



PATENTS ACT 1977

BETWEEN

Mark Jones	Claimant
and	
IRMAC Roads Ltd	Defendant

PROCEEDINGS

Reference under section 13(3) and 37(1)
in respect of patent GB2506097

HEARING OFFICER

Phil Thorpe

Mr Maxwell Keay of Counsel for the Claimant and
Ms Barbara Cookson for the Defendant
Hearing date: 01 June 2020

DECISION

1. This decision relates to whether the comptroller should decline to deal with an entitlement dispute.

Background

2. Patent application GB 1211209.0 was filed on 22nd June 2012 with Irmac Roads Ltd (IRL) named as the applicant and Mr Mark Jones and Mr Ben Gedroge named as the inventors. GB2506097. The application was published as GB2506097 on 26th March 2014 and subsequently granted on 13th September 2017. The subject matter of the invention relates to an infra-red asphalt heater for use in road repairs though that is not particularly significant for the purposes of this decision.
3. The reference under sections 13 and 37 was filed by Mr Mark Jones on 12th September 2019. Mr Jones claims that Mr Gedroge should not have been mentioned as a joint inventor and that he should be named as the sole proprietor of the granted.
4. Mr Jones contends that at a meeting in October 2011 (the "October Meeting") he entered into an agreement with a company, Irmac Limited (IL), of which Mr

Ben Gedroge, Mr Terrence Gedroge, Mr Robin Higham and Mr Peter Black were directors. The agreement provided that Mr Jones would assign his rights in the invention to IL in return for an option to purchase shares in the company. There was also an option to re-assign to Mr Jones all rights relating to the invention if IL did not commence trading activities within a certain period.

5. IL subsequently filed a first patent application “the IL application” on 25th November 2011 for the invention naming Mr Jones as the sole inventor.
6. Mr Jones contends that he and IL entered into a written agreement entitled “Patent Option Agreement” on 22nd December 2011. This agreement was signed by Mr Jones and Mr Higham on behalf of IL. The agreement granted Mr Jones the option to require IL to assign him all rights associated with the IL application in the event IL did not commence trading activities within six months of the allocation of a patent application number to the IL application.
7. IRL contends that Mr Higham did not have the approval of the Board of IL to enter into the Patent Option Agreement and that the terms of the agreement did not reflect what was agreed at the October meeting. IRL contends that the true agreement was for the option to become exercisable if IL did not commence trading activities within six months of the grant date of the patent.
8. Mr Jones states that IL did not commence trading activities within the required period therefore he exercised his option to re-acquire the rights in the invention.
9. IRL did not reassign the IL application to him but instead withdrew the IL application and then filed the application in issue here (“the IRL application”) naming Mr Jones and Mr Gedroge as joint inventors. The IRL application is identical to the IL application.
10. Mr Jones’ case here is that he is the sole inventor of the invention in the IRL application and that to the extent that any rights in the invention were acquired by IL, they were re-acquired by Mr Jones upon Mr Jones exercising his option under the Patent Option Agreement.
11. IRL’s case is that Mr Gedroge also made contributions to the invention and should therefore be named as a co-inventor. IRL also contends that the Patent Option Agreement was not drafted or executed “at the request of, with the consent of, or approval of the Board” of IL. It adds that even if the Patent Option Agreement is valid, then Mr Jones’ exercise of the option was not valid as it did not meet certain terms of the agreement.
12. Having reviewed the statements of case filed by both sides, I indicated in a letter dated 3rd March 2020 that my preliminary view was that the matters raised in the case raised in this case relate principally to the nature and validity of the Patent Option Agreement and the fiduciary actions of certain individuals. As such I was minded to decline to deal with the matter pursuant to section 37(8) of the Patents Act 1977 however before doing so he would

invite the parties to make submissions on the issue of declining to deal should they wish.

13. Submissions were subsequently received from both sides with both sides also addressing me further on the matter at a telephone case management conference on 1st June 2020. Mr Maxwell Keay of Counsel appeared for the Claimant and Ms Barbara Cookson of Filemot Technology Law appeared for the Defendant

The Law

14. The relevant provision is section 37(8) which reads as follows:

If it appears to the comptroller on a reference under this section that the question referred to him 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.

15. Guidance on how the Comptroller should consider the question of whether to decline to deal with a case was given in *Luxim Corporation v Ceravision Limited*¹. Prior to this judgment, the comptroller had declined to deal only where the issues were so difficult and complex that the hearing officer felt he could not address them effectively. Warren J. found that this was the wrong approach, and that the question to be considered by the comptroller was whether the court could "more properly" determine the issue. In making the determination, it was necessary to consider the technical, factual and legal aspects of the case and judge these against the expertise and experience of a hearing officer as compared with that of a judge.

16. The factors considered by Warren J. in *Luxim* to be important were further summarised in *NGPOD Global Ltd v Aspirate N Go Ltd*² where Mann J. with reference to the relevant paragraphs in *Luxim* noted:

10. Warren J went on to consider how the test applied to the facts of his case and various factors which were capable of going to the assessment of whether the matter would be "more properly" determined by the court than by the hearing officer.

They included:

(a) The fact that a different costs regime applied before the hearing officer – in the court full adverse costs orders could be made against a losing party, but far lower adverse costs are payable in the IPO ([49]).

(b) Technical issues – ordinarily a hearing officer would be equipped to deal with those ([55(a)], implicitly adopting the submissions of counsel).

(c) Factual issues unrelated to technical issues. "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 a transfer, especially, I would observe, if findings of fraud or breach of fiduciary

¹ *Luxim Corporation v Ceravision Limited* [2007] EWHC 1624

² *NGPOD Global Ltd v Aspirate N Go Ltd*, [2017] F.S.R. 25 (2016)

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" ([55(b)]).

(d) Patent law issues – normally the hearing officer would be expected to deal with those ([55(c)]).

(e) Non-patent law issues – these would normally be regarded as the province of the judge, but that did not mean that any case which involved such an issue would be more properly dealt with by a judge. This struck Warren J as an important factor. ([55(d)]).

(f) The test was not whether a matter could be described as “highly complex”; nor was the jurisdiction one which should be exercised cautiously, or with great caution or sparingly. ([65]).

(g) All relevant factors must be weighed in the balance ([66]).

Argument and analysis

Cost of the proceedings

17. Ms Cookson submits that costs appear not to be an issue for Mr Jones as he is represented by Counsel. Ms Cookson also suggested that should I decline to deal then it is possible that the case may be allocated to the Intellectual Property and Enterprise Court (IPEC) and that this may enable a cost capping regime to be agreed.
18. Mr Keay argues however that cost is an issue as his client is an individual. He also notes that according to its recently filed accounts, IRL is a dormant company with assets of £100 and that Ms Cookson’s suggestion in her skeleton argument that IRL may seek security for its costs is also at odds with the argument that the claimant can clearly afford to litigate in the Court.
19. Given the nature of the parties and the predictable and low-cost regime applying to proceedings before the comptroller, I believe on balance that it would be preferable when considering possible costs for the proceedings to be before the comptroller.

The importance of the patent

20. Ms Cookson highlighted the potential value of the patent noting that action against an alleged infringer is on hold pending determination of entitlement. I was not given any indication as to the scope of damages sought or anything else to indicate that the patent here is of particular high value. That the parties are fighting over the patent some 9 years or so since a company was established to exploit it, does however indicate it does have some economic value however I do not believe there is sufficient information for me to be swayed one way or another by this particular issue on the question of declining to deal.

Technical issues

21. The parties differ on the relevance of technical issues. Mr Keay argues that the question of whether Mr Gedroge contributed to the devising of the

invention will be the most evidentially complex and is one that is “plainly suitable to be determined by the comptroller”. Ms Cookson suggests that the issue of whether Mr Gedroge is an inventor is less significant. She argues that it can be separated from the question of entitlement and that the question of inventorship that is raised under section 13 would still need to be decided by the comptroller. I am not persuaded that this is an argument that really helps IRL. It is possible that a determination in favour of IRL on the assignment of Mr Jones’ rights in the patent may in theory negate the need to consider whether Mr Gedroge is an inventor. However, given that Mr Jones is seeking sole entitlement to the patent, it will be necessary to consider the question of inventorship at any hearing. I would also add that any order made under section 37 can also address the identity of the inventor or inventors.

22. Mr Keay argues that IRL are not serious in their pleadings on Mr Gedroge’s co-inventorship pointing to the counterstatement filed by IRL and signed by Mr Ben Gedroge where it is “not admitted that the sole inventor of the IL application was Mark Jones”. He contends that if they were serious about the inventorship claim they would have clearly denied that Mr Jones was the sole inventor. Further the case that they have presented does not set out with any detail what Mr Gedroge contributed to the invention. The counterstatement suggests that Mr Gedroge’s contribution can be “inferred” from his presence and contribution to the draft specification particularly the recognition of the W wave features needed to distinguish from Mr Jones’ earlier patent application for similar machines filed by another company NuPhalt. The statement also points out that that Mr Gedroge was able to provide the necessary instruction to the patent attorneys to progress the patent in issue. Mr Keay questions whether this is indeed indicative of inventive contribution however that is a matter for later and not for me here. What matters here is that I believe there is at least an arguable case made in respect of Mr Gedroge’s contribution to the invention and in any event the fact remains that he is currently listed on the patent as an inventor hence Mr Jones still has the burden of proving that Mr Gedroge did not contribute to the inventive concept.
23. The proceedings are still at a relatively early stage and it is not yet clear to me what evidence the parties will put forward to support their respective claims on inventorship and how extensive that evidence will be. In the absence of anything to suggest that that determination here is anything out of the ordinary, then I am satisfied that the question of who the inventor or inventors are in this instance is something that can more properly be dealt with before the comptroller.

Factual issues unrelated to technical issues and non-patent law issues

24. The determination of the factual issues unrelated to technical issues and non-patent issues are however in my opinion a different matter. The main pillar of IRL’s case is that the rights that Mr Jones had in the invention were transferred to IL and importantly remained with IL. Equally for Mr Jones to acquire any share in the entitlement to the invention, he has to show that his rights to the invention were validly re-assigned back to him.

25. It is common ground that there was an agreement whereby Mr Jones agreed to assign his rights in the invention to IL in return for shares in the company. It is also common ground that an agreement was reached that IL would reassign to Mr Jones his rights in the invention if IL had not commenced active trading within a certain period.
26. Where there is a dispute is on the basis and terms of the agreement reassigning the rights. The broad questions that will need to be determined to resolve these issues include the following:
- i) What was agreed at the meeting on 18th October 2011 in relation to the option to reassign the rights back to Mr Jones?
 - ii) How does the Patents Option Agreement of 22nd December 2011 affect entitlement to the patent?
27. The minutes of the October meeting refer to rights being reassigned if IL had not “commenced active trading within six months from the patent application registration confirmation”. The Patent Option Agreement however refers to “commencement and continuation of trading activities” within “six months of the date of allocation of the pending patent application number to the patent”. Whether the agreement relates to the date that the patent application was filed or a patent granted will need to be determined and the evidence that the parties adduce to that is likely to be based on the recollections of some or all of the five people referred to in the minutes as present at the October meeting.
28. Mr Keay suggests that these questions are not “factually complex” nor are they likely to give rise to disputes of law.
29. Ms Cookson contends that it will also be necessary to consider the validity of the Patent Option Agreement and, if it is valid, whether Mr Jones has complied with its terms. She goes on to argue that “Mr Higham made this document as a deed so that he, as a Director, could execute it deceitfully without the knowledge of the other Directors”. She suggests that this may give rise to questions of fraud and breach of fiduciary duty involving Mr Higham and possibly also Mr Jones who she refers to as being a “shadow director” of IL. She says these are clearly matters that are more appropriately dealt with by the court.
30. Mr Keay response is that firstly the allegations of breach of fiduciary duty are vague and unparticularised. He also notes that Mr Higham is not a party to these proceedings hence it will not be necessary to decide if Mr Higham has breached his fiduciary duties to IL. He goes on to argue that I should adopt the approach I took in decision O/225/15 where I chose not to decline to deal in a case where there were also allegations of breach of confidence and breach of fiduciary duties.
31. I will respond to the relevance of the earlier decision first by noting that the factual matrix and the state of the proceedings in that case were significantly different to the proceedings here. The evidence rounds had

essentially been completed and a hearing date set. That is not the case here. Further the party seeking that I decline to deal in that case was unable to present any credible argument as to how the particular claims related to the issue of entitlement.

32. In contrast here the question of Mr Higham's duties, responsibility and authority to act for IL may go, and I say no more than that, to the validity of the Patent Option Agreement. And given that the wording in the Patent Option Agreement differs from that in the minutes of the October meeting potentially in a material way, then the validity of the Patent Option Agreement may be significant. In addition, as recognised by both sides, the question of entitlement will require the construction of the agreement entered into between Mr Jones and IL either orally at the October meeting or in the Patent Option Agreement.
33. Ms Cookson provided one final argument about the Patent Option Agreement. This is that the agreement provides that "The agreement shall be governed by and construed according to the Law of England and subject to the sole jurisdiction of the English Courts". She suggests therefore that it is for the court rather than the comptroller to deal with issues relating to the validity and scope of the agreement.
34. In addition to the question of whether the validity of the Patent Option Agreement will be material, which I have already addressed, Mr Keay notes that the IPO is a tribunal lawfully entitled to hear these proceedings. I agree. The IPO clearly has jurisdiction to hear entitlement disputes and an agreement between the parties cannot remove that jurisdiction. The comptroller can construe the terms of an agreement or contract at least to the extent necessary to determine the question of entitlement. Hence the particular provision of the agreement referred to by IRL does not in my opinion influence the question of whether I should decline to deal.
35. I would add that Ms Cookson did suggest that the case may give rise to issues of estoppel or acquiescence stemming from Mr Jones' prior attempts to raise the issue in 2013 and the 6-year period since during which he took no action. She claims that any claim under contract law would be outside the limitation period. That may or may not be the case if a claim was being made for breach of contract however the reference here is under section 37 of the Patents Act and that reference, as recognised by Ms Cookson, was brought within the time period allowed in paragraph 5 of that section.
36. There is one final issue that may I believe be relevant and that is relationship between IL and IRL and how IRL derives the rights to the invention in favour of IL. Ms Cookson alluded to this question without providing any insight into the potential issues of fact or law that might arise, if indeed this is a relevant matter. IL as a company is, I believe dissolved. The patent in issue here states that IRL derives rights in the invention "by agreement" from Mr Gedroge and by "Breach of duty to fulfil fiduciary and contractual obligations relating to said invention" from Mr Jones. It is possible that any transfer of rights from IL to IRL is a straightforward issue given that there is some overlap

in the names of the directors of the two companies however equally it could add another layer of complexity.

37. It is of course possible that some of these non-technical factual and non-patent law issues fall away as the case proceeds however at this time and on the basis of the material before me, I am satisfied that some of these issues, in particular the validity and scope of the Patent Option Agreement will be decisive and these are matters in my opinion that are more properly dealt with by the court.

Conclusion

38. Having carefully considered the issues that might or will arise in this case and having regard to the guidance provided by the Courts, I have come to the view that the non-technical factual and non-patent law issues that will need to be considered here are such that the question is more properly dealt with by the court.

39. Pursuant to section 37(8) I therefore decline to deal with this reference.

Appeal

40. Any appeal must be lodged within 28 days after the date of this decision.

Phil Thorpe

Deputy Director Acting for the Comptroller