIRL's business plan for exploitation of the Xlok. Amongst other things that plan envisaged the manufacturing of Xlok and Xlok+ by XIRL at the Wolverhampton site and by Xtralite under licence at Blythe, Xtralite paying a 5% royalty to XIRL for sales of Xlok under licence, with cross-trading between sites at an inter-company discount of 15%. The plan also covered how each company would contribute to costs of shared sales staff. In short, some discipline was now being introduced into setting out the individual companies' responsibilities. It is a shame that this did not happen until such a late stage.

48 Whilst these negotiations were going on, the processing of the Xlok and Xlok+ patent applications was progressing somewhat more smoothly. The application in issue (GB0030017.8) for the Xlok system and one for the Xlok+ system were filed on 8 December 2000, claiming priority from the priority applications that had been filed exactly one year previously. Once again they were filed in XIRL's name. There is no dispute that once more it was XIRL who incurred all the costs related to the filing of these applications. The invoice from Forrester Ketley, the Patent Agents processing the applications, was made out to XIRL and the transactions are listed on XIRL's internal budget documents.

49 The final step in this sequence of events was the sale agreement transferring ownership of XIRL and its assets to Hartington Conway, dated 31 January 2001. As one might expect, the document is lengthy one, listing as it does all the individual assets to be transferred. Amongst them are the patents that were held in XIRL's name including the priority applications for the Xlok and Xlok+ systems. (It should of course have quoted the later applications rather than the priority applications, but neither side made an issue of this as the intention of the agreement was quite clear.) Thus the agreement rightly or wrongly included the Xlok patent rights as an asset of XIRL. The agreement is notable

in one further respect. It contains what Mr Ogilvie considered to be a standard clause when dealing with an administrator which effectively gives the buyer no recourse should it transpire that he had not in fact acquired rights to any of the assets (and that would include the intellectual property) which were mentioned in the agreement. Basically, according to the terms of the sale, the onus was on the buyers (Hartington Conway in this instance) to make their own checks to ensure XIRL did in fact own the assets in question.

- 50 In going through the sequence of events I have ignored some events (such as the work conducted by a structural engineer Mr D K Strachan) where it is not clear from the evidence on behalf of which company Mr Tweedy was working and which consequently served neither to strengthen the claimants' case that they had conducted all the development work nor contradicted that assertion.

The facts: the intentions of the relevant parties

- 51 So much for the actual events that took place over the relevant period, but for the purposes of the present dispute I also need to look at what the evidence reveals about the intentions of the relevant parties as these events unfolded. The key "relevant parties" in this context are Xtralite and XIRL, but I will start by looking at the intentions of Robert Tweedy and Geoff Woodman.
- 52 I will leave open the question of whether Geoff Woodman intended the Xlok patent to belong to XIRL right from the start, ie before the first patent application had even been filed. His behaviour, thereafter, however, suggests that whatever his motives may have been in getting the priority application filed in XIRL's name, he was subsequently very happy with this situation. His involvement in negotiating the Barlo loan agreement, his telling Robert Tweedy it was too late to do anything about the ownership and his negotiations with Hartington Conway show no doubts on his part that he became entirely content for the patent rights to reside with XIRL. I have reached this conclusion without relying on Mr Lowe's allegation that Geoff Woodman admitted to him gleefully that the patent rights had ended up in XIRL's name by a mistake which was very fortunate from XIRL's viewpoint. I treat this allegation with some caution because first Mr Lowe said the conversation took place when XIRL was about to go into administration and then later he said it was when the Barlo agreements were being negotiated. In light of his performance in the witness box, though, I am satisfied Mr Lowe does genuinely recall an instance in which Geoff Woodman made this admission with manifest glee, but as I cannot be sure when and in what circumstances the conversation took place, it does not carry much weight.
- 53 On the face of it, Robert Tweedy's position is less clear cut, but having examined the evidence I feel that until he came close to launching the present proceedings, he too was not as unhappy as he would now have us believe about XIRL owning the patent rights. He knew the first patent application (and the corresponding European patent) had been filed in XIRL's name but as Mr Davis rightly observed, nowhere in his evidence does he suggest he protested about this at the time or tried to get the ownership changed. What is more telling, though, is that although he insisted in the witness box he was upset when he had been told by Geoff Woodman in September 2000 that it was too late to alter the position, the actions he then took are completely inconsistent with this. Even

though he had been speaking to Xtralite's solicitors only the previous working day, far from contacting them again to discuss the problem he simply wrote to XIRL two days later in his capacity as a director of Xtralite requesting a licence. Further, having received the draft licence he referred it to Xtralite's solicitors for advice but did not even mention to them his supposed belief that the patent rights properly belonged to Xtralite anyway. His excuse for acquiescing so meekly was that Peter Woodman had allegedly supported Geoff Woodman's assertion that it was too late to change the ownership and he knew Peter Woodman was a lawyer. I find this difficult to believe. In my view the evidence strongly suggests Robert Tweedy was only marginally less content than Geoff Woodman for the rights to belong to XIRL. If that were not the case, I am quite sure he would have raised the matter with Xtralite's own lawyers, and he did not.

- 54 I have considered the intentions of Geoff Woodman and Robert Tweedy because in these proceedings they have often been treated as though they are synonymous with XIRL and Xtralite respectively. However, whilst their intentions as directors are significant, I cannot assume they necessarily reflect the intentions of those companies, especially as both were directors of both companies. Given the somewhat muddled situation, I need to look for other evidence to confirm the companies' intentions.
- 55 One would normally expect the headed paper used for correspondence to be a definitive guide to the company to whom the correspondence should be attributed. However the evidence in the present case has led me to agree with the claimants' submission that the headed paper used simply reflects who wrote the letter, not the company on behalf of which the letter is written. If Robert Tweedy wrote a letter, because he was based at Blyth he would use the headed paper of the Blyth company, ie Xtralite, whilst if Geoff Woodman wrote a letter, because he was based at Wolverhampton he would use the headed paper of the Wolverhampton company, ie XIRL. Thus the fact that the correspondence with the patent agents was conducted on XIRL headed paper almost certainly had more to do with the fact that Geoff Woodman took on the task of securing patent protection for both Xlok and Xlok+ than any considered decision by the two companies that XIRL were to own the patent rights for both products and not just Xlok+. I am also sure this is how the Xlok patent application came to be filed in XIRL's name - it was an accidental consequence of the fact that Geoff Woodman had been corresponding with the patent agents on XIRL's paper and was not, as the defendants would have me believe, a clear indication that it was generally understood that the patent was to belong to them. I must therefore look for other evidence of the companies' intentions.
- 56 The minutes of the board meetings of the two companies should also provide definitive evidence, but again I have found that I need to treat them with care because the information in them is surprisingly sketchy. It may be that both sides have been pretty sparing and selective in deciding which minutes they will offer in evidence, or maybe the boards simply didn't meet very often and when they did, they didn't record their deliberations and conclusions very fully in the minutes. Whatever the reason, though, it is surprising that, as Xlok was such an important development for Xtralite and XIRL, I have not been shown more references to it in either company's minutes. I have come to the conclusion that I cannot rely on the board minutes for a complete picture. However the minutes do provide evidence of the one tangible acknowledgement by Xtralite that

XIRL owned the rights, and that is in recording their desire to seek a licence shortly after Geoff Woodman had told Robert Tweedy the ownership could not now be altered. The difficulty with this acknowledgement is that the minutes give no clue as to why Xtralite accepted that this was the position.

- 57 During the hearing, Mr Davis referred to “numerous bilateral documents” in which he claims Xtralite and XIRL represented to each other that XIRL were the true owners of the patent. I have examined all the documents that Mr Davis relied upon to show this but have come to the conclusion that with the exception of the exchanges between the two companies over a licence and the Barlo loan agreement, the documents in question are not “bilateral documents”. In particular, all the meetings for which I have been shown minutes were exclusively Xtralite or XIRL board meetings, save for the one joint management meeting on the licence. I am not prepared to accept minutes from other meetings as representations from one company to the other, even though some of those present at one company’s meeting were also directors of the other.
- 58 What is not in dispute, though, is the fact that Xtralite were supporting XIRL heavily and pouring resources into it. For example, Xtralite lent XIRL substantial sums of money. They were then prepared to subordinate their own loans to the Barlo loan when the Barlo loan agreement was negotiated. There may be an issue as to whether any board members other than Geoff Woodman knew this had been done, but the fact is it was done in Xtralite’s name. As another illustration, as I have mentioned above, Xtralite commissioned and ended up owning the dies for the Xlok+ rooflight even though at no stage did it ever presume to own any rights to that product. This support is relevant because the defendants argue that it is not surprising that Xtralite gave the patent rights to XIRL - it was simply another resource given to that company.
- 59 To assess that argument, I need to consider why Xtralite were supporting XIRL so heavily, so that I can determine whether the transfer of the patent rights would fit in with Xtralite’s objectives. There is no evidence of any contract or agreement between the two companies to offer Xtralite anything in return for all that it was giving XIRL. I must therefore assume Xtralite were hoping for some spin-off benefit from XIRL’s success, but what? They might have hoped for a licence, but that is not a benefit that justifies transferring the patent rights because they would not need a licence if they did not transfer them. It seems more likely on the evidence that the benefit for Xtralite had something to do with keeping different types of market separate, ie that Xtralite had established a reputation in one type of market and that XIRL was set up to trade in a different type of market without affecting Xtralite’s existing reputation. Having said that, the evidence on this point is certainly confusing. We have the different markets variously defined as industrial versus residential and local authority, small rooflights versus large ones, rooflights for corrugated roofs versus those for flat roofs, prestigious buildings versus functional buildings, and expensive rooflights versus cheap ones.
- 60 These points were explored extensively - and not, I must say, always profitably - by both counsel in cross examination. The conclusion I have come to on the basis of all the evidence is that whilst (as counsel tried hard to do) one can always find instances which muddy the boundary, by and large there is one market for small-panel rooflights for flat-roofs, generally for prestigious, residential/local authority buildings, and another market for large-panel rooflights for purely-functional, industrial roofs which are

normally corrugated. Whether to use an Xlok or an Xlok+ system in a particular installation seems to have been more to do with the size of the opening to be covered than anything else. The evidence suggests that XIRL was probably created to supply the second market, leaving the first to Xtralite. I am also satisfied that Xlok would mainly be used in the first market and Xlok+ in the second, although inevitably the division is not a totally clean one. On the basis of that conclusion, it becomes even more difficult to see why Xtralite might have wanted to donate the Xlok patent rights to XIRL, because Xlok fell more naturally into Xtralite's product range.

61 There is one other aspect that could potentially throw light on the relationship between the two companies, and that is what they manufactured and their manufacturing capabilities. It is common ground that XIRL's manufacturing capacity was very limited compared to Xtralite's. Moreover one of the defendants' own witnesses, Mr Fennell, confirmed that no Xloks had ever been made or sold by XIRL. This is consistent with a presumption that, at least in the short and medium term, Xloks would primarily be manufactured by Xtralite, not XIRL. Moreover, the evidence establishes that it was XIRL rather than Xtralite who had the facility for making rooflights for corrugated roofs, and that is consistent with the fact that Xlok+ was a XIRL product. If, as the evidence suggests, there might occasionally be an order for an Xlok in a corrugated roof or an Xlok+ in a flat roof, that would explain why the companies were prepared to show a little flexibility about exactly where products were made. However, the conclusion I reach from considering the manufacturing capabilities is the same as the one I have reached from considering the market divisions: Xlok fitted in better as an Xtralite product than a XIRL one.

62 In summary, then, I have found that the two key individuals, Robert Tweedy and Geoff Woodman, were at very least content for the rights to the Xlok patent to belong to XIRL, but of course they had the potential to benefit from their positions as shareholders in both companies. The intentions of Xtralite as a company in respect of Xlok - and indeed its intentions in relation to XIRL generally - are, though, unclear and enigmatic. I can make no business sense of Xtralite's liberal support for XIRL since there was no clear return for Xtralite, and in particular can see no reason why it might have wanted to donate the Xlok patent rights to XIRL. Equally, I am at a loss to understand why, as a company, it meekly decided to approach XIRL for a licence rather than challenge the ownership.

Legal consequences of these findings of fact

63 I must now consider the legal consequences for the ownership of the patent of the findings of fact that I have made. First I will consider whether Xtralite transferred the rights in the patent application to XIRL.

64 There was certainly no formal assignment from Xtralite to XIRL. However, both sides accept that this is not conclusive, notwithstanding the provision in section 30(6) declaring that any assignment which is not in writing shall be void. That must be right, because what I have to determine under section 8 is whether the claimant:

“... is entitled to be granted ... a patent for that invention or has or would have any right in or under any patent so granted ...”

and section 130(7) defines “right” as follows:

“‘right’, in relation to any patent or application, includes an interest in the patent or application . . .”

which clearly extends to equitable rights and not just legal ownership.

- 65 In this connection, though, Mr Davis argued that section 30(6) did not in any case apply before any patent application had been filed. It was, he submitted, an exception to the general rule that contracts or gifts did not have to be in writing to be legally valid and so should, like all exceptions, be interpreted narrowly. Bearing this in mind, he argued that there can be no right in relation to a patent application within the meaning of the definition of “right” in section 130(7) before a patent application has even been filed, and accordingly an assignment pre-application could be legally valid even though it was not in writing. Mr Campbell disagreed with this interpretation, arguing that section 30(6) did not require any particular document - eg a patent application - to be in existence. Its clear purpose, he said was to regulate the way in which monopolies can be transferred from one person to another, just like the similar provisions in the legislation on the transfer of land. The broad definition of “right” in section 130(7) covered every situation, and in particular did not require a patent application to be in being.
- 66 I agree with Mr Campbell. The definition in section 130(7) is broad, and its natural meaning seems to me to embrace the right to file an application for the grant of a patent, because that is a right in relation to an application. This interpretation is also consistent with the broad provisions of section 8(1), which expressly give me the power to determine rights to patent applications at any time before grant and specifically “whether or not an application has been made”. The definition of section 130(7) reads straight into the language of section 30(6)(a), which refers to “any assignment of . . . any right in . . . [an] application [for a patent]”, and it therefore follows that section 30(6) must bite on assignments prior to the filing of a patent application.
- 67 I should say in passing that both Mr Davis and Mr Campbell thought this was a novel point that the courts or comptroller had not had to address before. As I indicated at the hearing, I had heard the argument before, though could not recall where. Although I have decided the point afresh solely on the basis of the arguments put to me by Mr Davis and Mr Campbell, I have now tracked down the case in which the argument was put to me previously. It was *Bakir and Zadorozhny v Solenzara International Limited* O/156/01 at paragraph 29. Although the arguments put to me in that case were slightly different, I note that I came to the same conclusion.
- 68 However, even if Mr Davis were right about section 30(6), it would not help him because I have found no evidence that there was any non-written agreement to assign the right to apply for a patent before the priority application was filed on 8 December 1999. XIRL’s only involvement with the invention prior to this date was to commission the patent application and by itself this, as I have found above, does little more than reflect the fact that it was Geoff Woodman rather than Robert Tweedy who undertook to get the application filed. There was no other input into the invention whatsoever from XIRL and no assignment, written or otherwise, had taken place.

- 69 The position following this date is a little less clear cut, but in my view the most telling point is that at no stage did XIRL give, or even offer, to Xtralite any consideration for rights to the invention. Companies are not charities and do not normally give what one must assume are valuable assets to another company with nothing in return. Had there been an assignment in equity from Xtralite to XIRL, I would have expected Xtralite to have received some sort of consideration, but there was none. The deal that Mr Davis wants me to believe existed would have given one company everything and the other nothing. That is simply not credible. It would also have been inconsistent with the fact that Xlok was naturally an Xtralite product, not an XIRL one.
- 70 I have, of course, found that following the filing of the patent application, both companies put resources into developing the invention. Their behaviour in this respect might have led one to suppose they envisaged joint ownership, but neither side has argued that this was envisaged and there is no evidence whatsoever (such as an agreement on splitting costs) that it was. In any case, Xtralite would still have been giving away half their rights with nothing in return.
- 71 The contrary evidence, suggesting that there was indeed some assignment of rights from Xtralite to XIRL, resides primarily in two areas, the behaviour of the two key directors and Xtralite's agreement to take a licence from XIRL. On the first point, I have found that Robert Tweedy and Geoff Woodman both behaved as though there had been such an assignment, at least until Robert Tweedy started having reservations at a relatively late stage. However, in the absence of any assignment, agreement or consideration, I am not persuaded that the behaviour of the two directors is sufficient evidence that a transfer of ownership had taken place, especially as I have been unable to find any benefit to Xtralite in transferring ownership. The second point carries more weight because Xtralite's request for a licence was a concrete action made in the name of the company, but even this action has to be viewed in context, namely, that the company (through Geoff Woodman and Robert Tweedy) had been given to understand that this was the only course now open to it. Against that background, and again in the absence of any assignment, agreement or consideration, and in the absence too of any apparent benefit to Xtralite, I do not feel Xtralite's request for a licence is sufficient to conclude that a transfer of rights must have taken place.
- 72 In short, weighing up the evidence, I am satisfied that the rights to the patent were not transferred from Xtralite to XIRL. Even that finding, however, does not dispose of the matter because I now have to consider whether, notwithstanding the absence of any transfer of rights, Xtralite are nevertheless now estopped by representation from asserting that there had been no such transfer.
- 73 As I said earlier, estoppel requires three elements to be present, representation, reliance and acting to one's detriment. I will start with the first element. To make out their case on estoppel, the defendants have to show the representation was made by Xtralite to Hartington Conway. They have to show it was made to Hartington Conway since it is they who allegedly acted to their detriment, not XIRL. They have to show it was made by Xtralite since a representation by XIRL could only estop XIRL, not Xtralite.
- 74 Whilst there were many communications between Xtralite and XIRL and between

XIRL and Hartington Conway, there was very little direct contact between Xtralite and Hartington Conway. Nevertheless Mr Davis argued that there were several ways in which Xtralite had effectively made representations to Hartington Conway.

- 75 First, he argued that Xtralite and XIRL had acted in concert to cause the patent applications to be filed in XIRL's sole name. The evidence does not in my view suggest the two companies acted in concert in this respect. The naming of the applicant on the application in suit merely appeared to flow from the applicant named on the priority application, and I have found that the name on the latter merely flowed from the fact that it was Geoff Woodman rather than Robert Tweedy who took responsibility for filing the application.
- 76 Mr Davis's second theme was that there had been "numerous" representations by Xtralite that XIRL were the true owners of the right to a patent. Whilst most of these representations were to XIRL, because XIRL were in financial straits it was foreseeable that a third party purchaser of the company might see and rely on the relevant documents, and that Hartington Conway did see and rely on them. However, as I said earlier, there are only two groups of documents that can be treated as a representation by Xtralite to XIRL, and they are (a) the Barlo agreement plus the heads of agreement and other exchanges leading up to it, and (b) the licence for Xlok granted to Xtralite plus the exchanges leading up to it.
- 77 The Barlo loan agreement is a long document of nearly 40 pages. It contains a short general obligation on all parties to the agreement to preserve any intellectual property rights, and an equally short specific obligation on XIRL to pursue its patent applications. Although primarily concerned with a loan from Barlo to XIRL, it was also signed by Xtralite. As I have explained, though, Xtralite's involvement was peripheral, being primarily concerned with the supply agreement and the subordination of its own loans.
- 78 Mr Ogilvie says Hartington Conway relied on this agreement and all the associated documents as confirmation that XIRL owned the rights to the patent in suit. That may well be so, and it may also be reasonable to say these documents constitute a representation by XIRL to Barlo that it owned the rights. However, because Xtralite's involvement was peripheral, I think the presence of a signature on behalf of Xtralite falls short of the required clear and unambiguous representation by Xtralite that XIRL owned the patent rights.
- 79 The same cannot be said of the licence. The text of the licence commences unambiguously, in its first recital:

"The Licensor is proprietor of and beneficially entitled to the patent, copyright and all other rights of like nature conferred in the United Kingdom in the Designs more fully described in Clause 1 of this Licence"

Rather unfortunately, clause 1 quotes the patent application number for Xlok+ rather than Xlok, but the licence does refer expressly to Xlok and the claimants are not making an issue of the discrepancy as they accept everyone understood the licence embraced Xlok. This licence was signed by Robert Tweedy on behalf of Xtralite, so it is a very

clear acknowledgement by Xtralite that, whatever they may now feel, at that stage they accepted that the patent rights in suit belonged to XIRL. The signed version is dated 31 January 2001, only a few days before XIRL went into receivership, but Mr Davis does not really seek to rely on the signed version. Indeed, he cannot, because nowhere in his evidence is there any suggestion that Hartington Conway - which in practice means Mr Ogilvie - even saw the signed licence before committing themselves to buy XIRL, let alone relied on it. (This is reinforced by the fact that when Mr Ogilvie commissioned a thorough search of his papers, he apparently didn't even find the signed version - it only came to light when the claimants put it in evidence later.) Thus the licence itself does not provide the representation to Hartington Conway required for estoppel to bite. Rather, Mr Davis relies on the events leading up to the signing of this licence.

- 80 Although the licence may not have been signed until 31 January 2001, the evidence clearly establishes that Xtralite first requested it in the previous September. Moreover, the two companies agreed in principle to the licence at the joint management meeting on 8 November, and they even agreed the royalty rate at this meeting. In mid January, during his discussions over Hartington Conway's possible purchase of XIRL, Mr Ogilvie says that he visited Robert Tweedy at Blyth to discuss the possibility of buying Xtralite as well. During the discussion it became clear Robert Tweedy was unhappy about this, but Mr Ogilvie maintains that Robert Tweedy then asked him whether, if XIRL went to Hartington Conway, they would still honour the agreement to give Xtralite a licence for Xlok. Robert Tweedy does not deny this meeting took place, but he does assert that he never broached the subject of Xtralite having a licence for Xlok until July, long after Hartington Conway had purchased XIRL. I do not believe Robert Tweedy, in part because I have found him to be an unsatisfactory witness generally and in part because it beggars belief that a meeting like this could take place without Robert Tweedy even mentioning to Mr Ogilvie that Xtralite were on the verge of signing a licence agreement with XIRL.
- 81 Accordingly I accept Mr Ogilvie's assertion that Robert Tweedy raised the question of the proposed licence with him in January. Mr Tweedy was clearly doing so in his capacity as a representative of Xtralite, because that is why Mr Ogilvie had visited him in the first place, and the raising of the question was a clear representation by Xtralite to Hartington Conway that they accepted the patent rights belonged to XIRL. I have to say that even if I were to be wrong in finding that Mr Tweedy raised the question of the licence at this meeting, given the whole purpose of Mr Ogilvie's visit, maintaining silence about the imminent licence agreement would have been just as strong a representation.
- 82 Mr Davis's third theme was that because Robert Tweedy and Geoff Woodman were directors of both companies, everything known by either of them must be treated as known by both companies, and conversely neither of them can deny knowledge of what was going on in either company. Moreover, both must be regarded as agents of both companies. On this basis, he submitted, if (as the evidence shows) Geoff Woodman represented to Hartington Conway that XIRL had good title to the patent rights, he cannot now put his Xtralite hat on and deny those representations, nor is Xtralite entitled to choose another director (ie Robert Tweedy) to deny those allegations. I reject this argument. A given individual might be the director of many companies, and

to suggest that anything he says in his capacity as director of one company automatically binds all the other companies is absurd. In the present case, there is nothing in the evidence to suggest that when making his representations to Hartington Conway, Geoff Woodman suggested or implied that he was making them not only on behalf of XIRL but also on behalf of Xtralite. Thus I conclude Geoff Woodman's actions could not be taken as a representation by Xtralite that XIRL owned the Xlok patent.

- 83 Whilst I have rejected most of Mr Davis's arguments on estoppel, I have accepted that in the course of Mr Ogilvie's visit to Robert Tweedy in January 2001, Xtralite did make a clear representation to Hartington Conway that they accepted the patent rights belonged to XIRL. That leaves one remaining question: did Hartington Conway act on that to their detriment? I am quite satisfied from the evidence that Hartington Conway were prepared to pay a substantial amount of money for XIRL because they wanted to get hold of the rights to the Xlok and Xlok+ products. I am also satisfied from the evidence that they would have paid very much less - and possibly not gone through with the purchase at all - if they thought they were not going to get the rights to Xlok. Had Robert Tweedy, on behalf of Xtralite, indicated during Mr Ogilvie's visit that Xtralite believed those rights belonged to them, I have not the slightest doubt that Hartington Conway would not have gone ahead as they did. By representing that the rights belonged to XIRL - even if they did so only by silent acquiescence - Xtralite encouraged Hartington Conway to go ahead and complete the deal to buy XIRL. In short, they did indeed act on the representation to their detriment.
- 84 In deciding whether estoppel applies I have given due consideration to the effect of the clause in the sale agreement of XIRL to Hartington Conway which says that Hartington Conway will have no cause of action should it come to pass that the patents included as assets turn out not to be XIRL's to transfer. The effect of that clause might possibly override a claim of estoppel against XIRL by Hartington Conway but I consider it to have no bearing on the claim of estoppel against Xtralite.
- 85 Mr Davis rightly accepted that a finding of estoppel should not be made without very careful consideration. Effectively one is saying "well in law you should have X, but I'm not going to let you have it because of your behaviour". However, I am satisfied that the necessary elements for estoppel to arise are all present in this case, and that because of the representations they made to Hartington Conway, it would be unconscionable to allow Xtralite to now claim that the rights in the patent application in suit belong to them.

Conclusion

- 86 The root cause of the present dispute is the failure of the two key individuals, Geoff Woodman and Robert Tweedy, to distinguish properly between the two companies of which they were both directors, Xtralite and XIRL. They were, as Mr Davis put it in a classic understatement, "a bit lax in deciding which hat they were wearing". In particular, they failed to make sure they were not using one company's resources on the other's business. Had they done so, the messy situation in which Xtralite and Hartington Conway now find themselves would never have arisen.

- 87 My task has been to resolve that mess. I have found that the patent rights in suit originally belonged to Xtralite, not XIRL, and that they never subsequently shifted to XIRL. However, I have also found that Xtralite - or rather, their successors in title - are estopped from asserting that the rights belong to them. Accordingly I dismiss the claim under section 8 of the Act.
- 88 So far I have considered only the claim in respect of UK application No GB0030017.8. As I said earlier, both sides agreed that my finding in respect of the UK application should also apply to the European application. Accordingly I dismiss the claim under section 12 as well.
- 89 The relief sought by the defendants did not just extend to dismissing the claims. Apart from costs which I will come to shortly, they sought two other forms of relief. First, they asked for Hartington Conway to be confirmed as the true proprietor. Bearing in mind that the patent applications at present still stand in the name of XIRL, I think it is appropriate to grant this relief. Accordingly I confirm that it is Hartington Conway Limited who are entitled to the rights in UK patent application No GB0030017.8 and European patent application No EP00310908.9. So far as the UK patent is concerned, that means the register will now be altered to show Hartington Conway Limited as the patent applicants.
- 90 The defendants also asked that if I found XIRL were not automatically entitled to the invention as employer of Robert Tweedy, I should order Xtralite or its administrator to execute a written confirmatory assignment of the invention to XIRL. That seems to me not only unnecessary but inappropriate. I have found XIRL were not entitled to the rights, so I cannot order them to assign them. My finding that it is Hartington Conway who are entitled to the rights should be all that is needed. However if the defendants disagree, or they require any other order to give effect to my findings, they are at liberty to come back to me.
- 91 It remains for me to apologise for the delay in issuing this decision.

Costs

- 92 The defendants have won, so they are in principle entitled to costs. Costs in proceedings before the comptroller are normally based on a published scale unless there are good reasons for deviating from it. The behaviour of the respective parties in conducting their case can be one reason for departing from the scale, but in the present case, neither side has covered itself in glory in the way it has conducted its case, the need for me to issue a preliminary decision on certain matters being but one illustration of this. Thus I do not feel there are grounds for deviating from the scale on this basis. At the hearing Mr Davis and Mr Campbell both argued that I should depart from the scale if I found the other side's key witness - ie Geoff Woodman or Robert Tweedy - to have been lying, but I have actually found neither of them to be satisfactory witnesses, so again I do not feel there are grounds here for deviating from the scale either. Accordingly, I have decided that I should stick to the scale. Allowing for the amount of evidence, the need for a two day hearing and the attendance of defendants' witnesses, I have decided the appropriate sum is £4500.

93 The section 12 reference was launched in the name of the new company, Xtralite (Rooflights) Limited, and as I explained at the outset, this company should now also be treated as the claimant in the section 8 proceedings too. On that basis, I order Xtralite (Rooflights) Limited to pay Hartington Conway Limited £4500 within seven weeks of the date of this decision, though that period is to be treated as automatically stayed if an appeal is lodged.

Appeal

94 As this decision does not relate to a matter of procedure, under the current Practice Direction 49E to Part 49 of the Civil Procedure Rules, any appeal must be lodged within six weeks. That is a prescribed period which I do not have the power to alter of my own volition. However, on 1 April 2003 the new Part 63 to the Civil Procedure Rules will come into force and the appeal period will in consequence reduce by default to the 14 days specified in Part 52 of the Rules (rule 52.4). This will have the effect of curtailing the period for appealing the present decision, so although that nominally stands at 6 weeks now, it will effectively expire on 31 March 2003.

95 From 1 April 2003 the comptroller will no longer have the power to extend appeal periods. An application for extension will instead have to be made to the court. However, the Patents Court has made clear that, unless there are special circumstances, they will look sympathetically on any request to extend to its original length an appeal period which gets truncated by the coming into force of Part 63.

Dated this 21st day of February 2003

P HAYWARD

Divisional Director acting for the Comptroller

THE PATENT OFFICE