

PATENTS ACT 1977

IN THE MATTER OF a reference under Section 37(1) and an application under Section 13(1) and 13(3) by U Tong CHAN in respect of Patent No 2302669 in the name of Marilyn Olga JEFFCOAT

Introduction

1. UK Patent Number 2302669 was filed on 27 June 1995 and granted on 23 July 1997 to Marilyn Olga Jeffcoat as the sole inventor and proprietor. Ms Jeffcoat has since changed her name to Whitehead, but for the sake of convenience she will be referred to throughout this decision as “Jeffcoat”. The subject matter of the invention is a non-woven textile material for dressings and articles of hygiene.
2. On 23 July 1999, a reference under Section 37(1) and an application under Section 13(1) and 13(3) were made by U Tong Chan (“Chan”) asking the Comptroller to order the patent to be transferred to him as sole proprietor and to name him and not Jeffcoat as the sole inventor.
3. In due course, the statements of case, the counterstatements and usual rounds of evidence were filed. In the first paragraph of her counterstatement, Jeffcoat raised the issue of whether the reference under Section 37 was filed out of time (by one day) and further submissions were filed on this issue.
4. Both parties being based in the far-east, they have indicated that they are content for the issue to be decided on the papers filed. Mr Paul Price of D Young & Co. has provided representations on behalf of the referrer, and Mr Niall Stirling, a Barrister-at-Law based in Hong Kong, has done likewise on behalf of the proprietor.
5. In order to clarify the case, since a witness for the proprietor had indicated that she was still in possession of a sample of the textile material according to the invention, I invited her to submit it, and additionally provided a list of questions which I would have asked in court. As a result the proceedings have become somewhat unnecessarily protracted.

The Patent

6. The patent relates to a non-woven fabric to be used primarily as a non-adherent absorbent medical and veterinary dressing for application for exuding wounds, burns, abscesses and to sprains in both human beings and animals and to a method of making it. The main claim of the patent as initially filed reads as follows:

Process for the fabrication of nonwoven textile products characterized by the fact that it comprises: the fabrication of two fibre batts on a needleloom; the fabrication of a tightly woven polyester and cotton “screen” and the bringing together of the needle-punched fibre batts on each side of the “screen” such that the “screen forms an inner screen in the centre of the textile thus created; the further needle-punching on the needleloom of the composite

nonwoven textile thus formed on both sides does produce a textile with an average thickness of 3 to 5 millimetres.

7. It is to be noted (i) that the stated use of the dressing according to the invention is not restricted to application to wounds, burns or the like, but embraces also application to “sprains”, “baby napkins and other sanitary devices for use by women during menstruation”, and also is said to be suitable for “the prevention and treatment of pressure sores in bed-ridden patients”; and (ii) the sole numerical restriction is in respect of the average thickness of the overall textile material, the features such as composition of the screen, construction of the screen in terms of threads per sq. in. and yarn count being optional features only.

The Applicable law

8. The reference cites the following Sections of the Patents Act 1977: 7(2), 13(1) and 13(3) and 37(1); also of importance to the proceedings are Sections 37(5) and 130(7). They are reproduced here.

7-(2) 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.

13-(1) The inventor or joint inventors of an invention shall have a right to be mentioned as such in any patent granted for the invention and shall also have a right to be so mentioned if possible in any published application for a patent for the invention and, if not so mentioned, a right to be so mentioned in accordance with rules in a prescribed document.

13-(3) Where a person has been mentioned as sole or joint inventor in pursuance of this section, any other person who alleges that the former ought not to have been so mentioned may at any time apply to the comptroller for a certificate to that effect, and the comptroller may issue such a certificate; and if he does so, he shall accordingly rectify any undistributed copies of the patent and of any documents prescribed for the purposes of subsection (1) above.

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.-(5) On any such reference no order shall be made under this section transferring the patent to which the reference relates on the ground that the patent was granted to a person not so entitled, and no order shall be made under subsection (4) above on that ground, if the reference was made after the end of the period of two years beginning with the date of the grant, unless it is shown that any person registered as a proprietor of the patent knew at the time of grant or, as the case may be, the transfer of the case to him that he was not entitled to the patent.

130 - (7) Whereas by a resolution made on the signature of the Community Patent Convention the governments of the member states of the European Economic Community resolved to adjust their laws relating to patents so as (among other things) to bring those laws into conformity with the corresponding provisions of the European Patent Convention, the Community Patent Convention and the Patent Co-Operation Treaty, it is hereby declared that the following provisions of this Act, that is to say, sections 1(1) to (4), 2 to 6, 14(3), (5) and (6), 37(5), 54, 60, 69, 72(1) and (2), 74(4), 82, 83, 100 and 125, are so framed as to have, as nearly as practicable, the same effects in the United Kingdom as the corresponding provisions of the European Patent Convention, the Community Patent Convention and the Patent Co-operation Treaty have in the territories to which those Conventions apply.

9. It is convenient to deal firstly with the issue of whether the reference is time barred under the provisions of Section 37(5) by virtue of being filed one day out of time.
10. The first thing to note is that there is no actual time barring of the reference as such, merely that the order to be made as a consequence of such a reference may or may not be time barred as the case may be. Further the reference may not be time barred at all if it can be shown the person registered as proprietor knew that at the time of grant/transfer of the case to him knew that he was not entitled. Thus this may place a heavier onus on the referrer, but by no means an impossible one. I would also note that there is no question of the reference being time barred under Section 13 at all.
11. The second thing to note is the actual date the reference was filed, viz 23 July 1999 - on the actual second anniversary itself. There is a dispute between the parties as to whether this was one day outside the period. English law is suggestive that it may be as based on the precedents which have been cited to me, viz *Hare v Groucher* [1962] 2 Q.B. 641 and *Trow v Ind. Coope Ltd.* [1967] 2 All. E.R. 900 C.A.. However Mr Price draws attention to Section 130(7) of the Patents Act 1977 which says inter alia

“... it is hereby declared that the following provisions of this Act, that is to say, sections ... 37(5) ..., are so framed as to have, as nearly as practicable, the same effects in the United Kingdom as the corresponding provisions of the European Patent Convention, the Community patent Convention and the Patent Cooperation Treaty have in the territories to which those Conventions apply”.

The particular point to which Mr Price draws attention being that those Conventions would clearly allow the second anniversary of the date as being within the two years. I detect no dispute between the parties that, if this second interpretation applies, then this would be so. It depends then what principle applies, that of standard English law or that of the special modification resulting from Section 130(7) of the Patents Act 1977 and, in

particular, the emphasis if any to be placed on the words “as nearly as practicable” in the passage quoted above.

12. I do not see that I have to decide on this difficult issue, however, for the reasons I give later below.

Evidence

13. Turning now to the specific points of evidence, the written evidence allows me to establish the following as uncontested facts:
 - (a) Chan as the founder and controlling shareholder of “The English Industries Limited” has many years experience in the production of needle-punched felts. In 1992 or 1993 Jeffcoat first approached Chan with a view to purchasing such felts for use in irrigation.
 - (b) Jeffcoat and Chan first discussed a wound dressing in 1993.
 - (c) In 1994, a company called Syntex Co. Ltd was formed to carry on the business of the development, production and marketing of animal and medical wound dressings with Chan and Jeffcoat plus two others (Messrs Ng Bing Sun and A S King) as shareholders. There is no specific mention of the invention in the shareholders agreement although clause 2.1 of the agreement does state that the primary object of the company is to carry on the business of the development, production and marketing of animal and medical dressings and other related products.
 - (d) Jeffcoat was managing director of Syntex and responsible for marketing and administration for which duties she was paid.
 - (e) Jeffcoat sent an internal Syntex facsimile to Chan on 23 January 1995 stating that she was going to see a patent attorney to see if would be possible to patent the dressing. This facsimile raised queries on terminology. This was closely followed by a return facsimile the following day from Jane Ho (for Chan) to Mr Stirling asking for it to be forwarded to Jeffcoat.
 - (f) Unfortunately, insufficient orders for the dressings were received and Syntex made losses. A directors’ meeting of Syntex was held on 24 June 1995 and attended by Jeffcoat and Chan and the other shareholders.
 - (g) The patent application in suit was filed on 27 June 1995.
 - (h) Jeffcoat resigned as managing director of Syntex effective from 1 July 1995.
 - (i) The patent application was published as GB2302669A on 29 January 1997.

- (j) Various facsimiles were sent from Jeffcoat to Chan (17 November 1997, 26 November 1997, 2 December 1997 and 10 January 1998) with regard to orders of needle-punched felt materials and showing no apparent signs of hostility between the parties.

Other matters, however, which are crucial to the issues under consideration are strongly contested.

- 14. Support for the referrers case comprises a number of documents filed by Mr Chan (i) two statutory declarations dated 3 March 2000 and 16 June 2000 and (ii) two sets of “comments” dated 4 January 2001 and 14 March 2001 (also filed in the form of statutory declarations) in response to Official letters issued 19 December 2000 and 15 February 2001, respectively. Support for the proprietors case is in the form of an affirmation on behalf of (i) Jeffcoat which is dated 5 May 2000, (ii) an affirmation dated 3 May 2000 filed by Mrs Anne P Savage, a nurse at Glenwood Hospital, New Zealand, a supplementary affidavit filed on 15 December 2000 also by Mrs Savage, a non-sworn letter filed 4 December 2000 by Mr Stirling answering the questions posed in the Official letter dated 24 October 2000 and an unsworn “defences to declaration” dated 17 December 2001 in the name of Jeffcoat but signed by Mr Stirling in response to Chan’s statutory declaration dated 14 March 2001.

Alternative Stories Of The Parties

- 15. Chan’s story is that he was the person who developed the invention in 1994, ie the three-layered construction characteristic of the invention. After the initial contact with Jeffcoat in 1992/3, she asked him in 1993 whether he could improve the needle-punched felt for use as a wound dressing and asked him to develop a needle-punched felt that would absorb and disperse fluid from the wound such that the dressing would not adhere to the wound. He examined the products and was of the view that with his expertise he could develop a product that would be non-adherent. Chan alleges that Jeffcoat asked him to develop the better product but left the devising of the solution to him such that he arrived at the invention in 1994 of a three-layer construction recited in claim 1 of the patent together with the other features as recited in claims 2-4.
- 16. The company called Syntex was formed in order to sell dressings made in accordance with the invention although the actual ownership position claimed by him with regard to the invention is not entirely clear: Chan saying at one place that he developed the invention in 1994 before Syntex was formed and Syntex was formed specifically to market dressings produced by his own company “The English Industries Limited”; and at another place suggesting that he performed research work to develop a non-adherent product after creation of Syntex. What is clear, however, that Chan claims to be the sole developer of the invention. Jeffcoat’s functions included *inter alia* obtaining orders for Syntex, in Chan’s own words she was the director “only responsible for administration and marketing” or she did “the day to day management and marketing work while I would do the research work to develop a non-adherent product”.
- 17. Chan states that the internal Syntex facsimile sent on 23 January 1995 did not give he permission to be the stated patent applicant on any subsequent patent application, but was merely asked her to investigate whether the dressing was patentable.

18. Chan also claims that the losses made by Syntex were due to insufficient orders being received for the dressings. After the Syntex directors meeting held on 24 June 1995 at which he says to have agreed to purchase all the shares from the other shareholders and Jeffcoat's subsequent resignation as Managing Director, she moved to Singapore. As illustrated by the facsimiles of 17 November 1997, 26 November 1997, 2 December 1997 and 10 January 1998 she subsequently placed some orders with "The English Industries Limited" for the dressing of the invention.
19. Not surprisingly, this version of events is disputed by Jeffcoat. She claims prior use of the invention some years previously, ie prior to 1994. She claims to have teamed up in New Zealand on an irrigation project named "Watercoils" with a certain Don Torrance, the intention of which was to achieve a fabric device which could transport and disperse fluid. They say they discussed the option of the possibility of firstly needling together two fibre batts of different fibres before alighting of a construction where two batts of the same fibre were needed together on each side of a screen or scrim which gave improved efficiency. At the time, it appears that Jeffcoat's father was a licensed trainer of racehorses in New Zealand and one of his horses had sustained a severe wound which would not heal. Jeffcoat claims to have hit upon the idea of adapting the irrigation project technology to form a wound dressing and in this way to have come up with the basic idea behind the invention. She says that much research and experimentation was carried out whilst she was still in New Zealand around 1990 involving veterinary practitioners, at the Lower Hutt Burn Clinic and at the Glenwood Hospital Limited. At this time a fourth layer could be added to the outside of the fabric to absorb larger amounts of exudate in appropriate cases.
20. At that stage a Mr King, a friend of Mr Torrance, suggested that Hong Kong and South East Asia might be a profitable location in which to market the product. It was then decided that the three would set up a company in Hong Kong initially to concentrate on the irrigation (or "Watercoils") project whilst they sought suitable hygienic and sterile premises for the wound care project. It was at this stage that Chan was contacted, although Jeffcoat claims he was just one of many contacted. Unfortunately in September 1993 Mr Torrance suddenly and unexpectedly died. At this stage the initial company was wound up and the further company, Syntex, was formed. From this point her story broadly agrees with that of Chan except that (i) she claims that having no capital she, as the inventor, was the person in the company directly involved in the development administration and marketing of the invention, and that Chan's role was to provide the premises in Hong Kong with machinery and to provide the company with needle punch contacts within the region ; (ii) the reason she claims Syntex made losses was because the company was incapable or unwilling properly to develop and market the invention; and (iii) she claims not to know what arrangement Chan came to with Mr King and Mr Ng, and is silent also on the details of the arrangement between Chan and herself.
21. Jeffcoat admits that she asked Chan to assist in advising on various technical points in relation to the invention but denies that it was him who devised the three layer construction characteristic of the invention. She also states that at no time was any right, title or interest in the intellectual property relating to the invention transferred at any time to Syntex and at no time did Syntex ever acquire any such right, title or interest in the product.

Supporting Evidence

22. In cases such as this where there is a clear conflict of testimony it is for the applicant or referrer to clearly make his case and if he does not do so then the application or reference must fail.
23. Jeffcoat has the only independent supporting evidence in the form of an affirmation from Mrs Anne P Savage. The latter claims that in December 1990 she agreed to perform a clinical test of a wound care dressing supplied by Jeffcoat. She explains that this comprised principally three layers (two outer layers sandwiching an intermediate layer of a different fabric in the form of a scrim or a screw) with a fourth outer layer designed to absorb excess exudates if required. She claimed to be able to supply a sample and on prompting by myself she has done so.
24. Chan claims to have no knowledge of these prior events in New Zealand outlined by Jeffcoat and points out that if the patent had been already developed prior to she joined Syntex presumably she would have already filed it before then. She rebuts this, saying she had neither the financial resources nor professional knowledge prior to 1995. He also attempts to discredit Mrs Savage's evidence on two grounds: (i) That the sample outer surface is too fluffy for a wound dressing (and has provided a sample manufactured by himself for comparison), and (ii) he draws attention to the fact that the sample shows no signs of aging and hence casts doubts on its authenticity. He also claims that the sample mentioned in Mrs Savage's affidavit would not work effectively because he himself had tried to add additional layers on the product without achieving the desired effects.
25. I am not though willing to completely discount Mrs Savage's testimony simply on the basis of Chan's counter-testimony, particularly in the absence of her being cross-examined. In relation to the allegation that the sample provided by Mrs Savage is to 'fluffy' for use on exuding wounds, I would draw attention to the fact that the use of the dressing in the patent as filed (and subsequently as granted) extends beyond the field of open wound treatment as such, eg to the treatment of sprains. Moreover, the whole story of the early development of the invention in New Zealand would appear to hang together and is *prima facie* supported by the testimony of Mrs Savage. I find therefore that the invention was made at least in embryo form in New Zealand before Jeffcoat and Mr Torrance ever set foot in Hong Kong, and thus that Jeffcoat should remain named as inventor.
26. Accordingly the best that Chan can hope for is joint inventorship by virtue of the improvements to the dressing he had made subsequently. He can also, of course, claim sole or joint proprietorship by virtue of some agreement made subsequently.
27. Clearly Chan was involved in the development of the invention to some extent, Jeffcoat admits as much - the question is to what degree. In this regard, Chan's case seems to be short of vital elements of proof. Besides drawing attention to his extensive experience in the field of needle-punched fabrics, Chan has provided no actual evidence, eg in the form of contemporaneous research notes or trials, to support his reference, in particular as to how he came up with the particular three layer combination distinctive of the invention which he claims to be distinctive in having a "*treatment of the fabric and the needle punching technique developed by me which entangles the upper layer and lower layer*

with the middle layer in such a way so as to allow liquid to disperse inside the product”.

28. Some argument has focussed on what the facsimile of the 23 January 1995 from Jeffcoat to Chan illustrates. On Chan’s behalf it is argued that the fact that Jeffcoat did not know which of the expressions “screen” or “scrim” was correct indicates a basic lack on knowledge on her behalf. Against that there is the reply facsimile of 24 January 1995 (exhibited as “Cut-3”) which suggests that Chan did not herself know the correct term. Jeffcoat points out that in her facsimile of 23 January 1995 she herself refers to it being known as a “screw” in New Zealand further suggests that she was knowledgeable of the New Zealand terminology. I do not find these facsimiles to be conclusive one way or the other in this regard. However, I do note that the facsimile itself provides no basis for the screen being other than any combination of polyester and cotton such as a standard product from China and thus not inventive in itself. Thus these facsimiles do not in themselves provide any basis for Chan’s input being inventive.
29. No actual proof has been filed either in respect of the statement that Chan did not agree to Jeffcoat being the applicant on the patent invention; nor in respect of her merely being asked to investigate whether the dressing was patentable. It is clear that Chan knew that Jeffcoat was going to see a patent attorney to see if it was possible to patent the dressing and that he provided technical details about the “screen”. However, I find it strange that there is no evidence of Chan having followed up these faxes by asking Jeffcoat about the outcome of her meeting with the attorney. Indeed, from the facsimiles dated between November 1997 and January 1998 (exhibit CUT-2) the cordial relationship between Jeffcoat and Chan continued to at least the beginning of 1998 and, for reasons which are unclear, the issue of IP rights only appears to have arisen some time after the patent had been granted. The question has not been satisfactorily answered by Chan, why since he felt he was the owner of all rights in the invention, did he persist in supplying materials for use in wound dressings according to the invention though his company to Jeffcoat as late as January 1998.
30. The onus is, as I have already said, on the applicant under Section 13 to prove his case, but it seems to me for lack of evidence Chan has not achieved this. I find, therefore, that Chan’s claim to be an inventor must fail for lack of proof.
31. There remains the issue of whether Chan can validly prove to own the patent rights by virtue of an agreement.
32. There is no evidence whatsoever of any agreement being formed between Jeffcoat and Chan, either alone or in connection with the latter’s company “The English Industries Limited”. There remain her activities at Syntex. Chan states that the patent application was filed **after** Jeffcoat left Syntex and thereby attempts to suggest that she must have acquired the knowledge from him whilst working for Syntex. He is not strictly correct in this in that it was apparently filed some 4 days before she actually resigned, however there is a potentially valid point in that it is possible the dressings did draw to some extent upon his expertise, at least as regards the preferred form thereof.
33. No formal argument has been made to me regarding whether or not Jeffcoat fell within the provisions of Section 39 as an employee of Syntex. I must say that if it had been then I would have been inclined to decide that, quoting the words of Chan himself, as the

director “only responsible for administration and marketing” or “doing the day to day management and marketing work while I would do the research...”, she would not have been within the terms of Section 39.

34. Certainly the two contesting parties are agreed that the company Syntex was formed with the specific intention of marketing dressings according to the invention and the general reference to the purpose of the company in clause 2.1 of the Agreement is to be read in that context. However, it is not certain what was agreed about intellectual property rights when the company was being formed (compare Jeffcoat’s view that the invention was her contribution to the company in lieu of a shareholding with Chan’s view that he had already created the invention before the company was created) nor exactly what was decided regarding the ownership of such rights when Chan purchased the shares from the other shareholding members of Syntex. It is to be noted also, that although stress is placed by Chan on their being a non-competition clause, there is no actual evidence filed that she did try to compete against the terms of the Agreement - the subsequent actions in November 1997 - January 1998 being well outside the restricted period.
35. The outstanding unexplained points remain also as has been earlier said as to why since Chan felt he was the owner of all rights in the invention, did he not enquire after the invention and moreover persisted in supplying materials for use in wound dressings according to the invention to Jeffcoat as late as January 1998.
36. In an analogous way to inventorship, the onus must be on the referrer to prove his case under Section 37(1). I find therefore that Chan’s reference to have a proprietary interest in the patent must also fail.

Conclusions

37. In conclusion I have found before of Chan’s application under Section 13(1) and (3) and his reference under Section 37(1) to have failed by lack of proof.
38. Since I am not going to make an order transferring ownership of the patent, it is accordingly not necessary for me to decide on the Section 37(5) issue.

Costs

39. Both parties have asked for costs. The usual procedure is to award a contribution only towards costs to the winning side, in this case Jeffcoat. The costs scale to be used is the lower scale existing at 23 July 1999 when this case was launched. I commend the parties on their agreement to forego a formal hearing which would have inevitably increased the overall cost to both parties. Accordingly, I award Marilyn Olga Jeffcoat (Whitehead) the sum of £585 pounds (five hundred and eighty five pounds) as a contribution towards her costs.

Appeal

40. This being a substantive matter, any appeal should be filed within 6 weeks of the date of this decision.

Dated this 20th Day of June 2001

G M Bridges

Divisional Director, acting for the Comptroller

THE PATENT OFFICE