

Neutral Citation Number: [2024] EWHC 3155 (Ch)

Case No: CH-2024-000137

IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES
INTELLECTUAL PROPERTY LIST (ChD)
PATENTS COURT
ON APPEAL FROM THE COMPTROLLER-GENERAL
OF PATENTS, TRADE MARKS AND DESIGNS

Royal Courts of Justice, Rolls Building
Fetter Lane, London, EC4A 1NL

Date: Monday 9th December 2024

Before :

TOM MITCHESON KC
(sitting as a Deputy Judge of the High Court)

Between :

BIONOME TECHNOLOGY LIMITED

Defendant/
Appellant

- and -

JOHN RUSSELL CLEARWATER

Second
Claimant/
Respondent

James St.Ville KC and Simon Atkinson (instructed by **Wiggin LLP**) for the **Appellant**
Adrian De Froment (instructed by **Simmons & Simmons LLP**) for the **Respondent**

Hearing date: 22 November 2024

APPROVED JUDGMENT

The Deputy Judge:

Introduction

1. This is an appeal from the Intellectual Property Office (“IPO”) in a patent entitlement dispute. The decision appealed is that of Hearing Officer, Huw Jones, dated 3 May 2024 with reference BL O/0410/24 (“the Decision”).
2. The subject matter of the dispute is the ownership of UK patent application GB2004292.5 (which as of 23 July 2024 has now been granted as GB2598881) and international patent application PCT/GB2021/050727 (published as WO2021/191614 A1) and any national or regional patent applications derived from it, including European patent application 21722972.3. The dispute applies equally to all the applications. I will refer to the rights generally as “the Applications”.
3. The subject matter of the Applications is a method for controlling the growth of vegetation.
4. The Applications are in the name of the Appellant, Bionome Technology Limited (“Bionome”). The named inventors on the Applications are Mr Dennis McCarthy and Dr John Clearwater, the Respondent. Mr McCarthy is one of the two directors and the sole shareholder of Bionome.
5. These proceedings arose in late 2022 when a company called Okipa Ltd (“Okipa”) launched proceedings in the IPO seeking to be added as joint applicant to the Applications. The basis for this was the allegation that Dr Clearwater was a co-owner of the Applications, but had assigned his rights to Okipa. In March 2023 an application was made to amend the claim to add Dr Clearwater as a second claimant in the alternative. Inventorship is not in dispute – the dispute over ownership turns on the proper effect of an agreement entered into between Mr McCarthy, Dr Clearwater and Mr McCarthy’s son, a Mr Aaron Tindall, prior to the Applications being filed.
6. Following a hearing on 12 December 2023 which included cross examination of both Mr McCarthy and Dr Clearwater, the Hearing Officer determined that the Applications were owned jointly by Dr Clearwater and Bionome. Bionome

appeals that decision before me; Dr Clearwater maintains that it was correct for the reasons given by the Hearing Officer but also has a Respondent's Notice together with an application to adduce additional evidence, which was resisted by the Appellant. At the beginning of the hearing I indicated that I was minded to accede to the Respondent's application to adduce additional evidence together with the Appellant's evidence in response. I will return to this below.

Background

7. Much of the factual background is not in dispute. It is set out in some detail by the Hearing Officer. I highlight the salient points below.
8. The dispute arises out of a collaboration between Mr McCarthy, Dr Clearwater and Mr Tindall to develop new weedkillers that arose in early 2019. They entered into an agreement referred to as the Collaboration Agreement in February 2019, and pursuant to that trials of their weedkiller technology took place. The relationship between them then broke down.
9. In March 2020 Bionome was incorporated and on 25 March 2020 it filed the UK patent application. The international applications followed on 25 March 2021.
10. Soon after learning of the international applications Dr Clearwater instructed solicitors to enter into correspondence with Bionome and the present proceedings resulted.
11. It is not in dispute that Dr Clearwater is an inventor of the Applications or is entitled to a share of the Applications. The dispute is as to how the latter issue should be reflected. Bionome and Mr McCarthy maintain that Mr McCarthy hold the shareholding in Bionome on trust for, amongst others, Dr Clearwater, pursuant to the Collaboration Agreement which transferred Dr Clearwater's share to Bionome.
12. The Hearing Officer disagreed and held that the effect of the Collaboration Agreement was not to achieve this transfer, and so Dr Clearwater still owned a share of the Applications. This was the alternative outcome sought by Dr Clearwater, the Hearing Officer having rejected the primary case that the

assignment by Dr Clearwater to Okipa was valid. Dr Clearwater does not seek to resurrect the Okipa argument on this appeal.

13. As can be seen, a curiosity of this dispute is that the parties all appear to agree that the intention was for the Applications to be jointly owned and exploited. They just disagree as to the correct mechanism to achieve this.
14. I was told that there has been no ADR attempted. Given the agreed intentions of the parties I consider that this dispute is ripe for resolution by means other than court proceedings. I will return to this briefly below.

Outline of the Appeal

15. In its admirably concise skeleton for this appeal, the Appellant addressed the issues under three main headings (which encompassed its five grounds of appeal). First, it was said that the Hearing Officer had erred in his approach to the statutory presumption under s.7 Patents Act 1977. Second, it was said that he had erred in his approach to the construction of the Collaboration Agreement. As an adjunct to this it was said that the outcome of the hearing below was perverse because it left Dr Clearwater with a larger share of the Applications than Mr McCarthy or Mr Tindall. Finally, it was said that if the Collaboration Agreement contained a term assigning Dr Clearwater's rights in the invention to a new jointly owned entity, Bionome was held on trust by Mr McCarthy for Dr Clearwater (and Mr Tindall) and was therefore "an entity jointly owned by the parties".
16. I will deal with the appeal in that order below. There is also the Respondent's Notice together with the application to adduce additional evidence, which I will address, as necessary, after I have dealt with the main appeal. In that the Respondent argued that even if there was an enforceable term in the Collaboration Agreement assigning ownership of the Applications, it was dependent on certain pre-conditions which had not been met.
17. On behalf of the Appellant, Mr St.Ville KC addressed me on the first two of the Appellant's issues and Mr Atkinson on the third. Mr de Froment dealt with all

issues on behalf of the Respondent. I am grateful to all of them for the clarity of their submissions.

Standard of Appeal

18. There was no dispute as to this. The hearing before me was a review, not a rehearing.
19. I was referred to the principles in *Volpi v Volpi* [2022] EWCA Civ 464; [2022] 4 WLR 48 at §2 about findings of fact. I was also referred to the recent guidance in *Lifestyle Equities v Amazon* [2024] UKSC 8 at §§46-50. I have borne all these principles in mind.
20. In particular, I bear in mind that the Hearing Officer had the opportunity to hear and assess the oral evidence of both the protagonists in the present dispute, Dr Clearwater and Mr McCarthy. He made findings as to their demeanour and credibility and I should give those assessments appropriate weight.

Relevant Law

21. Section 7 of the Patents Act 1977 sets out the conditions under which a person may apply for and obtain a patent. It reads as follows, with ss. 2(b) and 4 being of particular relevance to the present dispute:

7. Right to apply for and obtain a patent.

(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.

22. This was all confirmed by Arnold J (as he then was) in *KCI Licensing Inc v Smith and Nephew plc* [2010] EWHC 1487 (Pat) at §66, in which he also referred to the decision of the House of Lords in *Rhone-Poulenc Rorer International Holdings Inc v Yeda Research and Development Co Ltd* [2007] UKHL 43; [2008] RPC 1 at §§17 to 22.
23. The power vested in the Hearing Officer to determine the dispute before him and make appropriate orders is derived from ss.8 & 12 Patents Act 1977. There was no dispute as to this.

The Statutory Presumption

24. The first issue on this appeal turns on the effect of s.7(4) of the Patents Act. I can deal with this very briefly.
25. The Appellant submits that the effect of this section (requiring the Hearing Officer to find that the applicant for any patent is the person entitled to it “[e]xcept so far as the contrary is established”) created a statutory presumption which could only be overcome by evidence submitted by the claimant/Respondent in this case. It was said that such evidence from the claimant was absent so Dr Clearwater had not discharged this burden and therefore that the Hearing Officer had fallen into error.
26. I reject this submission. It is correct that the section creates a presumption, but once a *prima facie* argument has been raised by the claimant, the tribunal should proceed to decide the issue on the balance of probabilities on the basis of the

evidence proffered by the parties. That is what the Hearing Officer did in the present case. I reject any notion that s.7(4) creates some sort of additional evidential hurdle or burden for a claimant that goes beyond this. It provides a presumption to be applied by the granting authority, but once a dispute has been initiated the normal civil standard of proof and burden applies. Further, it is clear that the Hearing Officer did not decide the case on the basis of who had satisfied the burden of proof – which is only usually necessary in the absence of evidence. That was not the case here, as both sides had supplied evidence and witnesses. There is nothing in this first argument on appeal.

Construction of the Collaboration Agreement

27. The second issue on this appeal turns upon the Hearing Officer's interpretation of the Collaboration Agreement. This is really at the heart of the appeal because if the Appellant cannot succeed on this, then the rest of its grounds cannot assist it.
28. The dispute between the parties below and before me is whether the Collaboration Agreement amounts to no more than an expression of intention to assign the patent rights at some point in the future once certain steps had been carried out (which were not in fact performed, so the agreement to assign was never perfected and the assignment did not take place), as Dr Clearwater submitted and the Hearing Officer agreed, or whether it was in fact an agreement assigning or at the very least agreeing to assign the rights without further condition and so Bionome legitimately applied for the Applications.
29. This turns on the construction of the Collaboration Agreement approached through the usual principles of contractual interpretation.
30. The Hearing Officer dealt with the background to the entering into of the Collaboration Agreement at [39]-[42] of the Decision, and then the substance of the Collaboration Agreement and its effect at [43]-[69]. Nothing on this appeal appears to turn on the Hearing Officer's characterisation of the factual matrix.

31. Further, it was not in dispute either below or before me that although the Collaboration Agreement is entitled “DRAFT Collaboration Agreement”, still contains some tracked changes in red and has only been signed and dated by Dr Clearwater and Mr Tindall, all three parties committed to its terms and it is to be treated as a legal contract entered into between them.
32. The Collaboration Agreement is structured as follows. After identifying the Parties there is a Background section recording the long association of the contracting individuals in biological methods of weed and pest control.
33. Although there is general reference to patenting in the Background section, it was not suggested that these references assist determination of the point upon which this appeal turns.
34. There then follows an Objectives section which reads as follows (emphasis added to reflect the part relied on by the Hearing Officer):

Objectives. The parties intend to share their expertise and product technology in order to ascertain the viability of a new product (compound) identified by JC. DT will share latest technology developments in the thermal weed control sector as well as declaring other ideas that could enhance the JC product uniqueness. The parties are to prepare a project related matrix to determine if the product/system could have commercial success. Replicated scientific tests are to be completed under the management of JC as well as replicated comparative field testing in North and Southern Hemisphere locations to be managed by AT/DT. Once these first milestones have been achieved the parties will agree to proceed to a patent application. The patent claims may be a compound mode of action/method process/apparatus based or a combination.

35. A Funding section follows but nothing turns on this.
36. Then there is a Confidentiality section which states (emphasis added as before):

Confidentiality. The parties agree that from the date of signing this agreement that all information in regard to the project and its existence will remain strictly confidential between the parties and any other person, persons or parties approved by JC/ AT /DT that are linked to the funding terms and conditions. In all respects

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

37. A section entitled Personal Objectives comes next, which contemplates a future agreement allowing one or other party to sell their rights, with first refusal to the other parties:

Personal Objectives. In order to ensure any agreement between the parties is commensurate with the personal objectives of each of the parties it will be necessary for each of them to clearly state their commercial objective of the project. For example if any one or all of the parties wishes to sell out their interest for a set sum within a set timeframe then this should be structured into any agreement between the parties. A preemptive right of each of the parties to acquire the shares of either or both of the other parties is suggested as a condition of the proposed agreement between them.

38. The last substantive section is headed Initial Timetable, and reads (emphasis added as before):

Initial Timetable. In order to move forward in an efficient time frame the following needs to be concluded.

1. Finalise this draft agreement with legal input and sign by each of the parties.

2. Subject to an NDA between the Parties disclosure of the relevant technologies of each of the parties with the focus on filing a patent application before any approach for funding is undertaken.

3. Register an entity jointly owned by the parties and undertake legal advice as to the best jurisdiction for the entity and intent to transfer any IP applied for into the entity at the earliest time.

4. Management of Project. The parties to prepare and agree on an initial schedule to undertake necessary scientific and testing within a framework of pre agreed protocols. The outcome is to be prepared for compliance and regulatory applications for product registration within selected markets and territories.

39. There is then a section in red on Two Way Right (sic), and another entitled Shareholder Agreement which reads:

Shareholder Agreement. Once the new entity is incorporated the parties will enter into a Shareholders Agreement with (inter alia) pre-emptive share transfer rights.

40. Finally, there is a Summary section, on which nothing appears to turn.
41. The Hearing Officer characterised the agreement as a whole at [57] as follows:

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

42. He then turned to the parts which deal with patent protection or IP in more detail.
43. At [61]-[64] he identified four passages which he said were material to the point which he had to decide. These were the Objectives, Confidentiality and bullet points 2 and 3 of the Initial Timetable section referred to above, the relevant parts of which I have underlined.
44. His conclusions as to the effect of these passages on the interpretation of the Collaboration Agreement was expressed succinctly, as follows at [66] and [67]:

So, what did the parties to the Agreement commit to in terms of IP? There are really only two points which come out of the four references. One point is that the parties to the Agreement commit to making a patent application once a number of other steps identified in the Agreement have occurred. This is the effect of the first and third references. The other point is their commitment in the second reference that the IP will remain under the control of the three of them – either individually in some way, or within an equally-controlled entity. It is nuanced by the fourth reference, which shows that their intention was that “any IP applied for” be transferred to the entity “at the earliest time”.

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

45. The Hearing Officer then contrasted his findings as to the Collaboration Agreement with the facts of *KCI Licensing Inc v Smith and Nephew plc* [2010] EWHC 1487 (Pat), in which the words “I hereby assign and agree to assign” were present.

46. The Hearing Officer returned to the topic of the construction of the Collaboration Agreement in [130]-[133] after he had reviewed the steps taken by the parties between it being signed and the Applications being filed. He explained at [131]-[132]:

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

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

47. The conduct of the parties subsequent to the entering into of the Collaboration Agreement was relied on by the Respondent before the Hearing Officer to show that the pre-conditions present in the Collaboration Agreement prior to assignment had not been met. It was also relied on by the Appellant to seek to demonstrate that the parties were acting in accordance with the construction for which it was arguing. It was rightly not suggested before me that I should take into account the subsequent conduct of the parties in order to arrive at an objective construction of the Collaboration Agreement.
48. The Hearing Officer summarised this evidence at [75]-[83] of the Decision and provided his conclusions at [84]-[87]. He held that during 2019 the parties discussed their collaboration under the Agreement, and how they intended to progress. Trials were conducted and work progressed on the patent application. Discussions about company structuring and finance, including options and steps for setting up the entity envisaged by the Collaboration Agreement also took place. However, the Hearing Officer held that the evidence was clear that these activities did not result in a further binding agreement between the parties which altered the position regarding Dr Clearwater's rights beyond that set out in the Collaboration Agreement. No challenge was made to this finding on appeal.

49. The Hearing Officer then dealt with the breakdown of relations between the parties in 2020 and the email exchanges between the parties which took place in 2021. His findings in relation to these are not challenged and form no part of this appeal. It is sufficient to record, in passing, his findings in [110]:

Mr McCarthy confirmed under cross-examination that he considers the Agreement still to have effect. In his cross-examination, Dr Clearwater agreed with the statement put to him by counsel that Mr McCarthy was “working to continue doing what the Collaboration Agreement required of him”.

Assessment

50. Mr St.Ville pursued two strands of argument before me. First, he addressed the construction of the Collaboration Agreement. To bolster his preferred construction he also relied on the written evidence of Dr Clearwater, where he had stated in his second witness statement:

I agree with the Defendant’s statement in Paragraph 9 of the Reply that “...*JC had agreed for his rights in the inventive concept included in the Applications to be transferred to an entity to be established by DM, as evidenced by the Collaboration Agreement (Claimant’s Exhibit 4).*”

51. In relation to the construction of the Collaboration Agreement, I have sought to adhere to the established principles of interpretation to which I was referred (and in relation to which there was no dispute).
52. The relevant factual matrix set out by the Hearing Officer includes the notion that the parties intended to share their expertise in order to ascertain the viability of the new product identified by Dr Clearwater (under “Objectives”). If they determined that the project had commercial potential through testing, they intended to proceed to a patent application – but only “*once these first milestones have been achieved*”. These later steps are all conditional on the earlier milestones having been achieved, as to which there was considerable uncertainty.
53. Note also that there are two levels of futurity built into this sentence – the first milestones have to be achieved and then the parties have to reach agreement to file the patent - “*the parties will agree to proceed to a patent application*”

(emphasis added). The reaching of the milestones does not trigger an automatic patent filing, which could have been effected by not including the words underlined.

54. As was emphasised to me, the parties were not lawyers. On one level this could support the Appellant, and be a reason to interpret looser language than might have been drafted by professionals as nevertheless committing the parties. However, the Collaboration Agreement acknowledges that the parties had not taken legal advice (“Initial Timetable”, bullet point 1) and envisages that such advice would be necessary in relation to the creation of the entity for the purposes of the proposed venture and the transfer of any patent application to that entity (bullet point 3). So it seems that the parties were conscious that legal advice would be needed later and it should not be presumed that they were intending to bind themselves in the Collaboration Agreement by the use of more informal language.
55. The Hearing Officer also referred to the parts of the Collaboration Agreement dealing with ownership. I consider that these are neutral to the central point about whether it amounts to an agreement to assign/assignment. I think the Hearing Officer was of the same view when he said in [67] *“It created an agreement that the IP would remain in the control of the parties – one way or another”*. In other words, if the Collaboration Agreement was to be understood as committing Dr Clearwater to transferring ownership in the invention, the fact that it refers to the IP remaining under the control of the three of them does not really advance matters, because this could be either prior to the assignment or after it.
56. So in the end the main point in the appeal turns on the interpretation of two passages in the Collaboration Agreement – the multiple references to futurity in the “Objectives” section and the third bullet point of the Initial Timetable *“undertake legal advice as to the ... intent to transfer any IP applied for into the entity”* (emphasis added) which also refers to future/uncertain steps.
57. As to this, I am of the view that both these passages support the conclusions reached by the Hearing Officer and that he was correct to determine that the

Collaboration Agreement did not commit Dr Clearwater to transferring his rights. It was neither an assignment nor an agreement to assign. There was just too much uncertainty and too many intervening future steps or pre-conditions referred to in the Objectives section which needed to be satisfied before such an assignment could take place. For example, the plan to share expertise might not work out, the product might not be capable of achieving commercial success because of other technology developments in the weed control sector, the testing might fail, the parties might not find that any of it was patentable etc. It was only after all these steps had taken place that the prospect of transferring any IP into the company would arise.

58. I also do not think that the written evidence of Dr Clearwater has the weight which the Appellant would like to give to it – and certainly not sufficient to undermine the construction I have referred to above. First, it must be read as part of his evidence as a whole, where he makes clear that he does not consider that he had agreed to assign his rights in the Collaboration Agreement. Further, the very next sentence of his second witness statement qualifies the passage Mr St.Ville relied on, stating:

However, the collaboration agreement first required a finalised agreement signed by the parties, which did not occur, and it requires the IP to be held by a jointly-owned entity, but Bionome Technology is not jointly owned.

59. So I would dismiss the appeal on this ground. I consider that the Hearing Officer correctly construed the Collaboration Agreement as not amounting to an assignment or an agreement to assign. As a result I would uphold his decision to add Dr Clearwater as joint applicant on the Applications.
60. There can be no injustice as a result of such an order along the lines of that suggested by the Appellant (the suggestion that Dr Clearwater would then own the majority of the Applications via a combination of being a joint applicant and entitled to 1/3 of Bionome) because as a result my other conclusions the latter falls away.
61. It is right that the Hearing Officer has not dealt with the interest of Mr Tindall – because he was not asked to do so. Further, I was told that the issue of

consequential relief remained to be determined. None of this undermines the construction of the Collaboration Agreement arrived at by the Hearing Officer nor the validity of his determination that Dr Clearwater is a joint applicant.

62. Given my findings above it is strictly unnecessary for me to deal with the remaining issues on the appeal. This is because if the Collaboration Agreement did not amount to a transfer of ownership from Dr Clearwater, then Dr Clearwater's interest in the Applications was never validly transferred to Bionome and it does not matter whether Bionome is held on trust by Mr McCarthy on Dr Clearwater's behalf. Nevertheless, I will deal with the main points underlying the remaining grounds of appeal given that they were argued before me (and I have already made rulings in relation to the application to adduce additional evidence at the hearing), albeit as briefly as possible.

Is Bionome held on trust by Mr McCarthy

63. This part of the Appellant's appeal was argued persuasively by Mr Atkinson. He submitted that if the main part of the appeal succeeded and Dr Clearwater had agreed to assign the Applications under the Collaboration Agreement, it did not matter that Bionome was owned by Mr McCarthy only as it was held on trust for the other parties.
64. The Hearing Officer dealt with the trust arguments in the section of the Decision beginning at [138].
65. At [144] he dealt with the point as to whether Bionome was jointly held or not when it was formed and the patent was applied for, and he cited the following exchange in the cross examination of Mr McCarthy:

Q: Could you answer the question as to how that company, on 10th March 2020, was jointly held?

A: No, it was not because at that stage, you know, we are forming a United Kingdom company. I had no communication at that stage with John and Aaron.

Q: So on 10th March 2020 the company was not jointly held?

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

Q: But it was solely held by yourself?

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

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

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

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

A: Correct.

66. I note these last two answers in particular. A commitment to have a future declaration of trust is not sufficient to establish the existence of an actual trust at the time.

67. The Hearing Officer then recorded the evidence that a two-page legal document “Declaration of Trust” was signed by Mr McCarthy “in about late 2020” (i.e. after Bionome was incorporated and after the first patent application had been made). This was prepared on his instructions by Mr Oliver Peacock, a retired solicitor and co-director of Bionome. The document was entrusted for safekeeping to Mr Peacock, who had since suffered a serious stroke and has been unable to find it.

68. The Hearing Officer assessed Mr McCarthy’s evidence in [154] and explained that he did not doubt the intentions which drove the actions he took in forming Bionome. He also noted the difficulties of the situation in which he found himself after late 2019.

69. However, he concluded at [155]:

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

70. He then went on to deal with the trust arguments at [156] and [157]:

Even if I accept at face value the contemporaneous evidence that the Declaration of Trust exists, and the evidence regarding what the Declaration is said to do, there is nothing which suggests that

the parties to the Agreement at any point reached the final destination envisaged by that Agreement – namely, a jointly held entity. What the Declaration does, on the limited evidence that I have, is to set out another commitment and a route to make good the joint ownership position at a further point in the future. It seeks to protect the parties’ positions regarding the future in a situation where Mr McCarthy was unable to secure those positions at the time.

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

71. Mr Atkinson criticised the findings of the Hearing Officer in this passage and suggested that he had restricted his consideration to the legal ownership of Bionome and had failed to deal with the beneficial title. He submitted that the effect of the Collaboration Agreement and Mr McCarthy’s attempts to comply with it were such that, had it amounted to an assignment or an agreement to assign, the conditions for the creation of a trust had been met.
72. I agree that the words chosen by the Hearing Officer to express his view in the above paragraphs do not make clear that he is considering both the legal and beneficial ownership of Bionome. Had he only been considering the legal ownership, he would have fallen into error.
73. However I am satisfied that no such error had been made. I have reviewed the closing submissions made before him and both sides are clear that the Hearing Officer is being asked to determine whether Bionome was being held on trust by Mr McCarthy from the outset. This is reflected in [153] where the Hearing Officer records that Mr St.Ville submitted “*that Mr McCarthy was holding Bionome on trust from the beginning*”. Given this, there is no other sensible interpretation to be applied to the Hearing Officer’s conclusions that Bionome was not jointly held – this must include both legal and equitable ownership.
74. This is reinforced by his reasoning in [155]-[157] where he held that the Collaboration Agreement did not itself establish joint ownership and that nothing else which occurred prior to the incorporation of Bionome and the filing of the first patent application was sufficient to do so either. The “final

destination” of joint ownership, whether legal or beneficial, had simply not been reached.

75. I agree with this conclusion. The Collaboration Agreement does not, in my judgment, establish a trust, and nothing which the parties did prior to the incorporation of Bionome and the filing of the first patent application changed this, either through conduct or by deed. Mr Atkinson asked rhetorically what else was Mr McCarthy expected to have done in circumstances where Dr Clearwater was not communicating with him, but I am satisfied that there were other steps that he could have taken (such as pausing matters and keeping the technology confidential, or proceeding as he did but issuing shares for Dr Clearwater and Mr Tindall). Accordingly, it cannot be said that the incorporation of Bionome and the filing of the Applications was definitely consistent with the notion of a trust, let alone that it necessarily amounted to the establishment of a trust by conduct. Further, even if the much later Declaration of Trust was valid, it came too late to be capable of affecting what had gone on before. So I would dismiss the remaining grounds of appeal also.
76. I decline to deal with the additional argument raised at the hearing that the Declaration of Trust document validates everything because that trust was in place at the date that these proceedings were brought. This was only really articulated for the first time in oral submissions and it is unnecessary for me to resolve this point given my findings on the main ground of appeal that the Collaboration Agreement did not amount to an assignment or an agreement to assign. In any event my preliminary view is that the relevant date for the analysis of whether a trust was in place must be the date of application for the patent rights and not the date of reference to the IPO.

The Respondent’s Notice

77. Finally, I turn to the Respondent’s Notice. I do not need to deal with the merits of the arguments in the light of the above. However, I should record the outcome of the application to adduce fresh evidence to support it as I dealt with this at the outset of the hearing (as the parties had agreed between themselves on the timetable).

78. The evidence which the Respondent sought to adduce was intended to bolster the arguments before the Hearing Officer that any pre-conditions required by the Collaboration Agreement had not been met and that Mr McCarthy had been acting in a way which was not consistent with Bionome being jointly held. In particular, the Respondent relied on an exclusive licence to one of the patents in dispute apparently granted on 23 February 2022 by Bionome to another company majority owned by Mr McCarthy. This was only registered at the IPO in July 2024 when the Respondent first became aware of it. The exclusive licence would prevent Bionome from being able to work the patent and is therefore on its face inconsistent with the Collaboration Agreement (although the parties had discussed whether there should be a second company set up commercially to exploit any rights emerging from the joint venture).
79. The evidence which the Respondent sought to adduce recorded the existence of the exclusive licence and the fact that the Appellant had been asked to disclose its contents, but had refused for alleged reasons of confidentiality.
80. The Appellant filed evidence in response to the Respondent's new evidence, seeking to oppose the application but at the same time explain why the existence of the exclusive licence was not material to the determination of the merits of the case. The Appellant's position was that if I was minded to accept the Respondent's new evidence, it should be on the condition that I also accepted the Appellant's new materials in answer.
81. I was satisfied that the evidence sought to be adduced by the Respondent met the criteria set out in *Ladd v Marshall* [1954] 1 W.L.R. 1489 CA. Given that the existence of the exclusive licence only came to the attention of the Respondent in July 2024 when the Appellant sought to have it registered, the evidence could not have been obtained with reasonable diligence for use at the hearing. Further, as it emanated from the Appellant, it is to be believed and is apparently credible.
82. Given the relatively informal procedural regime which operates in the IPO with respect to the filing of evidence and the absence of disclosure, I was also inclined to allow the Appellant's evidence in response to be adduced. However, I made clear at the time that I considered both parties' additional evidence to be

relevant only to the Respondent's Notice and that I would not consider it for other purposes.

83. As it transpires, it was unnecessary for me to have ruled on the admissibility of the additional evidence because as I have found against the Appellant on its appeal, there is no need to consider the Respondent's Notice. Nevertheless, if it had been necessary, the existence of the exclusive licence may well have had an influence on the outcome of the Respondent's Notice. Therefore, the criteria set out in *Ladd v Marshall* were all met.

Conclusion

84. I dismiss the appeal for the reasons I have outlined. There is no need to deal with the substance of the Respondent's Notice.
85. It is clear that the parties have each at times departed from the roadmap set out in the Collaboration Agreement. However, as Dr Clearwater noted in his first witness statement, the intention of the Collaboration Agreement was that the IP should be controlled jointly. I would therefore urge the parties to seek to resolve their remaining differences without further litigation, if necessary by engaging in ADR. Otherwise, any valuable invention they have made is in danger of withering on the vine.