



BL O/087/05

31 March 2005

PATENTS ACT 1977

BETWEEN

Bio Pure Technology Limited

Claimant

and

(1) Jarzon Plastics Limited

Defendants

(2) Anthony Elliott

PROCEEDINGS

Reference under sections 12(1) and 37(1) and application under sections 13(1) and 13(3) of the Patents Act 1977 in respect of GB 2352475 & GB 2362428 and equivalent foreign patent applications

HEARING OFFICER

P Hayward

DECISION

Introduction

- 1 This dispute is concerned with entitlement to British patents GB 2352478 and GB 2362428 and several foreign patent applications, together with the inventorship of the relevant inventions. The patents and applications stand in the name of Jarzon Plastic Limited (“Jarzon”) and name Anthony Elliott as the inventor. For convenience I will refer to the patents and applications collectively as “the patents”.
- 2 The business of the claimants, Bio Pure Technology Limited (“Bio Pure”), centres around the sales and marketing of products relating to pipes and fittings used extensively in the pharmaceutical and food industry. The main defendants, Jarzon, are a company whose primary interest is in the production of plastics goods, with specific expertise in the moulding processes involved.
- 3 The dispute concerns a plastics clamp that was conceived to replace metal ones used previously to join two pipes. Each pipe has an end flange and the clamp brings the two flanges together. The idea of replacing the metal clamps with plastics came from Roy Maunder, the Managing Director of Bio Pure some time towards the end of 1998. Mr Maunder was not an engineer, so he brought in a Rodney Cobb to assist in developing the proposed plastics clamp. Mr Cobb in turn recommended bringing in a plastics

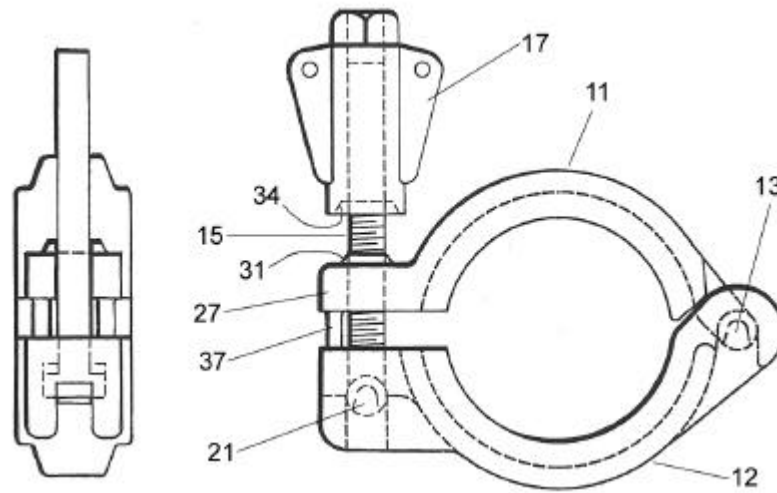
injection moulding expert because he didn't want to develop and test a design only then to discover that it was not a practical design from an injection moulder's perspective. As a result, Jarzon were approached to assist in the project.

- 4 After an initial meeting, there was a second meeting on 15th March 1999 at which the main invention in the patents was discussed. Jarzon's Technical Sales Director, Derek Greenaway, and Technical Director, Anthony Elliott were both present. However, relations between the two sides subsequently broke down. In November 1999 Jarzon filed a UK patent application which gave rise to all the patents and applications now in dispute. The first GB patent was granted in November 2001. Just under two years later, Bio Pure launched the present proceedings claiming ownership of the disputed patents and requesting a change in the named inventor for these patents.
- 5 Bio Pure assert that they are the true owners of the patents (at least in so far as the main invention is concerned) on two grounds. First, they say that it belongs to them rather than Jarzon by virtue of express or implied contractual terms governing their relationship with Jarzon. Second, they say they own the invention anyway because it was not invented by one of Jarzon's employees but by someone on their side, namely, Mr Cobb. As a corollary, they also request under section 13 that the named inventor be changed to Mr Cobb.
- 6 The case came before me at a two-day hearing on 13th & 14th September 2004. Iain Purvis, instructed by Nigel Brooks, appeared for the claimants and Hugo Cuddigan, instructed by Mathys & Squire, appeared for the defendants. Much of the two days was taken up with cross-examination of the witnesses. Given the conflict of evidence that was apparent from the witness statements, the cross-examination was of considerable assistance in trying to determine the true course of events.

The patents

- 7 The British patents in issue are GB 2352475 and its divisional GB 2362428. The following international and foreign patent applications are also in issue: European patent application EP 00976172.7, US patent application US 10/26,215, Australian patent application AU 14052/01 and Indian patent application IN/PCT/2002/00648. I have not examined these applications in detail, but I am assured that, with the GB patents, they form a family based around the same basic inventive concept. Apart possibly from the fact that there is one subsidiary feature which is not specifically mentioned in the GB patents whereas it is in the others, it is common ground that I do not need to distinguish between these patents and applications.
- 8 As I have said, the clamp in question holds together the flanges on the ends of two pipes that are to be joined. Its main features can be seen from the drawing below. This is taken from one of the GB patent specifications, but I have inverted it so that my descriptions of "upper" and "lower" tally with the text of the GB patent specifications, and I have also added the reference numbers myself. The clamp is formed from two semicircular grooved members 11, 12 which are hinged together (13) at their right

hand ends as viewed in this drawing. The left hand end of lower member 12 carries a bolt 15 which has limited pivotal movement anticlockwise about a pivot 21. The left hand end of the upper member has two prongs 27. When the left hand ends are brought together with the grooves in the two members fitting around the pipe flanges,



the bolt 15 can be swung between the prongs into the vertical position (as shown) and nut 17 tightened to hold the clamp shut.

- 9 All the features I have described so far are simply copied from the prior-art metal clamps. However, in the metal clamps the nut has a bull-nosed profile at its lower end which engages with a convex recess formed on the two prongs. This feature provides a locating means for the nut, preventing it being accidentally knocked off the prongs once it has been tightened. If this feature were reproduced in a plastics clamp, because plastics material is weaker than metal the bull-nose would tend to force the two prongs apart. The present invention gets round that problem by reversing the configuration: it is the prongs that are given the equivalent of a bull-nosed profile by virtue of projections 31, and the recess is provided on the nut at 34.
- 10 While this reversal of the nut-locating arrangement is the primary invention, there are other subsidiary features disclosed in the patent specifications, and insofar as they might be inventive in their own right, there is dispute as to who is entitled to them. They include:
 - C Projections 37 on the prongs to prevent over-tightening of the nut.
 - C A snap-fit arrangement at 21 for connecting the bolt to the end of member 12.
 - C A snap-fit arrangement to form the pivot 13.
 - C A non-threaded portion at the free end of the bolt to ease location of the nut.
 - C A cross-piece on the left hand end of member 12 to limit rotation of the bolt. (This is the only feature that is not specifically mentioned in the GB patents.)

The statute law

- 11 The present proceedings have been brought under sections 12, 13 and 37 of the Act. These sections are well known, and for present purposes it will be sufficient if I simply outline their general provisions rather than reciting them in full.
- 12 Section 37 gives me the jurisdiction to determine entitlement to the GB patents. The basis on which entitlement should be decided is to be found in section 7(2) which says:
- “A patent for an invention may be granted-
- (a) primarily to the inventor or joint inventors;
- (b) in preference to the foregoing, to any person or persons who, by virtue of any enactment or rule or law or by virtue of an enforceable term of any agreement entered into with the inventor before the making of the invention, was or were at the time of the making of the invention entitled to the whole of the property in it (other than equitable interests) in the United Kingdom;
- (c) in any event, to the successor or successors in title of any person or persons mentioned in paragraph (a) or (b) above...”
- 13 Perhaps it is worth recording at this stage, in the light of subparagraph (b), that as between Mr Cobb and Bio Pure, there is no dispute that any invention made by Mr Cobb belongs to Bio Pure as Mr Cobb understood he was acting in a consultative capacity to Bio Pure and being paid for this. Indeed, to set the matter beyond doubt on 5 November 2003 he formally assigned his patent rights to Bio Pure.
- 14 Section 7(3) identifies the “inventor” as the actual deviser of the invention. However, section 39 is also relevant as it determines who owns the rights to an invention made by an employee. Again it is worth recording at this stage that there is no dispute that, as between Mr Elliott and Jarzon, any invention made by Mr Elliott belongs to Jarzon by virtue of his employment.
- 15 Section 12 gives me jurisdiction to determine entitlement to the foreign and international patent applications. Section 13 gives the inventor a right to be mentioned in the patent, and gives me the jurisdiction to issue an appropriate certificate if I find that the wrong person has been named. Section 13, as I understand it, only applies to the GB patents.
- 16 The onus is, of course, on the claimants to prove their case on the balance of probabilities. With respect to entitlement, this reinforced by section 7(4), which states that the person who applies for a patent is entitled to that patent except so far as the contrary is established.

Relevant case law

17 Because the alleged contractual relationship between Bio Pure and Jarzon is an important element in the dispute, I was referred to a number of precedents which addressed the circumstances in which a contract should be taken to include an implied term on the ownership of intellectual property rights. The main case relied on by both sides was *Robin Ray v Classic FM plc* [1998] FSR 622. However, this in turn referred back to a number of earlier cases, and in particular *Liverpool City Council v Irwin* [1977] A.C. 239, *Nichols Advanced Vehicle Systems Inc. v Rees* [1979] RPC 127, and *Sofia Bogrich v Shape Machines*, unreported, November 1994, Pat. Ct.

18 *Robin Ray* was a copyright case. The plaintiff had entered into a consultancy agreement with the defendant which made no express provision in respect of the intellectual property rights in the work created by the plaintiff. Lightman J reiterated the principles laid down by Lord Simon of Glaisdale in *BP Refinery (Westernport) Pty Ltd v The President, Councillors and Ratepayers of the Shire of Hastings* (1978) 52 ALJR 20 at 26 that, for a term to be implied, it must be reasonable and equitable, must be necessary to give business efficacy to the contract, must be obvious so that it goes without saying, must be capable of clear expression and must not contradict any express term in the contract. He then discussed the principles that should be applied in order to determine the extent of any implied transfer of intellectual property rights. I can paraphrase the most relevant of these for present purposes as follows:

Where it is necessary to imply the grant of some right to fill a lacuna in the contract, the guidance given in *Liverpool* should be followed - viz, in deciding which of various alternatives should constitute the contents of the term to be implied, the choice must be that which does not exceed what is necessary in the circumstances.

Accordingly if it is necessary to imply some grant of rights in respect of a copyright work and the need could be satisfied by the grant of a licence or the assignment of the copyright, the implication will be of the grant of a licence only.

The necessity for an assignment of copyright is only likely to arise if the client needs in addition to the right to use the copyright works the right to exclude the contractor from using the work and the ability to enforce the copyright against others.

19 Lightman J went on to give three examples of situations in which an assignment, rather than just a licence, might be implied:

(a) Where the purpose in commissioning the work is for the client to sell copies on the market for which the work was created, free from the sale of competing copies from the contractor or third parties.

(b) Where the work is derivative from a pre-existing work of the client (eg turning sketches into formal manufacturing drawings, where the work could not be exploited without infringing the client's underlying rights).

(c) Where the contractor and employees of the client produce a joint work as a team and the contractor cannot, or cannot have been intended to be able, to exploit for his own benefit the joint work or even any distinct contribution of his own.

20 As examples of (c), Lightman J cited *Nichols* and *Bogrich*. In *Nicholls*, Templeman J considered in passing whether the beneficial title to drawings produced by an independent contractor for a car manufacturer would pass to the manufacturer, and declared that he was unable to understand how any car manufacturer or designer could possibly contract expressly or by implication on any other basis. *Bogrich* was a patent case in which a client had engaged an individual as a contractor to work as part of a team designing and developing a particular machine. Aldous J (as he then was) held that it would not be sensible if the consultant could prevent the client using ideas which were produced for the purpose of and during the course of his consultancy work, saying:

“The idea that Mr Potemkin (the consultant) retained rights with the result that he could licence others or could obtain further remuneration for the work that had been done does not provide business sense. I believe that it is necessary to imply a term into the consultancy agreement that inventions, such as this invention, which were made during, as a result of and in the course of consultancy should be Shape’s (the client).”

21 The conclusion I draw from all this case law is that, whilst any implied grant of rights should not go beyond what is necessary, sometimes the business context can be such as to imply an assignment of all rights. The key question is whether it is necessary to go that far to make business sense of the contract. From the principles laid down by Lord Simon, that of course is also a question that has to be addressed in deciding whether any term needs to be implied in the first place. Thus the business context is crucial.

History

22 I gave a very brief outline of the history of events at the beginning of this decision. I must look at the history in more detail. As I said earlier, it was Mr Maunder who had the idea of replacing metal clamps with plastics ones. He needed technical assistance as so he went to Mr Cobb, whom he had known previously. Mr Cobb was an engineer for a firm that he jointly owned called AR Engineering and had experience in designing equipment for use in the pharmaceutical and bio-tech industries.

23 Mr Cobb wanted to design, make and then test a prototype, but he also wanted to ensure that any design he made could be manufactured satisfactorily in the sense that it would not cause problems for an injection moulder. Not being an expert in injection moulding himself, he recommended to Mr Maunder that they approach an injection moulding company. Initially they tried a company called Plastic Injection Limited but that approach did not bear fruit. Having met Mr Greenaway, Jarzon’s Technical Sales Director, at a trade show, Mr Cobb then tried him. That led to the initial meeting on 4th March 1999 between Mr Maunder, Mr Cobb and Mr Greenaway at the premises of AR Engineering. A Mr Feasey of Bio Pure was also present.

- 24 During this meeting Bio Pure's project was discussed and various samples of existing clamps were given to Mr Greenaway. It is common ground that the samples included both a two part hinged metal clamp - ie broadly similar to the clamp of the present invention with two 180E segments - and a three part hinged metal clamp made of three 120E segments. There is dispute about whether he was also given a third clamp. This third clamp was the only plastics clamp then on the market, but it worked on a completely different principle in that it used two rings that could be screwed together rather than hinged clamping members. Mr Greenaway took the samples away to discuss with Jarzon's Technical Director Mr Elliott.
- 25 A second meeting was set up for 15th March 1999 at Jarzon's offices between Mr Maunder, Mr Cobb, and Mr Feasey for Bio Pure and Mr Greenaway and Mr Elliott for Jarzon. Mr Elliott presented to the meeting a drawing he had prepared, dated 10th March 1999, showing in outline three possible designs. One was a two part hinged clamp, the second was a three part hinged clamp and the third used two rings that could be screwed together rather like the "third clamp" discussed in the previous paragraph. The drawings of the two part clamp did not show the nut-locating arrangement of the present invention, though nor did they show the bull-nose nut-locating arrangement of the prior art metal clamps. Whether the omission was deliberate or whether it was simply because these were no more than outline sketches is disputed. However, it is common ground that what I might call the reversed bull-nose arrangement - ie the main invention in the present case - was proposed orally at this meeting. Further, by the end of the cross examination it was also common ground that it was Mr Cobb who voiced this idea at the meeting. I use the term "voiced" with care, because Mr Elliott asserts that he had, in fact, thought of the idea before the meeting and made drawings of it that have now been lost.
- 26 At the meeting Mr Greenaway produced some figures for Mr Maunder relating to costings for producing drawings and for tooling and production. There are in existence both hand written and typed versions of this so-called 'budget' quotation. They differ in some respects and it not clear which one was produced at the meeting. It is, though, agreed that the quotation included a figure of £500 (or £550 in the hand written version) for the production of fully dimensioned engineering component drawings. In both versions this part is qualified by the comment "some work already completed". The quotation also included costings for tooling etc based on figures obtained by Jarzon from a company JA Dutch Toolmakers Limited.
- 27 Following this meeting, Mr Maunder says he faxed a purchase order to Mr Greenaway the next day, referring to provision of drawings as indicated in the budget quotation. Mr Elliott made some new drawings incorporating the reversed bull-nose feature, and a copy of a drawing of the modified clamp, showing this feature, was faxed to Mr Cobb on 20th March with hand written annotation indicating that dimensioned drawings were to follow soon. Fully dimensioned drawings were subsequently produced with an issue date of 22nd March.
- 28 A further meeting was held on 1st April where Mr Greenaway attended Bio Pure's premises and was introduced to their accountant. Subsequently Mr Greenaway produced, and sent to Bio Pure, a final quotation that was dated 7th April. The final

quotation referred to tooling and production but, unlike the earlier budget quotation, did not include any reference to the production of drawings. The quotation was accompanied by a letter in which Mr Greenaway mentioned intellectual property rights, and in particular stated that so long as Jarzon retained sole manufacturing rights on the clamp they were willing to pass all of their intellectual property rights to Bio Pure.

- 29 Over the next few months Mr Cobb produced prototypes and carried out a program of testing the clamp. On 11th November Mr Elliott faxed to Mr Maunder a Draft Heads of Agreement which set out Jarzon's version of an agreement to formalise the ownership of the intellectual property rights resulting from the project. The relationship between the two sides appears to have broken down rapidly around this time, and shortly afterwards, on 17th November, Jarzon lodged the original patent application GB9927266.2 from which all the patents and applications in dispute are derived.
- 30 So far as the main invention is concerned, the events at, and immediately before, the meeting of 15th March are crucial, and subsequent events are only relevant insofar as they cast light on the relationship between the parties that existed at 15th March. Did the idea come from Mr Cobb, Mr Elliott or possibly both? Further, was there an express or implied contract that means the invention, even if it did come from Mr Elliott, nevertheless belongs to Bio Pure, not Jarzon? To answer those questions I will have to resolve some conflicts in the evidence, so first I must assess the witnesses.

Evidence

- 31 Witness statements were provided by Mr Maunder, Mr Cobb and Mr Feasey for the claimants, and by Mr Elliott, Mr Greenaway and Jarzon's Managing Director, Mr Foulkes, for the defendants. All of the witnesses except Mr Feasey were cross-examined during the hearing.
- 32 Mr Maunder was nervous and tended to give guarded answers to which he was reluctant to add much information. Further, the way in which he was cross examined clearly confused him, and that did not make assessing his credibility easy. He was repeatedly being pressed to agree with hypothetical propositions or propositions laden with innuendo, and although he usually tried to answer, I was often far from convinced that he really understood what he was being asked to agree too. Thus I attach little weight to some of the alleged inconsistencies in his answers to such questions. Mr Cuddigan also put emphasis on the fact that Mr Maunders' note of the meeting of 15th March was not in the same order as the report of the meeting in his witness statement, arguing this demonstrated his inconsistency. However, as the evidence established that for part of this meeting there were two discussions going on in parallel, one cannot expect either a meeting note or someone's recollection of a meeting to reflect a clear chronological sequence of issues raised, so I read no inconsistency into this. All in all, except at a couple of points (eg where Mr Maunder alleged he had not known what the copyright symbol © meant) I did not get the impression that he was deliberately lying. Nevertheless, I did feel that his responses were coloured by his firm belief that the clamp was his baby and by his awareness of the case that Bio Pure needed to make. Accordingly I conclude that I must treat his evidence with care. In particular, where

his assertions as to what happened differ from others I do not feel I can rely on Mr Maunders' version of events.

- 33 Mr Cobb came across as a sound, honest witness. There were no significant inconsistencies in his evidence even though Mr Cuddigan tried hard in cross examination to find some - all he got were a few nit-picking points. He was confident in dealing with technical issues in his field of expertise but aware of where his field of expertise stopped. Further, he took care with his answers - on several occasions he sought clarification in the questions that were put to him rather than just coming out with something. I came to the conclusion that I could accept Mr Cobb's evidence.
- 34 Mr Greenaway also came across as a technically-competent person in his field. He gave confident, well reasoned answers during the early part of his cross-examination, but as cross-examination progressed into the second day, it was apparent that inconsistencies between his oral evidence and his witness statement were developing. For example, he was questioned on the events at the meeting on 1st April 1999 during which he claimed to have raised the subject of Jarzon's IP rights. However, on further cross-examination he acknowledged that he may not have mentioned IP explicitly, saying instead that he may have used wording which he thought went some way to implying such. He was also prepared to speculate. For example, he could offer no direct explanation of the discrepancies between hand-written and typed versions of the original budget quotation but rather surmised a likely reason for it using *ex post facto* analysis - that analysis clearly being influenced by knowledge of the case that Jarzon had to make. Mr Greenaway's recollection of events may have been clouded somewhat because he retired during 1999 and so work has not been a primary concern to him since then. Whatever the reason, though, I did not feel I could accept his recollection of events as reliable.
- 35 Mr Elliott was very confident in the witness box, as exemplified by his tendency to provide additional information which had not been asked for. He was also not merely technically knowledgeable but warmed enthusiastically to technical issues. However, he was not at all convincing on some key issues. For example, the answers he gave to a series of questions about the timescales for producing fully dimensioned engineering were simply not credible, and it was clear he was making it up as he went along to suit the case Jarzon had to make. As with Mr Greenaway, I came to the conclusion that I could not rely on his recollection of events.
- 36 The last witness to be cross examined was Mr Foulkes. Although aware of the project, he did not get involved in its early stages but later took over some aspects and was instrumental in instigating the various patent applications that are in dispute. Whilst Mr Foulkes appeared fairly confident at first, he faltered under cross-examination in recalling events and I formed the clear impression that he was making things up on the spur of the moment in order to answer the questions being put to him. I came to the conclusion that I cannot trust his evidence.

Was there a contract for production of the drawings?

- 37 I can now turn to the substantive issues. The first question I will address is whether

the drawings for the clamp were produced for Bio Pure under contract. It is clear that there was no formal, written contract, so the question is whether there was an implied contract.

- 38 The basic conditions for a contract are well known. In order to form a valid and enforceable contract, there must be an offer and acceptance. Mr Cuddigan stressed that there must also be an intention for the offer to become binding when accepted, drawing my attention to *Chitty on Contracts, Chapter 2, para 2-002, page 122* which states that an offer is an expression of willingness to contract made with the intention (actual or apparent) that it is to become binding on the person making it as soon as it is accepted by the person to whom it is addressed. An apparent intention to be bound may suffice, i.e. the person A making the offer may be bound if his words or conduct are such as to induce a reasonable person to believe that he intends to be bound, even though in fact he has no such intention. Assuming the person to whom the offer is addressed believes A has the requisite intention, A will then be bound by his offer.
- 39 The argument as to whether there was a contract in the present case centres on the status of the budget quotation. This was split into several parts. The first item was for producing “fully dimensioned engineering component drawings of Triclover clamp”. The cost of this work, described as part completed, was given as £500 or £550, depending on which version you look at. The next section was for the design and manufacture of mould tools for (a) the nut and bolt and (b) the clamp halves. These quote tool costs of £13,000 and £9,500 respectively. These sections also give subsequent production costs as so much per 100 items produced. The quotation concludes with total production cost per 100 clamps including optional shrink wrapping.
- 40 Bio Pure argue that the budget quotation represented an offer which they formally accepted by placing the purchase order on 16th March and that performance was concluded by Jarzon carrying out the drawing design work. What they needed from Jarzon at that stage were engineering drawings so that Mr Cobb could make some prototypes for subsequent testing, and Jarzon knew that. Of course they were hoping to take the project forward subsequently towards subsequent production, and they freely admit that at the time they were expecting to continue working with Jarzon towards that end. However, whether the project could go forward depended on the successful outcome of the testing.
- 41 Jarzon deny that there was ever a contract for drawings on a number of grounds. First, they argue that the ‘budget’ status of the quotation did not represent a formal offer. Whilst that may be so in respect of the tooling and production costs (though I make no finding on that), in my view the evidence does not support this so far as the production of the drawings is concerned. Mr Maunder responded to the budget quotation on 16th March by faxing the purchase order, addressed to Mr Greenaway, for the production of the drawings at a cost of £500. A comment was made on the fax header sheet that the purchase order was “as promised”, and that seems to me to point towards a clear agreement between Mr Maunder and Mr Greenaway at the meeting on the 15th that Bio Pure would put in a formal purchase order for the drawings. I note that whilst Mr Greenaway said he could not recall seeing this purchase order, Jarzon do not deny that they received it and they have produced no evidence to suggest they ever queried it.

Moreover, Jarzon then did what was specified in the order by producing the drawings. On the 20th March they faxed a drawing to Mr Cobb which clearly shows a clamp showing the inventive feature, and fully dimensioned drawings followed on 22nd March. From this sequence of events I am quite satisfied that the description 'budget' was not intended by Jarzon to mean they were not making a binding offer to produce the drawings for £500. In any case, even if Jarzon did actually intend this, their conduct was such as to induce Bio Pure (or any reasonable person in their position) to believe they intended to be bound by this offer.

- 42 Second, Jarzon argue that there cannot have been a contract because they never billed Bio Pure for the drawings and hence never received the £500 payment due. That argument is unsound because the question of whether both sides fulfilled their obligations under a contract is quite separate from the question of whether a contract existed in the first place. Once Jarzon had made their offer to produce the drawings and Bio Pure had accepted it - which took place at latest when they sent their purchase order - the contract existed, and what did or did not happen subsequently doesn't alter that.
- 43 Next, Jarzon argue that the various parts of the quotation were inseparable. They suggest that the figure of £500 was well below the actual cost of producing drawings, which clearly implies they were relying on recovering the design costs through the tooling and manufacturing elements which formed the bulk of the quote. In short, they argue, there was never an offer to produce the drawings and nothing else. Again, the facts do not support this argument. There is no dispute that Bio Pure wanted the drawings so they could test the design, and that Jarzon knew this. The need for testing carries with it the inevitable risk that the project might not go ahead, because testing might reveal problems that could not be overcome or could only be overcome at an uneconomic cost. Thus I do not believe Jarzon could possibly have been expecting Bio Pure to place an order for everything in the quotation at that stage. Indeed, Mr Greenaway admitted under cross-examination, that he fully recognised not all projects make it to the tooling and manufacture stage. Thus Jarzon must have understood that an order for the tooling and manufacture could only be placed at a later stage, after the drawings had been produced and the prototypes tested. This is reinforced by the fact that the final quotation sent to Bio Pure on 7th April included tooling and production costings but made no reference to drawings.
- 44 It may well be that £500 was less than the cost of doing the work, but from a business perspective that is unsurprising. It is clear that Jarzon was hoping to make its profit from tooling and production, and in these circumstances many businesses would have offered a low quotation for the drawings in the hopes of thereby attracting the more substantial business later. Indeed, the very fact that Jarzon had been prepared to do some preliminary design work before the meeting on 15th March reinforces this. In any case, there is evidence to suggest £500 was not a completely ridiculous sum, as Mr Cuddigan suggested, because another company, Plastic Injection Limited, had previously provided a quote of £1300 for similar design work. I agree that is more than £500, but it is still in the same ball park.
- 45 Jarzon also argue that the quotation was for a version of the clamp that would have been a "Chinese copy" of the existing metal clamps, or at least for the design that was

shown in the drawings Mr Elliott presented to the 15th March meeting. Once again, this cannot be reconciled with the evidence. It is quite clear everyone recognised from the outset that the different engineering properties of metal and plastics meant one couldn't simply replicate the design of the metal clamp. Moreover, the point was obviously discussed at that meeting because that was how the primary invention emerged. In any case, there can have been absolutely no doubt in anyone's mind by the end of the meeting that what was wanted was neither a Chinese copy nor something exactly matching Mr Elliott's conceptual drawing, and yet Jarzon made no attempt to suggest that because the design had changed, the quotation no longer applied. Thus I am satisfied that both sides understood the quotation was for drawings that would be for a modified version of the metal clamps and indeed would include the reversed bull-nose concept.

46 Finally, Jarzon argue that as the budget quotation was addressed to AR Engineering, not Bio Pure, if there was a contract for the drawings, it was not with Bio Pure. That might carry some weight if Jarzon genuinely believed they were doing business with AR Engineering and not Bio Pure, but the evidence leaves me in no doubt that Jarzon knew from the outset that AR Engineering, in the form of Mr Cobb, were acting on behalf of Bio Pure. It is clear from the oral evidence that during the meeting on 15th March Mr Maunder and Mr Greenaway spent time together concentrating on financial discussions while simultaneously, in a parallel discussion, Mr Cobb and Mr Elliott were focussing on the technical issues. This scenario implies that Mr Greenaway was aware that Mr Maunder was the controlling member of the project and that Mr Cobb was acting in the capacity of a technical consultant. Indeed, Mr Greenaway's own evidence was that he had handed the quotation to Mr Maunder, not Mr Cobb. Moreover, if Jarzon genuinely thought they were doing business with AR Engineering, one would expect to see some evidence of their being surprised when the purchase order for the drawings came from Bio Pure, and there is no such evidence.

47 In short, despite all Jarzon's arguments I am satisfied that the evidence points overwhelmingly to the conclusion that the drawings were produced by Jarzon for Bio Pure under contract.

Was there an implied term on patent rights?

48 I have found that the drawings were produced under an implied contract. I must now go on to consider whether that contract included an implied term on the ownership of any patent rights that might arise from the contract. I must do so by applying the principles laid down in the case law I have discussed above.

49 Mr Cuddigan submitted that there was no need to imply a term that gave rights in any patent to Bio Pure, or if there was, those rights did not extend beyond a licence to sell. Moreover, he drew attention to the fact that Jarzon had put "© Jarzon Plastics Ltd" on the drawings that were sent to Bio Pure and that Bio Pure had not queried this. By implication, therefore, Bio Pure had accepted that copyright in the drawings - and by implication, any other IP right - belonged to Jarzon.

50 Mr Purvis argued that the circumstances in which the contract for these drawings was

made necessarily implied that any patent rights arising would have to belong to Bio Pure. Jarzon knew that the drawings were being produced so that Bio Pure could launch a new product on the market. It is inconceivable that either party could have supposed that Bio Pure should not be able to use the drawings it had commissioned without Jarzon's permission, or that Jarzon would have the right to exploit the design itself or licence other parties to do so. In other words, this was analogous to the situation in *Nicholls* and *Bogrich* rather than that in *Robin Ray*.

51 I agree with Mr Purvis. In the circumstances, it made no business sense for Bio Pure not to have the unfettered right to exploit the design or for Jarzon to retain rights to exploit it themselves, and this is reinforced by the fact that in cross examination Mr Greenaway accepted that Jarzon always had an implied obligation of confidentiality towards its clients. Thus I am satisfied that it is necessary for the business efficacy of the contract to imply a term whereby any patent rights would vest in Bio Pure. I am also satisfied that implying such a term meets all the requirements set out by Lord Simon in *BP Refinery*. I attach no significance to the © symbol that was put on the drawings when they were produced because this was done after the contract had been agreed, so it cannot retrospectively affect how the contract should be interpreted. I also attach no significance to the fact that Bio Pure did not challenge the use of the © symbol because at the time the parties were still on good terms, and so it is unsurprising that Bio Pure did not worry about what they might reasonably have assumed was something Jarzon routinely put on all its drawings.

52 Accordingly, I find that the drawings produced by Jarzon, finally emerging as the fully dimensioned drawings with an issue date of 22 March, were produced under contract, with an implied contract term that any patent rights should belong to Bio Pure. As those drawings incorporated the primary invention of the patents, it follows that even if the invention was made by Mr Elliott, the patent rights belong to Bio Pure, not Jarzon.

Inventorship of main invention

53 I must now turn to consider who was the inventor of the primary invention. By inventor, of course, I mean the "actual deviser" of the invention.

54 As I have said, there is no dispute that it was Mr Cobb who first voiced the basic principle behind the invention during the meeting of 15th March. Even Mr Elliott accepts this. Mr Cobb is adamant that the concept came to him during discussion at this meeting about the risk that the forks would splay, and the defendants do not even deny this. What they say is that Mr Cobb only came up with the idea because Mr Elliott led Mr Cobb towards it.

55 Mr Elliott asserts that he had invented the reversed bull-nose idea before the meeting and had created drawings showing it. He was unable to produce those drawings because they had been stored on a CAD database on his own personal computer, and after he left Jarzon in April 2001 he had not only deleted the files but, in 2002, destroyed the hard drive to prevent any potential retrieval of data thereafter. He acknowledged that the drawing he presented at the 15th March meeting did not show this feature, but said this was because he didn't want to reveal all his cards to Bio Pure

before they had a contract with them. The drawing did not even show a bull nose on the nut, as in the metal clamp, and Jarzon suggest this supports Mr Elliott's version of events because it was a half-way house - it showed Mr Elliott had recognised the problem by removing the bull nose on the nut.

- 56 Given it is common ground that it was Mr Cobb who expressed the idea at the meeting, the onus of showing that it was in fact Mr Elliott's idea shifts, in my view, to the defendants. I am prepared to accept Mr Elliott's explanation for his inability to produce any drawings that may have been made before the 15th March meeting, but otherwise I find Mr Elliott's version of events wholly implausible for a number of reasons. First, I found him a less-convincing witness and am therefore reluctant to accept his version of events when there is no corroborative evidence. Second, prior to the 15th March meeting Mr Elliott was pursuing three quite different concepts for the design. In the drawing Mr Elliott presented to the meeting, as Mr Purvis rightly pointed out, all three concepts were only shown in somewhat diagrammatic form, without full details. Indeed, the drawing is labelled "clamp coupling - concepts". This clearly suggests that (a) Mr Elliott hadn't started looking at the details of any of the designs because he didn't know which line Bio Pure would want to pursue and (b) the absence of small details such as the bull nose on the nut is of no significance. Third, having seen Mr Elliott's enthusiasm for technical matters in the witness box, I simply do not believe that he would have been able to keep quiet about an idea like this if he had had it before the meeting, and even if he did, I cannot believe he would have been able to resist saying "well, I'd already worked that out" when Mr Cobb voiced the idea. Fourth, Mr Elliott's argument that he would have withheld some of the features he had come up with until they had a contract is undermined by the fact that the drawings he sent to Bio Pure just a week later held nothing back, even though they still had no contract for tooling or production at that stage. As Mr Purvis pointed out, it is also inconsistent with his argument that he led Mr Cobb towards the invention at the meeting.
- 57 Accordingly, I reject Mr Elliott's story. I find that the inventor of the primary invention was Mr Cobb.

Other, possibly inventive, features

- 58 While the anti-splay feature is the primary invention in the patents, other features are disclosed and indeed claimed in subsidiary claims. In their statements of case neither side addressed any of these other features specifically. The claimants made a general assertion that "each and every inventive concept underlying the patent rights" was disclosed in drawings that were produced on contract, and the defendants made a general response that "these inventive concepts were invented solely by Mr Elliott", and that was it. There are comments on some, but not all, of the features in some of the witness statements. Mr Cobb, for example, talked about the dimensions of the reversed bull-nose profile and about the projections to prevent over-tightening, whilst Mr Elliott, after briefly listing several subordinate features which he said he had devised, also talked about the projections and about the cross piece to limit rotation.
- 59 Mr Cuddigan flagged up a list of six subsidiary features in his skeleton argument

(including one that came out of the blue in that it wasn't even one of Mr Elliott's examples). At the hearing he addressed me on some, but not all, of these features. Mr Purvis, for his part, went through all the claims of one of the patents, thereby picking up on all of the features flagged up by Mr Cuddigan and a few more. In addition, some of the witnesses were questioned on some of the features.

- 60 All this leaves me in a slightly unsatisfactory position in that I am not really sure what subordinate features the parties consider worthy of discussion. I have therefore decided to limit my deliberations to those listed in Mr Cuddigan's skeleton. If there are others with either side feels I need to address, they are at liberty to come back to me. For each of those features I will determine, as best I can on the limited evidence available, where that feature came from, ie who contributed it. I will then consider the significance of those determinations.
- 61 The first feature that Mr Cuddigan identified was a nut and seat assembly which not merely prevents outward movement of the prongs but actively tightens the prongs around the bolt. Mr Cuddigan called this "active squeezing". I have difficulty with this alleged additional feature because, insofar as it is disclosed in the patent specifications, it does not seem to be an additional feature at all, ie it does not go beyond the basic idea of reversing the prior-art frustro-conical bull nose arrangement. I say this because the patent specifications do not say what extra step needs to be taken to achieve "active squeezing", and no witness has suggested that two steps were needed to get from the prior art bull nose to the reversed bull nose disclosed in the specifications. Mr Elliott baldly asserts in his witness statement that this was his idea, but because he doesn't elaborate and because of my concerns about his evidence in general, I am not prepared to attach any weight to this. Mr Cobb says in his witness statement that it was he who worked on the dimensions of the bull nose because the precise dimensions had no moulding implications but did affect how the clamp would perform. That seems entirely plausible, and given Mr Cobb's overall credibility, I accept this evidence. However, in cross examination Mr Cobb said "active squeezing" was not a feature Bio Pure were interested in, from which I deduce that, if it is a distinct feature, it didn't come from him.
- 62 So, did the concept of "active squeezing" come from anyone other than the patent agent who drafted the patent specifications? I have my doubts, and they are reinforced by a closer examination of the drawings. The dimensions given in the 22nd March drawings won't produce "active squeezing" because they don't work at all - the recess in the bolt (tapering from 11.2 to 8.3 mm) is too small to fit over the "bull nose" on the prongs (tapering from 16.5 to 13.6 mm). This is obviously a mistake and I see it was rectified in later drawings, where both are shown as tapering from 13.0 to 10.1 mm. However, this cannot possibly produce "active squeezing" either. My doubts are further reinforced by the fact that I can discern no "active squeezing" in the sample Bio Pure and Jarzon plastics clamps that were handed up at the hearing. In conclusion, on the evidence available to me I do not believe that "active squeezing", to the extent that it is disclosed in the patent specifications, is a feature that is separate from the main invention.
- 63 Mr Cuddigan's second feature was the snap-fit arrangement for connecting the bolt to the end of member 12, relying on a T-shaped end portion on the bolt. His third was a

snap-together pivot connection between the two clamp members. Mr Purvis conceded at the hearing that both these came from Mr Elliott. It was also conceded by both sides at the hearing that Mr Cuddigan's fourth feature - the provision of projections 37 to prevent over-tightening of the nut - came from Mr Cobb and Mr Elliott jointly. Mr Cobb came up with the idea of having some means to prevent over-tightening, and Mr Elliott implemented that by using the projections.

- 64 The fifth feature was the provision for machine-tightening of the nut - in essence a hexagonal portion on the end. Once again I attach no weight to Mr Elliott's bald assertion that this came from him. However, Mr Cobb said this too was a feature that Bio Pure were not interested in, so I assume it didn't come from him. Accordingly I can make no finding as to where this came from.
- 65 Mr Cuddigan's final feature was the cross piece to limit rotation of the bolt. This is not even mentioned in the GB patent specifications. Indeed, I am not sure that it is mentioned in the text of any of the specifications other than in two new claims, 50 and 51, that have been added to the US application during the prosecution process, although I haven't checked all the non-GB specifications thoroughly. Thus it is difficult to believe that anyone perceived this as a feature of any consequence at all. However, having had attention drawn to it, I can see that there is a part of member 12 in the drawings of the original GB application that could be called a cross piece to limit rotation. Once again Mr Elliott asserts this came from him, although ironically he implies the main benefit of the part in question is not to limit movement of the bolt but to provide a good feed point for injection moulding. Mr Cobb was not asked in cross examination whether the feature came from him - he was merely asked whether it was an essential feature - so I only have Mr Elliott's evidence to go on. However, on this point, because of the reasons he gives I am prepared to accept that this came from him.
- 66 The next step is to consider what these determinations mean so far as inventorship and ownership are concerned. Both Mr Purvis and Mr Cuddigan recognised that these raised issues of law on which they might need to address me further, and I agree. However, I feel it may help if I say a little more at this stage, if only to try and focus any submissions the parties may now make.
- 67 I will turn first to inventorship. As Mr Cuddigan rightly stressed, in inventorship and entitlement proceedings one is not in the business of assessing patentability. However, as case law makes clear, that does not mean everyone who contributed anything, no matter how trivial, to what is described has to be declared an inventor. I suggest that a useful test, which also comes from the case law, is what was perceived as inventive by the alleged inventors at the time (although this might sometimes need to be tempered with a little common sense). That would not only rule out the addition to the basic idea of features that are routine but may also put a question mark against features that have only been put in the spotlight during patent prosecution. In short, Mr Elliott's name will remain as an inventor (in respect of subordinate features) only if I am persuaded that the features he contributed justify this status.
- 68 I will now turn to entitlement, and these are two issues here. First, it follows from my finding on contract in respect of the main invention that any features which were

incorporated in the drawings issued by Jarzon on 22nd March belong to Bio Pure no matter who invented the feature. On the evidence that certainly includes Mr Cuddigan's second, third and fifth features. I am also satisfied it includes the sixth feature, because, as established in cross examination, whilst it is not depicted in the detail views in the 22nd March drawings, it is present in the general view of the clamp, and that suggests this feature had been introduced by that stage.

69 So far as entitlement is concerned, that only leaves Mr Cuddigan's fourth feature - the provision of projections to prevent over-tightening. This first appears in general update drawings with an issue date of 9th November 1999, and it is common ground that it was introduced following discussion between Mr Cobb and Mr Elliott. I will await further submissions on what this means for the rights to this feature, but I will flag up one point now. Even if Mr Cuddigan successfully persuades me that Jarzon ought to have some rights stemming from Mr Elliott's contribution to this feature (and I am making no finding at this stage that this is the case), I do not feel escalating this to give Jarzon full joint ownership of the patents would strike a fair balance. I would instead look for a more pragmatic solution that reflects the fact that the main invention and nearly everything else belongs solely to Bio Pure.

Conclusion and next steps

70 I have found that the rights to the main invention belong to Bio Pure, not Jarzon and that the inventor of the main invention was Mr Cobb, not Mr Elliott. However, before I can finalise an appropriate order for relief, I need further submissions from the parties in relation to the subsidiary features. Those submissions specifically need to cover:

- (a) the extent to which Mr Elliott's contribution of subordinate features justifies his being named as a co-inventor, and
- (b) the extent to which that justifies Jarzon being given some rights, and if so, what those rights should be.

I will also need submissions on the appropriate form of order, particularly in relation to the non-GB patents and applications, and on costs.

71 I very hope we can deal with these further submissions in writing, without having to have another hearing. Indeed, I optimistically hope that the comments I have already made will enable the parties to agree some of the outstanding matters between them. Accordingly, I order the parties to make their further submissions within five weeks from today. I have chosen that period because it seems appropriate to wait for the appeal period to expire before requiring submissions, just in case either side decides to appeal. If they do, the period for making submissions should automatically be treated as stayed.

72 Having made their submissions, I will allow each side one further week to comment, if they wish, on the other side's submissions and to say whether they want a further hearing. If neither side requests a further hearing, I will then issue a final decision and order on the basis of the written submissions.

Appeal

- 73 Under the Practice Direction to Part 52 of the Civil Procedure Rules, any appeal must be lodged within 28 days.

P HAYWARD

Divisional Director acting for the Comptroller