

PATENTS ACT 1977

IN THE MATTER OF references
under sections 12 and 13 by Oliver
Jevons in respect of the invention
disclosed in International Patent
Application PCT/US99/06438 in the
name of Minnesota Mining and
Manufacturing Company

DECISION

Background

- 69 This decision is a follow-up to my previous decisions in this dispute about entitlement to International Patent Application PCT/US99/06438. In my decision of 25 September 2001, I found that Mr Jevons, the referrer, and Minnesota Mining and Manufacturing Company (“3M”), the patent applicant and defendant, were jointly entitled to the application. It was agreed at the hearing held on 6 August 2001 that I would provide the parties with an opportunity to make submissions as to what they thought an appropriate order under the section 12 reference might be. I subsequently issued a further decision on 5 November 2001 granting an extension to the period for making such submissions and to the period in which to appeal to the earlier decision.
- 70 In the event, even after the extension of time, the parties were unable to agree on several major points regarding the form of the order and this led eventually to a breakdown in negotiations between them. Therefore, a further hearing was held on 15 April 2002 for me to hear the parties’ views on the outstanding points so that I could determine the form of an appropriate order. At the hearing Mr Douglas Campbell, instructed by Hill Dickinson appeared as Counsel for Mr Jevons, and Mr Simon Thorley QC, instructed by Bristows, appeared as Counsel for 3M.
- 71 A brief reminder of the facts of the case may be helpful, and for that we need to go back one step before the key event that led to the invention in the patent application in suit. Mr Jevons had devised a new kind of foam masking tape for use in masking vehicle body paintwork to prevent the penetration of paint spray through unsealed gaps between openings and surrounds of a vehicle body. He filed his own GB patent application, GB 9719091.2, for it. 3M are one of the major players in the foam masking tape market, and since the new tape appeared superior to 3M’s tapes, Mr Jevons tried to interest 3M in licensing his invention. He demonstrated the tape to representatives of 3M at a meeting held on 11 November 1997, and initially 3M seemed interested in taking a licence. However, negotiations then broke down, and one of 3M’s employees developed the invention further, in part in the light of an earlier patent of 3M’s concerned with techniques for manufacturing such tapes. The international application in suit was the result of that further development.

- 72 Mr Jevons' original patent application was granted on 25 May 1999. After negotiations with 3M had broken down, he successfully negotiated a licence agreement with a German manufacturer IKS Produkte-Steegers & Co instead, though quite what that covered I do not know. During the negotiations with 3M, Mr Jevons had also filed three further related patent applications, and on 8 September 1998 he filed his own international application. As I understand it, these are all still pending. I am mentioning these other patents of Mr Jevons and also 3M's own earlier patent because, as will be seen, they do have some bearing on the appropriate form of order for the present patent.
- 73 The breakdown of the original negotiations between the two parties seems to have destroyed any scintilla of trust between them, and that is almost certainly why they have been unable to agree a form of order. In part I suspect this is because of the relative standings of the parties: Mr Jevons is, for practical purposes, a lone individual whereas 3M are a mighty multinational conglomerate. Conscious of the disparity, Mr Jevons seems convinced that 3M are trying to use their might to take his idea without giving him proper recompense for it. 3M, on the other hand, seem to feel Mr Jevons has unrealistic expectations of what is commercially reasonable. The result is the stalemate I now have to resolve.

Summary of issues

- 74 The main gulf between the parties as to the form of order is the question of whether or not there should be a cross-royalty obligation between them. This idea has come from Mr Jevons, and what he envisages is that 3M would be obliged to pay him royalty on everything they or their licensees sell that falls within the patent, whilst conversely he would be obliged to pay 3M royalty on everything that he or his licensees sells. Not surprisingly, 3M don't like this idea at all. Of course, if I were to decide that there should be a cross-royalties, there would then be a question of what the level of royalty should be. During the proceedings leading up to the hearing it became apparent that determining the level of any royalty could require a fair amount of evidence, and I was concerned that the effort required by both sides to put together such evidence would be wasted if I decided not to order cross-royalties. Accordingly, both parties agreed to a suggestion that the issue of royalty rate should be left to one side until I had decided whether or not there should be any cross-royalty at all.
- 75 This was not the only issue on which the parties could not agree. There was also dispute about who should bear the costs of prosecution of the International Patent Application, both past and future, and what arrangements should be made for its future prosecution. Further, there was also dispute about whether I should require the parties to mark all products sold with certain information.
- 76 On a brighter note, I am pleased to say that the parties did manage to reach agreement or near agreement, either before or at the hearing, on several other issues that had previously been in dispute. They include:
- C the terms of the declaration of entitlement;

- C having a single common order for all countries in which the European Patent (“EP”) element of the international application would eventually run;
- C no specific order for non-EP countries (a point that had been a major area of contention almost right up to the hearing);
- C a right to grant licences without the other’s permission;
- C no right to assign without permission save to each other;
- C no order in respect of the application under section 13.

77 Before looking at the arguments in detail, I think it would be helpful to summarise the law and establish the approach I ought to adopt.

The law

78 Section 36 of the Patents Act 1977 deals with co-ownership of patents and applications for patents. It states:

36.-(1) Where a patent is granted to two or more persons, each of them shall, subject to any agreement to the contrary, be entitled to an equal undivided share in the patent.

36.-(2) Where two or more persons are proprietors of a patent, then, subject to the provisions of this section and subject to any agreement to the contrary -

(a) each of them shall be entitled, by himself or his agents, to do in respect of the invention concerned, for his own benefit and without the consent of or the need to account to the other or others, any act which would apart from this subsection and section 55 below, amount to an infringement of the patent concerned; and

(b) any such act shall not amount to an infringement of the patent concerned.

36.-(3) Subject to the provisions of sections 8 and 12 above and section 37 below and to any agreement for the time being in force, where two or more persons are proprietors of a patent one of them shall not without the consent of the other or others grant a licence under the patent or assign or mortgage a share in the patent or in Scotland cause or permit security to be granted over it.

36.-(4) Subject to the provisions of those sections, where two or more persons are proprietors of a patent, anyone else may supply one of those persons with the means, relating to an essential element of the invention, for putting the invention into effect, and the supply of those means by virtue of this subsection shall not amount to an infringement of the patent.

36.-(5) Where a patented product is disposed of by any of two or more proprietors to any person, that person and any other person claiming through him shall be entitled to deal with the product in the same way as if it had been disposed of by a sole registered proprietor.

36.-(6) Nothing in subsection (1) or (2) above shall affect the mutual rights or obligations of trustees or of the personal representatives of a deceased person, or their rights or obligations as such.

36.-(7) The foregoing provisions of this section shall have effect in relation to an application for a patent which is filed as they have effect in relation to a patent and -

(a) references to a patent and a patent being granted shall accordingly include references respectively to any such application and to the application being filed; and

(b) the reference in subsection (5) above to a patented product shall be construed accordingly.

79 Both parties were agreed, though, that this section - and that means subsections (1) to (3) in particular - did not prevent me making an order in different terms. This follows from the wide ranging powers given to me in the section under which this reference has been brought, section 12, subsection (1) of which concludes:

... 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 also consistent with the fact that subsections (1) to (3) of section 36 are all said to be “subject to any agreement to the contrary”. Indeed, neither side argued that there were any specific fetters on the sorts of provisions I could order.

Approach

80 Mr Thorley suggested at the hearing that my approach should be both judicial and pragmatic, and I agree. In my view, being judicial means I must arrive at a considered conclusion, not an arbitrary one, and one that is as fair as possible to both sides. Unfortunately the two sides have very different perceptions of what they would consider to be fair, but at least we made one significant step forward at the hearing when both sides agreed that I should approach the case on the assumption that they had made equal contributions to the invention. Being judicial also means I must take into account the public interest consideration that my order should endeavour to stimulate exploitation of the invention, not stifle it.

81 Being pragmatic, on the other hand, means I must take account of the very poor relationship between the parties. Thus so far as possible my order should minimise the need for the parties to liaise with one another and minimise the scope for any further dispute between them. I say “so far as possible” advisedly since, rather depressingly

from my viewpoint, both sides seem to accept that further legal disputes between them are almost inevitable whatever I decide. Another aspect of pragmatism is that my order should be workable and not unduly burdensome to operate by either party.

82 In this connection, the agreement of the parties to allow each the right to grant licences without the other's permission is particularly important for two reasons. First, both parties wish to exploit the invention through licensing; Mr Jevons because he does not have a business of his own that could exploit it effectively and 3M because they are a multinational corporation who would want to exploit the invention through national subsidiaries. Secondly, at one stage Mr Jevons appeared to be arguing, rightly or wrongly, that anyone manufacturing the tape would also have to licence every individual purchaser of the tape because there is a claim to the method of using it. For both these reasons, without an unfettered right to licence there was a risk that one party could completely block any exploitation by the other, and I have an uncomfortable feeling that is exactly what would have happened. Accordingly I welcome the parties' agreement to allow unfettered licensing. Indeed, I have to say that if the parties had not agreed it, in the particular circumstances of this case I would almost certainly have imposed it anyway.

Royalty

83 Against that background, I will now turn to the main area of dispute, the idea of a cross-royalty. A cross-royalty between co-owners is very unusual. Certainly I cannot recall any previous co-ownership dispute in which it has even been suggested, let alone ordered, although I have not done an exhaustive search of the case law. Nevertheless, Mr Campbell submitted that there is no reason to refuse a cross-royalty in principle, and I agree. If I conclude it would be the "judicial and pragmatic" answer, I am prepared to order it. However, I am also aware that what section 36 suggests is that co-owners should have an equal right to exploit the invention, not a right to get equal benefits. I regard this as the "default" position, and the onus is therefore on Mr Jevons to persuade me these are good grounds for departing from it.

84 Mr Campbell's main argument was that without a cross-royalty, because Mr Jevons is a tiny player alongside the huge manufacturing and marketing capacity of 3M, 3M would reap all the benefit of the invention and Mr Jevons would get virtually nothing. A cross-royalty, therefore, is necessary in the interests of fairness. Mr Thorley disagreed, arguing that a cross-royalty is not necessary to achieve fairness. He accepted that Mr Jevons may not in practice be able to exploit the invention effectively by manufacturing it himself, but now that the parties have agreed to allowing licensing by each side, there is nothing to stop Mr Jevons licensing another big manufacturer. Moreover, he has shown he is quite capable of doing that, because when negotiations with 3M over his original GB patent broke down, he had gone on to licence it successfully to the German company I mentioned earlier.

85 There was, Mr Campbell argued, another factor that required a cross-royalty to achieve fairness: in at least one instance 3M has given away products in accordance with the invention free with other products. That would not cause any insuperable problems if I were to order a cross-royalty because I would simply need to include appropriate

provisions for an amount of royalty to be paid equivalent to what would have been paid on an arm's length transaction. However, Mr Campbell argued, if I do not grant a cross-royalty, by giving the product away free 3M would be able to prevent Mr Jevons getting anything out of the invention as he, or more probably, his licensee, simply wouldn't be able to compete. Mr Thorley, on the other hand, argued that if 3M did give the product away free, it would be because they considered the product to be of limited value rather than because they wanted to be commercially vindictive towards Mr Jevons. He added that 3M are hard-nosed businessmen and as such would not give things away for extended periods.

- 86 Mr Campbell also argued that 3M had taken Mr Jevons' idea and used it to file their own application, the patent application in suit, without Mr Jevons's permission and without making any sort of payment or compensation for it. I assume he was trying to imply that it would be fair for 3M to be made to pay for their alleged misdemeanour.
- 87 Whilst all these arguments went to the question of fairness, there were other submissions too. First, Mr Campbell argued that both parties were agreed on the principle of a royalty to be paid by 3M for the right to use Mr Jevons' idea. When Mr Jevons had approached 3M, trying to interest them in the original idea that forms the subject of his original patent, he had proposed a royalty rate of 6% and 3M had not rejected the idea outright - they had countered with a royalty rate of 3%. Negotiations had then broken down, but all Mr Jevons wants to do now is ensure that he receives the type of compensation for which both parties had originally been negotiating, ie. a royalty.
- 88 Second, Mr Thorley argued that the complexity and cost of implementing any cross-royalty arrangement would be quite disproportionate to the amount of money involved which, he submitted, would be quite small. Whilst recognising that the royalty rate was not under consideration at this stage, he suggested that the appropriate rate for a mechanical invention of this kind would be about 4% or 5%, which reduced to a mere 2% once it had been apportioned 50:50 because of the shared entitlement. Mr Campbell, on the other hand, said there was nothing difficult about dealing with royalty payments and that it was, as Mr Jevons had put it, merely a matter of writing a cheque.
- 89 Finally, Mr Thorley submitted that because there was no trust between the parties, cross-royalty would almost certainly give rise to further disputes about how much should be paid, and this would cause yet more costs. Depressingly, Mr Campbell had to agree with him.
- 90 I will deal with some of these latter arguments first before considering Mr Campbell's core argument on fairness. First, I do not think it would be right for my order to include any element designed to punish one party or the other because in my original decision I made no finding that either party had acted in bad faith. Indeed, whatever Mr Jevons may feel, 3M may genuinely have believed they were perfectly entitled to do what they did.
- 91 Secondly, I find Mr Campbell's submission that the parties had already agreed in principle to the idea of a royalty irrelevant. The fact is that they had not been able to reach any agreement on royalty, and in any case, what they were then negotiating about

was an invention owned solely by Mr Jevons, not the present invention to which I have found both sides jointly entitled.

- 92 Thirdly, on administrative costs and practicalities, I think Mr Jevons is underestimating what is involved in properly accounting for royalty payments, which certainly involves a lot more than writing a cheque. Equally, I think Mr Thorley is overplaying his hand. Even if he is right to suggest any royalty rate is likely to be of the order of only 2%, I do not believe the cost of accounting for it is likely to be disproportionate. 2% may be a small percentage, but if sales volumes are high enough, it can still represent a substantial sum of money. Thus I do not feel the potential cost of administration is a factor that carries any significant weight.
- 93 The issue of products being given away free has a little more substance because I do not find Mr Thorley's argument that 3M would only do this if they considered the products to have limited value wholly convincing. Part of being a hard-nosed businessman is trying to kill your competitors. Further, as hard-nosed businessmen 3M would assess how to get the maximum benefit from the invention, and if that was by giving it away free with another product - to enhance the sales of that other product - that is what they would do. However, having considered the matter carefully I do not think this stops Mr Jevons' notional licensee from competing, because they too can adopt the same marketing strategy and use the invention to enhance the value of another product. True, in order to compete they may be forced to adopt a marketing strategy they would not otherwise have chosen to adopt, but that is simply reflects the harsh realities of the marketplace. Further, Mr Jevons would have to be careful with the terms of any licence he agreed to make sure he still got some benefit, but as his eyes are already open to the possibility, there is no reason for him to lose out if the products end up being marketed in this way. Thus whilst I will accept that the possibility of products being given away free is a factor in favour of cross-royalty, it does not tip the balance very much.
- 94 The recognition by both sides that cross-royalty will almost certainly give rise to further disputes between the parties is, in my view, a somewhat weightier factor, but it weighs the other way, against an order for cross-royalty. However, I do not feel even this should displace any strong arguments for a cross-royalty on the grounds of fairness, so I will now turn to the core argument on this aspect.
- 95 Superficially Mr Campbell's argument that cross-royalty is necessary in order to achieve fairness between two such disparate parties seems attractive, but having considered it more deeply, I am not satisfied it tells the whole story. There is indeed nothing to stop Mr Jevons licensing another big manufacturer, and he has shown he is quite capable of doing so. It may be that, because of 3M's size, he would not make as much money that way because 3M will be selling lots of goods for which Mr Jevons will not get any reward, but in my view that is not the point. Whilst I am prepared to stretch "fairness" to ensure Mr Jevons has the opportunity to get a reasonable reward, given the default position of section 36 I do not think I should stretch it to the point of saying he must get something for every product that is sold.
- 96 Further, I must not lose sight of the fact that I should only be considering fairness in relation to the jointly-devised invention of the patent in suit, not what might be fair in relation to Mr Jevons' original invention, which forms the subject of his own patent and

patent applications. It may well be fair that Mr Jevons should receive something for every product that embodies his original invention (absent mutual agreement to any alternative reward scheme). However, that is a question of what would constitute fair licence terms in respect of his own patent and patent applications, and that is not what I am settling in these proceedings. So far as the present invention is concerned, as Mr Thorley rightly reminded me, Mr Jevons' contribution was not the be all and end all of everything - without Mr Boiuc's contribution there would not have been a patent at all. Indeed, essentially Mr Jevons' contribution was to put his original invention into the arena, and in these circumstances I am not convinced that fairness in respect of the present invention requires the unusual and substantial deviation from the default provisions of section 36 that Mr Jevons seeks.

- 97 There is one other factor to consider: the public interest consideration that my order should endeavour to stimulate exploitation of the invention. This is an important consideration, and I would not rule out the possibility that it could justify an unusual solution like cross-royalty even though fairness on its own did not justify it. However, in the present case the position is seriously complicated by the parties' other patents and patent applications. I refer to these with some hesitation because their impact has not been fully argued before me. Moreover, their impact must at this stage inevitably be uncertain in that some of the patent applications Mr Jevons allegedly has for his original invention have not yet been granted. Nevertheless, I could not escape noticing that neither side demurred when it was suggested that, no matter what order I make, 3M might well be unable to work the present invention if they could not agree a licence with Mr Jevons in respect of his original invention and that Mr Jevons might well be unable to work it either if he could not agree a licence with 3M in respect of their earlier patent. It was also clear that both sides considered the chances of successfully negotiating such licences were slim. In the present proceedings I have no jurisdiction over licences under these other patents and patent applications, and that unfortunately implies that no matter what I order, it will be difficult for me to achieve the public interest objective of stimulating exploitation of the invention. Whether I grant or do not grant a cross royalty will not make a scrap of difference to the position, so public interest considerations do not tip the balance one way or the other.
- 98 Having weighed up all the arguments, I am not satisfied that ordering cross-royalty would necessarily be fairer and best meet the public interest. It would not be the optimum solution from a pragmatic viewpoint because of the increased potential for further dispute.
- 99 The poor relations between the parties, coupled with 3M's existing presence in the market and its obvious marketing power, suggests the optimum solution for both sides (and to meet the public interest) would be for Mr Jevons to leave it to 3M to work all the patents in return for a reasonable royalty. Indeed, it appears that Mr Jevons is not worried about working either his original invention or the present one himself if he can get an adequate recompense from licensing. In these circumstances, even though I have found joint entitlement, I have considered giving ownership of the present invention to 3M with compensating rights to Mr Jevons on the grounds that this might be a better way forward. However, I have rejected the idea because I fear it would be ineffective unless it embraced the patents and patent applications for Mr Jevon's original invention, and without the agreement of the parties I have no jurisdiction to include those in an

order in the present proceedings. I am also conscious of the fact that the parties explored this option before the hearing and were unable to agree it, and that makes me more reluctant to impose it.

100 Accordingly, as Mr Jevons has failed to persuade me that there is a good case for cross-royalty and as I cannot see a satisfactory alternative to the default provisions of section 36 , I will order that those provisions should apply.

Prosecution costs

101 Before the hearing 3M had proposed two options for the handling of the prosecution costs of the patent in suit. Option (1) requires that Mr Jevons pays 50% of the costs incurred by 3M to date on the International Application and the European Application that has arisen from it; that both parties share equally the prosecution costs of the European Application from the date of the Order through to grant in the designated states to a maximum of £15,000 in total unless the parties agree otherwise; that Mr Jevons nominates three firms of European patent attorneys which have had no previous dealings with either party and 3M may appoint any one of them to prosecute the European Application through to grant in the designated states. The appointed firm shall receive joint instructions agreed between the parties with any disputes referred to an arbitrator agreed between the parties or appointed by the President of the Chartered Institute of Patent Agents.

102 Option (2) requires that Mr Jevons assumes responsibility for and pays the prosecution costs of the European Application from the date of the Order through to grant in the designated states and 3M shall not request a contribution from Mr Jevons for the costs already incurred in prosecuting the International Application. However, at the hearing Mr Thorley made a further proposal, option (3), that Mr Jevons takes no further part in the prosecution of the patent and that 3M decides what to do in the future. Therefore, both options (2) and (3) would allow the party responsible for the prosecution to decide the course of prosecution and decide, if necessary, not to prosecute further.

103 At the hearing, Mr Campbell said that Mr Jevons was willing to choose from these three options, but could not do so there and then because he did not know (i) the decision on cross-royalty and (ii) what 3M's costs have been to date. He now has my decision on cross-royalty. That in itself may bias Mr Jevons against option (1), so I will not ask 3M to assess their costs until Mr Jevons has confirmed whether he is still interested in this option. If he is, 3M can compile the necessary information and Mr Jevons can then make his choice.

104 All this needs to be done within a reasonable time-frame. Accordingly, I order that:

C Within 21 days Mr Jevons should confirm with 3M whether he is still interested in option (1).

C If he is still interested, 3M should provide the cost information to Mr Jevons within 28 days of receiving Mr Jevons' confirmation, and Mr Jevons should notify 3M and the Office of his election within 14 days of receiving this

information.

- C If Mr Jevons is no longer interested in option (1), he should make his election between options (2) and (3) and notify 3M and the Office within 21 days from the date of this decision.

That means Mr Jevons will have made his election within 3 weeks if he has lost interest in option (1) and within 9 weeks if he has not. Naturally, should there be an appeal from my decision, I will be willing to consider requests for revising this timetable.

Marking

- 105 Mr Jevons had put forward detailed proposals for the marking of any products sold, offered for sale, or otherwise distributed by either party or its licensees in the European Union and which were made in accordance with the invention of the European Application or any of the European patents. He conceded at the hearing that any marking could be on the packaging rather than on the products *per se*, but wants the marking to identify him as co-owner of the patents. However, he also says that he is prepared to waive his demand for marking if 3M pay royalty at a sufficiently high rate. Mr Thorley resisted these proposals. He said that the purpose of marking patented products is to warn third parties, not as some form of advertising, and questioned why Mr Jevons had not even proposed marking with the patent number, although Mr Jevons' agent asserted it was common to have marking of names on packaging, not just patent numbers.
- 106 I smelt a rat in these proposals, and when I pushed Mr Campbell on this point at the hearing, he conceded that Mr Jevons' demands on marking of products were not because he has any deep-rooted feeling that his rights ought to be publicly acknowledged in this way but because he saw it as a bargaining chip to try and force 3M's hand. I do not consider this is a good enough reason for making these proposals, and therefore I refuse to make any order with respect of the marking of products or their packaging.

Form of order

- 107 Although it cannot yet be completed, I thought it would be helpful to attach to this decision a draft of the order that I propose to make, so far as matters have been agreed by the parties or settled by this decision. I am doing this to give the parties an opportunity to draw my attention to any problems in or omissions from the detailed wording, though I must stress this should not be seen as an opportunity to make further submissions on the basic issues that I have already decided. The parties should note in particular that I have made a couple of minor adjustments to the previously-proposed wording in paragraphs 1, 3, 6 and what was paragraph 7. I have also made an addition to paragraph 3.
- 108 There are still some outstanding matters to be resolved before the order can be

perfected, viz the responsibility for future prosecution, the handling of prosecution costs to date and in the future, dispute settlement mechanisms, and the possible need for clauses covering what happens if infringement or revocation issues arise or if one party fails to pay its share of the renewal fees. It will not be possible to resolve all this until Mr Jevons has notified 3M and the Office of his election in respect of prosecution costs. Accordingly, I allow the parties 21 days from the date on which Mr Jevons notifies 3M and the Office of his election to make submissions on these matters and any other submissions on the detailed wording of the order. I hope the parties will be able to agree these matters between them and that what I will receive is an agreed joint submission.

- 109 I will make one further comment. In the event that, even at this late stage, the parties do decide to sit down and negotiate sensibly towards an alternative solution that might be better for both of them, I am prepared to make an order that reflects what they have agreed, irrespective of whether it is consistent with what I have said I will order in the absence of agreement.

Costs

- 110 Although I awarded the costs up to the substantive hearing to Mr Jevons, that does not necessarily mean he will also get costs for subsequent proceedings. The failure of the parties to agree means that I must take account of why agreement was not achieved. Whilst not wishing to suggest that blame is all one sided (since I do not know enough about 3M's counter-offers), I am concerned about indications that Mr Jevons has not been as constructive and realistic as he should have been following the substantive hearing but instead seems to have been determined to extract a high price from 3M. I am also concerned that Mr Jevons persisted with the issue of the non-European patents until the very last minute and agree with 3M that this must be reflected in the costs. However, I have decided not to make a further costs award now but to defer doing so until I make my final order, so that I can take into account how the case progresses between now and then.

Appeal

- 111 As this decision is not a matter of procedure, any appeal to the Patents Court must be made within six weeks.

Dated this 15th day of May 2002

P HAYWARD

Divisional Director acting for the comptroller

THE PATENT OFFICE

DRAFT ORDER
(Appendix to Mr Hayward's decision of 15 May 2002)

- 1 That it be declared that, under the law of England and Wales, Mr Oliver Jevons and Minnesota Mining and Manufacturing Company ("3M") are jointly entitled to International Patent Application PCT/US99/06438 (the "International Application"). Their inventive contributions, with reference to the claims of the application as they stand at present, were as follows:
 - (a) Mr Jevons and Mr Bouic of 3M were co-inventors of the inventive concept claimed in claims 1 and 4;
 - (b) Mr Bouic was the sole inventor of the inventive concept claimed in claim 3;
 - (c) Mr Jevons was the sole inventor of the inventive concept claimed in claim 5.
- 2 That the portion of the International Application designating the EP countries (the "EP Application") and any patent resulting from or granted pursuant to that application ("EP Patent") be owned jointly by Mr Jevons and 3M.
- 3 That each of the parties is deemed to have royalty-free licences under the EP Application and EP Patents and has the right to sub-license without consent of the other and without the need to account to the other and that these licences and rights extend to all the inventive concepts identified in paragraph 1 above.
- 4 [*Costs of prosecuting the patent application and future responsibility for doing so: not yet resolved*]
- 5 That both parties shall share the renewal costs of any resulting EP Patents.
- 6 That there shall be no assignments of the parties' rights and interests in the EP Application and/or EP Patents to any third party without consent from the other party. Either party may assign its own rights and interests in the EP Application and/or EP Patents at any time to the other party without the need for consent. Without prejudice to any existing liabilities, the assigning party's rights and obligations in relation to the EP Application and/or EP Patents under this Order (or otherwise) shall cease from the date of such assignment.
- 7 [*Dispute resolution: not yet resolved*]
- 8 [*Costs: not yet resolved*]

I make no Order in relation to the other six individually designated countries of the International Application.