



PATENTS ACT 1977

BETWEEN

Dark 3D Pete Limited

Claimant

and

Peter Cuffe

Defendant

PROCEEDINGS

Reference under section 8 of the Patents Act 1977 in respect of UK patent application number GB 1015486.2

HEARING OFFICER

Julyan Elbro

Hearing date: 29 July 2014

DECISION

Background

- 1 Mr. Cuffe (“the defendant”) was named as the sole inventor and applicant on a patent application number 1015486.2 (“the application”) entitled “Continuous Autostereoscopic Imagery” which was filed on 15 September 2010. As will become apparent, nothing in this case turns on the nature of the invention in the patent application
- 2 On 30 August 2011 Dark 3D Pete Limited (“the claimant”) made an application under section 8 of the Patents Act 1977 (“the Act”) seeking an order that the application should proceed in the name of the claimant. The defendant opposed this by counterstatement filed 4 January 2012.
- 3 The application was subsequently withdrawn with effect from 13 February 2012, prior to publication. It is, however, possible for me should I find the claimant entitled to the content of the application to order under section 8(3) of the Act that the claimant may make a new application to this matter which would be treated as having been filed on the filing date of the application.
- 4 After several preliminary matters were decided by other hearing officers and a preliminary evaluation issued on 17 July 2014, the matter came before me on 29 July 2014.

- 5 Both parties were unrepresented. The defendant appeared in person. Dr Lowe appeared as a director of the claimant – although he was previously qualified as a solicitor, he was not appearing as a professional representative. I allowed for the lack of professional representation in the conduct of the hearing and my consideration of the parties' arguments.

Sequence of events

- 6 The timeline of events relating to the invention and the application was not in dispute.
- 7 At the latest by March 2010 Mr. Cuffe had devised the invention and demonstrated it to his friend Mr. Gallagher. Mr. Cuffe later demonstrated his invention to Mr. Dawson, a corporate lawyer and a friend of Mr Gallagher's. On 9 April 2010 Messrs. Cuffe, Gallagher and Dawson met at Mr. Gallagher's home together with Dr. Lowe, a friend of Mr. Dawson's with experience in the field of intellectual property.
- 8 On 17 May 2010 Messrs. Cuffe, Gallagher, Dawson Dr. Lowe met again at Mr. Gallagher's home and discussed the possibility working together to promote the invention, including the possibilities of making financial investment and of a starting company and the possible shareholdings the men might hold in that company. The precise nature of what, if anything, was agreed at this meeting is key to the dispute between the parties.
- 9 Between 29 April 2010 and 15 September 2010 Mr. Cuffe and Dr. Lowe had a patent search performed by Leeds library, paid for by Dr. Lowe, and Mr. Cuffe met several times with Mr. Mohun, a patent attorney known to Dr. Lowe, meetings both with and without Dr. Lowe in attendance. The fruit of this activity was the application, prepared by Mr. Mohun.
- 10 Alongside the preparation of the application Mr. Dawson incorporated the claimant company on 21 May 2010, registered it for VAT purposes and opened a bank account in its name on 16 August 2010. In addition a draft shareholders' agreement and a draft IP assignment agreement were circulated between the four men and amended between 17 August 2010 and 29 September 2010. However, these written agreements were not finalised, and Mr Cuffe, in particular, does not appear to have made any monetary investment in the claimant.
- 11 On Mr Cuffe's instructions, Mr. Mohun filed the application in the name of Mr. Cuffe on 15 September 2010 at Mr. Cuffe's expense.

The witnesses and their evidence

- 12 Dr Lowe, Mr Dawson, and Mr Gallagher all gave witness statements (two from Dr Lowe and Mr Dawson) for the claimant. Mr Cuffe gave a witness statement for himself. All four men were cross-examined during the hearing. In each case I formed the impression that the witnesses were being honest and doing their best to recall events that took place over four years before the hearing.
- 13 I should note that a significant part of the defendant's argument was directed at attempting to undermine the credibility of Dr Lowe. The defendant brought up issues

such as Dr Lowe's prior disbarment as a solicitor for a drug offence, and raised questions about whether Dr Lowe had represented himself to Mr Cuffe as an "IP lawyer" (Dr Lowe maintained, supported by Mr Dawson, that he described himself as an "IP consultant"). I found these attempts unconvincing. Although Dr Lowe had not been completely upfront about his prior failings, nor had he attempted to deny them. There was no evidence of his having been untruthful in any legal context. Furthermore, his evidence in substance tallied with that of the others, including that of Mr Cuffe himself. I found him a credible witness.

- 14 Indeed, on matters of fact such as who met who, who did what and when, there seemed to be little disagreement between the witnesses, and their stories combined to give a clear picture of what had actually transpired. It is worth noting that at the defendant's request, the claimant's witnesses did not hear each other giving evidence prior to giving their own.

The law - Entitlement

- 15 The parts of the Patents Act 1977 relevant to this matter of entitlement are sections 7 and 8. Specifically:

Right to apply for and obtain a patent

7.-(1) Any person may make an application for a patent either alone or jointly with another.

(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.

(3) In this Act "inventor" in relation to an invention means the actual deviser of the invention and "joint inventor" shall be construed accordingly.

(4) Except so far as the contrary is established, a person who makes an application for a patent shall be taken to be the person who is entitled under subsection (2) above to be granted a patent and two or more persons who make such an application jointly shall be taken to be the persons so entitled.

Determination before grant of questions about entitlement to patents, etc.

8.-(1) At any time before a patent has been granted for an invention (whether or not an application has been made for it) -

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

...

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

...

(3) Where a question is referred to the comptroller under subsection (1)(a) above and -

(c) any such application is refused under any other provision of this Act or is withdrawn before the comptroller has disposed of the reference, (whether the application is refused or withdrawn before or after its publication)

the comptroller may order that any person by whom the reference was made may within the prescribed period make a new application for a patent for the whole or part of any matter comprised in the earlier application or, as the case may be, for all or any of the matter excluded from the earlier application, subject in either case to section 76 below, and in either case that, if such a new application is made, it shall be treated as having been filed on the date of filing the earlier application.

- 16 As noted above, the application has been withdrawn. If successful at proving entitlement, the claimant therefore seeks an order under Section 8(3) that they be enabled to make a new application based on the application which is treated as having been filed on the filing date of the application.
- 17 The law on entitlement was not in dispute between the parties. Section 7 makes it clear that the right to be granted a patent lies primarily with the inventor, i.e. the deviser of the invention. This may be changed in certain circumstances, including granting a patent to the inventor's successor or successors in title.
- 18 In this case, it is common ground that Mr Cuffe was the inventor of the invention in the patent application. As the claimant argued in its skeleton argument, the pivotal question is whether the claimant can prove the statement made at paragraph 4 of its Statement of Case, that being:

"Pursuant to an oral agreement between Danny Gallagher, Mark Dawson, Roger Lowe and Peter Cuffe (collectively the "Contracting Parties") it was agreed by the Contracting Parties that any patent application or applications embodying the Invention would be applied for in the name of Dark 3D."

- 19 The claimant alleged that this oral agreement was made at the meeting on 17 May 2010. I consider the factual question of what occurred at that meeting below.

The law – formation of a contract

- 20 The general principles of when a binding contract is formed were also not in dispute. The claimant relied on passages from two cases, firstly *RTS Flexible Systems Limited v Molkerei Alois Müller GmbH & Company KG* [2010] UKSC 14 ("*RTS Systems*"), especially paragraphs 45 and 50:

45. The general principles are not in doubt. Whether there is a binding contract between the parties and, if so, upon what terms depends upon what they have agreed. It depends not upon their subjective state of mind, but upon a consideration of what was communicated between them by words or conduct, and whether that leads objectively to a conclusion that they intended to create legal relations and had agreed upon all the terms which they regarded or the law requires as essential for the formation of legally binding relations. Even if certain terms of economic or other significance to the parties have not been finalised, an objective appraisal of their words and conduct may lead to the conclusion that they did not intend agreement of such terms to be a pre-condition to a concluded and legally binding agreement.

50. Before the judge much attention was paid to the Percy Trentham case, where, as Steyn LJ put it at page 26, the case for Trentham (the main contractor) was that the sub-contracts came into existence, not simply from an exchange of contracts, but partly by reason of written exchanges, partly by oral discussions and partly by performance of the transactions. In the passage from the judgment of Steyn LJ at page 27 quoted by the judge at para 66 he identified these four particular matters which he regarded as of importance. (1) English law generally adopts an objective theory of contract formation, ignoring the subjective expectations and the unexpressed mental reservations of the parties. Instead the governing

criteria is the reasonable expectations of honest sensible businessmen. (2) Contracts may come into existence, not as a result of offer and acceptance, but during and as a result of performance. (3) The fact that the transaction is executed rather than executory can be very relevant. The fact that the transaction was performed on both sides will often make it unrealistic to argue that there was no intention to enter into legal relations and difficult to submit that the contract is void for vagueness or uncertainty. Specifically, the fact that the transaction is executed makes it easier to imply a term resolving any uncertainty, or, alternatively, it may make it possible to treat a matter not finalised in negotiations as inessential. This may be so in both fully executed and partly executed transactions. (4) If a contract only comes into existence during and as a result of performance it will frequently be possible to hold that the contract impliedly and retrospectively covers pre-contractual performance.

21 And secondly *G. Percy Trentham Ltd v Archital Luxfer Ltd* [1993] 1 Lloyd's Report 25 (CA):

*Before I turn to the facts it is important to consider briefly the approach to be adopted to the issue of contract formation in this case. It seems to me that four matters are of importance. The first is the fact that English law generally adopts an objective theory of contract formation. That means that in practice our law generally ignores the subjective expectations and the unexpressed mental reservations of the parties. Instead the governing criterion is the reasonable expectations of honest men and in the present case that means that the yardstick is the reasonable expectations of sensible businessmen. Secondly, it is true that the coincidence of offer and acceptance will in the vast majority of cases represent the mechanism of contract formation. It is so in the case of a contract alleged to have been made by an exchange of correspondence. But it is not necessarily so in the case of a contract alleged to have come into existence during and as a result of performance. See *Brogden v Metropolitan Railway* (1877) 2 A.C. 666; *New Zealand Shipping Co Ltd v A.M. Satterthwaite & Co Ltd* [1974] 1 Lloyd's Rep. 534 at p. 539, col. 1; [1975] A.C. 154 at p. 167 D-E; *Gibson v Manchester City Council* [1979] 1 W.L.R. 294. The third matter is the impact of the fact that the transaction is executed rather than executory. It is a consideration of the first importance on a number of levels. See *British Bank for Foreign Trade Ltd v Novinex* [1949] 1 K.B. 628, at p. 630. The fact that the transaction was performed on both sides will often make it unrealistic to argue that there was no intention to enter into legal relations. It will often make it difficult to submit that the contract is void for vagueness or uncertainty. Specifically, the fact that the transaction is executed makes it easier to imply a term resolving any uncertainty, or, alternatively, it may make it possible to treat a matter not finalised in negotiations as inessential. In this case fully executed transactions are under consideration. Clearly, similar considerations may sometimes be relevant in partly executed transactions. Fourthly, if a contract only comes into existence during and as a result of performance of the transaction it will frequently be possible to hold that the contract impliedly and retrospectively covers pre-contractual performance. See *Trollope & Colls Ltd v Atomic Power Construction Ltd* [1963] 1 W.L.R. 333.*

The agreement made on 17 May 2010

22 Ultimately, there appeared to be little difference between the parties as to what was agreed at the meeting on 17 May 2010. It is common ground that the four discussed working together to promote the patent, although it seems from his evidence and his limited actions during events that Mr. Gallagher's role was largely confined to introducing the other three men. The parties agreed that at the meeting the four men

discussed the possibility of setting up a company, a possible name for that company and possible share holdings in that company. It was agreed that not all of these matters were finalised, although after the meeting they all shook hands and retired to a local bar “to celebrate” in the words of Dr. Lowe’s first witness statement and Mr. Gallagher’s witness statement or “to celebrate the deal that had been done, and to toast the future” in the words of Mr. Dawson’s first witness statement. Mr. Cuffe’s witness statement acknowledged that the four shook hands and then went to a bar, but not why they did so.

- 23 The claimant’s position was succinctly put by Dr Lowe in response to a question from myself during his cross-examination:

“THE HEARING OFFICER: Dr Lowe, at the end of that meeting what was your perception of what Mr Cuffe specifically had agreed to?

A: He agreed to the setting up of a company and that the patent would be filed in the name of the company, and that he would own 60% of that company.”

- 24 Mr Dawson and Mr Gallagher’s evidence tallied with this, and Mr Cuffe did not really disagree with this statement in either his evidence or his argument. The only nuance to add to Dr Lowe’s summary is that all four committed to a collective investment in the company. Mr Cuffe raised several questions about other matters relevant to the company, in particular the company’s name and the distribution of the level of investment and hence the shares between Mr Dawson and Mr Gallagher, but he appeared to accept that there was a “plan” for the patent to be filed in the name of the company, and indeed he testified that until just before the patent application was filed, he intended to do it in the name of the company.

- 25 That this was indeed an agreed on plan is amply supported by evidence of what transpired after the meeting. Mr. Cuffe met with Mr. Mohun the patent attorney both with and without Dr. Lowe and various drafts of the application were received and circulated at least to Mr. Cuffe and Dr. Lowe. Mr. Dawson also incorporated the claimant company and opened a bank account, receiving proof of identity documents from Dr. Lowe and Mr. Cuffe to assist him. Draft shareholder and intellectual property assignment agreements were also circulated. All these, in my view, show a pursuit of a common understanding as described above.

The legal effect of the agreement

- 26 The key difference between the parties lay in their beliefs as to the legal effect of any agreement.
- 27 It is common ground that there is no written agreement. The claimant argues that the agreement as characterised above was legally binding.
- 28 Mr. Cuffe’s case was that it was not – he characterises the situation as the other three making him an offer that he was agreeing to consider. He contrasted the situation in this case with that in *RTS Systems*, referenced above, where there were protracted negotiations with millions of pounds at stake.
- 29 I should note that Mr Cuffe disclaimed any argument that he had entered into an agreement based on a misrepresentation.

30 Judged based upon the reasonable expectations of honest sensible businessmen and not the subjective expectations and the unexpressed mental reservations of the parties, I do not believe that Mr Cuffe's understanding is sustainable. Although not all of the details of the issues being discussed were finalised, the essential elements – as I described in the previous section – are sufficiently clear for the agreement to be legally binding, in accordance with the law as I describe it above. There is clear evidence of consideration in terms of 60% of the company being offered to Mr Cuffe in exchange for assignment of the right to apply for a patent to the company and a monetary investment in the company. The terms as I describe them above seem sufficiently clear and certain. The subsequent actions of Mr. Cuffe, Mr. Dawson and Dr. Lowe all suggest to me that they were indeed acting as one would expect them to do when bound by such an agreement.

31 Thus, I find there to have been a binding oral contract formed between Mr Cuffe, Dr Lowe, Mr Dawson, and Mr Gallagher that a company would be set up, 60% owned by Mr Cuffe with the remaining 40% shared by the other three parties, that would file the patent application. However, I do not find that there was any legally binding agreement for more than this. In particular (as conceded by the claimant) there was no agreement that such a company would be called "Dark 3D Pete".

The entitlement claim

32 A company as envisaged in the agreement would therefore appear to be able to claim entitlement to the patent application as Mr Cuffe's successor in title pursuant to the agreement. However, one strand of Mr Cuffe's argument appeared to be that the claimant as it was set up was not in accordance with what I have found to be the agreed plan.

33 Mr Cuffe pointed to a number of features of the shareholders' agreement that appeared to him to diverge from the plan. These features included the claimant's name, which he was unhappy with, questions relating to the composition of the board of directors, the initial registration of the company at Mr Dawson's address, and the allocation of the shares, and reference in the agreement to an unknown third party, "Sanjay Dhir".

34 These issues were addressed by Mr Dawson's evidence as to what he was trying to achieve in the way he initially set the claimant up with himself as sole director and shareholder, intending then through agreements to allocate the shareholdings, voting rights, and directorships correctly, and if necessary change the company name. The reference to "Sanjay Dhir" was explained as an artefact from the previous document he had used as a template.

35 Mr Cuffe conceded on cross-examination that he had never raised any of his concerns, apart from those about the company name, with Mr Dawson or Dr Lowe, prior to deciding to file the patent application in his name rather than the claimant's. His view was that he did not expect to have to proofread any drafts; he expected to be presented with a finished, accurate version of the agreements by Mr Dawson without the need for his input in that respect.

36 My view is that there is no evidence of Mr Dawson (or Dr Lowe or Mr Gallagher) trying to subvert the agreement in anyway; instead it appears that Mr Cuffe

misunderstood the draft agreements he was sent, and the spirit in which they were sent, which seems to me to have been intending to invite comments with a view to finalising.

- 37 However, the fact remains that, because no shareholders' agreement was signed by Mr Cuffe, the claimant is not (and never was) 60% owned by Mr Cuffe. Nor was the patent filed in the claimant's name, nor was a collective investment made in the claimant by the four parties to the agreement. Hence the claimant has literally none of the features of the company envisaged in the agreement.
- 38 The claimant is thus not the entity referred to in the agreement. It is simply a company set up by Mr Dawson. Its only distinguishing feature is its name, and both parties agreed that no name had been agreed for the company in the agreement. Had the proposed shareholders agreement been signed, the claimant might have become the entity envisaged, but in the event this did not happen. And while this was certainly one route to fulfilling the agreement, it was not the only one (a different company could have been set up) and I have not found Mr Cuffe party to any binding agreement specifying the use of the claimant.
- 39 It does appear that the person responsible for this state of affairs is Mr Cuffe. If he had followed through on his part in setting up a company 60% owned by him, then such a company would, by virtue of the agreement, be entitled to the patent application. But this appears to be neither here nor there. The agreement does not confer entitlement on the claimant. It may be that Mr Dawson, Dr Lowe, and Mr Gallagher have a recourse in an action for breach of contract (there is of course no allegation that the claimant has any contract with the defendant) but that is not a matter for me.

Conclusion

- 40 I find that the claim for entitlement to the patent is not made out.

Costs

- 41 The defendant has won and in principle is entitled to a contribution towards his costs. I will allow both parties an opportunity to make submissions on this point.

Appeal

- 42 Any appeal must be lodged within 28 days

JULYAN ELBRO

Divisional Director acting for the Comptroller