

8 August 2006

**PATENTS ACT 1977**

BETWEEN

Alexander F Ritchie

Claimant

and

Envireneer Marine Cranes Limited  
(formally TSI (Crane) Limited)

Defendant

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PROCEEDINGS

Reference under section 8(1)(a) of the Patents Act 1977 in respect of patent applications GB0412821.1 and a counter-claim under section 12(1)(b) in respect of international patent application PCT/GB2005/002275.

HEARING OFFICER

Mr P Thorpe

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**DECISION**

**Introduction**

1. This dispute is concerned with who is entitled to patent application GB0412821.1 and its equivalent international patent application PCT/GB2005/002275 (“the applications”). The claimant, Mr Ritchie, claims he is entitled to them by virtue of an agreement he had with the originally named proprietor on GB041282.1, Offshore Crane Engineering (“OCE”). Envireneer Marine Cranes Limited (“Envireneer”) formerly TSI (Crane) Limited (“TSI”) argues that it is rightly named as proprietors by virtue of having bought the liquidated assets of OCE.

2. The invention is concerned with lifting apparatus suitable for lifting pipes for the offshore oil and gas industries. It is not necessary to go into any greater detail since the nature of the invention is not in dispute. Nor is it disputed that Mr Ritchie was the inventor of the invention set out in these applications. Rather the dispute concerns who should be named as proprietor on both of these applications. Both sides have agreed that I should decide this on the basis of their written submissions. As I explain below the material before me is perhaps not as extensive as it might have been and it is possible that cross examination of some of the witnesses might have made my job easier. I have nevertheless sought to make sense of the evidence and reach a just decision without imposing on either party further expense.

## **History of Events**

3. In February 2004 Mr Ritchie designed an apparatus known as the grAvlift as a solution to a problem identified by a potential customer of OCE. It is this apparatus which is the subject of the two patent applications. During this time Mr Ritchie was the Engineering Projects Manager for OCE.
4. On 3 May 2004 Robert Glatley, the Chairman of OCE, and Craig Glatley Business Development Manager of OCE signed a Product Royalties Agreement (“the agreement”) with Mr Ritchie in relation to the grAvlift. It is this agreement that is at the heart of this dispute. Shortly afterwards, on 9 June 2004, patent application GB 0412821.1 (“the GB application”) was filed in the name of OCE and naming Mr Ritchie as the sole inventor.
5. OCE however went into liquidation in August 2004 with KPMG appointed as liquidators. The liquidated assets of OCE including the GB application were subsequently sold to TSI on 2 September 2004. The assignment of the GB application was registered with the Patent Office on 24 September 2004. Mr Ritchie was also taken on by TSI although he left shortly afterwards on 8 October 2004.
6. The PCT application was filed on 9 June 2005 in the name of TSI and claiming priority from the GB application. This application also names Mr Ritchie as the sole inventor.
7. Following a change in name, both applications are proceeding in the name of Envireneer Marine Claims Limited.

## **The reference**

8. A reference under section 8(1)(a) in respect of the GB application was made on 25 November 2004 by Mr Ritchie. Envireneer responded in its counterstatement with a counter reference under section 12(1)(b) with respect to the PCT application. This decision addresses both of these references.
9. The claimant’s case is put as follows. Firstly, he claims that he is the rightful owner of the patent application and the letter of employment from OCE makes no reference to intellectual property rights. The implication of the latter argument is that OCE may not have been entitled to proprietorship of the patent application in the first place.
10. Secondly, the claimant argues that given the particular set of circumstances the agreement acts to assign the patent application to him. Specifically he argues that there is a term in the agreement which states that the patent rights will “revert” to Mr Ritchie if OCE cannot “progress the sale of the grAvlift”. In light of the liquidation and sale of OCE’s assets to TSI, the claimant argues that OCE could not progress the sale and as a consequence of this term in the agreement he is entitled to the patent application.

11. The claimant asks for relief in the form of an order to award him entitlement to the patent application and for costs in his favour.

### **Defendant's Response**

12. In accordance with normal practice the Office invited the filing of a counter-statement. Envireneer responded by opposing an order in the claimants favour and asking that costs be awarded in its favour.

13. In its counter-statement Envireneer admits that under its previous guise it employed Mr Ritchie under the conditions set out in OCE's letter of employment and continued to do so until he left the company on 8 October 2004. It also admits that the letter of employment makes no explicit reference to intellectual property rights and that Mr Ritchie is the designer and inventor of the invention.

14. The defendant's main points of argument can be summarised as follows.

15. Firstly, the defendant picks up on the claimant's point relating to the issue of employers' rights to employees' inventions. It argues that in the absence of specific terms in the letter of employment, the claimant's conditions of employment are subject to section 39 of the Patents Act. Consequently, even though Mr Ritchie clearly is the inventor, as his employer OCE would have been entitled to ownership of the patent application. I would note in passing that even if the claimant's letter of employment had included specific terms relating to employers' rights to employees' inventions, or indeed if Mr Ritchie and OCE had entered into any other contract relating to the same, then by virtue of section 42 such terms or contract would not affect his employee's rights to any invention under section 39.

16. Secondly, the defendant argues that the agreement does not assign ownership of the patent rights to the claimant because the terms of the agreement are vague and lacking in specification. In short, they are void due to a lack of certainty as to their meaning. In the alternative, even if the terms are clear then the condition that would cause the patent rights to be transferred to Mr Ritchie was not met.

17. The defendant also denies any obligation to Mr Ritchie under the terms of the agreement and also denies that the agreement forms part of Mr Ritchie's terms and conditions of employment.

18. Thirdly, it introduces a further point. If the agreement was considered to effectively assign the patent rights to the claimant, which it denies, the agreement was not registered nor was the Comptroller notified.

19. Though the defendant accepts that the claimant told Ms Hepburn, a director of TSI, of his agreement with OCE after the assignment took place, the defendant claims no knowledge of it at the time of its assignment on 2 September 2004, despite having had a "due diligence" check done by its solicitor and having had discussions with KPMG and Directors of OCE.

20. Therefore, the defendant argues that under section 33(1) the later assignment of which the Comptroller was notified takes precedence over any earlier transaction of which the Comptroller was not notified, such as the claimant's agreement with OCE.

### **Counter-claim for the PCT application**

21. In the amended counter-statement Envireneer claims the international patent application, PCT/GB2005/002275, is for the same invention and is proceeding in its name for all states other than the United States, where it necessarily proceeds under the name of the inventor. These facts have not been challenged.

22. It requests an order to the effect that it is entitled to the patent rights in PCT/GB2005/002275 and all Regional and National Phase applications resulting from it.

23. Envireneer also requests transfer of any rights held by the claimant in respect of US designation of the international application, PCT/GB2005/002275.

24. To that end Envireneer further requests orders directing Mr Ritchie to execute assignment of the PCT application and of any derived US National Phase, Canadian National Phase, Regional or National Phase applications in other territories which require an assignment from the inventor in order for Envireneer to enjoy full benefits.

25. Similarly Envireneer requests an order directing Mr Ritchie execute an assignment, declaration or power of attorney and other documents as necessary to file and prosecute National Phase applications derived from the international application in the US or Canada.

26. Mr Ritchie has made it clear that he contests the relief sought in the amended counter-statement.

27. Both sides have provided evidence to support their case and as noted above they have both agreed that I should decide the matter on the basis of the papers. I shall now consider the three main points on which the decision must be based.

### **Who was originally entitled to the GB patent?**

28. There is as I have noted no dispute that Mr Ritchie devised the invention and that he did so in February 2004. It is also not disputed that at the time Mr Ritchie was employed by OCE as Engineering Projects Manager. Looking through the evidence including several witness statements there also seems to have been a general appreciation at the time that the patent application was to be in OCE's name with the claimant named as the inventor. Mr Ritchie even signed the front page of a facsimile order to the patent agents handling the GB application which stated as much and which was signed by Robert Glatley on the second page. But neither that nor the fact that he was employed by OCE means that the invention automatically belonged to his employer. Rather it is necessary to consider the provisions of

section 39 of the Patents Act in order to determine whether the invention belongs to the employee or employer. This section reads as follows:

*39(1) Notwithstanding anything in any rule of law, an invention made by an employee shall, as between him and his employer, be taken to belong to his employer for the purposes of this Act and all other purposes if -*

- a) it was made in the course of the normal duties of the employee or in the course of duties falling outside his normal duties, but specifically assigned to him, and the circumstances in either case were such that an invention might reasonably be expected to result from the carrying out of his duties; or*
- b) the invention was made in the course of the duties of the employee and, at the time of making the invention, because of the nature of his duties and the particular responsibilities arising from the nature of his duties he had a special obligation to further the interests of the employer's undertaking*

29. There is no suggestion from either side that 39(1)(b) is applicable in this case so I need only consider 39(1)(a). This provides for the invention to belong to the employer if two conditions are met. The first is that the invention was made “*in the course of the normal duties of the employee or in the course of duties falling outside his normal duties, but specifically assigned to him*”. Both Mr Ritchie and the Mr Robert Glatley in their witness statements deny that the invention was made in the course of Mr Ritchie’s normal duties. That may be the case but the first part of 39(1)(a) also refers to duties falling outside of his normal duties but specifically assigned to him. And in this respect the following statement of Mr Robert Glatley, which isn’t contested by Mr Ritchie seems conclusive:

*“Whilst the design of new products was not within his [Mr Ritchie’s] job description nevertheless he was approached by me to invent and design a lifting device in response to an enquiry from BP Exploration.”*

30. I am therefore satisfied that the first limb in s39(1)(a) is met and that the invention was made in the course of duties falling outside his normal duties but specifically assigned to him. The second condition is after having being specifically assigned the task, is it reasonable to expect that Mr Ritchie would have produced an invention? The above statement of Mr Glatley clearly foresees Mr Ritchie inventing something. Although neither side has addressed specifically Mr Ritchie’s background, it seems clear from the evidence that he has sufficient engineering knowledge such that if he was assigned such a task as he was here, then it would be reasonable to expect him to produce an invention. I note for example the invoice summary sheet prepared by Suzanne Turnbull and dated 16 June 2004 which was attached to Mr Ritchie’s first witness statement, and which describes Mr Ritchie’s roll

on the grAvlift as “design engineer”. Further Mr Robert Glatley in his witness statement notes that as Engineering Projects Manager, Mr Ritchie was responsible for engineering support throughout the company. I am therefore satisfied that it would be reasonable to expect that an invention would result from the task specifically assigned to Mr Ritchie. Consequently the second limb of s39(1)(a) is also met. Therefore the original owner of the invention is by virtue of section 39 Mr Ritchie’s employer, OCE.

31. I should perhaps say at this point that it seems to me that neither the directors of OCE nor Mr Ritchie appeared sufficiently familiar with UK patent law to appreciate who was the rightful original owner of the invention. This does not alter my finding above but it might explain some of the terms in the Product Royalty Agreement that I discuss in the next section where I consider whether ownership of the invention transferred to Mr Ritchie by virtue of that agreement he had with OCE.

## **The Product Royalties Agreement**

32. The agreement is entitled:

“Product Royalties Agreement  
between  
Offshore Crane Engineering Limited  
and  
Mr Alexander F Ritchie – Engineering Project manager  
Subject: grAvlift (Lifting Device)”

33. The agreement’s opening paragraph is headed “Subject of Agreement”. It says the purpose of the agreement is to enable the transaction of royalties to the claimant. The agreement then goes on to set out the terms of the agreement. Of the thirteen specific terms, eight relate to the payment of “royalties” and marketing and developing the product which I do not need to go into. There are four specific terms relating to patent rights which read as follows:

- Although a patent is applied for the royalty payments are not dependent upon patent award
- The company will pay the cost of registration and patent renewal
- The company will have sole decision as to whether to pursue third parties for patent infringement or defend claims by third parties
- In the event that the Company cannot progress the sale of the grAvlift then the patent rights will revert to the Employee

34. As I have mentioned previously the form of wording used in the agreement does perhaps reveal some confusion as to the question of ownership of the patent rights. This is perhaps most obvious in the last of the clauses that I list above which I

shall refer to as the “revert back” clause. The term “revert” suggests that the parties to the agreement believed that the patent rights at some point belonged to Mr Ritchie however as I have already found that is not the case. Equally the use of the term “royalty” when considering patents is most often associated with payments to the owner of a patent by a third party wishing to use the patented invention. In this case however the “royalty” is being paid by the owner to the inventor, with the owner ie. OCE, receiving nothing obvious in return. As such the nature of the agreement appears to be more akin to an employee bonus scheme, albeit one based on a share of the fruits of the employee’s work. This view is to some extent supported by Mr Robert Glatley in his witness statement where he states that “In recognition of the fact that this [the making of the invention] was outside his normal employment terms OCE entered into a Royalties Agreement with Mr Ritchie”.

35. The remaining clause of the agreement, which I shall refer to as the “sell on” clause is also relevant. This reads:

- In the event that the product is sold on by the Company, the Employee’s agreement as stated herein will be carried forward. Any other terms will be negotiated between the buyer and the Employee.

36. The agreement is signed by Robert and Craig Glatley and Mr Ritchie and is dated 13 May 2004 approximately a month before the filing date of the GB application but a month after the date on the invoice from OCE instructing their patent agents to file the application.

37. Mr Ritchie submits that when OCE entered into provisional liquidation it was no longer able to “progress the sale” of the grAvlift. Therefore under the terms of the agreement the patent “reverted” back to him. Envireneer’s position is that this particular clause in the agreement is “void through uncertainty because it lacks the elements which would be necessary for a court to determine how inability to progress sales is to be assessed and at what point this should be deemed to have occurred”. In the alternative Envireneer submits that even if the clause is clear it would still not result in the transfer of the patent rights to Mr Ritchie because the condition triggering the transfer was not met.

38. I will consider Envireneer’s alternative position first since if I find that even with an interpretation favourable to Mr Ritchie that the required condition has not been met then I do not need to consider whether the clause is indeed void due to uncertainty.

39. I should stress at this point that neither side has provided any submissions on the principles I should apply in interpreting the agreement which, given that OCE were based in Scotland, I have assumed is made under the Law of Scotland. I am however aware that the principles on interpreting contracts under Scottish law are generally the same as those applying in England. In particular I must not constrain myself to a consideration of the literal meaning of the words used but should instead construe them in the context of the contract or agreement in which they are found. That context it seems to me is an agreement aimed primarily at providing Mr Ritchie with a share in any proceeds arising from sales of the invention that he devised.

40. The inclusion of the “sell on” clause appears to be an attempt to ensure that Mr Ritchie continues to receive royalty payments in the event that the commercialisation of the product is taken on by a third party. Whether I am right on this, or indeed if I am whether that has happened, is not something that I need to decide. Rather all I need decide is whether the agreement and in particular the “revert back” clause transferred ownership to Mr Ritchie when OCE entered liquidation.

41. Mr Ritchie submits that it did. He argues that OCE whilst it was in liquidation was basically prevented by its liquidators KPMG from doing any business. Therefore for the duration of KPMG’s care of the company, which he indicates was approximately two weeks, it was unable to progress the sale of the product. Envireneer however argues that OCE through the liquidators was still able to progress the sale of the product up until the time of its acquisition of the assets. Neither side has provided any evidence to support its respective position. However it appears to me that even if Mr Ritchie is right in that the liquidators did put a temporary bar on OCE doing business then that would still not mean that patent rights reverted to him. Notwithstanding the unlikelihood that the revert-back clause in the agreement would ever be construed as kicking in as a result of events occurring over such a short period of time, the role of the liquidators during this period was to dispose of the assets of the company. As is generally recognised by both sides, a major asset was the invention and this was sold on together with the other assets to TSI. In other words the company through the liquidators did progress the sale of the product by selling it on to TSI. It seems clear from the agreement as a whole, no matter how you interpret it, that selling on the invention was never intended to trigger the “revert back” clause. If it was then there would have been no point in including the “sell on” clause.

42. I am therefore satisfied that even if I assume that the agreement is clear and I apply an interpretation favourable to Mr Ritchie, the agreement did not result in the transfer the patent rights to Mr Ritchie when OCE entered liquidation. In light of this it is not necessary for me to consider Envireneer’s other position that the agreement is void due to uncertainty. If I had had to do that then I would have needed to invite further submissions from the parties on interpreting such agreements under Scottish law.

### **Effect of Registration**

43. I will, for completeness however, assume that I am wrong in my conclusion above and that the agreement did in fact transfer the patent rights to Mr Ritchie. What is then the effect of Mr Ritchie not registering with the Patent Office any such transfer of rights? To answer that I need to consider section 33(1) of the Act which reads as follows:

*33(1) Any person who claims to have acquired the property in a patent or application for a patent by virtue of any transaction, instrument or event to which this section applies shall be entitled as against any other person who claims to have acquired that property by virtue of an earlier transaction,*



*instrument or event to which this section applies if, at the time of the later transaction, instrument or event -*

- a) the earlier transaction, instrument or event was not registered, or*
- b) in the case of any application which has not been published, notice of the earlier transaction, instrument or event had not been given to the comptroller, and*
- c) in any case, the person claiming under the later transaction, instrument or event, did not know of the earlier transaction, instrument or event.*

44. This section applies to assignments among other things and what it does, as far as assignment is concerned, is to effectively give entitlement to a later assignment of which the Comptroller has been notified, over an earlier assignment of which the Comptroller has not been notified. But it has a further condition. At the time of the later assignment the party claiming title must not know of the earlier assignment. It should be noted that this section applies only to applications under the Patents Act 1977 and hence is not applicable to international applications that have entered the national phase in jurisdictions other than the UK.

45. Here TSI's assignment of the patent rights in the GB application from OCE was notified to the Comptroller on 24 September 2004 although the date of the actual assignment was 2 September 2004. Neither the claimant nor any other person gave any notice to the Patent Office prior to 2 September 2004 of any earlier transaction, instrument or event by which they claim entitlement to the patent. This includes the Product Royalties Agreement.

46. In his final submission Mr Ritchie whilst recognising that the agreement was not notified to the Patent Office, refers to a previous patent application made with the assistance of the same patent agent and which also named Mr Ritchie as the inventor. Mr Ritchie notes that this earlier application was also the subject of a royalties agreement which was not registered with the patent office yet was still subsequently honoured by the company concerned. I take it when he refers to honoured he is referring to the payment of royalties. However the simple fact is that whether royalties were or were not paid in relation to an earlier invention is not relevant to the issue before me here. What matters here is whether any earlier transaction, instrument or event that might give Mr Ritchie a claim to the patent at issue here had been notified to the comptroller at the time of the acquisition of the patent by TSI. And the answer to that question is clearly that it hadn't.

47. Therefore the only way in which section 33(1) would not entitle Envireneer to the patent would be if it could be shown that it knew of any earlier transaction, instrument or event, which here means the product royalties agreement. It was to this particular point that much of the evidence put forward was directed.

48. Mr Ritchie contends that it is inconceivable that TSI as it was then did not know about the agreement prior to its acquisition of the OCE's assets including the patent. He claims that he declared the existence of the agreement to KPMG. He does not explicitly say when he made this declaration, nor does he provide any supporting documentary evidence of this declaration. However it seems clear to me that he is arguing that he informed KPMG prior to TSI acquiring the assets.

49. Mr Ritchie also contends that he was made aware by the directors of OCE that the issue of the agreement had been discussed with both KPMG and Mrs Hepburn prior to the sale of assets. He argues it was because of this knowledge that he did not raise the agreement directly with Mrs Hepburn prior to the acquisition. Mr Ritchie's evidence relating to what the directors discussed with TSI and KPMG is of course hearsay evidence. That does not mean it is inadmissible, merely that I need to be careful as to the weight that I give it.

50. Mr Robert Glatley, in his witness statement, however lends some support to Mr Ritchie. He states that he passed on a copy of the agreement to TSI's directors. He does not however say to which director he passed it on nor does he specify precisely when he passed it on. He does however go on to say that "the Royalties Agreement was obviously disclosed to Ms Hepburn. This was done prior to the appointment of KPMG and also disclosed to Donald Y Scott of KPMG prior to the sale of the assets." He concludes by stating that it "is inconceivable the matter was not discussed between KPMG and Ms Hepburn/TSI, given the interest shown by all sides in the patent."

51. Mr Ritchie in his final witness statement also refers to a conversation that he had with a Mr Graham Birnie who was present at a meeting between OCE directors and those of TSI at the Marriot Hotel which was held prior to the acquisition. Mr Birnie is apparently a friend and business associate of the Glatleys. Mr Ritchie states that Mr Birnie "clearly remembered the fact of the Royalties Agreement being discussed at the meeting at the Marriot Hotel with Ms Hepburn in attendance". Mr Ritchie goes on to say that "should a witness statement to this effect be required then this could be provided". It would I believe have strengthened Mr Ritchie's case if Mr Birnie had indeed provided a witness statement as that would have changed the nature of this evidence from hearsay to direct evidence.

52. The respondent's evidence paints a completely different picture. In her witness statement Ms Hepburn claims that both she and fellow TSI Director Ian Mackay led negotiations with KPMG up to the date of purchase. She personally dealt with Donald Scott and with the help of TSI's solicitor carried out due diligence on asset values and intellectual property including that for the grAvlift. It was discovered that a patent application had been filed but no other information was revealed.

53. Opposing Mr Ritchie's and Mr Robert Glatley's view, Ms Hepburn claims she had many meeting with the Glatleys through August 2004 and neither Robert nor Scott Glatley mentioned any agreement with the claimant nor did she receive any information about the agreement from KPMG. The first she knew of the agreement was when the claimant contacted her on 21 September 2004.

54. Mr Ian Mackay in his witness statement also states that he was never made aware of the agreement by either the Glatleys or the claimant before it was revealed to Ms Hepburn on 21 September 2004. He also attaches to his witness statement a copy of a report of the meeting at the Marriot Hotel that Mr Birnie attended. This report entitled "Overview of Meeting Discussions" was produced by Scott Glatley, a director of OCE who also attended the meeting. The report goes on at length about the possible creation of a new company and what positions those attending the meeting would fill in the new company. There is however no mention in the report of the grAvlift nor of the Royalties Agreement.

55. The respondent has also submitted a witness statement from a Mr Vernon De Jager, an employee of TSI. The content of this statement, to the extent that it relates to the agreement, concerns events that took place after the acquisition by TSI of the assets of OCE and consequently is of no real help to me.

56. There are also two witness statements from Mr Matthew Lincoln, the patent agent who handled the GB application. He states that he was unaware of the existence of the agreement until Mr Ritchie sent him a copy shortly after the acquisition by TSI. By that time he considered his client in respect of the application to be TSI and therefore he informed Mr Ritchie that he was conflicted from advising him on any aspect of the agreement or any dispute he had with TSI. Mr Lincoln states that he then destroyed the copy of the agreement sent to him by Mr Ritchie and that he did not inform Ms Hepburn or TSI about the exchange with Mr Ritchie.

57. The claimant also provided other evidence: a statement from a Ms Turnbull an employee of OCE and then TSI who knew of a royalties agreement but not the details; a copy of a market report which identifies the grAvlift as an important product but makes no mention of intellectual property; and various invoices for the claimant's work. None of these provide any assistance to me in determining whether TSI knew of the agreement at the time it acquired the assets of OCE.

58. So what can I conclude on this point? It seems clear that for whatever reason Mr Ritchie did not inform TSI directly of the agreement prior to the acquisition. He does however claim to have informed the liquidators KPMG of the agreement. Mr Robert Glatley also claims to have provided a copy of the agreement to KPMG prior to the acquisition. The respondent has not provided any evidence to the contrary. In particular it has not been able to obtain any evidence from KPMG despite asking it to provide such. I must therefore conclude that KPMG was aware of the agreement. But what is important is not what KPMG knew but what did TSI know.

59. Mr Ritchie and Mr Glatley both suggest that it is inconceivable that KPMG did not discuss the agreement with TSI given the importance of the grAvlift to TSI. Ms Hepburn and Mr McKay both strenuously deny being informed of the agreement by KPMG. Equally Ms Hepburn and Mr McKay also deny having been made aware of the agreement by the directors of OCE even though Mr Robert Glatley, and to some extent, Mr Birnie, both claim that they were. In situations like this where there is a clear conflict in what the parties are saying, cross examination of the respective witnesses can be invaluable. However I do not have that luxury here.

60. I have nevertheless carefully weighed up the evidence available to me. On the one side is the assertion of Mr Robert Glatley that he told the directors of TSI about the agreement before TSI bought the assets of OCE. Also there is the assertion by Mr Ritchie that Mr Birnie told him that the agreement was discussed in the presence of TSI directors. On the other side are the assertions by Ms Hepburn and Mr Mackay that they were not made aware of the agreement by anyone from OCE or KPMG prior to the acquisition. The only supporting documentary evidence provided by either side on this issue is the report of the meeting at the Marriot Hotel submitted by Envireneer. This to some extent counters the evidence of Mr Ritchie in respect of what Mr Birnie told him as it is clear from this report that neither the grAvlift nor the agreement formed a significant part of the discussions at this meeting. If they had then it is likely that Mr Scott Glatley would have referred to them in his report. This together with the fact that the claimant has been unable to provide any supporting documentary evidence of his own to demonstrate that TSI were informed of the agreement tips the balance against him.

61. As the claimant the onus is on Mr Ritchie to show on the balance of probabilities that TSI did know of the agreement. On the basis of the material before me I do not believe that he has discharged that onus and therefore I find that TSI was not aware of the agreement at the time of the acquisition of the assets.

62. Consequently even if the agreement did assign the patent application to the claimant (which I do not believe it did) the effect of section 33(1) would be that the later transaction would override the agreement and the patent application would continue in TSI's name.

63. Mr Ritchie has also suggested that if TSI did in fact not know about the agreement then this was because they had not been duly diligent. Section 33(1)(c) of the act however only requires that the person "did not know" of the earlier transaction and as such the question of due diligence cannot be an issue.

### **Miscellaneous**

64. There were a number of other issues raised principally by Mr Ritchie which I have not needed to consider when determining the question of ownership of the patent applications. For the avoidance of any doubt I will briefly list these other issues:

- a) Whether under the Scottish Law of contract and/or insolvency, TSI and now Envireneer automatically becomes a party to the agreement on acquisition of the liquidated assets of OCE.
- b) Whether under Scottish law the agreement forms part of the claimant's normal terms and conditions of employment.
- c) Any possible conflicts of interest that might have arisen during the acquisition by TSI of the assets of OCE.

### **Summary of Decision**

65. Firstly, I find that that OCE was the original proprietor of patent application GB0412821.1 due to the effect of section 39. Secondly, the Product Royalties

Agreement does not assign entitlement of the patent application to Mr Ritchie. Thirdly, even if it did, TSI, now called Envireneer, is entitled to the proprietorship under section 33(1) because its later assignment was notified to the comptroller and it was not aware of the earlier agreement between Mr Ritchie and OCE which was not notified to the comptroller. I find also that TSI, now called Envireneer is entitled to the patent rights in PCT/GB2005/002275 by virtue of its acquisition of the rights to the invention from OCE.

## **Order**

66. With regard to the section 8 reference, I make no order in relation to GB0412821.1 as requested by Mr Ritchie. **I find as between Mr Ritchie and TSI (Crane) Limited, that TSI (Crane) Limited now trading under the name of Envireneer Marine Cranes Limited is entitled to proprietorship of patent application GB0412821.1.**

67. The defendant has asked for various orders in relation to the PCT application. Although the claimant contests the relief sought, having made a decision about the entitlement of the patent application I think it follows that I must express my views in relation to the PCT application. **Accordingly, with regard to the counter reference under section 12, I hereby declare that as between Mr Ritchie and TSI (Crane) Limited, that TSI (Crane) Limited now trading under the name of Envireneer Marine Cranes Limited is entitled to the invention of international patent application PCT/GB2005/002275 and to applications falling within the terms of section 12(1) and derived from that PCT application or relating to the same invention.**

68. This declaration may be used in support of any request to the International Bureau or other appropriate authorities as to the proprietorship of such applications or of any patent granted thereon. However, I understand the PCT application is already proceeding in Envireneer's name.

69. It is well known that US patent law relating to entitlement differs from other territories and in view of the decision in *Cannings' United States Application* [1992] RPC 459, **I order Mr Ritchie to execute an assignment of title as required for TSI (Crane) Limited, now trading under name of Envireneer Marine Cranes Limited, to enjoy the benefits of the subsequent US National Phase of international patent application PCT/GB2005/002275, or applications derived from it.**

70. The defendant has asked for further orders to execute power of attorney, declaration or other documents in respect of the US National Phase and orders to execute an assignment or other documents in relation to the Canadian National Phase. The defendant has provided witness statements from Mr Robert Orr a patent attorney who is the agent for the defendant in these proceedings. Attached to one of his witness statements are letters from other patent attorneys in the US, Canada and Norway advising on the procedures concerning the execution of documents by inventors. Having carefully considered these I believe that what I have

already ordered should be sufficient to allow applications to precede in these jurisdictions. If the defendant requires more it will have to come back to me.

### **Costs**

71. The defendant has asked for costs in this matter. Though opposed by the claimant, without any argument, I see no reason not to make an award. Based on the published Patent Office scale, I award the defendant the sum of £700 to be paid by the defendant not later than 7 days after the expiry of the appeal period. If an appeal is lodged, payment will be suspended pending the outcome of the appeal.

### **Appeal**

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

**PHIL THORPE**

Deputy Director acting for the Comptroller