



**BARKERBRETTELL**

PATENTS TRADE MARKS COPYRIGHT DESIGNS

**EMPLOYEE COMPENSATION FOR A PATENT OF OUTSTANDING  
VALUE**

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November 2009

In the first successful action of its kind in the UK, in *Kelly & Chiu v GE Healthcare Ltd*, two inventors have been awarded compensation totalling £1.5 million as a result of the outstanding commercial benefit to their employer of its patents for a radiopharmaceutical heart-imaging agent (“Myoview”).

The law was amended in 2005 in an attempt to make compensation easier to obtain for employee-inventors. The current legal test is that the invention, or the patent for it, or a combination of both, must be of outstanding benefit to the employer. However, this case was decided under the law prior to the 2005 amendment, under which the patent had to be shown to be of outstanding benefit to the employer. In all previous decided cases under this old law, employee-inventors had been unable to show that it was the granted patent itself that was of outstanding benefit. It is of course worth noting that many clear cut cases are likely to have been settled out of court.

In assessing the benefit of a patent, it will normally be useful to consider what would have been the position of the employer if the patent had not been granted, and to compare this with the employer’s position with the benefit of the patent. In addition, UK law requires that it be “just” for an award to be made.

Total sales of Myoview to 2007 (20 years after the first patents were filed) amounted to £1.3 billion, and the in-house R&D costs for Myoview had been recovered in the first year of sales. The patents for Myoview had been instrumental in acquisitions of other companies and stakes in other companies. Had the patents not existed, the expiry of regulatory data exclusivity in 2002 would have precipitated a crisis. Finding that the patents had “transformed” the company, the court had no difficulty in recognising that the patents were of outstanding benefit to the employer, and that an award was just.

Despite the transformation in the company that the Myoview patents had brought about, their benefit was established by the court largely by reference to the estimated effects of the generic competition that would have been faced for sales of the imaging agent in the absence of the patents. Sales of Myoview in the period 2002-2007 (after expiry of regulatory data exclusivity) were around £1 billion. It was found that, had the patents not existed, revenues would have been reduced by at least £50 million in that period, on a conservative estimate, due to generic competition. The court indicated that the actual benefit was likely to have been much greater, but how much greater was unquantifiable.

Under UK law, four factors have to be taken into consideration in determining the “fair share” of the benefit of the patent to be awarded to an employee-inventor:

- a) the nature of the employee’s duties, and his remuneration and other advantages of his employment;
- b) the employee’s effort and skill in making the invention;
- c) the effort and skill of any co-inventor, and the advice and assistance of any employee who is not an inventor; and
- d) the employer’s contribution to making, developing and working the invention by provision of advice, facilities and other assistance, by provision of opportunities, and by provision of managerial and commercial skill and activities.

Under factor (a), the employees were found to have had average levels of remuneration; however the advantage of being able to negotiate significantly higher salaries with subsequent

employers, having worked on Myoview, was found to exert a “downward pressure” on the fair share of the benefit to be awarded to them.

In relation to (b), the high level of scientific skill of the claimants was recognised. Also, project reports describing their “pioneering spirit” and the “monumental efforts” made by one of the inventors, weighed in their favour.

When considering factor (c) it was noted that there were three other inventors, but that it was not possible to identify any person, other than the inventors, who had provided advice and assistance.

Finally, in respect of factor (d) it was recognised that the employer’s facilities, and the external assistance from universities, had been very important.

Thus the court found that the claimants’ thought and creativity, and the relatively low R&D costs of Myoview, weighed in their favour. In the employer’s favour were the opportunities it provided to the employees to make inventions, its marketing, and its taking of the risk involved in the Myoview project.

In arriving at a fair share of the benefit of the patents to be awarded, the court took the same conservative approach as it had done in evaluating the benefit of the patents. It was decided that 3% of the benefit represented a just and fair award to the claimants. Dr Kelly, who had been in a senior position, was awarded 2% (£1 million), and Dr Chiu was awarded 1% (£500,000). The total award of £1.5 million represents about three days’ of the profits from Myoview at current rates.

The benefit to the employer of the Myoview patents, not only in terms of sales of the imaging agent, but also in terms of facilitating corporate deals and the general transformation of the company, was clearly outstanding. This background allowed this case to be distinguished from the earlier, unsuccessful, actions for employee-inventor compensation.

Although the 2005 amendment to the law may result in more would-be claimants, this case indicates the high level of employer benefit that is required, as well as serving as a reminder of the various factors that can vitiate an employee’s “fair share” of that benefit.

