

PATENTS ACT 1977

CLAIMANT Mrs Gillian Taylor
DEFENDANT Lanarkshire Health Board
ISSUE References under sections 12 and 37
in respect of UK patent GB2543835B
and related applications
HEARING OFFICER H Jones

DECISION ON ORDERS & COSTS

Introduction

- 1 This decision concerns the orders I should make following my earlier findings on inventorship and entitlement in [BL O/556/21](#). In summary, I found that the claimant, Mrs Gillian Taylor, was a joint inventor of the patient transfer weighing device and that she made the invention in her own time. I found that Mr Ken McCorkindale was also a joint inventor and that his rights to the invention were assigned to the defendant, Lanarkshire Health Board, by contractual agreement. I found that the time bar in section 37(5) of the Act applied in respect of GB2543835 (“the patent”) because the current proprietor of the patent, Lanarkshire Health Board, believed that it was entitled to be sole proprietor when the patent was granted. I invited further submissions on the exact orders I should make consequent to my findings together with final submissions as to costs; this decision is based on those further written submissions.

Submissions on orders

- 2 The primary determinations and orders sought by the claimant are as follows:
1. That the claimant shall be included (in addition to the defendant) as the registered proprietor of a) the patent and b) the patents and patent applications comprised in the first and second families (and equivalents thereof); and that the claimant shall be included as proprietor in all licenses granted thereunder (with an entitlement to receive 50% of any royalties generated thereunder).
 2. A decision from the comptroller on whether the claimant is entitled to recovery of any back-dated royalties already paid by licensees of the patent(s) in question, and if so by what amount.
 3. If the claimant’s request to be added as a co-proprietor of the patent is not

successful then it requests a decision on the following orders:

i) since an order has been granted that the claimant is entitled to be named as co-proprietor in respect of the EP application in the first family of patents (EP16801282), an order is requested that the claimant shall have the option of revoking the GB patent in the event of double-patenting should the said EP application proceed to grant.

ii) that the claimant be held entitled to receive a royalty sum greater than the present 24% currently provided for under the Licence Agreement with Scottish Health Innovations Limited dated 30 January and 3 February 2017 and, in particular, that she be entitled to 50% of the back-dated royalties generated by the invention and 50% of any royalties going forward.

3 The defendant's primary position is that the comptroller should decline to add the claimant as co-proprietor of the first and second family of patents and/or grant her the licence sought but instead focus any orders on the parties' respective shares in the royalties arising from the exclusive worldwide license, a figure of 24% of all worldwide royalties being equitable to all the parties involved. There should be no backdated royalties, but if such royalties were determined to be appropriate then allowance should still be made for full recovery of costs incurred. On the issue of double-patenting, the defendant says that there is no requirement to make an order in relation to revocation of the patent because the scope of the corresponding EP application is sufficiently different.

4 The relevant law as to the orders the comptroller is able to make in relation to entitlement to patents is set out in section 12 (in respect of foreign and convention patents) and section 37 (in respect of UK patents after grant):

12(1) At any time before a patent is granted for an invention in pursuance of an application made under the law of any country other than the United Kingdom or under any treaty or international convention (whether or not that application has been made) -

*(a) any person may refer to the comptroller the question whether he is entitled to be granted (alone or with any other persons) any such patent for that invention or has or would have any right in or under any such patent or an application for such a patent; or
(b) any of two or more co-proprietors of an application for such a patent for that invention may so refer the question whether any right in or under the application should be transferred or granted to any other person;*

and the comptroller shall determine the question so far as he is able to and may make such order as he thinks fit to give effect to the determination.

37(1) After a patent has been granted for an invention any person having or claiming a proprietary interest in or under the patent may refer to the comptroller the question -

*(a) who is or are the true proprietor or proprietors of the patent,
(b) whether the patent should have been granted to the person or persons to whom it was granted, or
(c) whether any right in or under the patent should be transferred or granted to any other person or persons;*

and the comptroller shall determine the question and make such order as he thinks fit to give effect to the determination.

37(2) Without prejudice to the generality of subsection (1) above, an order under that subsection may contain provision -

(a) directing that the person by whom the reference is made under that subsection shall be included (whether or not to the exclusion of any other person) among the persons registered as proprietors of the patent;

(b) directing the registration of a transaction, instrument or event by virtue of which that person has acquired any right in or under the patent;

(c) granting any licence or other right in or under the patent;

(d) directing the proprietor of the patent or any person having any right in or under the patent to do anything specified in the order as necessary to carry out the other provisions of the order.

- 5 Section 12 states that the comptroller may make such an order as he thinks fit to give effect to the determination of who is entitled to be granted a patent arising out of an application made under the law of any country other than the UK or under any treaty or international convention. Section 37(1) is worded in similar terms, i.e. that the comptroller shall make such an order as he thinks fit to give effect to the determination of who is the true proprietor of the patent, whether the patent should have been granted to the person to whom it was granted or whether any right in or under the patent should be transferred to another person. Section 37(2) acknowledges the generality of the term “any such order” in subsection (1), and sets out specific examples of orders that the comptroller can make, these being to directing registration of persons as proprietors of a patent, to directing the registration of transactions, instruments or event by which a person has acquired a patent, to granting a license in a patent or to directing the proprietor do whatever is necessary to give effect to the orders available. Section 37(2) makes clear that the comptroller is not limited to these specific examples.
- 6 The claimant seeks to be named as co-proprietor of the patent (GB2543835B) together with the defendant. It argues that the time bar in section 37(5) does not preclude the adding of an additional proprietor to a patent and that such addition is conceptually very different from the precluded act of transferring ownership from one party to another. I invited further submissions from both sides on this point, noting my initial view that the House of Lords’ judgment in *Yeda v Rhone-Poulenc Rorer [2007] UKHL 43* (Lord Hoffman’s speech at paragraphs 32-33) provided a very clear answer to this point, i.e. that the two-year time bar applies to a person entitled to only part of the patent in exactly the same way as it does to a person entitled to the whole of a patent. The claimant did not make any further submissions in relation to *Yeda*, while the defendant agreed that my “preliminary view” was correct.
- 7 Given my earlier finding that the time bar under section 37(5) applies, I am unable to make an order that transfers a part of the proprietary interest in or under the patent to the claimant.
- 8 So far as the first and second families of foreign or convention patents and patent applications are concerned, the only time bar noted under section 12 is the time when a person may refer the question of entitlement to the comptroller, this being any time before the patent is granted. The first and second patent families are set out at paragraphs 124-127 of my earlier decision. On the basis of the status of the various patent applications at the time that these entitlement proceedings commenced, the claimant is seeking orders under section 12 in respect of all applications and patents in the first family of patents, and in respect of the Chinese patent application only (and foreign equivalents thereof) for the second family of

patents. I shall refer to these as the “applicable applications”.

- 9 In order to give effect to my earlier finding that the claimant is a joint deviser of the inventions set out in the first and second patent families and was not employed by the defendant, it seems necessary that I should order that the defendant registers Mrs Gillian Taylor as a joint proprietor of the applicable applications and that she shall be included as a joint proprietor in all licenses arising out of the said applicable applications. The defendant submits that I should decline to make such orders and instead focus on the parties’ respective shares in the royalties arising from the exclusive worldwide license (to Marsden). The defendant says that this approach would be commercially sensible and be fair to all the parties involved, and that I have wide discretion to take such an approach. The defendant says that an award of 24% of all royalties arising from the worldwide license to the claimant would be equitable, and the global nature of the figure avoids the complexities that arise from having different distribution shares for the first and second family of patents.
- 10 As far as the claimant is concerned, her starting position is that as joint deviser of the inventions and joint proprietor of the applicable applications, she is entitled to an equal undivided share in the patent(s), licenses and royalties generated as a result of her endeavours, or at the very least a royalty sum greater than the present 24% currently provided under the license agreement with Scottish Health Innovations Limited (dated 30 January and 3 February 2017). The claimant appears to agree with the defendant that I have a wide remit as to the orders that can be made, which she says should extend to setting a percentage share due to her for royalties already received and for any generated going forward. In this regard, both sides have submitted detailed financial information and commercial agreements that I should take into account in establishing the appropriate financial benefit that the claimant is entitled to.
- 11 I should note that neither side has referred to any authorities on the extent of discretion I have to make orders under section 12 (nor section 37 for that matter) of the Act. I know that the issue was considered by the Court of Appeal in the case of *Hughes v Paxman [2006] EWCA Civ 818*, where it was held that the comptroller had jurisdiction under the wide powers afforded by section 37 to permit a co-proprietor to grant commercial licenses to third parties contrary to the wishes of another co-proprietor. This might seem at odds with the provisions of section 36(3) of the Act, which says that a co-proprietor cannot grant a license under the patent without the consent of the other co-proprietors, but section 36(3) is subject to the provisions of sections 8, 12 and 37, and section 37(1) permits any person claiming a proprietary interest in a patent to refer to the comptroller the question whether any right in the patent should be transferred or granted to any other person (section 37(2)(c) makes clear that a licence under a patent is indeed a right in or under the patent). The Court of Appeal compared the powers available to the comptroller under the compulsory licensing provisions of section 48 to allow third parties to apply to the comptroller for a license of right to a patent in situations where the patent was not being exploited to its full extent, on such terms as the comptroller thinks fit. Jacob LJ said at paragraph 13 that

Parliament could not have intended it to be possible that exploitation of an invention could be frustrated by a deadlock situation between co-proprietors. The whole point of the patent system was to encourage innovation and the exploitation of inventions.

- 12 Jacob LJ noted that the statement of grounds in that case did not set out the terms of

any proposed license and so the comptroller could not know what he was being asked to grant. It is clear from this that the Court of Appeal agreed that the comptroller had jurisdiction to decide the terms of any license granted under section 37, similar to the express powers it has under section 48. By analogy, it seems that the same would be the case for sections 8 and 12, which are expressed in similar terms to section 37 and require the comptroller to determine whether rights in the applications should be transferred to another person and make such orders as he thinks fit. However, it was accepted by the hearing officer when the case was before the Office that the comptroller does not have any extra-territorial jurisdiction and cannot make orders in respect of foreign patents.

- 13 When the case of *Paxman v Hughes* was before Mr Justice Kitchin (as he then was) in the Patents Court [2005] EWHC 2240 (Pat), he cited a number of other cases illustrating the broad discretion available to the comptroller to make such orders as he thinks fit (paragraph 48):

So, in Elliott v. Expotech BL 0/189/04 the hearing officer considered that if he were to order joint ownership he would have flexibility to impose conditions and restraints notwithstanding what is contained in s.36 and that his overriding consideration should be what was necessary to give a fair result in all the circumstances. Similarly, in Webb v. McGriskin BL 0/135/00 and BL 0/410/00 it was ordered that a patent should be jointly owned by two inventors and that each of them, as co-proprietors, should have the right to licence out the invention to third parties without the consent of the other.

- 14 Both of these cases and very many others are referenced in the *CIPA Guide to the Patents Act (9th Edition)* to illustrate the varying orders that have been made under sections 8, 12 and 37 to give effect to a transfer of rights to another person. None of the cases appear similar to the present case, where we have a claimant who is already benefitting from a royalty stream derived from a seemingly successful exploitation of her invention by a third party (licensed by the defendant) but who now seeks an increased royalty stream based on the determination that she has and ought always to have had a proprietary interest in patents relating to the invention. This is not a case where an academic transfer of rights in the patent is likely to frustrate commercial exploitation of the invention, which the comptroller can seek to prevent through the orders he deems fit to make, but is more a case of providing fair reward for the claimant's proprietary interest in the patent in addition to her role as inventor.
- 15 I find myself in the difficult position that I do not agree with either side about the extent of discretion I have in relation to orders under section 12. As is clear from the relevant part of the section copied above, the section is concerned with whether a person is entitled to be granted a foreign patent or whether that person has any rights in such a patent, and the orders that can be made thereunder, albeit wide, must be limited to giving effect to whatever findings are made in relation to these specific questions. In my view, this discretion can only extend in this case to ordering the defendant to register the claimant as joint proprietor of the applicable applications and to any licenses thereunder. As a deviser of the inventions and a joint proprietor of the applicable applications, it seems to me that the claimant is entitled to an equal share of all royalties, both backdated and going forward, arising from licenses granted in respect of the applicable applications, but that an adjustment would need to be made for the costs incurred by the defendant in prosecuting the applications and in developing the inventions to a licensable product (as well as the very many other commercial considerations set out by both sides in their submissions). However,

these adjustments are commercial factors that I believe are beyond the scope of section 12, and the comptroller cannot meddle in such disputes beyond answering the baseline question as to entitlement and thereby establishing a starting point for commercial negotiation between the two sides. I note from submissions received that initial approaches have been made about the possibility of a commercial settlement and that very little progress has been made pending my decision. I expect that both sides will want to recommence these discussions given my conclusion that section 12 cannot help resolve their commercial dispute.

- 16 If the parties consider that I am wrong in relation to the scope of order I can make under section 12 and believe that it does in fact allow me to specify the royalty rate (or whatever other commercial terms) of any license agreement between the parties, then I am prepared to take further submissions on that point. However, I would encourage the parties, in their own interests, to try and negotiate some settlement or compromise in the light of the orders I make here. If a negotiated settlement is not possible and I can be convinced that section 12 does provide the authority for me to make such orders as to the terms of licensing agreements that would bind both sides, it is incumbent on me to revisit the matter. With that in mind, I will allow the parties two months to reach a commercial settlement on their own terms, and, if that is not possible, I will allow a further two weeks to provide legal authorities in support of a wider scope of orders under section 12. If my current view as to the narrower scope of order I am allowed to make under section 12 is incorrect, I will decide the terms of the licensing agreement, i.e. the royalty rate due to Mrs Taylor, based on the submissions already received and will make an order that gives it effect. If this means that it becomes necessary to vary the orders I make below then I will deal with that at that time.
- 17 I turn next to the claimant's submission that since the claimant is entitled to be named as co-proprietor in respect of EP application EP16801282 (in the first family of patents), I should make an order that the claimant shall have the option of revoking the GB patent in the event of double-patenting should the said EP application proceed to grant. The defendant says that the comptroller is under an obligation to revoke the GB patent where double-patenting takes place, and that accordingly there is no requirement to make such an order. It says that the claims of the UK patent and the corresponding EP application are sufficiently different to avoid this in any case.
- 18 I agree with the defendant that section 73(2) of the Act already allows for the comptroller to revoke the GB patent in the case of double-patenting and that no order is necessary in this regard, so I do not need to consider whether section 12 provides the discretion to make such an order in the first place.

Submissions on costs

- 19 I said in my earlier decision that I did not expect to depart from the standard scale of costs set out in Tribunal Practice Notice 2/2016 given how both sides had contributed to the efficient hearing of the case, and neither side has urged me to depart from this view. The claimant requests an award of on-scale costs in her favour on the basis that she was successful, or at least partially successful, on all significant points. The defendant's position on costs is that each party should bear its own costs on the basis that this is a case of mixed success for both sides: the claimant has failed in her claim under section 37 because of the time-bar under section 37(5), but

succeeded in other regards. I am minded to agree with the defendant on this point and therefore make no order as to costs.

Matters outstanding from earlier decision

- 20 In my earlier decision I deemed that the defendant's request on Patents Form 7 to add Mr Ken McCorkingdale's name as inventor in the patent to be an application under rule 10(2). I shall make an order to this effect in this decision.

Order

- 21 **I hereby order that:**

the defendant shall make arrangements with the relevant IP offices to register Mrs Gillian Taylor as a joint proprietor of the applicable applications¹;

the defendant shall make arrangements to add Mrs Gillian Taylor as a proprietor and/or joint-licensor in all licenses arising out of the said applicable applications;

Mr Ken McCorkingdale shall be named as a joint inventor in GB2543835 in addition to Mrs Gillian Taylor.

Appeal

- 22 Any appeal must be lodged within 28 days after the date of this decision.

Huw Jones

Deputy Director, acting for the Comptroller

¹ The applicable applications are: EP16801282; US15/771895, CA3041194; HK1254981 (and foreign equivalents thereof); CN201921745685.7 (and foreign equivalents thereof)