

OPINIONS
OF THE LORDS OF APPEAL
FOR JUDGMENT IN THE CAUSE

Yeda Research and Development Company Limited (Appellants)

v.

Rhone-Poulenc Rorer International Holdings Inc and others
(Respondents)

Appellate Committee

Lord Hoffmann
Lord Phillips of Worth Matravers
Lord Walker of Gestingthorpe
Lord Mance
Lord Neuberger of Abbotsbury

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Respondents:
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Peter Prescott QC
Daniel Alexander QC
Andrew Lykiardopoulos
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Intervener

Comptroller General of Patents, Designs and Trade Marks
Michael Edenborough
(Instructed by Treasury Solicitor)

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ON

WEDNESDAY 24 OCTOBER 2007

HOUSE OF LORDS

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[2007] UKHL 43

LORD HOFFMANN

My Lords,

1. Twenty years ago some scientists in the Department of Chemical Immunology at the Weizmann Institute of Science in Israel were experimenting with forms of chemical treatment for cancer. They were trying to combine two different forms of treatment to obtain a synthesis which was more effective than either on its own. One was the use of monoclonal antibodies to bind to epidermal growth factor (EGF) receptors, which are often abundant on the surface of cancer cells. These antibodies are *cytostatic*, that is, they inhibit the growth of the cancer cells but do not kill them. The other treatment was the use of anti-neoplastic drugs which are *cytotoxic*, that is, they kill cancer cells. But their disadvantage is that they kill healthy cells as well. Their toxicity to healthy cells limits the doses in which they can be administered.

2. The Weizmann scientists say that their first idea was to try an antibody which was *conjugated*, that is, chemically coupled, to an anti-neoplastic drug. But they used as controls not only the antibody and the drug separately but also an unconjugated mixture of the two. And they found that the unconjugated combination gave much better results than the others.

3. The Weizmann scientists wrote up their results in the spring of 1988 in the form of an article for publication in a scientific journal. Before publication, they sent a draft to a Professor Schlessinger, who had previously worked at the Weizmann but was on sabbatical leave working for the Meloy Laboratories in Springfield, Virginia. (Meloy

was afterwards taken over and became part of the group of which Rhone-Poulenc Rorer International Holdings Inc (“Rorer”) is the holding company). Dr Schlessinger had supplied the Weizmann with two of the monoclonal antibodies used in their experiments, which he and his team had developed at Meloy but there is a dispute over whether anything in particular about these antibodies played a part in the synergistic effect which the Weizmann scientists say they discovered.

4. On 15 September 1988, after Dr Schlessinger had received the draft article but before it was published, Rorer applied for a US patent for the combination of antibody and drug. Dr Schlessinger and members of his team were named as the inventors. On 15 September 1989 they applied for a European patent, with the United Kingdom as one of the designated Contracting States. This was granted on 27 March 2002, taking priority from the date on which the application for the US patent was filed. The specification says that the applicant has “surprisingly discovered” that combined treatment with a monoclonal antibody and an anti-neoplastic drug provides a more efficient treatment than either agent on its own. Claim 1 is for a therapeutic composition comprising:

- (a) a monoclonal antibody which inhibits the growth of human tumour cells by said antibody binding to the extra-cellular domain of the human EGF receptors of said tumor cells in an antigen-antibody complex, said tumor cells being characterized by their expression of human EGF receptors and mitogenic stimulation by human EGF; and
- (b) an anti-plastic agent

subject to the exclusion of two named antibodies.

5. Yeda Research and Development Co Ltd (“Yeda”) is an Israeli company which exploits inventions and technology developed at the Weizmann. They claim that Rorer did not make the discovery which forms the basis of the patent. They say it was made at the Weizmann, and Yeda, as assignee of the rights of the inventors, is entitled to have the patent transferred into its name.

6. The Patents Act 1977 contains procedural machinery for determining disputes over who is entitled to a patent. Section 8 deals with the case in which the dispute arises before or during the application

stage, before the patent has been granted. By section 8(1)(a), any person may refer to the comptroller the question of whether he is entitled to be granted (alone or with any other persons) a patent for that invention. The comptroller must determine the question and “may make such order as he thinks fit to give effect to the determination”. Section 8(2) provides for a variety of orders which the comptroller can make once an application has been made, such as ordering that the application shall proceed in the name of the person claiming to be entitled instead of the person who made the application.

7. Section 37 deals with the case in which the dispute arises when the patent has already been granted and is the provision relevant to these proceedings:

- (1) After a patent has been granted for an invention any person having or claiming a proprietary interest in or under the patent may refer to the Comptroller the question –
 - (a) who is or are the true proprietor or proprietors of the patent,
 - (b) whether the patent should have been granted to the person or persons to whom it was granted, or
 - (c) whether any right in or under the patent should be transferred or granted to any other person or persons; and the Comptroller shall determine the question and make such order as he thinks fit to give effect to the determination.
- (2) Without prejudice to the generality of subsection (1) above, an order under that subsection may contain provision –
 - (a) directing that the person by whom the reference is made under that subsection shall be included (whether or not to the exclusion of any other person) among the persons registered as proprietors of the patent;
 - (b) directing the registration of a transaction, instrument or event by virtue of which that person has acquired any right in or under the patent;
 - (c) granting any licence or other right in or under the patent;
 - (d) directing the proprietor of the patent or any person having any right in or under the patent to do

anything specified in the order as necessary to carry out the other provisions of the order.

...

- (4) Where the Comptroller finds on a reference under this section that the patent was granted to a person not entitled to be granted that patent (whether alone or with other persons) and on application made under section 72 below makes an order on that ground for the conditional or unconditional revocation of the patent, the Comptroller may order that the person by whom the application was made or his successor in title may, subject to section 76 below, make a new application for a patent –
 - (a) in the case of unconditional revocation, for the whole of the matter comprised in the specification of that patent; and
 - (b) in the case of conditional revocation, for the matter which in the opinion of the Comptroller should be excluded from that specification by amendment under section 75 below; and where such new application is made, it shall be treated as having been filed on the date of filing the application for the patent to which the reference relates.
- (5) On any such reference no order shall be made under this section transferring the patent to which the reference relates on the ground that the patent was granted to a person not so entitled, and no order shall be made under subsection (4) above on that ground, if the reference was made after the end of the period of two years beginning with the date of the grant, unless it is shown that any person registered as a proprietor of the patent knew at the time of the grant or, as the case may be, of the transfer of the patent to him that he was not entitled to the patent.

...

- (8) If it appears to the Comptroller on a reference under this section that the question referred to him would more properly be determined by the Court, he may decline to deal with it and, without prejudice to the Court's jurisdiction to determine any such question and make a declaration, or any declaratory jurisdiction of the Court in Scotland, the Court shall have jurisdiction to do so.
- (9) The Court shall not in the exercise of any such declaratory jurisdiction determine a question

whether a patent was granted to a person not entitled to be granted the patent if the proceedings in which the jurisdiction is invoked were commenced after the end of the period of two years beginning with the date of the grant of the patent, unless it is shown that any person registered as a proprietor of the patent knew at the time of the grant or, as the case may be, of the transfer of the patent to him that he was not entitled to the patent.

8. It will be noticed that although subsection (1) lists three questions which may be referred to the Comptroller, the only substantive question is (a): who is or are the “true proprietor or proprietors”? Question (b) is a corollary of (a): if the patent has been granted to A but B is the true proprietor, then it should have been granted to B instead of A. And question (c) is concerned with the remedies which the Comptroller may grant pursuant to a finding that the person to whom the patent was granted was not the true proprietor, or not the only true proprietor.

9. Rule 54(1) of the Patents Rules 1955 provides that a reference under section 37(1) must be “made on Patents Form 2/77” and “accompanied by” a statement “setting out fully the nature of the question, the facts upon which the person making the reference relies and the order which he is seeking.” Form 2/77 is an omnibus form which can be used for initiating a variety of proceedings before the Comptroller. The applicant is required to state the nature of his application (in part 5 of the form) only by reference to the “relevant sections of the Patent Act 1977”. The accompanying statement, however, will contain an outline of the evidence which he proposes to adduce. The purpose of the statement, like that of any other written pleading delivered in advance, is to avoid surprise at the hearing.

10. On 26 March 2004 Yeda made a reference by submitting Form 2/77 and filled in “sections 37(1)(a) and 37(1)(c)” as the relevant sections of the Act. The accompanying statement set out their case. It said that the questions referred were “whether it should be joint proprietor” of the patent (section 37(1)(a)) and whether three of the Weizmann scientists “should be named as co-inventors” (section 37(1)(c).) The orders sought were that the patent be transferred into the co-ownership of Yeda and Rorer and amended to name the Weizmann scientists as co-inventors.

11. The statement then stated the facts upon which Yeda proposed to rely. It alleged that the invention was “largely made” by the Weizmann scientists. It said that Dr Schlessinger provided the Weizmann scientists with two named monoclonal antibodies but said that “the relevant practical work using these antibodies...was devised and carried out” by the Weizmann scientists. They had started with an antibody-drug conjugate but during the course of research they “unexpectedly discovered that the unconjugated mixture of drug and antibody in the control produced synergistic and beneficial results.” That was “the first conception of the invention”. The statement then dealt with the draft article sent to Professor Schlessinger and concluded:

“The inventive concept is the combination of this type of antibody and a neoplastic agent in such a way as to produce a synergistic effect which is effective in the treatment of cancer. This was the precise discovery that resulted from the research conducted...at Weizmann.”

12. After the filing of this statement, two things happened which have given rise to this appeal. The first was that the Court of Appeal decided in *Markem Corp v Zipher Ltd* [2005] RPC 31 that a person (A) who claims to be entitled to a patent which has been granted to someone else (B) could not succeed merely by proving that he had been the inventor and B had not. Jacob LJ said (in paragraph 79) that:

“[A] must be able to show that in some way B was not entitled to apply for the patent, either at all or alone. It follows that A must invoke some other rule of law to establish his entitlement – that which gives him title, wholly or in part, to B’s application.”

13. The examples which Jacob LJ gave of reliance on other rules of law were allegations of breach of contract or a duty of confidence. But Yeda had, at any rate expressly, made no such allegations in its statement accompanying the reference. They had simply said that the invention was made at the Weizmann.

14. The other thing that happened was that Yeda decided on reflection that it had been over-generous in accepting that Dr Schlessinger and his team had been co-inventors. In providing the monoclonal antibody they had contributed to an integer in the claim but

Yeda now thought that this did not amount to a contribution to the inventive concept. That was devised entirely at the Weizmann. It seems that this insight was derived from Yeda's experience in parallel litigation in other jurisdictions. Yeda did not change its opinion as to what had been the respective contributions of the Weizmann scientists and Dr Schlessinger to the research. But they now thought that they led to a different conclusion on the question of entitlement.

15. The result of these two developments was an application by Yeda to amend its statement in two respects. The first, in compliance with the *Markem* ruling, was to add references to other rules of law upon which it relied for its title. They were allegations that the draft article had been sent to Dr Schlessinger in confidence and that he was at the time, though on sabbatical, still an employee of the Weizmann. Yeda's counsel showed little enthusiasm for this latter allegation and I shall say nothing more about it. The other set of amendments was to allege that the Weizmann scientists were the sole inventors and that the patent should be transferred into the name of Yeda alone. By the time the application for amendment was made, the two-year limitation period in section 37(5) had expired.

16. The comptroller allowed both sets of amendments but they were disallowed on appeal by Lewison J and his judgment was affirmed by the Court of Appeal. The appeal to your Lordships' House therefore raises two points of some general importance. The first is a question of substantive law. What does a person claiming entitlement to a patent in someone else's name have to prove? Is it enough that he was the inventor and the registered proprietor was not, or must he allege that the registered proprietor had procured registration by a breach of some other rule of law? If the former answer is correct, the first set of amendments was unnecessary. The second is a question of procedure, concerning the power of the comptroller to allow amendments to the statement of case. When the referrer has claimed joint entitlement, can he be allowed to amend to claim sole entitlement after the two-year period in section 37(5) has expired? Or does that require a new reference which would be statute-barred?

17. My Lords, I shall first address the question of substantive law. Section 30(1) of the Act says that a patent or an application for a patent is personal property. The statute brings the property into existence, prescribes its incidents and determines who shall be entitled to enjoy it. The rules for the grant of a patent are contained in section 7:

- “7.(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.”

18. Section 7(2), and the definition in section 7(3), are in my opinion an exhaustive code for determining who is entitled to the grant of a patent. That is made clear by the words “and to no other person.” In saying that the patent may be granted “primarily” to the inventor, section 7(2) emphasises that a patent may be granted only to the inventor or someone claiming through him. The claim through an inventor may be made under one of the rules mentioned in paragraph (b), by which someone may be entitled to patent an invention which has been made by someone else (the right of an employer under section 39 is the most obvious example) or the claim may be made under paragraph (c) as successor in title to an inventor or to someone entitled under paragraph (b).

19. In my opinion, therefore, the first step in any dispute over entitlement must be to decide who was the inventor or inventors of the

claimed invention. Only when that question has been decided can one consider whether someone else may be entitled under paragraphs (b) or (c). In many cases, including the present, there will be no issue about paragraphs (b) or (c). If the invention was made by the Weizmann scientists, there is no dispute that Yeda is entitled under paragraphs (b) or (c). Likewise if the invention was made by Dr Schlessinger and his team.

20. The inventor is defined in section 7(3) as “the actual deviser of the invention”. The word “actual” denotes a contrast with a deemed or pretended deviser of the invention; it means, as Laddie J said in *University of Southampton's Applications* [2005] RPC 220, 234, the natural person who “came up with the inventive concept.” It is not enough that someone contributed to the claims, because they may include non-patentable integers derived from prior art: see *Henry Brothers (Magherafelt) Ltd v Ministry of Defence* [1997] RPC 693, 706; [1999] RPC 442. As Laddie J said in the *University of Southampton* case, the “contribution must be to the formulation of the inventive concept”. Deciding upon inventorship will therefore involve assessing the evidence adduced by the parties as to the nature of the inventive concept and who contributed to it. In some cases this may be quite complex because the inventive concept is a relationship of discontinuity between the claimed invention and the prior art. Inventors themselves will often not know exactly where it lies.

21. The effect of section 7(4) is that a person who seeks to be added as a joint inventor bears the burden of proving that he contributed to the inventive concept underlying the claimed invention and a person who seeks to be substituted as sole inventor bears the additional burden of proving that the inventor named in the patent did not contribute to the inventive concept. But that, in my opinion, is all. The statute is the code for determining entitlement and there is nothing in the statute which says that entitlement depends upon anything other than being the inventor. There is no justification, in a dispute over who was the inventor, to import questions of whether one claimant has some personal cause of action against the other.

22. Mr Prescott said that such an approach leaves no room for a defence on the ground that an order for transfer of the patent would be inequitable on the ground that, for example, the claimant stood by and allowed the registered proprietor to invest money in, as Jacob LJ said in the Court of Appeal, “the risky and expensive development work to bring [the product] to market.” But I do not think that is right. There is

no reason why the equitable rules of proprietary estoppel should not apply to a patent in the same way as to any other property. The powers of the comptroller are expressed in terms wide enough to enable him to give effect to such a defence and if he thinks it would be more appropriate for them to be considered by the court, he may transfer the proceedings under section 37(8). But these are questions of whether the registered proprietor has a complete or partial equitable defence to the inventor's claim. They do not go to what the person claiming to have been the inventor has to prove.

23. In my opinion, therefore, the broad principle laid down in *Markem Corp v Zipher Ltd* [2005] RPC 31 and applied by the Court of Appeal in this case was wrong. It is unnecessary for Yeda to allege that Dr Schlessinger was in breach of some other rule of law. I should add that I have no doubt that the *Markem* case was nevertheless correctly decided. The facts were that Mr McNestry, an employee of Markem Corporation, a company which made thermal transfer printing machines, left and went to work for Zipher, another company in the same trade. He took with him a good deal of know-how about thermal transfer printing but, the Court of Appeal found, no trade secrets or any information which he was not free to use. While working for Zipher he came up with an inventive concept for improved machines for which they took out a number of patents. Some of the claims were, however, arguably broad enough to cover machines which had been used by Markem. They claimed to be entitled to the patent on the ground that it used information which Mr McNestry had obtained while working for them. But the Court of Appeal found that although that information may have contributed to the claims, the inventive concept had been devised entirely by Mr McNestry while working for Zipher.

24. On this last finding, there appears to me to have been no room for dispute over who was the inventor. It was Mr McNestry. Prima facie, therefore, he was entitled to the patent under section 7(1)(a). The only way that Markem could claim was by virtue of some rule of law or agreement which gave them the right to Mr McNestry's invention under 7(1)(b). But there was no such rule of law or agreement. Mr McNestry was not an employee of Markem at the time he made the invention. On the contrary, he was an employer of Zipher and they were entitled under section 39. There is no rule by which a former employer can claim entitlement to an invention made after the employee has left his employment simply because he has used the knowledge of prior art which he gained with them and has included some of that prior art in his claims. If the claims were too broad and covered what the first employers were doing, that could, as the Court of Appeal said, provide a

ground for attacking the validity of the patent or a defence under section 64 against a claim for infringement.

25. If, therefore, the Court of Appeal had said that Markem needed to bring themselves within one of the rules of law mentioned in section 7(1)(b) and that they had failed to do so, the decision would have been entirely orthodox. Nothing more was needed. But the Court went much further and propounded a general doctrine that *any* claim to entitlement, even by someone claiming simply to have been the inventor, required reliance upon some “other rule of law”. For this there is no warrant in the statute.

26. I think that the reasoning of the Court of Appeal involved a confusion of rules which go to the question of who is *entitled* to a patent and rules which go to the *validity* of a patent. The former are exhaustively stated in section 7(1). The latter are the well known and include the requirement of novelty, that the invention does not form part of the state of the art: section 2(1). By section 2(3), the state of the art includes matter contained in a patent application with an earlier priority date.

27. This rule of novelty is the *only* source, in English law, of the principle that if two people independently make the same invention, the “first to file” is the one entitled to a patent. In article 60(2) of the European Patent Convention the rule is stated expressly in those terms. But the important point is that the way this principle operates is not by supposing some meta-patent for which the two inventors are in competition and which is awarded to the first to file. The inventor first to file is the one entitled to *a* patent, not to *the* patent. The second to file is not entitled to a patent because the invention he claims lacks novelty by virtue of section 2(3): see *Synthon BV v Smithkline Beecham plc* [2005] UKHL 59.

28. The “first to file” rule is therefore a rule about validity, not about entitlement, and it can only cause confusion to muddle them up. That, I fear, is what the Court of Appeal did in *Markem*. If A claims that his inventive concept has been patented by B, the following may have happened:

- (a) B arrived independently at the same invention. In that case, B is entitled to the patent and A cannot apply to patent the same idea;

- (b) A communicated the information about the inventive concept to B without imposing any duty of confidence. In that case, the information will have been communicated to the public and B's patent will be invalid for lack of novelty.
- (c) A communicated the information to B in confidence. In that case, the patent will be valid and A can claim entitlement. He is entitled, not because B made his application in breach of a duty of confidence but because he was the inventor. The duty of confidence goes to the question of validity under section 2 and not to the question of entitlement under section 7.

29. In the present case it is accepted that if Rorer had not applied for the patent before publication of the Weizmann article, that would have made the invention unpatentable by either party. The same objection on the ground of lack of novelty would have applied if the draft had been sent to Dr Schlessinger without imposing any express or implied duty of confidence. And it is in general true that unless the information was communicated in confidence, there will not be a valid patent over which to argue. But that does not make the rules about validity part of the law of entitlement. In particular, in proceedings in which neither side is challenging the validity of the patent, there is no justification for requiring an applicant in a claim to entitlement to plead and prove allegations which are relevant only to the question of validity.

30. In this case, Yeda are not making a claim under section 7(1)(b) to be entitled under some rule of law to Dr Schlessinger's invention. They are saying that he was not the inventor under section 7(1)(a) and therefore neither Rorer nor anyone else can make a 7(1)(b) claim through him. Yeda say that the Weizmann scientists were the inventors under section 7(1)(a) and that they are entitled to claim through the Weizmann scientists under section 7(1)(c) as assignees. All this was clearly pleaded in their original statement.

31. My Lords, it follows that the first set of amendments was unnecessary and I need say no more about the comptroller's powers to grant them. I come next to the second set of amendments, enlarging the claim from part to full proprietorship. Lewison J said they should have been refused on the ground that they amounted to the assertion of a new cause of action after the expiry of the limitation period.

32. In holding that a claim to sole entitlement was a new and different claim, Lewison J and the Court of Appeal were particularly

influenced by three matters. First, section 37(5) is intended to reflect article 23.3 of the Community Patent Convention:

Claiming the right to the Community Patent

1. If a Community patent has been granted to a person who is not entitled to it under article 60 (1) of the European Patent Convention, the person entitled to it under that provision may, without prejudice to any other remedy which may be open to him, claim to have the patent transferred to him.
2. Where a person is entitled to only part of the Community patent, that person may, in accordance with paragraph 1, claim to be made a joint proprietor.
3. Legal proceedings in respect of the rights specified in paragraphs 1 and 2 may be instituted only within a period of not more than two years after the date on which the European Patent Bulletin mentions the grant of the European patent. This provision shall not apply if the proprietor of the patent knew, at the time when the patent was granted or transferred to him, that he was not entitled to the patent.
4. The fact that legal proceedings have been instituted shall be entered in the Register of Community Patents. Entry shall also be made of the final decision in, or of any other termination of, the proceedings.

33. The judge was impressed by the fact that article 23 deals with claims to sole entitlement in paragraph 1 and claims to part entitlement in paragraph 2. This, he said, indicated that they were regarded as different rights. But I do not think that such an inference is correct. Paragraph 2 appears to me to say expressly what would in any case have been implied in paragraph 1, namely that a “person entitled” includes a person entitled as to part. (Similarly, article 60 of the European Patent Convention says that “the right to a European patent shall belong to the inventor” and leaves it to be assumed that the singular includes the plural.) And paragraph 2 says that a person entitled to part of a patent may claim “in accordance with paragraph 1”, which suggests that the paragraph was simply to elucidate the construction of paragraph 1.

34. Perhaps of greater relevance than the Community Patent Convention, which has never come into force, is the Protocol on Recognition which forms part of the European Patent Convention: see

article 164(1). Article 1 of the Protocol gives national courts jurisdiction “to decide claims, against the applicant, to the right to the grant of a European patent”. This simple formation is what confers the jurisdiction exercised by the Comptroller under sections 8 and 12 and appears to be reflected in the question specified in section 37(1)(a).

35. Secondly, reliance was placed upon the fact that the addition of another joint proprietor and the complete replacement of a sole proprietor have different consequences for third parties. In the former case, any licences previously granted remain valid but in the latter case they lapse: see section 38. Nevertheless, in the latter case the licensee may be entitled to a new licence on reasonable terms (section 38(3)), so that the difference in consequences is not so clear as to justify a conclusion that part entitlement and sole entitlement should be regarded as different rights for the altogether different purpose allowing an amendment to the statement of case.

36. Thirdly, both the judge and the Court of Appeal relied upon the fact that the purpose of section 37(5), like any other limitation period, is to provide certainty and prevent stale claims from being asserted. For the benefit of third parties, notice of the reference must be entered in the register. But the notice is merely of the existence of proceedings to determine entitlement to the patent. It gives no indication of the extent of the claims being made by the referrer. And to say that a person reading the notice and sending for the statement (a public document) would be entitled to assume that it would remain unamended is to argue in a circle, because that would depend on the extent of the comptroller’s powers to allow amendments.

37. I therefore have some difficulty with the notion that a claim to sole entitlement is a “new claim”, different in kind from part ownership. As the Court of Appeal acknowledged, there could be no objection to a person who had made a claim to sole entitlement then amending to claim joint entitlement, which suggests that the claims are different in extent rather than in kind. But, be all that as it may, there is in my opinion a more fundamental objection to the argument that Yeda are making a new claim.

38. The concept of adding a new cause of action, or new claim, is derived by analogy from proceedings under the Civil Procedure Rules, in which proceedings are commenced by service of a claim form which must “contain a concise statement of the nature of the claim” and

“specify the remedy which the claimant seeks”: see CPR 16.2. Part 17 then contains rules about when a claim form may be amended to add a new claim after the expiry of the limitation period, which derive their validity from section 35 of the Limitation Act 1980.

39. The procedure for claiming entitlement to a patent might have been assimilated with that for making any other claim under the CPR. That seems to be what happens in Germany, where an application in parallel proceedings by Yeda to enlarge its claim from a 75% share to full ownership of the patent was disallowed on the grounds that a litigant cannot make a larger claim in reliance on the same limitation period unless his original process made it clear that the intention was to file a partial action (*Teilklage*) and that the claimant still intends to assert his full claim (*auf seinem Gesamtanspruch beharrt*). This appears, from the court’s reference to a similar question concerning insurance claims, to be a general rule of German civil procedure rather than a speciality of patent entitlement claims.

40. United Kingdom law has, however, not taken this course. The commencement of proceedings under section 37(1) is not by making an ordinary civil claim but by the reference of the primary statutory question in section 37(1)(a) to the comptroller. Rule 54(1) of the Patents Rules 1955 provides that such a reference must be made on Form 2/77, which requires no more than the identification of the statutory provision under which the reference is made. Once the reference has been made, the comptroller is in my opinion seised of the statutory question and, unless the reference is withdrawn, he must determine it.

41. It is true that the reference must be accompanied by a statement setting out fully the nature of the question and the facts upon which the person making the reference relies. But that does not mean that the statement is analogous to a claim form asserting a cause of action. The referrer is not asserting a cause of action in the sense contemplated by the Limitation Act 1980 and the Civil Procedure Rules. He is making a reference; a procedure which is governed by its own limitation period and its own rules. Thus the question of whether a claim to full entitlement is a new or different claim is in my opinion irrelevant. The true question is whether amendment of the statement of facts would make the reference a new reference. In my view it plainly would not.

42. The limitation period is contained in section 37(5), which provides that an order transferring the patent shall not be made “if the reference was made” after the end of the two year period from the date of grant. The rule which allows the statement to be amended is rule 100 of the Patent Rules 1955, which provides that “any document filed in any proceedings before the comptroller may, if he thinks fit, be amended”. In the present case, the reference was made within the two year period, identifying the statutory questions referred to the comptroller. The comptroller is still being asked to decide those questions. I have difficulty in seeing how any amendments to the accompanying statement can make it a different reference. The hearing officer, in allowing the amendment, said:

“Conceivably there could be situations where an amendment to the statement after the expiry of the section 37(5) time limit might so change the nature of the case that to allow the amendment would be unjust.”

43. But he did not think that this was such a case. I would agree with the hearing officer that rule 100 gave him a very broad discretion which he has to exercise in accordance with what appears to be fair and just in the particular circumstances of the case. The effect of the reference was that the question of entitlement was squarely before the comptroller and he would have had jurisdiction, even if the statement had not been amended, to make orders which in his opinion reflected what he considered to be the relative contributions of the parties to the invention. Once one abandons the idea that a claim to full entitlement is a new reference with its own limitation period, I think it is clear that the hearing officer was entitled to take the view that it would cause no prejudice to Rorer if Yeda was allowed to assert what it claimed, on reflection, to be its full entitlement.

44. I would therefore allow the appeal and restore the decision of the hearing officer to allow the amendments.

LORD PHILLIPS OF WORTH MATRAVERS

My Lords,

45. For the reasons given by my noble and learned friend, Lord Hoffmann, I would allow this appeal.

46. I would also endorse the additional observations of my noble and learned friends Lord Walker of Gestingthorpe and Lord Neuberger of Abbotsbury.

LORD WALKER OF GESTINGTHORPE

My Lords,

47. I have had the privilege of reading in draft the opinion of my noble and learned friend Lord Hoffmann. I am in full agreement with it, and for the reasons given by Lord Hoffmann I would allow this appeal and make the order which he proposes. But because of the general interest of the point raised on *Markem Corp v Zipher Ltd* (“*Markem*”) [2005] RPC 31 I add some observations of my own.

48. Your Lordships are asked by the appellants to say, not that *Markem* was wrongly decided, but that the Court of Appeal (in a judgment of the Court delivered by Jacob LJ) reached the right conclusion, but by a faulty process of reasoning. The first step is to identify what statement of principle is in controversy.

49. Jacob LJ has himself identified the principle in two reported decisions in which he gave the leading judgment (or delivered the judgment of the Court) in the Court of Appeal. In *University of Southampton’s applications* (“*Southampton*”) [2006] RPC 21, para 8, he said:

“*Markem* is to the effect that he who claims entitlement of another’s patent application or part of it, has to show that

in law he is so entitled, typically by virtue of contract or breach of confidence.”

50. When the present case was before the Court of Appeal, [2006] EWCA Civ 1094 he said (para 6):

“*Markem v Zipher* ... decided that in the UK at least (but I would be surprised if it were different elsewhere) the basis of an entitlement claim must be a breach of the claimant’s right to the invention and that that right must stem from the operation of a rule of law (eg breach of contract or confidence).”

51. The most relevant passage in the original *Markem* judgment is in para 78, after a reference to the “first to file” system:

“It follows that it is not enough for A [the claimant in entitlement proceedings] to assert that the invention or concept (we use the expression loosely at this stage) was known to its employees and that that itself gave A an entitlement to make an application under section 7. What has to be shown is that A is *entitled to B’s application* or part of it. In the usual run of case, such an entitlement will arise by reason of the operation of some independent rule of law, such as contract, breach of confidence or the like ... In the end the question is always ‘who was to own the invention and the corresponding patent?’ The question is about ‘title’ and that involves a question of legal rights.”

52. These are, I think, the texts (expressed in similar but not identical terms, and qualified in the original judgment by “in the usual run of case”) from which the disputed principle must be extracted. They may be compared with the statutory text in section 7 of the Patents Act 1977 (“the Act”), derived from article 60 of the European Patent Convention:

- “(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.”

Section 7(2)(b) is no doubt the origin of Jacob LJ’s references to “a rule of law.” The rule of law most likely to be relevant in the generality of the cases is the rule (contained in section 39 of the Act) under which some (but not all) inventions made by employees belong to the employer. But in all three quotations Jacob LJ gave breach of contract or breach of confidence as examples of what he had in mind.

53. The passage which I have quoted from his judgment in *Markem* comes in the middle of a longer passage (paras 73-79) headed “Can section 7 itself found an entitlement claim?” Jacob LJ’s short answer to that question is “No”, for the simple reason that (para 77) “like nearly all countries (save for the USA) we operate on a first to file system.” But that conclusion runs together two separate steps of legal reasoning. Before a patent has been granted for an invention there may be two (or even more) inventors, each of whom can claim to be the invention’s “actual deviser” (the wording used in section 7(3) of the Act) because each has independently arrived at the same inventive concept. Until one of them has filed an application (and so long as none of them has altruistically or inadvertently published his invention so as to make it part of the state of the art) each has a sort of inchoate property in the invention. It has to be given shape and definition by the drafting of its specification (section 125(1) of the Act) and established in its full legal existence by the grant of a patent in terms of the final specification. Until then its life is precarious, like a caterpillar which may or may not reach maturity as a butterfly.

54. But when any of a number of independent inventors applies for a patent, his application becomes part of the state of the art (under section

2(3) of the Act) with the result that any subsequent application will fail for lack of novelty. The reason for its failure is not that the first applicant has somehow become entitled to any other potential application. So section 7 of the Act does, contrary to what was said in *Markem*, lay down requirements for entitlement in terms that are both necessary and sufficient.

55. In practice, disputes about entirely independent inventions made by two individuals (or teams) are unusual (though by no means unknown, especially in the highly competitive field of biotechnology). The disputes in *Markem*, *Southampton* and the present case all arose in circumstances in which there had been some sort of collaboration, and the correct legal analysis called for careful finding and evaluation of the facts.

56. In *Markem* six individuals (including the managing director) had over a period of about eighteen months moved from the principal United Kingdom subsidiary of Markem Corp to work for a new company, Zipher. Both companies made thermal printing machines. In particular Mr McNestry, an engineer, left Markem in April 2000 to join Zipher and within two months (the precise period is unclear, and unimportant) was the principal contributor to an invention which improved the performance and reliability of thermal printing machines. In entitlement proceedings the first-instance judge disbelieved much of the evidence called on behalf of Zipher (even though it had not been challenged, and no contrary case had been put to the witnesses) and held that some of the relevant patents were owned by Markem and Zipher jointly. The Court of Appeal reversed many of the judge's findings of fact, emphasising that no breach of confidence was alleged against any of the individuals who had moved from Markem to Zipher. They were using their own talents, not Markem's trade secrets. Certain materials which had come into existence while they were at Markem (the "Adkin memorandum" and documents relating to two meetings) were little more than "wish lists", not evidence that Mr McNestry's invention had been made while he was at Markem and "re-invented" later.

57. In these circumstances I am inclined to think that the passage in Jacob LJ's judgment headed "Can section 7 itself found an entitlement claim?" was hardly relevant to the case before the Court, as well as being over-compressed in its reasoning. Cases of concurrent but entirely independent invention are comparatively rare, and on no possible view was *Markem* such a case: Mr McNestry and the others had worked successively for both rival companies.

58. In *Southampton* there was an informal collaboration between a consultant in the field of magnetic powder and a university professor of entomology, in developing a new method of killing insects such as cockroaches. A patent application was made by the professor and another individual nominated by the University. In entitlement proceedings started by the consultant's employers the hearing officer decided that the invention had two inventive concepts (relabelled by Laddie J as the "banana skin" effect and the "sticky poison" effect), that those inventive concepts had been devised by the consultant alone, and that the application should be transferred to the claimants. Laddie J allowed the University's appeal and ordered the professor and his colleague to be reinstated as co-inventors on the grounds that the hearing officer had underestimated the width of the inventive concepts, and that it had not been proved (so as to displace the presumption in section 7(4) of the Act) that the entomologists had not contributed to the inventive concepts.

59. The Court of Appeal reversed this decision and restored that of the hearing officer because (para 35) "what . . . Laddie J overlooked is that their 'contribution' amounted to no more than adding the common general knowledge in the art." Again, the case turned on the different views taken by successive tribunals as to what the inventive concepts were, and who devised them. A novel argument was advanced in the Court of Appeal (paras 40-44) based on the notion of tracing confidential information into some other intellectual end-product but it was summarily and in my view rightly dismissed. The different evaluations of the facts made by Laddie J on the first appeal and Jacob LJ and the other members of the Court of Appeal on the second appeal did not, so far as I can see, have anything to do with any new principle said to have been established by *Markem*. Throughout the case the real issue was identifying the inventive concepts behind the invention.

60. In the present case it is possible—I express no view at all about it, since it would be wholly premature to do so—that the fact-finding tribunal may in due course find that Professor Schlessinger, in providing the antibody for the purposes of the tests, did no more than provide the equivalent of "common general knowledge in the art" and (despite the statutory presumption) did not contribute to the inventive concept of the claimed invention. If that were to happen he would not be the inventor, or a co-inventor, within section 7(2)(a), and any alleged breach of confidence would be strictly irrelevant to the entitlement claim.

61. In what circumstances, then, does section 7(2)(b) of the Act entitle a claimant “in preference to the foregoing [sc the inventor or joint inventors]?” I have already noted one important instance: where there is an employment relationship falling within section 39 of the Act. An enforceable contractual term as to the ownership of future inventions is another example, expressly mentioned in section 7(2)(b). An inventive individual may agree (perhaps with a manufacturing company of which he is a paid consultant but not an employee) that any inventions which he makes during the next five years will belong to the company, and that contractual obligation will displace his primary claim under section 7(2)(a) as regards any invention which he makes within the contractual period.

62. The role of breach of confidence requires rather closer examination. The misappropriation and misuse of confidential information which does not amount to an invention may give rise to claims for an injunction and damages or an account of profits, but cannot affect title to an invention. As already noted, in *Southampton* the Court of Appeal rejected the notion (based on the Roman law doctrine of *confusio*) that confidential information which eventually led to the making of a patentable invention (but was not itself an invention) could affect entitlement to the invention. Where a patentable invention is imparted in confidence (for instance, as part of a process of peer review) it does not amount to publication since (in the hallowed words used by Bowen LJ in *Humpherson v Syer* (1887) 4 RPC 407, 413) the recipient of the information is not “free in law and equity to use it as he pleased.” If the recipient were to abuse the confidence and apply for a patent himself, his application ought to fail, not because of breach of confidence as such, but for the simpler reason that he was not the inventor—he was a pirate. In such a case the true inventor would, because of the improper nature of the disclosure, have a six-month period of grace in which to make his own application (section 2(4)(b) of the Act).

63. In my opinion Jacob LJ’s reference to the law of confidence as a typical example of “a rule of law” operating under section 7(2)(b) to displace the claim of an inventor under section 7(2)(a) does not really stand up to scrutiny. Breach of confidence may well be part of the narrative in explaining why one person, rather than another, came to be the applicant for, or grantee of, a patent. It may provide a period of grace in relation to publication. But it will not normally (and Jacob LJ was speaking of “the usual run of case”) operate under a rule of law to oust the primary claim of the true inventor.

LORD MANCE

My Lords,

64. I have had the benefit of reading in draft the opinions of my noble and learned friends, Lord Hoffmann, Lord Walker of Gestingthorpe and Lord Neuberger of Abbotsbury. For the reasons given by Lord Hoffmann, I agree that the appeal should be allowed and the decisions of the hearing officer to allow the amendments restored.

65. I also agree with the supplementary observations made by Lord Walker and by Lord Neuberger in their opinions.

LORD NEUBERGER OF ABBOTSBURY

My Lords,

66. I have had the privilege of reading in draft the speeches of my noble and learned friends, Lord Hoffmann and Lord Walker of Gestingthorpe. For the reasons they give, I agree that this appeal should be allowed and the decision of the Hearing Officer restored. However, there are two additional points which I should like to deal with.

67. The first point concerns the substantive issue identified by Lord Hoffmann in paragraph 16. It arises from an argument relied on by the respondent, Rorer, to support the Court of Appeal's conclusion, based on paragraph 79 of *Markem Corp v Zipher Ltd* [2005] RPC 31, that it was necessary for the appellant, Yeda, to "invoke some other rule of law to establish [its] entitlement" to be registered as proprietor of the patent in suit under section 37(1) of the 1977 Act. Rorer's argument is that, if this were not the law, it would lead to anomalies or difficulties in a case where there were independent inventors.

68. Thus, (assuming Yeda's proposed amended claim is otherwise justified), if a third party had independently made the claimed invention, it is said that, unless the approach in *Markem* is correct, both Yeda and the third party could apply to be registered in place of Rorer, under

section 37(1)(a), as each of them could fairly claim to be an “inventor” under section 7(2)(a), and there would be no basis for choosing between them. It is further pointed out by Rorer that this problem would be avoided if what was said in paragraph 79 of *Markem* was correct, because only Yeda, and not the third party, could allege that Dr Schlessinger or Rorer was in breach of some right of the sort envisaged in *Markem*.

69. As Lord Walker has observed, disputes between entirely independent inventors are unusual, but they are not unknown, and I would be unhappy about dismissing this argument on the basis that it was simply overlooked by the draftsman of the 1977 Act. Fortunately, however, it does not seem to me to be necessary to deal with Rorer’s argument on that basis.

70. I consider that the answer to Rorer’s argument is to be found in the fact that the provisions of paragraphs (a), (b) and (c) of section 37(1) are, as Lord Hoffmann has pointed out, all concerned with “the patent”, and not with the underlying invention. Accordingly, on the hypothesis advanced by Rorer, the third party could not, on the facts alleged by Yeda, make a reference under section 37(1), because there would be no basis upon which it could claim that it was the “true proprietor” of the patent registered in the name of Rorer. The “true proprietor” (if Yeda’s proposed amended claim is otherwise justified) of the patent would be Yeda (claiming through the Weizmann scientists), as it was from the Weizmann scientists that the applicant for, and grantee of, the patent, Rorer (through Dr Schlessinger), learnt of the invention. Although, on this hypothesis, the third party would have been entitled to apply for a patent under section 7(1)(a), as an “inventor” (before Rorer made its application), it does not follow that it would be entitled to make a reference under section 37(1)(a) to be substituted as a proprietor of a patent (albeit that it is in respect of that invention) with which it has no connection.

71. This conclusion is reinforced by considering the case originally advanced in these proceedings by Yeda, namely to be added rather than substituted as a proprietor. If Dr Schlessinger, the alleged inventor on Rorer’s application, had indeed been a co-inventor with the Weizmann scientists, it would be absurd if a wholly independent inventor, as opposed to Yeda, could apply under section 37(1) to apply to be registered as a proprietor jointly with Rorer.

72. Further, particularly given the presumption in section 7(4), a person making a reference under section 37, who wishes to contend that the applicant for the grant of a patent was not an inventor would in practice almost always allege that the applicant learnt of the invention in question from the person making the reference. Indeed, as Lord Hoffmann has mentioned in paragraph 11, in this case, Yeda's original statement, in support of its reference, set out the basis upon which it claimed that Dr Schlessinger learnt of the invention.

73. I do not consider that this answer to Rorer's argument provides any support for the view expressed in paragraph 79 in *Markem*. The fact that, in order to justify the relief it seeks under section 37(1)(a), Yeda might have to establish that Dr Schlessinger learnt of the invention from the Weizmann scientists does not mean that it would also have to establish that he and/or Rorer were guilty of some wrong against those scientists and/or Yeda by applying for the patent, over and above the fact that neither he nor Rorer were entitled so to apply as they were each outwith the ambit of section 7(2).

74. The other point I wish to deal with concerns the procedural issue identified in paragraph 16 by Lord Hoffmann. As he has explained in paragraphs 36, in order to support its contention that Yeda's application for permission to amend should be refused, reliance was placed by Rorer on the difference in consequence for licensees if Yeda was substituted as the proprietor (as it would seek in its amended reference), rather than being added as a proprietor (as sought in its current reference). Under the statutory scheme, a licence would survive the addition, but not the substitution, of a new proprietor. To permit the amendment would, it is argued, therefore be wrong in principle as it would be unfair to licensees.

75. Leaving aside the facts that any such licensees would only discover the nature of the section 37 reference if they asked for it, and that any reliance on this argument is to some extent circular (as explained by Lord Hoffmann in paragraph 37), it appears to me that this is not a valid argument, at least in so far as it is said to raise a principled objection to the proposed amendment, as opposed to a potentially specific fact-based objection which might be available in a particular case.

76. If, in a particular case, it could be shown that a licensee had reasonably relied (either when agreeing to take the licence or later) on

the fact that a section 37 reference sought to add, rather than to substitute, a new proprietor, then that would be a factor which could properly be taken into account when considering an application to amend the reference to substitute the new proprietor. As the Hearing Officer in this case said, rule 100 of the Patent Rules gives a discretionary power to permit an amendment, and there no doubt could be cases where it would not be just to permit an amendment, at least without conditions.

77. However, in this case, there was no evidence before the Hearing Officer even to suggest that there were any licensees of Rorer, who would be unfairly prejudiced if the amendment sought by Yeda was permitted. Accordingly, I consider that Rorer's argument in this connection must be rejected, although it could in principle have force if supported by evidence in an appropriate case.