



BL O/001/06

4 January 2006

PATENTS ACT 1977

BETWEEN

Transfer Systems International (UK)
Limited and TSI (UK) Limited

Claimants

and

International Consultants Group Ltd and
Black Spruce Holdings LLC

Defendants

PROCEEDINGS References under section 37 in respect of
patent number EP(UK) 1144869; and
under section 12 in respect of international
patent application PCT/GB99/04323 and
applications derived therefrom, in
particular Norwegian patent application
2001 2918

HEARING OFFICER D J Barford

DECISION

Background

1. International patent application number PCT/GB99/04323 (“the PCT application”) was filed on 20 December 1999 - claiming priority from two United Kingdom applications GB9827871 and GB9909757 (“the GB priority applications”) with respective filing dates of 18 December 1998 and 29 April 1999 - and naming Vernon De Jager as applicant and inventor. The PCT application was published as WO 00/038703 on 17 October 2001 under the title “Apparatus and method for mixing drill cuttings in a tank and transferring them therefrom”. It entered the regional phase before the European Patent Office as EP 99962373.9 and was granted as EP(UK) 1144869 (“the EP patent”) on 11 June 2003; and entered the national phase in Norway as Norwegian patent application 2001 2918 (“the Norwegian application”).

The references

2. The reference under section 37 in respect of the EP patent was made on 5 July 2004 by Transfer Systems International (UK) Limited of Aberdeen ("Transfer Systems").

3. The reference under section 12 was made in respect of "Foreign applications and patents relating to PCT/GB99/04323 especially Norwegian patent application 2001 2918". The reference was filed on 8 November 2004 jointly by Transfer Systems and TSI (UK) Limited of Edinburgh ("TSI").

4. References to "the claimants" below are to be interpreted as Transfer Systems, or as Transfer Systems and TSI, according to context.

5. The claimants state that Transfer Systems is a company currently in receivership, that these references are made with the consent of the joint receivers, and that the assets of Transfer Systems have been bought by TSI from the receivers.

6. The claimants have agreed that the two references be consolidated and the defendants have not opposed this course of action.

7. The claimants' case can be summarised as follows. The priority applications were filed in the name of Transfer Systems, but subsequently assigned on 10 May 1999 to Mr De Jager. On 27 April 2004, without the knowledge of either Transfer Systems or Mr De Jager, the defendants registered at the Patent Office in respect of the EP patent, a change of proprietor to their joint names under section 33 and rule 46, by virtue of an assignment between Mr De Jager and the defendants dated 24 September 2000. On 20 May 2004, without the knowledge of either Transfer Systems or Mr De Jager, the defendants filed a request at the Norwegian Patent Office to change the registered proprietor to their joint names, also by virtue of that assignment. The claimants submit that the assignment of 24 September 2000 is invalid because of an assignment made on 9 December 1999 between Mr De Jager and the claimants, of which the defendants were aware.

8. I shall refer to the assignments of 10 May 1999, 9 December 1999 and 24 September 2000 as the first, second and third assignments. The claimants have exhibited copies of the first and second assignments, and the third assignment is open to public inspection.

9. The first assignment assigns rights in the GB priority applications and in any other patent applications for the invention thereof and in resulting patents from Transfer Systems to Mr De Jager of Aberdeen. It is signed by Mr R Brian Williams, a director of Transfer Systems and dated 10 May 1999, but it

is not signed by Mr De Jager.

10. The second assignment refers to an invention entitled "Apparatus and method for slurring waste materials and drill cuttings in a tank and transferring them therefrom" for which "an application for Letters Patent of the United States is being filed concurrently herewith". The assignment assigns rights in the US application and in patent applications for the invention made outside the United States and in resulting patents, from Mr De Jager to Transfer Systems. No patent application numbers or patent numbers are specified. The assignment includes the following statement "I hereby covenant that I have full right to convey the entire interest herein assigned, and that I have not executed, and will not execute, any agreement in conflict herewith". It is signed by Mr De Jager and dated 9 December 1999. The assignment is accepted by Transfer Systems under the signature of one of its joint receivers and dated 1 July 2004.

11. The third assignment assigns rights in the GB priority applications, in the PCT application, in United States application number 09/461614 (which claims priority from the GB priority applications) and in any other patent applications for the invention made outside the United States and in resulting patents. The assignment is from Mr De Jager to International Consultants Group Ltd ("ICG"), a British Virgin Islands Corporation and to JTW Holdings LLC, an Alaskan Corporation, subsequently known as Black Spruce Holdings LLC ("Black Spruce"), that is to say to the defendants. It is signed by Mr De Jager and dated 24 September 2000, by Cathy Odgers for ICG and dated 26 April 2004 and by Mr J Terrell Williams for Black Spruce also dated 26 April 2004. US application number 09/461614 was granted as US 6276824 on 21 August 2001.

12. The claimants go on to submit that the second assignment was prepared by Mr Kenneth Roddy, a US patent attorney who routinely acts for Mr J Terrell Williams ("Mr Williams") - a signatory to the third assignment for the defendants as noted above; that Mr Williams telephoned Mr De Jager to request a copy of the second assignment which Mr De Jager faxed to Mr Williams on 17 December 1999 and which they subsequently discussed; and that the second assignment relates to the same invention as the EP patent and the Norwegian application.

13. The claimants argue that it follows from this that the second assignment of 9 December 1999 relates to the same invention as the third assignment of 24 September 2000, and is effective to transfer all the rights in the EP patent and in the Norwegian application, and that the defendants, through Mr Williams, knew of the earlier transaction at the time of the later transaction. In respect of the section 37 reference the claimants argue that under section 33(1)(c), the defendants are not entitled to the EP patent. In respect of the section 12 reference the claimants argue that the second

assignment conflicts with and invalidates the third assignment and the defendants knew that they were relying on an invalid transfer document when making their application to record the change of proprietor.

14. The claimants seek declarations that the third assignment is not valid and that by virtue of the second assignment the claimant is entitled to the invention of the EP patent and the PCT application. They seek orders that the second assignment be recorded to transfer the EP patent and the Norwegian application to Transfer Systems, and the second assignment be recorded against all other patents and applications (granting and pending) related to or derived from the PCT application. They also seek an award of costs.

The response

15. In accordance with normal practice, the Office invited the filing of a counter-statement by any interested person wishing to oppose the reference.

16. Mr De Jager responded in a letter dated 6 September 2004 stating that he did not wish to oppose the references and agreeing that the claimants should be granted the relief sought.

17. Mr Williams responded directly to the Office in letters dated 29 October and 9 November 2004. He was informed by the Office that he should communicate through the defendants' appointed agent, Messrs Eric Potter Clarkson; and in a letter dated 11 November 2004, Eric Potter Clarkson indicated that they were endeavouring to obtain instructions from Mr Williams. However in the event no further response was received from them. The Office gave notice to Eric Potter Clarkson and to Mr Williams directly that it was intended to treat the references as unopposed, subject to comments within a specified period. No such comments were received, although Mr De Jager again indicated in a letter received 12 January 2005 that he did not oppose the references. I therefore take the reference to be unopposed.

18. In his letter of 29 October 2004, Mr Williams states that he is the manager of Black Spruce, and "the owner/person giving direction to" ICG. In his letter of 9 November 2004, Mr Williams states as follows. The GB priority applications were filed in the name of Transfer Systems but assigned from Transfer Systems to Mr De Jager. This I take to be the first assignment. Mr De Jager was the managing director of Transfer Systems and Mr Williams the chairman. The assignment from Mr De Jager to Transfer Systems, which I take to be the second assignment, was made in case something happened to Mr De Jager until final disposition of the patents could be decided. It was never intended that Transfer Systems (or Mr De Jager) would own the rights and so the assignment was not recorded. The assignment signed by Mr De Jager on 24 September 2000 (the third assignment) assigns the rights to ICG and Black Spruce, companies which are owned by the owners of Transfer

Systems (including Mr De Jager) in the same proportions that they own Transfer Systems. Mr De Jager signed this document knowing that the earlier (the second) assignment to Transfer Systems was null and void. Mr De Jager also signed as managing director of Transfer Systems other agreements between Transfer Systems and the defendants - including licences for Transfer Systems to use the technology.

The law

19. These references are made under sections 12 and 37 which give the comptroller a certain jurisdiction to determine questions about entitlement to patents and applications for patents (UK and other).

20. The claimants' case under section 37 rests on section 33 which relates to the effect of registering transactions, instruments or events (hereafter "transactions etc"). The relevant parts read:

33.-(1) Any person who claims to have acquired the property in a patent or application for a patent by virtue of any transaction, instrument or event to which this section applies shall be entitled as against any other person who claims to have acquired that property by virtue of an earlier transaction, instrument or event to which this section applies if, at the time of the later transaction, instrument or event -

- (a) the earlier transaction, instrument or event was not registered, or*
- (b) in the case of any application which has not been published, notice of the earlier transaction, instrument or event had not been given to the comptroller, and*
- (c) in any case, the person claiming under the later transaction, instrument or event, did not know of the earlier transaction, instrument or event.*

(2) Subsection (1) above shall apply equally to the case where any person claims to have acquired any right in or under a patent or application for a patent, by virtue of a transaction, instrument or event to which this section applies, and that right is incompatible with any such right acquired by virtue of an earlier transaction, instrument or event to which this section applies.

(3) This section applies to the following transactions, instruments and events -

- (a) the assignment or assignation of a patent or application for a patent, or a right in it;*

(b) ..

21. Section 33 applies to UK patents and applications therefor, and under sections 77(1) and 78(2), it also applies to European patents (UK) and applications therefor.

22. Sub-section 33(3) defines which transactions etc are covered, and these include assignments. Under sub-sections 33(1) and 33(2), a person acquiring rights by virtue of an assignment is entitled as against any other person who claims to have acquired that right by virtue of an earlier assignment if two conditions are met at the time of the later assignment. One condition is that the earlier assignment was not registered or otherwise notified to the comptroller. The other condition is that the person claiming under the later assignment did not know of the earlier one. It is this provision that the claimants are relying on in respect of their case under section 37.

23. The claimants cite no specific provisions in respect of their case under section 12.

Conclusions and order

24. Both references are unopposed, and I conclude that the second and third assignments relate to the same invention.

25. Regarding the reference under section 37, I conclude that the first of the conditions referred to above is satisfied, namely that the earlier (second) assignment was not registered or otherwise notified to the comptroller. I also conclude that the second condition is not satisfied, namely that the defendants did know of that earlier assignment when claiming under the later (third) assignment.

26. I note that these conclusions are wholly consistent with the correspondence from Mr Williams referred to above. Mr Williams has also said however that the second assignment is invalid. He states that the second assignment was made in case something happened to Mr De Jager until final disposition of the patents could be decided, that this assignment was not recorded since it was never intended that Transfer Systems would own the rights, and that Mr De Jager signed the third assignment knowing that the second was null and void.

27. It is indeed difficult to see the justification for Mr De Jager's signing both assignments. For instance, it is not clear why the third assignment did not simply follow on from the second and assign rights from Transfer Systems to the defendants. Moreover the second assignment includes a clause explicitly stating (what in any case is implicit), that "I hereby covenant that I ... will not execute, any agreement in conflict herewith".

28. That said however the fact remains that the second assignment was made; and the reference being unopposed, there is no evidence before me to throw doubt on its validity. Although the fact that this assignment was not registered is material to its effect under section 33, it is not material to its validity. I therefore conclude on the basis of what is before me that the second assignment is valid.

29. Accordingly, regarding the reference under section 37, I find under section 33 that the claimants are entitled as against the defendants to proprietorship of EP 1144869 by virtue of the assignment of 9 December 1999, and I direct that this assignment be registered accordingly.

30. I turn next to the reference under section 12. I have concluded that the second assignment is valid. It follows that Mr De Jager was not in a position to make the third assignment, that the third assignment is therefore invalid and that entitlement to the rights in question rests with the claimants. **Accordingly, regarding the reference under section 12, I hereby declare that the claimants are entitled to the invention of international patent application PCT/GB99/04323; and to applications falling within the terms of section 12(1) and derived from that PCT application or relating to the same invention.**

31. This declaration may be used in support of any request to the International Bureau or other appropriate authority as to proprietorship of such applications or of any patents granted thereon. The claimants seek specific orders but in view of the likelihood that the authorities in question will also have jurisdiction, and the claimants having provided no submissions to that end, I am not in a position to make such orders. If the claimants require more they will have to come back to me.

Costs

32. The claimants have asked for costs and this has not been opposed by the defendants. Based on the published Patent Office scale, and having regard to the fact that these references were initiated as two separate actions, I award the claimants the sum of £700 to be paid by the defendants not later than 7 days after the expiry of the appeal period. If an appeal is lodged, payment will be automatically suspended pending the outcome of the appeal.

Appeal

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

DAVID BARFORD

Deputy Director acting for the Comptroller