

PATENTS ACT 1977

IN THE MATTER OF a reference
by HMSI Ltd under section 37(1) as
to the entitlement to Patent Number
EP(UK) 0616658 in the name of
Polar Bay Ltd

DECISION

1. Patent EP(UK) 01616658 was granted to Polar Bay Ltd on 8 October 1997. The patent application had originally been filed under the Patent Cooperation Treaty ("PCT") on 23 November 1992 in the name of a different company, Wash 'n' Rinse Ltd. The PCT application claimed priority from GB Application No 9124819.5, made on 22 November 1991 by yet a third company, Manufacturers Agents Limited, which had subsequently gone into liquidation. For simplicity, I will refer to these three companies by the shortened names "Polar", "Wash 'n' Rinse" and "Manufacturers Agents".

2. On 25 February 1998 HMSI Ltd ("HMSI") filed the present reference under section 37(1). The reference was opposed by Polar, and after evidence had been filed by both sides the matter came before me at a hearing on 17 June 1999. Polar were represented by their patent agent, Mr Bankes of Baron & Warren and HMSI were represented by their patent agent, Mr Stuart Geary of Venner, Shipley & Co. Mr Bankes also gave evidence and was cross examined. In this decision I have tried to distinguish what he said as a witness from what he said as an advocate.

The patent

3. The description of the patent, and the PCT application from which it is derived, includes two embodiments. The first, but not the second, was also described in the GB priority application, GB 9124819.5. The first embodiment is a hand washing unit which operates in

response to personnel data being entered either manually via a keyboard or by a magnetic card reader. Subsequently infrared proximity detectors sense the presence of hands in a basin so that, under the control of timer relay switches and via a mixer valve, water alone, then soap and water and finally water alone are supplied to the basin for predetermined periods. A central computer monitors the use of one or more such units, a "use" being recorded if the hands are kept under the water long enough for soap to be dispensed. The second embodiment is a unit which can be used in conjunction with an existing wash basin to achieve a broadly similar end result. A single proximity sensor and separate outlets for the soap and water are positioned above the wash basin, and a counter on the unit registers each use.

4. A Mr Frank Foster invented both these embodiments. Indeed, Mr Foster was more than just the inventor, because he was also a director of both Manufacturers Agents and Wash 'n' Rinse. He is, incidentally, also a director of the referrers, HMSI.

5. Having made the PCT application, on 20 May 1994 Wash 'n' Rinse transferred the non-UK rights in the European application that had emerged from the PCT application to a company called Wash 'n' Rinse International whilst retaining the UK rights. In the summer of 1994 Frank Foster signed an assignment, as Managing Director of Wash 'n' Rinse, purporting to assign all the rights in the European application to himself, but because the patent agents then discovered that he did not have the authority to do so, this purported assignment was not registered at the European Patent Office. Instead, on 4 October 1994 Wash 'n' Rinse transferred the UK rights to the patentee, Polar Bay, the company receiving the non-UK rights in the European application from Wash 'n' Rinse International. It would appear that the US rights in the invention were transferred to Mr Foster and subsequently, on 27 March 1995, the Irish rights were also assigned to him, though this is not material to the present reference.

6. None of the facts in the previous two paragraphs appear to be in dispute. What is in dispute is whether Manufacturers Agents ever had any right to file the PCT application in the first place, and much of the argument and evidence goes to this.

The law

7. This reference is made under section 37(1), which reads:-

“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.”

8. Section 7(2) tells us who has the right to be the proprietor of a patent. It reads :-

“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 of law, or any foreign law or treaty or international convention, 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 or any person so mentioned and the successor or successors in title of another person so mentioned:

and to no other person.”

9. Section 30 is also relevant. It concerns inter alia transactions in patents and applications for patents, the requirements for a legal assignment being specified in section 30(6) which reads :-

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

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

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

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

10. Before looking at the facts of this case, I must first deal with a submission made by Mr Geary on the interpretation of sections 7 and 37. He argued that under section 7 patents can only be granted to the legal owner, not to an equitable owner, and that consequently section 37 is limited to determining legal ownership. If there has been an equitable assignment of the rights in the invention, I cannot take that into account and have to find for the legal owner. To support this submission he drew my attention to the unpublished decision of the comptroller in Westend Investments (SRIS reference O36/1984). In this case, although the hearing officer found there had been an agreement to assign an invention, there had not actually been an assignment and the hearing officer held that he could not order performance of the agreement to assign contained in a letter of intent.

11. If Mr Geary's submission is correct, many entitlement actions under sections 8, 12 and 37 where equitable rights were taken into account must have been wrongly decided. However I do not accept his interpretation of these sections. In Westend Investments (which in any case is not binding on me), the reference was unopposed and the hearing officer held that enforcement of the agreement in the letter of intent was not the matter before him. That is why he came to the conclusion he did. That finding cannot be translated into an opposed reference such as the present one. The wording of section 37 seems to me to leave no doubt that it is concerned with more than just legal ownership, if only because it talks about any

right in or under the patent. Right is defined in section 130(7) as follows :-

““right”, in relation to any patent or application, includes an interest in the patent or application and, without prejudice to the foregoing, any reference to a right in a patent includes a reference to a share in the patent.”

This clearly goes wider than ownership in law and, in truth, I think that Mr Geary recognised this when he went on to argue that, not only had there been no legal assignment, there had not been even an equitable assignment. Indeed, the present reference asks for determination of not only who is the “true proprietor” of the patent but also whether any right in or under the patent should be transferred to the referrers. Thus I find that under section 37 it is proper for me to look at equitable rights. There may be a question of what the most appropriate relief should be if the comptroller finds that whilst strict legal ownership rests with one party, some or all of the rights in or under the patent rest in equity with another party, but that question would have to be considered on a case by case basis. Sufficient to say that the power given to the comptroller in section 37(1) to “make such order as he thinks fit to give effect to the determination” appears to permit considerably flexibility.

12. Although I was not referred to *Kakkar v Szelke* [1989] 4 EPOR, it is perhaps worth noting that my view on the scope of section 37 is entirely consistent with the majority judgement in this case. True, this was an action under section 12 in respect of a European patent application rather than an action under section 37 in respect of a granted UK patent, but the two sections have much in common. Whilst much of the argument concerned the interpretation of section 82, an underlying issue was the extent to which the court could rule on equitable interests. The judge below had concluded that the grant of a patent under section 7 was not concerned with any equitable interest, but Lloyd L J said this went too far. He commented on page 194 that:

“There is not to be found in the 1977 Act any such clear-cut distinction between legal and equitable interests as as Mr Price asserts.”

and again on the next page:

“Whatever may have been the position when patents were granted formally by the sovereign under the Great Seal, today the grant signifies no more than the completion of the process whereby an application matures into a patent. Mr Walker was, in my judgement, correct when he said that what matters today is the right to the patent or the rights in the patent, not the right to be named as grantee of the patent.”

Later (page 197) Nicholls L J reinforced this by saying that if the referrer’s claim to be entitled in equity to an absolute share in the patent was well founded, they were entitled to a grant of a share in the patent.

The referrers’ case

13. I will now consider the referrers' case. Their evidence is extremely brief. In substance, it consists solely of a short deed of assignment, dated 11 February 1998, between the Crown and HMSI (“the Purchaser”) relating to the intellectual property of the liquidated company, Manufacturers Agents. The relevant parts of the assignment read:-

“Whereas before the 15th day of October one thousand nine hundred and ninety -three MANUFACTURERS AGENTS LIMITED (hereinafter called the “Company”) was the owner of the invention and design rights particulars of which are set forth in the schedule hereto the Treasury Solicitor as Crown Nominee hereby assigns and transfers to the Purchaser ALL such rights and interests (if any) to and in respect of the invention and design rights as were vested in the Company immediately before its dissolution and are now vested in the Crown without the goodwill of the business connected therewith TO HOLD the same unto the purchaser absolutely.”

The invention and design rights are defined in the schedule as :-

- 1) The invention described in UK patent application no. 9124819.5
- 2) The design right subsisting in a hand washing apparatus design
- 3) The design rights subsisting in PCB designs.

14. The onus of proof in entitlement proceedings is always on the referrers and in this

instance, in the light of the paucity of evidence provided by the referrers, I am minded to ask myself whether they have made a case for the patentees to answer.

15. The Treasury Solicitor's assignment to HMSI took place over 4½ years after Manufacturers Agents' affairs were finally wound up and 5½ years after the company went into liquidation. Therefore an important point to address is whether any rights were still available for assignment at that stage. The assignment does not answer it because it merely refers to rights and interests "(if any)", and that does not tell us whether there actually were any remaining rights to assign. This is confirmed by the following response from the Treasurer Solicitor to the patentees' agents when, in March 1998, they queried what rights had been transferred by this assignment:-

"You will note from the assignment that the Treasury Solicitor only assigned "such rights and interest (**if any**) to and in respect of the invention and design rights as were vested in the Company." The reason for this is because the Treasury Solicitor can never be entirely sure whether an asset was still owned by a company prior to its dissolution."

16. The onus is on the applicants to establish what rights were actually conveyed by this assignment and they have provided no evidence whatsoever on this point. This is not just a minor technical detail, because from the Companies House records obtained by the patentees there are clear doubts about whether any rights were still available for assignment as Manufacturers Agents had allegedly been liquidated with no assets. This had been stated in a declaration sworn by Mr Foster on 10 July 1992 in connection with the liquidation, and of course, when making this declaration he knew full well that Manufacturers Agents had owned the UK patent application at some time because he, as the inventor and a director of Manufacturers Agents, had instigated its filing. It was also stated by the liquidator, Mr Taylor, himself in his "Liquidator's statement of account" dated 9 July 1993, which declared that the company had no assets. Again, when making this statement, Mr Taylor was clearly aware of the existence of the UK patent application because the patentees' undisputed evidence shows that in September 1992 Mr Taylor had agreed in correspondence with Mr Bankes, who at that time was representing Wash 'n' Rinse, that he had no objection to its

assignment to Wash 'n' Rinse.

17. At the hearing I put these points to Mr Geary. His response was that, in his view, the patent application was not an asset meaningful in the context of paying off creditors. That bald assertion simply isn't good enough. If that was indeed the view of Mr Foster and the liquidator when they asserted in 1992 and 1993 that Manufacturers Agents had no assets, the referrers should have provided evidence from one or both of them to confirm this. The referrers certainly could have provided evidence from Mr Foster had they so wished because he is one of their directors. I do not know whether they could have provided evidence from the liquidator - the patentees gave evidence that they were unable to trace the liquidator but the referrers have provided no evidence that they even tried to contact him to ascertain what rights he thought Manufacturers Agents owned prior to liquidation and consequently what rights they may have bought. However, whatever the reasons, the referrers have provided no evidence on this point. Since in general the assets of a company would include the value of its intellectual property rights, without evidence to the contrary I cannot take the assertions that Manufacturers Agents had no assets at liquidation as consistent with an allegation that in 1998 this company still owned meaningful (ie taking equitable interests into account as well) rights in the patent application.

18. On this basis, there is a serious hole in the referrers' case, and if I had to rely solely on their evidence they would be bound to fail. However, the patentees put in a fair amount of evidence of their own to justify their assertion that they were rightly entitled to the patent, and Mr Geary seized on this to try and boost his own case by discrediting the patentees'. Since much of the argument was devoted to this, I will now look at the patentees' case.

Patentees' case

19. The patentees assert that the rights in the patent - or patent application as it then was - were in part transferred to Wash 'n' Rinse from Manufacturers Agents and in part assigned directly to them by Mr Foster. They rely on evidence from Mr Bankes, the patent agent responsible for handling the filings, and Mr Hay, Managing Director of Wash 'n' Rinse. The referrers declined to file evidence in reply, but at the hearing Mr Geary, who cross examined

both these witnesses, asserted that the patentees' evidence does not establish that any rights passed to Wash 'n' Rinse. However, he did not dispute that if Wash 'n' Rinse did indeed acquire the rights, they have subsequently been assigned to Polar.

20. In essence, Mr Geary argued that:

- (1) there was neither a legal nor an equitable assignment of the first embodiment described in the GB patent application to Wash 'n' Rinse, and
- (2) the second embodiment also belonged to Manufacturers Agents because there is no evidence to suggest that it was invented after the company was liquidated, and that therefore this embodiment now rests with Mr Foster or the Crown.

I will look at each argument separately.

Entitlement to the first embodiment

21. In the autumn of 1991, Mr Bankes filed the GB patent application for the first embodiment in the name of Manufacturers Agents on the instructions of Mr Foster and Mr John Fawthrop who were both directors of that company. When subsequently in the late summer of 1992 Mr Bankes was contacted by Mr Foster to discuss the filing of a new application, Mr Foster explained that Manufacturers Agents had been put into liquidation and that he had transferred the handwash business to his other company Wash 'n' Rinse. To ensure that there would be no accusation of asset stripping Mr Bankes advised consulting the liquidator who subsequently confirmed in writing that he had no objection to assignment of the GB patent application. I should perhaps say that although the liquidator's letter does not refer to a particular patent application Mr Geary accepted at the hearing that the letter concerned the GB application.

22. To resume the sequence of events, a Form 7/77 for GB Application No 9124819.5 (exhibited as an attachment to Mr Bankes' affidavit) was filed in December 1992 naming Wash 'n' Rinse as the applicant and stating that the company had derived the right to apply:

"By virtue of an Agreement between Frank Foster and Manufacturers Agents Ltd and an (sic) subsequent Agreement between Manufacturers Agents Ltd and Wash 'n' Rinse Ltd".

Mr Bankes agreed during cross-examination that this statement about the derivation of right was drafted by him, explaining that, after discussions with Mr Foster, he was satisfied that there had been such an agreement.

23. Mr Bankes admitted that he had never seen a written assignment and that the patentees had not been able to locate one, but argued the evidence showed that, at the time, all the parties involved acted as though the rights to the invention lay with Wash 'n' Rinse. This, he said, pointed to either such an assignment having taken place or, at the very least, to there being an equitable agreement to assign. He said under cross examination that he remembered discussing the need for something in writing with Mr Foster at the time, and whilst he couldn't remember the exact outcome, was satisfied that Mr Foster had done or would do what was necessary. He also submitted that a written assignment of the right to claim priority was not actually required, drawing my attention to *Beloit Technologies v Valment* [1995] RPC 705 in which Jacob J held that, with the agreement of the two companies concerned, one could use a patent application of the other as a priority document.

24. Mr Hay also believed that the rights were assigned. Under cross examination he recalled discussing the failure of Manufacturers Agents with Mr Foster and agreeing that the intellectual property rights were to go to Wash 'n' Rinse. He said Polar had, at his suggestion, invested £350,000 in Wash 'n' Rinse and it was unthinkable that they would have done so if they had not believed the rights had been assigned because Wash 'n' Rinse had no other assets.

25. The referrers' response to the patentees' case concentrated less on disputing the facts than on arguing points of law by contesting the admissibility of the Form 7/77 and any secondary evidence of an assignment, and I must now consider these legal points. In passing, perhaps I should add that Mr Geary also made much of some relatively insignificant errors in Mr Hay's affidavit, but I do not consider they undermine his reliability as a witness. Under

cross-examination both Mr Hay and Mr Bankes came across as honest witnesses doing their best to remember events that occurred about 7 years ago.

Admissibility of Form 7/77

26. Mr Bankes acknowledged that it was he who had drafted the statement about the derivation of right to be granted a patent on the Form 7/77. Mr Geary argued that, since this was a previous statement made by a witness in the proceedings (viz Mr Bankes himself), under section 6(2) of the Civil Evidence Act 1995, the statement on the form was only admissible with the leave of the comptroller. That subsection reads:-

“A party who has called or intends to call a person as a witness in civil proceedings may not in those proceedings adduce evidence of a previous statement made by that person, except -

- (a) with the leave of the court, or
- (b) for the purpose of rebutting a suggestion that his evidence has been fabricated.”

Mr Geary maintained that this was not an instance where leave should be allowed since it was a back door way of submitting hearsay evidence not under oath.

27. I accept that I should apply the principles of the Civil Evidence Act to these proceedings but I disagree with Mr Geary that section 6(2) means I should disqualify the statement previously given on the Form 7/77. Even if I accept that the statement is a previous statement of Mr Bankes, it is more than this, because it is also a record of what was filed at the Patent Office on that application. Thus it would be admissible for being the latter even if it were not admissible for being the former. Indeed, if one took Mr Geary’s argument to its logical conclusion, in a patent dispute the patent specification itself would not be admissible as evidence of what was stated therein if the person who drafted it - whether the inventor or an agent - was to give oral evidence. That would be manifestly absurd.

28. In any case, even if I were to accept that the statement on the Form 7/77 may, for the

purposes of section 6(2), be properly termed a "previous statement", it would still be admissible if I gave leave and I have not the slightest doubt that it would be proper to give leave in these circumstances. Firstly, the form is an important document of record in these entitlement proceedings and as such I should require very strong reasons to exclude it. Secondly, as I understand it this provision in the Civil Evidence Act 1995 (which has been carried forward from previous acts) is not there to prevent a party admitting hearsay evidence by the back door, as Mr Geary claimed, since the whole point of the Civil Evidence Act is to make hearsay admissible. Rather, I believe it is there primarily to prevent the pointless proliferation of superfluous evidence - certainly that was the justification for retaining the provision given by the Law Commission in their Report to Parliament in 1993 on "The hearsay rule in civil proceedings" (LAW COM. No 216). One cannot possibly argue there has been unreasonable proliferation here - all we have is a single form, sent to the Patent Office many years before litigation was envisaged. Thirdly, the referrers will not be unfairly prejudiced by admission of "hearsay evidence not under oath", as Mr Geary claimed, because Mr Geary had the opportunity to cross-examine Mr Bankes on its content. I recognise it might help the referrers' case if the statement were not admitted, but that is not the point. Accordingly I admit the statement as evidence of the facts stated therein. Of course, on its own the statement does not prove conclusively that an assignment took place, but it certainly does confirm that Mr Bankes believed this to have happened.

Admissibility of secondary evidence of an assignment

29. I now turn to Mr Geary's submission that I should not admit any evidence about the existence of an assignment from Manufacturers Agents to Wash 'n' Rinse. Mr Geary argued that, since an assignment is a document subject to the Stamp Act, following the decision of Jacob J in *Coflexip Stena Offshore Ltd's Patent* [1997] RPC 179, if there is no primary evidence of the assignment, secondary evidence of such a document may only be given if there is evidence to indicate that the document had been stamped. In the absence of any evidence to show that the assignment was stamped, he said, any evidence referring to an assignment from Manufacturers Agents to Wash 'n' Rinse is inadmissible.

30. Mr Geary's argument relies on the unspoken assumption that, in the absence of evidence

to the contrary, I have to assume that any assignment was unstamped. He provided no case law or argument to support this view. So far as I can determine, the view is wrong in law. The only authority I can find, which despite its age is still being quoted, is *Closmadeuc v Carrel* 18 CB 36, and that suggests at page 42 that, in the absence of evidence either way, the courts should assume all parties did their duty and consequently where a document requiring a stamp is not produced in evidence it will, in the absence of evidence to the contrary, be presumed to be duly stamped. However, whether I am right or wrong on that is totally academic. The existence or otherwise of a stamped assignment might be important if I were confining my attention to entitlement in law, but as I am also taking account of equitable rights it ceases to be of much importance, because equitable rights can exist even though there was no deed of assignment.

First embodiment - conclusion

31. Having rejected Mr Geary's attempts to have all the important parts of the patentees' evidence in respect of the first embodiment thrown out on points of law, I can now return to the substance of the patentees' case. I am quite satisfied that, in 1992, all parties involved, i.e. Mr Foster, as inventor and a director of both Manufacturers Agents and Wash 'n' Rinse, Mr Hay as Managing Director of Wash 'n' Rinse and Mr Taylor, the liquidator, were content for the rights in the invention and in the GB application to go to Wash 'n' Rinse. Indeed, they were not merely content for them to go but they behaved as though they had actually gone. There were several clear pointers to this. For example:

- As I have already mentioned, Mr Foster and Mr Taylor both signed documents to indicate that when Manufacturers Agents was liquidated the company had no assets even though both were aware that it had at one time owned the rights to the invention. This suggests both of them believed that those rights had gone elsewhere. Indeed, Mr Geary acknowledged as much at the hearing when he conceded that when Mr Foster said the company had no assets, that was probably because he believed the rights had been assigned to Wash 'n' Rinse.
- It was Mr Foster who instigated the filing of the PCT patent application in the name of

Wash 'n' Rinse, using the GB application of Manufacturers Agents as a priority document. This again can only mean that he thought the rights had been transferred.

- Mr Hay persuaded Polar to invest a considerable sum of money in Wash 'n' Rinse because of his belief that Manufacturers Agent's intellectual property rights had been transferred.

32. Mr Geary conceded that there may have been a promise to assign the GB application but said a promise was not enough. He referred me to James Industries Ltd.'s Patent [1987] RPC 235 as an example of a case which accepted the well known principle that for a contract to exist there must be a clear offer by one party and a clear acceptance by the other. However, in my judgement, in the present case there was much more than a mere promise to assign. All parties behaved as though full assignment had taken place.

33. I do not know whether there was actually a written assignment. Mr Foster is probably the only person who can give a definitive answer and we have no evidence from him. Possibly there was none owing to Mr Foster's and Mr Hay's ignorance of what was required, what Mr Geary called an "unfortunate error". However in my view there was at least an assignment in equity of all rights in the first embodiment. From the evidence available I cannot pin down precisely when in 1992 this equitable assignment should be deemed to have taken place, especially as it would appear Wash 'n' Rinse was a dormant company for the first part of the year, but I am satisfied it took place.

34. The patentees have claimed that a written assignment of the right to claim priority was not necessary, following Jacob J's decision in *Beloit*. Certainly the Judge seemed unconcerned by the absence of a specific assignment, but since the patentee's argument was not challenged the point was not fully debated. However, having concluded that there was at least an equitable assignment of the rights, I do not need to consider this point further. I am satisfied that, in equity if not in law, Wash 'n' Rinse became the successors in title to Manufacturers Agents. If there was no written agreement, at very best Manufacturers Agents, and hence the liquidator, may have retained legal ownership of the patent application, but they would have been holding it in trust for Wash 'n' Rinse (or now, Polar Bay) with an

obligation to assign it, lock, stock and barrel to them. The correct finding under section 37 would be the same either way: that the true proprietors of the patent are Polar Bay.

35. Mr Bankes submitted that, if the referrers had in fact bought the rights to the invention in the GB patent application from the liquidators, then, following Viziball's Application [1988] RPC 213, they were only entitled to what the applicant conceived to be his invention at the time of filing. This, he argued, was different from the invention of the EP(UK) patent. However, in view of my findings above I do not need to consider this submission.

Entitlement to the second embodiment

36. In respect of the second embodiment described in the PCT application Mr Geary argued (again using the patentees' evidence) that, since Mr Foster discussed the second embodiment with Mr Bankes at the end of August 1992, this embodiment must have been devised before August 1992. At this time Wash 'n' Rinse was a dormant company and therefore, depending on Mr Foster's obligations to Manufacturers Agents, entitlement resides either with Mr Foster or, following the liquidation of Manufacturers Agents, with the Crown.

37. Mr Bankes, on the other hand, submitted that, as the inventor of the second embodiment, Mr Foster was at liberty to decide to which company he assigned the rights to his invention and that it was his understanding that Mr Foster assigned it directly to Wash 'n' Rinse. He pointed out that, although Wash 'n' Rinse may not have been involved in any accounting transactions at this time, the name was being used and it was on Mr Foster's instructions that he filed the patent application in the name of Wash 'n' Rinse. Further, Mr Hay had exhibited to his affidavit a Wash 'n' Rinse publicity leaflet for the second embodiment which, he said, Mr Foster had printed in 1992 (and this was not disputed by Mr Geary), again confirming that Mr Foster was clearly of the belief that it was Wash 'n' Rinse who had acquired the right to this embodiment.

38. I can deal with the question of the second embodiment very briefly. I believe it would be quite wrong for me to make the finding Mr Geary seeks. In the pleadings the referrers gave no hint whatsoever that they sought a ruling from the comptroller that some of the rights

belonged to a third party, viz Mr Foster or the Crown. This came out of the blue at the hearing. I think Mr Bankes could, with considerable justification, have objected to being presented with a case that had not been pleaded, but in the event he did not. However, had this been pleaded properly, the reference would have been served on Mr Foster and the Crown to give them the opportunity to oppose it. This follows from rule 54 of the Patents Rules 1995, under which the comptroller is obliged to serve the reference on every person “who is alleged in the reference to be entitled to a right in or under the patent”. Because it has not been so served, I am not prepared to rule on this embodiment. It is sufficient to record that Mr Geary bowed to the inevitable at the hearing when he conceded that HMSI certainly had no claim to it.

39. I must also say that I would not in any case have ruled that this embodiment belonged to “either” Mr Foster “or” the Crown, because that would not resolve the issue. Again, Mr Geary appeared to be forgetting where the onus lies. When he admitted at the hearing that the ownership of the second embodiment might depend on Mr Foster's obligations to Manufacturers Agents, that was tantamount to an admission that he had not made out his case adequately.

40. If Mr Foster or the Crown wish to claim entitlement to the second embodiment, it is open to them to launch proceedings themselves under section 37. However, for what it is worth I observe that, on the evidence available to me so far, there is nothing whatsoever to suggest that Polar Bay are not the correct proprietors. In making this observation I am not deciding the point because I recognise that new proceedings could generate different evidence and arguments. Equally, since I assume that as a director of HMSI Mr Foster will see this decision, I am anxious that he should not misinterpret my statement that it is open to him to launch section 37 proceedings himself as suggesting that I think he was likely to be successful.

Conclusion

41. The referrers have withdrawn any claim to the second embodiment, and I am not prepared to make any further ruling on this. So far as the first embodiment is concerned, I

have found that the evidence on which the referrers relied was not nearly sufficient to discharge the burden of proof that rested on them. It is perhaps surprising that they did not also supply evidence from Mr Foster, since he might have been able to fill in some of the gaps. Certainly he was centrally involved with several companies who behaved as though the relevant intellectual property rights belonged to them, and during this period apparently even attempted to divert the rights from those companies to himself, so it would have been interesting to hear his explanation of his current involvement with a company which denies that these rights were available for assignment. However, the patentees did supply evidence themselves to support their own claim to be entitled, and I have found that the referrers' attack on this evidence also failed. Accordingly I dismiss this reference in its entirety.

Costs

42. Both sides have asked for an award in respect of costs. Since the reference has failed I consider it appropriate to award costs to the patentees. I have to take account of the fact that the patentees failed in an earlier request to stay these proceedings, though I do not believe that involved either side in a significant amount of extra work. Accordingly I order HMSI Ltd to pay Polar Bay Ltd £700 as a contribution to their costs.

Appeal

43. Since this is not a decision on a matter of procedure, under the relevant High Court Practice Direction any appeal should be filed within six weeks.

Dated this 20th day of July 1999

P HAYWARD

Divisional Director, acting for the comptroller

THE PATENT OFFICE