

PATENTS ACT 1977

BETWEEN

Phillip Raymond Michael Denne

Claimant

and

Electro Magnetic Rams Ltd

Defendant

PROCEEDINGS

References under section 8, 12, and 13 in respect of patent applications numbers GB 0309527.0, GB 0309529.6, GB 0309531.2, GB 0409603.8 and GB 0509026.1

HEARING OFFICER

D J Barford

DECISION

Introduction

- 1 These proceedings were initiated by Mr Denne on 8 February 2005. The defendant Electro Magnetic Rams Ltd ('EMR') responded with a counterstatement and the usual evidence rounds followed. The matter came before me at a hearing on 29 March 2007 at which Mr Denne appeared in person. The defendant chose not to appear.
- 2 The list of patent application numbers involved in this action has fluctuated over time. In his original claim, Mr Denne referred to GB 0309527.0, 0309529.6, 0309531.2 and 0411802.2. He then amended this to replace 0411802.2 by 0409603.8, and filed amended statements on 9 March 2005 and 20 April 2005. to incorporate this change, and in the 20 April version to include any PCT applications derived from the GB applications. In response the defendant filed a counterstatement on 27 May 2005. On 15 August 2005, Mr Denne filed his evidence-in-chief and also requested inclusion of 0509026.1 which is a re-file of 0409603.8. On 4 October 2005, EMR filed its evidence and indicated its agreement to the inclusion of 0509026.1. On 11 November 2005, Mr Denne filed

his evidence-in-reply and on 23 November 2005 he requested the re-inclusion of 0411802.2. through a second reference to be consolidated with the first and relating to GB 0309527.0, 0309529.6, 0309531.2, 0409603.8, 0509026.1 and 0411802.2.

- 3 The statement accompanying this second reference also refers by number to two PCT applications (hereafter 'the PCT applications') – PCT/GB2004/001822 claiming priority from 309527.0 and published as WO 2004/098022, and PCT/GB2004/001819 claiming priority from 309529.6 and published as WO 2004/098031. Both have a filing date of 28 April 2004, have EMR as applicant, name Mr Denne as inventor and were published on 11 November 2004
- 4 EMR opposed the inclusion of 0411802.2 on the grounds that it is not related to any of the other applications at issue. After an exchange of correspondence, the case officer in the Office issued a letter dated 13 November 2006 summarising the position as follows: 'I refer to the recent correspondence from both sides. There is agreement that the case is now ready for substantive hearing with the proceedings extended to include the dispute over GB0509026.1 but not GB0411802.8'. This statement was not contested, but at the hearing Mr Denne raised the question again, stating that he had assumed that since EMR had filed no counterstatement in respect of GB0411802.8, his case on that was unopposed.' In the event, I understood him to accept the exclusion of GB0411802.8.

The law

- 5 These references were made under sections 8, 12 and 13, the relevant parts of which read:

Section 8

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;

(b) ..

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) ...

Section 12

12.-(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) ..

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)

Section 13

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.

(2) ..

The applications

6 The GB applications at issue ('the applications in suit') then are:

- 0309527.0, 0309529.6 and 0309531.2. These were filed by Mr Denne on 28 April 2003 with no earlier priority, naming Mr Denne as inventor. In December 2003 they were the subject of an assignment in favour of EMR. They were all terminated before publication.
- 0409603.8. This was filed in the name of EMR on 29 April 2004 with no earlier priority and no statement of inventorship. It was terminated before publication.
- 0509026.1. This was filed in the name of EMR on 3 May 2005 with no earlier priority and no statement of inventorship.

7 The three earlier applications are all entitled 'Improvements in electrical machines'. The two later applications are both entitled 'Improvements in electromagnetic machines'. The description and drawings of 0309531.2, 0409603.8 and 0509026.1 appear to be identical.

The issues

8 The matters at issue flow from an assignment effective from 19 December 2003 and made by Mr Denne in favour of EMR concerning the rights in 0309527.0, 0309529.6 and 0309531.2.

9 Mr Denne claims that, amongst other things, the assignment is invalid and that he is therefore entitled to all of the applications in suit; and that he is the inventor in

every case. In its counterstatement, EMR denies that the assignment is invalid and asserts its entitlement, but confirms Mr Denne's inventorship. Both sides seek costs.

Inventorship

- 10 As noted above, EMR in its counterstatement confirms Mr Denne's inventorship. This counterstatement was filed prior to the inclusion of 0509026.1 into the proceedings. However, the counterstatement has not been amended and moreover 0509026.1 is a re-file of, and appears to be identical to, 0409603.8 which *is* covered in the counterstatement. I conclude that Mr Denne's claim regarding inventorship is unopposed and declare that he is the sole inventor of the applications in suit.

The assignment

- 11 There is no dispute that that 0309527.0, 0309529.6 and 0309531.2 were assigned by Mr Denne to EMR in a document signed on 19 December 2003 by Mr Denn as assignor and on 22 December 2003 by Dr Elmo Perera on behalf of EMR. These assignments were recorded on the patents register on 9 January 2004. Mr Denne however argues that the assignment should be declared invalid on the grounds that EMR has not kept to its side of the bargain in that it has not paid up as agreed.
- 12 The relevant clause of the assignment reads: 'In consideration of the payment by the assignee to the assignor the sum of one pound sterling and other good and valuable consideration, the receipt of which is hereby acknowledged, the assignee hereby assigns and conveys to the assignee the applications ..'"
- 13 Mr Denne argued at the hearing that although the assignment document states that he has received consideration, in fact he has not; rather he simply signed the document to help EMR in an application it was making for development funds. In support, he pointed to an email he sent to Dr Perera on 19 December 2003, when the assignment was made, in which he says "now let's get the LGS money". Dr Perera, in a statutory declaration made on behalf of the defendant in his position as 'chief executive of EM Digital formerly known as Electro Magnetic Rams Ltd', states that he obtained 'an SFLGS grant from the DTI and HSBC for the company on May 2003". SFLGS stands for 'small firm loan guarantee scheme '.
- 14 Dr Perera has exhibited an earlier assignment document prepared by Mr Denne dated 1 June 2003. This is 'In exchange for the technology transfer fee elsewhere agreed to be paid' and is in respect of eleven patent applications including 0309527.0, 0309529.6 and 0309531.2. Dr Perera states that he refused this assignment since it included patent applications that he knew to be the subject of a dispute between Mr Denne and a company called Advanced Motion Technologies, but that subsequently and of his own volition Mr Denne prepared a further assignment document – the subject of this dispute. Dr Perera notes the difference in wording between the two documents in respect of the consideration due, and states that 'In my view this change of wording is significant particularly

from someone as well versed as Mr Denne, and indicates that the assignment was without conditions". Dr Perera goes on to say that he accepted the second assignment on his understanding that the "other good and valuable consideration" related to obligations owed to him by Mr Denne; and assumed that the assignment was being made by Mr Denne 'to try to make his potential future services more valuable'.

- 15 At the hearing, Mr Denne argued that Dr Perera is being inconsistent here, giving three separate reasons why no payment was made, namely that the assignment was a gift, that the words 'other good and valuable consideration' were irrelevant and could have been omitted, and finally that said consideration was a settlement of previous obligations'. Mr Denne has exhibited the accounts of EMR for the 18 month period ending 25 September 2004 (exhibit PD75), He pointed out that under the heading 'Creditors' is an item 'Directors loan to purchase IPR - £250,000'. and argued that this sum was due to him and had never been paid.
- 16 Whilst taking into account the above argument and evidence, it seems to me that the key points here are – firstly, that whether or not Mr Denne has indeed received the consideration referred to in the document, the fact remains that he signed to confirm that he had, but secondly and more significantly, that this is a dispute over whether the terms of a contract were fulfilled rather than whether a contract subsisted in the first place. Even if EMR did fail to pay up, that does not by itself make the agreement void. If it is simply a question of one party failing to honour its side of the bargain, that would be an issue of breach of agreement for which the remedy might be damages. Accordingly, it seems to me that I have to conclude that the assignment is valid.

EMR's chain of title

- 17 At the hearing, a question arose which was to an extent addressed in the pre-hearing correspondence but not fully explored, namely the renaming of EMR as EM Digital Ltd and then the setting up of a new company called Electro Magnetic Rams Ltd. Mr Denne stated that on 22 February 2005, Electro Magnetic Rams Ltd, company number 4709683 (hereafter 'EMR number one') – the company to which he assigned 0309527.0, 0309529.6 and 0309531.2 - was renamed EM Digital Ltd; on 23 February 2005, a new company Electro Magnetic Rams Ltd, company number 5374083 was set up (hereafter 'EMR number two'); and on 3 May 2005, 0509026.1 – which covers the same invention as 0409603.8 and 0309531.2 – was filed by EMR number two. There is therefore a question over the chain of title in respect of the rights to the invention of 0509026.1 from EMR number one, company number 4709683 to EMR number two, company number 5374083 via EM Digital Ltd, company number 4709683.
- 18 Since the defendant did not attend the hearing, subsequent thereto it was invited to put in submissions on the accuracy of the above; and on the chain of title question.
- 19 In response the defendant confirmed, through its attorneys Messrs AA Thornton & Co in a letter dated 26 April 2007, that the facts are as stated above. They explain that the company name change to EM Digital Ltd was made in order to represent the full portfolio of products offered by the company which was not

limited to electromagnetic rams. A new company was set up in the name of Electro Magnetic Rams Ltd, primarily to look after the interests of existing customers and to safeguard customers' interests from opportunist traders getting hold of the name Electro Magnetic Rams Ltd, and providing misleading products and services.

- 20 They go on to state that EM Digital Ltd, company number 4709683 and EMR number two, company number 5374083 are associated companies which share common ownership. They also state that 'there is currently no written assignment of the rights to the invention of GB 0409603.8 and GB 0309531.2 by company number 4709683 to company number 5374083.'
- 21 They argue that since 0509026.1 is a re-file of 0409603.8 which was itself a re-file of 0309531.2, a decision in relation to 0309531.2 will apply to all subsequent applications irrespective of the name of the applicant, as the invention is the same.
- 22 They conclude that they would not dispute having EMR number two joined in these proceedings since 0509026.1 was filed in its name. On this point then, I will take the defendant to be EMR number one and its successor(s) in title, on the understanding that all are deemed to have been represented in these proceedings through EMR number one. This is something of a technicality, but if I understood him correctly it was along the lines of what Mr Denne himself is seeking.
- 23 Mr Denne replied in a letter dated 2 May 2007, arguing that EM Digital Ltd owns no rights in applications 0309527.0, 0309529.6 and 0309531.2 or their derivatives, since it has allowed them to lapse, whether or not they were validly assigned in the first place; and that EMR number two also has no rights in 0509026.1 since Mr Denne, as inventor, did not assign any rights to it.
- 24 In response in a letter dated 15 May 2007, Messrs AA Thornton & Co argue that the issue to be decided is whether the assignment transferring the rights in 0309527.0, 0309529.6 and 0309531.2 is valid; and that if it is then the re-filings made as 0409603.8 and 0509026.1 were also validly transferred to EM Digital Ltd. They state that the derivation of the rights by EMR number two would have been clarified when a declaration of invention fell due, though in the event no declaration was made since 0509026.1 did not proceed to that stage. They argue that all the patent rights including the right to re-file further applications to the same subject matter were assigned by Mr Denne.
- 25 Mr Denne made further submissions in a letter dated 13 May 2007 which appears to have crossed with AA Thornton's letter of 15 May. In this letter he draws a distinction between the assignment of an *application* and the assignment of the rights in an *invention*, arguing that it was the former that the assignment document refers to. With respect to the PCT applications, he argues that although the description and drawings are the same as the applications from which they claim priority (0309527.0 and 0309529.6) the claims are new and therefore the PCT applications cannot be regarded as properly derived from the priority applications.

- 26 I have to say that I do accept the distinction Mr Denne draws between the assignment of an application and the assignment of the rights in an invention. Under section 8 quoted above, it is clear that what is at issue is the entitlement to the invention, indeed section 8 covers the situation where no patent application has been made at all. If Mr Denne were correct, then he would be free to file any number of patent applications for the same invention and to assign them left right and centre as he chose. As to his arguments on the PCT applications, identity of description and drawings point to a proper basis for priority. In any case I do not intend to pursue this issue since it was not raised by Mr Denne until his final letter almost two months after the date of the hearing. Since it is inventions rather than applications that are assigned, I conclude that the assignment also confers the right to file further applications derived from the assigned applications.
- 27 That said however, it is clear from the defendant's own statement that the entitlement of EMR number two to the inventions of the applications in suit and PCT derivatives has not been established. For the avoidance of doubt, I should make it clear that it does not follow from that conclusion that any rights revert to Mr Denne.

Declaration

- 28 In the light of my findings above I declare the assignment of 19 December 2003 in favour of Electro Magnetic Rams Ltd, company number 4709683 to be valid. I also declare that the entitlement of Electro Magnetic Rams Ltd, company number 5374083, to the inventions has not been established.

Costs

- 29 The defendant has won, and so is in principle entitled to costs. I see no reason in the circumstances to depart from the published Office scale.
- 30 Accordingly, I award the defendant the sum of £1500 to be paid by Mr Denne not later than 7 days after the expiry of the appeal period. If an appeal is lodged, payment will be automatically suspended pending the outcome of the appeal.

Appeal

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

DAVID BARFORD

Deputy Director acting for the Comptroller