

PATENTS ACT 1977

IN THE MATTER OF a reference under Section 12(1)(a) by Robert W Cameron in respect of European Patent Application No 95306593.5 (published as EP0764936) in the name of Stanley Grossman

DECISION

Introduction

- 1 This reference relates to European patent application number 95306593.5, which was filed on 19 September 1995 and subsequently published as EP0764936. The patent application relates to a whistle primarily for use during search and rescue operations, which emits two tones, one high pitched for ease of localisation and effective at close quarters, and one low pitched to be more effective at a distance.
- 2 The patent application was filed in the name of Stanley Grossman. The reference under Section 12 has been filed by the inventor, Robert W Cameron, who asks the Comptroller to order that he should replace Mr Grossman as the sole applicant for the patent. It is not disputed that Mr Cameron is indeed the sole inventor.

Background

- 3 Much of the background is not in dispute. Mr Cameron has many years' experience in search and rescue services, and he has also come up with a number of inventions. In about 1982 he founded a company called Survivco Inc to deal with some of his inventions.
- 4 Mr Grossman became acquainted with Mr Cameron after purchasing shares in Survivco and being impressed with Mr Cameron's inventiveness. Their relationship therefore began long before the invention of the whistle forming the subject of the application in suit. Mr Grossman claims that during their long relationship he has loaned money to Mr Cameron which has not been returned. This is in dispute, and I shall return to the matter later.
- 5 The whistle invention was not handled by Survivco. Instead, when Mr Cameron got to the stage of prototyping it in late 1993 and early 1994, he says he entered into a partnership with a number of people who - if I understand his evidence correctly - each obtained a percentage share in the partnership. Those people were Sherry Burkowitz, who obtained a 25% share, Julie and Dennis Moody, who obtained a 50% share, Warren Casperson and Richard Wang (12½% jointly) and Bill Sigatowitz (or Sygitowicz?) (6¼%). That left a 6¼% share for Mr Cameron himself.

6 On 7 April 1994 Mr Cameron filed an application for a United States patent, and this patent was subsequently granted on 20 August 1996. He did not at this stage apply for a European patent.

7 We now move on to 28 December 1994, when Messrs Cameron and Grossman both signed a document which reads as follows:

“I Robert W. Cameron of 4972 Northwest Road, Bellingham, Washington give to Stanley I. Grossman of 333 Daly Avenue, Missoula, Montana TWENTY-FIVE PERCENT (25%) of my interest in the following patents and patents applied for world wide

- 1) US PATENT #5062662 AIR BAG SEAT BELT
- 2) US PATENT #08175742 LOCKING CLIP
- 3) US PATENT APPLIED FOR #EFH11217711 HIGH TECH SAFETY WHISTLE
- 4) US PATENT #5197954 HYPODERMIC SYRINGE HAVING FOLDING NEEDLE
- 5) US PATENT APPLIED FOR KEEL-AK
- 6) US PATENT #5030106 BATTERY JUMPER CABLE CLAMP
- 7) US PATENT PENDING WINDSHIELD SAFETY WIPERS

Stanley I Grossman will share in all profits world wide. His percentage of interest in case of death will go to his designated heirs. All parties will share their percentage interest in 3 year maintenance fees and patent issuance.”

8 On 17 September 1995, Mr Cameron signed a further, hand-written, document, which reads:

“I Robert W Cameron give to Stanley I Grossman the exclusive distributorship for Europe for the patend (*sic*) locking clip #5388313 and the patent applied for high tek safety whistle in consideration for the distributorship Stanley I Grossman will purchase house and property from Karin and Daryl Dewell at 5320 Nielsen Rd Fernside WA and sell back to the Camerons the house and property at the same price on a three year lease option to purchase. And the Camerons agree to pay all taxes insurance and payments on time. The contract distributorship agreement will be completed between Mr Grossman and Mr Cameron at a later time as they work out the times and the patenting of the products in Europe by Mr Grossman.”

I shall return to these documents later.

9 Mr Grossman filed the European patent application which is the subject of these proceedings two days after the second of these documents was signed. He claimed entitlement to the invention in a statement on the Designation of Inventorship filed at the European Patent Office by virtue of “an agreement dated 17 September 1995”.

10 Mr Cameron filed the present reference under Section 12 on 18 February 1999. After the usual evidence rounds, the matter came before me at a hearing on 9 January 2001, at

which Mr Cameron was represented by Mr M Draper and Mr G Bayliss of Boulton Wade Tennant. Mr Grossman, who up to this point had been acting through David Keltie Associates, represented himself at the hearing.

The law

11 This reference is made under Section 12(1)(a) of the Patents Act 1977, which reads:

“(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;

.....

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.”

It is worth noting that Section 12 is not limited to ownership of the patent - it extends to determination of any other rights in or under the patent or application.

12 According to Section 12(3), the application of Section 12(1) to a European patent is subject to Section 82, the relevant parts of which are as follows:

(2) Section 12 above shall not confer jurisdiction on the comptroller to determine a question to which this section applies except in accordance with the following provisions of this section.

(3) This section applies to a question arising before the grant of a European patent whether a person has a right to be granted a European patent, or a share in any such patent, and in this section "employer-employee question" means any such question between an employer and an employee, or their successors in title, arising out of an application for a European patent for an invention made by the employee.

(4) The court and the comptroller shall have jurisdiction to determine any question to which this section applies, other than an employer-employee question, if either of the following conditions is satisfied, that is to say -

(a) the applicant has his residence or principal place of business in the United Kingdom; or

(b) the other party claims that the patent should be granted to him and he has his residence or principal place of business in the United

Kingdom and the applicant does not have his residence or principal place of business in any of the relevant contracting states;

and also if in either of those cases there is no written evidence that the parties have agreed to submit to the jurisdiction of the competent authority of a relevant contracting state other than the United Kingdom.

- 13 Since Mr Grossman is now, and was at the time the reference was made, resident in the United Kingdom, I have jurisdiction according to Section 82(4)(a), and neither side has disputed that.
- 14 Sections 12 and 82 give me jurisdiction. It is Article 60(1) of the European Patent Convention that sets out the principle on which I should exercise that jurisdiction, by stating that the right to a European patent shall belong to the inventor or his successor in title. (There is a derogation from this in respect of employed inventors, but that does not apply in the present case.) Since Mr Cameron is the undisputed inventor, there needs to be succession in title for the patent rights to belong to someone else.
- 15 Finally, it is established law, and was accepted by both sides, that the onus in proceedings under Section 12 lies with the claimant, in this case Mr Cameron. I would merely add that there may be circumstances under which the evidential burden can nevertheless shift to the defendant.

The issues

- 16 Mr Cameron argues that Mr Grossman is not entitled to grant of the patent because he, as the inventor, has not transferred proprietary rights to Mr Grossman. Mr Cameron contends that the two documents quoted earlier do not provide for the transfer of proprietary rights, and moreover were not completed agreements.
- 17 In his pleadings, Mr Grossman contended that the two documents did transfer the patent rights to him. Additionally or alternatively, Mr Grossman argued that Mr Cameron owes him a considerable amount of money, and that because of this he deserves the right to the European patent on the grounds of equity.
- 18 At the hearing, Mr Grossman more or less abandoned the assertion that either of the two documents gave him outright ownership of the patent, but still relied on them in part for his claim in equity. Further, he said that if he retains ownership, he would nevertheless be willing to pay Mr Cameron reasonable royalties, to be set against the money he says is owing to him. Alternatively, if I found against him on ownership of the patent application, Mr Grossman asked me either to grant him an exclusive licence under the patent, or to order Mr Cameron to reimburse him for the costs of prosecuting the application, repay the money he owes and grant him a 25% royalty on whistle sales. There is a question mark over whether I actually have the power to grant all the forms of alternative relief proposed by Mr Grossman, but I will put that to one side for the moment.

Cross examination

- 19 When the hearing was being arranged, Mr Grossman sought to cross-examine Mr Cameron on the history of the financial dealings between the parties, these of course being an important element of his claim in equity. Mr Cameron resisted on the grounds that he was unable to travel by aeroplane, and that the matters on which cross-examination was sought were not material to the case because they could not provide a basis for Mr Grossman's claim.
- 20 I am pleased to say that this impasse was resolved when the parties agreed to a compromise I had suggested. This envisaged the possibility of the hearing taking place in two stages. As a first stage, the hearing would be held without cross examination and making the assumption, solely for the purposes of this stage, that Mr Grossman's evidence as to the financial dealings between him and Mr Cameron were true. If I then came to the conclusion that the truth or otherwise of that evidence (at least so far as it was disputed) did not affect the final outcome, I would be able to make my decision without having to resolve the difficulties over cross examination and without having to continue to a second stage. However, if I came to the opposite conclusion, or remained uncertain about whether that evidence was relevant, I would reconvene the hearing for a second stage at which cross examination would be arranged. I am very grateful to both sides for their cooperation in agreeing this compromise. It was the first stage, therefore, that was held on 9 January 2001.

Were rights transferred to Mr Grossman?

- 21 I can now turn to the substantive issues. Mr Cameron argues that as he is the inventor and as Mr Grossman acknowledges he acquired no proprietary rights prior to the invention being made, for Mr Grossman to own the invention there must be a formal assignment or some other agreement which gives him the proprietorial rights in equity. At the hearing Mr Draper also drew a distinction between proprietorial rights and other rights such as distributorship rights.
- 22 My starting point must, I believe, be the document on which Mr Grossman relied in the Designation of Inventor filed with the European patent application. In that Designation he states that he acquired the right to the European patent under an agreement dated 17 September 1995. It is common ground that the "agreement" referred to is the document I have quoted in full above. That document was not signed by Mr Grossman, but he accepts that he was aware of it.
- 23 On reading this document there is little doubt in my mind that it does not even purport to assign any rights in the patent, and indeed Mr Grossman accepted this at the hearing. At best it is an agreement relating to the "exclusive distributorship for Europe".
- 24 Further, Mr Cameron argued that this "agreement" became void because it was never completed, since the purchase of the house which is set out as a consideration never took place. Mr Grossman accepts that the house purchase did not take place. He has provided evidence to show he tried hard to secure the mortgage necessary for the purchase, but he admits he was unsuccessful. That, though, does not by itself make an agreement void: if it is simply a question of one party failing to honour its side of the bargain, that would be an issue of breach of agreement for which the remedy might be damages.

- 25 However, what this point highlights is that this document was not a concluded agreement at all. It was not even signed by Mr Grossman, but what is perhaps more telling is the fact that it goes on to say “the contract distributorship agreement will be completed...at a later time”. In other words, the document is no more than an agreement to agree, and it is trite law that an agreement to agree is void for uncertainty. The fact that Mr Grossman may have tried very hard to secure the mortgage does not alter this.
- 26 I am therefore satisfied that the basis on which Mr Grossman, when filing the patent application, claimed the right to apply for the patent, was unsound, because the so-called agreement which provided that basis, the document dated 17 September 1995, does not transfer to him any such right. That being the case, notwithstanding the fact that the overall onus in this dispute rests with Mr Cameron, I feel it now falls upon Mr Grossman to show that there is another basis on which his entitlement can be founded, because under Article 60(1) of the European Patent Convention ownership “defaults” to the inventor unless there is succession in title. In other words, the evidential burden now shifts to Mr Grossman.
- 27 One possible basis is the earlier document dated 28 December 1994, which I have quoted in full above. Mr Draper made a number of points concerning this document. Firstly, he pointed out that it relates to patents and patents applied for, and is silent about any future patent applications. Although the whistle invention is mentioned, it is in the context of the United States application. Secondly, he argued that the document merely gives Mr Grossman a share in the income from the patents and patent applications listed. The words used are to “give...25% of my interest” in the patents.
- 28 I agree on both counts. The offer to give 25% of his interest in the applications is certainly not an assignment of rights in a patent application which is not even mentioned and indeed which, so far as we know, had not even been contemplated at that stage. Further, if this document had transferred rights in the present patent application, there would have been no need for the subsequent document in September 1995. I also observe that, on the evidence, neither party took any steps to honour the terms of the document or to ensure the other party did so, and this probably means that the agreement must be treated as having been discharged by agreement. Thus even if at one stage it did provide for transfer of rights, it no longer does so.
- 29 There are two other points to record in connection with this document. First, it was submitted that the document contains no consideration and is not therefore binding in law anyway. It is arguable that the payment of fees is a form of consideration, but Mr Grossman conceded that there was no consideration at the hearing. Second, there was some debate about Mr Cameron’s assertion in evidence that Mr Grossman tore up the document. That assertion was denied, but I need make no finding in respect of it.
- 30 In short, then I am satisfied for a number of reasons that the document dated 28 December 1994 does not grant Mr Grossman any proprietary rights to the European patent application. For those same reasons, I do not believe it provides him with any rights in equity either.

31 Mr Grossman does not rely only on these two documents, though. In particular, in the summer of 1995, Mr Grossman alleges that Mr Cameron offered him the exclusive rights to market the whistle in Europe in return for \$20,000. There is, however, no concrete evidence as to exactly what was to be given, and indeed no suggestion that the agreement was ever concluded as Mr Grossman could not raise the money. I can therefore find no basis here for Mr Grossman to claim the rights in the patent, because the mere making of an offer like this does not oblige the person making the offer to see it through.

32 However, Mr Grossman has further argued that he was already owed more than \$20,000, and that he was therefore entitled to take the rights that he understood were being offered in return for that sum. On the assumption that the allegation about the debts is true, one can sympathise with Mr Grossman. However I am unaware of any basis in law for appropriating rights in this way. One needs an agreement, and I can find nothing in his evidence to suggest that he ever reached an agreement with Mr Cameron in connection with these loans that involved giving some rights to Mr Grossman under the patent. There may well have been discussions between the two of them, and Mr Cameron may well have made other offers to Mr Grossman during those discussions, but the evidence does not suggest they ever got to the point at which a clear offer was both made and accepted. There must, of course, be both a clear offer and acceptance for there to be an agreement. I can find no basis, therefore, to support the claim by Mr Grossman that he is entitled to rights under the patent, either in law or in equity, because of the alleged debts.

33 For the avoidance of doubt, I should say that I have no jurisdiction over Mr Cameron's alleged debts to Mr Grossman. Even if I were minded to do so, therefore, I would have no jurisdiction to order some kind of trade off between the debts and the patent rights.

34 Finally, in support of his claim in equity Mr Grossman also argued that Mr Cameron has been aware of the patent application since it was filed, and consented to its filing. Mr Cameron denies this, claiming that he had no knowledge of the application until February 1996, five months after it was filed, when he received a letter from the European Patent Office informing him that he was designated as inventor. However Mr Grossman has presented a letter in evidence which he says was sent to Mr Cameron in December 1995. The letter, the genuineness of which is not challenged, begins with the paragraph:

“Attached at the end of this letter is a copy of a letter from my patent attorney in London which shows that European patents for the whistle were filed on September 19th and you were named as the inventor. You have suggested to me and others that I might be in some way cheating you and this should lay at least this issue to rest.”

35 Mr Cameron denies receiving this letter. That may or may not have been so, but Mr Grossman must have had some reason to try to lay at rest the impression that he was cheating Mr Cameron over the filing of the European patent application (it is not clear why the letter refers to patents in the plural). I therefore do not believe Mr Cameron's assertion that he did not know about the patent application until February 1996. Either way, though, there was a significant delay before he took any action to challenge what

Mr Grossman had done, as the present claim was not lodged until 18 February 1999, some 3 years after February 1996, and closer to 3½ years after it the application was filed.

36 Mr Cameron's explanation of the delay is that he attempted to settle the issue amicably. Mr Grossman has confirmed that they did try to settle, but there is still a great deal of delay unaccounted for, which does not help Mr Cameron's case. However, I do not think this delay can be said to have given Mr Grossman any equitable rights under the patent.

37 On this point, Mr Grossman has suggested that the reference was lodged once the European Patent Office had given notice that the application was in order for grant, so that the financial risks associated with seeking patent protection were avoided. This notice was issued on 26 June 1998, and the request for fees for grant and printing and translation of the claims was issued on 29 October 1998. Although this is close to the date at which the reference was made, the connection is not proved, and I make no finding in relation to it.

38 Finally, Mr Grossman has argued that there would have been no European patent application if he had not filed it himself, because the invention was about to be disclosed in America. While this may be so, it is no reason for assuming rights to which he was not otherwise entitled, and I do not therefore accept this as an argument for giving him rights under the patent.

39 In conclusion, therefore, I am satisfied that the basis on which, when filing the patent application, Mr Grossman claimed rights to the patent was unsound. Further, and even assuming Mr Grossman's account of the financial dealings between them is wholly true, he has failed to satisfy me that there is any other basis on which he is entitled to rights under the patent, be that ownership, the right to a licence, the right to royalty, or anything else. I do not therefore need to consider whether I actually have the power to grant all these rights, nor do I need to reconvene the hearing for a second stage to permit cross-examination, as establishing the veracity or otherwise of the financial dealings will not alter my conclusion.

Where do the rights to the patent lie?

40 That, however, is not sufficient to dispose of the present reference in Mr Cameron's favour. Whilst I have accepted some switch of the evidential burden to Mr Grossman, the underlying onus is still on Mr Cameron, and it is not enough for him to show that Mr Grossman is not entitled to the patent. He must also show that ownership rests with him. As Mr Cameron is the inventor, that means he must show that he has not passed rights in the invention to someone else.

41 Nowhere in his evidence has Mr Cameron made a clear statement that he has not passed rights on. On the contrary, there are strong suggestions in his evidence that he has disposed of many rights in the patent to others, and even Mr Cameron acknowledges that he now only has a 6¼% share in the invention, whatever that means. .

42 Mr Draper argued that this means Mr Cameron has a right to 6¼% of the royalty income, but retains full proprietary rights, referring me to the statement in Mr Cameron’s Statutory Declaration that:

“Since I had a 6¼% share, I would receive 6¼% of the income from the royalties. However, the partnership gave me the sole authority to negotiate the licenses (*sic*).”

I am not convinced that authority to negotiate licences necessarily means he retained all of the proprietary rights. Indeed, as Mr Grossman suggested, *prima facie* it would seem surprising if someone with such a small stake in the patent was nevertheless allowed to retain full ownership by those with much bigger stakes.

43 Mr Draper also directed my attention to a 1994 licence agreement by which Mr Cameron granted a licence to the Warren Casperson Group, and to the fact that the equivalent United States patent was granted to Mr Cameron in 1996. Neither, in my view, is satisfactory evidence that Mr Cameron can lay claim to all the proprietary rights to the European patent application now. At best, these are indications that he may have held the rights in the United States patent in 1996. They do not tell us what rights he has in 2001, nor do they tell us what rights he has in the European patent application.

44 I conclude that the onus on Mr Cameron to prove his entitlement has not been discharged. This leaves me with a dilemma. Strictly, I could simply throw his reference out, but that would then leave the patent rights with someone - Mr Grossman - whose own claim to them I have found to be unsubstantiated.

45 I have decided in the circumstances that the most sensible approach is to take my cue from Rule 7(2) of the Patents Rules 1995. This says, in relation to references under Sections 8 or 12 of the Act:

The Comptroller shall send a copy of the reference and statement to-

- (a) *any person (other than the person referred to in paragraph (1) above (ie the referrer)) alleged in the reference to be entitled to be granted a patent for the invention;*
- (b) *any person, not being a party to the reference, who is shown in the register as having a right in or under the patent application;*
- (c) *where the application for the patent has not been published, any person (not being a party to the reference) who is an applicant for the patent or has given notice to the comptroller of a relevant transaction, instrument or event; and*
- (d) *every person who has been identified in the patent application or a statement filed under section 13(2)(a) as being, or being believed to be, the inventor or joint inventor of the invention other than any person who has consented in writing to the reference.*

46 The people and bodies with whom Mr Cameron has entered into agreements and partnership in connection with the present invention do not fall within Rule 7(2) on a strict reading of the Rule, and that is why the present reference under Section 12 was not sent to them. However, in my view they do fall within the spirit of the Rule, and I have therefore decided that it would be appropriate in the unusual circumstances of this case to give them an opportunity to contest Mr Cameron's reference if they so wish. I will therefore make an order that gives them this opportunity.

47 As far as I can see, the following are identified in the evidence as possibly having some interest in the invention, either by way of shares in the partnership or because they have entered into agreements and/or licences:

Sherry Burkovitz
Julie and Dennis Moody
Warren Casperson
Richard Wang
Bill Sigatowitz (or Sygitowicz?)
Charles Gravely
Sam Satya
Scott Plastics
The Warren Casperson Group
The Cameron Group

Conclusion

48 I have concluded that the basis on which Mr Grossman claimed rights to the patent application when he filed it was unsound, and he has failed to satisfy me that there is any other basis on which he is entitled to rights under the patent. I have no jurisdiction over the debts which Mr Grossman alleges are owed to him by Mr Cameron, and cannot make any order conditional upon their payment.

49 However, I am not satisfied that Mr Cameron has discharged the onus on him of proving that he is entitled to grant of the patent. Accordingly, I order Mr Cameron to supply to the Office within three weeks the current addresses of all those identified in paragraph 47 above as having a potential interest in the invention. If there are any addresses he cannot supply, Mr Cameron must provide sworn evidence explaining why and I will then consider what further steps, if any, should be taken.

50 In the event that Mr Cameron fails to supply this information I shall have no alternative but to refuse his claim. The patent application will then by default remain in the hands of Mr Grossman.

51 Assuming Mr Cameron does supply the information, the Office will then send copies of the reference, the statements of case and this decision to all those identified, and give them 6 weeks to oppose the reference if they so wish, by responding as though they were responding under Rule 7(3). Copies of the correspondence and evidence will, of course, be made available to them if they so request. I am ordering that just the reference, statements and decision should be sent in the first instance simply to keep the amount of paperwork being sent out to a reasonable minimum.

52 If any of the individuals or bodies contacted under this order object to Mr Cameron being granted entitlement to the patent, I will issue directions as to further procedure. I will seek the views of the relevant parties before doing so, but clearly I will have to give an opportunity to file evidence. However if no objections are raised, either by failure to respond or by positive acquiescence, I shall allow Mr Cameron's claim and make an order accordingly.

53 Finally, I must apologise for the delay in issuing this decision.

Costs

54 Both sides have asked for costs. Until the results of contacting those mentioned above are known, I shall have to reserve my decision on this.

55 Since Mr Cameron is resident outside the UK, he was ordered as a condition of proceeding with his reference to provide security for costs. I order that that security of £900 should continue to be held until these proceedings are finally disposed of.

Appeal

56 As this decision does not relate to matters of procedure, the period within which any appeal to the Patents Court must be lodged is six weeks.

Dated this 30th day of March 2001

P HAYWARD

Divisional Director, acting for the Comptroller

THE PATENT OFFICE