



22 December 2010

PATENTS ACT 1977

BETWEEN

Amir Azam

Claimant

and

Carl Livesey

Defendant

PROCEEDINGS

Application under section 12(1) of the Patents Act 1977 in respect
of international patent application number WO 2008/125794

HEARING OFFICER

A C Howard

DECISION

Background

- 1 PCT application PCT/GB2008/000706 (“the application”) was filed on 4 March 2008 naming Carl Livesey as the sole inventor and applicant. The application claims priority from two earlier applications, GB 0707216.8 (filed on 14 April 2007) and GB 0722532.9 (filed on 16 November 2007). Both of these applications were also filed in the sole name of Carl Livesey. PCT/GB2008/000706 was published as WO 2008/125794 on 23 October 2008.
- 2 The application relates to a method of providing additional information to the viewer of an image file. In a described embodiment the file is a moving image file such as a clip from a film, computer game or television programme, and the additional information relates to products seen in the moving image. The viewer may request the display of such information and may order the associated product if desired.
- 3 On 1 June 2009 Mr Amir Azam initiated the present proceedings against Mr Livesey under section 12(1)(a) of the Patents Act 1977 (“the Act”). Mr Azam says that he is entitled to be the sole (or alternatively a joint) applicant of the application on account of being the sole (alternatively a joint) inventor. In reply,

Mr Livesey has asserted that he is the sole inventor and is therefore entitled to be the sole proprietor of the patent application.

- 4 The proceedings followed the normal pattern, with evidence rounds, appointment of a hearing, and skeleton arguments being prepared by both sides. However at that point a spanner was thrown into the works. In the skeleton argument prepared by Mr Livesey's representative, reference was made to an assignment dated 20 November 2007 which apparently transferred all rights that Mr Azam might have held in the application to a company (4Tonic Limited) controlled by Mr Livesey. This assignment appears in Mr Azam's evidence but its relevance had not up to that point been highlighted by either party. For reasons I shall go into below, Mr Azam contends that it is not effective and should be disregarded.
- 5 Because of the potential significance of this assignment to the matter in dispute, the hearing was cancelled to allow an opportunity to consider how best to proceed. Having reviewed the papers, I came to the view that as the matter in dispute could well turn on a question of pure contract law, this could be regarded as a matter which would more properly be dealt with by a judge, and therefore invited submissions on whether I should decline to deal with the reference in accordance with s.12(2) of the Act. Submissions were duly received from both sides; Mr Azam indicating his consent to the matter being transferred to the court (although not arguing strongly that it should be), while Mr Livesey asked for the reference to remain before the Comptroller. Mr Azam also asked to be allowed three months (as opposed to the standard period of 14 days specified in the Civil Procedure Rules) for initiating a claim before the court, should I decline to deal.
- 6 Both parties consented for me to decide the s.12(2) point on the papers, so that it what I shall proceed to do.
- 7 In these proceedings the claimant Mr Azam is represented by Messrs Azmi Rana Solicitors, while Messrs Wilson Gunn act for the defendant Mr Livesey.
- 8 I should here make clear that as this is an unexamined application rather than a granted patent, there are no granted claims to define what the invention is. Indeed, it will be a prerequisite for the resolution of the substantive question of ownership at issue in these proceedings to consider what inventions are present, in order to identify who actually devised those inventions. However for the purposes of this decision it will be sufficient for me to use the shorthand of "the invention" to refer to any and all inventive matter which may be present in the application.
- 9 It is not in dispute that Mr Azam and Mr Livesey engaged in some sort of collaboration aimed at the development of a product, or that the subject-matter of the invention is embodied in the fruit of that work. Nor is it in dispute that Mr Livesey already had at least some ideas before he met Mr Azam, and that Mr Azam (possibly with a team of developers) wrote the software code that implemented the product. What is in dispute is the nature and extent of the relative contributions to the invention that were made by Messrs Livesey and Azam.

- 10 Considerable evidence has been filed to support the respective cases but I would in particular highlight two CD-ROMs filed by the defendant on which are stored files demonstrating the concept of the invention. It is the defendant's position that both of these files were in existence before he and the claimant first met, and that one of them was shown to Mr Azam and others at a meeting in November 2006. The content of these files will accordingly be important to the matter in dispute as they may be used to demonstrate how well Mr Livesey's ideas had been developed before he started his collaboration with Mr Azam and his team. Mr Azam acknowledges that a meeting took place at which there was a demonstration involving a video file, but he denies it was the same file as the one in the defendant's evidence. He expresses the belief that the file in the evidence was created after the present dispute arose.

The Law

- 11 Section 12 of the Act states:

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

(a) any person may refer to the comptroller the question whether he is entitled to be granted (alone or with any other persons) any such patent for that invention or has or would have any right in or under any such patent or an application for such a patent;

or (b) any of two or more co-proprietors of an application for such a patent for that invention may so refer the question whether any right in or under the application should be transferred or granted to any other person; and the comptroller shall determine the question so far as he is able to and may make such order as he thinks fit to give effect to the determination.

(2) If it appears to the comptroller on a reference of a question under this section that the question involves matters which would more properly be determined by the court, he may decline to deal with it and, without prejudice to the court's jurisdiction to determine any such question and make a declaration, or any declaratory jurisdiction of the court in Scotland, the court shall have jurisdiction to do so.

- 12 The provision which is relevant to the point at issue in this decision is paragraph (2). This is one of a number of sections of the Act which deal with different situations but are expressed in more or less similar terms, and guidance on their proper interpretation was given by Warren J in the case of *Luxim Corporation v Ceravision Limited* [2007] EWHC 1624 ("*Luxim*"). To quote from paragraph 68:

“So, provided that one recognizes what is complex is not an absolute standard, I do not think that the Comptroller can go far wrong if he were to consider exercising his discretion [to decline to deal] whenever a case is complex; he is to be the judge of what is and is not complex in this context. What he should not do is start with a predisposition to exercise his discretion sparingly, cautiously, or with great caution. Complexity can be manifested in various aspects of a question or the matters involved in a question and counsel have identified different areas to which different considerations may apply – technical issues, factual issues, patent legal issues and non-patent legal issues to name some. What may seem technically complex to a lawyer may not seem technically complex to a hearing officer; and, the other way, what may seem complex legally to a hearing officer may seem straightforward to a lawyer. It is for the Comptroller to judge how each relevant matter or question appears to him given its complexity. I do not read Jacob LJ as saying anything different from this in paragraph 44(iii) of IDA either (i) when he refers to complex cases or (ii) when he says that the Comptroller’s jurisdiction should be reserved for relatively straightforward cases. The phrase “relatively straightforward” of itself involves a comparison of scale. An involved technical issue may be relatively straightforward to a hearing officer; a legal issue which to a lawyer may be relatively, straightforward may not be to a hearing officer, and may not, on that basis, so appear to the Comptroller.”

And at paragraph 69:

“Accordingly, I reject the submissions of Mr Birss and Mr Mitcheson about the principles governing how the Comptroller should exercise his discretion to decline to deal and in particular the submission that, where complexity is the only relevant factor, he should do so only in highly complex cases. However, what Jacob LJ said in one or two brief sentences about the general approach is not to be taken as legislation or even to represent a complete statement. It is a statement of the general approach which needs to be adapted to fit the facts of each case; in particular, the concept of complexity (or whether an issue is relatively straightforward) needs to be judged in relation to different areas where different issues can arise (eg, technical, factual, legal) and needs to be judged against the expertise and experience to be expected of a hearing officer as compared with that of a judge.”

And further at paragraph 87:

“In my view, it is the cumulative effects of the issues involved by reference to which the issue of referral must be judged. The fact that a question involves, say, three issues each of which taken in isolation would not make it appear to the comptroller that the question involved matters which would be more properly determined by the court does not mean, when those three issues are taken together, that the overall appearance is the same. The question involves three matters which, taken together, may well make it appear to the comptroller that the question does involve matters which would be more properly determined by the court.”

- 13 Regarding how to approach the various issues which may contribute to making a case “complex”, the judge said (at paragraph 55), in endorsing an approach that had been proposed to him by one of the parties:

“Mr Thorley draws attention to four sorts of issue which an entitlement dispute might throw up, and considers the suitability of a hearing officer to deal with them bearing in mind that he is a technical person not a lawyer:

a. Technical issues: this may need expert evidence to assist the decision maker. Ordinarily, a hearing officer will be equipped to deal with such issues.

b. Factual issues unrelated to technical issues: these are bread-and-butter matters for a judge. Of themselves, they may not merit a referral to the court. But the issues may be seen to be sufficiently complex to merit transfer, especially, I would observe, if findings of fraud or breach of fiduciary duty are to be found against a party or a witness, a factor which, whilst not by itself conclusive, one might normally expect to be more appropriate for a judge.

c. Patent law issues; the hearing officer is usually to be expected to be a suitable tribunal to deal with such issues, be they English or foreign law issues.

d. Non-patent law issues: I agree with Mr Thorley in thinking that issues of this sort (whether of English or foreign law) would ordinarily be regarded as the province of the judge. Of course, it cannot be said that any case which involves a point of law is one which would more properly be dealt with by a judge, but it is a factor and may very well be an important factor.”

Discussion

- 14 It is accordingly clear that the complexity of the case is a key factor, and that this needs to be considered in the context of the types of issue that may arise. For me to decline to deal, it is not a necessary prerequisite for the case to be highly complex; rather what I need to do is consider whether its complexity is such that, when judged against the expertise and experience to be expected of a hearing officer as compared to that of a judge, it is a matter that would be more properly determined by the court. It is also clear that I must look at not only the individual issues taken in isolation but also consider the cumulative effects of the issues taken together.
- 15 As I have said, the claimant has raised no objection to me declining to deal with the question although he has submitted no arguments one way or the other on this matter. The defendant, on the other hand, has urged me hear the reference. He says that the central issue of the case is whether it can be shown that Mr Azam is the inventor of some of the subject-matter in the application, and only if he succeeds in this will it be necessary to go on to consider the assignment. The defendant further suggests that if I find that Mr Azam is not an inventor I can dispose of the case without the need to consider any non-patent issues, and even if I find otherwise it will significantly narrow the focus of any subsequent Court proceedings enabling speedier and less costly resolution.
- 16 I take this last point to mean that if I hear the inventorship question and find for Mr Azam, I could halt the proceedings and decline to deal further. This is an interesting idea, and I note that the wording of the statute does not place any restriction on the stage in the proceedings at which a decision on decline to deal can be taken. However, while I could envisage action like this being taken if a case were to take an unexpected turn (as indeed has happened and is the reason why we are where we are), I do not believe it would be right for me to proceed to hear a case once I have formed the opinion that there are elements of it which make the case as a whole more appropriately heard by a judge, even if some possible outcomes may not require consideration of those elements. To do otherwise would seem to me to go against the wording of s.12(2), in particular the reference to “[involving] matters which would more properly be determined by the court”. An exception to this might be if there was little prospect in practice of having to address such an issue, but I do not believe that to be the situation here: Mr Azam has raised an arguable case that he is an inventor, and the outcome on this point is likely to turn on the evidence. Nor do I find persuasive the argument that a finding by me on the question of inventorship could narrow the focus of any subsequent court proceedings; if such a situation were to arise I find it difficult to see how it would be possible to avoid a rehearing of all the issues.
- 17 For the above reasons I believe that the correct approach is to look at the case as a whole and decide whether it should more properly be dealt with by the court. In doing this I shall follow the analysis of the issues as approved of by Warren J in paragraph 55 of *Luxim*.

Technical issues

- 18 There are no particularly complex technical issues associated with this reference; but in any case it is accepted that a hearing officer will be equipped to deal with such issues.

Factual issues unrelated to technical issues

- 19 The extent of development of Mr Livesey's ideas before he and Mr Azam met is obviously one key issue of fact to be resolved, and Mr Azam has effectively accused Mr Livesey of falsifying the evidence in respect of the video clip he says he demonstrated at their initial meeting. There are also other areas of dispute over the degree of direction and supervision of the work exercised by Mr Livesey during the phase when the software was being written by Mr Azam and his team.
- 20 The need to resolve evidential conflict, including through cross-examination, is not uncommon in proprietorship and inventorship disputes before the comptroller, and does not in itself, in my view, render a case sufficiently complex to warrant declining to deal. That said, it is less common for the comptroller to be presented with allegations of falsified evidence, which is a serious matter of the sort that might be more appropriately handled by a judge.

Patent Law issues

- 21 I have already remarked that a necessary part of the process of determining inventorship involves identifying what inventive concepts are present and who contributed to them. No particular issues of patent law have been raised in this regard, but it is in any event accepted that a hearing officer will be equipped to deal with such issues.

Non-patent law issues

- 22 The key non-patent law issue to be resolved is the validity of the contract of assignment dated 20 November 2007.
- 23 This document has been signed by both Mr Azam and Mr Livesey (in the latter case for and on behalf of 4Tonic Limited). The definition of "the Works" assigned appears to cover the invention of the application and no argument has been put forward that it does not. The document details that Mr Azam assigns everything created and/or developed by him in connection with the Works to 4Tonic Limited in return for an allotment of shares in that company.
- 24 Although it is not spelled out in the claimant's statement, it is clear from a reading of his evidence and skeleton argument that he is of the view that this contract, which he appears to admit he entered into with 4Tonic, is ineffective because he never received the shares due to him. He argues that he therefore remains entitled to the Works.

- 25 There accordingly appears to be no dispute that if this assignment were found to be valid, then it would cover rights in the invention and the present claim would be bound to fail. It follows that the only matter to be resolved in respect of the assignment is whether it is effective, which is a pure question of contract law.
- 26 Although matters concerned with assignments do frequently arise in proprietorship disputes before the Comptroller, and hearing officers are equipped to deal with many of them, these are more often concerned with factual matters such as the order of certain events or questions requiring the construing of contractual terms. I do not believe that hearing officers are so well equipped to deal with questions of breach of contract. This is a complex area of law and a number of possible remedies could be available. This is in my view a matter which would more appropriately be dealt with by a judge.

Decision on decline to deal

- 27 For the above reasons I find that overall this reference involves matters which would more properly be determined by the court and I therefore decline to deal with it in accordance with s.12(2) of the Act.

Period allowed for starting a claim in the court

- 28 Having decided that this claim involves matters which would more properly be determined by the court, I have to consider the claimant's request to be allowed three months to start a claim in the court, as opposed to the normal period of two weeks as set out in rule 63.11 of the Civil Procedure Rules, the relevant provisions of which state that:

(1) This rule applies where the Comptroller –

(a) declines to deal with a question under section 8(7), 12(2), 37(8) or 61(5) of the 1977 Act;

(b) ...

(c) ...

(2) Any person seeking the court's determination of that question or application must start a claim for that purpose within 14 days of receiving notification of the Comptroller's decision.

(3) A person who fails to start a claim within the time prescribed by rule 63.11(2) will be deemed to have abandoned the reference or application.

(4) A party may apply to the Comptroller or the court to extend the period for starting a claim prescribed by rule 63.11(2) even where the application is made after expiration of that period.

There is a parallel here with periods allowed for lodging appeals. Tribunal Practice Notice (TPN 3/2000) sets out the position in this respect:

Requests for extensions of time in which to appeal decisions

The prescribed periods during which appeals against decisions of the Comptroller or Registrar may be lodged may generally be extended by the Comptroller/Registrar. However, such extensions are discretionary and should not be granted lightly. In deciding whether to grant an extension the Hearing Officer needs to have full regard to the same overriding objectives as the courts, as set out in rule 1.1 of the Civil Procedure Rules 1998, one of which is to deal with cases expeditiously and fairly.

This was underlined in a recent decision, Whiteline Windows Limited v. Brugmann Frisoplast GmbH (unreported). Mr Simon Thorley Q.C. sitting as the Appointed Person on a trade marks appeal, commented that whilst he accepted that the Registrar had the power to extend the appeal period, it was a matter which must be approached with the greatest caution. He stated that caution was necessary to ensure that the exercise of discretion did not undermine the purpose underlying the statutory provision. He further commented that appeals create uncertainty and as such it was in the interests of everyone to ensure that appeals are disposed of timeously. Mr Thorley concluded by stating that extensions of time in which to enter notices of appeal are therefore not to be encouraged.

Thus an extension will only be granted if there is a reason which is sufficiently strong to outweigh the potential harm to other parties or the public that may be caused by further delay. This approach will be adopted in future not just for appeals against inter partes decisions but also for ex parte ones, for which a more-relaxed attitude may sometimes have been adopted in the past. Any request for an extension must be supported by full and detailed reasons. If the decision being appealed was made in inter partes proceedings, the request must be copied to any other party to proceedings, and the Comptroller/Registrar will seek to take their views into account before making a decision on the request.

- 29 Having regard to the above, what I think is the right approach to adopt, is that the period set in the Rules should be adhered to unless there are very good reasons why an exception should be made. I note that an extension may be applied for at any time, including after the expiry of the set period.
- 30 These proceedings have now been in train for nearly a year and a half, and the claimant has had considerable time and opportunity to develop his case. I do recognize that there is an argument that there has been a change of direction in the case following from the skeleton argument filed on 28th June 2010. However, given what was said in the letters to both parties on 6 October 2010, I believe that the claimant's representatives should have been able to make plans for this eventuality. I do not therefore believe that the arguments put to me demonstrate sufficient reason to depart from the period the legislator has specified is

appropriate in cases of this type.

- 31 Having said that I am prepared to allow a short extension to take account of the upcoming Christmas period. I accordingly allow the claimant until 21 January 2011 to start a claim in the court.

Costs

- 32 Neither party has asked for or made submissions as to costs. I therefore make no order in this regard.

Appeal

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

A C HOWARD
Divisional Director acting for the Comptroller.