

"Outstanding" contribution to the case law on employee inventions

- Claim for compensation by an employed inventor of patented technology
- How to assess compensation when an employer has received an "outstanding" benefit from the invention?
- Guidance from the Court of Appeal on how to assess the benefit to an employer in the case of very large corporations

What's it about

Patent law provides that if an employee makes an invention in the course of his employment duties then it will belong to his employer. However, if the employer receives an "outstanding benefit" from any resulting patent, then the employee can seek compensation amounting to a fair share of that benefit.

In this case, Professor Shanks was employed by Unilever when he made an invention in the field of biosensors for use in making medical diagnoses. Unilever sought patent protection for the invention, and subsequently earned around £24.5m from licensing it to third parties. Professor Shanks sought compensation for his contribution to that success.

Why does it matter?

The Court of Appeal was required to determine whether the relevant patents had brought an "outstanding benefit" to Unilever, and noted that "outstanding" is an ordinary English word and was probably chosen by Parliament to indicate "the exceptional nature of the benefit that must exist". Unilever argued that although £24.5m is not inconsiderable, it is dwarfed by the multi-billion pound turnover of the group as a whole. The Court concluded that a comparison between income from the patents and the income of the company as a whole, is just one of the factors (and certainly not the only factor) that should be considered. Ultimately, the Court of Appeal found that the first instance decision had been correctly made, and that no compensation was due to Professor Shanks. It is inescapable, though, that the sheer size of the Unilever group was a factor in this particular case.

Now what?

Successful claims for employee compensation are rare. This case is only likely to dissuade employee inventors from seeking compensation from the very largest companies. Courts have set the bar very high for this kind of claim.

[*Shanks v Unilever Plc and others \[2017\] EWCA Civ 2*](#)

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