

Appeal Ref: CA-2025-003029

IN THE COURT OF APPEAL (CIVIL DIVISION)
ON APPEAL FROM THE HIGH COURT OF JUSTICE

Claim No. HP-2022-000024

BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES
INTELLECTUAL PROPERTY LIST (ChD)
PATENTS COURT

BETWEEN:

DR DAVID PARSONS

Appellant / Claimant

and

CONVATEC LIMITED

Respondent / Defendant

RESPONDENT'S **REPLACEMENT** SKELETON ON THE S. 40 APPEAL

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References to paragraphs in the Judgment are in the form “J[paragraph]”; references to paragraphs in the Appellant’s Skeleton are in the form “A[paragraph]”.

Introduction and Summary

1. This is an appeal of a discretionary case management decision.
2. It arises in a claim for employee compensation under s. 40 of the Patents Act 1977 (the “1977 Act”). The Appellant is a chemist who was employed by the Respondent for 32 years. During that time, the Respondent filed dozens of patents in relation to a product line of wound dressings (AQUACEL), of which some bear the Appellant’s name either as the sole or a joint inventor. His claim is that the Respondent derived an outstanding benefit from seven families of such patents whose priority dates span 13 years. He pleads specifically that the Court is entitled to consider the benefit of each patent and the invention thereof, and/or to consider the benefit of all (or some) of the patents and/or inventions together for the purposes of s. 40.¹ The essence of the claim is that the AQUACEL product line has been hugely successful and incorporates his patented inventions.²
3. In its original Defence, the Respondent pleaded that, as a matter of law, a claimant in a s. 40 claim cannot rely on an outstanding benefit of patents and/or inventions collectively if they are not of outstanding benefit individually [SoC/8/117]. The Appellant applied to strike out those parts of the Amended Defence on the basis that they provided no reasonable ground for defending the claim. That application was heard at the first case management conference in this action. It was common ground at the application that even if it was successful, it would not have determined any part of the overall claim nor materially reduced the issues for trial. In particular, even if the law *did* permit aggregation of outstanding benefit over multiple patents and/or inventions, the Appellant accepted that he would need to go on to establish at trial that it was appropriate to so aggregate on the facts of this case.
4. Mellor J refused the application to strike out in the exercise of his discretion for essentially three reasons: (i) no material benefit had been identified to deciding the point of law before trial; (ii) the trial judge would have to grapple with the construction of s. 40 (at least as amended in 2005) at trial in any event³; and (iii) the aggregation point arose in a developing area of law and should not be considered “*in a vacuum or on a series of examples dreamt up in submissions*”.⁴ The result of the Judge’s determination of the strike out application was that both parties remain free to argue the breadth of their pleaded positions at trial (which has been listed to be heard over 7 weeks in February 2028), and the Court can

¹ RAPoC, para 69 [SoC/2/35].

² The Respondent disputes his inventorship of certain patent families.

³ The 2005 amendments to s. 40 have not been considered in any prior s. 40 case.

⁴ J33.

decide the point in the correct factual context and alongside all other ss. 40-43 construction points.

5. The primary question for this Court is therefore: should the Court of Appeal interfere with (what it is common ground is) a discretionary case management decision in those circumstances. The Respondent's case is that it should not. The Judge did not misdirect himself in law, took into account all relevant matters, did not consider irrelevant matters, and there was no procedural unfairness or irregularity. His decision was very clearly one within the "wide perimeter" of decisions that was open to him.
6. If the Court decides that it should interfere, the secondary question for this Court (added in Ground 4, introduced by way of amendment) is the determination (for the first time) of the substantive point of statutory construction of s. 40 raised by the relevant parts of the Amended Defence. The Judge did not address that point in his judgment, having dismissed the Appellant's application for the reasons set out above. He did not even hear full submissions on the point, at least not from the Respondent. However, the Court of Appeal has directed, in granting permission to appeal, that the parties should be prepared to address that question on the hearing of this appeal [CORE/4/28].
7. Ground 4 should also be dismissed, and the Judge's order dismissing the Appellant's strike out application should be upheld, for the two reasons set out in the Respondent's Notice. First, applying the test for strike out in *Barrett v Enfield* [2001] 2 AC 550, the Court cannot at this stage of the proceedings be sufficiently certain that the case is bound to fail.
8. Second, if the Court is minded to go further and treat this appeal hearing as the hearing of a preliminary issue (in the absence of any application or order for the same) and determine the issue one way or the other at this stage of the litigation, it should be decided in the Respondent's favour. Parliament's intention was to provide a route to compensation for what the Lord Chancellor referred to as a "*humdinger of a winner*"; expressly not "*run-of-the-mill inventions which are patented by the thousand every year. We are dealing with the sort of invention which may revolutionise a company or perhaps a whole industry*".⁵ This is wholly inconsistent with an interpretation of s. 40 that allows an employee to aggregate an outstanding benefit over multiple patents and/or inventions spanning many years in circumstances where no single patent or invention is of outstanding benefit itself.

⁵ Hansard, February 24, 1977, vol.380 at column 411.

Background

9. The Appellant was employed by the Respondent between 1991 and 2023. The priority dates for the seven patent families the subject of his claim span from November 2000 to May 2013.
10. The claim form was issued on 5 September 2022 [SoC/1/3]. The Particulars of Claim (served on 31 January 2023) included the following at paragraph 69 [SoC/2/35]:

The Court is entitled and invited to consider the benefit of each Patent and/or Invention, and/or to consider the benefit of all (or some) of the Patents and/or Inventions together for the purposes of sections 40 and 41 of the Act.

11. The Appellant has not yet quantified his claim, but the logic of his pleaded case is that the claim is worth up to £366 million.⁶
12. Part of the Respondent's pleaded case has from the start been that it is impermissible to seek to rely on an aggregate benefit allegedly derived from multiple patented inventions which do not individually satisfy the s. 40 test.⁷ The relevant paragraphs of the Amended Defence [SoC/9/132 and 164] are as follows:

6. (...) As a matter of law, a claimant cannot rely on an outstanding benefit of patents and/or inventions collectively if they are not of outstanding benefit individually.

89. (...) As a matter of law, however, it is impermissible to seek to establish 'outstanding benefit' based on an aggregate benefit allegedly derived from the cumulative effect of multiple patented inventions (and *a fortiori* from multiple patented inventions / patents as well as other kinds of contribution).

13. In the Reply, the Appellant pleaded that the sentences above are wrong in law and disclose no reasonable grounds for defending the claim.⁸
14. Some three months before the CMC, the Appellant's solicitors wrote to the Respondent's solicitors to say it seemed to them that early resolution of the point of construction raised by the above parts of the Amended Defence was likely to clarify the case substantially.⁹ They sought the Respondent's solicitors' "*thoughts and co-operation as to how the point might best be resolved quickly and efficiently*". Although framed by the Appellant as a 'strike out', it appeared he was seeking the Respondent's agreement that the point was

⁶ Judgment of Richards J on costs budgeting, [2026] EWHC 300 (Pat), at [1] [CORE/17/99].

⁷ Defence, paragraph 62 [SoC/8/117].

⁸ Amended Reply, paragraphs 10 [SoC/17/246] and 58 [SoC/17/262].

⁹ Letter of 8 August 2025 [SUPP/28/328].

suitable for determination as a preliminary issue. The Respondent's position was that it was not appropriate.¹⁰

15. By application notice dated 29 September 2025 [SUPP/4/22], the Appellant applied to strike out the two sentences in the Amended Defence quoted above under CPR 3.4(2)(a) as disclosing no reasonable ground for defending the claim. In his evidence in support of the application, the Appellant said that as a matter of statutory interpretation, the parts of the Amended Defence sought to be struck out were wrong in law and were bound to fail. He went on to say as follows:

5. The early resolution of this issue will significantly narrow the issues between the parties and assist the parties and the Court in reaching an informed view as to case management and the directions to be given at the CMC.

6. For these reasons, it would be sensible and in accordance with the overriding objective to determine this application at the beginning of the hearing of the CMC, listed for 2 days in a 3-day window from 11 November 2025. This is a clearly defined issue already in dispute between the parties on a short point of law and the current time estimate for the CMC will not be affected.

16. The Respondent's position on the application was summarised as follows in its skeleton argument for the CMC at which the strike out application had been listed to be heard:

[The Respondent's] position is that the matter is far from simple, is not suitable to be disposed of absent a proper matrix of fact, is certainly not obviously wrong in law ([the Respondent's] position is that it is overwhelmingly likely that it is, in fact, right), and despite repeated requests from [the Respondent], [the Appellant] has been unable to cohesively (even after filing reply evidence (...)) explain how determining the matter today would result in any narrowing of the issues for the forthcoming trial. [The Respondent] accordingly contends that the matter should be determined at trial.¹¹

17. In the main body of its skeleton, the Respondent set out its primary position that the point of statutory construction underlying the Appellant's strike out application was not suitable for determination before trial. Then, in Annex 2 to its skeleton, the Respondent set out a brief outline as to why the Appellant was wrong on the point of statutory construction. As it said in that Annex, the Respondent did not "*pretend to have done more than to scratch the surface on the matters which the Court would properly have to consider in order to determine the point which [the Appellant] contends the Court can determine in 2 hours (...), and of which the Court is required to be "certain" to meet the requirements for strike out*" [SUPP/9/114].

¹⁰ Letter of 15 September 2025 [SUPP/28/342].

¹¹ Paragraph 13 [SUPP/9/59].

18. The application for strike out came before Mellor J at a two-day CMC. As the Judge sets out in J8, oral argument lasted about 2 hours on the morning of Day 1 and was mostly directed to the question raised by the Judge at the outset, namely whether the Appellant could demonstrate a material benefit, in cost and case management terms, from the strike out succeeding. The Respondent hardly made any submissions at all on the matter of statutory construction. It follows that the point was not “*argued in detail*”.¹² At the Appellant’s insistence, the Judge gave judgment on strike out during the hearing (on the morning of Day 2), after which he dealt with various other case management matters, including whether there should be a split trial. The written Judgment followed later.

The Judgment

19. The Judge refused the strike out application on case management grounds. In so doing, he did not address, let alone determine, the substance of the point of statutory construction. It followed that each party was left to argue the full scope of their pleaded case at trial.
20. The key parts of the Judgment are as follows:
21. At J14, the Judge noted that amongst the list of issues for trial were the following:
- (7) If none of the Patents / Inventions are individually of outstanding benefit to the Defendant, under s.40(1)(b) of the Act, can the Court consider the benefit of more than one invention or patent (or the combination of both) together?
- (8) If the answer to issue (7) is yes, is it appropriate for the Court to do so in this case?¹³
22. At J15, the Judge noted counsel for the Appellant’s acceptance that, even if the strike out succeeded, Issue 8 would remain – whether it would be appropriate in this case for the Court to consider aggregating the benefit from more than one patent/invention.¹⁴ The parties thus agreed that aggregation of the benefit of individual patents / inventions was not automatic, even if available at law, and accepted that the Court had to consider whether it is appropriate, on any given set of facts (J16).

¹² Compare *Kyndryl v Jaguar Land Rover* [2024] EWHC 2329 (TCC), David Quest KC at [56], relied on by the Appellant at A58.

¹³ See List of Issues for Trial. The document as a whole was not agreed, but those parts were [SUPP/10/117].

¹⁴ At points in his appeal skeleton (A8, A81.2), the Appellant appears to suggest that Issue 8 does not arise on the Respondent’s pleaded case. However, this is contradicted both by the Appellant’s position at the CMC and, indeed, A79.3 which accepts that “[i]f the application is decided in [the Appellant’s favour], the parties will know that, at trial, the Court will have to consider whether aggregation is appropriate on the facts of this case, and the relationship between the inventions” (with emphasis added). It is therefore farcical to suggest it is not open to the Respondent to argue that aggregation is inappropriate on the facts of this case and we say nothing further about those parts of the Appellant’s skeleton.

23. At J17, the Judge said the law on strike out was well established and he did not need to repeat it. He noted that it was common ground that the power to strike out was discretionary and that it was open to him to defer to trial a decision on a claim or issue if satisfied to do so would further the overriding objective.
24. At J19-J24, the Judge considered whether there was any material benefit if the strike out succeeded. The material benefit alleged by the Appellant is recorded in J21(i), namely:
- If [the Appellant] were to succeed on strike out, there would be major case management and costs benefits for him and it may be possible to abandon his case on benefit derived from individual patents/inventions. This, says counsel for [the Appellant], could be achieved through notices to admit, part 36 offers, etc to [the Respondent], which [the Respondent] may be amenable to having lost on a point of law to do with the general impermissibility of aggregation.
25. At J25, the Judge noted that the strike out was in fact an invitation to construe s. 40 by way of preliminary issue, but that no such preliminary issue was before him, not least because there had been no order (indeed, no application) that such a preliminary issue should be decided.
26. In J29-J32, the Judge assessed the alleged material benefit of granting the strike out. He concluded in J32 that there was highly unlikely to be any material benefit gained from the strike out application, even assuming it succeeded. Importantly, the Judge said as follows in J30 (with original emphasis):
- I invited counsel for [the Appellant] to indicate whether he would abandon some or all of this part of his case if I were to grant the strike out. With no criticism to him, counsel for [the Appellant] was not able to provide me with an indication on those terms, but rather deferred the matter, saying that it would require liaising with the other side to see how they would be planning to run their case following the successful strike out.
27. At J33, the Judge recognised the force in the Appellant’s submission that the strike out did not depend on or require consideration of any particular factual matrix. However, the Judge remained “*unpersuaded that such a difficult point of law should be considered in a vacuum or on a series of examples dreamt up in submissions. So much is riding on this point of construction that it is not unrealistic to assume that the point, if decided, would be appealed to the Court of Appeal and the UK Supreme Court*” (with emphasis added).
28. The Judge’s overall conclusions on the strike out application were as follows:
- (a) While the Appellant’s argument may well turn out to be correct, “*the prudent course is to leave all issues of construction of s. 40 to the trial, to be determined on the basis of the facts found at that trial*” (J34).

- (b) If the Appellant was running every possible combination encompassed in paragraph 69 of the Particulars of Claim (see paragraph 10 above)¹⁵, the Court should not shut the Respondent out from arguing against each such combination (J36).
- (c) In all the circumstances, the Judge exercised his discretion under CPR 3.4(2)(a) to refuse the Appellant's application.

Grounds of Appeal

- 29. The Grounds of Appeal [CORE/2/15] can be divided into two groups. First, each of Grounds 1 to 3 go to the primary question before this Court (as set out in paragraph 5 above), namely should the Court of Appeal interfere with (what it is common ground is) the Judge's discretionary case management decision in the circumstances of this case. They each raise questions as to (a) the correct test for strike out and (b) the approach of the Court of Appeal to appeals of this nature. We therefore address those two issues first, before addressing Grounds 1 to 3.
- 30. Ground 4, introduced by way of amendment to the Grounds of Appeal, raises the substantive issue of construction of s. 40, which the Judge did not decide and on which he did not hear full argument. We address this after having addressed the primary question before the Court.

The correct test for strike out

- 31. CPR 3.4 states, insofar as relevant, as follows:

Power to strike out a statement of case

3.4

(1) In this rule and rule 3.5, reference to a statement of case includes reference to part of a statement of case.

(2) The court may strike out a statement of case if it appears to the court –

(a) that the statement of case discloses no reasonable grounds for bringing or defending the claim;

- 32. It follows from the use of the word “*may*” in sub-paragraph (2) that the power to strike out a statement of case (or part of it) is discretionary. This was common ground before the Judge¹⁶ and is common ground on this appeal.¹⁷

¹⁵ This is encompassed by the broad pleading of his Particulars of Claim, but it remains to be elucidated which and how many specific combinations Dr Parsons will rely upon at trial.

¹⁶ J17.

¹⁷ See Ground 3: “The learned Judge exercised his discretion in error.” [CORE/2/16]

33. The House of Lords case of **Barrett** concerned an application to strike out a claim under Ord 13, r 5(1)(a) of the County Court Rules on the grounds that the statement of claim disclosed no reasonable cause of action. Lord Browne-Wilkinson said the following at 557 (with *original emphasis*):

In my speech in the *Bedfordshire* case [1995] 2 AC 633, 740-741 with which the other members of the House agreed, I pointed out that unless it was possible to give a *certain* answer to the question whether the plaintiff's claim would succeed, the case was inappropriate for striking out. I further said that in an area of the law which was uncertain and developing (such as the circumstances in which a person can be held liable in negligence for the exercise of a statutory duty or power) it is not normally appropriate to strike out. In my judgment it is of great importance that such development should be on the basis of actual facts found at trial not on hypothetical facts assumed (possibly wrongly) to be true for the purpose of the strike out.

34. This passage was cited and applied by Peter Gibson LJ in **Richards v Hughes** [2004] EWCA Civ 266; [2004] PNL R 35 at [22]. That case concerned an application to strike out a claim under CPR 3.4, alternatively reverse summary judgment under CPR Part 24. It follows that this sets out the authoritative test for an application to strike out under CPR 3.4(2)(a), namely on the ground that the statement of case discloses no reasonable grounds for bringing or defending the claim.
35. Strikingly, the Appellant has not cited or addressed either authority in his appeal skeleton. This is in spite of the following:
- (a) The Respondent cited the passage from **Richards** in its skeleton for the CMC (see paragraph 31, [SUPP/9/63]) and that authority was in the authorities bundle for the hearing before the Judge.¹⁸
 - (b) Mr Green KC cited the relevant parts of both **Richards** and **Barrett** in his oral submissions.¹⁹
 - (c) The Respondent cited both authorities in its 3-page submissions opposing the grant of permission to appeal.
 - (d) The relevant paragraph in **Richards** is cited in one of the first instance authorities cited by the Appellant in his appeal skeleton.²⁰
36. The Appellant has instead cited the Court of Appeal's judgment in **Byrne v Hall Pain & Foster** [1999] 1 WLR 1849. However, this pre-dates **Barrett**, which is of course also

¹⁸ [SUPP/11/120].

¹⁹ T1p50/13-p51/10 [SUPP/12/134].

²⁰ *Kyndryl* at [19], cited at A58.

higher authority, and also pre-dates the CPR. Therefore, to the extent that *Byrne* says anything inconsistent with the passage in *Barrett* quoted above, the former is no longer good law.

37. In A56, the Appellant says that the correct approach to determining a strike out application on an issue of statutory construction was followed by Waksman J in *Lessees and Management Co of Herons Court v Heronslea* [2018] EWHC 3309 (TCC) at [8]. We agree. In that paragraph, the Judge in that case expressly applied the principle in *Barrett* that it is not normally appropriate to strike out in an area of the law which was uncertain and developing. Waksman J decided that the case before him was not such a case.
38. The Appellant also relies on the test for summary judgment as articulated by Lewison J (as he then was) in *Easyair v Opal Telecom* [2009] EWHC 339 (Ch), in particular the following at 15(vii):

On the other hand it is not uncommon for an application under Part 24 to give rise to a short point of law or construction and, if the court is satisfied that it has before it all the evidence necessary for the proper determination of the question and that the parties have had an adequate opportunity to address it in argument, it should grasp the nettle and decide it. The reason is quite simple: if the respondent's case is bad in law, he will in truth have no real prospect of succeeding on his claim or successfully defending the claim against him, as the case may be. Similarly, if the applicant's case is bad in law, the sooner that is determined, the better.

39. The Appellant is correct that the same approach has also been approved in the context of applications to strike out on the ground that the statement of case discloses no reasonable grounds for bringing or defending the claim.²¹ However, there are four points to note about those authorities.
40. First, none of these authorities says anything that contradicts the principles in *Barrett* and *Richards* set out above. Even if they did, such statements would have been *per incuriam*.
41. Second, Lord Burrows and Lady Rose confirmed in *Frank* that the test for strike out is “whether the claim has a realistic prospect of success.”²² *Frank* itself concerned a question of interpretation of the Antigua and Barbuda Constitution where the facts were straightforward and were not in dispute. The Appellant is therefore wrong to say in A55 that the test on his application (characterised as a “pure point of law”) is *not* whether the Respondent's case on the law has a real prospect of success.

²¹ See Court of Appeal in *Global Asset Capital v Aabar Block* [2017] EWCA Civ 37; [2017] 4 WLR 163, Hamblen LJ (as he then was) at [27(3)] and the Judicial Committee of the Privy Council in *Frank v A-G Antigua and Barbuda* [2022] UKPC 25, Lord Burrows and Lady Rose at [6].

²² See *ibid* at [6] and [61].

42. Third, there is nothing in these authorities to support a submission that where a party has applied to strike out a statement of case, or part thereof, which raises a “*pure point of law*”, the Court no longer has a discretion to refuse the application by declining to determine that point of law. To the extent that the Appellant submits otherwise in A54, again he is wrong. In any event, such a submission would be directly contrary to his position at the CMC, in which his counsel did not challenge the Judge’s point that there is “*on a strike out, a residual discretion not to strike out a case, even if the court construing the statute forms the view that they are unlikely to be right.*”²³

43. Fourth, there is an important difference between the scope of applications for strike out and an application for summary judgment. An application for summary judgment can only be in respect of a “*claim or issue*” (CPR 24.2). As Fancourt J pointed out in *Anan Kasei v Neo* [2021] EWHC 1035 (Ch); [2021] FSR 24:

82. The “issue” to which rule 24.2 (“the claimant has no real prospect of defending the claim or issue”) and PD24 refers is a part of the claim, whether a severable part of the proceedings (e.g. a claim for damages caused by particular acts of infringement or non-payment of several debts) or a component of a single claim (e.g. the question of infringement, or the existence of a duty, breach of a duty, causation or loss). It is not any factual or legal issue that is one among many that would need to be decided at trial to resolve such a claim or part of a claim. If the determination of an issue before trial has no consequences except that there is one fewer issue for trial then the court has not given summary judgment and the application was not for summary judgment. If it were otherwise, parties would be able to pick and choose the issues on which they thought their cases were strong and seek to have them determined in isolation, in an attempt to achieve a tactical victory and cause the respondent to incur heavy costs liability at an early stage.

83. The fact that the summary judgment application raises for determination issues of law does not make a relevant difference. Legal issues are often the only relevantly disputed question in a claim or part of a claim. Where the issue of law is relatively straightforward and the court is satisfied that it has before it all relevant material and that a trial judge would be in no better position to decide it, the court generally decides the issue of law finally, on a balance of probabilities, and not merely on the basis of whether the respondent has a realistically arguable case: see per Lewison J in [*Easyair*]. That does not mean that any issue of law can properly be the subject of a summary judgment application.

44. By contrast, an application for strike out under CPR 3.4(2)(a) can be aimed at any part of a statement of case; it is not confined to “issues” (in the CPR 24.2 sense). This explains why the Appellant in this case did not apply for summary judgment in the alternative to strike out. He could not because the point of law raised in the Amended Defence was not an “issue” for the purposes of CPR 24.2. If the strike out was successful, it would not have

²³ T1/46/9-23 [SUPP/12/133].

determined a claim or a component of a single claim; it would simply result in one fewer issue for trial, as the Judge rightly acknowledged.

45. In *Anan Kasei*, Neo’s application was refused because it did not fall within Part 24 at all. If the application had been for a trial of a preliminary issue, that too would have been refused because, *inter alia*, “it is rare that the Court makes general declarations of public law without regard to the facts of the case.”²⁴
46. It follows, in our submission, that one has to be cautious in applying the passage in *Easyair* at [15(vii)] to broaden the approach to an application to strike out in circumstances where the issue of law in question could *not* properly be the subject of a summary judgment application. In such a case, the *imperative* to ‘dispose of the issue’ if at all possible, simply does not arise. Rather, *Barrett* is the binding authority.

The approach of the Court of Appeal in appeals of this nature

47. As we note above, it was and is common ground that, in determining the strike out application, the Judge was exercising his discretion (see J17 and the Appellant’s Ground 3, [CORE/2/16]). In *ABP Technology v Voyetra* [2022] EWCA Civ 594; [2022] ETMR 33, Birss LJ (as he then was) said the following at [21]:

The principles applied on appeal from the exercise of discretion have been addressed in many cases. I will only refer to the useful recent summary by Saini J in *Azam v University Hospital Birmingham NHS Foundation Trust* [2020] EWHC 3384 (QB):

“50. An appellate court will only interfere with a discretionary evaluation where an appellant can identify one or more of the follows [sic] errors:

- (i) a misdirection in law;
- (ii) some procedural unfairness or irregularity;
- (iii) that the Judge took into account irrelevant matters;
- (iv) that the Judge failed to take account of relevant matters; or
- (v) that the Judge made a decision which was “plainly wrong”.

51. Error type (v)... means a decision which has exceeded the generous ambit within which reasonable disagreement is possible.

52. ...The appellate court’s role is to police a very wide perimeter and it will be rare that a judge who has exercised a discretion having regard to relevant considerations will have come to a conclusion outside that perimeter... It needs to be underlined that an appellate court in an appeal such as the present is exercising a CPR 52.21(1) “review” power. It is also well-established that the weight to be given to specific

²⁴ [87]-[89].

factors is a matter for the trial judge and absent some wholly unjustifiable attribution of weight, an appellate court must defer to the trial judge.”

Grounds of Appeal 1 to 3

48. As we note above, each of Grounds 1 to 3 challenges the Judge’s exercise of his discretion in refusing the application by declining to determine the point of statutory construction. We address the Grounds in turn below, even though the Appellant’s skeleton does not work through them. Each should be dismissed because the Judge directed himself according to long-established legal principles on strike out, he considered all relevant factors, and his decision to dismiss the strike out application was plainly one within the “*very wide perimeter*” of decisions which should not be interfered with on appeal.

Ground 1

49. Under this ground, the Appellant alleges that the Judge was wrong “*not to decide the application*” for three reasons: (i) it was clearly wrong, (ii) it was contrary to the overriding objective, and (iii) it was contrary to the scheme of the CPR and the authorities on strike out. The ground is based on a wrong premise. The Judge did decide the application to strike out – it was dismissed. This ground should be dismissed for that reason alone.
50. Insofar as Ground 1 goes further than that, the Judge expressly took the overriding objective into account.²⁵ Crucial to the Judge’s application of the overriding objective was that Issue 8 in the List of Issues – whether it was appropriate to aggregate benefit in this case – meant that there would be no material benefit in striking out the relevant parts of the Amended Defence at this stage.²⁶ Further, the Appellant refused to commit to narrowing his case if he was successful on the strike out application.²⁷ These were all relevant considerations justifying the Judge’s exercise of discretion.
51. As to reason (iii), this raises the issue of whether the Judge misdirected himself in law which we address under Ground 2. However, reason (iii) is based on a (further) wrong premise. The Judge did not find (nor even express a view) that the relevant parts of the Amended Defence had no prospects of success. Finally, as to reason (i), it cannot be said that the Judge made a decision outside the realms of reasonable disagreement, and so this falls away.

²⁵ J17 and J19.

²⁶ J14, J15, J31 and J32.

²⁷ J30. See also **T1/55/21-56/25** [SUPP/12/135].

Ground 2

52. By Ground 2, the Appellant alleges that the Judge failed to recognise or apply (still less articulate in his Judgment) the proper test on an application to strike out part of the Amended Defence pursuant to CPR 3.4(2)(a), as disclosing no reasonable ground for defending the claim.
53. Before addressing the substance of this ground, the Court should note that the Appellant did not cite any authorities on strike out in his skeleton before the Judge. By contrast, the Respondent correctly cited the principles in *Barrett* and *Richards*, with which the Appellant did not take issue in oral argument.
54. This explains why the Judge said in J17 that the law on strike out was well established and he need not repeat it in the Judgment. It was common ground that the power to strike out was discretionary. Further, the Judge correctly noted in J33 “*the authorities which make it clear it is unwise to determine ‘short points of law’ in an area of developing jurisprudence*”.²⁸
55. The Judge’s overall approach was entirely consistent with all the legal principles set out in paragraphs 31 to 46 above. Thus, the Judge properly directed himself in law.²⁹

Ground 3

56. The alleged error under Ground 3 is that the Judge misunderstood the nature of the decision to be made on the application before him. Again, this is clearly wrong. The Judge had at the forefront of his mind the decision to be made: whether to strike out the relevant parts of the Amended Defence or not (including whether to leave the legal issue raised for determination at trial).
57. The Appellant alleges the Judge was under the misapprehension that he did not need to decide the issue of law before him. There was no misapprehension, as the authorities on strike out above make clear, the Judge was entitled to decide to leave the legal issue to be determined at trial. There was no application for a preliminary issue and none had been ordered (although the Appellant sought the Respondent’s agreement to that effect in correspondence). As we set out above, the matter was not one suitable for summary

²⁸ In that regard, we note that the Appellant has wisely withdrawn the submission in his PTA skeleton (at paragraph 65) that the Judge found in J33 that the authorities for that principle had no application to this case. He saw some force in the Appellant’s argument that the strike out “*did not depend on or require consideration of any particular factual matrix*”, but that did not take the case outside the principle.

²⁹ Sub-paragraphs (a) and (b) of Ground 2 are irrelevant. This was not an application to amend a pleading and, insofar as they are different to the authorities on summary judgment (on which see paragraphs 43 to 46 above and paragraph 90 below), the Judge clearly had the authorities on strike out specifically in mind (see J17, J33).

judgment. Further, neither side was asking the Judge at the hearing of the application to decide the substantive issue in the Respondent's favour.³⁰ The Respondent had not applied to strike out the Appellant's pleaded case on the issue. Its primary position was that the issue was not suitable for determination at this stage; its secondary position was that its pleaded case was sufficiently arguable for it to proceed to trial.

58. The Judge's task was therefore precisely to consider whether the test for strike out had been met, which is different to deciding the substantive issue one way or the other. Applying *ABP*, there was no misdirection in law, no procedural unfairness or irregularity, the Judge took into account only relevant matters and his decision was well within the generous ambit within which reasonable disagreement is possible.

Ground 4 and the Respondent's Notice

59. Ground 4 states as follows:

For the avoidance of doubt, the Court should have held that, under s. 40(1)(b) of the [1977 Act], the Court may consider the benefit of: (i) more than one invention or patent (or the combination of both) together and (ii) more than one invention or patent family (or the combination of both) together.

60. This ground was introduced by amendment. It is presented as “[f]or the avoidance of doubt”, but in fact, it materially widens the scope of the appeal in that it asks the Court of Appeal to decide the substantive issue of law in the Appellant's favour. The Judge did not decide the substantive issue. Therefore:

- (a) There is no decision on that issue for the Court of Appeal to review.
- (b) The Appellant is asking the Court of Appeal to decide the point of statutory construction for the first time.

61. Ground 4 gives rise to the Respondent's Notice, which asks the Court of Appeal to uphold the Judge's order dismissing the strike out application for the following two different and/or additional reasons:

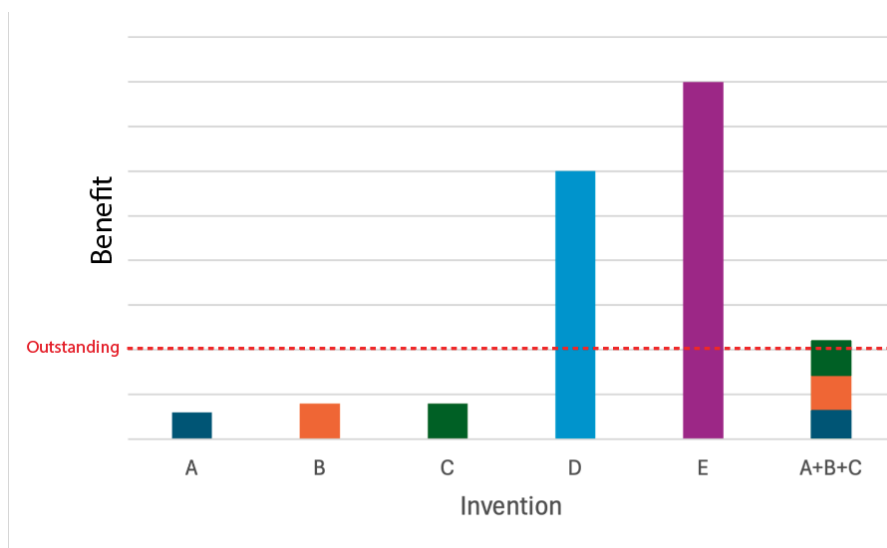
- (1) The Judge could have held that he could not have been sufficiently certain that the Respondent's pleaded case was bound to fail.
- (2) If, contrary to the Respondent's primary and secondary positions, the Court of Appeal is minded to determine the issue, the correct interpretation of s. 40(1)(b) is that a

³⁰ At various points in his appeal skeleton (for example A79.4), the Appellant relies on alleged benefits if the Judge had decided the substantive issue of law in the Respondent's favour. No one was asking the Court to do that, so that potential benefit is irrelevant.

claimant cannot rely on an outstanding benefit of patents and/or inventions collectively if they are not of outstanding benefit individually, alternatively a claimant cannot rely on an outstanding benefit of more than one invention or patent family if they are not of outstanding benefit individually.

Understanding the point in dispute

62. In order for an employee who has made a patented invention to be entitled to claim compensation under s. 40 of the 1977 Act, the employee must establish that the patent or invention has been of “*outstanding benefit*” to their employer.
63. That position is simple in respect of a single patented invention. It is equally simple where an employee has made two or more patented inventions, each of which is separately contended to have been of “*outstanding benefit*” to the employer – separate claims can be made and, in the usual course, could be advanced simultaneously.
64. What, however, gives rise to the present dispute, is the extent to which (if at all) s. 40 applies when an employee has made two or more patented inventions, none of which individually reach the “*outstanding benefit*” threshold. In such a case, is the employee entitled to advance a claim relying upon the cumulation of those “non-outstanding” benefits to reach the threshold? The point is simplistically illustrated in the following diagram:



65. In this simplified pictorial example (which treats ‘benefit’ as a singular metric), there is no dispute that each of Inventions D & E are individually within the scope of s. 40. However, if none of Inventions A, B and C individually meet the ‘threshold’ requirement of s. 40, can their benefits be aggregated to meet the “*outstanding benefit*” threshold? This is the issue that arises on the pleadings. (We refer to this as the “*Aggregation Question*”.)

Relevant authorities

66. It has been recognised that s. 40 generally is a problematic legislative provision. Floyd J (as he then was) in *Kelly v GE Healthcare* [2009] EWHC 181 (Pat); [2009] RPC 12 quoted at [7] from the speech of Lord Nelson of Stafford made during its passage through the House of Lords, as follows:

“I have never seen such a collection of vague terms in my life. What compensation, who is responsible, what is outstanding benefit, what value is to be put on this and what on that?”

and

“Who is to be the Solomon who will sort out all these vaguenesses at the end of the day and adjudicate on compensation when a claim is made, I hesitate to think.”

67. Jacob LJ said the following in the CA in *Shanks v Unilever* [2010] EWCA Civ 1283; [2011] RPC 12 (which was an appeal from an interim decision) at [32]:

In truth this is one of those provisions which is so ill-drafted (see the comments and citation from Hansard of Floyd J in *Kelly v GE* [2009] EWHC 181 (Pat)) that one has to be guided by its evident purpose (ascertainable from the paradigm case) to ascertain its meaning. My old head of Chambers, Thomas Blanco White QC, used to call this approach to construction of an ill-drafted provision “sewing the fly buttons on the statute.”³¹

68. The Aggregation Question has not been decided previously at any level of authority. It has not even been the subject of any argument.
69. The only authority which acknowledges the Aggregation Question at all is *Electrolux’s Patents* O/075/98, a 1998 decision of P Hayward, a Hearing Officer at the Intellectual Property Office. At [5], the Hearing Officer explained (with emphasis added):

Neither side has taken me through the details of the inventions covered by these patents, but from an examination of the priority dates claimed it would seem that there are at least five patent families here, i.e. groups of patents originating from the same patent application or applications. Thus prima facie these patents embrace at least five inventions. Both sides have been content to treat these inventions en bloc for the purposes of these proceedings. It is not immediately evident to me that lumping together patents relating to different inventions is legitimate for a section 40 claim. I am aware that some earlier decisions, such as *British Steel plc’s patent* [1992] RPC 117, accepted that a section 40 claim could relate to more than one patent, but those patents were all part of the same family and therefore presumably related to the same invention, whereas in the present case the patents relate to several different inventions. Nevertheless since both sides in the present dispute were happy to lump the patents together, I am content to go along with that for the purposes of this decision.

³¹ The “paradigm case” is described in [9], where Jacob LJ said “*The whole scheme is built round a paradigm case, the case where the inventor worked for the same company as received all the benefit from the invention.*”

70. Thus, to the extent there is any authority at all (accepting the limited precedential value of an IPO decision which is furthermore *obiter*), it favours the Respondent's position on the Aggregation Question, not the Appellant's.
71. None of the other cases cited by the Appellant in support of his case on this appeal in A39 (including *Kelly*) addresses the Aggregation Question, and so they are of no assistance.

General principles of statutory construction

72. The basic approach was set out fairly recently by the Supreme Court in ***R (O) v Secretary of State for the Home Department*** [2022] UKSC 3; [2023] AC 255, in which Lord Hodge DPSC, giving the leading judgment, stated (with citations omitted):

29. The courts in conducting statutory interpretation are seeking the meaning of the words which Parliament used. More recently, Lord Nicholls of Birkenhead stated: 'Statutory interpretation is an exercise which requires the court to identify the meaning borne by the words in question in the particular context'. Words and passages in a statute derive their meaning from their context. A phrase or passage must be read in the context of the section as a whole and in the wider context of a relevant group of sections. Other provisions in a statute and the statute as a whole may provide the relevant context. They are the words which Parliament has chosen to enact as an expression of the purpose of the legislation and are therefore the primary source by which meaning is ascertained.

30. External aids to interpretation therefore must play a secondary role. Explanatory Notes, prepared under the authority of Parliament, may cast light on the meaning of particular statutory provisions. Other sources, such as Law Commission reports, reports of Royal Commissions and advisory committees, and Government White Papers may disclose the background to a statute and assist the court to identify not only the mischief which it addresses but also the purpose of the legislation, thereby assisting a purposive interpretation of a particular statutory provision. The context disclosed by such materials is relevant to assist the court to ascertain the meaning of the statute, whether or not there is ambiguity and uncertainty, and indeed may reveal ambiguity or uncertainty. But none of these external aids displace the meanings conveyed by the words of a statute that, after consideration of that context, are clear and unambiguous and which do not produce absurdity. . .

31. Statutory interpretation involves an objective assessment of the meaning which a reasonable legislature as a body would be seeking to convey in using the statutory words which are being considered . . .

73. In ***R (Quintavalle) v Secretary of State for Health*** [2003] 2 AC 687, Lord Bingham of Cornhill stated as follows at [8]:

The court's task, within the permissible bounds of interpretation, is to give effect to Parliament's purpose.

74. When construing an enactment, regard should be had to the consequences of each proposed construction.³² The courts will generally avoid adopting a construction that produces an absurd result, since that result is unlikely to have been intended by the legislature. The concept of ‘absurdity’ has been held to include virtually any result which is impossible, unworkable or impracticable, inconvenient, anomalous, futile or pointless, artificial, or productive of a disproportionate counter-mischief.³³

The text and scheme of s. 40 itself

75. A literal analysis of s. 40 requires the Court or Comptroller to proceed through three steps in order:³⁴
- (1) The first step is the identification of “*an invention belonging to the employer for which a patent has been granted*”. It envisages (given that a patent should contain only one invention³⁵) a one-to-one relationship between the “*invention*” and the “*patent*” referred to in this subsection.
 - (2) Having identified the invention and corresponding patent of interest at (a), s. 40(b) implicitly refers back to (a) by using the words “*the invention or the patent for it*”, and requires determination of whether that invention (or the patent for it, or both) “*is of outstanding benefit to the employer*”.
 - (3) The final step is to consider whether, by reason of “*those facts*” (*i.e.* having established outstanding benefit from the patent/invention), it is “*just*” for the employee to be awarded compensation.³⁶
76. This analysis supports the Respondent’s construction whereby it is a single patent or invention³⁷ (or the combination of the patent and the invention for which that patent has been granted) which must cause the outstanding benefit, which may then lead to an award of compensation if that is considered just.
77. This is to be contrasted with the Appellant’s approach, as illustrated by the assertions of absurdity of the Respondent’s construction based on factual scenarios set out in A39(4) and A40. The Appellant’s starting point is not a particular patented invention with rare and

³² *Bennion, Bailey and Norbury on Statutory Interpretation*, 9th Ed. at §10.7, cited with approval in *Project Blue v HMRC* [2018] UKSC 30; [2018] 1 WLR 3169, Lord Briggs at [110] (referring to §9.6 in a previous edition).

³³ *Bennion*, at §13.1; *Project Blue*, Lord Hodge at [30].

³⁴ For convenience, we focus on the section as amended in 2005.

³⁵ To avoid “double patenting”.

³⁶ The question of “*fair share*” only arises under s. 41 once it has been established that an employee is entitled to compensation under either s. 40(1) or 40(2).

³⁷ Inventions only being relevant in cases to which the amended version of s. 40 applies.

noteworthy qualities. Rather his starting point is the existence of an “*outstanding benefit*” in the form of a successful product.³⁸ From that product, he contends the Court should work backwards to ascertain whether there were some collection of patented inventions to which the benefit could (at least in part) be attributed, notwithstanding that those patented inventions were not by themselves of outstanding benefit.

78. This proposed approach fundamentally alters the causality of s. 40, effectively reading it back to front. It fails to appreciate the objective purpose of the provision which is to recognise (and potentially compensate) the employee only where there is a patent / invention of such especial quality that it results in an outstanding benefit to the employer. Taken otherwise, it is hard to see which patents/inventions incorporated in a successful product *would not* fall within s. 40.

The 1977 Act as a whole

79. As set out in ***R(O)*** at [29], the wider group of sections within which the controversial provision sits is relevant. S. 40 is part of a scheme dealing with employee inventions spanning ss. 39 to 43. Aspects of those additional sections provide further guidance on the proper interpretation of the relevant provision. The Respondent relies on the following in particular:
- (a) ***S. 43(3)***: S. 40 does not operate to reward those who merely contribute to an invention made by another (see also ***Kelly*** at [11]). Parliament’s decision not to benefit mere contributors of advice or assistance under s. 40, even where the resulting patented invention is of “outstanding benefit”, would be inconsistent with enabling an employee to claim compensation for a patented invention which does not itself produce an “outstanding benefit”.
 - (b) ***S. 43(5A)***: This makes clear that the relevant benefit is that which accrues during the lifetime of a patent. It follows that a claim under s. 40 must relate to a particular patented invention with a specific corresponding lifetime. Differences in the relative timing of grant and expiration/revocation of two patents, neither of which itself produced an “outstanding benefit”, but which are together said to do so, would produce strange and arbitrary outcomes depending on the extent of temporal overlap. This is not fanciful. In the present action, the Appellant’s case is broadly enough stated to aggregate the benefit from the two patent families with the earliest (***BJP 2002***) and

³⁸ In fact, Dr Parsons’ claim covers an outstanding benefit aggregated over different products utilising different patents/inventions.

latest (**P&L 2014**) priority dates respectively. Assuming, contrary to the Respondent's case, that there is an "outstanding benefit" when the benefits are aggregated, how does one account for the substantial temporal aberration that both simultaneously existed only between the grant of the EP of P&L 2014 (in February 2021) and expiry of BJP 2002 (in November 2021) – a mere 8 months?

- (c) **S. 40 Limitation Provisions:** The rules pertaining to the special limitation period in which a s. 40 claim can be brought reinforce the Respondent's position on the difficulties arising from temporally different patents. S. 40 is only available in relation to "*an application made by an employee within the prescribed period*" (s. 40(1)). Under CPR 63.12(2), "[t]he prescribed period begins on the date of the grant of the patent and ends 1 year after the patent has ceased to have effect." The statute plainly envisages a benefit which arises from a specific patented invention, not multiple patented inventions taken in aggregate.

External aids

80. Ss. 40 to 42 were enacted in response to the report of the Working Party on Employed Inventors' Rights. According to **R(O)** at [30], this may assist in the purposive construction of s. 40. The approach is further mandated by this Court's decision in **Shanks** (quoted at paragraph 67, above). It contains no hint of a suggestion that benefits from multiple non-outstanding patented inventions might be 'lumped together' in order to establish an "outstanding benefit" and further supports the Respondent's interpretation of s. 40:

- (a) The Working Party report considered three categories of employee invention:

"(i) inventions which arise from activity within the scope of the employee's normal duties", "(ii) inventions which arise from a special assignment outside the scope of the employee's normal duties", and "(iii) inventions made by an employee who has a general obligation to further the interests of his employer's business."

- (b) The report states:

"10. The Working Party was unanimous that employees who make inventions within criteria (i) to (iii) should not normally be entitled to any reward for their efforts over and above the remuneration they receive under their terms of employment. In general, these employees are doing no more than is expected of them and to confer special treatment on them may create difficulties with other employees. However, the Working Party did not feel that it would be fair to exclude them from the possibility of an award in all cases. In its view, the prospect of an award should be available in exceptional cases. If, for instance, an invention proves to be of outstanding value to the employer then, taking into account the remuneration of the employee, the effort and skill he has devoted

to devising the invention and other relevant circumstances, it may be unjust totally to deprive him of all opportunity to obtain an award.”

(c) The Report goes on:

“12. As regards the award ... in ... the exceptional cases referred to earlier, the Working Party considers that the employee’s right should be to a fair share of the realised value to the employer of any patent for the invention. From this, it will be appreciated that, in the Working Party’s view the award is to be related to the use made of any patent; although such use may, in many cases, provide financial benefit to the employer on the basis of which the award may be determined, the Working Party observed that many other inventions, particularly those which are government owned, are not exploited for profit. For this reason the Working Party preferred to relate the award to the ”realised value“ of the patent. The award is to be a fair share of this.”

The Interpretation Act 1978

81. The Appellant’s interpretation relies on the submission that the singular includes the plural, in respect of both the patent and the invention, as those terms appear in s. 40. For this, the Appellant primarily relies on s. 6(c) of the Interpretation Act 1978 (the “**IA 1978**”). This provides that “*In any Act, unless the contrary intention appears, - (...) words in the singular include the plural and words in the plural include the singular*” (with emphasis added).
82. The Respondent relies on the following principles in the authorities on the IA 1978:
- (a) A contrary intention may appear explicitly or by implication.³⁹
 - (b) When considering whether there is a contrary intention, it is helpful to stand back from the language of the subsection, and to look at the factual context in which it was enacted.⁴⁰
 - (c) The goal of legislation such as the IA 1978 is to act as a drafting convenience. It is not to be expected that it would be used so as to change the character of legislation.⁴¹
83. The Appellant simply asserts that “[t]he contrary intention plainly does not appear; so, that is an end of [the Respondent’s] case.” This is plainly wrong. The primary analysis of s. 40 in paragraphs 75 to 79 above, the surrounding sections and the report of the Working Party all support the contrary intention, namely that the words “patent” and “invention” do not include “patents” and “inventions”.

³⁹ *R v Secretary of State for the Home Department Ex p. Atlantic Commercial (UK)* [1997] BCC 692 QBD, Popplewell J at 694.

⁴⁰ *Leeds Group Plc v Leeds City Council* [2010] EWCA Civ 1438; [2011] Ch 363, Sullivan LJ at [27].

⁴¹ *Blue Metal Industries Ltd v Dilley* [1970] AC 827, Lord Morris of Borth-y-Guest sitting in the Privy Council. The case concerned the New South Wales Interpretation Act 1897 No. 4, s.21 of which was materially identical to s.6(c) of the IA 1978. It is cited in *Bennion* at §19.12.

84. Even if we are wrong about the intention, the Appellant also fails to deal with the consequences of his application of s. 6(c) of the IA 1978 to s. 40 as a whole. It must mean that all singulars may be turned into plurals. Here, this would result in a modified wording that also renders the term ‘benefit’ in the plural, i.e. that “the employee has made inventions belonging to the employer for which patents have been granted” and “the inventions or the patents for it (...) are of outstanding benefits to the employer”. This would take us back to precisely where we started - that a separate benefit is required for each invention or patent for it. We also note that a wholly naïve application of s. 6(c) would expand s. 40 to allow claims based on multiple inventions of multiple employees, and even multiple outstanding benefits accumulating to multiple employers. In short, any ‘outstanding product’ which incorporates patents could lead to a multifaceted claim.

Parliamentary materials

85. Reference to parliamentary materials for the purpose of statutory construction is permitted where three conditions are all met:⁴²

- (1) Legislation is ambiguous or obscure, or leads to an absurdity.
- (2) The material relied upon consists of one or more statements by a Minister or other promoter of the Bill.
- (3) The statements relied upon are clear.

86. The Respondent’s case is that condition (1) is not met for the reasons already set out above. However, if we are wrong and the legislation is ambiguous, then we rely on the following statement of the Lord Chancellor during the Parliamentary debates on what is now s. 40 (Hansard, February 24, 1977, vol.380 at column 411, with emphasis added):

“But exceptionally the clause contemplates an employed inventor who comes up with a ”humdinger“ of a winner, if those are suitable words to fall from the lips of a Lord Chancellor. In such cases the Working Party on Employed Inventors’ Rights, to which I have referred, considered that it would be no more than fair in those exceptional circumstances to allow him a claim to compensation for the ”bonanza“ that he has earned for the employer. So we are not dealing here with hundreds of applications, with run-of-the-mill inventions which are patented by the thousand every year. We are dealing with the sort of invention which may revolutionise a company or perhaps even a whole industry. The Working Party took the view that in such exceptional cases there should be some recognition of the contribution which the inventor has made, and for this reason it was felt appropriate in those circumstances to allow the inventor to apply for compensation. I must invite noble Lords to consider this, if they disagree with what is proposed. I wonder what they think would be the feelings of an employee who by his remarkable invention brings

⁴² *Pepper v Hart* [1993] AC 593, Lord Browne-Wilkinson at 640.

this enormous outstanding benefit to his employer and gets no additional compensation or reward for it. He would, I should have thought, be entitled to be not exactly grunted at the situation which has arisen.”

“I can think of no better term to express the exceptional nature of the invention which we are considering here, an invention which is of ”outstanding benefit to the employer“.” (Hansard, February 24, 1977, vol.380 at column 430).

87. This is a clear statement that what is required in order for an employee to be entitled to compensation is a “humdinger” of a winner of an invention of the sort which “*may revolutionise a company or perhaps even a whole industry*”, as distinct from “*run-of-the-mill inventions which are patented by the thousand every year*”. Without that requirement for a “humdinger”, there is a different intention (as per the Appellant’s case) and this fundamentally changes the nature of the section in a way that Parliament did not intend.

Consequences of the Appellant’s construction

88. The Appellant’s construction would have a number of negative consequences, which Parliament is unlikely to have intended. In particular:
- (a) The Appellant’s approach to construction would unfairly favour employees who remained employed by the same employer over a long period. By remaining with the same employer, such employees could consistently contribute in ‘run-of-the-mill’ ways to the inventive activities of a business and its lead product(s) over decades, which collectively might add up to an outstanding benefit. They would be favoured over employees who moved to a new employer, thus discouraging employees from moving between companies.
 - (b) The Appellant’s approach would constitute a significant disincentive to the long-term retention of employees. Employers would have strong incentives to artificially limit employees’ periods of employment in the United Kingdom for fear that long-term employment could expose the employer to an ‘aggregated’ s. 40 claim that could never have been advanced if precisely the same development was undertaken, but the employees working on the development process were turned over every few years.
 - (c) The Appellant’s approach would constitute a significant disincentive for companies to locate research-intensive industries in the United Kingdom. S. 43(2)(a) limits the whole scheme to (effectively) UK-based employees. Most other jurisdictions do not have remotely equivalent provisions. If the Appellant is right, it provides a strong reason to avoid conducting substantial research and development in the UK.

- (d) It is precisely *the Appellant's* construction that leads to absurdity. In industries where very successful products embody a large number of patented inventions, compensation would now be awarded to many inventors involved in product development simply because each has contributed some 'run-of-the-mill' patents over a number of years. That would be the case, on the Appellant's construction, even though no individual invention/patent was particularly special, and no single invention/patent *caused* the huge success of the product, or an outstanding benefit to the employer.

Conclusion on the point of statutory construction

89. As set out in paragraphs 1 and 2 of the Respondent's Notice, the Respondent's case on the Aggregation Question itself has two layers. First, the order dismissing the strike out should be upheld because neither the Judge nor this Court can be certain that the Respondent's case on the law is bound to fail, applying the test for strike out in ***Barrett*** (paragraph 33 above).
90. The Appellant says that applies the wrong test. The right test, he says, is the usual balance of probabilities test (see A55). However, none of the cases relied on for the application of that test (***Kompaktwerk v LivePerson Netherlands*** [2024] EWHC 2278 (Comm); [2025] Bus LR 474 and ***On the Beach Ltd v Ryanair*** [2023] EWHC 2694 (Comm)) involved an application for strike out. (We note that the Appellant himself acknowledges in his Grounds of Appeal that the authorities distinguish between an application to strike out and an application for summary judgment – see paragraph 3(2)(b).) In any event, they are each first instance decisions.
91. If we are wrong about that, and the balance of probabilities test does apply, then in any event that should be decided in the Respondent's favour: the intention of Parliament was not to permit an employee to aggregate the benefit from multiple inventions and/or patents to reach an *outstanding* benefit in circumstances where the patents / inventions are not of outstanding benefit individually.

Patent families

92. In Ground 4, the Appellant introduced for the first time a nuance to his argument on statutory construction, which effectively gives him a fall-back position: that it is permissible as a matter of law to aggregate the benefit of patents *within the same family*, even if it is not permissible to aggregate the benefit of patents and/or inventions in different patent families.
93. The first thing to note is that there would be even less benefit in deciding this point in the Appellant's favour at this stage in the litigation than the overall point of statutory construction. Crucially, it would not have a significant effect on the Appellant's case

because he needs to aggregate benefit over multiple patent families to rely on the benefit from the success of the various AQUACEL products.

94. In any event, there is a short answer to this. Whether a patent is of outstanding benefit is determined relative to the territory of grant of the patent. Thus, whether a GB patent is of outstanding benefit is determined by reference to the UK market. The benefit of another patent in the same family is determined by reference to the respective market in which it applies. Where the effect of filing multiple patents in different territories for the same invention is that the patentee has international coverage, as a strict matter of law, the Court needs to determine outstanding benefit on a market-by-market basis. However, it appears from prior cases that the Court has, for reasons of expediency and procedural economy, been content to assume that the benefit is proportionally similar in each market (especially in the absence of argument or evidence to the contrary).
95. Therefore, no different approach is warranted or necessary under s. 40 for the treatment of multiple patents within the same family.