Intellectual Property Office

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03 May 2024

PATENTS ACT 1977

CLAIMANT	Okipa Ltd and John Russell Clearwater
DEFENDANT	Bionome Technology Limited
ISSUE	References under sections 8 and 12 in respect of international patent application PCT/GB2021/050727 and related applications
HEARING OFFICER	H Jones

Mr Kevin Cordina (Simmons & Simmons) appeared for the Claimant
Mr James St. Ville KC, instructed by Sandersons, appeared for the Defendant

Hearing date: 12 December 2023

DECISION

Introduction

1 This decision is concerned with entitlement to UK patent application GB2004292.5, to international patent application PCT/GB2021/050727, and to any national or regional patent applications which are derived from it, including European patent application 21722972.3. It is common ground that the matter in dispute applies equally to all the applications.

2 The UK application was published as GB2598881 A on 23 March 2022, and the international application was published as WO2021/191614 A1 on 30 September 2021.

3 The applications are in the name of Bionome Technology Limited ("Bionome") and concern methods of controlling the growth of vegetation, in particular controlling or killing unwanted plants using certain water solutions comprising at least one sugar with other options and components. The named inventors on the applications are Mr Dennis McCarthy and Dr John Clearwater. Inventorship is not in dispute.

4 On 28 October 2022, the first claimant Okipa Ltd ("Okipa") launched proceedings seeking to be added as joint applicant for the applications. On 31 March 2023, they sought to amend the claim to add Dr Clearwater as the second claimant.

5 As defendant, Bionome maintains that the applications should continue in its name alone.

6 Following evidence rounds and a case management conference, the matter came before me at a hearing held virtually on 12 December 2023. I am grateful to the parties, representatives and witnesses for making this arrangement work so well, not least because it involved cross-examination between participants in the UK and New Zealand.

Background to the dispute

7 The parties very helpfully agreed both a chronology of events and a list of *dramatis personae*.

8 It is not in dispute that the two named inventors, Mr McCarthy and Dr Clearwater, had engaged in a period of collaboration concerning the technology of the invention.

9 On 11 February 2019, a company called McCarthy Clearwater Ltd ("MCL") was incorporated in New Zealand with Dr Clearwater and Mr McCarthy's son, Mr Aaron Tindall, as directors at that time.

10 On 27 February 2019, an agreement ("the Collaboration Agreement") was signed by Dr Clearwater and Mr Aaron Tindall.

11 From September to November 2019, some trials of particular solutions pertaining to the invention were carried out.

12 By January 2020, the claimants allege that discussions between Dr Clearwater and Mr McCarthy had broken down, and that the collaboration was no longer proceeding. The defendant denies that the collaboration was no longer proceeding and states that Dr Clearwater did not at any point communicate his intention to terminate the collaboration.

13 On 10 March 2020 the defendant company and patent applicant, Bionome, was incorporated with Mr McCarthy as director. At that time, it was called Bionome Holdings Ltd, and the name was changed to its present name on 15 November 2021.

14 On 25 March 2020, shortly after the defendant company was set up (under its earlier name), the UK patent application was filed. On 25 March 2021, the international application was filed.

Brief outline of the claimants' case

15 The claimants allege that Dr Clearwater was aware of Mr McCarthy's desire to file a patent application, but was not aware that any application had been filed until October 2020.

16 They claim that Dr Clearwater first obtained a copy of the application in October 2021, and only at that time did he learn the detailed content. Shortly after that, on 11 November 2021, the first correspondence was sent to Bionome from Simmons & Simmons, on behalf of the claimants. That led in due course to these proceedings.

17 The claimants agree that Mr McCarthy and Dr Clearwater are both inventors. In a nutshell, their claim is that Dr Clearwater's role as joint inventor flows into a right for there to be a joint applicant. Their primary claim is that the joint applicant should be Okipa. The claimants say that this arises because, on 22 February 2022, an

agreement was concluded between Dr Clearwater and Okipa to assign Dr Clearwater's intellectual property to that company. Therefore, they say, Okipa should be added as a joint applicant on the applications. For that reason, Okipa was initially the sole claimant in these proceedings.

18 In their counterstatement, the defendant challenged the contention that Dr Clearwater's intellectual property had been assigned to Okipa on two grounds. This led to Okipa seeking to add Dr Clearwater as a second claimant. They filed an amended Patents Form 2 and an amended statement of grounds on 31 March 2023. The claimants continue to seek addition of Okipa as joint applicant but, in the event that I find Dr Clearwater's share of the inventive concept has not been assigned to Okipa, the claimants seek instead the addition of Dr Clearwater as joint applicant.

19 I was content to allow the proceedings to continue on this basis. My view is that it was reasonable for the claimant not to have foreseen the defendant's line of attack regarding the assignment from Dr Clearwater to Okipa. Bearing in mind the overriding objective of dealing with the case justly, I consider that the amended statement was a proportionate response to the defendant's point and enables me to deal with the matter in dispute without unduly adding complexity to the proceedings or to the arguments being made.

20 When the claimants filed their skeleton arguments prior to the hearing, they sought to introduce a further remedy. The claimants said that they understood that Bionome considered they were entitled to be an applicant by virtue of assignment under the Collaboration Agreement. In that case, they said, if I were to find that the Collaboration Agreement was "void" and did not result in assignment taking place from Dr Clearwater, the same would apply to any assignment from Mr McCarthy to Bionome. In that event, they argued, Bionome would not be entitled to be applicant at all – and an order should be made to record Mr McCarthy as joint applicant with Dr Clearwater.

21 I dealt with this point at the beginning of the hearing. My view is that the claimants made clear from the outset that they seek the addition of an applicant and not the removal of Bionome. I do not think it was acceptable at this very late stage to introduce a further claim for the removal of Bionome and addition of Mr McCarthy, even if there was an attempt to link the point to arguments about the validity of the Collaboration Agreement. In my view, it was done at far too late a stage for the defendant to be able properly to address the new remedy being sought, and it was not in the interests of justice to allow it to proceed.

22 The claimants' case therefore remains that Okipa should be added as joint applicant alongside Bionome and, in the alternative, that Dr Clearwater should be added as joint applicant alongside Bionome.

Brief outline of the defendant's case

23 The defendant maintains that it should remain as sole applicant, and that neither Okipa nor Dr Clearwater should be added.

24 In particular, the defendant denies that Dr Clearwater's rights to his part of the inventive concept have been assigned to Okipa, and therefore it disputes Okipa's claim to entitlement. It argues that the claimed assignment from Dr Clearwater to

Okipa does not identify the invention or inventive concept included in the applications.

25 The defendant also argues that any such assignment would be invalid, since Dr Clearwater's rights had already been assigned to the defendant before the claimed assignment to Okipa. In particular, the defendant contends that Dr Clearwater had agreed for his rights in the inventive concept to be transferred to an entity to be established by Mr McCarthy, under the Collaboration Agreement. The defendant denies the claimants' contention that no agreement was finalised by Dr Clearwater and Mr McCarthy, and so it denies that no agreement was reached which could assign the relevant intellectual property from Dr Clearwater to Mr McCarthy's entity. On the contrary, the defendant states that commercial agreements were reached in late 2019 confirming that Mr McCarthy should proceed with setting up a commercial entity in the UK which would own the IP rights arising from the inventive concept of Mr McCarthy and Dr Clearwater. The defendant says that Bionome is that entity, and is therefore correctly the sole applicant.

Witnesses and evidence

26 The claimants' evidence comprises three witness statements from Dr Clearwater alongside a number of exhibits. The defendant's evidence comprises two witness statements from Mr McCarthy plus a number of exhibits.

27 Both Dr Clearwater and Mr McCarthy gave oral evidence at the hearing and were cross-examined. Dr Clearwater appeared at times a little reticent and would occasionally answer a question indirectly until counsel put it to him again. He had a few difficulties navigating the bundle and he tired a little towards the end of a fairly lengthy virtual cross-examination, at what was a very late hour in New Zealand. He conceded or altered his position under questioning on a small number of points, but his evidence overall was generally clear and consistent. Mr McCarthy came across as straightforward and honest throughout, answering questions clearly and directly.

28 My detailed assessment of the parties' evidence is set out, to the extent necessary, in my analysis below. There are just two preliminary points on the evidence to mention here.

29 The first concerns exhibit DM12 to Mr McCarthy's first witness statement, which is a partially redacted email from Mr McCarthy to Dr Clearwater dated 20 September 2021. In his witness statement, Mr McCarthy says that the redacted content "relates to confidential and sensitive matters which are not directly relevant to these proceedings". Dr Clearwater subsequently put in evidence that he "would have no objections to the whole letter being placed into evidence". The IPO Tribunal subsequently wrote to the defendant on 27 October 2023 inviting consideration of whether an unredacted copy would be helpful to the proceedings. Mr McCarthy provided an unredacted copy as exhibit DM14 to his second witness statement. To the extent I have needed to consider that email, I have considered the unredacted version.

30 The second point arises from paragraph 13 of Mr McCarthy's first witness statement, in which he says that he took advice with regard to the patent filings and protecting Mr Aaron Tindall and Dr Clearwater's rights in accordance with the terms of the Collaboration Agreement, and that "Blind Deeds were prepared to this end". In the claimants' evidence-in-reply, Dr Clearwater says in his third witness statement that "I

do not know what is meant by a “blind deed” and have never seen a document which I think could be one from Mr McCarthy”. This prompted some late additional evidence from the defendant in the form of Mr McCarthy’s second witness statement, in which he clarifies that the “Blind Deed” should more properly have been referred to as a Declaration of Trust, and he goes on to explain the document in more detail. The claimants challenged whether this late evidence should be admitted.

31 Having considered the matter at the case management conference, I agreed to allow it. In my view, it was helpful to the proceedings to clarify what Mr McCarthy had said in his first statement, with the need for clarity having arisen from Dr Clearwater’s response in his third statement. That clarification was promptly given, and the matter may well have come out during cross-examination in any event. It was in the interests of resolving the matter justly to allow the evidence in.

The law

32 Section 7 is concerned with the right to apply for, and obtain, a patent. It says:

> *(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.*

33 In particular, I note that an inventor is entitled to ownership of any resulting patent for the invention, but this entitlement can be displaced by (amongst other things) “an enforceable term of any agreement entered into with the inventor before the making of the invention”. This applies accordingly to joint inventors.

34 Furthermore, whoever is initially entitled under section 7(2)(a) or (b) may pass that entitlement to successors in title under section 7(2)(c).

35 This was all confirmed by Arnold J (as he then was) in *KCI Licensing Inc v Smith and Nephew plc* [2010] EWHC 1487 (Pat) at paragraph 66, in which he also referred to the decision of the House of Lords in *Rhone-Poulenc Rorer International Holdings*

Inc v Yeda Research and Development Co Ltd [2007] UKHL 43; [2008] RPC 1 at paragraphs 17 to 22.

36 Under section 7(4), and as the defendant reminded me, there is a rebuttable presumption that the applicant for a patent is entitled to be granted that patent. The claimants therefore bear the burden of proving that Bionome is not solely entitled to the patent rights.

37 Furthermore, sections 8 and 12 give the comptroller jurisdiction to decide questions about entitlement to UK patent applications and to convention and foreign patent applications before a patent has been granted, and to make the necessary orders to give effect to his decision.

38 In particular, section 8(1) says:

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

Section 12(1) is in closely similar terms and concerns entitlement to be granted a patent arising from "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)".

Assessment

I. Events prior to the Collaboration Agreement

39 In terms of what took place prior to the Collaboration Agreement, I need only be brief. The defendant's statement says that Mr McCarthy and Dr Clearwater began collaborating on this project in 2016 and continued to do so through 2017 and 2018. Dr Clearwater's first witness statement says that Mr McCarthy introduced Mr Aaron Tindall to him "around early 2018".

40 Conversely, the claimants' skeleton argument says that Dr Clearwater was introduced to Mr McCarthy by Mr Aaron Tindall in early 2018. It became clear at the hearing that this was a typographical mistake in the skeleton argument and, as Dr Clearwater confirmed under cross-examination, "it is the other way around" and he had known Mr McCarthy since at least 2006.

41 The claimants say that the discussion between the three individuals regarded the development of a business to commercialise biological methods of weed control, and that this led to the drafting of the Collaboration Agreement by Mr McCarthy. The

defendant agrees that it was Mr McCarthy who provided the draft Collaboration Agreement.

42 It is therefore clear from the evidence of both sides that Dr Clearwater, Mr McCarthy and Mr Aaron Tindall began to discuss biological methods of weed control prior to 2019, and that these discussions led in due course to the drafting of the Collaboration Agreement by Mr McCarthy.

II. The Collaboration Agreement

43 The claimants say that the Collaboration Agreement "contains an intention to assign IP to an unspecified jointly owned entity after certain steps are concluded". And they go on to say that, subsequent to the signing of the Agreement and prior to early 2020, discussions between Dr Clearwater and Mr McCarthy had broken down and the collaboration was no longer proceeding.

44 Having noted that the applications were then filed in the name of Bionome, the claimants say that Dr Clearwater neither had, nor has, ownership or involvement in Bionome.

45 The claimants contend that the Collaboration Agreement "contains only an intention to assign, not an assignment". They say that the "preconditions for the intent to assign have not been met and accordingly there is no effective assignment" under that Agreement, and further that there is nothing in that Agreement which could transfer Dr Clearwater's rights until the preconditions have been met. Put simply, they contend that it is an agreement to assign "once certain actions have been completed by each of the parties" and that "[t]hose actions have not been completed".

46 The claimants point to the "Initial Timetable" part of the Agreement. Under a list of actions, point 1 says "Finalise this draft agreement with legal input and sign by each of the parties". The claimants say that no such finalised agreement was reached. The defendant disagrees, and I return to this point about post-Agreement actions by the parties below. Point 3 of the list of actions refers to registration of an entity jointly owned by the parties, the seeking of legal advice, and "intent to transfer any IP applied for into the entity at the earliest time". Again, the claimants say that there is no appropriate entity into which IP could be assigned, and Bionome is not jointly held.

47 Thus, the claimants say, the Collaboration Agreement expressed an intention to assign Dr Clearwater's rights once certain steps had been taken. Since those steps had not been completed, the claimants say that there was no effective assignment meaning that Dr Clearwater retained ownership of his share of the inventive concept.

48 The defendant says that, by signing it, Dr Clearwater and Mr Aaron Tindall accepted the terms of the Agreement. In particular, the defendant points to page 2 of Dr Clearwater's second witness statement where Dr Clearwater agrees with the defendant's statement that he "had agreed for his rights in the inventive concept included in the Applications to be transferred to an entity to be established by DM, as evidenced by the Collaboration Agreement".

49 The defendant points to a number of express terms in the Collaboration Agreement including: in the Background, the references to the parties' long association and work

together and the proposal for further work; in the Objectives, their intention to share expertise and product technology, complete tests and that the “parties will agree to proceed to a patent application”; in the Confidentiality section, that the IP remains “under the control of JC/AT/DT[1]” or within an equally-controlled entity; in the Initial Timetable, the reference to registering of an entity jointly owned by the parties and the intent to transfer any IP applied for into that entity; and under the Shareholder Agreement section, that the parties will enter a Shareholders Agreement once the new entity is incorporated.

50 In terms of considering the effect of the Collaboration Agreement itself, I have noted carefully the various terms and the parties’ points.

51 First, I note that it is titled “DRAFT Collaboration Agreement”. I also note some text in a different shade which may or may not suggest drafting adjustments. I note what appear to be Mr McCarthy’s initials and a date of 18 February 2019 at the bottom of the document.

52 I shall come later to the arguments concerning what the parties intended to happen, or what further agreement was envisaged at this stage. But what is entirely clear is that Dr Clearwater and Mr Aaron Tindall signed the Collaboration Agreement, in this form, on 27 February 2019. I am therefore content that the parties to the Agreement committed themselves to its terms as set out in the document as it stands. I include in that not just the two signatories, but also Mr McCarthy himself, who, on the evidence from both sides, drafted and provided the Collaboration Agreement for the others to sign. This conclusion is also supported by the fact that the Agreement at various points refers to all three of the protagonists, including setting out steps that each of them individually or collectively commit to take.

53 In particular, the “Background” section is clear that they are setting out proposals for how they will work together to perfect, patent and commercially exploit a biological product and system. The “Objectives” section sets out specific commitments that one or more of them make – for example: “DT will share latest technology developments…”; “the parties are to prepare a project-related matrix…”; “Replicated scientific tests are to be completed under the management of JC as well as replicated comparative field testing…to be managed by AT/DT”.

54 The subsequent paragraphs discuss funding arrangements and contain commitments that the three parties to the Agreement make regarding confidentiality. The section headed “Personal Objectives” recognises that “it will be necessary for each of [the parties] to clearly state their commercial objective” and sets out an arrangement “if any or all of the parties wishes to sell out their interest”.

55 Under the “Initial Timetable” section, there are four actions set out in order for the project to move forward, which concern: finalising the draft Agreement (as I have already noted); disclosure of relevant technology to each other “with a focus on filing a patent application…”; registration of a jointly held entity and seeking legal advice over transfer of IP; and some project management steps in particular regarding testing protocols.

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[1] It is common ground that this refers to Dr Clearwater, Mr Aaron Tindall and Mr McCarthy at a time when he was known as Mr Dennis Tindall.

56 There are then brief provisions regarding cross-licensing and shareholding arrangements, before some concluding remarks.

57 Overall, therefore, the Agreement sets out the direction of travel and the future plans for their joint venture, and the parties to the Agreement commit to taking a number of actions individually or together.

58 I now turn to the parts of the Agreement which refer either to patent protection or to IP more generally.

59 There is the general reference in the Background to patenting the technology, references in the section on cross-licences to the technology if or when patented, and a brief acknowledgment in the closing summary that the strength of the patent claims will be key to the commercial value of the product. None of these references assist me, and the parties did not rely on them.

60 There are four references which are material to the point I must decide.

61 The first is in the Objectives section, and comes after the commitments about technology-sharing, testing and so on – and it says that "Once these first milestones have been achieved the parties will agree to proceed to a patent application". There is then a specific sentence concerning the patent claims being directed to a method, process, apparatus or combination.

62 The second reference is the final sentence of the "Confidentiality" section, and says "In all respects of the project the IP is to remain under the control of JC/AT/DT or within an entity that is equally controlled between them".

63 The third reference is in the part of the "Initial Timetable" section, follows the commitment to share each party's technology and says that this is "with the focus on filing a patent application before any approach for funding is undertaken".

64 The fourth reference is also in this section, refers to registration of an entity jointly-owned by the parties, the seeking of legal advice "as to the best jurisdiction for the entity", and "intent to transfer any IP applied for into the entity at the earliest time".

65 At one point during his cross-examination in relation to the wording of the Agreement, Dr Clearwater attempted to draw a distinction between "control" of the IP and "ownership". He contended that there is a difference between the two, saying "Control is determining research to be done and ownership is very specific. I own the IP". This point was not explored further and I heard no submissions on it from either side. However, for completeness, I note that the second reference ("…the IP is to remain under the control of JC/AT/DT or <u>within an entity</u>…") and the fourth reference ("intent to <u>transfer any IP</u> applied for into the entity…") are clearly concerned with ownership of the IP, and the Agreement makes no distinction at all between control and ownership.

66 So, what did the parties to the Agreement commit to in terms of IP? There are really only two points which come out of the four references. One point is that the parties to the Agreement commit to making a patent application once a number of other steps identified in the Agreement have occurred. This is the effect of the first and third references. The other point is their commitment in the second reference that the IP will remain under the control of the three of them – either individually in some way, or

within an equally-controlled entity. It is nuanced by the fourth reference, which shows that their intention was that “any IP applied for” be transferred to the entity “at the earliest time”.

67 In my view, that is as far as the Collaboration Agreement goes. It created an agreement that the IP would remain in the control of the parties – one way or another – and signalled that the parties intended to assign any IP applications to the jointly held entity once it had been established and legal advice had been obtained. It is entirely clear that the Agreement did not in itself assign Dr Clearwater’s rights to the jointly held entity. It created an agreed framework for such an assignment to take place in the future.

68 As Mr Cordina put it to me at the hearing, it contrasts with the agreement in dispute in *KCI Licensing Inc v Smith and Nephew plc* [2010] EWHC 1487 (Pat), in which the words “I hereby assign and agree to assign” were present. I agree.

69 The defendant does not seek to rely purely on an argument that assignment took place on the basis of the Collaboration Agreement itself, although they do point to Dr Clearwater’s agreement with their statement that he had agreed for his rights to be transferred. They rely on subsequent discussions and events between the parties. As I have noted, the claimants also rely on arguments relating to whether “preconditions” in the Agreement were subsequently met. I therefore now turn to the actions and events that occurred after the Collaboration Agreement was signed (including Dr Clearwater’s response to the defendant’s point about his agreement with their statement).

III. The “voiding” argument

70 In their skeleton argument, the claimants contend that the Collaboration Agreement is “void in view of the parties falling out and each following different paths”. They allege that Mr McCarthy “has broken various terms” and Mr Aaron Tindall also broke the agreement “by filing his own patent application(s) covering the technology being discussed” in breach of the ownership and confidentiality provisions of the Collaboration Agreement. They go on to say that Dr Clearwater considered the Agreement “void” and pursued his own route to commercialise the technology.

71 At the hearing, Mr St.Ville KC argued that this amounted to a new factual set of allegations appearing either to be an allegation of abandonment or some form of breach which had not previously been raised.

72 In response, Mr Cordina said that:

> “*the use of the word “void” was in relation to the creation of an assignment of Dr Clearwater’s rights, which has been the point throughout these proceedings. Void in that it does not create an effective assignment and that is because, as has been advanced from the start, the preconditions of that agreement to assign have not been met*”.

73 This again refers to the claimants’ line of argument concerning the preconditions in the Agreement, to which they say any assignment is subject.

74 Given Mr Cordina’s position, including in his closing remarks where he confirmed that he did not propose to pursue an argument as to voiding of the entire Agreement, I will consider these points insofar as they relate to the claimants’ argument that there are preconditions set out in the Agreement for an assignment to take place, which

have not been met. These points relate more widely to the events which took place after the Agreement was signed.

IV. Events in 2019 after the Collaboration Agreement was signed

75 Dr Clearwater's evidence is that, prior to the assignment to Okipa, he had "never assigned any intellectual property rights in the field of weed control products to any other party". Dr Clearwater also makes clear that, while he did indeed agree with the defendant's statement that he (Dr Clearwater) had agreed for his rights to be transferred, he goes on to attest that "the collaboration agreement first required a finalised agreement signed by the parties, which did not occur, and it requires the IP to be held by a jointly owned entity, but Bionome Technology is not jointly owned".

76 The defendant relies on the exchanges which took place between the parties to the Agreement during 2019, and says that the terms of the Collaboration Agreement "and/or the subsequent agreement on the way forward by the parties" means that there is "a binding contract supported by mutual consideration which entitles Bionome to the whole of the property…and/or makes Bionome Dr Clearwater's successor".

77 The defendant points to the explanation regarding the formation of binding contracts which is set out in *RTS Flexible Systems Ltd v Molkerei Alois Müller GmbH & Co KG* [2010] UKSC 14. At paragraph 45, Lord Clarke says this:

> *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 precondition to a concluded and legally binding agreement.*

78 The defendant says that from September to November 2019, there were trials of Solutions 4, 9 and 12 giving the results shown in Table 4 of the UK and PCT applications. They also state that Mr McCarthy, Mr Aaron Tindall and Dr Clearwater discussed ways to structure their joint ownership of a company in accordance with the terms of the Collaboration Agreement, and the financing of the project, as evidenced by emails between November 2019 and February 2020. This included Mr McCarthy's recommendation that the company be incorporated in the UK.

79 The defendant further contends that, during "numerous Zoom calls during 2019 between Mr McCarthy, Dr Clearwater and Aaron Tindall it was agreed that Mr McCarthy would be responsible for filing the patent application and establishing a commercial entity in Europe to own the IP", and that Bionome is that entity.

80 Mr McCarthy says in his first witness statement that "It was always my intention that the entity envisaged in the Collaboration Agreement would be jointly owned by, and established for the benefit of, all parties namely DM, AT & JC", and that Dr Clearwater was "indicated as a shareholder of both the proposed global trading company, and the proposed IP company". He points in support to an email from Mr Aaron Tindall on 21 November 2019 discussing proposed company structures and

referring to McCarthy Clearwater Ltd as well as indicating "JC/AT/DT" as shareholders of "the proposed global trading company" and "the proposed IP company, then referred to as "Vanome" but subsequently changed to "Bionome".

81 In particular, Mr McCarthy states that, on 2 December 2019, a Zoom meeting took place between himself, Dr Clearwater and Mr Aaron Tindall "to discuss and ratify the above proposed Company Structure". Mr McCarthy also attests that "In this meeting, JC again stated that I should be responsible for patent preparation and setting up of the commercial business enterprise in the UK. Further he confirmed that AT would represent him in correspondence between them and myself". He points to a note of that meeting sent on 8 December 2019 in support of his statement.

82 The meeting note supports the view that the call/Zoom meeting on 2 December 2019 covered a number of points including some points in relation to the filing of a patent application, noting in particular that filing was "still priority for all" and saying "FG to draft application asap – JC to review/validate before filing". As well as noting the recommendation by Mr McCarthy that the IP company be incorporated in the UK, the meeting note captures some points about funding, and work with other people or entities ("CIT/Nimbus", "IDA", "Strategic Partner"). Under the heading "MCL (NZ)" it notes that Mr Aaron Tindall and Dr Clearwater are to "work on 12-month budget requirements for further research…".

83 In his evidence, Dr Clearwater agrees that a call with Mr McCarthy took place on 2 December 2019, and under cross-examination he agreed that he took part in a discussion of a patent application during the call, and also that incorporation of the company in the UK was discussed and recommended. Although pushed, he did not concede that UK incorporation was agreed between the parties, saying that he had no recollection of that. He also denies that he requested Mr Aaron Tindall to represent him.

84 In my view, the evidence demonstrates that, at times during 2019, the parties to the Agreement were discussing their collaboration under the Agreement, and how they intended to progress. They made some progress in their endeavours, including the conducting of some trials and progressing work on a patent application. Their exchanges included discussions about company structuring and finance, including options and steps for setting up the entity envisaged by the Agreement (as shown, for example, in Mr Aaron Tindall's email of 21 November 2019).

85 The Zoom meeting of 2 December 2019 continued those discussions, including in relation to progressing the patent application and progressing the matters concerning company structuring. There is disagreement between the witnesses as to whether the specific point about UK incorporation of the proposed company was agreed, or whether it was simply discussed. There is also disagreement over whether Dr Clearwater said that Mr Aaron Tindall would represent him in dealings with Mr McCarthy. But disagreements over those two specific points do not make a difference to the question I must decide. That question is whether the 2019 discussions resulted in a further binding agreement made between the parties which moved the position regarding Dr Clearwater's rights beyond that set out in the Collaboration Agreement.

86 The evidence is clear that this did not happen. The parties discussed progress and further steps to be taken under the existing Collaboration Agreement. But, applying *RTS Flexible Systems*, there was clearly nothing by way of a further binding

agreement made. There was nothing communicated between them, by words or conduct, which leads me to an objective conclusion that they intended to create further legal relations at that point, going beyond the existing Collaboration Agreement, and on which they had agreed essential terms. And it is certainly not a scenario where they had left certain terms to be finalised but, on an objective appraisal, had nevertheless concluded a further legally binding agreement at that point.

87 The legal relationship between them remained as set out in the Collaboration Agreement. It follows that I do not agree with the defendant's submission that the Collaboration Agreement combined with the subsequent discussions and 2 December 2019 meeting amounted to what section 7(2)(b) calls "an enforceable term of any agreement entered into with the inventor", and which could displace the primary right of the inventor to the applications.

88 I note that there were some references to a "Heads of Agreement" document which came out during the hearing and in the cross-examination bundles. Mr McCarthy's evidence during cross-examination was that this was an attempt to bring the parties together and clarify their positions subsequent to the Collaboration Agreement.

89 Although the dates are not clear to me, at no point was it suggested that this Heads of Agreement was actually agreed and signed. Under cross-examination on the point Mr McCarthy said this: "But things kept changing so until we got to anything final, the original agreement of the 27th February, that is what I did. I worked only from that agreement". Dr Clearwater was asked under cross-examination if the Heads of Agreement document was ever signed and he replied, "Apparently not".

90 This further reinforces my conclusion that there was no subsequent legally binding agreement between the parties as a result of the 2019 discussions which moved matters on from the Collaboration Agreement. By the end of 2019, the position regarding Dr Clearwater's rights relating to the invention remained as had been set out in the Agreement. The parties continued to be in contact at that point but the intended destination set out by Agreement had not been reached.

V. The 2020 breakdown in communication

91 Dr Clearwater says in his first witness statement that "After signing the Collaboration Agreement the relationship soured and the proposed business did not progress". The claimants' amended statement of grounds says that the discussions had broken down "by January 2020" and "the collaboration was no longer proceeding".

92 In fact, what became clear under cross-examination of Dr Clearwater was that he had become frustrated for various reasons including, in his view, a lack of funding, a "very poor effort" at drafting a patent application and Mr McCarthy being a co-inventor on the application. What also became clear was that Dr Clearwater communicated at least some of his frustrations to Mr Aaron Tindall, but not to Mr McCarthy. When it was put to Dr Clearwater under cross-examination that he had "walked away from Dennis without telling him", he agreed.

93 Mr McCarthy says in his first witness statement that "a breakdown in communication occurred between myself and JC in late 2019, which I understood initially to be due to his ill health. Attempts were made subsequently to re-establish contact, but these were unsuccessful". He further said that, subsequent to late 2019, the attempts to re-

establish contact with Dr Clearwater "were unsuccessful, except for a brief exchange of correspondence in September-October 2021", and that he had "requested input from AT and JC with regard to patent matters but no response was forthcoming".

94 Mr McCarthy goes on to say that in February 2020 he entered (on behalf of the defendant) into an agreement with Mr Johannes Hainlein. He provides a copy of some handwritten notes sketching out proposed company structures, and also provides a copy of a confidentiality agreement between – on the one hand – "Dennis Tindall/McCarthy (UK), McCarthy Clearwater Limited (NZ), Dawn Connect Limited (IRE)" and – on the other – Mr Hainlein.

95 The first patent application was then filed on 25 March 2020.

96 The claimants point to Mr McCarthy's agreement with Mr Hainlein, and his action to file the patent application, as alleged breaches of the Collaboration Agreement. The claimants' overall point is that Mr McCarthy broke the terms of the Agreement in these various ways, meaning that any future assignment that was intended under the Agreement cannot have taken place. I shall return to these specific arguments later. However, the claimants also rely on an exchange which took place in 2021.

VI. The 2021 email exchange

97 The evidence shows that the exchange of correspondence which took place in September and October 2021 was an email which Mr McCarthy sent Dr Clearwater on 20 September 2021, and Dr Clearwater's reply of 7 October 2021. A further reply from Mr McCarthy to Dr Clearwater on 11 October 2021 was put before Mr McCarthy under cross-examination.

98 Following on from the claimants' earlier points about Mr McCarthy's alleged breaches of the Agreement, the claimants contend that Mr McCarthy accepted in his September 2021 email that the Collaboration Agreement had "failed and is inconclusive". They point to where Mr McCarthy wrote "I believe his [Mr Aaron Tindall's] actions have resulted in the agreement signed by the three of us on 27th February 2019 to be inconclusive".

99 They also refer to Mr McCarthy saying in that email "…despite in early 2020 Aaron advising me I was no longer part of the project" as further evidence of a breakdown in the relationships. Dr Clearwater claims in his third witness statement that Mr McCarthy was aware in early 2020 that the collaboration was no longer proceeding, but continued to file the applications from March 2020. (They note that Mr McCarthy then says that he "set about structuring an ownership entity that confirmed our agreement and filed patent claims in the name of the entity". The claimants say that this misrepresents the action taken since no jointly held entity was in fact set up as required by the Collaboration Agreement. I will return to this point.)

100 The claimants also say that Mr McCarthy's suggestion in the email of "keeping Aaron out of any involvement" is relevant since excluding Mr Aaron Tindall would directly contradict the requirements of that Agreement. Dr Clearwater gives his view in his third witness statement that it shows that Mr McCarthy considered the Agreement to be no longer valid.

101 The claimants' position in summary is therefore that Mr McCarthy's alleged breaches of the Agreement combined with his statements in his email to Dr Clearwater

demonstrate that the Agreement was void in the sense that it had not created the necessary conditions for assignment to take place.

102 The defendant's view is that Mr McCarthy has always worked on the understanding that the Agreement remains binding, and that there is no basis for saying that it is no longer in force. They make a number of specific points in response to the claimants, which I refer to as necessary in the following analysis of the 2021 email exchange.

103 In his September email, Mr McCarthy opens by saying that he hopes the information he provides "will give you some comfort that I have protected and ensured the integrity of the project you instigated". He goes on to refer to unspecified actions by Mr Aaron Tindall which have "caused a permanent divide between him and me" and says that he has "only learned recently that he also turned against you as he did to me". As noted by the claimants, Mr McCarthy expresses his belief that Mr Aaron Tindall's actions "have resulted in the [Collaboration Agreement] to be inconclusive".

104 He goes on to warn Dr Clearwater about his experiences with Mr Johannes Hainlein. Mr McCarthy then says that he has "nearly concluded all of the tasks I was mandated to undertake on behalf of you, Aaron and myself. These were set out in an agreement signed by the three of us on 27th February 2019. Further discussions during 2019 endorsed the mandate for me to pursue the following, despite in early 2020 Aaron advising me I was no longer part of the project."

105 He then goes into some detail about actions he has taken since the late 2019 contact between him and Dr Clearwater. He seeks a discussion with Dr Clearwater and refers to further work that has been undertaken on both trials and commercial preparation, and his view that "I know you will be very happy in what has been done".

106 He concludes with some remarks about their endeavours and their aims, refers to his view that they can prepare to launch "no later than 2023", expresses his hope that Dr Clearwater can "help guide me to the best decisions" and concludes with the desire to "put this unsavoury period behind us and conclude what we set out to do".

107 Looking at the email as a whole, I do not think that it supports a view that Mr McCarthy regarded the Collaboration Agreement as ineffective or no longer relevant. On the contrary, it is entirely clear that he is seeking to explain to Dr Clearwater his view of the actions that he has continued to take since their previous contact. Mr McCarthy discusses preparing a patent application, arranging finance, and "Registering an IP Company within which the patent ownership would be filed". He goes on to reference McCarthy Clearwater Ltd as the company "from which the two of you would participate in the IP Company and in the Operating Company, in each case with me".

108 He reiterates that Mr Aaron Tindall had advised him in early 2020 that he (Mr McCarthy) was excluded but "I set about structuring an ownership entity that confirmed our agreement and filed patent claims in the name of that entity". Mr McCarthy goes on to comment about a patent filing made separately by Mr Aaron Tindall, and then discusses how it may be possible to move the situation forward "to protect your and my position and, critically the Company's position".

109 The context is entirely clear and I agree with the defendant's position on this point. Mr McCarthy clearly believed he was making what progress he could under the framework and intentions that were set out in the Collaboration Agreement, albeit in

difficult circumstances. And he was setting out his actions to Dr Clearwater in an attempt to revive the working relationship and carry on with the arrangements under the Agreement.

110 This is also consistent with the oral evidence that I heard from both witnesses. Mr McCarthy confirmed under cross-examination that he considers the Agreement still to have effect. In his cross-examination, Dr Clearwater agreed with the statement put to him by counsel that Mr McCarthy was "working to continue doing what the Collaboration Agreement required of him".

111 I also agree with the defendant that Mr McCarthy's reference to "inconclusive" in the September 2021 email meant simply that the position regarding the Agreement had not come to a conclusion, and so was open to be resolved one way or another. Dr Clearwater conceded as much under cross-examination. Mr McCarthy was also clear on this under cross-examination where he said this: "I did not know [what caused Dr Clearwater and Mr Aaron Tindall to fall out] so I said it was inconclusive in terms of will Aaron be staying with it? Will John be staying with it? You know, it is inconclusive in terms of going forward".

112 The "inconclusive" reference does not support a finding that Mr McCarthy viewed the Agreement as void or no longer relevant.

113 Furthermore, I do not agree with the claimants that McCarthy's references to his relationship with Mr Aaron Tindall ("Aaron advising me I was no longer part of the project"; "keeping Aaron out of any involvement") are sufficient to say with any confidence that Mr McCarthy regarded the Agreement as having been breached in such a way as to render it ineffective. As I understand it, and bearing in mind the clear context of the email as a whole, he was attempting to continue to make progress but was seeking to find a way forward which did not involve Mr Aaron Tindall ("Going forward things have to be sorted out with Aaron"). This is a future-looking point, not one which looks back to whether breaches of the Agreement have occurred.

114 I note this view is consistent with an email from Mr Oliver Peacock to Mr Aaron Tindall on 23 August 2021. According to the agreed *dramatis personae*, Mr Peacock is a retired solicitor and a co-director of Bionome. In his email he urges "you three Founders" to "turn the clock back to the harmony it was", says that "Dennis has assiduously kept to the terms of the mandate which you all agreed and has done so for the benefit of you three and Bionome" and goes on to list and justify specific actions that were taken.

115 Again, this is consistent with the view that Mr McCarthy considered himself to be working towards the aims of the Agreement, which he considered to be in force.

116 Turning to Dr Clearwater's reply to Mr McCarthy's email, Mr McCarthy attests in his first witness statement (at paragraph 15) that Dr Clearwater referred in his reply to the Collaboration Agreement, thereby "indicating his understanding that Bionome had been established, and the Patent Application filed, in accordance with those terms". Thus, Mr McCarthy says, Dr Clearwater was aware "that Bionome had been established according to the terms of the Collaboration Agreement, and that his rights in the invention had thus already passed to Bionome".

117 Dr Clearwater says in his third witness statement that this is incorrect, that his reply "simply quotes some sections of the collaboration agreement concerning what I had developed and requests information". Under cross-examination he corrected this and confirmed that the quotes were from the (unsigned) Heads of Agreement document and not the Collaboration Agreement, but nothing turns on this.

118 I have considered Dr Clearwater's reply of 7 October 2021 carefully. It is brief. After thanking Mr McCarthy for his letter and referring to some sections of the Heads of Agreement document, Dr Clearwater then asks for "the full text of the patent that you have filed", "all commercial work and certification" and a summary of the 3 years' worth of trials. That is the entire content. I am clear in my view that his reply certainly does not indicate his understanding that the patent application had been filed in accordance with the Collaboration Agreement, nor does it show that he accepted that his rights had passed to Bionome.

119 As for Dr Clearwater's position more generally at this point, he said during cross-examination that he and Mr Aaron Tindall "had mutually agreed that it was going nowhere and terminated our relationship with him [Mr McCarthy]". However, Dr Clearwater admitted that he did not himself communicate this to Mr McCarthy as "everything had been arranged by Aaron". He suggested at one point under cross-examination that, in his reply to Mr McCarthy of 7 October 2021, he had "said that there were issues that had been part of the agreement that were not followed through". In fact, under further questioning he conceded that it was incorrect of him to suggest that he had complained in his response to Mr McCarthy.

120 As I have already said, Mr McCarthy's email in September 2021 to Dr Clearwater explained Mr McCarthy's view of the progress he was making under the framework and intentions in the Collaboration Agreement. And Dr Clearwater's reply simply asked for information. No indication was given that Dr Clearwater had decided to move on. I further note that Dr Clearwater agreed during cross-examination that, at this stage, Mr McCarthy was continuing to try and co-operate, and that it "would seem" that Mr McCarthy thought the project was ongoing.

121 Having reviewed all the evidence in relation to this point, I find that Mr McCarthy did not regard the Agreement as ineffective and, on the contrary, he continued to take steps which he believed were making progress as best he could under the framework and intentions set out in the Agreement. I also find that Dr Clearwater did not communicate to Mr McCarthy his dissatisfaction with progress under the Agreement.

122 However, that leaves the claimants' specific points regarding what they say are breaches of certain preconditions in the Agreement.

VII. The preconditions

123 The claimants refer to the "Confidentiality" part of the Agreement which says that:

> *…all information in regard to the project and its existence will remain strictly confidential between the parties and any other person, persons or parties approved by JC/AT/DT that are linked to the funding terms and conditions. In all respects of* [2] *the project the IP is to*

[2] The claimants' skeleton quotes this as "In all **aspects** of…" but nothing turns on that discrepancy.

remain under the control of JC/AT/DT or within an entity that is equally controlled between them.

124 In the claimants' words, the agreement that Mr McCarthy made with Mr Hainlein "must have necessitated sharing the existence of the project with Mr Hainlein" contrary to the above provision[3]. They also rely on a statement in exhibit DM15 to Mr McCarthy's second witness statement, which is an email from a Bionome representative with a reference to sharing the existence of the project with "every third party that has been involved".

125 Under cross-examination it was put to Mr McCarthy that, by sharing the existence of the project, he had breached this part of the Collaboration Agreement. Mr McCarthy said that he had never disclosed the product itself, that Mr Hainlein was himself bound to confidentiality, and "even within that level of confidentiality very little was ever disclosed". He went on to say that he was mandated under the Collaboration Agreement to raise funding and that he could not do this "without telling the person you are getting the funding through what your project is".

126 The claimants also say that Mr McCarthy going ahead and filing patent applications was a breach of the Collaboration Agreement. First, they say, these were later published and so breached the confidentiality provision. Second, they contend that the testing envisaged by the Agreement was never completed so "the precursor step which was intended to trigger filing of a patent application never occurred" and there was no subsequent agreement to file the applications. They point to the provision on page 1 of the Agreement which states:

> *Replicated scientific tests are to be completed under the management of JC as well as replicated comparative field testing in North and Southern Hemisphere locations to be managed by AT/DT. Once these first milestones have been achieved the parties will agree to proceed to a patent application.*

127 Under cross-examination, Mr McCarthy confirmed that the tests presented in the first patent application were all done by him from the UK. He agreed that the tests he performed were not managed by Dr Clearwater. Under cross-examination, Dr Clearwater agreed that the clause did not say that he would manage the comparative field testing.

128 Thirdly, the claimants argue that it was a breach to file the applications in the absence of the agreed jointly held entity. This is on the basis that the final sentence of the "Confidentiality" part of the Agreement refers to control of the IP. The claimants say that Bionome is not an equally controlled entity and that Mr McCarthy breached this term when he filed the first patent application.

129 These arguments therefore centre on the terms of the Agreement and whether, as the claimants say, they were breached in a way which means that any future assignment that was intended under the Agreement cannot have taken place.

130 I have already found that the Agreement did not in itself assign Dr Clearwater's rights, but created an agreed framework for such an assignment to happen in the future. I have also already found that it created an agreement that the IP would

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[3] The evidence refers to another confidentiality agreement entered into by Bionome with a further party, Mr Thomas Winnacker, in June 2020. This does not add anything to the arguments being made on this point.

remain in the control of the parties – one way or another – and signalled that the parties intended to assign the IP to the jointly held entity, but only once that entity had been established and legal advice had been obtained.

131 It follows that I do not see any basis for a conclusion that the Agreement creates a future assignment of rights to the jointly held entity which takes place automatically once the entity has been established and the other steps taken. The Agreement would have needed to be much more explicit on this point for me to take the view that rights would automatically have been assigned once certain conditions were met.

132 On the contrary, the Agreement shows that the parties had intended – once other steps been met – to take further specific action in order to make the assignment of their rights to the entity. But the only solid commitment they make on this front is that the IP will remain either in their control as individuals or within an entity that is equally controlled between them.

133 It follows that I do not need to decide whether Mr McCarthy's actions when signing confidentiality agreements or when filing the patent applications were in breach of provisions of the Agreement or not. Regarding the provisions which relate to confidentiality and to the precursor steps (including testing) prior to filing the applications, it is clear to me that none of them are provisions which, if adhered to, would themselves result in assignment of the IP taking place under the Agreement, either at the time or in the future. It follows that it is not material to the determination of the assignment question as to whether those provisions were breached.

134 It is worth also saying, in relation to the argument that it was a breach by Mr McCarthy to file the applications in the absence of the jointly held entity, that the provision (as I have already found) signalled that the parties intended to assign any IP applications to the jointly held entity once it had been established and legal advice had been obtained. Two points therefore arise.

135 First, I think it is far from clear that the provision requires the formation of the entity before the filing of the applications. That seems to be one possiblity under the provision, but another equally possible outcome is that it envisages the filing of the applications, then the creation of the entity, and then (as it says) the transfer of "any IP applied for into the entity". Second, and even if I am wrong on that point, the provision once again does not go further than expressing the intent of the parties to take further specific action in the future in order to make the assignment of their rights to the entity. Again, therefore, any breach of the provision cannot be said to undermine a transfer of rights that would otherwise have taken place.

136 There was an attempt by the claimants to raise a further "preconditions" point at a late stage. This concerned the reference in the Agreement to the seeking of legal advice related to the jointly held entity, and the question of what advice (if any) was actually sought. Mr Cordina encouraged me at the hearing to consider the overriding objective and the fact that it was a clearly another precondition in the Agreement which I should consider. Mr St. Ville KC invited me not to allow the point in, which he said included new allegations of fact. What is now clear is that, following my reasoning on the preconditions arguments above, it is not necessary for me to consider this specific point further.

137 Before leaving the points about preconditions and breaches, I should for completeness deal briefly with the claimants point that Mr Aaron Tindall “filing his own patent application(s) covering the technology being discussed” was a breach of the Agreement on his side. For the same reasons that I have set out in relation to Mr McCarthy’s filing of the applications in suit, I cannot see that this alleged breach by Mr Aaron Tindall advances the position any further in relation to the matter which I must decide.

VIII. The structure of Bionome

138 The claimants’ wider point remains that, in their view, Bionome is not a jointly held entity. It is to that point which I now turn.

139 The claimants say that McCarthy Clearwater Ltd (“MCL”) was set up in 2019 with Dr Clearwater and Mr Aaron Tindall as directors. They say that Dr Clearwater ceased to be a director in 2021, that “the purpose of the company was to explore options of how to commercialise plant protection products” and that “[t]here has been no transfer of Dr Clearwater’s IP to McCarthy Clearwater Ltd”.

140 The defendant says that this is “incomplete and/or misleading” and that MCL was a “proposed joint shareholder entity” that Dr Clearwater and Mr Aaron Tindall “intended to manage their ongoing relationship with the project vehicle to be established by DM in Europe”. The defendant also says that the proposal was for MCL to hold 66.6% shares in the UK/European entity, while Mr McCarthy would hold 33.4%.

141 Dr Clearwater’s evidence is that MCL was jointly held by himself and Mr Aaron Tindall, was set up in New Zealand by Mr Aaron Tindall, and was “never active (other than Mr Tindall signing an NDA on behalf of the company)”.

142 Mr McCarthy’s evidence is that the company had been registered “as agreed” but that “no final change to the terms of the Collaboration Agreement was requested by AT or JC to recognise MCL as a party to the ongoing participation in the Bionome companies”.

143 Upon cross-examination, when asked to summarise how he considered that Bionome was entitled to the applications at the filing date, Mr McCarthy said “that was the agreement that we had made and that was what I had followed from day one”. He also explained that – in the absence of further communication from Dr Clearwater – the advice he obtained was to “protect the principles of the agreement and file”. He further confirmed that he named Bionome as the applicant because of the Collaboration Agreement and that, at the time it was formed, he was the only shareholder and there were no employees.

144 When it was put to Mr McCarthy that the company was therefore not jointly held upon its formation, the following exchange took place:

> *Q: Could you answer the question as to how that company, on 10th March 2020, was jointly held?*
>
> *A: No, it was not because at that stage, you know, we are forming a United Kingdom company. I had no communication at that stage with John and Aaron.*
>
> *Q: So on 10th March 2020 the company was not jointly held?*

A: It was jointly held through way of the commitment to honour our position under the Collaboration Agreement. Somebody had to form the company in this country to allow the patent and that process to go forward.

Q: But it was solely held by yourself?

A: Yes, as an interest for the three of us.

Q: But there was no declaration of trust at that stage?

A: There was a commitment to have the declaration of trust at that stage.

Q: Okay. The same still applies on the date at which the patent application was filed.

A: Correct.

145 This leads to consideration of arguments concerning the Declaration of Trust which, on Mr McCarthy's evidence, was signed by him "in about late 2020".

146 In his first witness statement, Mr McCarthy says that he took advice about "protecting AT's and JC's rights in the UK companies, in accordance with the terms of the Collaboration Agreement" and that "Blind deeds were prepared to this end". As I have already noted, Dr Clearwater's response in his third witness statement was that he does not know what this means and he has not seen a document which he thinks could be one.

147 Mr McCarthy's second witness statement provides some further explanation. He attests that the "blind deed" he had referred to "should more properly be referred to as a Declaration of Trust". His evidence is that this was a two-page legal document which he signed, having been prepared on his instructions by Mr Oliver Peacock (as already noted, a retired solicitor and co-director of Bionome). Mr McCarthy states that the document referred to the 2019 Agreement and "the joint ownership structure of the patent-owning entity by myself, JC and AT", and that it "acknowledged that a breakdown in communications had occurred between me, JC and AT".

148 Furthermore, Mr McCarthy states that the Declaration of Trust:

> "*confirmed that the ownership structure of the Defendant would reflect the joint ownership and control referred to in the Collaboration Agreement. Both AT and JC were named as beneficiaries, each to be listed as one-third shareholders in the Defendant. The shares were to be issued to both AT and JC once the business had reached viable commercial levels. At this time their respective shareholding would be registered with Companies House. The shares were to be subject to pre-emptive rights, as envisaged in the Collaboration Agreement*"

149 Mr McCarthy goes on to state that the purpose and intention was to confirm that he and Bionome were "subject to a binding legal obligation in relation to JC and AT's interests as required by the Collaboration Agreement, notwithstanding the breakdown in communication that had occurred". Under cross-examination he emphasised its importance saying that it was "at my instigation that we protected John and Aaron".

150 In his second witness statement, Mr McCarthy also confirms that, to the best of his knowledge, Dr Clearwater had never seen the Declaration of Trust. He goes on to attest that the Declaration of Trust was entrusted for safekeeping to Mr Peacock, who suffered a serious stroke and who has been unable to find the document. In

support of his evidence he points to the email from Mr Peacock to Mr Aaron Tindall on 23 August 2021 (to which I have already referred). A part of this email informs Mr Aaron Tindall of the existence of the Declaration of Trust and states that:

> *the capital structure of Bionome is held under a Declaration of Trust by Dennis as trustee for the benefit of you, John and himself in equal shares. The ownership of the Company by the three of you as the named Founders has always been made clear to every third party that has been involved, in every 'prospectus' document issued, every draft Business Plan disseminated and in every meeting with a potential investor.*

151 The claimants say that the alleged Declaration of Trust does not change the position that Mr McCarthy did not act in accordance with the Collaboration Agreement when he filed the applications, since it was not finalised until after the applications were filed and the companies established. At best, they say, it was an attempt "to correct an error after the event". (They also add their view that the Collaboration Agreement was in any case "void" by that point – but I have dealt with that point above.)

152 The claimants also point out that, aside from Mr McCarthy's witness statement, there is no evidence of the Declaration of Trust, its effect or its date of signing, nor any supporting evidence provided in terms of drafts or other contemporaneous evidence.

153 In his closing statements, Mr St. Ville KC pointed to the contemporaneous evidence for the existence of the Declaration of Trust, which went unchallenged, and he submitted that, on the balance of probabilities, the Declaration of Trust was made. He argued that Mr McCarthy was holding Bionome on trust from the beginning, given the Collaboration Agreement.

154 Having carefully considered all the evidence, and having seen Mr McCarthy under cross-examination, I do not doubt his intentions which drove the actions he decided to take in forming Bionome. Nor do I underestimate the difficulties of the situation in which he found himself after late 2019. I am clear that he attempted to take steps that he felt able to do in order to make some progress, and that he was guided by the intentions that the parties to the Agreement had set out for themselves in February 2019.

155 Nevertheless, it is clear from the written and oral evidence put before me that Bionome did not, as was intended, formally become a jointly held entity including Dr Clearwater. It is entirely clear from the evidence that the intended original plan, involving MCL holding two-thirds of the proposed joint entity, never materialised. Nor did joint ownership arise by some other means. Bionome was registered, and the patent applications filed in its name, as an entity not jointly held by the parties to the Collaboration Agreement.

156 Even if I accept at face value the contemporaneous evidence that the Declaration of Trust exists, and the evidence regarding what the Declaration is said to do, there is nothing which suggests that the parties to the Agreement at any point reached the final destination envisaged by that Agreement – namely, a jointly held entity. What the Declaration does, on the limited evidence that I have, is to set out another commitment and a route to make good the joint ownership position at a further point in the future. It seeks to protect the parties' positions regarding the future in a situation where Mr McCarthy was unable to secure those positions at the time.

157 The attempts made by Mr McCarthy to make progress under the terms of the Agreement have not reached the final destination envisaged by that Agreement – namely the jointly held entity. Bionome remains not jointly held.

158 Finally, I note the undertaking made by Mr McCarthy in his second witness statement. He says that, under certain conditions and having considered himself bound by the Collaboration Agreement, he undertakes that "the parties to the Collaboration Agreement (JC, AT and myself) will each be made equal one-third shareholders in, and (if they wish) directors of, the Defendant such that it is equally controlled between them in accordance with the terms of the Collaboration Agreement". Whilst I understand the intentions behind this undertaking, it nevertheless reinforces my view that Bionome is not jointly held.

IX. Summary of findings

159 I have found that:

(a) Dr Clearwater, Mr McCarthy and Mr Aaron Tindall began to discuss biological methods of weed control prior to 2019, and these discussions led in due course to the drafting of the Collaboration Agreement by Mr McCarthy;

(b) the parties to the Collaboration Agreement committed themselves to its terms, including steps that each of them individually or collectively committed to take;

(c) the Collaboration Agreement created an agreement that the IP would remain in the control of the parties – one way or another – and signalled that the parties intended to assign any IP applications to the jointly held entity once it had been established and legal advice had been obtained;

(d) the Agreement did not in itself assign Dr Clearwater's rights to the jointly held entity, but created an agreed framework for such an assignment to take place in the future;

(e) there was no subsequent legally binding agreement between the parties, as a result of the 2019 discussions, which moved matters on from the Collaboration Agreement;

(f) Mr McCarthy did not regard the Agreement as ineffective and, on the contrary, he continued to take steps which he believed were making progress as best he could under the framework and intentions set out in the Agreement;

(g) Dr Clearwater did not communicate to Mr McCarthy his dissatisfaction with progress under the Agreement;

(h) there is no basis for a conclusion that the Agreement creates a future assignment of rights to the jointly held entity which takes place automatically once the entity has been established and the other steps taken;

(i) on the contrary, the Agreement shows that the parties had intended – once other steps been met – to take further specific action in order to make the assignment of their rights to the entity;

(j) since none of the provisions are ones which, if adhered to, would themselves result in assignment of the IP taking place under the Agreement, either at the time or in the future, it is not material to the determination of the assignment question as to whether those provisions were breached;

(k) Bionome was registered, and the patent applications filed in its name, as an entity not jointly held by the parties to the Collaboration Agreement;

(l) on the limited evidence available regarding the Declaration of Trust, it does not change the fact that Bionome remains not jointly held.

160 It must follow that Bionome is not solely entitled to the applications. A co-applicant needs to be added. The remaining question is whether that should be Okipa or Dr Clearwater.

X. The Okipa assignment

161 The claimants argue that, since the Collaboration Agreement did not lead to an assignment of Dr Clearwater's rights, he was free to assign his rights to Okipa and that he did so on 22 February 2022. The assignment document refers to the "Development of natural weed control products and methods by the Assignor conducted prior to the date of this agreement" and the "Assigned Rights" are defined as "any Intellectual Property Rights arising from work done on the Project which are capable of subsisting or being owned by the Assignor".

162 The defendant says that, under the Collaboration Agreement, Dr Clearwater is not entitled to assign his rights to a third party. They also say that the Okipa assignment does not identity or "bite upon" the applications but "relates to Dr Clearwater's new project with Okipa". Thirdly, they argue that any purported assignment based on Dr Clearwater's alleged joint ownership is invalid under section 36(3)(b) which governs the co-ownership of patent rights.

163 I have already found that the parties to the Collaboration Agreement committed themselves to its terms, and in particular that they agreed that the IP would remain in the control of the parties to the Agreement.

164 This means I agree with the defendant that Dr Clearwater was not free to assign his rights to a third party – at least to the extent that those rights concerned the IP within the scope of the applications. The claimants are not correct to say that Dr Clearwater was free to assign his rights to Okipa simply because the Collaboration Agreement did not itself lead to an assignment.

165 This clearly points to the correct remedy being the addition of Dr Clearwater, and not Okipa, as the co-applicant on the applications.

166 I have noted that the defendant argues in the alternative that the Okipa assignment relates only to matters outside the scope of the applications. If that were so (and I make no finding in that regard), then it would mean that the rights relating to the applications were not assigned in any case, and so still remained with Dr Clearwater. The outcome, for the purposes of this decision, would therefore be the same – and so I need say no more about the point.

167 Similarly, the defendant's third argument based on s.36 would also (if correct) mean that the rights remained with Dr Clearwater. Again, in the circumstances, I need make no finding on this point.

XI. Other matters

168 The defendant says that, under the Collaboration Agreement, Dr Clearwater is "not entitled to…. bring this entitlement application and accordingly Dr Clearwater is not entitled to the relief he seeks". The defendant says I should not exercise the power to add Dr Clearwater as joint applicant. The basis for this is said to be the part of the Agreement which refers to the parties agreeing to proceed to a patent application, and the part which says that the IP is to remain in the control of the parties to the Agreement or within the joint entity.

169 I cannot see the merit in this point. Those parts of the Agreement underpin a key part of my finding that Dr Clearwater's rights need to be reflected in the ownership of the applications. I cannot see how they restrict Dr Clearwater's right to use this route to resolve the entitlement dispute over his rights.

170 Second, the defendant points to the confidentiality agreements that Mr McCarthy made in 2020 with Mr Johannes Hainlein and Mr Thomas Winnacker. They point to where these agreements say that "The Covenantor acknowledges that: All Confidential Information shall at all times be and remain the sole property of DM. The Covenantor shall not contest or dispute DM's ownership of that Confidential Information". The defendant says that this means Mr Hainlein and Mr Winnacker, as directors and "persons of significant control" of Okipa, are in breach of these agreements.

171 Among other points, the claimants say in response that the confidentiality agreements make clear that the obligations only apply to confidential information which has not come into the public domain, and all relevant information to this dispute was published in March 2022 as part of the applications.

172 I do not see that this point has a bearing on the matter I must decide. These proceedings were launched after publication of the applications. A breach (if any) by a party to those confidentiality agreements, and any remedy that may follow, is a matter for the parties to those agreements.

173 Third, there were some points made in submissions and in evidence concerning the levels of contribution to the invention made by Dr Clearwater and Mr McCarthy. I have considered all the points raised but they do not assist in what I have needed to decide, not least because inventorship is not in dispute.

174 Finally, there were some exchanges and evidence concerning alleged difficulties obtaining Dr Clearwater's signature on the inventor's declaration required upon the international application entering the US national phase in 2022. These concerned the use of a "substitute declaration" which is said to be used when an inventor cannot be contacted. I have reviewed the material but I did not find that it assisted me further in deciding the matter in issue.

Conclusion

175 Bionome is not solely entitled to the applications. Dr Clearwater has joint entitlement to the applications.

Order

176 I order that Dr Clearwater be added as joint applicant on the applications.

Costs

177 The claimants have succeeded in their claim to have Dr Clearwater added as joint applicant in the patent applications and are therefore entitled to a contribution towards their costs based on the comptroller's standard scale, i.e. the scale of costs set out in TPN 2/2016 given that proceedings commenced before January 2023. I invite submissions as to the appropriate amount and note in advance that I see nothing in these proceedings to suggest a departure from the standard scale. I will allow both sides 28 days for the date of this decision to make their submissions.

Appeal

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

Huw Jones
Deputy Director, acting for the Comptroller