

Neutral Citation Number: [2022] EWHC 3200 (Pat)

Claim No. HP-2020-000008

IN THE HIGH COURT OF JUSTICE
BUSINESS & PROPERTY COURTS OF ENGLAND & WALES
INTELLECTUAL PROPERTY LIST (Ch D)
PATENTS COURT

Friday, 23 December 2022

Before:

MR. DANIEL ALEXANDER KC

BETWEEN

OXFORD UNIVERSITY INNOVATION LIMITED

Claimant

and

OXFORD NANOIMAGING LIMITED

Defendant

and

THE CHANCELLOR, MASTERS & SCHOLARS OF OXFORD UNIVERSITY

Third Party

Tom Alkin and Lee Finch (instructed by Powell Gilbert) for the Claimant/Third Party
Jonathan Hill (instructed by Clyde & Co) for the Defendant

Hearing dates: 23-30 June 2021

APPROVED JUDGMENT

This judgment was handed down remotely by circulation to the parties' representatives by email. It will also be released for publication on BAILII and other websites. The date and time for hand-down is deemed to be 14.00 on 23 December 2022. I direct that pursuant to CPR PD 39A para 6.1 no official shorthand note shall be taken of this Judgment and that copies of this version as handed down may be treated as authentic.

MR DANIEL ALEXANDER KC

I. INTRODUCTION

1. This action began as a claim for royalties alleged to be due to the Claimant (“OUI”) pursuant to a licence agreement dated 29 April 2016 (“the Licence”). In Spring 2021, the outstanding royalties due stood at over £700,000 and have increased since then.
2. The Licence relates to intellectual property rights in a compact, super-resolution imaging device which is a type of specialised microscope developed at Oxford University (“the University”) and which has been commercialised by the Defendant (“ONI”) as the ‘Nanoimager’. In this judgment, the University and OUI are referred to collectively as “Oxford” except where otherwise stated.
3. Underlying the dispute is a fundamental challenge by ONI to OUI’s entitlement to the patents licensed under the Licence.
4. The key issue is whether, or the extent to which, Oxford can validly claim rights to inventions made by Mr Bo Jing (“Mr Jing”), who was initially a research intern and later a DPhil student at the University.

Issues raised by the case

5. The case raises questions about the terms relating to intellectual property which Oxford and potentially other universities may validly agree with research and other degree students relating to the fruits of their work. Both aspects of the claim, but primarily the second, are potentially relevant to academic research institutions which employ interns or have doctoral or other students undertaking or proposing to undertake research which turns out to be of commercial value.
6. The issues and the way in which the arguments were presented on the case law has raised further questions of potentially wider importance as to whether students of various kinds are entitled to be treated as “consumers” under certain EU-derived consumer protection legislation and the approach to evaluation of alleged unfairness of such terms in contracts with higher education institutions.
7. This case arises against a background of debate at the University and other higher education institutions about the approach it and other institutions should take to making claims to and sharing benefits derived from intellectual property rights in the creative or research activity done by academics, undergraduate/postgraduate research students and employees. This area has increased in importance as universities and other institutions both in the UK and elsewhere have focussed more on commercialisation of research work by their researchers, especially in the sciences.

8. The thrust of ONI's case is that Oxford's approach to allocation of the commercial fruits of such research was unfair to DPhil students and, more particularly, unfair to Mr Jing in the circumstances of the case. More specifically it is said that Oxford's policies are unfairly weighted in favour of the University and senior academics, who may have contributed less to the detail of the work than more junior researchers or inventors.
9. Cases of this kind involving these kinds of issues in universities rarely come before the courts. None has in this country before this one. The issue of ownership of employee inventions under the Patents Act, section 39 ("the Act") is well covered by authority and, in this case, its application is relatively straightforward. In contrast, there have been no decisions in England and Wales which deal with the applicability or impact of consumer protection legislation on terms relating to intellectual property rights of students or even how employed academics should be treated. It has therefore been necessary to look at some of these issues afresh in the light of the developing case law. There is a "campaigning" element to ONI's case which is said to be directed at improving the position of entrepreneurs, particularly at Oxford. It is therefore appropriate to go into some of these issues and explain the reasoning behind certain aspects of this decision more fully than would otherwise be justified.

The parties and the key individuals

10. OUI, the licensor of the rights under the Licence, is the technology transfer arm of the University. Its position and approach are discussed in greater detail below.
11. OUI is now the registered proprietor of the relevant patents and is said in the Licence also to be the owner of other IP relating to the Nanoimager. ONI was spun out of the University by OUI to commercialise the Nanoimager pursuant to the Licence. The University retains an equity stake in ONI which has been diluted over various funding rounds.
12. Early prototypes of the device which was developed into the Nanoimager were made in the condensed matter physics laboratory of Professor Achilles Kapanidis ("Professor Kapanidis") an Oxford professor. However, it is common ground that at least the bulk of the detailed development work which resulted specifically in the patents in issue was undertaken by Mr Jing. He worked on the project in Professor Kapanidis' laboratory first as an employed research intern, pending commencement of his DPhil (between February – October 2013) and later as a DPhil researcher (between October 2013 – May 2016).
13. When the technology was spun out, Mr Jing became the chief technology officer and is now the CEO of ONI, having left the University without completing his DPhil to focus on commercial development of the Nanoimager.

The structure of the claim and issues

14. ONI does not dispute that ONI has not paid royalties since February 2019. Its defence is that the Licence is void for common mistake because ONI contends that it was Mr Jing, and not OUI, who was at all material times entitled to the IP licensed to ONI under the Licence and, in particular, certain key patents described as the “First and Second Patent Families”.
15. The mistake which is alleged by ONI to render the Licence void is that it was entered into by OUI and ONI on the common assumption that OUI owned the First and Second Patent Families (and other intellectual property rights) but it is said by ONI that this intellectual property was in fact (and by operation of law) owned by Mr Jing. ONI therefore contends that this assumption was mistaken and was fundamental. Its case is that the Licence contained no warranty from either side as to ownership of those intellectual property rights, that OUI had specifically excluded any such warranty as to title and that the fact that OUI was not the rightful owner of the relevant intellectual property rights was not the fault of either OUI or ONI.
16. Accordingly, ONI contends that it is entitled to rely on the doctrine of common mistake to defeat the claim for past royalties and any future claim by undermining the Licence which forms its basis. It is common ground that, if there was no such mistake as to where the rights lie, the licence agreement is not void and Licence fees are properly due pursuant to it.

The scope of the Licence

17. The dispute has focussed on the First and Second Patent Families but the Licence is not limited to rights under those intellectual property rights. There is therefore a question as to whether, even were the assumption wrong that OUI owned these intellectual property rights (or one or more of them), that would render the Licence void if other licensed rights remained validly vested in the University.
18. For reasons which will become clear, this issue does not arise and it is not desirable to try to resolve it. It suffices to say that it is not clear as a matter of law that, even if OUI did not own some, or possibly even all, of the particular rights in question, the licence would automatically be void. There are potentially other rights which might remain validly vested in OUI and licensable. No argument was addressed to that point and both sides focussed on the more fundamental issues. It would not therefore be appropriate to say more than that this issue may require separate determination should the outcome of the present aspects of the dispute be altered on appeal. There is also a potentially quite complex question about what the precise impact is of a finding of unfairness (and consequential voidness) under the consumer protection legislation in issue of any given term.

Again, that does not arise and would require separate consideration if it did. It is a complex issue because EU law (and UK law derived from it) does not necessarily treat the consequences of voidness of a term in a consumer contract in exactly the same way as the common law.

The issues at trial

19. The issues were narrowed before the trial to two broad areas, of which each involves substantial sub-aspects.

(i) Impact of Patents Act s.39

20. The first issue is whether section 39 of the Patents Act 1977 (“the Act”) operated to vest the First and Second Patent Families in the University. This is a comparatively self-contained factual issue, focusing on whether invention was reasonably to be expected from Mr Jing in the period in question.
21. ONI contends that, in so far as any relevant invention was made while Mr Jing was employed by the University as an intern, there was “no reasonable expectation” that an invention might result from the carrying out of his duties and that ownership of the invention therefore remained with Mr Jing, pursuant to the proviso to s.39(1)(a) of the Act.
22. OUI has admitted, for the purpose of these proceedings that, during the period of his internship, Mr Jing was an employee of the University for the purpose of the Act. However, ONI point, in particular, to Mr Jing’s “low status in the University hierarchy”, his “relative lack of experience and qualifications” and “modest salary” and the tasks he was engaged to carry out in support of their case that there was no reasonable expectation that an invention might result from the carrying out of his duties.
23. This aspect of the case therefore comes down to considering what Mr Jing’s duties were and the extent to which an invention might reasonably be expected to result from his work, having regard to all the relevant circumstances. During the course of the hearing, argument developed by ONI into a wider dispute over what the law required as to whether a “reasonable” expectation existed that invention may result from the carrying out of Mr Jing’s duties but, ultimately, the argument in closing was correctly in my view put on a narrower basis. The issue requires consideration of the circumstances in which the internship arose since this was not a common sort of internship of a very junior individual.

(ii) Effect of consumer protection legislation on the University’s IP regime as it affects Mr Jing as a DPhil student

24. The second area of dispute relates to the terms under which Mr Jing became a DPhil student (the “DPhil Contract”) which operated to transfer title to the University in the relevant inventions made by him during those studies (or give the University a right to claim such).
25. ONI contends that, in so far as any relevant invention was made while Mr Jing was a DPhil student, the University’s IP provisions, which are discussed in greater detail below, contravene the Unfair Terms in Consumer Contracts Regulations 1999/2083 (“UTCCRs”) and were not binding on Mr Jing as a result.
26. ONI admits that Mr Jing’s DPhil Contract incorporated the University’s ‘IP Statute’, which *prima facie* operated to vest the relevant rights relating to the Nanoimager generated during Mr Jing’s DPhil in the University in exchange for a share of any revenue and, potentially, equity from its commercialisation.
27. This issue therefore requires the court to consider two questions:
 - (1) Whether, as ONI contends, Mr Jing was, as against the University, a “consumer” within the meaning of regulation 3 of the UTCCRs when he entered into his DPhil Contract;
 - (2) Whether the University’s IP Statute (and particular terms of it) were, in the relevant statutory respects, 'unfair' within the meaning of regulation 5 of the UTCCRs.
28. In order to succeed with that aspect of the claim, ONI must win on both.
29. ONI’s case has a number of strands but they are broadly these:
 - (1) A DPhil student is a “consumer” within the meaning of the UTCCRs and there are reasons to treat Mr Jing as such;
 - (2) The University IP Provisions provided that the University could claim patent rights in respect of inventions made by a DPhil student “in the course of or incidentally to” their studies and this blanket claim to such rights is too broad to be fair;
 - (3) Assuming that this breadth of claim could be justified, the terms of compensation in respect of these rights are unfairly weighted towards the University and against the DPhil students (and in particular Mr Jing), have inadequate procedures for determining shares of royalty and equity which have operated unjustly in this case and may do in other cases to give Oxford (and other researchers) too much and Mr Jing too little, having regard to their respective contributions.

30. Oxford, for its part, contends that Mr Jing was not a ‘consumer’ at all, as that term has been understood in the relevant case law and that, in any event, the relevant terms were not unfair. It contends that both the de jure and de facto position of the parties did not result in any significant imbalance between the University and Mr Jing and that the terms were agreed in good faith.
31. Among other things, Oxford point to the fact that the effect of these allegedly unfair terms is that Mr Jing has become a significant shareholder and now CEO of a potentially successful multi-million pound turnover start-up who is also entitled to benefit from significant on-going royalties.
32. They also point to the fact that he may be in a better position both financially and in terms of existence and control of the technology vis a vis the University than he would have been had he done the same or similar design work in, for example, an industrial rather than an academic context – or if working alone - and no worse than he would have been if working in many other universities. Oxford’s case is that it is not for this court to act as a regulatory tribunal by invoking consumer protection legislation to micromanage and control the detail of the terms of universities’ IP policies at all but that, even if it were appropriate to do so, the terms in question applicable in the University at the time, taken as a whole, were well within the bounds of fairness.
33. It might be thought that DPhil contracts with research universities were not the natural subject of consumer protection legislation. Argument at trial on some of the key issues of law and approach has therefore required the court to determine whether they are (or, more strictly, were since the legislative framework has moved on).
34. The arguments on both sides show that this particular sub-issue is not straightforward. Some argument on important points was brief at the hearing and attempting to resolve this issue has necessitated examination of additional case law and materials not cited by the parties and on which I gave an opportunity to comment before this decision was finalised.
35. The way the arguments were presented by the parties (and in some respects rather briefly in argument) has required the court to look into and address developing principles in the EU and UK case law on which there is no directly relevant authority. These include:
 - (1) How the court should approach the question of whether a DPhil student is a “consumer” in the EU law scheme relating to consumer protection, having regard to the fact that research degrees such as DPhils may be useful to the student, may be undertaken for a student’s future employment and for which a student may receive some payment or other benefits by way of a

stipend. This is said by Oxford to make such students, in some respects, more similar to employed researchers to whom such consumer protection law would not apply.

- (2) Whether, and if so to what extent, some of the older jurisprudence applicable to determining whether a person is a “consumer” under the exceptional jurisdictional rules of the Brussels Convention and Regulation is transferrable to the consumer protection context under the directive from which the UTCCR is derived.
 - (3) How (assuming that a DPhil Student is a consumer) evaluation of alleged unfairness under the legislation should be undertaken with respect to terms not directly concerned with a student’s education and, in particular, with respect to terms relating to IP rights in a student’s contract with a university or similar institution;
 - (4) How the court should evaluate unfairness of terms which could operate unfairly against some consumers in some rare circumstances (on a broad interpretation of the term in question which the supplier does not adopt or apply in practice) and have not in fact operated unfairly in this respect in relation to the consumer in question (in this case a student).
36. I have ultimately been able to reach clear conclusions on all of the key issues but the precise route to that destination matters almost as much as the overall outcome. The Patents Court has not, so far as I am aware, been required hitherto to consider fundamental principles of consumer protection law as they may apply to questions of allocative justice of contributors to IP rights. Indeed, I do not think that any court has done so previously. No authority directly on point from any jurisdiction was drawn to my attention on this issue.

Other aspects of the commercial context

37. The University, Mr Jing and Professor Kapanidis are founding shareholders of ONI. Their initial shareholdings (which were 50:50 - Researchers:University) have been significantly diluted in subsequent external investment rounds. The University held 5.64% of ONI’s shares at the time of trial. In addition to dilution, this reduced percentage shareholding reflects the fact that the University has transferred 50% of its initial share allocation to an external investment company, Oxford Sciences Innovation (OSI).
38. Professor Kapanidis and Mr Jing have also each personally received over £7,000 as their share of royalty payments made to OUI by ONI under the Licence while Dr Crawford, another researcher in the department who worked on the project, and whose share was reduced by agreement in 2015, has received £350. These

payments are a result of the operation of the University's IP Provisions discussed below.

39. If Oxford are successful in these proceedings, both Professor Kapanidis and Mr Jing each stood to receive a further payment of up to approximately £124,000 and Dr Crawford up to an additional £8,000 (depending on the costs position) at the time of trial but this may have increased since then. All three would also receive a share of future revenue generated under the Licence.
40. It is not wholly clear, but ONI may have an interest in attempting to reduce the royalties it would otherwise have to pay in respect of products which may become increasingly successful. Its position may be that, if Mr Jing was entitled to be named as the sole inventor and OUI had no legitimately assertable rights, neither OUI directly nor Professor Kapanidis or Mr Jing (indirectly) should be benefitting from the cumulative effect of the Licence and the provisions for distribution of royalties or equity to researchers responsible for generating IP at the University.
41. There may therefore be some benefit for ONI in making separate direct arrangements with Mr Jing if they are more favourable to ONI than those with OUI. However, it is also possible that, if the Licence were wholly void on the grounds alleged, ONI may be left more exposed in one or more jurisdictions without a licence. It may then be faced with having to make a less advantageous licence agreement with Mr Jing (whereby he may be able to charge ONI more for the same rights in respect of which ONI currently enjoys security). To that extent, whether ONI's position is improved or made worse as a result of the outcome of this case depends, in part, on how Mr Jing would act were the rights to be held to vest wholly in him. I say this without any intent to prejudice any arguments which ONI (or any other party) may advance that it was not open to Mr Jing to contend that ONI should be licensed on different terms than those provided under the Licence by reason (for example) of doctrines of estoppel. Those are also points beyond the scope of the issues argued before me but which may need to be determined should the parties litigate this case further.

Attempts at resolution

42. This is the first occasion on which OUI has brought proceedings against one of its many spin-outs. Oxford was keen to point out that repeated efforts had been made to resolve the case. Oxford made proposals including various alternatives to the Licence; expert determination; mediation and Early Neutral Evaluation. No settlement has been possible. The consequence of some of these efforts especially as regards costs, on which I received some submissions before handing down of this judgment, will be determined at the form of order hearing.

43. Mr Jing’s evidence shows that he views this as a situation in which the University has been acting unfairly to entrepreneurial research students such as himself. He uses the language of “preying on its most vulnerable”. For reasons I explain in detail below, I do not believe this is a justified criticism of the University and at the end of this judgment, I make various recommendations to encourage the parties to address the outstanding royalties and move on, rather than pursuing further litigation in this area.

Inventorship

44. There is a further point in the background of the case, which is not of direct relevance to the royalty claim or the defence to it. That is who, as a matter of UK (and possibly other) patent laws, should be regarded as having devised the Licensed IP and to be entitled to be named as an inventor on the patents. OUI was content to have the case determined on the basis that Mr Jing alone devised the Licensed IP. That was a sensible and pragmatic approach. However, it leads to a question as to how to evaluate contractual terms which provide for individuals to share in benefits obtained from patents who are not regarded as having devised the inventions in question under English law and whether a term which requires such benefits to be shared with those who are not regarded as inventors under the relevant statutory provisions is fair.
45. ONI originally also counterclaimed for declarations that Mr Jing was the sole inventor of the patents and consequential relief relating to rectification of the Register.
46. During the trial, I questioned what the status of that claim was, given the fact that the other inventors were not parties and the ordinary procedure before the Comptroller for determining inventorship disputes had not been followed. In the circumstances, it does not seem appropriate, notwithstanding the basis upon which OUI was prepared to have this case determined, to make the declarations and orders for rectification of the register sought by ONI. However, I will, if necessary, hear further submissions on this matter following judgment.

II. FACTS AND CONTEXT

Witnesses

47. I comment on the witnesses and the quality of their evidence in the course of the narrative of the facts.

Chronology

48. There is much agreement as to the basic chronology. There are some differences on three larger issues and a few minor ones. As well as the broader issue of

whether invention was reasonably to be expected of Mr Jing, two areas of relevant factual dispute were as follows and I address (and make findings) on them in the course of reciting the factual background below:

- (i) what Mr Jing was asked to work on and the extent to which his work on the microscope in particular, was done on his own initiative;
- (ii) the contribution (and significance) of the work done by the key individuals.

Professor Kapanidis and his lab prior to the arrival of Mr Jing

49. It is convenient to begin with a summary of the work being done in Professor Kapanidis' research group at the University before Mr Jing arrived.
50. I go into this in some detail both in order to explain where Mr Jing's work fitted in and to evaluate the claim that Professor Kapanidis was not responsible at all for the relevant inventions (even if not appropriately named on the patents as an actual deviser) and to consider whether it was inappropriate for the intellectual property terms in question to provide that he (and others) should share in the benefits to the extent that they provided for this.

Professor Kapanidis' qualifications

51. Professor Kapanidis is a Professor of Biological Physics in the University's Department of Physics. His background is in chemistry. He received a BSc in chemistry from the Aristotelian University of Thessaloniki, Greece in 1991 and an MSc in food science from Rutgers University, New Jersey in 1993. He completed his PhD in biological chemistry at Rutgers University in 1999. After a one-year post-doctoral stint at Rutgers and a year as a post-doctoral fellow in the Department of Material Sciences and Physical Biosciences at the Lawrence Berkeley National Laboratory, he took up a Senior Research Scientist position in the Department of Chemistry and Biochemistry at the University of California, Los Angeles ("UCLA"), where his research focussed on gene transcription mechanisms using single-molecule fluorescence spectroscopy in the laboratory of one of the leaders in the field, Professor Shimon Weiss.
52. This post-doctoral work included developing assays for monitoring proteins and their interactions within nucleoprotein complexes, along with the microscopy instrumentation necessary to perform such assays. He co-authored a significant number of papers on these topics and co-developed and patented a method of alternating-laser excitation of single molecules (known as the ALEX technique) which he described as forming the basis of a spin out company from UCLA. This and his subsequent work gave rise to a number of papers published in leading

journals (including PNAS and Science) describing the technique and its application, including in observation of DNA compaction during initial-RNA synthesis identifying single-stranded DNA as the flexible element that allows RNAP to transcribe without breaking its initial contacts with DNA.

Professor Kapanidis as a witness

53. Professor Kapanidis is a highly qualified research scientist with experience of producing both academic work and commercial designs in his field. He was a very good witness. He gave straightforward evidence about the contribution he, Mr Jing and others made to the Nanoimager project which gave appropriate credit to Mr Jing's leading role in its detailed design. He had a justifiably high regard for Mr Jing's technical abilities and his contribution and he came over as regretting that this dispute had reached court in this way.
54. ONI criticised Professor Kapanidis' evidence. It was suggested on its behalf that it was infected by his identification with Oxford's side in the case and his desire to defend his contribution to the microscope and ONI. I do not accept that criticism. It is true that Professor Kapanidis defended his entitlement to share in the various financial benefits from the commercialisation of the Nanoimager on the basis that he had conceived the overall project (including the E. Coli project discussed in greater detail below) and obtained funding from it. He clearly recognised Mr Jing's contribution to the detailed development of the Nanoimager. In my view, he did not overstate his own contribution nor did he unreasonably downplay Mr Jing's: he recognised that they had both contributed to the project in different ways, as had others.
55. It was said by ONI that Professor Kapanidis gave lengthy answers which, on occasion, he did, since some open-ended questions asked in cross-examination provoked them. It was also said by ONI that he argued or defended two particular points unreasonably. First, it was said that his explanation in oral evidence of some of the correspondence with ISIS did not make sense and, second, that he had purported to engage Mr Jing for a period of 3 months when he knew that he was being engaged for 7 months and that he had not seen anything wrong with this correspondence.
56. I did not think that either instance undermined his credibility as a witness. Both were explicable and of limited significance in any event. They seemed to me situations of an academic either arguing a corner or trying to find a way to deal with what may have been perceived as institutional bureaucracy in a way that would benefit the researchers and the department (including himself and Mr Jing) to a greater extent. I return then to the chronology.

Professor Kapanidis comes to Oxford

57. Professor Kapanidis joined the University in December 2004 as Senior Lecturer in Biological Physics. He formed his research group in 2005 to continue the work on single-molecule fluorescence. This research group has focussed primarily on the elucidation of the mechanisms and molecular machines of gene expression using single-molecule biophysical methods and biochemistry, and the development of single-molecule fluorescence methods, instruments, assays, and DNA-based biosensors.
58. It was clear from his evidence and the materials describing the work of the group that developing and improving instrumentation were an integral part of this research work, including the design and use of bespoke single-molecule fluorescence microscopes. This is shown, for example, in Part 1A of the Grant Application dated November 2011, discussed below.

The work of Professor Kapanidis' group between 2010-2012 – the E. coli Project

59. In early 2010, as part of the work on single-molecule fluorescence, Professor Kapanidis initiated a project aimed at addressing some shortcomings in the existing technologies available for the detection of pathogenic microorganisms.
60. This project focussed on the development of a single-molecule fluorescence biosensing assay to serve as a platform for identifying multiple pathogens in a single sample. The project involved using *E. coli* as a 'proof of concept' pathogen, along with the development of a compact microscope for detecting the pathogens using the assay. It was therefore called "the *E. coli* Project". That was not because it focussed on *E. coli* as such but used *E. coli* as a way of determining whether the method was likely to be of value. The work on development of a compact microscope arose from the fact that microscopes capable of detecting single-molecule fluorescence were available but were only suitable as research tools due to their size (typically over one meter in length), cost (approximately US\$400,000), and complexity. These limitations meant that such microscopes, and the assays which they could image, were not suitable for detecting pathogens in commercial or clinical settings.
61. The *E. coli* Project had as one of its aims the development of a microscope which would have application beyond the confines of a research lab but would also be useable in that context.
62. Professor Kapanidis drafted and submitted a grant application for the *E. coli* Project to a programme run jointly by the Biotechnology and Biological Sciences Research Council, the Medical Research Council, the Engineering and Physical Sciences Research Council, and the Defence, Science and Technology

Laboratory (“DSTL”) (“the Synthetic Biology Grant Application”). This application is important, since it described the foundation for the work that Mr Jing later joined to do and which he carried forward. The proposed research had three key strands and objectives, which were explained in the following extracts:

“Part 1C: proposed research

...

Overall objective and specific aims. We will develop a single-molecule fluorescence biosensing assay that will serve as a sensitive, specific and rapid platform for identifying multiple pathogens in a single sample; this platform can be extended to detect pathogens that may be used for bioterrorism. The assay will involve multiplexed detection of nucleic acids specific to pathogens, and will be designed to answer questions on pathogen presence based on basic Boolean logic (AND, OR and NOT) and biological signal amplification. Such “intelligent” sensing simplifies downstream analysis, thus providing rapid answers on threat level and accelerating security responses. Our specific aims are:

1. To develop a rapid, sensitive and specific synthetic-biology biosensor platform for multiplexed fluorescence detection of chromosomal DNA sequences from the model microbe *Escherichia coli*.
2. To demonstrate the robustness of the synthetic-biology biosensor platform in complex biological samples such as *E.coli* lysates
3. To develop a compact microscope for detecting *E.coli* using the assays in Aims 1 and 2.”

63. The aim of greatest relevance to the present dispute was the third – development of a compact microscope – and the grant application described it in some detail as follows (emphasis added):

“2: Programme and methodology

...

Aim 3. Operation of synthetic-biology pathogen biosensor on a compact microscope.

Currently, there are no commercially available wide-field single-molecule fluorescence microscopes; planned versions of such microscopes

(mainly geared towards localization-based super-resolution imaging) are expected to be large and expensive (>£200,000), as well as targeted to applications other than biosensing. In contrast, instruments designed for biosensing in demanding operational environments should be robust, compact and inexpensive.

Along these lines, the Oxford Physics group is developing a compact and affordable single-molecule fluorescence instrument with a commercial partner, Chelsea Technologies Group (an SME based in Surrey; see impact statement for more details). This collaboration is funded in part by a 12-month EPSRC Knowledge Transfer Secondment grant, and **aims to develop a compact objective-type total internal reflection fluorescence (TIRF) microscope (Fig. 4A). The microscope should be capable of detecting single fluorophores with a time resolution of ~100 ms using alternating-laser excitation between 532-nm and 640-nm modulated CW lasers and dual-view imaging (needed for FRET studies and molecular sorting) [12-14].** The instrument will use a high numerical-aperture oil-immersion objective and mid-range cameras based on CCD or CMOS technologies.

...

2. 6. Programme of work

...

We request two PDRAs for this small grant to accommodate the biosensor development and instrument evaluation aspects of the project and ensure swift progress in a very competitive and time-sensitive field. Both PDRAs are currently in the Kapanidis group at Oxford Physics, working on related projects; this will eliminate any time needed for training and group acclimatisation, and lead to immediate results. Moreover, a past successful collaboration of the two prospective PDRAs ensures efficient communication and smooth coordination of their efforts, thus maximizing the chances for success.

The PDRA1 post will be taken up by Dr Robert Crawford, who will be responsible for most of the wet lab work: probe selection and design; sample preparation, including the work on cell lysates; CAP conjugation with DNA and further purification; surface capture; single-molecule imaging. Dr Crawford (who will lead the work in Aims 1 and 2) has the ideal background for this aspect of the work, since he has a background in electrical and electronic engineering, DNA nanotechnology, single-

molecule fluorescence imaging, biochemistry and microbiology, and biosensor development. Dr Crawford also has entrepreneurial skills, which may become very important in case that the project is successful.

The PDRA2 post will be taken up by Dr Ludovic Le Reste, who will be responsible for most of the compact instrument development and any maintenance or modification needed on our full TIRF setup; he will also perform some of the biosensor assays, especially the ones planned for the compact microscope. Dr Le Reste (who will lead the work in Aim 3) has the ideal background for this aspect of the work, since he has a background in biophysics, optics/photonics, single-molecule fluorescence imaging, and microscopy development and validation. Dr Le Reste will also be the contact person with our commercial partner Chelsea Technologies, who will keep on supporting the further development and miniaturisation of the compact TIRF microscope.”

64. This Synthetic Biology Grant Application was successful and the project, including all of its strands, was funded. The project was also supported by the University in that the day-to-day conduct of the work was carried out on University premises, using University equipment and resources and with input and assistance from various University employees. It is clear that this was a University faculty or department project, in part directed at developing new instrumentation and was specifically focussed on producing a design which could be commercialised as well as used in research.
65. Although this work was done in the University and financed by a grant, it was of a nature which could, in principle, have been undertaken by a commercial company engaged in development of specialist microscopic equipment of this kind with similar staffing (a senior director of research and a number of more junior researchers working on particular aspects of design). It was the kind of project from which it would be reasonable to expect that novel designs and inventions, capable in principle of being protected by patents and other IP rights, might be expected to arise, potentially originating from various members of the team either individually or collectively.

The Small Setup in 2012

66. One of the key personnel proposed to staff this project originally was Dr Le Reste, who was already part of this research group and an employee of the University. Dr Le Reste commenced work and, by March 2012, with the funding and Professor Kapanidis' assistance, pursuant to the programme of work for Aim 3 which he was to lead, Dr Le Reste had constructed a single-molecule fluorescence microscope (with a footprint of approximately 60cm by 60cm).

67. This was a prototype for a design which was referred to internally as the “Small Setup”. That work had required several iterations in design. The Small Setup was the sixth prototype single-molecule fluorescence microscope built by Professor Kapanidis' group.
68. Dr La Reste gave an internal presentation of the work done to date in September 2012. The PowerPoint slides (which are erroneously dated) described the capacities as including
 - “1 - Imaging of single-molecule fluorescence with a time resolution of ~100ms; 2- Dual-view imaging (green-red emission channels); 3 - Objective-type TIRF excitation with possibility of wide field excitation as well; 4 - Two Excitation lasers (green and red)” and indicated that the target market was ““Cheap” on-the-shelf device for single-molecule fluorescence imaging for academics”.
69. At that presentation, Dr La Reste described the progress he had made with the design including isolation from external vibrations, focus stability, removal of back reflections and complete light proofing. He identified areas for further work, including improving the focus stability and correcting aberrations throughout the field of view. The slide-deck included an estimate of costings for a commercial product, schematic diagrams and a photograph of the prototype as it existed at that time.

Dr Le Reste leaves –and leaves a gap in the project

70. Dr Le Reste left Professor Kapanidis' group in September 2012.
71. Both Professor Kapanidis and Dr Crawford described this as leaving a gap in progressing the microscope work. Dr Le Reste had been the team member with an ideal background not only in biophysics but also optics/photonics and microscopy development. He had been specifically recruited in a post-doctoral position to undertake most of the compact instrument development and he had left. This left the Aim 3 of microscopy development mainly in the hands of Dr Crawford who had primary responsibilities for the wet lab work as described in the programme of work and was not able to devote all of his time to that part of the project.
72. Dr Crawford, whose evidence I accept and who was a good witness, had worked on the E.coli Project from its inception and had assisted Professor Kapanidis in applying for funding for it. Although Dr Le Reste was primarily involved in the microscopy workstream before Mr Jing arrived, Dr Crawford worked on it as well and was originally responsible with Dr Le Reste for the Small Setup.

73. After Dr Le Reste left, Dr Crawford took on principal responsibility for the microscope workstream as well as his other work on the E. coli Project, with the result that work on the Small Setup slowed. Professor Kapanidis did not attempt to recruit a replacement for Dr Le Reste immediately and Dr Crawford was left to get on with the work on the microscope, which he did. Dr Crawford dismantled the Small Setup built by Dr Le Reste and attempted to rebuild it based on a further design of Dr Le Reste (known as ‘the cage design’).
74. By chance, at about the same time as Dr Le Reste left, Professor Kapanidis received an unsolicited approach from Mr Jing, which I describe in greater detail below. It was clear from the evidence that Professor Kapanidis regarded this as a fortunate co-incidence and it enabled the microscope project to be advanced.

Mr Jing as a scientist and a witness

75. I now turn to Mr Jing. I formed the view that Mr Jing is a very talented and highly intelligent scientist. He is particularly versatile, with wide ranging interests, able to turn his mind to a wide range of problems in different disciplines. He appeared to me on the evidence, how he was described and how he came over as likely to make real advances in the state of the art in almost whatever field he chose to study. In fields capable of commercial application, he was likely to make patentable inventions of various kinds. I found him to be an intellectually impressive, thoughtful and creative person.
76. On the whole he was a good witness, but he had developed a rather rigid view that Oxford had treated him and other entrepreneurs unjustly and were unfairly benefitting from his work and others in similar position.
77. This coloured his evidence and led him to downplay the foundations that others had laid, the work they had done and that which was the basis for the success he and the Nanoimager now enjoys. He was critical of Professor Kapanidis in his evidence and of Dr Crawford in correspondence (in language he regretted at trial).
78. I think his specific world-view (that he was essentially the saviour of this project that was going nowhere from which he thought that Oxford and others had received too much credit and financial benefit) led him to misremember the full extent to which he was originally engaged to work on the microscope work and certain other aspects of detail of the work done by others. I think he also had a characteristic, sometimes exhibited by clever and self-confident people, namely something of a blind spot when it comes to recognising the extent to which their success was built on the foundations – and sometimes failures – of others. He therefore somewhat distorted the true position with respect to the work he did at Oxford and the significance of his doing so in the group, describing Professor

Kapanidis as being “massively over-rewarded” as a result of some of the arrangements made for sharing benefits.

79. Oxford made a number of specific criticisms of his evidence and suggested that his evidence should be treated with caution. They pointed to his admission that he had made up an argument to justify a change in the royalty sharing agreement with Dr Crawford. While that did not reflect very well on him, I formed the view that he was at the time annoyed that Dr Crawford was getting what he thought was an unfair share of benefits from a project that was really his and was trying to find ways of addressing that. He went too far in his language in doing so but he was not dishonest.
80. In some respects, I have however preferred to rely on the contemporary documents which provide a clear record rather than his later account of what he was working on or asked to work on.
81. There is a further aspect of Mr Jing’s approach which merits comment. Although brought as a defence for a claim to royalties, (at least as expressed in his evidence) Mr Jing sees this case as part of a campaign to improve the position of student (and perhaps other) entrepreneurs as against the University. I formed the impression that he may have been less concerned with this case providing increased personal benefit to him than with the wider issue of whether Oxford had been making over broad claims to rights in students’ work they should not have been, making significant sums out of them and inadequately compensating students (or unfairly benefitting other faculty members of the University and investors) as a result of their ability to control the rights and the terms on which they were exploited.
82. I do not think his criticisms of unfair treatment were justified for reasons I explain below at length. In general, academic entrepreneurs at Oxford, including students, especially in the sciences, seemed, on the evidence, to be getting a good deal out of doing their work there and the benefits from or as a result of the University’s IP policies. Nor did I think that his criticisms of the benefit splits between the researchers involved (or the procedure for reaching them) were justified. These have, in any event, since been reviewed.
83. I also thought that Mr Jing exhibited a lack of proportion which affected some of his evidence. He regarded an example of a university acting inappropriately being circumstances such as those in the present case in which the University supported interns and DPhil students in their research work, obtained financial support for them, enabled them to build on the technical work of others in a world-leading department, assisted them in paying for IP protection for their inventions (which might not have existed at all otherwise), formed a spin-out company to share profit from them, allocated them substantial equity in that company on top of a

significant royalty stream, assisted them further in obtaining further rounds of investment thereby potentially increasing the value of their shareholding and royalty stream and provided them with a platform for a senior management role.

84. Few would say that this involved the University doing fundamental injustice to its junior researchers. All the more, so since I formed the view that one of Mr Jing's biggest complaints was that he should have ended up, after dilution, with a few percentage points more in equity in ONI (and the University and Professor Kapanidis and OSI, an undertaking to which the University disposed of some its equity, all a few percentage points less) and that the precise royalty split between him and others should have been adjusted somewhat.
85. A court must be careful in criticising anyone for challenging IP policies (or any policies which have the effect of vesting rights in institutions) even if their complaints are not justified. It shows a certain determination of mind on Mr Jing's part to advance this case which is, in a sense, creditable. He came over as having a strong sense of justice, which was focussed more on the alleged over-enrichment of others from work he undertook more than his personal under-enrichment from it. It is moreover a healthy aspect of industrial and general democracy that major institutions, including those of international and/or cultural significance, such as the University, should be called upon to justify their ownership of, distribution and benefit from valuable rights generated as a result of the intelligence, creativity, labour and skill of others, especially if those others are less powerful.
86. I make some observations on whether it is sensible for Mr Jing's campaign to be pursued further in a court context in the light of this judgment at the end. However, I do not think he can be criticised as such for advancing this kind of argument and casting a burden on the University to justify its position up to this point. Oxford claiming to be entitled to several hundreds of thousands of pounds in royalties alone in significant measure from patents rights to inventions which they accept were substantially created by Mr Jing while an intern and student. It and others to whom the University chose to allocate an equity share have benefitted from that in various ways. Against that background, it is not unreasonable to ask why and how that comes to be justified, even if the individual in question who is raising the issue (and ONI) may also be benefitting significantly.

Mr Jing's studies and experience at ETH and Tubingen prior to contact with Oxford

87. I turn to Mr Jing's background, abilities and motivation in coming to Oxford at that time.

88. Between October 2005 and October 2008, Mr Jing was an undergraduate at ETH Zurich, one of the leading research universities in the world. Mr Jing first obtained a Bachelor of Science in mathematics with majors in theoretical physics and differential geometry with a very high GPA: 5.37/6.00. He had originally thought of working in theoretical physics but wanted to look at something more practical. Accordingly, between October 2008 and October 2011, he undertook postgraduate studies to broaden his scientific knowledge also at ETH. He obtained a Master of Science in Interdisciplinary Sciences with majors in physics and structural biology again with a high GPA: 5.60/6.00.
89. In the course of his studies, he worked with one of the leaders in the field, Prof. Vahid Sandoghdar, in the Laboratory of Physical Chemistry and wrote a Master's thesis under him with the topic "Cryogenic Localization Microscopy". This involved fluorescence microscopy and described localisation microscopy-based measurements of 3nm and 10nm distances within single dsDNA molecules labelled with two identical fluorophores cooled to liquid helium temperatures (4K). According to his later DPhil application, he had by then worked on the following:
- (1) complete set up of a cryogenic epi-fluorescence microscope,
 - (2) design of microscope components such as objective mount systems that minimise temperature related instabilities using principles of symmetry;
 - (3) experimental optimisation of host matrices for the fluorophore and DNA molecules in a multi-dimensional space of chemical and physical parameters;
 - (4) development of MATLAB programs for the automated batch analysis of acquired CCD image data, directly yielding measured distance distributions and other relevant figures in a statistically optimal way; and
 - (5) theoretical calculation of electromagnetic fields from radiating dipoles embedded within complex thin-film structures, and numerical calculation of the dipole radiation pattern in the image plane.
90. Mr Jing had therefore developed considerable knowledge of specialised microscope design.
91. Mr Jing maintained his interest in microscopy and, between December 2011 and March 2012, Mr Jing was a research assistant in the group of Dr. Helge Ewers, of the Institute of Biochemistry, ETH. There he focussed on:
- (1) complete development of a MATLAB GUI program that characterised and quantifies the organisation of molecular complexes based on super-

resolution fluorescence microscopy data, using a self-devised rigorous statistical analysis algorithm;

- (2) purification and analysis of fluorescent protein tagged septin protein complexes from yeast cells, and measurement of these complexes by confocal (spinning disk) imaging and super-resolution (PALM) microscopy; and
 - (3) various cloning tasks for the transfection of mammalian cell lines; maintenance of these cell lines (transfection, splitting, freezing).
92. Mr Jing then moved back to Tübingen, his home town, to start a PhD with a somewhat different research focus. Between July 2012 and January 2013, Mr Jing was a research assistant in the group of Prof. Frank Schreiber, Institute for Applied Physics, University of Tübingen where he worked on investigation of the phase modelling of immunoglobulin G in solution with polyethylene glycol induced depletion attraction; correlated characterisation of protein-protein interactions by light and small-angle X-ray scattering experiments at the European Synchrotron Radiation Facility; and fitting of scattering data to model interaction potentials.
93. I have set out this history at some length because it highlights the fact that, when Mr Jing came to the University as an intern, he was no ordinary junior student. He was already an experienced researcher and, to some extent, designer of research and potentially industrial equipment.

Mr Jing contacts Professor Kapanidis in November 2012

94. Mr Jing's girlfriend was an Oxford physics PhD student who wanted to move back there and, in the Autumn of 2012, Mr Jing started to explore the possibility of transferring from Tübingen to do a DPhil at Oxford instead.
95. On 4 November 2012, while still working for Professor Schreiber, Mr Jing contacted Professor Kapanidis to enquire whether he might pursue his doctoral studies in Professor Kapanidis' lab. Mr Jing sought out Prof Kapanidis' lab because of what he perceived as a commonality of interest. Mr Jing's initial email to Professor Kapanidis, which included his CV setting out his experience, merits setting out in full (emphasis added):

"Dear Professor Kapanidis

When I came across the vivid presentation of your research topics on your homepage, I became fascinated with the idea of using pairs of fluorophore tagged DNA half-sites to detect and quantify minute amounts of sequence specific DNA binding proteins. I am particularly intrigued by the prospect

of measuring expression levels of multiple (active) transcription factors simultaneously, which could become a fast and reliable method to detect cancer at the single cell level.

Such advancement in medical diagnostics would lead to earlier and more precise detection of cancer and enable more prompt and specific treatments, thereby making tangible improvements in everyone's lives. **The challenge of developing this technique further appeals to me very much and I would like to inquire about the possibility to tackle it in your lab as your PhD student.** I would also welcome the challenge of coming up with a new research idea.

Your group is extremely attractive to me as it combines many of my interests. You are actively involved in the development of new fluorescence microscopy and spectroscopy techniques and you apply them to highly relevant problems in biology. Moreover, you do not hesitate to make use of mathematical methods in modelling and data analysis, as seen with your statistical analysis methods for FRET. I expect that I will be able to contribute to your efforts on different fronts.

My expertise which are relevant for this task include: structural biology (a major of my MSc studies), optics/biophotonics incl. building optical setups (I built several self-designed microscopes during my Master thesis work), single molecule microscopy and spectroscopy, statistical physics, experience in calculation of electromagnetic fields and image patterns. I am certain that my extensive programming history (mostly MATLAB; C, Java, LabView and others will not be a problem to get (re-)acquainted), proficiency in mathematics (BSc ETH) and experience in molecular/cell biology/biochemistry techniques will prove to be very useful. By first-hand experience, I know that I can work independently in all aspects of the experiment, from theoretical calculations and modelling, building the experimental setup, writing software for data analysis to molecular/cell biology/biochemistry wet lab work.

I'm very dedicated and I work passionately to make things happen. I take the initiative to try out new ideas and approaches and I never hesitate to dig into new subjects, being satisfied only when understanding things entirely. I find it thrilling to work together, exchange thoughts and ideas with other highly-motivated people and I would love to be in a group where this is possible. (And I'm also very low maintenance).

Would you have time in the weeks ahead to discuss the possibility of joining your lab? I will apply for the necessary funding, in case your answer should be positive. Thank you very much for your time and consideration.

Best regards Bo Jing

Attachments: CV with summaries of my project/work experience".

96. Although, in the light of this dispute which has proved impossible to resolve, Oxford may not accept his self-description as “low maintenance”, in my view, having read his evidence, this e-mail otherwise provided a fair account of what he was able to offer the University and, in particular, Professor Kapanidis’ research group.
97. From Professor Kapanidis’ perspective, this must have appeared almost a godsend: a highly intelligent, capable, motivated, well-qualified graduate student with experience and/or interest in a wide range of research areas covered by his group and a specific interest in and experience of microscope design was offering to join the team at almost exactly the time when the lead person working on the microscope project had left and the project was understaffed.
98. As Professor Kapanidis said, from Mr Jing’s initial email, it appeared that Mr Jing “had the necessary experience particularly from his work with Prof. Vahid Sandoghdar and Dr Helge Ewers at ETH to be a useful addition to the Research Group”. Based on his optics expertise it seemed to Professor Kapanidis that Mr Jing “would be able to work with Dr. Crawford on the E. coli Project continuing the microscopy work of Dr Le Reste.”
99. It is not surprising that Professor Kapanidis responded positively to Mr Jing’s email, rapidly stating that he thought Mr Jing would fit in well and that Mr Jing’s record seemed very strong. He invited Mr Jing to give a talk to his group and offered advice on applying and obtaining funding for a DPhil in the group commencing October 2013. Since this was a mid-year application, the earliest that his full DPhil could commence was the following academic year. However, Professor Kapanidis asked Mr Jing whether he would be interested in a project in his lab to fill in the gap before he could start his DPhil. He said:

"If there was a possibility to start a project in the lab before you start your PhD (sort of an internship for 6 months), would this be something of interest to you?"
100. Mr Jing responded positively on 13 November 2012:

"I've given some thought to your suggestion of doing an internship before the official beginning of my PhD, and I think I would appreciate the opportunity. I will try to organize the funding for it then."

101. This was relatively quickly arranged and Mr Jing met Professor Kapanidis at his lab on 27 November 2012 and again on 30 November.

Discussions and laboratory tour

102. During the first meeting, Professor Kapanidis and Mr Jing discussed the research that Mr Jing had done at ETH and the University of Tübingen in particular his work relating to the measurement of single-molecule fluorescence at cryogenic temperatures using microscopy. Mr Jing was given a tour of the laboratory. The evidence is that he noticed that the microscopes the team were using for their biosensing research were quite basic compared to what he had been using and working on at ETH.
103. Whilst at the laboratory for these meetings, Professor Kapanidis recalls, and I accept, that Mr Jing saw the Small Setup on a workbench and Mr Jing commented that he would be able to improve the design, building on the microscopes he had used whilst at ETH. Professor Kapanidis also recalls (and I also accept) that he explained the work Dr Le Reste had done on the Small Setup and indicated to Mr Jing that, during his potential internship before commencing his DPhil, he would be continuing its development. I think this evidence is inherently likely to be correct given that Professor Kapanidis was clearly keen to recruit Mr Jing to pursue work on this microscopy project during his internship, Mr Jing had expressed an interest in microscopy and it would have made sense to show him in some detail what had been done up to that point.
104. Professor Kapanidis was impressed with Mr Jing and, at the second meeting, Professor Kapanidis encouraged Mr Jing to apply for a DPhil at Oxford and to work as an intern in the lab in the interim.

Mr Jing's internship

105. Mr Jing applied for a Boehringer-Ingelheim travel grant to help fund his internship. On 8 December 2012, he emailed Professor Kapanidis to inform him of this. This e-mail is significant because the e-mail also said (emphasis added):

"For the application, **could you send me the proposal for the RNA logics/mini-fluorescence [sic] microscope project? I have to give an outline (2 page) of the internship project.** The latest date for the application is 6 weeks before the beginning of the internship."

106. Following that request, on 12 December 2012, Professor Kapinidis sent him a copy of the Synthetic Biology Grant Application (referred to above) to support his application for funding from that scheme. Given the kind of person he is, Mr Jing is likely to have considered this carefully.
107. Accordingly, by (at the latest) the middle of December 2012, Mr Jing knew that it was likely that he was going to be working, inter alia, on the compact fluorescence microscope project in his internship, both from what he had been told and seen at the lab when he visited and from the description of the project in which he was to be involved of which he had been provided with a detailed description.

The arrangements for the internship are finalised

108. Arrangements for the internship were finalised over e-mail. Given that the microscope development workstream of the E. coli Project had slowed since Dr Le Reste had left the University in late 2012, when Mr Jing had raised the possibility of starting work in Professor Kapanadis' laboratory before the commencement of his DPhil, he was happy to agree them. They agreed that Mr Jing's internship would run from February to September 2013 although his actual contract would be for a three-month casual position in order to simplify the hiring process in the University. This is an area where ONI criticises Professor Kapanadis' correspondence and his evidence on it but, as previously mentioned, having considered the correspondence, I was not able to detect anything untoward about it.
109. On 20 December 2012, Mr Jing wrote to Professor Kapanadis enquiring whether he had received letters of recommendation. He said:

"Concerning the internship: The contract with my current group ends on 31 January and I will need a few days to organize things before I can start working in Oxford, around February 10. So, the official contract with your group should start from March. Would that be OK?"

On 4 January 2013, Professor Kapanidis wrote to Mr Jing stating that he had received two letters of recommendation, and that in the light of these he felt "quite confident in offering you the internship" confirming that the dates of starting work and contract and that "all sounds good." These recommendations were very strong. Professor Johannes Walcher, who had supervised Mr Jing's Bachelor's Thesis at ETH said that he had demonstrated a "...high level of maturity and independence in acquiring new methods and tracking the literature" during his undergraduate studies and that he would expect Mr Jing to be "...quite gifted for pursuing research in fundamental science".

110. Professor Vahid Sandoghdar, in whose lab at ETH Mr Jing conducted his Master's project described Mr Jing as an "extremely smart, motivated, capable and independent person" and said that he had written "a very thoughtful MSc thesis in which he did a great job in analyzing his data".
111. Dr Jonas Ries, who was a post-doc in Professor Sandoghdar's group during Mr Jing's time at ETH said that Mr Jing "thinks very logically and analytically" and was "skilled at solving technical problems".
112. The evidence in the case and subsequent events amply bear out these views of Mr Jing. Again, they highlight that Mr Jing was the kind of person who would be expected to solve problems and by his nature likely to make inventive advances. Professor Kapanidis was justifiably confident that Mr Jing was likely to be a real asset to his group.

Mr Jing finalizes his DPhil application

113. In parallel with fixing up the internship, Mr Jing was finalising the arrangements for starting his DPhil during that period. On 13 January, Mr Jing emailed Professor Kapanidis the following questions about his formal application for a DPhil at the University. Again, these bear quoting because they indicate that, even as regards his DPhil work, he was proposing to focus on the development of single molecule fluorescence microscopy methods:

"2. In the field "...Proposed field and title of research project", can I write something very general, like: development of novel single-molecule fluorescence microscopy and spectroscopy methods and their applications to biology,

...

4. Statement of purpose/research proposal: Should I go into details about the biosensing project, or stay general and state what fascinates me about single molecule techniques in biology?"

114. Mr Jing submitted his completed DPhil application on 18 January 2013, naming Professor Kapanidis as his supervisor and giving the proposed field and title of the research project as "*development of novel single-molecule fluorescence microscopy and spectroscopy methods and their application to life sciences*". The application stated that he wished to carry out "research in the field of single molecule fluorescence spectroscopy and microscopy of biological macromolecules, with applications in biosensing."

The University's Offer letter of a DPhil place and the IP Provisions

115. The University made Mr Jing a formal offer of a PhD on 20 February 2013 (“the Offer Letter”).
116. The Offer Letter made an offer of “admission to the University of Oxford as a graduate student” and offered a place for the DPhil in Condensed Matter Physics beginning on 1 October 2013.
117. The Offer Letter drew attention to the provisions of the University Student contract (and gave a web-site reference). As to financial conditions, the Offer Letter stated that it was for a partly (Fees only) funded studentship which would cover University and College fees for a period of 3 years with funding provided through the EPSRC DTA. It stated that it was subject (inter alia) to a condition that Mr Jing would be “required to demonstrate [his] ability to pay [his] living costs for the standard length of your programme as part of the Financial Guarantee required in the college acceptance procedures”. The Offer Letter made reference to a number of other conditions such as becoming a member of a college.
118. The Offer Letter therefore indicated that Mr Jing’s studies would be (at least) partly funded by a studentship but that Mr Jing would be expected to pay his own living costs for the standard 3 year period. Mr Jing did receive a stipend in respect of some of these costs, although it is not clear on the evidence that this stipend would have covered all reasonable living expenses arising out of acceptance of the DPhil. In those circumstances, even though his tuition was paid, acceptance of a place on the DPhil may have left Mr Jing somewhat out of pocket over the full period of the DPhil.
119. Moreover, although this was a funded DPhil, the funding came not from the University resources (or not directly) but from the EPSRC DTA. There was no evidence specifically directed to this issue, but my understanding of the way this funding works is that the relevant research councils allocate (or allocated) funds to universities to provide for doctoral training awards to promising doctoral candidates. It is not clear from the material in the case whether all DPhil offers at the time in this department (or in others) came with equivalent funding.
120. This point has some relevance to an argument discussed later on as to whether Mr Jing was a “consumer” within the meaning of the relevant legislation because, in this respect it is argued by Oxford that he was being paid to study and research (rather than the other way round). Part of Oxford’s case is that he was doing much the same project for his DPhil as he was during his internship – namely working on the microscope project. Oxford say that it is artificial to treat him as a “consumer” and he was (if anything) more like a supplier of research assistance for a development project. ONI rely on this for the opposite point namely that because Dr Jing was also proposed to provide research assistance it is particularly

important that the terms upon which he was doing so are subject to control for their fairness as to how the fruits of that research are shared. I return to this point below. For the time being I simply record that factual position.

Intellectual property provisions

121. The Offer Letter incorporated the 'University Statutes relating to intellectual property' (the relevant statute at the time being (Statute XVI Part B) ("the IP Statute") and the 'Council Regulations for the Administration of the University's Intellectual Property Policy' (Council Regulations 7 of 2002, as amended) ("the IP Regulations") by reference to the University's Student Contract. These are discussed in greater detail below and are collectively referred to as the "IP Provisions".
122. Nothing in that Offer Letter suggested that the IP terms (or any of the terms) were open to negotiation and it required a reasonably rapid response, which Mr Jing gave. It is clear that this was not an individually negotiated contract at least in that respect. No particular attention was drawn to the IP provisions.
123. Mr Jing ultimately signed the DPhil Contract on 15 August 2013, but this date is not said to be of particular importance for the case. However, that was after significant work had been done on the project and the commercialisation (including the terms on which benefits would be shared) had taken place. If he was not aware of them previously, he was when the DPhil contract was signed.

Commencement of Mr Jing's internship

124. Mr Jing commenced work in Professor Kapanidis' laboratory as an intern on the E. coli Project in early February 2013.
125. On 6 February 2013, when he started, he signed an undertaking that was countersigned by Professor Kapanidis on 7 February 2013 (the "Undertaking"). Consistent with Mr Jing's requested start date for the 'official contract' for his internship (see the email of 20 December 2012 referred to above) and the start date for his intended PhD, the handwritten dates on the Undertaking state that its terms applied from 1 March 2013 to 30 September 2013.
126. Paragraph 4 of the Undertaking provided as follows:

"I accept that the terms of the University Statutes relating to intellectual property apply to me; and that the University will be entitled in accordance with those terms to claim ownership of intellectual property which I produce".
127. The undertaking did not in terms refer to the IP Regulations.

Formalisation of the terms of Mr Jing's internship

128. On 11 March 2013, after Mr Jing had started work as an intern, Professor Kapanidis confirmed that his laboratory would pay Mr Jing £6,000 for his internship in an e-mail which said:

"OK. I will pay you £6000 for a 7-months internship (although the employment will appear as a casual 3-month contract to make hiring easier), which will include your summer vacation. OK? There will be a single payment."

129. On 15 April 2013, Mr Jing signed a formal letter of engagement, agreeing to work as a Research Intern in Professor Kapanidis' laboratory. This included the following:

"1. Type of work

You will provide your services as a Research Intern as and when required,

As regards the performance of your services, you will:

(a) be responsible to Dr A Kapanidis (your "supervisor") or as otherwise specified;

...

11. Intellectual Property

By agreeing to the terms of this letter, you expressly agree that the terms of the University Statute and Regulations (see attached list of University Statutes and Regulations) relating to intellectual property apply to you; and that the University will be entitled in accordance with those terms to claim ownership of intellectual property which you produce while carrying out work for the University".

together with links to, *inter alia*, the IP Statute and Regulations which are dealt with in greater detail below.

Mr Jing's work on the Small Setup microscope during his internship

130. Although this was described as an "internship" with the connotations of low status and no or limited pay, this was not in substance much different from a short-term contract for a (highly specialised) industrial designer engaged and expected to work as part of a team on an established design project.

131. Mr Jing said that, when he started his internship, he was asked to look at software and his aim was to work on other things than the microscope at the lab. However, on 13 February 2013, a few days after Mr Jing started work as an intern, Professor Kapanidis was contacted by Louis Chawner, a specialist laser supplier, informing him of the availability of some low-cost lasers. Mr Chawner wrote:

“I thought of your group when I saw these lasers, as I remember you explained your group had an idea of in the future trying to build a commercial instrument with small low cost lasers for fluorescence, so thought that these could be of potential interest.

132. Professor Kapanidis replied, copying in Dr Crawford and Mr Jing

“Thanks Louis – I forwarded the information to **the two people working on the small setup**”.

133. This shows that Professor Kapanidis regarded Mr Jing and Dr Crawford as working on the Small Setup almost from the outset of Mr Jing’s internship. Professor Kapanidis said, and I accept, that he suggested to Mr Jing that he should also work on the assay workstream of the E coli Project. However, the contemporary documents do not suggest that, at any time, he said that this should be Mr Jing’s only focus or that further work on the Small Setup was unnecessary or should cease.

134. Professor Kapanidis’ account of what Mr Jing had been asked to work on and was working on is well supported by the contemporary documents.

135. At an earlier meeting in November 2012, Professor Kapanidis had indicated to Mr Jing that he could help out with software development but he also said that he would be contributing to the development of the Small Setup. Mr Jing’s recollection of a greater focus predominantly on software at the outset of his internship is less supported by documents and I think his recollection of this balance of work is less accurate than Professor Kapanidis. It is, in any event, common ground that Mr Jing undertook software development specifically for the Small Setup, producing code which Professor Kapanidis’ described as being of very high quality. This work was all part of the development of the Small Setup and, more generally to take the microscope workstream of the E. coli Project forward.

136. Mr Jing and Dr Crawford tried together for several weeks to make Dr Le Reste’s new ‘cage design’ of the Small Setup work. That is borne out by the fact that, on 18 March 2013 (i.e. only seven weeks after his arrival in Oxford), Mr Jing sent Professor Kapanidis an ‘activity report’ that included the following description of real progress made with Dr Crawford (emphasis added):

"2. **Rob and I have** (more or less) aligned the small microscope setup.

I'm a bit concerned that the cage design will be too restrictive for the implementation of new ideas, **but we have chosen to go ahead with the current design first and try to see single molecules**. On the assay side, Rob is going for the T7 segment in the E.coli strand very soon.

Exciting!"

137. On Thursday, 28 March 2013, while Dr Crawford was working from home, Mr Jing asked him for permission temporarily to dismantle the cage design. Over the following few days, while Dr Crawford was away for Easter, Mr Jing rebuilt the Small Setup to his own design. He did so, in part, based on the ideas and experience he had gained while at ETH.
138. This work proceeded rapidly and, on 4 April 2013, he informed Dr Crawford that the Small Setup was ready. He told Dr Crawford that he thought it would be necessary for a box to be added to cover the device for light isolation and to prevent dust build up (he had used such a cover with his microscopes at ETH and it is standard in off-the-shelf microscopes). Dr Crawford agreed with this.
139. This illustrates a more general point that Mr Jing and Dr Crawford were working together on a collaborative project, under the overall supervision of Professor Kapanidis who had previously conceived of the general idea of a microscope of this kind. Mr Jing was contributing the majority of the input in this re-design and altering the Small Setup considerably from the design that Dr Crawford had been working on but Mr Jing was not working completely alone and his work built on that of others.
140. On 4 April 2013, Mr Jing also emailed Professor Kapanidis stating:

"I wanted to keep you up to date on the progress with the mini setup with the short PDF I attached to this email".
141. The pdf was a presentation which showed that the redesigned (and rebuilt) microscope had a footprint of 60 x 40 cm and was designed to achieve 3-colour imaging through the use of dichroic mirrors. At that stage it was only equipped with a red laser but there was an intention to add a green laser. Mr Jing's evidence suggested that Professor Kapanidis did not properly understand what he was being shown by way of the data from the Small Setup in April at which Professor took umbrage. In my view, he was justified in doing so. It is unlikely that Professor Kapanidis did not understand this. His evidence explained in detail (which does not matter for this case) why he raised the questions he did. Mr Jing's

evidence in this respect was part of his unjustified view that he alone had understood the real issues.

The First Prototype

142. Mr Jing presented an initial prototype (“the First Prototype”) of the modified Small Setup to Professor Kapanidis on 26 April 2013 at a meeting with a DSTL representative, Ms Sarah Willoughby. DSTL had contributed to the Synthetic Biology Grant and this was an opportunity to showcase the work being done with it. At the presentation, Mr Jing indicated that he had plans to make the microscope smaller still. Professor Kapanidis asked Mr Jing to work on producing a further, smaller prototype as suggested. This is of some significance because it shows that Professor Kapanidis was involved in the overall direction of the project, albeit not concerned with detailed aspects of the design which he was at that stage leaving largely to Mr Jing (and to a lesser extent Dr Crawford) to get on with. Although the description “First Prototype” was used of this design that is something of a misnomer because there had been other experimental designs prior to that as described above. This was, however, a significantly improved prototype and was the first prototype of the new approach to design which Mr Jing had brought to the project.
143. The design was then developed by Mr Jing by including in a further prototype a focus control system that was not present in the First Prototype. This has been described as the “the Internship Invention” in that it was a design developed by Mr Jing during his internship, involving an additional light beam which passed through the objective lens system to produce an image in the camera which was compared with a saved reference image, with the results of the comparison being used to adjust the position of the sample stage to bring it into focus. This updated prototype (“the Second Prototype”, also called “Nanoimager 1” or “NIM1”) was finished on 8 July 2013.

Summary of the position

144. In summary, the evidence shows the following with respect to Mr Jing’s internship:
 - (1) Mr Jing was and was known by the University to be a highly capable and creative individual with research experience and specific interest in the design of instrumentation (and in particular microscopes) of the kind in question. He approached the University with a view to doing a DPhil which led to the internship and in doing so promoted his suitability to work on the microscopy work of the lab.

- (2) Mr Jing was employed at a relatively modest intern's pay (albeit with rights to share in benefits from inventions) pending the start of his DPhil to contribute to the microscopy part of the E. coli Project and, in particular, to continue the work of Dr Le Reste on the Small Setup.
 - (3) Mr Jing deployed his skills and experience to furthering the microscope design aspects of the E. coli Project with Dr Crawford under the overall supervision of Professor Kapanidis, albeit not to the exclusion of other work.
 - (4) That work was part of a project initiated by Professor Kapanidis in his laboratory which was undertaken using University equipment and facilities for which the University had obtained funding and which had involved input over a period from several individuals; the work done by Mr Jing built very significantly on foundations that had been laid by others.
 - (5) A number of individuals had contributed to the project but the person who made by far the largest contribution to the detailed design of the First and Second Prototypes was Mr Jing.
145. Up to that point, the microscope aspect of the E. coli Project had therefore proceeded in a way similar to that of typical industrial design projects undertaken in companies. Namely that highly skilled employees are hired by the undertaking in question to work on key aspects of design of a product under the overall supervision and direction of a project leader. In industrial contexts, an employee working in that way would normally expect rights, including any resulting patent rights, in the designs created in that way to vest in their employer. Such employees would, in effect, have been employed to make inventions (among other things) for the company. Had the work Mr Jing in fact did been undertaken by the employed post-doctoral researcher who he replaced in the team, Dr Le Reste, it would have been normal to expect rights in any resulting redesign to vest in his employer. To that extent, he was not in a materially different position from him even though nominally more junior. I address how the provisions of the Act deal with this more specifically below.
146. When Mr Jing arrived, Dr Crawford acted in effect as Mr Jing's line manager and provided detailed technical handover. Dr Crawford spent a significant proportion of his time working with Mr Jing on the Small Setup himself and they worked (in his words) "collaboratively" in the lab, regularly discussing progress. In particular, Dr Crawford says that he managed to align the components so as to function correctly for single-molecule imaging and they began to test its performance. He also discussed the rebuild of the microscope Mr Jing had done over the weekend at the end of March referred to above. Both he and Mr Jing set about developing a further prototype under Professor Kapanidis' guidance

including discussions on materials to use and approaches to avoid thermal drift. Dr Crawford worked with Mr Jing in June 2013 on the laser source and various safety features which would be needed to prevent stray laser emission outside the enclosure. They all worked on the IP Invention Records together (see below).

The involvement of OUI – Dr Gibbs’ evidence

147. Dr Mairi Gibbs, Head of Operations at OUI gave helpful evidence on OUI and the University’s IP Provisions. She was a very good witness whose evidence was not seriously challenged in any material respect, still less undermined.

OUI and its activities

148. Before resuming the chronology, it is necessary to say something about OUI and its remit.
149. OUI is the undertaking at Oxford primarily concerned with commercialisation of work done at the University. It operates as the University’s technology transfer office. OUI was incorporated in 1987 and, for some years, was known as Isis Innovation Limited. It is a wholly owned subsidiary of the University. OUI is a highly successful technology transfer office. It has handled over 2500 IP Projects since 1997 and managed the creation of 196 spinout companies, more than any other UK university. The University holds shares in 160 such companies. OUI is one of the largest UK patent applicants, ranked 6th in the top 10 UK patent applicants in 2020 according to WIPO figures.
150. Protection, management and commercialisation of the University’s IP is managed by OUI’s Licensing and Ventures team which works with University academics and researchers to help identify, protect and commercialise IP through patent prosecution and other IP right protection, licensing and formation of spin out companies as appropriate. Responsibility for management of the University’s shareholdings in its various spin outs lies with the OUI investment team which manages the funds for subsequent funding rounds and administers a University Challenge Seed Fund to support University researchers in establishing proof of concept to de-risk the technology and make it more investable.

The Nanoimager team approach OUI

151. One of the tasks of OUI is to help researchers in the process of obtaining patent protection, guiding them through the process and overseeing the creation of spin outs. Although some academics are experienced at this, many are not and, on the evidence in this case, OUI does some handholding, providing advice along the way. Researchers can discuss issues such as share of benefits (including royalty share and any equity stake) with OUI. The evidence suggests that OUI was open to such discussions and would assist in their resolution.

152. Accordingly, it was logical for the team working on the Nanoimager to contact OUI to see whether they would be interested in it which they did. And OUI were interested.
153. Prior to the completion of the Second Prototype, on 18 June 2013, Professor Kapanidis informed Ms Weng Sie Wong, Technology Transfer Manager at OUI, about the development of the First and Second Prototypes. He arranged a meeting with OUI involving both Mr Jing and Dr Crawford. It is clear on the evidence that Professor Kapanidis did not attempt to shut them out of discussions on the approach to potential commercialisation in any way. Although there was no evidence as to how such initial approaches to commercialisation would proceed in an industrial setting, there is nothing to suggest that their involvement was any lower than it would have been had they been employed researchers in industry. Indeed, by the standards of industry, this may have represented a relatively high level of involvement of a comparatively junior product designer who had recently joined the design team (which Mr Jing was at that stage) in detailed discussions with a team leader over how a product was to be commercialised.
154. On 3 July 2013, Professor Kapanidis, Dr Crawford and Mr Jing met with Ms Wong and her colleague to discuss the possibility of commercialising the Nanoimager. Subsequently, on 8 July 2013, Ms Wong sent Professor Kapanidis copies of the forms used by OUI to gather information about potential intellectual property produced by University researchers (specifically the IP1 Intellectual Property Due Diligence Form, the IP2 Intellectual Property Income Distribution Form and the Invention Record).

The meeting at which the equal share of IP income was agreed

155. Professor Kapanidis forwarded Ms Wong's email to Dr Crawford and Mr Jing and arranged a meeting for later that day. It was agreed that Professor Kapanidis, Dr Crawford and Mr Jing would share equally in any IP income as joint 'contributors' although there is some dispute as to whether the third share was finally agreed on 8 July 2013. In my view that does not matter, save for one point below on the procedure for reaching agreement.
156. Before turning to that agreement, it is relevant to record that the Invention Record said under the heading 'What is new about your invention?':

"Our invention is the first optical microscope to unite nanometre drift and vibration stability, single molecule sensitivity, modularity and automation in a form factor that is compact, robust, laser radiation safe, and portable. The microscope uses a novel stable and compact optical path that maximizes detection efficiency at the same time. The microscope is fully enclosed and a Class 1 laser product, making it safe to use outside of dedicated laser

rooms. We have engineered kinetic isolation/dampening into the enclosure that enables the microscope to be used on ordinary desktops and benchtops and other general surfaces without compromising performance or the requirement of an optical table with vibration isolation. With a volume of less than 10 litres and the footprint of a sheet of A4 paper, the microscope can be used in mobile situations, in confined spaces or within other devices which generate localized environmental conditions (e.g. temperature, atmosphere, etc.). Alternatively, a localized environment can be generated within the microscope itself. Integrated temperature, pressure, humidity and continuously record conditions to maximize reproducibility. The modularity of our microscope will allow many pre-existing microscope components (e.g. microfluidics, different objectives and cameras) to be used that the user may already possess. Custom-written software from our lab controls all microscope functions from a unified interface with the option to automate data acquisition as well as data analysis and reporting. An extremely large data set can be collected and processed in a very short time, making the microscope suitable for high-throughput applications."

157. Oxford's case is that the joint equal share was originally agreed without difficulty, openly and fairly. ONI's case is that this was an unfair split because of the relative contributions and the circumstances in which the agreement was made.

Royalty shares – substance and justification for split

158. The starting point is that Oxford's IP Provisions provide for a structured approach to royalty sharing between researchers and university (with a sliding scale discussed in greater detail below) and for researchers to agree between themselves how this should be split. This has a number of advantages. It avoids dispute at an early stage of a project over who is to have what benefit as between academics and university. Disputes of that kind can delay a project, cause bad blood so that it may never get off the ground or potentially put off other investors, whose funds may be needed. This is itself valuable: as one of the articles cited by ONI says in a different context: "holding a smaller piece of something is still more valuable than a large piece of nothing". A default of equality of shares is pragmatic and sensible although I discuss this issue in greater detail below.
159. The IP Provisions enable researchers to make their own agreements as to how their share will be split. ONI says that the agreement that was reached as to contribution was unfair in principle and did not reflect Mr Jing's much greater contribution. Looked at on a narrow basis of contribution to the claims of the patents, Mr Jing may have a point. Had this case been developed as a pure inventorship dispute or there had been a question as to how the court should apportion benefits from the patents in issue, the view might have been taken on

the evidence that the fair result would have been for the lion's share to go to Mr Jing.

160. However, that is not the right way to look at a situation of this kind. It is legitimate to consider whether, looked at in the round, it was unreasonable for those working on the project to agree equal shares at that stage.
161. There is, in my view, sufficient basis in these facts for the three named inventors on the patent applications and the then collaborators on the project reasonably to agree initially that there should be an equal thirds split on the basis of (i) Professor Kapanidis' and Dr Crawford's work over the course of the whole E. coli Project and (ii) Mr Jing's then more recent microscope work which all recognised was important. Although it is possible that a different agreement could have been made at the outset, what they agreed was reasonable. I explain in greater detail below why but, in summary, an agreement between researchers does not have to follow the exact contours of the law on inventorship of a patent (or, more precisely, given claims of a patent) in order to be fair.
162. There were, moreover, subsequent discussions between Professor Kapanidis and Dr Crawford the upshot of which was that Dr Crawford's contributions on the IP forms were amended to 10% with Professor Kapanidis and Mr Jing each having 45%. Again, this shows that there was flexibility in recognition of the various contributions which were agreed to be changed without undue difficulty with all concerned ultimately recognising that a different split was more appropriate.

Royalty shares – procedure

163. ONI contends that the procedure for agreeing the shares was affected by the power dynamic between Mr Jing and Professor Kapanidis in particular and that he would not have felt comfortable in disagreeing with what Professor Kapanidis proposed at the time. I accept Professor Kapanidis' evidence that the third share split was not finally agreed at the meeting on 8 July 2013 although I also accept Mr Jing's evidence that it was regarded by him as effectively "settled" at that point. Indeed, it was Mr Jing who had proposed that share.
164. I formed the view that Mr Jing was not overawed either by Professor Kapanidis or Dr Crawford. He has a great deal of self-confidence, much of it justified and a strong sense of justice.
165. The relevant IP2 form which formalised the split was not signed until August 2013 and in the intervening period, it would have been possible for Mr Jing to raise any concerns he wished about that split. He did not do so. To the contrary, he confirmed this split in the IP2 form. If he had felt that this was inappropriate, he would have raised the issue. He did make a somewhat intemperate complaint

about Dr Crawford retaining a third share at a later stage (which may have been instrumental in it being reduced) denigrating his contribution, and I have little doubt that, had he thought that the initial third share or the subsequently renegotiated 45% share to him and Professor Kapanidis was fundamentally unfair, he would have pressed the point. In reality, agreeing a third share initially and renegotiating it in 2015 were both reasonable things for all concerned to have done.

166. Moreover, the IP Provisions (and the way in which OUI and the University operate generally in this area, which is not inflexible) would have provided routes through which Mr Jing could have raised concerns. It is true that as a junior intern he was not very well placed to challenge a senior professor and prospective DPhil supervisor's entitlement to a third share in the fruits of a project conceived in the professor's laboratory.
167. However, this was his own original proposal and if Mr Jing had felt particularly strongly that it was wrong, he could potentially have held up providing his signature on the necessary patent documentation until the other parties agreed to a larger share (or deployed an alternative form of dispute resolution). Holding up signature would probably have been regarded as a nuclear option since it could have put the patent strategy and the whole project in jeopardy. There is some evidence that this was at least a possibility in some e-mail correspondence in which the University raised the point that there had been a delay in Mr Jing assigning his IP to the University. In any event, a situation of this kind is not one in which an individual researcher is powerless. Mr Jing was not without leverage in this specific negotiation and that the agreements that he made as to royalty sharing between the researchers (both originally and as later amended) were appropriate.
168. I did not find Mr Jing's explanations convincing for having agreed to a third share for reasons other than that it was reasonable to do so (academic credit basis, because the product had limited potential, avoidance of argument). In my view, Mr Jing's proposal that there should be a third split was justifiable at the time and the renegotiated provision in 2015 giving him and Professor Kapanidis equal higher shares (and Dr Crawford a lower share) was also reasonable.
169. In particular, without Professor Kapanidis' work and leadership, there would have been no Nanoimager project at Oxford. Without Mr Jing's work, the detailed development is unlikely to have proceeded as quickly or possibly in the specific direction it did. Dr Crawford also helped the project to a material extent. That situation seems to me a clear one for the two researchers most involved respectively (i) at a higher level on overall design over a long period and (ii) a shorter period of detailed design contributing more to the patents to share equally

the larger portion of benefits with the individual making the lesser contribution throughout entitled to a lower share which is ultimately what was agreed.

170. I find that there was nothing unfair to Mr Jing about the process whereby that was the position reached. In making that evaluation I do not say that it is always appropriate (or fair) for a head of a project or department to share equally with some of those more junior who undertake more of the work and, sometimes, it can be appropriate to provide for independent review processes by those not involved (as are provided under the IP Provisions discussed below). It was however appropriate in this case.

Further development of the Nanoimager

171. Between July and October 2013, Professor Kapanidis, Dr Crawford and Mr Jing worked with OUI and its patent attorney to prepare a patent application. On 25 October 2013, OUI filed a GB patent application entitled 'Compact Microscope' ("the First Priority Application"). The specification describes the mounting of the return optical system, complete enclosure of the microscope and the inclusion of vibration isolating material (which are referred to together as "the Initial Features"), as well as the focus control system of the Internship Invention. Claim 1 was directed to the mounting of the return optical system, which is not now said to be an invention in its own right. The focus control system of the Internship Invention was claimed from claim 17 onwards. It is of some significance that, until this dispute, I understand that there was no objection to the inventors being named as Mr Jing, Professor Kapanidis and Dr Crawford and they remain so named.

Development of the compact microscope during Mr Jing's DPhil

172. On 15 August 2013, Mr Jing signed his student contract ("the DPhil Contract"), which incorporated the IP Statute and IP Regulations. These are together referred to as the IP Provisions and are reproduced at **Annex 1** including the amendments made more recently.
173. Mr Jing commenced his DPhil in October 2013. The title of the DPhil Application was originally "development of novel single-molecule fluorescence microscopy and spectroscopy methods and their application to life sciences" and was subsequently changed to "the replication mechanism of the influenza virus on a single molecule level".
174. During the period of his DPhil, and particularly during a period of around three months from April 2014, Mr Jing set about developing a third prototype of the compact microscope ("the Third Prototype", also known as "Nanoimager 2" or "NIM2"). This further iteration included a moveable sample stage connected to

the primary optical support element by both a fixed and slidable mounting point. OUI filed a PCT application claiming priority from the First Priority Application on 27 October 2014 (“the First PCT Application”). A description of a sample stage mounting system (“the Additional Feature”) was included in the First PCT Application.

The patent landscape as it developed

175. The inventive concepts claimed by all of the family members derived from the First PCT Application are:
- (i) the focus control system of the Internship Invention; and
 - (ii) the combination of the Initial Features described in the First Priority Application and the Additional Feature described in the First PCT Application.
176. The Third Prototype was completed in January 2015 and on 24 April 2015, a second patent application was filed directed to further features of the Nanoimager (“the Second Priority Application”). A subsequent PCT application claiming priority from the Second Priority Application was filed in April 2016 and names Professor Kapanidis and Mr Jing (but not Dr Crawford who had, by this time, left the Kapanidis laboratory) as inventors (“the Second PCT Application”). Claim 1 of the Second PCT Application is directed to a compact microscope with: (A) an illumination optical system; and / or (B) a temperature control system; and / or (C) a means for separating and focusing two wavelengths of light.

Agreed position on inventorship for the purpose of these proceedings

177. The agreed position as regards inventorship for the purposes of these proceedings in relation to patents derived from the First and Second PCT Applications is as follows:
- (1) The Internship Invention of the First PCT Application was devised solely by Mr Jing between 26 April 2013, when the DSTL presentation occurred (and, as ONI accepts, Mr Jing was tasked directly by Professor Kapanidis with improving further the Small Setup) and the start of his DPhil in October 2013.
 - (2) Both the combination invention of the First PCT Application (comprising the Additional Feature and the Initial Features) and the inventions of the Second PCT Application were: (i) devised solely by Mr Jing during the period of his DPhil; and (ii) ‘in the course of or incidentally to’ his DPhil studies.

178. The First PCT Application has since proceeded to grant in various jurisdictions (including as GB patent no. 2,535,141 B and US patent no. 10,330,904 B2). Claim 1 of these granted patents are directed to the combination of the Initial and Additional Features, with the focus control system of the Internship Invention appearing in the subsidiary claims. The Second PCT Application has proceeded to grant in the United States (as US patent no. 10,962,755 B2) but remains pending in other jurisdictions.

The spin-out discussions and the incorporation of ONI

179. During 2014, OUI, Professor Kapanidis and Mr Jing discussed launching a spin-out company to commercialise the compact microscope. Discussions as to the appropriate equity split in the new company were held throughout 2014 and 2015. ONI was ultimately incorporated in 2016.
180. Pursuant to Regulation 6(2) of the IP Regulations, the respective shareholdings in ONI of the University and the researchers were negotiated when the company was formed.

The equity share issue

181. One of the points that troubled Mr Jing most (and also troubled Professor Kapanidis at the time) was the 50:50 split of equity in ONI between the researchers and the University. ONI contends that there was unfairness about this and the process for reaching it.
182. Professor Kapanidis and Mr Jing were seeking a larger share of equity, including (together) trying to down-play the role the University had in the creation of the designs and up-play Mr Jing's role. There is a memo from October 2014 (in two versions in draft) which was drafted, inter alia, by them and submitted to the University concerning the equity split. This said that Mr Jing had conceived and implemented the novel ideas in the first Nanoimager prototype "while not a University student and in a very short time". It said that his innovation "came largely through his previous training and combined with the project we had at Oxford" and that Mr Jing "did not benefit substantially from the Oxford environment". This draft appeared to have been directed to addressing an aspect of Oxford's application of its equity split policies to the effect that if a spin out included "significant non-Oxford IP" there might be a basis for a deviation from a 50:50 split (see the reference to this in a later e-mail of 25 October 2015 from OUI to Professor Kapanidis). So I think this was a "tactical" memo which did not reflect the reality. Both Mr Jing and Professor Kapanidis were trying to secure a greater share of equity against the University and, at that point, making common cause to do so, using the fact that Mr Jing had come in from outside as a hook for that argument.

183. In that memo, Professor Kapanidis and Mr Jing made a number of more general arguments to support an equity split that was more favourable to them, including the fact that the University's request for 50% did not provide sufficient equity to grow the company quickly and drawing attention to the fact that other universities in various countries operated more favourable policies.
184. It urged Oxford to be "more flexible" and sought a split of equity which would have given Professor Kapanidis and Mr Jing 90% rather than 50%. The thrust of their argument was that the University had not contributed enough to warrant a larger share.
185. The document made the point that most of the support for the project came from UK Research Councils and the European Research Council which was an argument I found somewhat puzzling as one in favour of more equity to the researchers, since neither Professor Kapanidis nor Mr Jing seemed to think that this justified those funding bodies having an equity share, even though they had paid for the project to be undertaken in the first place. In all, the document was an attractively presented work of advocacy from the perspective of entrepreneurial scientists as to why they should take by far the greatest share of equity benefit.
186. Professor Kapanidis' evidence, which I accept, is that there was scope for negotiation with the University as to equity share but they were ultimately unable to persuade the University that there should not be a 50:50 split. I had the impression from his evidence at the trial that, although he would have liked more, he did not think the split ultimately agreed was fundamentally wrong.
187. As to equity, the 50:50 split was readily understandable in the circumstances: this spin-out which was the fruit of a University project in the sense that it had been originally conceived of in an Oxford lab by an Oxford professor who had recruited a series of talented individuals to work on it (paid for by research council funding) of whom the most dynamic individual on the detailed aspects of design was undoubtedly Mr Jing. There is nothing in the materials to suggest that Oxford's mind was closed to considering a different split but, having not been persuaded, the project went ahead with a split of 50% University, 25% each to Professor Kapanidis and Mr Jing.
188. Since equity split issues feature so large in the unfairness arguments, I deal with them at greater length in that context.

Conflict of interest?

189. Mr Jing also says that Mr Giles Kerr who was on the board of directors of OUI and the Chief Financial Officer of the University and a director of OSI (to which

some of the equity was ultimately allocated out of the University's share) had a conflict of interest – a view Mr Jing expressed forcefully to OUI in an e-mail of October 2015.

190. However, I do not accept that or that it had any significant impact on the fairness of this allocation. In my view, first, Mr Kerr was an appropriate person to negotiate shares of equity on behalf of the University.
191. Second, a 50:50 split was the normal starting position at the time and it appears from the correspondence, that OUI was, in principle, amenable to departing from a 50:50 split in appropriate circumstances, in particular where IP came from outside the University. Indeed, the premise of the memo referred to above was that the University was open to persuasion. The evidence considered below also confirms that view.
192. Third, there is in my view nothing inherently inappropriate or unfair in a 50:50 equity split (either as a starting point or an end point) for reasons given in more detail below in the section dealing with fairness. It is therefore hard to criticise an individual for taking that as the starting point in those circumstances.
193. One of Mr Jing's points in his evidence was that there was no-one completely independent of the University who could decide on what equity split there should be in circumstances where the University had an interest in retaining at least a 50% stake. He is right as a matter of fact that this is the case and there are some situations in which that is (or may be) problematic but I do not think this is one of them.
194. Under the IP Provisions, there was no obligation to grant researchers any particular share of equity, although there was an expectation that they might get some. An equity share would be a benefit additional to a right to obtain significant royalties under the IP policy which were expressly provided for.
195. Again, I think an industry comparison is instructive. It would ordinarily be surprising in a substantial research based company for a relatively junior researcher to receive a large tranche of equity in (say) a new subsidiary set up to exploit an invention made while he or she was an employee or for a complaint to arise that his or her employer (rather than a neutral entity) had decided the question of split. Were that to be the case, in such a context, I do not think it would be regarded as fundamentally unfair for there to be at least a 50:50 split in favour of the employer, with good reasons required to shift from that position and for the employer to decide as to what it should be. Indeed, it is possible to discern from some of the case law on section 40 of the Act that many industrial undertakings would regard that as unusually generous to employees.

196. The Act does not require that employers adopt any particular approach to deciding whether employees should receive benefits as a result of their contributions to an invention the rights to which vest in an employer (apart from the provisions of section 40 which only apply where there is an outstanding benefit). To that extent, the general law does not exhibit a policy of requiring undertakings, universities or otherwise, to have court-like procedures for determining benefits (still less equity split) although in practice a number of universities do have more or less independent panels for adjudicating on such matters. In my view, it is good practice to have such provisions and that may avoid some disputes. However, for reasons elaborated below, I do not think it is compulsory to do so to avoid a challenge that the whole process is tainted by conflicts of interest. I return to some of these matters at a more general level in considering the fairness challenge below.

197. However, I do not think that this particular process was tainted by conflict of interest.

The Licence

198. To resume the chronology, on 29 April 2016, ONI entered into the Licence. Under the terms of the Licence, OUI received a sliding royalty on net sales of 3.5% to 6%. Professor Kapanidis, Dr Crawford and Mr Jing have all received (and are still entitled to receive) a share of those royalties pursuant to: (i) Regulation 7 of the IP Regulations; and (ii) agreement between them as to how the researchers' (contributors') share should be further apportioned among them.

199. Ultimately, Mr Jing did not complete his DPhil but moved across to ONI full time as Chief Technology Officer in 2016. He became CEO of ONI in June 2017. Professor Kapanidis was a director of ONI from April 2016 to May 2018.

200. In May 2019 Mr Jing and Professor Kapanidis were jointly awarded the BBSRC Innovator of the Year Award for developing the commercialised version of the Small Setup. ONI has gone on to become a successful spin out company for which this litigation cannot have been a major help.

III. OWNERSHIP OF IP CREATED DURING MR JING'S INTERNSHIP

Legislative framework - section 39

201. Sections 39(1) and (2) of the Act provide as follows:

"39.- Right to employees' inventions.

(1) Notwithstanding anything in any rule of law, an invention made by an employee shall, as between him and his employer, be taken to belong to his employer for the purposes of this Act and all other purposes if-

(a) it was made in the course of the normal duties of the employee or in the course of duties falling outside his normal duties, but specifically assigned to him, and the circumstances in either case were such that an invention might reasonably be expected to result from the carrying out of his duties; or

(b) the invention was made in the course of the duties of the employee and, at the time of making the invention, because of the nature of his duties and the particular responsibilities arising from the nature of his duties he had a special obligation to further the interests of the employer's undertaking.

(2) Any other invention made by an employee shall, as between him and his employer, be taken for those purposes to belong to the employee."

202. Oxford rely on section 39(1)(a), the interpretation of which was considered by the Court of Appeal in *LIFFE v Pinkava* [2007] EWCA Civ 217; [2007] R.P.C. 30. Oxford summarise the propositions from that case as follows. These were not seriously disputed.

- (1) "Normal" and "specifically assigned" duties are mutually exclusive. Unless the invention was made under a duty falling within one or other description, section 39(1)(a) cannot apply and the invention will belong to the employee.
- (2) The key question is what was it that the employee was employed to do? The section focuses on the employee's "duties", i.e. obligations. The primary source of a duty is the contract of employment.
- (3) However, the contract is not the sole arbiter of the duty. The contract and the general nature of the job call for examination. Contracts evolve and the actions of employer and employee over time can give rise to an expansion

or contraction. In the end, one is asking whether an employee is employed to innovate and if so what general sort of area those innovation duties cover.

- (4) Normal duties are not limited to "day to day" or "primary" duties.
- (5) The relevant date is the date on which the invention was made.
- (6) For the section to apply the 'reasonable expectation' test must also be satisfied. This is not concerned with whether the particular invention was foreseeable but is addressed to whether "an invention" in general terms might result from the work.

203. Jacob LJ said in *Pinkava* (at [102]):

"If the employee is employed to innovate then it will normally follow that the provision is satisfied."

204. The majority (Chancellor Morritt and Longmore LJ) also held that the particular attributes of the employee in question were relevant to the 'reasonable expectation' limb of section 39(1)(a).

205. Although ONI made quite extensive submissions on this, there was no dispute that these principles were correct. It is therefore unnecessary to cite more than this from *Pinkava* or to discuss the facts of that case in detail or the (different) provisions of Australian law discussed in *University of Western Australia v. Gray* [2008] FCA 498, [2009] FCAFC 116, to which ONI also referred.

The parties positions and findings

206. It is common ground that, at least from 26 April 2013 onwards, Mr Jing's duties included development of the Small Setup and Oxford's position is that he was employed to assist with that development from the outset. There appeared to be a dispute on this upon which nothing turns.

207. In any event, I find that Mr Jing's duties as an intern from the start of the project included development of the Small Setup. It is also clear that, from at least 26 April 2013, after which date the focus control system of the Internship Invention was devised, Mr Jing was employed to innovate in the sense of being specifically asked to drive forward the development of a compact single molecule fluorescence microscope of a type that did not then exist. Oxford refers to the Synthetic Biology Grant Application which records the fact that the Oxford Physics group "is developing a compact and affordable single-molecule fluorescence instrument..."

208. I also find that Mr Jing was originally employed as an intern at least in part because of his attributes recorded above which made it particularly likely that he would make inventions. In particular, Mr Jing's education had involved design of a complete set up of a cryogenic epi-fluorescence microscope, with self-designed microscope components such as objective mount systems that minimize temperature-related instabilities using principles of symmetry.
209. He stressed these design and build abilities in his initial approach to Professor Kapanidis and highlighted the fact that he would be able to work on the microscopy aspects. By April 2013, he had demonstrated these abilities and, in being asked to work on the project, would have been expected to put them into practice. In my view, it is clear that there was a reasonable expectation that invention may result from his fulfilling his duties.
210. What, then, is ONI's answer to that case? ONI refers, in particular, to the following in support of its case that it was not "reasonable" to expect invention to be made.
211. First, ONI relies on Mr Jing's low status in the hierarchy of the University. This is not to my mind a relevant consideration under s. 39. Moreover, it is not the case on the facts. Although, as an intern, Mr Jing was not a high status employee, he was engaged to work on a potentially exciting project pending the start of his DPhil. He was also an experienced researcher who had the respect of Professor Kapanidis who, in turn, expected him to do valuable work on the microscope project. Mr Jing was in effect filling the shoes of a post-doctoral researcher. To that extent, his position in the project was not dissimilar to that of Dr Le Reste. That was not particularly low status although he may have been paid less.
212. Second, ONI relies on Mr Jing's youth and (relative) lack of qualifications and experience. Again, I do not find this made out on the facts nor even relevant. Although he was young, he was in his late 20s by then. He was very well qualified to perform the duties in question as the material I have cited above shows. He had an exemplary academic record and relevant research experience almost directly in the field, specifically in building and operating microscopes capable of detecting single-molecule fluorescence. Mr Jing had spent six years at university in Switzerland, gaining a master's degree, and had nearly a year's experience as a research intern in two of the leading Swiss/German academic laboratories in the field. ONI submits that inventions are not normally expected of PhD students, still less pre-PhD students. That is too sweeping a statement. On the evidence, it is clear that an invention could reasonably have been expected of a person fulfilling that role and specifically of Mr Jing.
213. Third, ONI relies on the "very modest" salary paid to Mr Jing. The pay of an employee is not a relevant consideration under s.39 if, because of their duties and

characteristics, invention would be expected from them. I do not accept the argument that, where very limited sums are paid, the expectation of invention is thereby automatically limited or that it is not reasonable to expect it. What an employee is paid may be a relevant consideration in determining whether they are doing the kind of work from which invention is to be expected but where, as here, it is clear that the employee is doing such work, pay adds nothing. Moreover, this was a rather unusual situation in which in effect he had stop gap funding for 7 months pending commencement of his DPhil.

214. It is also not, in my view, correct to look at Mr Jing's basic pay as an intern in isolation. Under the IP Provisions, Mr Jing was also entitled to a share in the benefits from any invention he made during his time as an intern. So, the total benefits obtained attributable to his work as an intern could be large (and in this case were, albeit that they did not accrue until much later). Quite apart from that he received the benefit of being able to work in one of the leading research labs in the world in this area.
215. Fourth, ONI relies on the fact that the invention(s) did not relate to the project Mr Jing was asked to carry out, on biosensing on E. coli. I have found above that this is not correct as a matter of fact and reject ONI's argument to that effect. Contrary to ONI's submission, it is clear that one of the projects Mr Jing was asked to work on (and was specifically engaged to advance) was the E. coli microscopy work. In any event ONI accept that he was expressly asked to undertake such work following the DSTL meeting on 26 April 2013 and the Internship Invention was devised following that meeting.
216. Fifth, ONI relies on the lack of direction and modest level of support provided to Mr Jing. Again, it is clear from the chronology summarised above that this is not correct. Mr Jing received considerable support from his colleagues including Dr Crawford and Professor Kapanidis.
217. A further point was made that he was on a casual contract. But that does not seem to me to affect the position since there is no dispute that he was an employee of the University at the relevant time. The "casual three-month contract" mentioned by Professor Kapanidis was a device to make the formalities of hiring Mr Jing easier, but he was in fact to be employed for seven months before starting his DPhil as everyone concerned knew.

Oxford's conclusion on ONI's Position

218. Oxford summarises its position as follows. If ONI's case were accepted, it would follow that Mr Jing was hired into Professor Kapanidis' lab with the express task of improving the Small Setup because of his skills and experience, was paid to carry out that task (inter alia with potential rights to benefit from doing so),

demonstrated that he was adept at it and was, therefore, asked to continue his work under the supervision of Professor Kapanidis and Dr Crawford but nevertheless, was entitled to keep the fruits of his efforts from Professor Kapanidis and the University and to exploit them entirely for his own benefit. In my view, Oxford is right to submit that this would be a surprising outcome. It is not what section 39 of the Act provides.

Conclusion on IP generated during the course of Mr Jing's internship

219. The University was properly entitled to any inventions created in the course of Mr Jing's internship (and specifically the focus control system of the Internship Invention) pursuant to section 39(1) of the Act.
220. That sufficiently addresses the relatively straightforward part of this case. It might be thought that this decision could end there because, if some of the relevant rights belonged to the University pursuant to s.39 and were therefore validly licensed, the fact that others may not have done did not undermine the validity of the Licence (on the footing that a mistake about whether some of the licensed patents belonged to the OUI would not render the licence void if it was clear – as I believe it is) that others did.
221. However, that is not the way the case was argued. Neither side has said (or at least not yet) that it is sufficient for the court to find that the Internship Invention rights were validly licensed or invited the court to decide OUI's entitlement to royalties on that basis. To the contrary, I have been invited by both parties to consider and decide a number of more fundamental points as to whether the terms of Mr Jing's DPhil Contract were open to challenge under consumer protection law. On Mr Jing's side, this may be because of the campaigning element of the case where he wants the court to evaluate the fairness of Oxford's IP Provisions. On Oxford's side this may be because the issue of alleged unfairness of their IP Provisions having been criticised in severe terms, they wish to have independent determination that they are not unfair and/or that DPhil students in Mr Jing's position are not entitled to the benefit of the specific consumer protection legislation to complain about these. There are no juridical short cuts available. I therefore turn to those issues.

IV. OWNERSHIP OF IP CREATED DURING MR JING'S DPHIL

222. The second broad issue is whether Mr Jing or the University are or were entitled to the relevant IP created by Mr Jing while he was a DPhil student.
223. It is common ground that, at the time when the combination of the Initial and Additional Features, the inventions of the Second PCT Application and the software and know-how listed in schedules 2 and 5 of the Licence were developed in Professor Kapanidis' laboratory, Mr Jing was a DPhil student. It is also common ground that the IP Statute and Regulations apply *prima facie* to transfer ownership of the IP to the University. The question is whether the relevant terms of these bind or bound Mr Jing.

Summary of parties' positions

224. ONI's position is that those terms did not bind Mr Jing and did not operate validly to vest the relevant IP rights in the University because those terms were contrary to the UTCCRs. This gives rise to two issues:
- (1) **Was Mr Jing a consumer?** ONI's case in summary is that the DPhil Contract was for the purpose of Mr Jing's personal and private education. Accordingly, it is said that Mr Jing was not acting in the course of his trade, business or profession in making the contract. Consequently, the DPhil Contract was a "consumer" contract covered by the UTCCRs. Oxford's case in summary is that the DPhil Contract, whilst an education contract in a general sense, was for the purpose of Mr Jing's profession (or future profession) and that he was not a consumer within the meaning of the legislation. Although it is not a necessary part of Oxford's case that no DPhil or PhD students would be entitled to the protection of the UTCCRs, the way the case was argued suggested that a consequence of the argument would be that only a small minority might be, especially in the sciences.
 - (2) **Was the contract unfair?** ONI's case in summary is that the IP terms of the IP Statute and IP Regulations were unfair within the meaning of the UTCCRs for a range of reasons. These include arguments that those provisions (a) involve a blanket approach as regards the circumstances in which they will be claimed which is too broad; (b) are more favourable to the University than comparable provisions applied at other universities; (c) produce the same results, in terms of ownership and share, irrespective of the actual contributions by those responsible and apply an unfair "one size fits all" approach; and (d) unfairly hinder a student's right to take legal action or exercise any legal remedy in respect of issues of ownership of intellectual property. Oxford's case in summary is that terms in the IP

Statute and IP Regulations are not unfair because they do not create a significant imbalance to the detriment of Mr Jing and are not contrary to the requirement of good faith. It contends that the terms on their face and as they have operated are favourable to Mr Jing and are in line with those in other academic institutions and, if anything, more favourable than those which would apply to employees engaged in research in industry.

225. It is not in dispute that, if the DPhil Contract is covered by the UTCCRs, any of its terms including the terms of the incorporated IP Statute and IP Regulations which are unfair under the UTCCRs would not be binding on Mr Jing. As I have said above, the precise consequences of a finding of voidness of any given term are not wholly clear.
226. Oxford has correctly pointed out that only paragraph 5 of the IP Regulations appears to be said by ONI to be objectionable and this judgment focuses on that paragraph. However, that paragraph cannot be viewed in isolation and must be seen as part of the IP Provisions as a whole.

V. “CONSUMER” – LAW

Preliminaries - the UTCCR and its basis in the UCTD

227. The UTCCRs are derived from the European Directive on Unfair Terms in Consumer Contracts (93/13/EEC) (popularly known as the unfair consumer terms directive or, here, “the UCTD”).
228. Both the UCTD and the UTCCRs only apply to contracts between a “consumer” and a “seller or supplier”. Unlike one of the CJEU cases referred to before me where the point was taken, it is not in dispute that the University was a seller or supplier in relation to the DPhil Contract and the issue under this aspect of the dispute is whether Mr Jing was a “consumer”.
229. Since the language of the UCTD has been reproduced in the UTCCRs, so far as relevant, it is convenient to focus on the UCTD as the parties did.

Key provisions

230. The key provisions of the UCTD are as follows, emphasising those parts of greatest significance to the present case:

Article 1

1. The purpose of this Directive is **to approximate the laws, regulations and administrative provisions of the Member States relating to unfair**

terms in contracts concluded between a seller or supplier and a consumer.

...

Article 2

For the purposes of this Directive: (a) ‘unfair terms’ means the contractual terms defined in Article 3; (b) **‘consumer’ means any natural person who, in contracts covered by this Directive, is acting for purposes which are outside his trade, business or profession;** (c) ‘seller or supplier’ means any natural or legal person who, in contracts covered by this Directive, is acting for purposes relating to his trade, business or profession, whether publicly owned or privately owned.

Article 3(1) and (2)

1. A contractual term which has not been individually negotiated **shall be regarded as unfair if, contrary to the requirement of good faith, it causes a significant imbalance in the parties' rights and obligations arising under the contract, to the detriment of the consumer.**

2. A term shall always be regarded **as not individually negotiated where it has been drafted in advance and the consumer has therefore not been able to influence the substance of the term, particularly in the context of a pre-formulated standard contract.** The fact that certain aspects of a term or one specific term have been individually negotiated shall not exclude the application of this Article to the rest of a contract if an overall assessment of the contract indicates that it is nevertheless a pre-formulated standard contract. Where any seller or supplier claims that a standard term has been individually negotiated, the burden of proof in this respect shall be incumbent on him.

Recitals

231. The UCTD must be interpreted purposively and its recitals provide additional guidance as to its purposes. The most relevant are recitals 6, 9, 10 set out below with emphasis added:

Recital 6

Whereas, in order to facilitate the establishment of the internal market and **to safeguard the citizen in his role as consumer** when acquiring goods and services under contracts which are governed by the laws of Member States other than his own, **it is essential to remove unfair terms from those contracts;**

Recital 9

Whereas in accordance with the principle laid down under the heading ‘Protection of the economic interests of the consumers’, as stated in those programmes: ‘acquirers of goods and services should be **protected against the abuse of power by the seller or supplier, in particular against one-sided standard contracts and the unfair exclusion of essential rights in contracts**’;

Recital 10

Whereas more effective protection of the consumer can be achieved by adopting uniform rules of law in the matter of unfair terms; **whereas those rules should apply to all contracts concluded between sellers or suppliers and consumers; whereas as a result inter alia contracts relating to employment**, contracts relating to succession rights, contracts relating to rights under family law and **contracts relating to the incorporation and organization of companies or partnership agreements must be excluded from this Directive.**

232. It is right to say at the outset that no point is taken by Oxford that the IP Provisions are contracts relating to the incorporation and organisation of companies in so far as they relate to provisions for equity share in a spin out. In my view this is correct.

General objectives of the UCTD

233. There is no dispute as to the general objectives of the UCTD. Although the parties did not draw attention to it and it is not binding, it is convenient to refer to the Commission Notice *Guidance on the interpretation and application of Council Directive 93/13/EEC on unfair terms in consumer contracts...*(2019/C 323/04) since it summarises the effect of the case law. It states that the UCTD has a “double objective”:

“— the effective protection of consumers as the typically weaker party against unfair contract terms which are used by sellers or suppliers and have not been individually negotiated, and

— contributing to the establishment of the Internal Market through the minimum harmonisation of the national rules aiming at this protection”.

234. This Notice highlights three general points relevant to the interpretation and application of the UCTD in this case.

(i) Raising the standard of living and the quality of life

235. First, the emphasis the CJEU has placed (inter alia in Case C-168/05 *Mostaza Claro*, paragraph [37]) on the fact that the directive as a whole constitutes:

”...a measure which is essential to the accomplishment of the tasks entrusted to the European Community and, in particular, to raising the standard of living and the quality of life throughout the Community”.

(ii) Public interest in protection under the UCTD

236. Second, the CJEU has treated protection under the UCTD as a matter of ‘public interest’, referring to Case C-243/08 *Pannon GSM*, paragraph [31]; Case C-168/05 *Mostaza Claro*, paragraph [3]; Case C-26/13 *Kásler and Káslerné Rábai*, paragraphs [78].).

(iii) Legal base suggests that it contemplates a high level of consumer protection

237. Third, the Notice highlights the fact that UCTD has as its legal base the predecessor to Article 114 of the Treaty on the Functioning of the EU (TFEU), Article 100A. This refers to taking as a base in proposals for legislation concerning consumer protection a “high level of protection”. This also suggests that where a question arises as to whether a consumer should be entitled to protection it may be appropriate to lean towards the approach which provides a higher rather than lower level of consumer protection including as to whether a person is to be regarded as a consumer at all.

No definition of key concepts in the UCTD

238. The definition of “consumer” and the approach to determining whether a contract is unfair has been replicated in regulation 3(1) of the UTCCRs. However, none of the concepts “for purposes”, “trade”, “business” or “profession”, “good faith” or “significant imbalance” are defined. There is no authoritative guidance as to whether a doctoral student is acting for purposes which are outside his trade, business or profession. Indeed, there is not even authoritative guidance as to whether an undergraduate student on a vocational course (such as a medical degree which leads directly to a profession) is to be so regarded. ONI accepts that not all doctoral students are ipso facto necessarily consumers. Oxford for its part accepts that at least some might be. The question for decision in this case is how the law draws the line between those who are and those who are not.

Relevant case law

239. Before turning to the CJEU authorities, it should be noted that the general EU case law on the interpretation of the UCTD continues to be relevant and binding

on this court. The departure of the UK from the EU on 31 January 2020 and the end of the implementation period does not affect "EU-derived domestic legislation".

240. Judgments of the CJEU prior to departure from the EU constitute "retained EU case law" (section 6(7) of the European Union (Withdrawal) Act 2018) and are part of domestic law post-Brexit. They bind lower courts by section 6(3) of that Act and the higher courts have only limited power to depart from them at present.

Approach to CJEU case law

241. At a time when the body of CJEU case law specifically dealing with the UCTD was less developed, the High Court had recourse to the principles for determining whether a person has dealt as a "consumer" in the Brussels Convention (and equivalent) jurisprudence. Examples are *Standard Bank London Ltd v Apostolakis & another* [2002] CLC 933 at 936 G and *Overy v PayPal* [2012] EWHC 2659 (QB) at paragraphs [130] and [166] to [169].
242. ONI argues that it is possible for the interpretation of the term "consumer" to differ in these two regimes, a point to which I return below. While it may be thought sub-optimal for there to be a situation in which a person can be a "consumer" for the purpose of the UCTD (with the result that certain terms in the contract in question may not bind the person at all), but nonetheless not be a "consumer" for the purpose of the Brussels Convention/Regulation (with the result that the person cannot sue, inter alia, to establish that very outcome in his or her home court), this is certainly a possibility. Some caution is therefore needed in taking formulations of the correct test or how it should be applied to the facts of a given case out of the context in which a specific decision on this issue was made.

Approach to "consumer" in the UCTD as compared with Brussels Convention/Regulation

243. As has been said in several of the CJEU cases, including *Sánchez Morcillo and Abril García*, C-169/14, [EU:C:2014:2099](#), (see paragraph [23]), the UCTD contains mandatory provisions which aim to replace the formal balance which the contract establishes between the rights and obligations of the parties with an effective balance which re-establishes equality between them. The UCTD is all about consumer protection and the UCTD therefore contains provisions of public policy which are regarded by the legislature as sufficiently powerful to strike down terms of contracts on the basis that they are unfair. Exceptions to "consumer" status for the purpose of this legislation are therefore to be construed narrowly.

244. In contrast, the Brussels Convention/Regulation and the case law thereunder provides a fundamental jurisdictional rule that a defendant is to be sued in its place of domicile and uses the concept of a consumer as the basis for a limited exception to that general rule, to enable consumers to sue in their own country of domicile. Rather than being fundamental to that regime and its purposes, the status of consumer is exceptional to its general approach to allocation of jurisdiction.

Application of this case law to the UCTD

245. Oxford draws particular attention to the earlier case law under the Brussels Convention/Regulation and the guidance given in two of those cases, *Gruber* and *Benincasa*, as to the concept of the “consumer” which it seeks to read over to the UCTD.
246. These cases both concerned so called “dual purpose” contracts, where an individual was contracting for purposes which were, in part, business or professional. Oxford contends that they are particularly relevant to this aspect of the present case because of the way in which the Brussels Convention/Regulation case law requires examination of the extent to which the contract in question had trade or professional purposes and because of the specific facts of this case. It is therefore necessary to go into this case law in some detail.

Benincasa

247. The starting point for the Brussels Convention case law, so far as relevant to the present dispute, is *Benincasa* (Case C-269/95 *Benincasa v Dentalkit* [1997] I.L.Pr. 559), a reference from the Oberlandesgericht (Higher Regional Court), Munich, in which the claimant sought to come within the “consumer” exception in Article 13 of the convention for the purpose of being able to sue in his local court.
248. *Benincasa* was decided by the CJEU against the following factual background. The defendant, Dentalkit, had developed a chain of franchised shops in Italy. The plaintiff, Mr Benincasa, concluded a franchising contract with Dentalkit with a view to setting up and operating a shop in Munich with terms relating to use of trade marks, provision of assistance and payment. The contract contained a clause giving the courts at Florence jurisdiction to entertain disputes under it. Mr Benincasa set up his shop, paid an initial sum, made various purchases and then ceased trading. He brought proceedings in the Landgericht (Regional Court), Munich I, namely the court in his place of domicile, in which he sought to have the franchising contract declared void under German law. Among the grounds

he advanced for contending that the Munich court had jurisdiction was an argument that, since he had not yet started trading, he should be regarded as a “consumer” within the meaning of Articles 13 and 14 of the Convention.

249. The Landgericht referred the question of whether a plaintiff was to be regarded as a consumer within the meaning of Articles 13 and 14 of the Convention “even if his action relates to a contract which he concluded not for the purpose of a trade which he was already pursuing but a trade to be taken up only at a future date (here: a franchising agreement concluded for the purpose of setting up a business).” In considering that argument, the CJEU had regard, first, to the principle laid down by the case-law according to which “the concepts used in the Convention, which may have a different content depending on the national law of the Contracting States, must be interpreted independently, by reference principally to the system and objectives of the Convention, in order to ensure that the Convention is uniformly applied in all the Contracting States” ((for which it referred to Case 150/77 *Bertrand* [1978] ECR 1431, paragraphs [14], [15], [16] and [19], and Case C-89/91 *Shearson Lehman Hutton* [1993] ECR I-139, paragraph [13]) and that this principle applied in particular to the concept of 'consumer' within the meaning of Article 13 et seq. of the Convention, “in so far as it determines the rules governing jurisdiction.”

250. The CJEU observed that, under the system of the Brussels Convention, the general principle was that the courts of the Contracting State in which the defendant is domiciled are to have jurisdiction and that it is

“...only by way of derogation from that principle that the Convention provides for cases, which are exhaustively listed, in which the defendant may or must, depending on the case, be sued in the courts of another Contracting State.”

Consequently, the CJEU said, the rules of jurisdiction which derogated from that general principle could not give rise to an interpretation going beyond the cases envisaged by the Convention. It considered that such an interpretation must apply *a fortiori* with respect to a rule of jurisdiction, such as that contained in Article 14 of the Convention, which allows a consumer, within the meaning of Article 13 of the Convention, to sue the defendant in the courts of the Contracting State in which the plaintiff is domiciled.

251. The CJEU also said that, apart from the cases expressly provided for, the Convention appears “hostile towards the attribution of jurisdiction to the courts of the plaintiff's domicile (referring to Case C-220/88 *Dumez France and Tracoba* [1990] ECR I-49, paragraphs [16] and [19], and *Shearson Lehman Hutton*, paragraph [17])”.

252. The CJEU noted that, as far as the concept of 'consumer' was concerned, Article 13 of the Convention defined a 'consumer' as a person acting 'for a purpose which can be regarded as being outside his trade or profession' and that this affected only a "private final consumer, not engaged in trade or professional activities" (again referring to *Shearson Lehman Hutton*, paragraphs [20] and [22]).
253. The court said that it followed that, in order to determine whether a person had the capacity of a consumer, a concept which it said must be "strictly construed", reference must be made to the position of the person concerned in a particular contract, having regard to the nature and aim of that contract, and not to the subjective situation of the person concerned. It agreed with the Advocate General (point 38 of his Opinion) that the same person "may be regarded as a consumer in relation to certain transactions and as an economic operator in relation to others".
254. The CJEU therefore held (emphasis added):

"...only contracts concluded for the purpose of satisfying an individual's own needs in terms of private consumption come under the provisions designed to protect the consumer as the party deemed to be the weaker party economically. The specific protection sought to be afforded by those provisions is unwarranted in the case of contracts for the purpose of trade or professional activity, even if that activity is only planned for the future, since the fact that an activity is in the nature of a future activity does not divest it in any way of its trade or professional character.

Accordingly, it is consistent with the wording, the spirit and the aim of the provisions concerned to consider that **the specific protective rules enshrined in them apply only to contracts concluded outside and independently of any trade or professional activity or purpose, whether present or future.**"

255. It answered the German court's question on this issue by stating that for the purpose of Articles 13 and 14 of the Brussels Convention, a plaintiff "...who has concluded a contract with a view to pursuing a trade or profession, not at the present time but in the future, may not be regarded as a consumer."
256. Three points merit highlighting from that case.
257. First, the CJEU confirmed the earlier case law that Articles 13 and 14 of the Brussels Convention permit a plaintiff/claimant to sue in the courts of its domicile only as an exception to the general rule that a defendant must be sued in the place of its domicile. The overall purpose of that convention's regime is not to provide

consumers with protection as such but to allocate jurisdiction, hence the “hostility” to expanding the scope of the exceptions to this general rule. For the purpose of these provisions in this legislative scheme, it makes better sense to construe and apply the concept of a consumer strictly.

258. Second, the factual context of that decision is relevant to how the language used by the CJEU in that case should be interpreted and applied. The contract in *Benincasa* was made with a view to commencing a commercial franchising business. It was in that context that the CJEU made its observations about future activity. The fact that this business had not got fully up and running when made did not mean that at the time of the contract Mr Benincasa could sensibly be regarded as a consumer.
259. Third, in accordance with that approach, a person is only to be regarded as a consumer for the purpose of these provisions in respect of contracts concluded for the purpose of satisfying an individual's own needs in terms of private consumption and not with respect to business including future business, trade or profession.

Gruber

260. The CJEU developed these principles in Case C-464/01 *Gruber v Bay Wa AG* [2006] QB 204. This was also a reference for a preliminary ruling concerning the interpretation of Article 13. Again, the factual context is important.
261. Mr Gruber was a farmer who owned a farm building in Austria close to the German border. He used about a dozen rooms as a dwelling for himself and family. He also had livestock, fodder and farm machinery on site. The area of the farm building used for residential purposes was slightly more than 60% of the total floor area of the building. He bought tiles from a German company, the defendant, but did not expressly state whether the building to be tiled was used mainly for business or for private purposes. Mr Gruber considered that the tiles the defendant delivered showed significant variations in colour, in breach of warranty that the colour would be uniform and, as a result, the roof would have to be re-tiled at considerable cost. He therefore brought proceedings on the basis of that warranty seeking damages and reimbursement of the cost of the tiles and re-roofing.
262. He sued in the Landesgericht Steyr (Austria), which was designated as the competent court in Austria by the relevant law. The defendant tile supplier, based in Germany, said that Mr Gruber should not have brought the proceedings in his local court under the Brussels Regulation because he was not a “consumer”. The Landesgericht Steyr dismissed the defendant’s objection and ruled that it was competent to hear the dispute. However, the Oberlandesgericht Linz upheld the

defendant's appeal and dismissed Mr Gruber's claim on the ground that the Austrian courts did not have jurisdiction to hear the dispute. That court took the view that the supply in issue had at least essentially a business purpose: the purchase of tiles by a farmer was, prima facie, connected with his agricultural business and living on a farm was usually a consequence of carrying on agricultural activities and thus has a particular connection with them. Moreover, that court thought that when Mr Gruber had stated that he owned an agricultural enterprise and wished to replace the tiles on the roof of his farm building the defendant was led to assume that he was acting essentially for business purposes.

263. The case eventually reached the Oberster Gerichtshof (Supreme Court) which referred the case to the CJEU for a preliminary ruling. That court wanted the CJEU to determine, among other things, whether and if so in what circumstances, a contract which had a dual purpose, such as the contract that Mr Gruber concluded with the defendant, was covered by the special rules of jurisdiction laid down in Articles 13 to 15 of the Convention. More specifically, the court sought clarification as to the circumstances of which it should take account in order to classify such a contract, the relevance of whether the contract was made predominantly for private or for business purposes, and the effect of knowledge of the party to the contract other than the party served by those purposes of either the purpose of the contract or the circumstances in which it was concluded.
264. The CJEU summarised its view as follows of which it is necessary to set out some passages in full (emphasis added):

“39. In that regard, it is already clearly apparent from the purpose of Articles 13 to 15 of the Brussels Convention, namely to properly protect the person who is presumed to be in a weaker position than the other party to the contract, that **the benefit of those provisions cannot, as a matter of principle, be relied on by a person who concludes a contract for a purpose which is partly concerned with his trade or profession and is therefore only partly outside it. It would be otherwise only if the link between the contract and the trade or profession of the person concerned was so slight as to be marginal and, therefore, had only a negligible role in the context of the supply in respect of which the contract was concluded, considered in its entirety.**

40. As the Advocate General stated in paragraphs 40 and 41 of his Opinion, **inasmuch as a contract is entered into for the person's trade or professional purposes, he must be deemed to be on an equal footing with the other party to the contract, so that the special**

protection reserved by the Brussels Convention for consumers is not justified in such a case.

41. That is in no way altered by the fact that the contract at issue also has a private purpose, and it remains relevant whatever the relationship between the private and professional use of the goods or service concerned, and even though the private use is predominant, **as long as the proportion of the professional usage is not negligible.**

42 Accordingly, where a contract has a dual purpose, it is not necessary that the purpose of the goods or services for professional purposes be predominant for Articles 13 to 15 of the Convention not to be applicable.

43 That interpretation is supported by the fact that **the definition of the notion of consumer in the first paragraph of Article 13 of the Brussels Convention is worded in clearly restrictive terms, using a negative turn of phrase ('contract concluded ... for a purpose ...outside [the] trade or profession')**. Moreover, **the definition of a contract concluded by a consumer must be strictly interpreted as it constitutes a derogation from the basic rule of jurisdiction laid down in the first paragraph of Article 2, and confers exceptional jurisdiction on the courts of the claimant's domicile** (see paragraphs 32 and 33 of the present judgment).

44 That interpretation is also dictated by the fact that classification of the contract can only be based on an overall assessment of it, since **the Court has held on many occasions that avoidance of multiplication of bases of jurisdiction as regards the same legal relationship is one of the main objectives of the Brussels Convention** (see to that effect, in particular, Case C-256/00 *Besix* [2002] ECR I-1699, paragraph 27; *Gabriel*, paragraph 57; and Case C-18/02 *DFDS Torline* [2004] ECR I-0000, paragraph 26).

45 An interpretation which denies the capacity of consumer, within the meaning of the first paragraph of Article 13 of the Brussels Convention, if the link between the purpose for which the goods or services are used and the trade or profession of the person concerned is not negligible is also that which is most consistent with the requirements of legal certainty and the requirement that a potential defendant should be able to know in advance the court before which he may be sued, which constitute the foundation of that Convention (see in particular *Besix*, paragraphs 24 to 26).”

265. Two points merit comment.
266. First, where a person has contracted for trade or professional purposes, even if he or she was also contracting for private purposes, it was reasonable to assume that the “trade or professional” aspect of the transaction would have thereby put the person into a sufficiently equal bargaining position. Such a person would not need the exceptional jurisdictional advantage which would enable him or her to sue in a local court. Because he or she was contracting, in part, for trade or professional purposes, there was no warrant for affording the benefit as regards the court in which an individual could sue by treating that person as a consumer for this purpose on the basis that in some respects – even predominant - they were dealing privately as well. If the person was acting for trade or profession in some non-negligible respect the ordinary jurisdictional rules, suing in the defendant’s domicile, would apply.
267. Second, as in *Benincasa*, the CJEU highlighted the fact that the jurisdictional provisions in Article 13 were exceptions to the general rules of jurisdiction. They were to be construed and applied narrowly in that context.
268. The following cases (of which one was not cited but is referred to in other cases) have some bearing on how the observations in *Benincasa* and *Gruber* are to be applied under the Brussels Convention and equivalents.

Schrems

269. In Case C-498/16, *Schrems v Facebook Ireland* [\[2018\] 1 WLR 4343](#), the CJEU considered the meaning of “consumer” under what was then Article 15 of the Brussels Regulation. In particular, it considered whether an individual lost his status as a consumer where, having used a Facebook account for private purposes, he opened a Facebook page to report to internet users on legal proceedings, lectures, panel debates/media appearances, donation campaigns and book promotions. The court held that those activities did not entail the loss of a private Facebook account user's status as a 'consumer'. It said (emphasis added):

"37. ... in accordance with the requirement ... to construe strictly the notion of 'consumer' within the meaning of Article 15 of Regulation No 44/2001, it is necessary, in particular, to take into account, as far as concerns services of a digital social network which are intended to be used over a long period of time, subsequent changes in the use which is made of those services.

38. This interpretation implies, in particular, that a user of such services may, in bringing an action, rely on his status as a consumer only if the predominately non-professional use of those services, for which the

applicant initially concluded a contract, has not subsequently become predominately professional.

39. On the other hand, given that the notion of a 'consumer' is defined by contrast to that of an 'economic operator' (see, to that effect, ... *Benincasa*, ... , paragraph 16, and ... *Gruber*, ..., paragraph 36) and that it is distinct from the knowledge and information that the person concerned actually possesses (... *Costea*, C-110/14, [EU:C:2015:538](#), paragraph 21), neither the expertise which that person may acquire in the field covered by those services nor his assurances given for the purposes of representing the rights and interests of the users of those services can deprive him of the status of a 'consumer' within the meaning of Article 15 of Regulation No 44/2001.

40 **Indeed, an interpretation of the notion of ‘consumer’ which excluded such activities would have the effect of preventing an effective defence of the rights that consumers enjoy in relation to their contractual partners who are traders or professionals, including those rights which relate to the protection of their personal data. Such an interpretation would disregard the objective set out in Article 169(1) TFEU of promoting the right of consumers to organise themselves in order to safeguard their interests.**

41 In the light of all of the foregoing considerations, the answer to the first question is that Article 15 of Regulation No 44/2001 must be interpreted as meaning that the activities of publishing books, lecturing, operating websites, fundraising and being assigned the claims of numerous consumers for the purpose of their enforcement do not entail the loss of a private Facebook account user’s status as a ‘consumer’ within the meaning of that article.”

270. The CJEU recognised that, even though the plaintiff had started to embark on activities which were somewhat closer to the professional (in that they also involved seeking to uphold the data rights of others), that did not deprive him of the status of a consumer. While the court did not depart from the approach taken in *Benincasa* and *Gruber*, it applied that approach to the facts in a manner more permissive of a claimant suing in its local court, having regard to the need to ensure effective protection of consumers interests under EU law. This is relevant to the present situation since it suggests that, notwithstanding the strictness of the formulation of the test, in appropriate cases – and albeit in a different context - the CJEU will also take into account the desirability of ensuring that jurisdictional rules are interpreted and applied so as not to hinder enforcement of laws in important areas of public policy.

271. On 14 February 2019, the CJEU gave judgment in a case concerning the concept of the consumer in the Brussels Regulation, among a wide range of other topics. It summarised the position EU law had then reached on this issue as follows:

“86 It is appropriate, first of all, to recall that, in accordance with the settled case-law of the Court, the concepts used in Regulation No 1215/2012, in particular those which appear in Article 17(1) of the regulation, must be interpreted independently, by reference principally to the general scheme and objectives of the regulation, in order to ensure that it is applied uniformly in all the Member States (see, to that effect, judgment of 25 January 2018, *Schrems*, C-498/16, [EU:C:2018:37](#), paragraph 28).

87 The notion of a ‘consumer’ for the purposes of Articles 17 and 18 of Regulation No 1215/2012 **must be strictly construed, reference being made to the position of the person concerned in a particular contract, having regard to the nature and objective of that contract and not to the subjective situation of the person concerned**, since the same person may be regarded as a consumer in relation to certain transactions and as an economic operator in relation to others (see, to that effect, judgment of 25 January 2018, *Schrems*, C-498/16, [EU:C:2018:37](#), paragraph 29 and the case-law cited).

88 In consequence, only contracts concluded **outside and independently of any trade or professional activity or purpose, solely for the purpose of satisfying an individual’s own needs in terms of private consumption**, are covered by the special rules laid down by the regulation to protect the consumer as the party deemed to be the weaker party. Such protection is, however, unwarranted in the case of contracts for the purpose of a trade or professional activity (judgment of 25 January 2018, *Schrems*, C-498/16, [EU:C:2018:37](#), paragraph 30 and the case-law cited).

89 That specific protection is also unwarranted in the case of contracts for the purpose of trade or professional activity, even if that activity is only planned for the future, since the fact that an activity is in the nature of a future activity does not divest it in any way of its trade or professional character (judgment of 3 July 1997, *Benincasa*, C-269/95, [EU:C:1997:337](#), paragraph 17).

90 It follows that the special rules of jurisdiction in Articles 17 to 19 of Regulation No 1215/2012 apply, in principle, only where the contract is concluded between the parties for the purpose of a use other than a trade or

professional one of the relevant goods or services (see, to that effect, judgment of 25 January 2018, *Schrems*, C-498/16, [EU:C:2018:37](#), paragraph 31 and the case-law cited).

91 **As regards, more particularly, a person who concludes a contract for a dual purpose, partly for use in his professional activity and partly for private matters, the Court has held that he could rely on those provisions only if the link between the contract and the trade or profession of the person concerned was so slight as to be marginal and, therefore, had only a negligible role in the context of the transaction in respect of which the contract was concluded**, considered in its entirety (see, to that effect, judgment of 25 January 2018, *Schrems*, C-498/16, [EU:C:2018:37](#), paragraph 32 and the case-law cited).

92 It is in the light of those principles that it is for the referring court to determine whether, in the case before it, Ms Milivojević can be described as a ‘consumer’, within the meaning of Article 17(1) of Regulation No 1215/2012. **For that purpose, the national court should take into consideration not only the content, nature and purpose of the contract, but also the objective circumstances in which it was concluded** (judgment of 20 January 2005, *Gruber*, C-464/01, EU:C:2005:32, paragraph 47).

93 In that regard, the referring court can take into consideration the fact that Ms Milivojević states that she concluded the credit agreement at issue for renovation of her house, in order, inter alia, to create flats for rent, without, however, excluding the fact that part of the sum borrowed was used for private purposes. **In those circumstances, it follows from the case-law cited in paragraph 91 above that Ms Milivojević can be considered to have concluded the agreement at issue as a consumer only if the link between that contract and the professional activity in the form of tourist accommodation services is so marginal and negligible that it appears clearly that that contract was concluded essentially for private purposes.**

94 Having regard to those considerations, the answer to the third question is that Article 17(1) of Regulation No 1215/2012 must be interpreted as meaning that a debtor who has entered into a credit agreement in order to have renovation work carried out in an immovable property which is his domicile with the intention, in particular, of providing tourist accommodation services cannot be regarded as a ‘consumer’ within the meaning of that provision, unless, in the light of the context of the transaction, regarded as a whole, for which the contract has been concluded, **that contract has such a tenuous link to that professional activity that it appears clear that the contract is**

essentially for private purposes, which is a matter for the referring court to ascertain.”

272. No subsequent authority was cited which has cast doubt on that approach to determining whether an individual contracted as a consumer as it applies in the context of the Brussels Convention/Regulation regime.
273. However, as I describe below, the position is different with regard to the UCTD. Before addressing that case law, I need to deal with some of the more recent English case law on the Brussels Convention/Regulation which touches on the issues raised in this case.

The UK investors’ cases – Standard Bank v. Apostolakis, AMT Futures v. Marzillier and Ang v. Reliantco

274. Since *Benincasa*, there have also been a number of cases considering how the line is to be drawn between consumers and non-consumers for the purpose of the Brussels Convention/Regulation in the context of cases involving individual traders in financial services. These mainly concern how investors who are individuals with some characteristics of professionals (in that they may be financially experienced and wealthy people trading on their own account who do not fit the stereotype of an individual in need of protection with respect to contracts) should be treated for the purpose of the Convention/Regulation.
275. In *AMT Futures Limited v Marzillier* [\[2015\] 2 WLR 187](#), Popplewell J recognised that there was a debate as to how to treat contracts with individual investors and, in particular, whether they should be regarded as consumers for the purpose of the Brussels Convention/Regulation. He referred to the test in *Benincasa* and said:

“57. The application of this definition to investors has given rise to some controversy. In *Standard Bank London Ltd v Apostolakis* [\[2002\] CLC 933](#) Longmore J, as he then was, rejected a submission that a Greek couple (a civil engineer and lawyer) who entered into 28 foreign exchange contracts with an exposure of some US\$7 million were doing so by engaging in the trade of foreign exchange contracts as such. They were, he held, merely investing their wealth in the hope of profit. In the same case the Greek Court reached the opposite conclusion. Longmore J's decision has attracted some criticism from academic writers (see eg Briggs & Rees on Civil Jurisdiction and Judgments 5th edn at para 2.94), and was doubted by Andrew Smith J in *Maple Leaf Macro Volatility Master Fund v Rouvroy* [\[200\] 2 All ER \(Comm\) 287](#) at [\[209\]](#).

58. Wherever the dividing line is to be drawn in the case of investors, the result is likely to be heavily dependent on the circumstances of each individual and the nature and pattern of investment. At one end of the scale may be the retired dentist who makes a single investment for a modest amount by way of pension provision. At the other may be an investment banker or asset manager who plays the markets widely, regularly and for substantial amounts, for his own account. **In between there are many factors which might influence the result, including the profile of the investor, the nature and extent of the investment activity, and the tax treatment of any profits or losses. The issue is fact specific.**

59. I do not have the evidence before me in order to make that assessment for each of ATM's former clients. The exiguous evidence relied on by Mr Janusz is the assertion in a witness statement of Mr Guntner of MMGR that "each of the investors was a natural person acting for purposes which were outside his trade, business, or profession." This is no more than a recitation of the definition in the 1999 Regulations. **It provides none of the information, even by way of summary, which would enable the Court to determine whether the test is satisfied. It is not fanciful to suppose that the circumstances of particular investors, and the part which the contract(s) with AMT represented in their investment activity as a whole, put some of them at least outside the definition of consumers.** It is not for AMT at this stage to advance evidence in relation to each of them to establish that that is so. Such information would be within MMGR's knowledge. The issue is one on which MMGR bears the burden of proof. **It is a burden which involves showing that every single one of the 70 former clients was a consumer, for otherwise the point merely goes to quantum.** There is in my view plainly a serious issue to be tried on this question”.

276. On appeal, in *AMT v Marzillier* to the Court of Appeal and Supreme Court, the consumer issue did not arise. This passage is, however, potentially important because it suggests that the court may have to embark upon a detailed, fact specific, examination of the “circumstances of each individual” to determine whether he or she was a consumer in the context of such transactions and that the burden lies on the individual to prove that he was.

277. *Ramona Ang v Reliantco Investments Ltd* [2019] EWHC 879 (Comm) (12 April 2019) is also of some relevance as to how the consumer/non-consumer boundary is to be drawn in the context of the Brussels Convention/Regulation and the difficulties in doing so.

278. Ms Ang was a private individual investor of substantial means who invested some of her own money in in Bitcoin futures through the UFX platform. She claimed, inter alia, that the Cyprus defendant, Reliantco, had wrongfully blocked and terminated her UFX account and should compensate her for the loss of her open Bitcoin positions or refund her cash value invested. She claimed to be a consumer and entitled to sue the defendant in England under the Brussels Regulation. Andrew Baker J said (emphasis added) summarised the effect of the case law in terms I do not need to repeat and went on to say this in relation to the evaluation of whether an individual was a consumer:

“59. That means this case does turn on the question on which there was a sharp difference of view between this court and the Greek court in *Apostolakis*. [see as referred to above] I have identified steps in the reasoning of the Greek court that seem to me, with respect, to have been erroneous. But I also said that it would be wrong to discount the Greek court's decision because of that, because it is justified by the view (if correct) expressed by the Greek court in *Apostolakis* itself, and again in *Ghandour*, that speculative investment with a view to financial gain is inherently a business activity to which the consumer rule cannot apply.

60. I do not agree with that view, however. To the contrary, I respectfully agree with the approach taken by Longmore J. The reference to private consumption needs in *Benincasa* served to confirm and emphasise that there are 'end user' and 'private individual' elements inherent in the notion of 'consumer'. Therefore, although the contract in that case related, ultimately, to consumer goods (dental hygiene products), and although it was concluded by Mr Benincasa personally and not by a separate business vehicle of his (e.g. a limited company), his purpose in concluding the contract was a business purpose, *viz.* to trade as a supplier of those goods. He was not buying as an end user of dental hygiene products and so he was not contracting as a consumer.

61. I do not accept Mr Bradley's contention, for Reliantco, that the ECJ/CJEU has glossed the definition of 'consumer' by emphasising, as it has, that: (1) it applies only to a 'private final consumer' not engaged in trade or professional activities; (2) a 'consumer' is an individual who is to be distinguished from an 'economic operator'; (3) the contract in question must be for the purpose of satisfying the individual's own needs in terms of private consumption. None of those, to my mind, glosses or refines the definitional language of Article 17(1), treated as such in and since (at least) *Shearson Lehman Hutton Inc*, by which a 'consumer' is a

private individual contracting as such, for their own purposes and not for the purpose of any business (trade or profession).

62. The question is whether a private individual committing capital to speculative currency transactions in the hope of making investment gains is, or can be, a 'consumer' in that definition. Wealthy consumers are consumers nonetheless and the amounts involved in this case do not mean Ms Ang was not a consumer. For example, in Case C-585/08, *Pammer v Reederei Karl Schluter GmbH* and Case C-177/09, *Hotel Alpenhof GesmbH v Heller* [\[2010\] ECR I-12527](#), contracts for an ocean cruise and an alpine holiday were held to be consumer contracts. Of course, going on a family holiday, even if it is a very expensive holiday, could not sensibly be thought of as a business venture. But I reject any notion that speculative investment, putting capital at risk in the hope of achieving an investment gain, must necessarily be a business activity, i.e. cannot ever be a consumer activity.

63. In my judgment, the investment by a private individual of her personal surplus wealth (i.e. surplus to her immediate needs), in the hope of generating good returns (whether in the form of income on capital, capital growth, or a mix of the two), is not a business activity, generally speaking. It is a private consumption need, in the sense I believe intended by the ECJ in *Benincasa*, to invest such wealth with such an aim, i.e. that is an 'end user' purpose for a private individual and is not exclusively a business activity. That means, as was also Popplewell J's conclusion in *AMT v Marzillier*, that it will be a fact-specific issue in any given case whether a particular individual was indeed contracting as a private individual to satisfy that need, i.e. as a consumer, or was doing so for the purpose of an investment business of hers (existing or planned).

64. The question is where, if at all, to draw the line. Take private equity investment made with a view to generating a return on capital (venture capitalism). I should have thought the making of such investments would be regarded, generally, as by nature a business activity; and no less so if for the venture capitalist in question that activity was not her primary occupation but a side-line through which to invest some or all of her wealth generated in some other way (e.g. out of earnings, inheritance or gifts). On the other hand, an individual shopping around the retail market for a better interest rate on a large lump sum she is happy to lock away for a year or two, because it is surplus to any shorter-term need for

access to capital, or choosing with a view to a better return to invest in a FTSE 100 tracker fund instead, would surely be regarded as a consumer, applying faithfully all that the ECJ/CJEU has said on the point.

65. I therefore agree, in general, with the observation of Popplewell J in *AMT v Marzillier* at [58], quoted at paragraph 40 above, although I would add this amplification, namely that the spread, regularity and value of investment activity cannot (I think) *determine* the issue, as that would replace the test of non-business purpose set by the language of the Brussels (Recast) (as it now is). **It may be, on the facts of any given case, that widespread, regular and high-value trading will encourage a conclusion that the putative consumer was engaged in investing as a business, so that the contract in question had a business purpose. But that question of purpose is the question to be asked, and it must be considered upon all of the evidence available to the court and not by reference to any one part of that evidence in isolation.**

66. On the evidence available to the court in this case, taken as a whole, I find that Ms Ang's purpose in contracting with Reliantco was to enable her to invest some of her surplus funds for growth, as one element of what she chose to do, as a private individual, with her surplus wealth, enjoying the possibility of very substantial growth, even in the shorter term (and, it may be, hoping to see such growth), but accepting in return the speculative and risky nature of that type of investment and the exposure, therefore, to a substantial risk of losing some or all of her investment.”

279. Those passages highlight some of the practical difficulties in drawing the line between consumer and non-consumer. The case as a whole suggests that, despite the strictness of the concept in the Brussels Convention/Regulation jurisprudence, ordinarily private individuals contracting for their own purposes as opposed to their business purposes will be regarded as consumers.

280. That is an outline of the position the law has now reached under the Brussels Convention/Regulation, as to which generally see the summary in *Weco Projects APS v Piana & Ors* [2020] EWHC 2150 (Comm) (05 August 2020) which cites the cases referred to above, albeit highlighting different aspects of them for the issues that arose there.

English case law applying Brussels Convention authority to the UCTD

281. It is now necessary to turn to the extent to which this Brussels Convention/Regulation case law applies to the UCTD.
282. This issue was considered some 10 years ago by His Honour Judge Hegarty QC sitting as a High Court Judge in the Mercantile Court in Manchester in *Overy v. Paypal (Europe) Limited* [2012] EWHC 2659 (QB). The judge undertook an extensive review of the European and domestic case law and summarised the applicable principles derived from the cases cited above and others at [169] of his judgment:

"The principles to be derived from this survey of the relevant case law seem to me to be as follows:

1. The expression "consumer" for the purposes of Council Directive 93/13/EEC [to which the UTCCR 1999 gave effect] should be given an autonomous, Community-wide, interpretation, rather than one anchored to the particular jurisprudence of any individual Member State.
2. At least where the language adopted in Community instruments is substantially the same and they have as their objective, at least in part, the protection of consumers, a similar approach to the construction and application of the expression should be adopted unless the context and purpose of the relevant instrument requires a different approach.
3. It is a question of fact for the court seized of the dispute to decide the purpose or purposes for which a person was acting when entering into a contract of a kind which might be covered by the Directive; and it is similarly a question of fact as to whether he was so acting for purposes outside his trade, business or profession.
4. The court must resolve these factual issues on the basis of all of the objective evidence placed before it by the parties; but that evidence is not confined to facts and matters which were or ought reasonably to have been known to both parties.
5. Though the words of the Directive must ultimately prevail, a party will normally be regarded as acting for purposes outside his trade, business or profession if, and only if, the purpose is to satisfy the individual's own needs in terms of private consumption.
6. Furthermore, where the individual in question is acting for more than one purpose, it is immaterial which is the predominant or primary

purpose; and he will be entitled to the protection of the Directive if and only if the business purposes are negligible or insignificant.

7. However, even where the objective purpose or purposes for which the individual was acting were, in fact, wholly outside his trade, business or profession, he may be disentitled from relying upon the protection afforded to him by the Directive if, by his own words or conduct, he has given the other party the impression that he was acting for business purposes so that the other party was and could reasonably have been unaware of the private purpose or purposes."

283. That passage was referred to more recently by the Court of Appeal in *Mohammed Ashfaq v International Insurance Company of Hannover plc* [2017] HLR 29 at paragraph [28], where the court said that the appellant's submissions on behalf of the insured (who was arguing that certain contractual terms were not binding) had accepted that the principles by reference to which the Court should determine whether the insured was a consumer for the purposes of the UTCCR were correctly set out by HH Judge Heggarty QC in the *PayPal* case.
284. *Mohammed Ashfaq* did not concern the UTCCR, there was no argument on the point before the Court of Appeal and the case turned on whether the principles applicable to the UTCCR were also those applicable to the different regime in play in that case, namely the Insurance Conduct of Business Sourcebook ("ICOBS") rules, which employed similar wording. However, the Court of Appeal said that the appellant's argument faced difficulties if the approach to "consumer" in the UTCCR applied to the case before them because the insurance policy in question was being taken out for both private and business purposes (i.e. the business of ownership of property to be let for profit). It could therefore not be said that the business purposes were "negligible or insignificant". The case law referred to above would not have treated that as a "consumer" contract if those principles applied. That suggests that the "negligible or insignificant" business purposes test for determining whether a contract was a consumer contract was potentially applicable to the UCTD.
285. I have found HH Judge Heggarty QC's summary in 2012 and the Court of Appeal's reference to them in 2017 helpful but, as he observed in that judgment, at that stage there had been no case law from the CJEU specifically on how to approach the question of "consumer" under the UCTD and courts were operating by transferring approaches to interpretation from other legal regimes, in particular, the Brussels Convention.
286. The Court of Appeal in *Mohammed Ashfaq* did not turn its mind to this issue since it was not argued. It is therefore necessary to focus greater attention on the more

recent CJEU case law addressing the question of “consumer” specifically under the UCTD and to determine where matters stand today in the light of it.

287. That is particularly so since there are difficulties in treating what was said in one context of jurisdictional allocation which is a procedural issue to the substantive issue of whether a given individual is protected by national consumer legislation, albeit national legislation implementing the UCTD. For an indication of some of the problems in an analogous situation, see the thoughtful discussion by Mr Christopher Hancock QC sitting as a Deputy High Court Judge in: *Weco Projects APS v Piana & Ors* [2020] EWHC 2150 (Comm) (05 August 2020).

UCTD-specific case law – De Grote and Pouvin

288. The CJEU case law concerning this aspect of the UCTD has moved on since the cases cited above. In particular, there is now specific, relatively recent, guidance from the CJEU addressing the concept of a “consumer” under the UCTD. It is significant that this case law makes comparatively little reference to the earlier case law under the Brussels Convention either in judgments of the CJEU or Advocate General’s opinions.

De Grote

289. The starting point is *De Grote* (Case C-147/16 *Karel de Grote*). This was a preliminary ruling concerning the interpretation of the UCTD as it applied to a contract for services ancillary to those provided by an educational establishment, in that case credit given in connection with the payment of a student’s debt. Several passages in the judgment of the CJEU concerning the purpose of the relevant provisions of the UCTD merit setting out in full.
290. They provide guidance as to how the provisions of the UCTD must be interpreted and applied and reflect the position the law has now reached. Before setting out the CJEU’s views, which were in this respect in line with the Advocate General’s recommendations, it is necessary to understand the questions referred, all of which are relevant. They were as follows.

1. Does a national court, when a claim is lodged with it against a consumer in relation to the performance of a contract and that court, under national procedural rules, has the power only to examine of its own motion whether the claim is contrary to national rules of public policy, have the power to examine in the same manner, of its own motion, even if the consumer does not appear at the hearing, whether the contract in question comes within the scope of [Directive 93/13] as implemented in Belgian law?

2. Is a free educational establishment which provides subsidised tuition to a consumer to be regarded, in respect of the contract for the provision of

that tuition in return for payment of a registration fee, increased, as it may be, by amounts for the reimbursement of costs incurred by the educational establishment, as an undertaking within the meaning of EU law?

3. Does a contract between a consumer and a subsidised free educational establishment relating to the provision of subsidised tuition by that establishment come within the scope of [Directive 93/13] and is a free educational establishment which provides subsidised tuition to a consumer to be regarded, in respect of the contract for the provision of that tuition, as a seller or supplier within the meaning of that directive?’

291. The reference therefore focussed on two key issues.
292. First, whether the scheme of the directive was so important that a court was entitled to examine the contract for compliance with the UCTD of its own motion.
293. Second, the status of the higher educational establishment rather than that of the student. The college in question was arguing that it was wrong for the national court to have raised a fairness question under the UCTD and that it was wrong to treat a free (at point of use) educational establishment of this kind as a supplier at all, subject to the constraints of the UCTD.
294. On the first question, the CJEU said (with relevant points highlighted):

“26 For the purpose of replying to the question referred, it should be recalled that, according to settled case-law, **the system of protection introduced by Directive 93/13 is based on the idea that the consumer is in a weak position vis-à-vis the seller or supplier, as regards both his bargaining power and his level of knowledge. This leads to the consumer agreeing to terms drawn up in advance by the seller or supplier without being able to influence the content of those terms** (Judgments of 9 November 2010, *VB Pénzügyi Lízing*, C-137/08, [EU:C:2010:659](#), paragraph 46 and the case-law cited; 21 February 2013, *Banif Plus Bank*, C-472/11, [EU:C:2013:88](#), paragraph 19 and the case-law cited, and 7 December 2017, *Banco Santander*, C-598/15, [EU:C:2017:945](#), paragraph 36 and the case-law cited).

27 The Court of Justice has also held that, on account of that weaker position, Article 6(1) of the directive provides that unfair terms are not binding on the consumer. **As is apparent from case-law, that is a mandatory provision which aims to replace the formal balance which the contract establishes between the rights and obligations of**

the parties with an effective balance which re-establishes equality between them (judgments of 9 November 2010, *VB Pénzügyi Lízing*, C-137/08, [EU:C:2010:659](#), paragraph 47 and the case-law cited; 21 February 2013, *Banif Plus Bank*, C-472/11, [EU:C:2013:88](#), paragraph 20 and the case-law cited, and 26 January 2017, *Banco Primus*, C-421/14, [EU:C:2017:60](#), paragraph 41 and the case-law cited).

28 In order to guarantee the protection intended by the directive, the Court has also stated that **the imbalance which exists between the consumer and the seller or supplier may be corrected only by positive action unconnected with the actual parties to the contract** (judgments of 9 November 2010, *VB Pénzügyi Lízing*, C-137/08, [EU:C:2010:659](#), paragraph 48 and the case-law cited; 21 February 2013, *Banif Plus Bank*, C-472/11, [EU:C:2013:88](#), paragraph 21 and the case-law cited, and 14 April 2016, *Sales Sinués and Drame Ba*, C-381/14 and C-385/14, [EU:C:2016:252](#), paragraph 23 and the case-law cited).

29 It is in the light of those considerations that the Court has held that, in the exercise of the functions incumbent upon it pursuant to the provisions of Directive 93/13, **a national court is required to assess of its own motion whether a contractual term is unfair and, in so doing, correct the imbalance that exists between the consumer and the seller or supplier** (see, to that effect, the judgments of 26 October 2006, *Mostaza Claro*, C-168/05, [EU:C:2006:675](#), paragraph 38, and 21 February 2013, *Banif Plus Bank*, C-472/11, [EU:C:2013:88](#), paragraphs 22 and 24, and the case-law cited).

30 Included within that obligation for the national court, is that of examining whether the contract containing the term which is the basis of the claim is within the scope of application of that directive (see, to that effect, the judgment of 9 November 2010, *VB Pénzügyi Lízing*, C-137/08, [EU:C:2010:659](#), paragraph 49, and, by analogy, the judgment of 4 June 2015, *Faber*, C-497/13, [EU:C:2015:357](#), paragraph 46). In order to examine of its own motion whether the terms in the contract in question are unfair the court must, as a preliminary matter, ascertain whether the contract falls within the scope of application of the directive.

31 **Those obligations for the national court must be regarded as necessary for ensuring that the consumer enjoys effective protection, as guaranteed by Directive 93/13, in view in particular of the real risk that he is unaware of his rights or encounters difficulties in enforcing them** (see, to that effect, the judgment of

26 October 2006, *Mostaza Claro*, C-168/05, [EU:C:2006:675](#), paragraph 28 and the case-law cited, and the order of 16 November 2010, *Pohotovost'*, C-76/10, EU:C:2010:685, paragraph 42).

295. The CJEU concluded that the national court was obliged to examine of its own motion in the context of such a case (a default judgment) whether the contract fell within the scope of the terms and the contract was unfair. This suggests that the CJEU regards the EU regime of consumer protection as sufficiently important in this area that it can be appropriate to cast a burden on a national court to examine compliance with the scheme of its own motion (see also on this issue: *Kancelaria* [2020] EUECJ C-495/19). That does not suggest that a restrictive approach to application of the UCTD is contemplated: it would potentially require a national court to examine of its own motion in a default judgment setting not only whether the contract terms were fair but also to consider whether the individual in question was a consumer.
296. As to the second and third questions, the CJEU's approach was similar. It rejected the submissions of the Belgian and Austrian Governments that a higher educational establishment subsidised for the main part by public funds could not be regarded as an undertaking within the meaning of competition law and hence a seller or supplier for the purposes of the UCTD, given that the supply of tuition which it provides is not a service within the meaning of Article 57 TFEU. The CJEU said of these points:

“52 In addition, it is clear from the wording of Article 2(c) of Directive 93/13 that, in order to be regarded as a ‘seller or supplier’, it is necessary that the person concerned is acting ‘for purposes relating to his trade, business or profession’. Article 2(b) of the directive provides that ‘a consumer is ‘any natural person who, in contracts covered by this directive, is acting for purposes which are outside his trade, business or profession’.

53 It is therefore by reference to the capacity of the contracting parties, according to whether or not they are acting for purposes relating to their trade, business or profession, that the directive defines the contracts to which it applies (judgments of 30 May 2013, *Asbeek Brusseand de Man Garabito*, C-488/11, EU:C:2013:341, paragraph 30, and of 3 September 2015, *Costea*, C-110/14, [EU:C:2015:538](#), paragraph 17 and the case-law cited).

54 **That criterion corresponds to the idea, recalled in paragraph 26 above, upon which the system of protection implemented by that directive is based, namely that the consumer is**

in a weaker position vis-à-vis the seller or supplier, as regards both his bargaining power and his level of knowledge, which leads to the consumer agreeing to terms drawn up in advance by the seller or supplier without being able to influence the content of those terms (judgments of 30 May 2013, *Asbeek Brusse andde Man Garabito*, C-488/11, EU:C:2013:341, paragraph 31, and of 3 September 2015, *Costea*, C-110/14, [EU:C:2015:538](#), paragraph 18 and the case-law cited).

55 It follows that **the notion of ‘seller or supplier’, within the meaning of Article 2(c) of Directive 93/13 is a functional concept, requiring determination of whether the contractual relationship is amongst the activities that a person provides in the course of their trade, business or profession** (see, by analogy, the order of 27 April 2017, *Bachman*, C-535/16, not published, EU:C:2017:321, paragraph 36 and the case-law cited).

56 In the present case, the Belgian and Austrian governments submitted that as a higher educational establishment subsidised, for the main part, by public funds, the KdG could not be regarded as an undertaking, in accordance with the interpretation given to that notion in EU competition law and, hence, as a ‘seller or supplier’, for the purposes of Directive 93/13, given that the supply of tuition which it provides is not a ‘service’ within the meaning of Article 57 TFEU (see, to that effect, the judgment of 7 December 1993, *Wirth*, C-109/92, EU:C:1993:916, paragraphs 16 and 17).

57 In that regard, it is clear from the case file before the Court that, in any event, the case in the main proceedings does not directly concern the task of an educational establishment such as the KdG. Rather, in issue is a service provided by that establishment, which is complementary and ancillary to its educational activity, consisting in offering, through a contract, an interest-free, instalment repayment plan in respect of sums due to it by a student. Such a supply is, by its nature, an agreement to provide payment facilities for an existing debt, and is, fundamentally a contract for credit.

58 Therefore, **subject to the referring court verifying the elements referred to in the previous paragraph, it must be held that, by providing, in that contract, such a service which is complementary and ancillary to its educational activity, an establishment such as the KdG acts as a ‘seller or supplier’ within the meaning of Directive 93/13.**

59 That interpretation is corroborated by the protective purpose of that directive. In the context of a contract such as that at issue in the main proceedings, there is, in principle, an inequality between the educational establishment and the student, owing to the asymmetry of information and expertise between the parties. Such an establishment has at its disposal a permanent organisation and expertise that the student, acting on a private basis, does not necessarily have available to him when faced incidentally with such a contract.”

297. A number of points emerge from that judgment.
298. First, the CJEU recognised that a key purpose of the UCTD is to adjust the potential inequality of bargaining power which may arise as a result of the parties dealing, on the one hand, as a supplier conducting activities in the course of their trade, business or profession and, on the other, as consumer dealing otherwise than in the course of their trade, business or profession. That inequality may arise from a range of factors. Among them is the fact that a supplier in such a situation is likely to have a permanent organisation and corresponding resources, giving rise to expertise with respect to evaluating and making contracts of the kind in issue, whereas the consumer is more likely to be making such a contract only infrequently and with the lower degree of information which comes from relatively rare dealings.
299. Second, it does not seem to have been argued that the student in that case was not a consumer.
300. Third, the arguments in that case did not focus on the characteristics of the core relationship between student and higher education establishment. The contract terms which were at risk of being impugned there were “complementary and ancillary” to university activity. The CJEU did not appear to cast doubt on the decision in *Wirth* (now nearly 30 years old) that the supply of tuition was not a service within the meaning of Article 57 TFEU. Whatever the correctness of that decision at the time and how it can be generalised, it seems to me unlikely that the CJEU today would not regard an undergraduate student as a consumer within the meaning of the UCTD, particularly having regard to the changes there have been in educational markets since the early 1990s. The CJEU was able to sidestep deciding that point in that case and it was not argued.
301. Fourth, there is nothing in that judgment which gives reason for doubt as to the outcome, were such a case to be referred now. I say that notwithstanding the concerns occasionally expressed by some about the so-called “marketisation” of higher education where academics and research institutions are said to have been

relegated to the position of mere “service providers” and student to mere “consumers”, with the implications for their status and freedoms that this can be taken to imply.

302. This is partly because the UCTD does not provide for very intrusive regulation of terms. It leaves considerable latitude to those providing services to justify terms which might, *prima facie*, appear disadvantageous, as the *Aziz* case (discussed in the next section) shows. It is highly likely that the CJEU would regard it as consonant with the policy of the UCTD to limit the ability of higher education providers to impose unfair terms which create a significant imbalance to the detriment of students and were contrary to good faith. Whatever approach may be taken to higher education provision, this is not a minimum standard which educational institutions providing services to individuals should aspire to fall below and the CJEU is unlikely to find that an appropriate interpretation of law which, as it has developed, involves a broad scope of application of the UCTD in various respects.

Costea and Pouvin

303. The general above approach was adopted in *Costea* (citation above) and *Pouvin* (*Pouvin and Dijoux* [2019] EUECJ C-590/17 (21 March 2019)). These cases were decided some 3 ½ years apart by Chambers of the CJEU with substantially (but not entirely) overlapping composition. It is convenient to deal with them together, since the CJEU summarised the position in *Pouvin* by relying heavily on *Costea*.
304. In *Costea*, the question was whether a natural person who practises as a lawyer and concludes a credit agreement with a bank, in which the purpose of the credit is not specified, may be regarded as a ‘consumer’ within the meaning of that provision. The debt arising out of the contract was secured by a mortgage taken out by that person in his capacity as representative of his law firm and involving goods intended for the exercise of that person’s profession, such as a building belonging to that firm. The CJEU said (emphasis added):

“

“16...a ‘consumer’ is any natural person who, in contracts covered by the directive, is acting for purposes which are outside his trade, business or profession. Likewise, a ‘seller or supplier’ is any natural or legal person who, in contracts covered by this Directive, is acting for purposes relating to his trade, business or profession, whether publicly owned or privately owned.

17. It is therefore by reference to the capacity of the contracting parties, according to whether or not they are acting for purposes relating to their trade, business or profession, that the directive defines the contracts to which it applies (judgments in *Asbeek Brusse and de Man Garabito*, C-488/11, EU:C:2013:341, paragraph 30, and *Šiba*, C-537/13, [EU:C:2015:14](#), paragraph 21).

18. **That criterion corresponds to the idea on which the system of protection implemented by that directive is based, namely that the consumer is in a weaker position vis-à-vis the seller or supplier, as regards both his bargaining power and his level of knowledge. This leads to the consumer agreeing to terms drawn up in advance by the seller or supplier without being able to influence the content of those terms** (judgments in *Asbeek Brusse and de Man Garabito*, C-488/11, EU:C:2013:341, paragraph 31, and *Šiba*, C-537/13, [EU:C:2015:14](#), paragraph 22).

...

20. At the same time, it should be noted that **one and the same person can act as a consumer in certain transactions and as a seller or supplier in others.**

21. The concept of ‘consumer’, within the meaning of Article 2(b) of Directive 93/13, is, as the Advocate General observes in points 28 to 33 of his Opinion, objective in nature and is distinct from the concrete knowledge the person in question may have, or from the information that person actually has.

22. **A national court before which an action relating to a contract which may be covered by that directive has been brought is required to determine, taking into account all the evidence and in particular the terms of that contract, whether the purchaser may be categorised as a consumer within the meaning of that directive** (see, by analogy, judgment in *Faber*, C-497/13, [EU:C:2015:357](#), paragraph 48).

23. In order to do that, the national court must take into account all the circumstances of the case, particularly the nature of the goods or service covered by the contract in question, capable of showing the purpose for which those goods or that service is being acquired.

24. In relation to the services offered by lawyers by means of contracts for legal services, the Court has already taken into account the inequality between ‘client-consumers’ and lawyers owing in particular

to the asymmetry of information between those parties to the contracts (see judgment in *Šiba*, C-537/13, [EU:C:2015:14](#), paragraphs 23 and 24).

25. That consideration cannot, however, rule out a lawyer from being categorised as a ‘consumer’ within the meaning of Article 2(b) of that directive where that lawyer is acting for purposes which are outside his trade, business or profession (see, by analogy, judgment in *Di Pinto*, C-361/89, EU:C:1991:118, paragraph 15).

26 A lawyer who concludes, with a natural or legal person acting for purposes relating to his trade, business or profession, a contract which, particularly as it does not relate to the activity of his firm, is not linked to the exercise of the lawyer’s profession, is, vis-à-vis that person, in the weaker position referred to in paragraph 18 of this judgment.

27 In such a situation, even if a lawyer were considered to display a high level of technical knowledge (see judgment in *Šiba*, C-537/13, [EU:C:2015:14](#), point 23), he could not be assumed not to be a weak party compared with a seller or supplier. As has been noted in paragraph 18 of the present judgment, **the weaker position of the consumer vis-à-vis the seller or supplier, which the system of protection implemented by Directive 93/13 is intended to remedy, relates both to the consumer’s level of knowledge and to his bargaining power under terms drawn up in advance by the seller or supplier the content of which that consumer is unable to influence.”**

305. A number of points emerge from that extract.

306. First, the CJEU appear to be taking a more expansive view of the concept of a consumer for the UCTD. This was not interpreting the concept “strictly” as was done in the Brussels Convention/Regulation jurisprudence.

307. Second, the CJEU did not in terms endorse the view but it proceeded on the basis that the recommendation of the Advocate General in *Costea* [2016] 1 WLR at paragraph [41] that the application of the case law in *Gruber’s* case should be treated with caution. That was based on a submission to the CJEU by the Commission. The Advocate General (P Cruz-Villalon) also drew attention to the fact that the Brussels Convention emphasised a “restrictive approach” but that it did not appear possible “to transfer by analogy the restrictive application of the concept of consumer in dual purpose contracts to the context of special provisions aimed at the protection of consumers” such as in the UCTD.

308. That view appeared to be based in part on an academic discussion footnoted in the Advocate General’s Opinion (N. Reich, H.-W. Micklitz, P. Rott and K. Tonner, *European Consumer Law*, 2nd ed. Intersentia, 2014, p. 53 – see [2016] 1 WLR at 829D). The CJEU treated the case law with so much caution that it did not refer to it at all in its judgment. I consider that to be of some significance since it suggests that the trend of the case law is away from treating the approaches developed in the context of the Brussels Convention/Regulation as invariably determinative of the question of whether an individual is a consumer under the UCTD.
309. Judgment was given in *Pouvin* on 21 March 2019. This was just a few weeks after the CJEU had decided *Milivojevic* (referred to above) on the Brussels Regulation. There was no overlap in the members of the CJEU or the Advocate General in those cases but, more significantly, there was also no overlap in the case law referred to. In *Pouvin* the case law and principles cited all related to the UCTD and its purposes, in *Milivojevic*, the case law all related to the Brussels Convention/Regulation. The CJEU must have therefore considered it appropriate, following the approach of the Advocate General in *Costea*, for this jurisprudence to develop along parallel tracks.
310. There is therefore real merit in ONI’s submission that it is not appropriate for this court to treat the evaluation of “consumer” under the UCTD as straightjacketed by the earlier jurisprudence on the Brussels Convention/Regulation, including that on dual purpose contracts, since the CJEU itself makes scant reference to it in the more recent case law on the UCTD. Conversely, I do not accept Oxford’s submission that it is necessarily the right approach to this case under the UCTD to adopt the framework of analysis of dual-purpose contracts of the Brussels Convention/Regulation case law.
311. In *Pouvin* the factual background was as follows. Two borrowers, husband and wife, took out a loan under a scheme run by the husband’s employer. When the husband resigned from his job, the loan automatically terminated which the borrowers contended was unfair under the UCTD. The French court sought guidance from the CJEU as to whether the husband was a “consumer”, having regard to the fact that he was also an employee. A number of the points made by the court are important (highlighted in extracts from the judgment below):

“19 First of all, it should be noted that, as the 10th recital of Directive 93/13 states, the uniform rules of law in the matter of unfair terms should apply to ‘all contracts’ concluded between ‘sellers or suppliers’ and ‘consumers’, as defined in Article 2(b) and (c) of that directive (judgment of 17 May 2018, *Karel de Grote — Hogeschool Katholieke Hogeschool Antwerpen*, C-147/16, [EU:C:2018:320](#), paragraph 46).

20 At the same time, the 10th recital of Directive 93/13 states that ‘inter alia contracts relating to employment ... must be excluded from this directive’.

21 In those circumstances, **it is necessary to determine whether the fact that the parties to a loan contract such as that at issue in the main proceedings are also bound by an employment contract has an impact on their respective statuses as ‘consumer’ and ‘seller or supplier’,** for the purposes of Article 2(b) and (c) of Directive 93/13, with regard to that loan contract.

22 In that regard, in accordance with that provision, **a ‘consumer’ is any natural person who, in contracts covered by that directive, is acting for purposes which are outside his trade, business or profession.** Likewise, a ‘seller or supplier’ is any natural or legal person who, in contracts covered by Directive 93/13, is acting for purposes relating to his trade, business or profession, whether publicly owned or privately owned.

23 As is apparent from the Court’s settled case-law, **it is by reference to the capacity of the contracting parties, according to whether or not they are acting for purposes relating to their trade, business or profession,** that the directive defines the contracts to which it applies (judgment of 17 May 2018, *Karel de Grote — Hogeschool Katholieke Hogeschool Antwerpen*, C-147/16, [EU:C:2018:320](#), paragraph 53 and the case-law cited).

24 As regards, in the first place, the concept of ‘consumer’, within the meaning of Article 2(b) of Directive 93/13, it is objective in nature and is distinct from the concrete knowledge the person in question may have, or from the information that person actually has (judgment of 3 September 2015, *Costea*, C-110/14, [EU:C:2015:538](#), paragraph 21).

25 In that regard, it should be noted that **the consumer is in a weaker position vis-à-vis the seller or supplier, as regards both his bargaining power and his level of knowledge. This leads to the consumer agreeing to terms drawn up in advance by the seller or supplier without being able to influence the content of those terms** (judgment of 3 September 2015, *Costea*, C-110/14, [EU:C:2015:538](#), paragraph 18 and the case-law cited).

26 A national court before which an action relating to a contract which may be covered by that directive has been brought is required to determine, taking into account all the evidence and in particular the terms of that contract, whether the person concerned who is a party to the contract may be categorised as a ‘consumer’ within the meaning of Directive 93/13. In order to do that, the national court must take into account all the circumstances of the case, particularly the nature of the goods or service covered by the contract in question, capable of showing the purpose for which those goods or that service is being acquired (judgment of 3 September 2015, *Costea*, C-110/14, [EU:C:2015:538](#), paragraphs 22 and 23).

27 That Court has already held that even a lawyer, if he were considered to display a high level of technical knowledge, may be considered to be a ‘consumer’ for the purposes of Article 2(b) of Directive 93/13, where he concludes a contract which does not relate to his professional activity (see, to that effect, judgment of 3 September 2015, *Costea*, C-110/14, [EU:C:2015:538](#), paragraphs 26 and 27).

28 That broad definition of the concept of ‘consumer’, for the purposes of Article 2(b) of the Directive 93/13, allows the protection granted by that directive to all natural persons finding themselves in the weaker position referred to in paragraph 25 of the present judgment.

29 It follows from the foregoing considerations that the fact that a natural person concludes a contract, other than an employment contract, with his employer, does not, in itself, prevent that person from being classified as a ‘consumer’ for the purposes of Article 2(b) of Directive 93/13.

30 Moreover, as the Advocate General noted, in point 60 of his Opinion, the fact that certain types of contract concluded by consumers are reserved for certain groups of consumers does not deprive the latter of their status as ‘consumer’ for the purposes of Article 2(b) of Directive 93/13.

31 The exclusion from the scope of that directive of many contracts concluded by consumers with their employers would deprive all of those consumers of the protection granted by that directive (see, by analogy, judgment of 15 January 2015, *Šiba*, C-537/13, [EU:C:2015:14](#), paragraph 29).

32 As regards the exclusion of employment contracts from the scope of Directive 93/13, it should be noted that, as the Advocate General stated, in point 58 of his Opinion, a loan contract such as that at issue in the main proceedings does not regulate an employment relationship or employment conditions and, consequently, cannot be classified as an ‘employment contract’.

33 As regards, in the second place, the concept of **‘sellers or supplier’**, for the purposes of Article 2(c) of Directive 93/13, it should be noted that the EU legislature intended a broad definition of that concept (judgment of 17 May 2018, *Karel de Grote — Hogeschool Katholieke Hogeschool Antwerpen*, C-147/16, [EU:C:2018:320](#), paragraph 48 and the case-law cited).

34 First, the use of the term ‘any’ in that provision shows that every natural or legal person must be regarded as a ‘seller or supplier’, within the meaning of Directive 93/13, when performing a professional activity (judgment of 17 May 2018, *Karel de Grote — Hogeschool Katholieke Hogeschool Antwerpen*, C-147/16, [EU:C:2018:320](#), paragraph 49).

35 Secondly, that concept covers all professional activity, whether it is ‘publicly owned or privately owned’. Therefore, Article 2(c) of Directive 93/13 is capable of applying to bodies whether run for profit or not, without excluding entities that pursue a task in the public interest (see, to that effect, judgment of 17 May 2018, *Karel de Grote — Hogeschool Katholieke Hogeschool Antwerpen*, C-147/16, [EU:C:2018:320](#), paragraphs 50 and 51).

36 The concept of ‘seller or supplier’, within the meaning of Article 2(c) of Directive 93/13, is a functional concept, requiring determination of whether the specific contractual relationship is amongst the activities that a person provides in the course of his trade (see, to that effect, judgment of 17 May 2018, *Karel de Grote — Hogeschool Katholieke Hogeschool Antwerpen*, C-147/16, [EU:C:2018:320](#), paragraph 55).

37 **The Court has already held that an educational establishment, which provides a service to a student which is complementary and ancillary to its main activity consisting, fundamentally, in a loan contract, may be regarded as a ‘seller or supplier’ for the purposes of Article 2(c) of Directive 93/13** (see, to that effect, judgment of 17 May 2018, *Karel de Grote — Hogeschool Katholieke Hogeschool Antwerpen*, C-147/16, [EU:C:2018:320](#), paragraphs 57 and 58).

38 **In such a case, there is, in principle, an inequality between the educational establishment and the student, owing to the asymmetry of information and expertise between the parties, since such an establishment has at its disposal a permanent organisation and an expertise that the student, acting on a private basis, does not necessarily have available to him when faced incidentally with such a contract** (judgment of 17 May 2018, *Karel de Grote — Hogeschool Katholieke Hogeschool Antwerpen*, C-147/16, [EU:C:2018:320](#), paragraph 59).

39 Those considerations are applicable in a case such as that at issue in the main proceedings, in which an employer, a legal person, concludes with one of its employees, a natural person, and, as the case may be, with the spouse of that employee, a loan contract with a view to financing the purchase of real estate for private purposes.

40 Even if the main activity of an employer such as EDF consists not in offering financial instruments, but in supplying energy, that employer has technical information and expertise, and human and material resources that a natural person, namely the other party to the contract, is not deemed to have.

41 As with the concept of ‘consumer’, within the meaning of Article 2(b) of Directive 93/13, that of ‘seller or supplier’, within the meaning of Article 2(c) of that directive is objective in nature and does not depend on whether the professional decides to act in the context of its main activity or a secondary and ancillary one.

42 Moreover, as the Advocate General stated in essence in points 43 to 46 of his Opinion, first, offering such a loan contract to its employees, thus offering them the possibility of being able to buy property, serves to attract and maintain a qualified and skilled workforce facilitating the exercise of the employer’s professional activity. In that context, the existence or otherwise of a potential direct income for that employer provided for by that contract, has no bearing on the recognition of that employer as a ‘seller or supplier’ for the purposes of Article 2(c) of Directive 93/13. **Secondly, the broad interpretation of the concept of ‘seller or supplier’, for the purposes of that provision, serves to achieve the objective of that directive consisting in protecting the consumer as the weaker party to the contract concluded with a seller or supplier and to restore the balance between the parties** (see,

to that effect, judgment of 31 May 2018, *Sziber*, C-483/16, [EU:C:2018:367](#), paragraph 32).

43 In the light of all the foregoing considerations, the answer to the questions referred is that:

– Article 2(b) of Directive 93/13 must be interpreted as meaning that the employee of an undertaking and his spouse, who conclude a loan contract with that undertaking, reserved, principally, to members of staff of that undertaking, with a view to financing the purchase of real estate for private purposes, must be regarded as ‘consumers’, within the meaning of that provision;

– Article 2(c) of Directive 93/13 must be interpreted as meaning that that undertaking must be regarded as a ‘seller or supplier’, within the meaning of that provision, where it concludes such a loan contract in the context of its professional activity, even if granting loans does not constitute its main activity.”

312. I have reproduced this extract at length because it seems to me to reflect the current thinking of the CJEU.

313. Having reviewed the case law, there does not seem to me to be adequate basis in the authorities for the mechanical application of case law relating to specific facts on the procedural aspects of the Brussels Convention/Regulation from 15 or in some cases 30 years ago (notwithstanding their more recent affirmation) as compared with focussing on the principles and approach in the recent case law of the CJEU specifically relating to the substantive application of the UCTD.

Heriot-Watt v. Schlamp

314. The final and most recent case in this area is a decision of the Sheriff Appeal Court in *Heriot-Watt University v. Schlamp* [2021] SCLR 249 which in my view confirms that approach. It is the only case which has specifically considered the position of a doctoral student as a consumer albeit under the Brussels Convention/Regulation regime. It is instructive in a number of respects.

315. The pursuers/appellants (Heriot-Watt) sought payment from the defender and respondent Mr Schlamp (a DBA – doctorate in business administration - student resident in Germany who said that he undertook studies via a distance learning programme) of the sum of £7,000 for unpaid fees. Heriot-Watt’s claim was based on a contract whereby they provided educational services to the defender. Mr Schlamp avered that the contract was a consumer contract and that the court had no jurisdiction and that jurisdiction should be declined in favour of the German

court. Mr Schlamp was a self-funded student but Heriot-Watt contended that he was not a consumer because he was employed in the fields of tax, accounting and auditing before he started the course. They said that the DBA was a “professional qualification”, closely connected to his self-employment as a consultant in finance and business administration and Heriot-Watt said that it would prove that Mr Schlamp was studying on a part time basis while continuing to work. To that extent Heriot-Watt’s arguments were along similar lines to the points Oxford advanced as to the position of Mr Jing.

316. However, the main issue before the court was procedural. The Sheriff Court from which the appeal was brought had held that the contract was a consumer contract because Heriot-Watt could not show that the predominant purpose was concerned with Mr Schlamp’s profession. Heriot-Watt contended on appeal that this was the wrong test in any event and they should have been able to submit proof (evidence) that in fact it was. The Sherriff Appeal Court held that the test applied below was indeed erroneous.
317. The court analysed the key case law referred to above under the Brussels Convention/Regulation including *Benincasa*, *Gruber* and *Schrems* (which may not have been cited to the court below). The Sherriff Appeal Court noted in particular that there was nothing in *Schrems* which indicated any intention to depart from the “negligible role” test in *Benincasa* and *Gruber*. The court said that there was an “express affirmation of the existing orthodoxy” (see paragraph [29]). The court also discussed *Costea* and *De Grote* briefly and what it said (emphasis added) is instructive and accords with the general approach set out above:

“[30] The last case is that of *Costea*. Firstly, as counsel for the pursuers submitted, this case did not deal with the definition of consumer in the context of jurisdiction, rather, it related to a claim brought in terms of the Unfair Contract Terms Directive. **Consumer in the context of jurisdiction is strictly construed because it is a departure from what should be the norm, namely the domicile of the defender. The same constraints do not apply to the definition of consumer in the context of substantive law of which Costea is a good example.** Secondly, although the opinion of the Advocate General is of some length, the opinion of the European Court of Justice is relatively short. The question in that case is whether a lawyer who concluded a credit agreement concerning himself with a bank could be considered to be a consumer. The court held that the lawyer could be held to be a consumer, where the agreement was not linked to his profession. **It is of note that at paragraph 18, the Advocate General explained that the notion of consumer is not defined uniformly throughout the various legal**

instruments of the European Union but he described it as a “working, dynamic notion” which is defined by reference to the subject matter of the legislative act concerned. The Advocate General also noted that the approach in Gruber was very different to the definition of consumer in the Directive under consideration. There is nothing in the opinion of the Court of Justice which seems to us to be relevant to the present case. Its focus was clearly upon the interpretation of the Unfair Contract Terms Directive.

...

[33] Having regard to the foregoing we have reached the conclusion that in dismissing the action the sheriff has erred. The principal difficulty is the sheriff held that there is no onus upon the defender to establish that he is a consumer (paragraph 23). The sheriff approached the issue from the perspective of the adequacy of the pursuers’ averments (paragraph 25). **From the authorities referred to above it is clear that there is an onus on a party invoking the special jurisdiction as a consumer to establish that status. In this case that party is the defender. It also follows from the authorities that the pursuers had an opportunity to respond to any material submitted by the defender. It is therefore not correct to approach the issue with regard to the adequacy of the pursuers’ averments. The case of *de Grote* to which the sheriff was referred (paragraph 23 – we were not referred to it) is not relevant because it involved the interpretation of a Directive, not concerned with jurisdiction, but a very different issue as to whether the court had an obligation to have regard to substantive consumer legislation in the case of an undefended decree.”**

318. This case reinforces the point that the approach taken under the Brussels Regulation/Convention is not necessarily the same as that in the UCTD and cases decided in the context of the former are not decisive under the regime established by the latter. It does not decide whether a DPhil contract in general (or one where the student has particular characteristics) should be regarded as a consumer contract under the UCTD or what approach should be taken to that issue and is not binding on this court in any event.

Further guidance from the case law on particular points

319. There are several other points made in the case law relevant to this aspect of the argument.

Burden of proof and evidence specific to individuals

320. As noted above, in dual purpose contracts a person will only be considered a consumer if the link between the contract and the trade or profession of the person concerned was “so slight as to be marginal and, therefore, had only a negligible role in the context of the supply in respect of which the contract was concluded, considered in its entirety” (see extracts from *Gruber* and *Overy v Paypal* cited above). Oxford also relies on the fact that, in *Gruber*, it was said by the CJEU that it was for the party relying on the consumer exception in the Brussels Convention to show that the non-consumer role of the contract was negligible.
321. Oxford did not expressly refer to the approach taken by Popplewell J in *AMT Futures*, cited above, that it was appropriate to take account of the circumstances of the individuals concerned and the part which the contract(s) with represented in their investment activity as a whole. However, its approach bears some similarities with that set out in that case in that it would put some students (whether undergraduate or DPhil) within and some outside the scope of consumer protection under the UCTD.
322. In my view, a more nuanced position is required with respect to burden of proof under the UCTD although I have not been able to locate any authority specifically addressing this nor was any cited.
323. There are situations in which a person may submit evidence that he or she is prima facie in the class of persons entitled to be treated as a consumer and thereby discharge an initial burden. However, evidence may then be provided by the supplier than he or she is not in fact so to be regarded. That said, these debates cannot properly turn into discussions about relative economic strength of the parties on a case by case basis (even in the context of the Brussels Regulation).
324. As the High Court said in *Weco Projects*
- “Nor does Mr Loro Piana's wealth disqualify him as a consumer. The consumer is generally the weaker party to contracts with traders and thus deserving of protection (see Recital 18 of the Brussels Regulation). The actual relative economic strength of the parties is irrelevant and *“the ECJ in its jurisprudence has set its face against a case-by-case analysis of the relative strength or weakness of contracting parties as that would militate against legal certainty”*: see *Aspen Underwriting* at [42] - [43]”.
325. That reference to *Aspen Underwriting* is to the judgment of Lord Hodge in the Supreme Court in *Aspen Underwriting Ltd & Ors v Credit Europe Bank NV* [2020] UKSC 11 (01 April 2020) a case concerning the Brussels Regulation Recast (Regulation (EU) 1215/2012) where he said:

“42. Teare J ([\[2017\] EWHC 1904 \(Comm\)](#)), in holding that the Bank could not take the benefit of article 14, relied on recital (18) of the Regulation, which provides:

“In relation to insurance, consumer and employment contracts, the weaker party should be protected by rules of jurisdiction more favourable to his interests than the general rules.”

Teare J also referred to the judgment of the CJEU in *Vorarlberger Gebietskrankenkasse v WGV-Schwäbische Allgemeine Versicherungs AG* (Case C-347/08) [\[2009\] ECR I-8661](#); [2010] Lloyd's Rep IR 77 (“*Vorarlberger*”), paras 40-45 in support of the proposition that the section 3 protections should not be extended to persons for whom that protection was not justified. In the Court of Appeal, Gross LJ ([\[2019\] 1 Lloyd's Rep 221](#), paras 81-123) elaborated on the judge’s reasoning, referred to several cases, which post-dated the judgment at first instance and which I discuss below, and upheld the judge’s decision on this issue.

43. I respectfully disagree with that conclusion. **There is no “weaker party” exception which removes a policyholder, an insured or a beneficiary from the protection of article 14.** I have come to this view for the following six reasons, which I will vouch when I discuss the case law below. First, **the reason why article 14 protects the policyholder, the insured and the beneficiary of an insurance policy is because they are generally the weaker party in a commercial negotiation with an insurance company and are as a matter of course presented with a standard form contract.** Secondly, while recital (18) explains the policy behind, among others, section 3 of the Regulation, it is the words of the relevant articles which have legal effect and the recitals are simply an aid to interpretation of those articles. Thirdly, derogations from the jurisdictional rules in matters of insurance must be interpreted strictly. **Fourthly, the CJEU in its jurisprudence has set its face against a case by case analysis of the relative strength or weakness of contracting parties as that would militate against legal certainty. Instead, it has treated everyone within the categories of the policyholder, the insured or the beneficiary as protected unless the Regulation explicitly provides otherwise.** Fifthly, the CJEU looks to recital (18) not to decide whether a particular policyholder, insured or beneficiary is to be protected by section 3 but in the context of reaching a decision whether by analogy those protections are to be extended to other persons who do not fall within the list of expressly protected persons. **Sixthly, the policy which underlies the jurisprudence of the CJEU when it decides whether to extend the protection to persons not expressly mentioned in section**

3 is that the court seeks to uphold the general rule in article 4 that defendants should be sued in the courts of the member state of their domicile and allows extensions to the protection of section 3 only where such an extension is consistent with the policy of protecting the weaker party.

...

47. Fourthly, it is clear that the CJEU does not enquire into relative strengths and weaknesses of particular parties in applying the provisions of section 3 of the Regulation. Such an exercise would risk giving rise to legal uncertainty and would prevent the rules of jurisdiction from being highly predictable. Instead the Regulation defines those who are entitled to protection. Thus, in *Landeskrankenanstalten-Betriebsgesellschaft - KABEG v Mutuelles du Mans Assurances - MMA IARD SA* (Case C-340/16) [\[2017\] IL Pr 31](#) (“*KABEG*”), Advocate General Bobek (para AG47) stated:

“... in contrast to matters relating to employees and consumers, the notion of the ‘weaker party’ in insurance-related matters is defined rather broadly. It includes four categories of persons: the policyholder, the insured, the beneficiary and the injured party. As a matter of fact, these parties may be economically and legally rather strong entities. That flows from the broad language of the insurance-related provisions of Regulation No 44/2001 as well as from the types of insurance described therein.” (Emphasis added)

The reference to the injured party is a reference to the provision relating to liability insurance which is now article 11 of the Regulation. The breadth of the protection given in section 3 was acknowledged by the CJEU in its judgment in *KABEG* in which the court stated (para 32):

“As the Advocate General observed in [AG47] of his Opinion, the notion of the ‘weaker party’ has a wider acceptance in matters relating to insurance than those relating to consumer contracts or individual employment contracts.”

The CJEU went on to state (para 34):

“... a case-by-case assessment of the question whether an employer which continues to pay the salary may be regarded as the economically weaker party in order to be covered by the definition of ‘injured party’ within the meaning

of article 11(2) of Regulation No 44/2001 [now article 13(2) of the Regulation], would give rise to the risk of legal uncertainty and would be contrary to the objective of that Regulation, laid down in recital (11) thereof [now recital (15) of the Regulation], according to which the rules of jurisdiction must be highly predictable.””

326. Although that was said in the different context of the jurisdictional rules relating to insurance contracts and there are differences between the various regimes in which the issue of who is the weaker party needs to be borne in mind, it would not accord with the approach of the UCTD for there to be a detailed enquiry as to exactly where the balance of power in a specific contractual relationship lay in order to determine whether an individual was a consumer.
327. The regime under the UCTD treats consumers as a class and are regarded as the weaker parties regardless of whether some of them may be stronger than the suppliers. That regime also sets its face against an examination of whether any given consumer was, in fact, weak in any given transaction. It could lead to an unsatisfactory forensic position in which a supplier could effectively exhaust consumers in litigation by requiring them to prove (perhaps as a preliminary issue) that they were in fact weak.

The position if the alleged “consumer” in fact has superior knowledge or expertise

328. This point relates to the next one because Oxford accepts that individuals with superior knowledge, experience or expertise are not thereby disqualified from being consumers for the purposes of the UCTD (*Pouvin* at paragraphs [25] to [28]).
329. Some of the case law does not make it easy to determine exactly how an individual’s characteristics or circumstance are to be taken into account. While the individual’s specific knowledge and experience does not determine whether they are a consumer the individual’s knowledge, experience, skill or expertise might be relevant to determining whether they are contracting for given purposes (see for example, *Ang v Reliantco* at 605A). This raises the prospect of courts being required to consider, on an individual basis in the case of a student, detailed evidence about the individual’s purposes, specific strengths and weakness and experience and do so with reference to their ability to evaluate contracts of the kind in question. For the reasons given above, I do not think that this is what the UCTD is contemplating.

Contracts for future professional activities or purposes

330. Contracts entered into for future professional activities or purposes may also fall outside the scope of the UCTD (*Benincasa* at paragraph [18] and Case C-630/17 *Milivojevic* at paragraph [89]). While that is true at that general level, it leaves open the approach to deciding whether any given contract is for future professional activities or for current consumer consumption – or both – and is subject to the general point made above as to the relevance of the Brussels Convention/Regulation case law.

All circumstances should be taken into account and the “spirit” of the approach

331. There is no dispute that all circumstances can be taken into account in determining the consumer question. The High Court has said that the decision must be guided by the spirit of the approach of the CJEU to the interpretation of “consumer” (*Turner & Co (GB) Ltd v Fatah ABI* [2011] 1 CMLR 17 at paragraph [41]). This should take into account “all the circumstances of the case, particularly the nature of the goods or service covered by the contract in question, capable of showing the purpose for which those goods or that service is being acquired” (see *Costea* at paragraph [23]).

332. There are difficulties in recourse to the “spirit” of the approach of any court, which is not always easy to discern, but it is relevant to consider the more specific question of whether the trend of decisions of the CJEU point to a restrictive approach to the concept of consumer in specific context of the UCTD. In my view this is best expressed as asking whether, given the purposes of the UCTD as expressed in the directive itself and the case law interpreting it, it would better fulfil those purposes were the individual to be regarded as having contracted as a consumer in the circumstances in question.

Drawing the line between consumer/non-consumer in contracts between individuals and universities/higher education institutions

333. Having now placed the more historical and less relevant case law into the context of the more modern approaches to the UCTD, the key question is how the more up-to-date case law addresses – or would address - a situation of this kind.

334. Oxford accepts that the line that *Benincasa* and other authorities invite courts to consider is not an easy one to draw. However, it submits that Mr Jing clearly falls on the wrong side of it as regards his position as a consumer because Mr Jing had a future professional/commercial purpose which was sufficiently clear and proximate. Oxford therefore submits that it is unnecessary to get into a debate about where or how the line is to be drawn. While such an approach is attractive in principle and can be taken in many cases, I do not think that analytic short cut

is available in this case, not least because the utility of the *Benincasa* analysis to a situation of this kind is questionable for the reasons given above.

335. It is therefore necessary to determine how the line should be drawn in principle before considering whether this case falls on one or other side of it. The difficulty arises partly because a DPhil relationship between student and university, particularly in the sciences, has some characteristics which are “consumer-like” and some characteristics which are more “employee-like”. A contract for such is not a “dual-purpose” contract in the conventional sense in which the CJEU case law has considered these contracts.
336. Given the paucity of authority, there is no choice but to examine the matter from first principles to a greater extent than would otherwise be appropriate.
337. It is therefore useful first to consider how the UCTD and the authorities would apply to certain other contracts (not for DPhils) typically made by universities and higher education institutions and those undertaking academic work within them. I consider two in particular as typical situations falling on different sides of the consumer line: employed post-doctoral researchers on the one hand and undergraduates on the other.

(i) Post-doctoral researchers employed under a contract of employment

338. First, on the non-consumer side of the line is a typical post-doctoral researcher, employed by a university under a contract of employment. The reason that such a contract is not within the UCTD is inter alia because it is a contract of employment. The employee is being paid to undertake a job and the university is buying the employee’s services, not the other way round. It is the kind of contract expressly referred to as not within the contemplation of the UCTD in its recitals. It is true that an employee may be a consumer as against the university in certain respects (see *Costea*) but that would typically be in the context of buying goods and services from the university rather than as a result of being an employee.
339. Employees are entitled to a different set of statutory protections from those applicable to consumers (some of these deriving from EU law) in respect of their contractual terms. They may be entitled to specific rights inter alia with respect to their intellectual property under those contracts. As to rights of the kind arising in this case, employees are also subject to a different statutory regime, in default of agreement, with respect to ownership of intellectual property rights including those arising under various provisions of intellectual property law, such as sections 39-41 of the Act in the UK discussed above.
340. However, the reason they are outside the protection of the UCTD is not because they may not be vulnerable vis-à-vis their university employer. Indeed, many

employees, qua employee, may be just as vulnerable vis-à-vis their employers as many consumers may be vis-a vis their suppliers. It is easy to envisage university employees (who may not be very rich) being in a weaker position vis a vis their university than some of their (richer) students (whether regarded as consumers of not). In the context of IP rights, employees of even substantial undertakings who may make inventions for their employer in the course of their employment may face practical difficulties in obtaining fair compensation for the work and skill involved, even if they have made inventions the patents for which have proved to be of outstanding benefit to their employer by relying on section 40 of the Act. If they have not made outstanding contributions, their rights absent contract, may be limited (see *Shanks v Unilever Plc & Ors* [2019] UKSC 45 and *Kelly and Chiu v GE Healthcare Ltd* [2009] EWHC 181 (Pat); [2009] RPC 12). Junior employees may have limited bargaining power with respect to their employer as to the terms upon which intellectual property rights are transferred to their employer. Indeed, Parliament has provided that in many circumstances such rights would vest in the employer with only limited rights of compensation (see above). However, employment law does not provide them with a remedy to challenge their employers' policies relating to IP. However, as seen below, university IP policies tend to provide such employees with comparatively generous rights to share in the fruit of any inventions they may make.

(ii) Undergraduate students

341. Second, on the consumer side of the line is a typical undergraduate student, receiving education at a university or higher education institution.
342. Undergraduate student contracts are not the subject of this case but there was discussion of such contracts in argument for the purpose of analysis. I say that such students are on the “consumer” side of the line as though that was not open to question. But even that proposition was open to (some) refinement in the course of the argument as the case developed. Oxford naturally accepts that both undergraduate students and post graduate students “can be” consumers, to use the words of its closing skeleton argument. However, I did not take it to be accepting that even undergraduate students invariably were nor did they make detailed submissions as to what it was about their position as undergraduates that made them consumers.
343. It is therefore necessary to set out why, in my view, at least this class of students would normally be treated as consumers for the purpose of the UCTD. This will then afford a framework for considering whether and the extent to which the position of DPhil students in general, and Mr Jing in particular, differ.
344. There is no specific case law on this issue under the UCTD. However, a convenient starting point is the non-statutory guidance on this issue from 2015 to

which the more recent guidance from the Office for Students refers. It touches on the question of whether an undergraduate is to be regarded as a consumer even if they are studying for a particular career in future which features in Oxford's argument as to why Mr Jing should not be so regarded.

345. The background is as follows. In 2015 the United Kingdom Competition and Markets Authority ("CMA") published two advice documents directed at higher education providers and students respectively: *UK higher education providers – advice on consumer protection law Helping you comply with your obligations*. (12 March 2015 CMA33) and *Higher education Undergraduate students: your rights under consumer law* (12 March 2015 CMA33(a)). They were published before the changes made by the Consumer Rights Act 2015 and set out the views of the CMA on the applicability of consumer legislation to undergraduates at that time. The advice for UK higher education providers noted that this guidance had been prepared following the findings of the Office of Fair Trading's (OFT's) Call for Information (CfI) on the higher education (HE) undergraduate sector in England and further work it had undertaken into potential consumer protection issues in the UK HE sector. The advice was given after "constructive engagement with a range of stakeholders" who had been consulted. There is nothing in that guidance which suggests that objections were made by universities and higher education institutions or organisations acting on their behalf to treating undergraduates (normally) as consumers in so far as their entitlement to invoke the statutory protection was concerned.
346. This advice for UK higher education providers stated, with emphasis added but footnotes removed save as indicated:

“...1.3 HE providers play a crucial role in the UK economy. They contribute directly to economic growth, employment and local economic activity, delivering skilled workers into the wider economy, and contributing to export earnings. **Compliance with consumer protection law is important not only in protecting students but also in maintaining student confidence and the reputation of the HE sector and in supporting competition.**

1.4 Consumer protection law will generally apply to the relationship between HE providers and prospective and current undergraduate students. It sets out minimum standards that apply to various aspects of an HE provider's dealings with students, for example in relation to information provision and complaint handling, and the requirement of fairness for terms and conditions. It sits alongside sector-specific regulatory obligations that are relevant to many HE providers.

1.5 The advice is particularly important at a time when a greater share of HE providers' funding is coming directly from students, which has highlighted particular expectations of providers when it comes to, for example, information they provide about degrees and courses available, the choices on offer, students' rights as consumers, and how complaints by students will be handled. Consumer protection law is therefore an important aspect of an HE provider's relationship with students, together with the existence of a supportive learning and pastoral environment within an academic community.

1.6 The issues addressed in this advice are also important for students, given that **for most students deciding what and where to study will be a 'one-off' decision involving the investment of a significant amount of time and money. That decision needs to be properly informed and right for them. Once students have enrolled, if they are dissatisfied with their experience, it is likely to be difficult for them to switch HE providers or courses.**

...

1.8 We have specifically considered the law as it applies to HE providers of undergraduate courses but **this advice may also be relevant to HE providers of other types of courses and to other students where consumer protection legislation applies.**

...

2.16 Consumer protection law will generally apply to the relationship between HE providers and prospective and current undergraduate students. It is our view that HE providers are acting for purposes relating to their trade, business or profession when providing educational services and will be a 'trader' or 'seller or supplier' for the purposes of consumer protection legislation. The fact that an HE provider may be structured as 'non-profit' or 'not-for-profit' is immaterial to the assessment of whether it is a 'trader' or 'seller or supplier' under consumer protection law.

2.17 Conversely, undergraduate students will generally be acting for purposes outside their trade, business or profession, and therefore will be 'consumers' for the purposes of the legislation. Students are likely to be covered by the definition of 'consumer' when they are acting for purposes relating to their individual or personal needs. [Footnote 8 at this point is reproduced below] **In general, this is**

likely to be the case even where studying a particular subject may lead a person to a related career in the future, as there are likely to be many reasons for undertaking the particular course, including intellectual and personal development and to experience being a member of an HE community, and the student may or may not have a firm intention of pursuing the relevant career in the future. There may be some instances where students do not fall within the definition of ‘consumer’ (for example, this might be the case if a student is studying as part of their job). If in doubt, we would advise that, when thinking about its information, terms, contracts and policies (which will be applicable to all students), an HE provider prepares these materials on the assumption that they are likely to be accessed by prospective or current students who are ‘consumers’.”

[Footnote 8 stated: “Note that in the CJEU case of *Criminal proceedings against Patrice Di Pinto* (Case C-361/89) and the case of *Turner & Co (GB) Ltd v Abi* [2010] EWHC 2078, the courts referred to the distinction between a ‘trader’ and a ‘consumer’ as depending on whether the person was acting primarily for his own ‘family or personal needs’].

347. These case law references, while relevant, were not the only case law relating to this issue at the time. One of them, *Turner*, was a decision of a first instance Deputy High Court Judge which had referred to a number of the other CJEU authorities including *Gruber* and *Benincasa* (which are said by Oxford to have a bearing on the consumer status of those pursuing courses leading to professional qualifications). This CMA view was also taken prior to the development of the case law in *Costea* and *Pouvin*.
348. Paragraph 1.6 of the advice to students document stated:

“How does consumer law apply to students?”

1.6 Consumer law will generally apply to the relationship between universities and undergraduate students, as undergraduate students will generally be studying for purposes which are outside their trade, business or profession.”

349. Although this guidance has no formal legal status and is not authoritative in that sense, it is, in my view, persuasive in its reasoning and approach. It was given after extensive consultation and reflection (as to which see, inter alia, *Higher Education in England - An OFT Call for Information March 2014*) by the leading statutory body concerned with consumer protection in the United Kingdom. Although the CMA’s approach to consumer protection is not invariably upheld by the courts and it is not appropriate to treat its advice as though it were an

authority, this report contains compelling reasons for treating at least undergraduates as consumers for the purpose of the UCTD, regardless of whether, in taking the course in question, they may have a professional or commercial object in mind. I elaborate on some of these partly so that relevant similarities and differences with DPhil students can be identified.

Reasons to treat undergraduate students as consumers regardless of whether their course is undertaken with a professional aim in mind

350. First, for a large, and increasing, number of jobs and professions, an undergraduate degree is either a requirement or is, in practice, essential. Even if not formally required, an individual's chance of securing a job or promotion to a given level may be materially affected by whether they have a degree. To that extent, a degree can in certain circumstances be regarded as an almost essential purchase for an individual, if they wish to pursue a particular career. Although normally students will have choice as to where they go to receive that undergraduate qualification, in practice that may well also be limited.
351. Second, the proportion of the UK population attending university or other forms of higher education has significantly increased in recent years: there are currently nearly 2 million UK undergraduates. Even if not essential or even specially useful for a particular career, an undergraduate education has been widely regarded as providing a benefit for the individual. It has also been the policy of successive governments of diverse perspectives to maintain the level of undergraduate students at a high level and to encourage or support higher education institutions in encouraging students to study in the UK from all over the world.
352. Third, when prospective undergraduates enter into contracts with universities for their education, they are often relatively young, typically 17-20 years old. They are unlikely to be commercially experienced. An increasing proportion may come from families or backgrounds with a lower level of familiarity with higher education institutions because of a drive by universities for greater diversity in social background. An increasing proportion may come from backgrounds which are lower income or otherwise less advantaged, where their ability to take risks, financial and other, is low. A significant number of UK undergraduates are from overseas. Overseas students may not be particularly well placed to navigate, let alone influence or challenge, the contractual terms of universities or higher education providers. There may be several reasons for this, some practical and some extending in some cases to a cultural propensity to respect institutions of that kind or fear their influence.
353. Fourth, contracts for undergraduate study between students and universities are often made or committed to at a time and against a background of significant pressure of final school years and exam stress. That may include stress generated

by the university application process itself. This can require students to make life-affecting decisions rapidly, with imperfect information and often without a great deal of assistance. Schools and colleges in the UK or overseas may not always be well-equipped to assist students with the process (through no fault of the schools given the other calls on their resources). Family and friends may not always be a reliable source of up-to-date information or support on specific contractual terms or on what to ask for or expect. That is a common source of vulnerability in a market.

354. Fifth, contracts for undergraduate education normally require students to make large payments to universities or higher education institutions by way of tuition (and sometimes other) fees. As the CMA advice referred to above states, deciding what and where to study involves the investment of a significant amount of money. Although the investment in time is also significant, looked at purely financially, the sums involved in paying for undergraduate education are so large that they can represent the largest single cost of any product or service an individual will buy in their life other than their home. UK undergraduate university or higher education often, indeed normally, involves payment by the student of tuition fees of around £9,250 a year for at least 3 years (more for foreign students). For most students this requires them to take out loans which accumulate interest at comparatively high rates, linked to inflation and currently standing at more than 6%, albeit that they do not need to be repaid until a student is earning above a certain level.
355. In many – and perhaps most - cases, undergraduate students are obliged to incur significant further costs by way of living expenses which, according to current Government guidance, can today often amount to more than £10,000 p.a. for students living away from home. This frequently involves them taking out further loans in so far as maintenance grants have not been available or have not covered the cost. Quite apart from any additional costs imposed by universities or higher education providers for use of facilities, a large proportion of students have (in practice) no choice but to incur these additional costs. Many places in the UK do not have a local university or higher education institution within easy commuting distance which offer a course of a kind that a student wishes to (or is able to) take and which would enable the student to live at home even if that was desirable and possible for the family concerned.
356. The consequence is that the overall financial cost of attending university as an undergraduate, leaving aside potential income and other benefits forgone, often runs into several tens of thousands of pounds. In the case of many undergraduate courses, it is unclear that the purely economic returns by way of increased lifetime earnings or benefits would cover the financial cost if, as is debatable, that were a measure of the value of such education.

357. Sixth, switching universities (and sometimes even courses within the same university) is not always straightforward mid-course. Students tend to be more or less locked in to a given institution and sometimes a particular course. Starting again elsewhere risks wasting large amounts of time and money – including having to start again - which many students can ill afford. Moreover, there are reputational or “c.v. damaging” risks in changing universities and colleges or in dropping out. Moreover, because undergraduates depend on their university or higher education institution for things like academic references (and indeed grades which might themselves be life changing in their impact on future employment) there may be a natural disinclination to rock the boat in challenging terms, still less in doing so while seeking admission to universities which, in some cases, are highly selective. It would take a particular kind of self-confidence for a prospective student to write a letter to the university they had applied to challenging, for example, the fairness of intellectual property terms of a prospective undergraduate contract. Many would fear that doing so would get them noticed but not admitted.

358. Moreover, it is not clear that either prospective students or students subject to the terms in question are likely to be well-equipped with information about all of the terms. I regard two matters as significant in this regard. The *Higher Education in England An OFT Call for Information March 2014* which preceded the CMA advice referred to above said:

“4.35 Based on the OFT's brief analysis of websites of higher education Institutions, the terms and conditions students will be subject to when at university (which may take the form of the university's rules and regulations for students) are sometimes difficult to find. They can be contained in a number of documents accessible in different places on the website or in different policy documents. As we discuss in Chapter 5, a contractual term binding students to a variety of terms and conditions in different places may be unfair and may therefore not be enforceable.”

359. The call for information noted that this was also the experience of the OFT team that worked on the University Terms and Condition project. OFT1522 Universities' Terms and Conditions. (see www.offt.gov.uk/shared_offt/consumer_enforcement/OFT1522.pdf). I have looked at some of this material to provide general background to the CMA guidance referred to above. I do not find as a fact that such terms are difficult to find since that is not the subject of evidence before me. However, it is right to record that this was the perception of those working at the leading regulatory body. If that was the perception of those working specifically on studying universities' terms and conditions, it is hard to believe that school students will be in a better position.

360. Students and their parents are often proud and happy that they or their children have got into a given university or higher education institution: the detail of the precise terms and conditions upon which educational services will be delivered by the institution still less their IP or patent royalty sharing policies would be the last thing on their minds when making agreements for those services.
361. Seventh, it is a matter of judicial notice – and is to some extent covered in evidence in this case - that universities and higher education providers are, among other things, major commercial enterprises with budgets often running into the tens or hundreds of millions of pounds or more, many of these under pressure. They are often one of the larger employers in a given city or area. Most such institutions will have either dedicated departments able to consider and formulate contractual terms and/or access to high quality legal advice to do so including detailed consideration of terms relating (among other things) to intellectual property rights.
362. Universities and similar institutions are likely to make thousands of contracts for education, including undergraduate education, every year using skills and experience built up over years of doing so. In contrast students normally make a contract for undergraduate education once at a time of relative youth, ignorance and commercial vulnerability. As the CMA advice noted, these are “one off” contracts for a student. Few students are likely to have the capacity to match universities in that respect and even fewer make many repeat contracts for their higher education. The imbalance in negotiating information, experience and ability of a prospective undergraduate student to drive contractual terms with universities is in this respect self-evident.
363. Eighth, because undergraduate students are obviously not employees, they are not entitled to the range of protections available to those in employment with respect to contractual terms. Accordingly, unless they are consumers and subject to consumer protection under the UCTD or equivalent legislation, it is hard to see what provisions readily protect such students from the imposition of unfair terms by those with whom they contract for those educational services.
364. Finally, no arguments have been advanced either with respect to undergraduates (or DPhil students) to the effect that making universities and higher education providers subject to consumer protection laws under the UCTD would be unduly onerous or unfair on these institutions. I have examined the regulatory material I could access easily to see whether there was any such indication. The pressures on such institutions, including regulatory burdens to which they are subject are well known. However, it could hardly be suggested by any such institution, regardless of position, that the purposes to which the UCTD refers would be served by relieving them of a duty to ensure that contracts for educational services they make with prospective undergraduate students from the UK and abroad do

not contain terms which are significantly unbalanced and/or contrary to the requirement of good faith to their students' detriment. That is not a particularly demanding requirement and, as the CMA guidance referred to above suggests, it is in the public interest for such institutions to review their contractual terms to ensure that this is the case. Doing so, if anything, may make the institution more attractive as a destination for the kinds of students it would wish to attract which is in the economic interests of the nation as a whole. Taken as a whole is therefore a reasonable policy objective for the UCTD (in the sense of according with its purposes) to require such institutions actively to review those terms for fairness to students, including domestic and foreign students, and to provide remedies for unfairness if that is not done.

Vocational courses and Oxford's arguments

365. As noted above, Oxford did not advance substantive counter-arguments against treating most undergraduates as consumers in general. However, there is a potential obstacle to that conclusion on Oxford's arguments. Oxford's key submission as to why Mr Jing was not a consumer was that he entered into the DPhil contract for "the progression of his career and to continue his professional development" and that his professional interest was not "so minor as to be negligible".
366. Moreover, they argue on the basis of the CJEU case law that Mr Jing has to prove that it was. On one view of that approach to the test, the more vocational a higher education course is, the more it could therefore be argued by a university or higher education provider to be one for services for a future trade or profession – or professional development – and thereby outwith this consumer protection regime. Following the approach of the financial services cases discussed above (if their approach applied), it could be argued that a student taking such a course would have to discharge a heavier evidential burden to show that her purpose in entering into the contract was not at all for professional interest or that this was so minor to be negligible.
367. That specific argument was not advanced by Oxford but the question is whether it is a consequence of the approach they advocate, based as it is on *Benincasa* and *Gruber*. It leads to problems.
368. Applying that approach, even a typical undergraduate medical student may face difficulties in establishing that she was a consumer entitled to the protection of the UCTD. An undergraduate medical degree is, at least in part, a vocational course directed to a specific profession. Most medical students are likely to embark on such a course for the purpose of a future career in medicine. Few will take such a degree for recreation or pure interest. They may be undecided as to whether to go into practice, teaching or research but a student on such a course

would be likely to have made her contract for educational services with a university with a view to her entering one or more of those branches of medical work in future, advancing her career or prospects in that career. If one then applies the test Oxford invites the court to apply to determine whether Mr Jing was a consumer (based on *Gruber/Benincasa*) namely whether such a student had a “non-negligible professional or commercial purpose” in undertaking the course, the answer could be “yes” for such an undergraduate.

369. Indeed, a medical student’s purpose in embarking on an undergraduate medical degree might even be regarded as predominantly professional. For some, it may even be argued to be “commercial”, not least because some may be attracted by the pay. On that approach, a typical Oxford undergraduate medical student might be said to be disentitled to be treated as a consumer for the purpose of the UTCDC (and may even be disentitled to be so treated under the 2015 Act which was designed to broaden the scope of consumer protection). On this approach, such a student may be disentitled to this form of consumer protection, even if they had made the contract at a time when there was the significant imbalance in contracting power of the kind outlined above and despite their being obliged under the contract to pay the educational service provider fees of tens of thousands of pounds.
370. That presents difficulties for the argument. Lest this be thought a fanciful approach to an issue of this kind which no university would argue, consider the basis of the argument in *Heriot-Watt v. Schlamp*. Following the line Heriot-Watt took to Mr Schlamp’s case, that could involve a university inviting a court to trawl through material about a student’s pre-university life (as Heriot-Watt was seeking to do to show that Mr Schlamp was not a consumer in a different context, referring to his previous work in tax, audit and accounting).
371. To drive home why this is problematic, one may consider, in contrast, a different student of (say) classical literature, Greek and Roman history and philosophy (perhaps the Oxford course popularly known as “Greats”). Suppose a hypothetical student of such a course had no particular profession in mind when making his contract for undergraduate education with the University and the evidence was that he had only done it for his personal education with perhaps a desire ultimately to occupy a position of internationally high status. On this approach to the argument, such a student may be better placed than the medical student to argue that his student contract had been made with a negligible professional or commercial purpose and he was therefore a consumer while she was not.
372. This, to my mind, shows that the approach cannot be what the CJEU had in mind as applicable in a situation of the present kind in *Gruber/Benincasa* even assuming that it is right to analyse a contract of this kind within that “dual

purpose” framework. These two cases cannot be put together in such a way as to reach a conclusion that any time a student makes a contract for educational services which may have a future professional or commercial utility or purpose, the individual making it is not dealing as a consumer. Any purposive interpretation of the UTCD would say that an individual and, in particular, a relatively vulnerable one making a contract with a well-resourced tertiary education provider at her own large expense for the serious purpose of obtaining education to serve both her interests and possibly also the public good in future in (say) medicine or scientific research, would be a paradigm case of a consumer entitled to protection. The fact that such a person may have a future professional or commercial object in mind in pursuing that course is irrelevant.

373. There is a further dimension to this issue. Students from relatively less well-off backgrounds may be more likely to study courses which have a real prospect of leading to a profession or employment or are directly related to that. They may not be able to afford to indulge a private love of learning for the sake of it which is a luxury permitted to few. There is no rationale for interpreting the UCTD in such a way that such students would face greater forensic hurdles, evidentially and practically in showing that they were “consumers” at all because they had to get educated to work for a living.
374. I think that the fact that the law has moved on in that the CJEU cases recently have addressed matters differently makes a real difference to how this issue would have been approached at the time of Mr Jing’s contract had it arisen then. I have not detected anywhere in the jurisprudence that there has been an express change in the law or approach. It is rather a recognition that either the principles in the older case law are not always applicable to a given situation or that those principles are of less utility in the context of the UCTD.
375. Drawing these points together, in my view, Oxford’s analysis loses sight of the factual context in which the CJEU’s statements were made in the cases they rely on as well as the fact that they did not arise under the UCTD. The contracts in *Benincasa* and *Gruber* were genuine dual-purpose contracts in that the same individual was contracting for two quite different purposes: personal and business. An undergraduate making a contract for educational services with a university is contracting for a single purpose: his or her personal education. It does not matter that this education may be put to use in some profession at a later date and that does not make the undergraduate any less a consumer.
376. An undergraduate is no less a consumer of university education services than she would be a consumer if she purchased a computer for her studies knowing (and intending) that, if it lasted that long, she may also take it into her first job and use it there. That would not mean that the contract for purchase of the computer was

a “dual purpose” contract, or that she had a burden to discharge to prove that there was a negligible prospect that it would even be used for her job.

377. It follows that the advice given by the CMA to the effect that an undergraduate is a consumer vis a vis a university or higher education institution is plainly correct. An ordinary undergraduate student contract is not the provision of services to the undergraduate as a future prospective trader as the contract was in *Benincasa/Gruber*.

378. However, even assume this was to be regarded as a dual-purpose contract within that older case law, I am not persuaded that the more recent case law would treat it as outside the protection of the UCTD. The more recent case law specifically on the UCTD focusses much more on the relative negotiating position of the parties. On that basis too, it is clear that ordinarily an undergraduate student contract would involve the student dealing as a consumer for the reasons I have set out above.

Other aspects regulatory context - Law Commission Reports, the Consumer Rights Act 2015 and the position of the OfS

379. Before turning to the position of DPhil students and Mr Jing, it is necessary to mention a number of further features of the statutory scheme and regulatory framework which, to my mind, support that position.

380. First, since the UTCCRs in issue in this case, English law itself has moved towards a broader, more expansive definition of “consumer” in the light of the 2012 Law Commission recommendation that the approach under the existing case law was too narrow (Law Com. No.332; Scot Law Com. 226 (2012), paras 6.11–6.13) and see also Unfair Terms in Consumer Contracts: Advice to the Department for Business, Innovation and Skills, March 2013.

381. Consequently, the Consumer Rights Act 2015, which replaced the UTCCRs for contracts entered into on or after 1 October 2015, defines a consumer as “an individual acting for purposes that are wholly or mainly outside that individual’s trade, business, craft or profession”. It is common ground that the broader definition does not have retrospective application to contracts governed by the UTCCRs and that, if applicable, the “negligible” threshold continues to be applied to contracts before that date (see *Ashfaq* at paragraph [28]). However, for reasons given above, I do not think this means that an undergraduate student undertaking a course leading to a profession would have been unprotected under the earlier legislation. This is not a situation in which it seems appropriate to conclude that, because the earlier regime was amended to provide for a broader scope expressly, it follows that it did not already do so (or would have been interpreted as doing so had a case raising that issue come before the courts

including the CJEU). If anything, this change seems to me to reinforce the point that there is no good policy reason which would have been recognised by the CJEU whether then or now for treating undergraduates as outside the scope of the UCTD regime.

382. Second, the parties did not address the full regulatory context affecting students but it has some bearing on the issues in this case in two respects, including the extent to which it is part of public policy to ensure that students are well protected in various ways.
383. The Office for Students (OfS) is a statutory body established by the Higher Education and Research Act 2017 for a number of purposes. The OfS did not exist at the time the DPhil Contract was made but I have no reason to believe that the policy reasons for its establishment did not. That Act confers the power on the OfS to “make arrangements for the assessment of, the quality of, and the standards applied to, higher education provided by English higher education providers.” Among the purposes of this legislative scheme are creating more competition and choice that will promote social mobility and ensuring that students receive value for money from their investment in higher education as well as strengthen the UK’s research and innovation sector.
384. This legislation is in line with a wider public interest that higher education providers should act fairly towards students. The OfS publishes guidance for the higher education sector and, in preparing this judgment, I have considered it appropriate to find out whether any of this guidance provides assistance in determining how DPhil students should be categorised and, in particular, how the sector’s primary regulator distinguishes between different kinds of students.
385. There is limited material of direct assistance but one of its publications on Sector Recognised Standards contains the following table which I have used only to remind myself of the range of tertiary education courses to which an argument of this kind might apply:

5. Table 1 below lists typical higher education qualifications for each level.

Typical higher education qualifications within each level	Level
Doctoral degrees (e.g. PhD/DPhil, EdD, DBA, DClinPsy) ^a	8
Masters' degrees (e.g. MPhil, MLitt, MRes, MA, MSc)	7
Integrated masters' degrees (e.g. MEng, MChem, MPhys, MPharm) ^b	
Primary qualifications (or first degrees) in medicine, dentistry and veterinary science (e.g. MB ChB, MB BS, BM BS ^c ; BDS; BVSc, BVMS) ^d	
Postgraduate diplomas	
Postgraduate Certificate in Education (PGCE) ^e /Postgraduate Diploma in Education (PGDE)	
Postgraduate certificates	6
Bachelors' degrees with honours (e.g. BA/BSc Hons)	
Bachelors' degrees ^f	
Professional Graduate Certificate in Education (PGCE) ^e	
Graduate diplomas	
Graduate certificates	5
Foundation degrees (e.g. FdA, FdSc)	
Diplomas of Higher Education (DipHE)	
Higher National Diplomas (HND) ^g	4
Higher National Certificates (HNC) ^g	
Certificates of Higher Education (CerHE)	

386. The notes to the table point out that professional doctorate programmes include some taught elements in addition to the research dissertation. Practice varies but typically professional doctorates include postgraduate study equivalent to a minimum of three full-time calendar years with study at Level 7 representing no more than one-third of this.
387. What this table confirms (and the parties did not take issue with it) is the obvious point that there is a variety of kinds of undergraduate, post graduate and professional qualifications. However, this diversity, even at this comparatively coarse grain of level of course, does not immediately suggest a clear basis for separating students into categories and treating them fundamentally differently from the perspective of consumer protection legislation of this kind. If it is right to treat BA/BSc students as consumers, it is likely to be appropriate to treat at least some other kinds of students on other courses as consumers as well on the basis of the contemporary CJEU jurisprudence.
388. It is true that there may be some courses that are taken as part of professional practice where the contracting party is not the student at all but (for example) their employer. That may be particularly the case for certain kinds of professional diploma. In those circumstances, the contract would not be made with a consumer and the student's employer could reasonably be expected to ensure that the terms are fair without the need for special protection. But those would not be a typical undergraduate course or indeed a typical DPhil.

Other considerations

389. In this analysis, I have had regard to the fact that universities are organised differently and have a different role economically, socially and culturally in different member states of the EU.
390. The relationship between university and student is not the same in all member states: some member states may resist the idea of a university being a service provider (see the submissions of Austria and Belgium in the *De Grote* case) and a student a “consumer”. In some EU countries, students may have to pay less out of their own pockets for an undergraduate education and aspects of the CMA’s (and my) reasoning for treating such students as consumers may not apply. Nonetheless, in any modern university setting, sufficient of them are likely to apply for it to be likely that, had the issue of whether an undergraduate student in any country was a consumer for the purpose of the UCTD to have come before the CJEU (or to do so in future), it would conclude that it was.

The position of DPhil Students – general

391. I have set out at length the approach to dealing with employees and undergraduate students and can now come to the ways in which DPhil students share relevant similarities and differences.
392. First, as with undergraduates for a significant number of jobs and professions, a DPhil or its equivalent is either an absolute requirement or is, in practice, essential. That is true for a career in scientific academia and increasingly true for a career in academia more generally especially if a student may wish to work in countries where that is an even stricter requirement at many universities than in the United Kingdom. I think this is a matter of which judicial notice may properly be taken even though there is no evidence of this as such. To that extent, like an undergraduate degree, a DPhil may be akin to an essential purchase for certain kinds of students. It may also be regarded as akin to a professional qualification.
393. Second, while a much smaller proportion of the UK population become DPhil students than undergraduates, the absolute numbers are significant and a significant number also come from overseas to undertake research here. The reasons for ensuring that they are protected apply just as much as for undergraduates.
394. As with UK students, given the cost of undergraduate education, a significant number of doctoral students are inherently likely to enter a DPhil program with some debts. Foreign DPhil students may have those as well or different vulnerabilities. As with undergraduate education, it has been the policy of successive governments to encourage post graduate students to come to the UK

to pursue their research and education. But the fact that they may come from overseas may make it less likely that they would feel able to challenge any contractual provisions required by respected UK universities for the reasons given above.

395. Third, as with undergraduates, when prospective post-graduates enter into contracts with universities for their DPhil education, they may well not be very experienced with commercial matters although they are likely to be much more so than school students. It is inherent in the desire to undertake a DPhil that a student is likely to be motivated by a love of their subject and a wish to make a contribution to it. That may mean that a student may not focus particularly on detailed commercial terms of a contract for a DPhil which are not central to that activity. That said, it is likely that they will be better equipped than school students and, in the sciences may be more savvy about IP matters in particular, since these are quite a hot topic of university discussion. However, even with such students it is not clear that awareness of terms gives them a real ability to influence them. In some subjects, there may be a handful of institutions where a student can pursue their graduate education in a field they wish especially in the sciences where high specialisation of some faculties is common. Overall, I think there is sufficient commonality with undergraduates in this respect.
396. Fourth, DPhil contracts are likely to be entered into at a time of less specific stress than undergraduate contracts and may involve considerable interaction between potential supervisors and students who each have to be happy with the prospective relationship. Nonetheless, this does not seem to me to mean that a DPhil student is not in a weaker position with respect to contractual terms in the manner in which that concept is understood in the CJEU case law.
397. Fifth, contracts for DPhils may require at least some students to make significant payments to universities or higher education institutions by way of tuition and other fees. For UK students, these may be lower than undergraduate fees but for overseas students these may be significant, especially for certain science subjects. However, many DPhil students receive support from funding bodies (or even the university itself with which they are contracting) but they may also have significant costs over the long term of a DPhil (3-4 years). As with undergraduate education, the overall cost of attending university as a DPhil student may be significant, and may not be covered (or fully covered) by a stipend or other support.
398. I also think that making decisions as to whether an individual was or was not a consumer based on whether they received funding for one or more aspects of their study is undesirable and may create distinctions between students which do not seem to make a great deal of sense in this context.

399. If only unfunded DPhil students were to be treated as consumers, funded students would be unable to challenge any of the university's terms under this legislation. But funded students as a class may stand in greater need to mount such challenges to things like IP policies since the fact that they are funded may mean that they are as a class more likely to make inventive contributions in the course of their work. Nor do I think it can be right to draw lines at precisely how the funding is provided. In the UK there is research council money administered by the universities for many DPhil projects but it would be somewhat odd if a DPhil student was regarded as a consumer if she received funding from (say) a parent but not if funded by a research council. There are potential difficulties in this area because some higher level students may be funded by an individual's employers. I think such cases would need to be looked at separately and it is possible that different considerations may apply. However, in general I do not think that the issue of source of funding should affect the issue and there is no reason under the UCTD why it should.
400. I have considered whether in the case of a DPhil funded through a university it is right to treat the student as akin to a prospective employee since, quite often, DPhils will stay on in a lab where they did their doctorate as researchers and doing a DPhil is the first stage of professional training. That kind of argument has some force but I do not think it is sufficient to displace the other points and was not advanced in these terms by Oxford which rested its case more on the *Gruber/Benincasa* approach.
401. Sixth, as with undergraduate courses, switching universities once on a DPhil course is not always straightforward for similar reasons.
402. Seventh, again as with undergraduate courses, it is not clear that either prospective students or students subject to the terms in question are likely to be well-equipped with information about them although DPhil students might be expected to be able to find this out more readily.
403. Eighth, the position of universities and higher education providers as, among other things, major commercial enterprises is the same. Universities have bodies like the IPAG (see below) to provide specific guidance even on IP terms. In contrast DPhil contracts are likely to be "one off" contracts for a student. Few students are likely to have the capacity to match universities in that respect and fewer make many repeat contracts for their higher education. The imbalance in negotiating information, experience and ability of a prospective undergraduate student to drive contractual terms with universities is therefore present here as well.
404. Ninth, because DPhil students are not employees, they are not entitled to the range of protections available to those in employment with respect to contractual terms.

Accordingly, like undergraduates, unless they are subject to consumer protection under the UCTD or equivalent legislation, it is hard to see what provisions readily protect such students from the imposition of unfair terms by those with whom they contract for those educational services.

405. Finally, as with undergraduates, no arguments have been advanced to the effect that making universities and higher education providers subject to consumer under the UCTD with respect to DPhil students would be unduly onerous or unfairly burdensome on these institutions. Nor has any point been made that there is (or was) an adequate alternative external regulatory regime in place at the time which would have ensured that contracts of this kind were not unfair.
406. I am not aware of any regulatory regime other than the UCTD which would have had any real value in doing so. It is true that the more an institution falls under a given regulatory regime, the more regulatory burden that may impose but, since universities and higher education providers must already treat undergraduates as consumers and have the machinery in place to ensure that is done, the incremental resource required to do that for DPhil students is likely to be modest. However, I take account of the fact that in the years since the legislation has been in place this is the only report of a challenge to a university's terms in this country which suggests that the regulatory burden is not likely to be very heavy or is easily complied with. Moreover, it may be reputationally advantageous to a university to be subject to a regime of this kind because it shows that it will treat DPhil students fairly.
407. More specifically, it is not easy to understand what purposes to which the UCTD is directed would be served by relieving such institutions of a duty to ensure that contracts for educational services they make with DPhil students do not contain terms which are significantly unbalanced and/or contrary to the requirement of good faith to their students' detriment. I have noted above that this is not a particularly demanding requirement and it is just as much in the public interest for such institutions to review their contractual terms to ensure that this is the case for DPhil students as with any others.
408. I have considered the diversity of students (including DPhil students) referred to in the Table above and have not been able to identify relevant distinctions which would lead to it being appropriate not to regard a DPhil student as a consumer.
409. Finally, I note that UKRI is in the process of a consultation for a New Deal for Postgraduate research to which significant contributions have been made including by individual research councils. I have not been able to consider all of that material and it is only tangentially relevant but the general tenor of the material is a desire to improve the postgraduate (including DPhil) experience in

various ways. UKRI has developed an initial four focus areas to address in this programme of which one is rights and conditions. Nothing in that material suggests that it is undesirable to afford consumer protection rights to DPhil students or that the UCTD properly and purposively interpreted should not do so. If anything, it supports the value of doing so.

Conclusion on consumer status of DPhil students – general

410. I therefore consider that a DPhil student is normally entitled to be treated as a consumer under the UCTD and that it does not matter for this purpose whether the student is undertaking that educational qualification with a view to her career, profession and/or professional advancement.
411. I reach that conclusion applying the approach the case law of the CJEU requires to be applied to such contracts and, in particular, in *Costea* and *Pouvin*.
412. I have explained above that I do not think that the “dual-purpose” test is helpful to analyse the situation under the UCTD, whatever its utility under the Brussels Regulation. For the reasons I have explained, I do not regard the approach of *Benincasa* and *Gruber* as pertinent to this situation.

Consumer status of Mr Jing – specific factors

413. I must consider as well whether there are other features of Mr Jing’s situation which mean that he should not be treated as a consumer with respect to his DPhil contract.
414. Oxford makes a number of arguments in this regard.
415. First, it points out that, prior to working with Professor Kapanidis at the University, Mr Jing was working as a research scientist at the University of Tübingen and had over four years’ experience working in labs as a post-graduate. It does not seem to me that the fact that a student has previously worked at a university or elsewhere means that the DPhil is undertaken to the purposes of a trade or profession or that the student is not on that account to be treated as a consumer. That would contemplate the kind of analysis that Heriott-Watt was proposing to undertake which, for reasons explained, is not applicable under the UCTD. Moreover, there is no reason why what a student has previously done or not done should disqualify her from protection under the UCTD if she otherwise qualified.
416. Second, Oxford relies on the fact that Mr Jing proactively contacted Professor Kapanidis on 4 November 2012 to enquire about the possibility of working in Professor Kapanidis’ lab as a DPhil student (see the factual analysis above) and

that Mr Jing specifically targeted Professor Kapanidis' lab because of his relevant expertise. I do not think that the nature of the pre-contractual correspondence and who contacted whom can determine this issue. It may be chance whether a given student contacts a professor with a view to applying or a professor suggests to a student that he or she should apply. It would be undesirable if the applicability of consumer protection law depended on the order of pre-DPhil correspondence and there is nothing in the case law to support that kind of distinction.

417. Third, Oxford says that whilst Mr Jing would commence his DPhil in October 2013, it was agreed that he would start work in the lab in March 2013 on a paid internship and that the work carried out during Mr Jing's paid internship and the work carried out during his DPhil were similar in nature in that, throughout, Mr Jing was a member of Professor Kapanidis' Research Group, *inter alia* developing the Nanoimager under Professor Kapanidis' supervision.
418. This point has more substance in that it amounts to saying that when he enrolled for the DPhil, Mr Jing was changing his status from that of employed intern to DPhil student but was not changing the substance of what he was working on. It might be said that it would be anomalous if the change of status from employee to DPhil student meant that loss of his employment status in his former role (in which qua employee on a project, Mr Jing was relatively poorly protected with respect to the fairness of intellectual property terms and others) led to a gain in his status as a consumer in the latter role (in which, qua consumer working on the same project, Mr Jing was entitled take advantage of the full apparatus of consumer protection laws to evaluate the fairness of those and other terms).
419. However, after some hesitation, I do not consider that this point is decisive either. The status and incidents of contracting as employee and DPhil student are different in numerous respects and the fact that as an employee Mr Jing would not have been able to complain about the terms in the same way as a consumer does not seem to me to affect the position. For reasons explained below, I consider that this point has some relevance to how the evaluation of the fairness of the intellectual property terms in question is undertaken.
420. The fact that they may be undertaking tasks similar to that of an employee in some respects makes it particularly important to consider under the head of fairness whether DPhil students are put into a worse position than comparable employees in respect of that or similar work undertaken in their graduate studies.
421. Fourth, Oxford says that Mr Jing undertook the DPhil, at least in part, for the professional opportunities that might be afforded to him as a result. That is true but, for reasons given above, the fact that a student undertakes a course in part because it may afford better professional opportunities for him or her in future is no basis for contending that he or she is not a consumer. It is also true that Mr

Jing entered into the DPhil Contract for the progression of his career and to continue his professional development. This was probably the dominant purpose for which he entered into the DPhil Contract. In that he was in a position no different from that of many other doctoral students and undergraduate or postgraduate students. That is not enough for Mr Jing to fall outside the UCTD definition of a “consumer” with respect to his DPhil Contract.

422. Fifth, Oxford relies on the fact that Mr Jing’s DPhil was fully funded (tuition and college fees) and he received £1,300 per month as a stipend.
423. Again, for reasons given above, I think this is a relevant factor but is not decisive. It might be said that it is anomalous for a university to treat a student as a consumer when the institution is paying them to attend it. However, undergraduates too may receive scholarships or financial support from various sources for their study. Undergraduates also receive student loans and grants. The fact that they are provided with resources with which to pay the university or higher education provider’s fees under the contract does not determine whether they are a consumer any more than would the fact that they received money from a relative or external funding body to do so. As to receipt of a stipend, again that is more akin to receipt of a maintenance grant or loan. I do not think it makes Mr Jing any less a consumer in respect of the DPhil Contract.
424. It may also appear anomalous to treat as a consumer a research student who is being paid to undertake research by the higher education institution itself. However, in my view, the better view, given the approach that EU law takes to treating the concept of a consumer as a broad one under this specific legislation, is to treat the fact that a student is given a grant by the institution at which he or she is a student as not thereby depriving the student of the right to be treated as a consumer but to take that matter into account in determining whether the terms are fair.

Overall conclusion on the consumer issue

425. In my view, first DPhil students are prima facie to be treated as consumers within the meaning of the UCTD and second Oxford has not shown that Mr Jing’s circumstances were such that it would be wrong to treat him as a consumer in entering into the DPhil Contract he did.
426. However, some of these considerations are nonetheless relevant to whether the terms in the DPhil Contract are unfair because the closer a DPhil student is to an employed researcher in actual work and status, the less unfair it is to treat the DPhil student in the same way as one would treat an employed researcher as I discuss in the next section.

VI. UNFAIR

427. The final set of issues relate to whether the terms vesting the relevant intellectual property in the University were unfair. This involves considering three matters:

- (1) The general approach required by the UCTD to determine whether a term in a consumer contract is unfair.
- (2) How the approach should be applied to intellectual property rights provision in contracts between universities and DPhil students.
- (3) Whether the IP Provisions were unfair to Mr Jing, having regard to the relevant principles?

General approach to “unfair” under the UCTD

Statutory provisions

428. Article 3(1) UCTD provides (emphasis added):

“A contractual term which has not been individually negotiated shall be regarded as unfair if, **contrary to the requirement of good faith, it causes a significant imbalance in the parties’ rights and obligations arising under the contract, to the detriment of the consumer.**”

429. This test was replicated in regulation 5(1) UTCCRs. The UTCCRs additionally provide that, when carrying out the fairness evaluation, reference should be made to:

“...the nature of the goods or services for which the contract was concluded and by referring, at the time of conclusion of the contract, to all the circumstances attending the conclusion of the contract and to all the other terms of the contract or of another contract on which it is dependent”.

All terms relevant

430. The requirement to consider all of the terms is consistent with the jurisprudence of the CJEU as it has recently confirmed in Case C-511/17 *Lintner* [2020] 3 CMLR 21, the CJEU where it summarised the effect of the relevant case law applicable to this dispute as follows (emphasis added):

“46 In that regard the Court has noted that, in accordance with Article 4(1) of Directive 93/13, the national court must, in order to determine

whether the contractual term on which the claim brought before it is based may be unfair, **take account of all of the other terms of the contract** (judgment of 21 February 2013, *Banif Plus Bank*, C-472/11, [EU:C:2013:88](#), paragraph 41).

47 That obligation to take account of all the other terms of the contract concluded between a professional and a consumer can be explained by the fact that the examination of the contested term must **take into account all the elements that may be relevant to understanding that term in its context, in so far as, depending on the content of that contract, it may be necessary, for the purpose of assessing whether that term is unfair, to assess the cumulative effect of all the terms of that contract** (see, to that effect, judgment of 21 April 2016, *Radlinger and Radlingerová*, C-377/14, [EU:C:2016:283](#), paragraph 95).”

431. Two points arise from that.

432. First, neither the UTCCRs nor the CJEU case law require the court to consider how the term in question in other previous contracts with the same or similar wording has actually operated in practice. The UTCCR requires the fairness evaluation to be made at the time the contract is made. Nonetheless, it seems relevant, especially in evaluating good faith and also whether the terms create a “significant” imbalance, whether the term in question is capable of being applied unfairly and actually is. This is of some significance in this case because aspects of the unfairness challenge relate to the alleged rigidity of the IP Provisions as regards allocation of rights and the possibility that the terms give the University the right to act unfairly even if that is not exercised in practice. That issue was touched on indirectly in *Radlinger and Radlingerová* cited in *Lintner* above where the question arose as to whether a set of terms were unfair even though they might not all be invoked together in practice. The CJEU said:

“92 By its fifth and sixth questions, which it is appropriate to examine together, the referring court asks, in essence, whether the provisions of Directive 93/13 must be interpreted as meaning that, **in order to assess whether the amount of compensation required of a consumer who does not fulfil his obligations is disproportionately high, within the meaning of point 1(e) of the annex to that directive, it is necessary to evaluate the cumulative effect of all the penalty clauses in the contract in question, regardless of whether the creditor actually insists that that they all be satisfied in full and whether, as regards those terms the unfairness of which has been recognised, the national courts must set aside application of all those terms or merely some of them.**

93 To answer those questions, it must be borne in mind, firstly, that the annex to which Article 3(3) of Directive 93/13 refers contains an indicative and non-exhaustive list of the terms which may be regarded as unfair, including, under point (1)(e) of that annex, those which have the object or effect of ‘requiring any consumer who fails to fulfil his obligation to pay a disproportionately high sum in compensation’.

94 In the assessment of any unfairness of a contractual term, Article 4(1) of Directive 93/13 states that the answer should be reached taking into account the nature of the goods or services for which the contract was concluded and by referring, at the time of conclusion of the contract, to all the circumstances attending the conclusion of the contract (see, to that effect, order of 16 November 2010 in *Pohotovost*, C-76/10, EU:C:2010:685, paragraph 59, and judgment of 9 July 2015 in *Bucura*, C-348/14, [EU:C:2015:447](#), paragraph 48).

95 Thus, and as the Advocate General noted in point 74 of her Opinion, it is necessary to assess the cumulative effect of all such terms of an agreement concluded between a consumer and a seller or supplier. Such an assessment is justified, **since all those terms are applicable, regardless of whether the creditor actually insists that that they all be fully performed** (see, by analogy, judgment of 10 September 2014 in *Kušionová*, C-34/13, [EU:C:2014:2189](#), paragraph 42)”

433. Second, although this suggests that the terms must be evaluated as a whole to consider the circumstances in which they might apply, I do not read this passage as excluding from consideration whether at the time the contract was made the student in question had reason to believe that the terms (in so far as they provided flexibility) would be operated unfairly or would be treated as applicable in circumstances where it would not be reasonable to do so. This may broadly be described as requiring consideration of practical as well as theoretical unfairness.
434. It does not seem an appropriate interpretation of the UCTD to say that merely because it is possible to think of situations in which a particular set of terms may be interpreted, operated or applied in an unfair way, it follows that the terms are unfair, particularly if, as applied to the particular consumer challenging them, they operated fairly and there is no evidence that they have in fact operated unfairly against anyone else. There are some situations in which a supplier can legitimately say that it was never its intention to apply the terms in a way which would be regarded as unfair, has never done so, had not regarded the terms as applicable to situations in which it would be unfair for them to operate even

though (for example, on one interpretation of an imperfectly drafted provision) they may be.

435. That kind of situation may give rise to a need on the part of the supplier to change the terms when the issue is pointed out. However, (and I believe this is highly fact sensitive) such a situation may enable a supplier to say that even if the term could have operated to create an imbalance to a given consumer's detriment, not only did it not in fact do so in the case in question, but in so far as it might have done, the term did not create a "significant" imbalance and/or was entered into in good faith.

"causes a significant imbalance"

436. As to this aspect of the test, in *DGFT v First National Bank* [2002] 1 AC 481, Lord Bingham said, at [17], (emphases added):

"The requirement of significant imbalance is met if a term is so weighted in favour of the supplier as to tilt the parties' rights and obligations under the contract significantly in his favour. This may be by the granting to the supplier of a beneficial option or discretion or power, or by the imposing on the consumer of a disadvantageous burden or risk or duty. The illustrative terms set out in Schedule 3 to the regulations provide very good examples of terms which may be regarded as unfair; whether a given term is or is not to be so regarded depends on whether it causes a significant imbalance in the parties' rights and obligations under the contract. This involves looking at the contract as a whole."

437. Although the focus is on the term in question, this formulation contemplates consideration of whether the contract as a whole tilts the balance significantly in favour of the supplier. It is, for example, possible that one term may do so but that may be counterbalanced by another term which tilts the balance the other way. All of the parties' rights and obligations need to be considered, not just those arising out of the term in question. This approach encompasses, among other things, considering whether the contract is likely to result in a wholly disproportionate and unjust enrichment (in the loose rather than legal sense) of or benefit for the supplier at the expense of the consumer, albeit with the important caveat that the UCTD is not designed to act as a mechanism for price regulation or control.
438. In *First National Bank*, Lord Millett said at [54], there can be no one single test of this, and it is necessary to consider all the circumstances of the case, which may include:

"...the effect of the inclusion of the term on the substance or core of the transaction; whether if it were drawn to his attention the consumer would be likely to be surprised by it; whether the term is a standard term, not merely in similar non-negotiable consumer contracts, but in commercial contracts freely negotiated between parties acting on level terms and at arms' length; and whether, in such cases, the party adversely affected by the inclusion of the term or his lawyer might reasonably be expected to object to its inclusion and press for its deletion. The list is not necessarily exhaustive; other approaches may sometimes be more appropriate."

The relevance of rules of national law in the absence of the agreement

439. The issue of significant imbalance was also addressed by the CJEU in Case C-415/11 *Aziz* [EU:C:2013:164](#), which is now the leading CJEU authority. The court said at [68]:

“As stated by the Advocate General in point 71 of her Opinion, in order to ascertain whether a term causes a ‘significant imbalance’ in the parties’ rights and obligations arising under the contract, to the detriment of the consumer, **it must in particular be considered what rules of national law would apply in the absence of an agreement by the parties in that regard. Such a comparative analysis will enable the national court to evaluate whether and, as the case may be, to what extent, the contract places the consumer in a legal situation less favourable than that provided for by the national law in force.** To that end, an assessment should also be carried out of the legal situation of that consumer having regard to the means at his disposal, under national legislation, to prevent continued use of unfair terms.”

440. This approach of making a comparison with the provisions of national law which would apply in the absence of the agreement lay at the heart of the CJEU’s decision in that case. It was reflected in the *dispositif* where the court said that the situation:

“...must be assessed in the light of an analysis of the rules of national law applicable in the absence of any agreement between the parties, in order to determine whether, and if so to what extent, the contract places the consumer in a less favourable legal situation than that provided for by the national law in force. To that end, an assessment of the legal situation of that consumer having regard to the means at his disposal,

under national law, to prevent continued use of unfair terms, should also be carried out.”

441. The context in which that was said was one in which the contract involved terms less favourable than the general law would have provided on specific matters. However, in my view, the general approach of considering a comparison of the consumer’s position with and without the term in question is of wider application. It requires some care to be taken in identifying the appropriate counterfactual situation. That is, in part, because a term cannot be taken in isolation. The term in question might only have been included if also accompanied by other terms or aspects of the contract. At the most basic level a term in a contract for the transfer of title of property cannot normally be assessed for fairness without considering whether the contract contains other terms which, for example, involve payment of a reasonable price for it.
442. The CJEU also noted at [71] that the assessment of the unfairness of a term must take into account the nature of the goods or services for which the contract was concluded, "all the circumstances” of conclusion of the contract, and the consequences of the term.
443. Those principles and the approach to applying them were summarised and developed by Lords Neuberger and Sumption in their joint judgment (with which the majority of the Supreme Court either joined or agreed) in *ParkingEye v Beavis* [\[2016\] AC 1172](#), at [105]-[106]. The key passage bears setting out in full since the Court referred to important points made by the Advocate General in her speech in *Aziz* which, although not picked up expressly by the CJEU in the language they used, are consistent with the judgment. The passage is as follows (emphasis added):

“105...*Aziz* was a reference from a Spanish court seeking guidance on the criteria for determining the fairness of three provisions in a loan agreement. They provided for (i) the acceleration of the repayment schedule in the event of the borrower’s default, (ii) the charging of default interest, and (iii) the unilateral certification by the lender of the amount due for the purpose of legal proceedings. The judgment of the Court of Justice is authority for the following propositions:

- 1) The test of “significant imbalance” and “good faith” in article 3 of the Directive (regulation 5(1) of the 1999 Regulations) **“merely defines in a general way the factors that render unfair a contractual term that has not been individually negotiated” (para 67). A significant element of judgment is left to the national court, to exercise in the light of the circumstances of each case.**

2) The question whether there is a **“significant imbalance in the parties’ rights”** depends mainly on whether the consumer is being deprived of an advantage which he would enjoy under national law in the absence of the contractual provision (paras 68, 75). In other words, this element of the test is concerned with provisions derogating from the legal position of the consumer under national law.

3) However, a provision derogating from the legal position of the consumer under national law will not necessarily be treated as unfair. **The imbalance must arise “contrary to the requirements of good faith”. That will depend on “whether the seller or supplier, dealing fairly and equitably with the consumer, could reasonably assume that the consumer would have agreed to such a term in individual contract negotiations”** (para 69).

4) The national court is required by article 4 of the Directive (regulation 6(1) of the 1999 Regulations) **to take account of, among other things, the nature of the goods or services supplied under the contract. This includes the significance, purpose and practical effect of the term in question, and whether it is “appropriate for securing the attainment of the objectives pursued by it in the member state concerned and does not go beyond what is necessary to achieve them”** (paras 71-74). In the case of a provision whose operation is conditional upon the consumer’s breach of another term of the contract, it is necessary to assess the importance of the latter term in the contractual relationship.

106. In its judgment, the Court of Justice drew heavily on the opinion of Advocate General Kokott, specifically endorsing her analysis at a number of points. That analysis, which is in the nature of things more expansive than the court’s, repays careful study. In the Advocate General’s view, the requirement that the “significant imbalance” should be contrary to good faith was included in order to limit the Directive’s inroads into the principle of freedom of contract. **“[I]t is recognised,” she said, “that in many cases parties have a legitimate interest in organising their contractual relations in a manner which derogates from the [rules of national law]”** (para AG73). In determining whether the seller could reasonably assume that the consumer

would have agreed to the relevant term in a negotiation, it is important to consider a number of matters. These include

“whether such contractual terms are common, that is to say they are used regularly in legal relations in similar contracts, or are surprising, whether there is an objective reason for the term and whether, despite the shift in the contractual balance in favour of the user of the term in relation to the substance of the term in question, the consumer is not left without protection” (para AG75).

Advocate General Kokott returned to the question of legitimate interest when addressing default interest. She observed that a provision requiring the payment upon default of a sum exceeding the damage caused, may be justified if it serves to encourage compliance with the borrower’s obligations:

“If default interest is intended merely as flat-rate compensation for damage caused by default, a default interest rate will be substantially excessive if it is much higher than the accepted actual damage caused by default. It is clear, however, that a high default interest rate motivates the debtor not to default on his contractual obligations and to rectify quickly any default which has already occurred. If default interest under national law is intended to encourage observance of the agreement and thus the maintenance of payment behaviour, it should be regarded as unfair only if it is much higher than is necessary to achieve that aim” (para AG87).

Finally, the Advocate General observes that **the impact of a term alleged to be unfair must be examined broadly and from both sides. Provisions favouring the lender may indirectly serve the interest of the borrower also, for example by making loans more readily available** (para AG94).”

444. The following points merit comment.

445. First, the CJEU in *Aziz* was considering a case in which a key reason for alleged unfairness of the term was that it was less favourable than the provisions of the general Spanish law. The CJEU focussed on that and the Supreme Court also highlighted it in paragraph [105] quoted above. Neither decision can be

understood as saying that, in every case, the question of unfairness depends (or even mainly depends) on how the term changes the position from that the consumer would otherwise enjoy under English law. In some cases, it will be important, since national law may be presumed to have struck the correct balance, so that contracts which deprive a person of protection under that law stand in need of justification. In other cases, the quest for a comparator of that particular kind will be of less value because it may not be possible to identify a uniquely suitable comparator under national law for the terms taken as a whole.

446. Lord Mance drew attention to some of the problems involved in this. The relevant counterfactual might involve a situation in which a contract was quite different not merely one in which the contract was otherwise the same but excluding the term in question. He said at [208] of *ParkingEye* (emphasis added):

“208. Reliance is also placed on the Court of Justice’s emphasis in *Aziz* on the need to consider, first, what the position would have been under national law apart from the challenged term and, second, on whether the supplier could reasonably assume that the consumer would have agreed such a term in individual contract negotiations. Bearing in mind the need under the Directive and Regulations to consider all the circumstances, the Court of Justice cannot be taken to have been identifying considerations that would by themselves be conclusive, rather than relevant. That also reflects what Lord Millett said in the passage just quoted. **It is clear that, but for the agreement made when parking, Mr Beavis would not have had any right to park at all, and would have been liable to damages in trespass, for which it would, almost certainly, not have been worth BAPF’s while to pursue him. That would not have achieved any of BAPF’s aims, and cannot here be an appropriate comparator when assessing the legitimacy or fairness of the scheme put in place by BAPF and ParkingEye. In reality, BAPF would have had to make some entirely different arrangement, involving perhaps barriers with either machines to take payments or a car park attendant to cater for overstayers. But that would not mean that BAPF or ParkingEye could or would have lowered the charge for overstaying, which, as stated, had to be set at a deterrent level if their aim of encouraging a regular turnover of customers was to be achieved.**”

447. Second, the CJEU and the Supreme Court pointed to the fact that deciding whether a term is unfair involves considering whether such contractual terms were common and used regularly in legal relations in similar contracts (with the same party or in other like situations), or are uncommon, unusual or surprising in the context of such contracts. It may be highly relevant whether the term in issue,

similar terms or the general approach have been frequently used in other contracts without significant objection. Examples were the terms under consideration in the *ParkingEye* case, which had been used without objection in other parking contracts

448. The majority of the Supreme Court in *ParkingEye* thought that the term imposing the £85 overstaying charge was not unfair. Among the matters taken into account (see at paragraph [107]) were that charging overstayers £85 underpinned a business model which enabled members of the public to park free of charge for two hours. That aspect was regarded as “fundamental to the contractual relationship created by Mr Beavis’s acceptance of the terms of the notice, whose whole object was the efficient management of the car park” and that the charge was not higher than was necessary to achieve that objective. The court also took into account the fact that motorists generally (and Mr Beavis in particular) accepted the charge. It was true that the terms were presented to motorists on a take it or leave it basis, but as the court said: “...they could not have been briefer, simpler or more prominently proclaimed. If you park here and stay more than two hours, you will pay £85. Motorists could hardly avoid reading the notice and were under no pressure to accept its terms.”

Significant

449. For a term to be treated as unfair, it is not enough that it creates an imbalance in the parties’ rights to the detriment of the consumer. The imbalance must be significant.
450. This is illustrated by the decision of Ellenbogen J in *Longley v PPB Entertainment Ltd & Ors* [2022] EWHC 977 (QB) where a clause in a betting contract had the potential to exclude a consumer’s rights to hold a trader to a contract.
451. The judge held that there was an imbalance in the parties’ rights and that it operated to the detriment of the consumer but that it was not significant because (in essence) the clause only applied in limited circumstances as a safety net which did not affect the regular operation of the contract. In submissions I invited on case law not cited to me following circulation of a draft, ONI pointed out that in *Longley* the clause only applied when an error had been made by the bookmaker and that the safety net only applied in objectively reasonable circumstances and averted potential windfalls for the betting customer which that customer cannot have had any reasonable or legitimate expectation of obtaining when he or she entered into the contract.
452. While that is true, I do not think that this undermines the general thinking behind Ellenbogen J’s decision namely that the circumstances in which a term is likely to operate are also likely to be an important factor (albeit not a decisive one). If a

term operates very unfairly only in rare circumstances, the fact that those circumstances may be rare may still mean that the term as a whole is unfair. If a term has a regular and ongoing effect throughout the operation of the contract, it may be regarded as more significant. However, I think that kind of consideration must be applied with some common sense. I do not think a court should condemn a clause as creating a significant imbalance simply because, if it was interpreted in a particular way, it would be possible to identify circumstances in which it could be applied to do so but would not ordinarily so operate.

Good faith

453. The UCTD does not define “good faith” as such. The sixteenth recital in the preamble to the directive states (emphasis added):

‘Whereas ... the requirement of good faith may be satisfied by the seller or supplier **where he deals fairly and equitably with the other party whose legitimate interests he has to take into account**’.

454. In *First National Bank*, Lord Bingham said of this requirement at [17] (emphasis added):

“The requirement of good faith in this context is one of fair and open dealing. Openness requires that the terms should be expressed fully, clearly and legibly, containing no concealed pitfalls or traps. Appropriate prominence should be given to terms which might operate disadvantageously to the customer. **Fair dealing requires that a supplier should not, whether deliberately or unconsciously, take advantage of the consumer's necessity, indigence, lack of experience, unfamiliarity with the subject matter of the contract, weak bargaining position or any other factor listed in or analogous to those listed in Schedule 2 of the regulations. Good faith in this context is not an artificial or technical concept; nor, since Lord Mansfield was its champion, is it a concept wholly unfamiliar to British lawyers. It looks to good standards of commercial morality and practice.** Regulation 4(1) lays down a composite test, covering both the making and the substance of the contract, and must be applied bearing clearly in mind the objective which the regulations are designed to promote.”

455. In *Aziz*, the CJEU considered that the test involved the national court assessing whether the seller or supplier, dealing fairly and equitably with the consumer, could reasonably assume that the consumer would have agreed to such a term in

individual contract negotiations. This aspect of the test was referred to by the Supreme Court in *ParkingEye*, with the majority concluding that the hypothetical reasonable motorist would have agreed to be bound by the term imposing the charge (see at paragraph [109]), as most motorists did without complaint.

456. Advocate General Hogan noted in his opinion in Cases C-84, 222 and 252/19 *Profi Credit Polska* [EU:C:2020:259](#), at [101]–[104], that the CJEU has regarded “significant imbalance” and a “lack of good faith” as distinct elements but in the assessment of whether a term is unfair, in practice similar considerations arise under each part of the test. He considered that if a term provides for duties or obligations that “depart conspicuously from an average generally informed and reasonably attentive consumer’s legitimate expectations as to the content of a contract”, that term might be declared to be unfair (see paragraph [104]). In its submissions on the draft judgment ONI said that Advocate General Hogan considered that the better analysis was that there was a single test. However, he acknowledged that the jurisprudence of the CJEU had identified two criteria (“significant imbalance” and “good faith”). He said (emphasis added) at [101]:

Although I consider that the term ‘contrary to the requirements of good faith’ simply describes the situation that would have prevailed in the absence of a significant imbalance and, therefore, does not, as such, constitute a separate condition in its own right, **it must be acknowledged that the Court has ruled that Article 3(1) of Directive 93/13 lays down two criteria to define the notion of unfair terms, namely, on the one hand, that the terms are ‘contrary to the requirement of good faith’ and, on the other hand, the ‘existence of a significant imbalance, to the detriment of the consumer, between the rights and obligations of the parties under the contract’.**

It therefore seems to me in accordance with CJEU case law (and the wording of the UCTD) to appropriate to apply the two criteria separately. I do not think Advocate General had in mind a situation such as the present where doing so would make sense, because the circumstances in which the clause created a significant imbalance (or were inappropriately applied to do so) were likely to be so rare.

457. Thus, even if a term creates a significant imbalance it may nonetheless meet the requirements of good faith if it has not taken advantage of a consumer’s necessity, indigence, lack of experience, unfamiliarity with the subject matter of the contract or weak bargaining position (for example) and does not depart conspicuously from a reasonably attentive consumer’s legitimate expectations as to the content of a contract.

458. Consumers can sometimes make contracts with their eyes open which, taken as a whole, may create a significant imbalance to their detriment. But the overall terms and the circumstances in which they were made may nonetheless lead a court to conclude that the term of them was not contrary to good faith. Certain consumer contracts may involve individuals with no real vulnerabilities deciding to take particular kinds of risks (such as financial ones), in markets which may have some characteristics of speculation. In such situations, where one is dealing with experienced and risk-accepting individuals, familiar with the subject matter and not indigent, it may make sense to analyse the question of whether the term is unfair on the basis that it is in accordance with good faith for a contract to enable the consumer to take them, even if to their detriment. Just as not all employees are vulnerable merely because they are employees, so not all consumers are vulnerable merely because they are consumers. Indeed, a good deal of the case law under the Brussels Convention/Regulation has been developed in contexts where it would be very difficult to say that the individual in question was “vulnerable”. Quite often they are rich people doing rich people’s things such as investing a lot of money or chartering yachts.
459. The good faith aspect of the unfairness test may be of particular relevance in situations where, in all the circumstances, even though the contracting party may be a consumer, he or she can be expected to look after him or herself. This approach enables the court to strike a reasonable balance between ensuring that the UCTD provides effective protection for vulnerable consumers (which is one of its key purposes) but at the same gives appropriate weight to freedom of contract for suppliers (and consumers) for consumers who are not vulnerable. That accords with the approach of the majority of the Supreme Court as they applied the test to the facts of that case in *ParkingEye* and the Advocate General in *Aziz*.
460. Once it has been established that a term does create a significant imbalance, it should be for the supplier to show that it is nonetheless not contrary to good faith. A supplier may readily be able to do that by showing, for example, that the consumer in question (or class of consumers to which the term applied) was experienced, familiar with transactions of the kind in question and likely to be knowledgeable of all relevant facts and had accepted, the risks of detriment that the term in question may bring. However, in the light of the case law, I think a supplier may also be able to do so in the case of a contract which could operate unfairly in some situations to show that this was effectively an inadvertent feature of drafting and had not affected those subject to the terms unfairly, especially if the term is changed to take account of that once the issue is raised. I do not purport to state a general rule but only to outline approaches which seems to me appropriate to frame a general test.

Good faith with respect to terms which might be unfair if applied in a certain way

461. There are situations in which a term may be drafted so as potentially to catch a wide range of situations but in practice it is not applied with the strictness that its language would permit. There may also be terms whose impact may be unqualified but the supplier has the power to waive them. An example is a term providing for two interpretations. On one interpretation, the terms would not be regarded as unfair and would not result in significant imbalance and on the another interpretation the term would result in such an imbalance and would be regarded as unfair. Or there may be terms which would clearly be unfair in circumstances which could be envisaged but rare.
462. Suppose the supplier invariably applies the contract to consumers in accordance with the interpretation of the term favourable to the consumer even though the consumer considers that the “unfair” interpretation is the right one (or at least the contract is capable of being applied in an unfair way) is the term to be regarded as fair or unfair under the UCTD?
463. The case law cited to me does not address situations of this kind, although clauses in consumer contracts are to be interpreted in favour of the consumer. I have not been able to find material which provides a satisfactory answer to this set of issues. In my view, as a matter of principle, a consumer as a vulnerable party should not be subject to terms which are unfair on their better interpretation. However, the position may be more nuanced in cases where a supplier has a discretion to apply or disapply a term which, were it applied in all circumstances, might be unfair or where the terms might apply unfairly but only in very rare circumstances. In those cases, a potentially relevant consideration is whether, in practice, the term actually applies unfairly or the consumer has reason to think that it would.
464. The nature of the IP Provisions in this case mean that this issue falls to be considered because Oxford’s case is that, whatever the terms may provide, in practice they have been applied in such a way that they cannot be criticised under the UCTD.
465. Given the number of points arising in this case, it is undesirable to go into the possible responses the law may give to situations of that genus. There may be some situations where, notwithstanding the fact that a supplier may invariably apply a term in a fair way, the fact that it could be interpreted and applied in an unfair way is itself a significant detriment to the consumer.

The effect of wide terms

466. As considered in greater detail below, there are shades of this in the present case. According to one of the documents, some students at the University have referred to the width of the IP Provisions as having acted as a deterrent to their commercialisation activities with respect to intellectual property devised or made by that student in the course of their studies, even if the University did not ever (and would not think it appropriate to) apply the terms in all their strictness. Terms that not only a consumer but others may rely on may have a chilling effect and, it might be said that it is important that they should be clear.
467. I do not think there can be a general rule here. The court must evaluate the terms in question both on the basis of their language and in their context and consider whether the language (including any ambiguity and manner in which the term has been interpreted and applied) would or could reasonably be interpreted as resulting in unfairness to the consumer. In the case of terms to the detriment of the consumer which may or may not be applied by a supplier, in my view the court is entitled to consider the extent of the discretion given to the supplier to apply or disapply them, including the extent to which that happens in practice. In particular, the court must consider whether the discretion to disapply the terms removes a reasonable fear on the part of the consumer that the terms will be applied, despite the discretion not to do so. I do not think the discussion in Oxford's skeleton which involves parsing the IP Provisions in detail and examining them with the kind of filleting sometimes done to terms said to be in restraint of trade is appropriate in this case.

The unfairness test as it applies to terms assigning intellectual property rights in contracts for educational services with DPhil students

468. Having regard to the general principles set out above, in my view, the unfairness test as it applies to the position in this case can be summarised as follows, adapting the statements from the authorities to the context of a contract with a DPhil student:
- (1) The court must consider the effect of the IP terms as part of the contract for educational services as a whole. All of the terms relating to the subject matter in question must be considered.
 - (2) The impact of the terms must be examined broadly and from both sides.
 - (3) Account should be taken of whether provisions favouring the university assignee of IP rights may also indirectly serve the interest of the DPhil student assignor, for example by making more readily available student places for research as well as facilities – such as assistance with spin out

formation – for exploitation of IP rights as well as significant benefits from their exploitation.

- (4) In considering whether a term in a DPhil student's contract causes a significant imbalance in the parties' rights and obligations arising under the contract, to the detriment of the student, the court should have particular regard to what the position would be in the absence of the term. One factor is what rules of national law would apply in the absence of the terms but that is not the only relevant comparator in a case of this kind. In particular, it can be appropriate to consider what the position may be under the IP terms in contracts with individuals making contributions to research with similar characteristics (such as contracts of employment of post-doctoral students or other researchers and others in industry) in so far as they are regulated by national law and the position in other institutions of a similar kind.
- (5) As to "good faith" the court must consider whether the IP terms deliberately or unconsciously take advantage of a DPhil student's indigence, lack of experience, unfamiliarity with the subject matter of the contract, weak bargaining position and other similar circumstances.
- (6) The test as a whole involves deciding whether the IP terms depart conspicuously from an average generally informed and reasonably attentive consumer's legitimate expectations as to the content of a DPhil contract of this kind, whether such contractual terms are common, or are surprising, whether there is an objective reason for the significant imbalance to the consumer's detriment in the IP terms.
- (7) One important factor is whether the university could reasonably assume that the DPhil student would have agreed such a term in individual contract negotiations. A relevant factor in this evaluation is the extent to which the terms in question have been regarded as significantly unfair or has operated to create unfairness by others who are also subject to them.

The DPhil Contract

469. Applying the above to Mr Jing's DPhil Contract, Oxford contends that two questions must be determined: (1) does the term transferring ownership of IP to the University (paragraph 5 of the IP Statute) cause a significant imbalance between the University and Mr Jing to the detriment of Mr Jing? and (2) is that term contrary to the requirement of good faith?

470. Given the requirement that the terms to be looked at in the context of the contract as a whole, it is more appropriate to ask those questions of the IP Provisions in the DPhil Contract as a whole rather than to look only at the terms relating to transfer of IP to the University. It is necessary to consider what the student is getting in return.

The effect of the IP Provisions

471. The IP Provisions in force at the time including the changes to them made more recently are in **Annex 1**. They are not in the form of a contract whereby the intellectual property rights of the student (or other person subject to them) are automatically assigned to the University although they could be construed in that way and it is accepted that this is the effect. The provisions are somewhat unconventionally drafted but the overall intent and meaning is sufficiently clear.

472. First, the overriding provision is section 5 which provides that the University “claims ownership” of all intellectual property specified in section 6 of the statute which (in so far as relevant to this case) is “devised, created, made or created... (b) by student members in the course of or incidentally to their studies”.

473. That section has similar provisions for “persons employed by the University in the course of their employment” (section 5(a)); “other persons engaged in study or research in the University who, as a condition of their being granted access to the University’s premises and facilities have agreed...[that the terms shall apply to them” (section 5(c)) and “persons engaged by the University under contracts for services during the course of or incidentally to that engagement”. It seems to me that the latter sheds light on what is meant by “incidentally” in this section: it means, in effect, “for the purpose of” (section 5(d)).

474. Second, section 6(3) (so far as relevant for this case) provides that “The intellectual property of which ownership is claimed under section 5(1) of this statute comprises... “patentable and non-patentable inventions”.

475. That section also includes two other potentially relevant bases upon which the University may make a claim to a student’s invention. Section 6(2) refers to “works created with the aid of university facilities including (by way of example only) films, videos, photographs, multimedia works, typographic arrangements and field and laboratory notebooks” and section 6(5) refers to “university-commissioned works not within (1), (2), (3) or (4).” I do not understand the use of the words “not within” in that sub-section to mean that such commissioned works cannot also fall under one of the more specific clause: “not within” is more naturally construed as meaning “even if not within” or “otherwise than within” rather than “provided they are not within”. “Commissioned works” are then defined in section 8 as “works which the University has specifically employed or

requested the person concerned to produce, whether in turn for special payment or not.”

476. There are special exceptions to these provisions including making it explicit that the University will not claim ownership among other things of copyright in artistic works not listed in section 6(2), “books, articles, plays, lyrics, scores or lectures, apart from those specifically commissioned by the University”.
477. Section 9 provides that the Council may make regulations inter alia requiring student members to sign such documents necessary to give effect to the claim made by the University. This suggests that until such a further document is signed, the rights (or the legal title to them at least) may not vest in the University pursuant to a “claim” made by it. All of these sections are said to be “subject to the provisions of the Patents Act 1977”.

The more recent changes in the IP Provisions

478. First, it is noteworthy that more recent changes to the IP Provisions have not removed altogether the claim of the University to intellectual property created by student members and that has not been said to be objectionable as such by ONI.
479. These terms were modified in 2018 and the respects in which they have been modified and remained the same (and why) are relevant to the evaluation of whether the original terms were fair. The amended provisions remove the general references to intellectual property devised, made or created “in the course of or incidentally to their studies” and replace that with a different set of conditions for the University to make a claim.
480. The new provisions explained by Dr Gibbs provide that the University only claims intellectual property devised, made or created by a student in the following circumstances.
481. The first is if it was devised made or created “jointly with anyone else subject to section 5” (new section 5(3)(a)). That is a new provision and (see below) it is reflected in the IP policies of some other leading universities which have a similar provision. It is sensible. It would hardly be logical for a student working on a joint project with (say) her professor to be entitled personally to the intellectual property rights where her professor’s rights vested in the university pursuant to her contract of employment.
482. The second is if it was made devised or created “using University facilities or equipment (unless the terms of access for the facility or equipment provide otherwise)” (new section 5(3)(b)). This provision is similar to that in the old IP Provisions where works created with the aid of university facilities were claimed.

It is for question whether this results in a significant change with respect to patentable inventions in scientific research because, both under the old IP Provisions and the new ones, ownership of intellectual property in works made with “facilities” (old) or “facilities or equipment” (new) would be claimed by the University. This provision is prima facie reasonable although it is possible to envisage circumstances in which it might be unfair to make a claim simply because facilities (such as a library) had been used.

483. The third is if it was made, devised or created where that intellectual property is “subject to obligations... that the University owes to a third party” (new section 5(3)(c). Again, this is reasonable. One could envisage some theoretical circumstances in which the University accepted obligations to a third party to try to secure a student’s intellectual property rights in circumstances where that would be unreasonable but I regard that as unlikely to occur in practice. In all normal circumstances that kind of provision would operate reasonably.
484. The fourth is if it was made devised or created “using funding from the University (unless the terms of that funding provide otherwise” (new section 5(3)(d)). That is also reasonable. Where a student creates IP using university funding, they are more akin (in that respect) to an employee. Just as an employee may be paid to make inventions, so a university-funded student may (in part) be paid to do so. It is difficult to see why a student should be in a significantly different – and in particular better - position from that of an employed researcher in this respect.

The discussion about the new IP Provisions

485. The new IP Provisions were made following extensive discussions in the Intellectual Property Advisory Group (“IPAG”) triggered by concerns expressed by students as to the scope of student-created IP. These were discussed, inter alia, at an IPAG meeting on 9 November 2017.
486. Some of these discussions cast light of how the University itself regarded the (old) IP Provisions and their potential effect. The confidential minutes of that meeting record the fact that the (old) clause 5 of the IP Provisions (which employed the language “by student members in the course of or incidentally to their studies”) causes “most difficulty for students”. The IPAG, which was composed inter alia of senior professors and other academics in a number of departments, is recorded as having a general understanding that students own their IP unless it fell into one of three exclusions (“when supported by internal/external funding, or made extensive use of University equipment or facilities, or joint development with another member of the University”).
487. The Chair of the group proposed a change to the wording to state “what 5(1)(b) actually means and to remove incidentally to”. I think what was meant by “what

5(1)(b) actually means” in this document meant “what the University has treated 5(1)(b) as applying to” rather than saying that this was what, as a matter of pure language, it actually meant.

488. An amendment was proposed which (in essence) involved providing guidance as to what the statute was understood to apply, to with a view to amendment in the longer term. Dr Gibbs says that these new terms were “not intended to alter the University’s practice or policy in any way but instead to reflect more accurately the policy as it was understood and applied by IPAG (and the University)”.

489. The confidential minutes of that meeting record some concerns in a paper presented to that meeting about clause 5 of the IP Provisions. They make the following points.

- (1) Students are “reticent about approaching the University and OUI to discuss IP while others seek to avoid the University altogether”;
- (2) Much of this avoidance behaviour appears to be the result of “perceptions of university policy and practice with respect to IP”;
- (3) There were reports of “frequent questioning from students about their IP rights”;
- (4) “The University IP policy with regard to students has recently drawn calls for revision from several quarters”;
- (5) Students at Oxford have “criticised the University for seeking a breadth of IP ownership that is too wide”;
- (6) This has led to “many anecdotes” of students delaying the formation of businesses until they leave the University in order to avoid having to lose IP, criticism in a Nature paper written by an Oxford student about the extent of the University’s equity stake in spinouts and students writing to their MP.”
- (7) The ambiguity of the wording in the University statutes on intellectual property ownership has led to “frequent referral for determination from OUI and Research Services...”

490. There was also reference to the OFT Guidance to which I have referred above and to the IP policies of some other UK and US universities.

491. One point made in those minutes is of some significance. This stated (emphasis added):

“[Section] 5(1)(b) [of the IP Provisions] is **potentially open to interpretation in such a way that almost anything that a student does during their time at Oxford could be included. It has been suggested that even the knowledge they may gain from their studies constitutes IP incidental to their studies, which would be claimed by**

the University and could not be used in a startup or for a future employer without University consent. Such a position would be difficult to justify, any more than we could seek a portion of future salary, and past practice has certainly been much more liberal in interpreting the rules.”

492. This is relevant in evaluating the fairness of that term because it suggests that the of the term in issue was taken by, at least some who are subject to it, as being of considerable width. I understand the point made by Dr Gibbs that the term was not in fact applied to have that effect but that does not alter the fact that some students regarded this as being its effect. This is therefore a situation in which it is not fanciful that the term in question might have been interpreted as applying in situations which the University recognised would be difficult to justify. There was further discussion of these terms at later IPAG meetings but the 9 November 2017 IPAG meeting stands out.

Significant imbalance – arguments

493. I now return to the arguments on significant imbalance. It is convenient to consider first Oxford’s broad justifications for these terms and then ONI’s criticisms.

494. Oxford argues that the term vesting ownership of the intellectual property in the University did not cause a significant imbalance to the detriment of Mr Jing. It relies on a number of points.

495. First, it argues that, while it was true that the term under challenge transferred IP to the University that would otherwise have remained with Mr Jing, this was balanced by the fact that the IP Statute and Regulations also provided significant benefits for Mr Jing. These were rights or in some cases opportunities akin to entitlements:

- (i) to be remunerated fairly and potentially very generously through royalties and, potentially, an equity stake in any spin-out company;
- (ii) to receive significant assistance (financial, commercial and advisory assistance) in protecting and commercialising the IP; and
- (iii) to be protected against product liability claims arising from the exploitation of the IP.

496. Oxford contends that it is artificial to compare the ownership of IP with and without paragraph 5 of the IP Statute in isolation, without reference to the wider impact of the IP Statute and Regulations in their context and, in particular, without consideration of the practical reality.

497. They point out that, without the term transferring ownership, Mr Jing would have owned the IP (if it had been applied for and protected at all) but would not then have been in a position to exploit that IP without another commercial partner. Any different partner, they argue, would inevitably have required some transfer of rights (either by way of licence or assignment of the patents) in exchange for royalties and/or some form of equity stake or some other form of similar payment. Such a partnership may have differed from the combined effect of the IP Statute and Regulations as they say “in detail but not in substance” and Mr Jing’s overall position would have been no different. It might have been better but, equally, it might have been worse and potentially a lot worse.
498. Oxford also argues that the clause making a claim to the rights, properly interpreted is not as wide as ONI contends and that it has only been applied in circumstances where it is reasonable to do so and that in fact the IP Provisions have very significantly benefitted university academics. They point to the fact that less than 5% of all projects have reached “Band 2” of the revenue distribution thresholds (i.e. returning net royalty income over £50,000) which means that over 95% of projects have not produced a financial return to the University by way of licensing revenue at all, with the researcher(s) receiving 86.2% of the royalty income and the remaining 13.8% being allocated to pay the University’s employer costs.
499. ONI responds to these points by contending that Oxford’s approach to the allocation of intellectual property rights is a blanket one applying to work done in the course of or incidentally to a student’s studies, regardless of other circumstances.
500. It is (it is said) less favourable as to entitlement to share in benefits than that of other major research institutions and that the way in which the benefits are allocated does not distribute those benefits from the rights fairly between those actually responsible for making the patentable inventions in question allocating (in this case) too small a share to Mr Jing and too large a share to others in the department, the University and investors. It also says that the terms unfairly exclude court or other similar redress.
501. There is a difference in how the parties have addressed the issue. Oxford has focussed on the individual position of Mr Jing and whether the terms operated unfairly to him. ONI has addressed this too but has also considered the wider question as to how the terms in question affected other DPhil students regardless of his position.
502. I adopt the overall approach of the case law referred to above and start by examining these points by reference to key comparators. I do not say these are the only possible comparators in the light of Lord Mance’s observation in

ParkingEye about the difficulty of identifying appropriate counterfactuals but they seem reasonable and both sides made some reference to these in their arguments. They also operate as a kind of cross check on other potential comparators. I also propose to do so by reference to the general position of a DPhil student in the first instance and then consider whether Mr Jing was in any different position. In some cases, I deal with the points briefly, in others it is appropriate to add some commentary on the three situations.

- (1) First, the position a DPhil student would have been in, in the absence of the terms in question, namely under the general law.
- (2) Second, the position a DPhil student would have been in, had he or she been an employed post-doctoral research worker in the same laboratory working on the same or a similar project – i.e. where the individual was performing the same tasks at a more senior level as an employee within the same institution and subject to the terms applicable to that kind of individual.
- (3) Third, by reference to the intellectual property rights terms in other institutions to which ONI draws attention.

(i) The position of a DPhil student in the absence of the terms in question

503. But for the terms in question, under the general law, since a DPhil student is not an employee, he or she would have been entitled to the sole rights in his inventions as a matter of English law, subject to having been the sole deviser. Moreover, (subject to any conditions of a funding body) such a student would not have been subject to a provision which vested patent rights in the University where the invention was made in the course of or incidental to the student's studies. To that extent, the student would have been better off.
504. However, in those circumstances the student would not have had rights to call on the University for assistance in obtaining patent protection. Nor any rights to participate in any royalty streams from exploitation or to any equity in any spin out company. A student would have had to undertake that work either self-funded or with support from elsewhere. In such a situation, a student may be formally "better off" and may have more control over rights if obtained but the downside may be that those rights may be harder to obtain, enforce and monetise. Moreover, in such a situation, instead of the University being a sort of partner or supporter in commercialisation of the rights, one could envisage the University being a commercial adversary, with potential disputes arising about whether the student had used confidential information of the University in making the inventions in question, whether other academics had rights either in the invention or rights which may be relevant to the project and so forth. A student could be better off in terms of raw entitlement but worse off in several other respects.

505. The present case illustrates the potential issues. The Internship Invention patent rights are owned by the University as a result of having been created by an employee. As it happens this was also largely Mr Jing but, in principle, it might have been largely Dr Le Reste, had he stayed. So even if Mr Jing owned the rights to the inventions made during his DPhil (assuming both sets of rights were needed for the Nanoimager project to proceed) it is possible that there could have been a stalemate in exploitation. There is a potential commercial advantage in all rights relating to a project or product, regardless of by which individual in a department they were made, being pursued and treated together. So the position may be more nuanced than it appears at first sight.

(ii) The position of comparable employees subject to similar IP terms

506. ONI does not contend that there would be any basis for challenging the IP Provisions as they applied to employees of the University engaging in research in a similar way. As noted above, under s.39 of the Act, UK patent rights vest by statute in an employer in certain circumstances, although the position may be different in different countries. It is true that the IP Provisions go wider than s.39 in providing for the circumstances in which patent rights vest in a student than they would for an employee. To that extent, these terms provide for a disadvantage to students including DPhil students which does not affect employees.

507. To take an example: an employed researcher would be able to say that rights in inventions he or she made while (say) at home in the same field but which were not part of duties assigned to the employee belonged to the employee alone. It is less clear that a student would be able (or more strictly would have been able) to escape a claim from the University that such an invention was undertaken “incidentally” to the student’s studies. To that extent, in my view, the concerns expressed in the IPAG itself about this working of the IP Provisions were justified.

508. However, an employed researcher at Oxford would have substantially the same benefits (in terms of rights to share in benefit) as a student under the IP Provisions. Relative to an Oxford employee of that kind, the IP Provisions do not leave a DPhil student worse off. These benefit sharing provisions are, if anything, more generous (both as regards royalty share and rights or expectations to participate in equity) than those commonly applied in industry or which arise under the law relating to employee compensation under s. 40 of the Act.

509. To this extent, whether a DPhil student is better or worse off than an employee undertaking similar research depends on which employee one takes and the invention in question. In relation to an invention made squarely within the scope of a research project, a DPhil student in the University is probably better off with respect to the package of rights taken as a whole than most employees in industry

would be, especially junior ones. In relation to an invention made at home in the evening, again, the employee might have a formally better entitlement to the rights but may well be no better off in practice. A DPhil student at the University is probably in much the same position as a post-doctoral researcher employed by the University as regards the package of rights and entitlements. Depending on how the clause is interpreted, the University may have somewhat wider rights to claim the invention but in practice this may make no difference (see below).

510. It is important not to make too much of these wider commercial comparators: none of these points is individually determinative. Moreover, the comparable provisions for benefit sharing for inventions or creative work done by junior employees of ONI were not exhibited. However, there is potentially some difficulty in a spin out company complaining about the alleged unfairness of Oxford's benefit sharing policies with its junior employees and students without showing that the spin out company's own benefit sharing policies for comparable employees (including interns) were significantly more favourable to junior employees and would, taken as a whole, have delivered researchers undertaking equivalent work at ONI with a better package of advantages. The court cannot assume without proof that a Mr Jing-equivalent intern and/or junior researcher at ONI who, for example, made improvements on the Nanoimager which were then patented by ONI would have been better off vis-a-vis ONI than Mr Jing actually was vis-a-vis the University. That reflects a wider point that it was not established on the evidence that those who had criticised Oxford for its IP policies themselves always operated benefit sharing policies in the commercial institutions in which they were involved or affiliated with respect to their junior employees and researchers which were more beneficial to them than Oxford's were to their own.

(iii) Oxford's IP Provisions as compared with those of other institutions

511. ONI relied heavily on an argument that Oxford's IP Provisions are or were less favourable to students than those of other institutions.
512. There was no expert evidence on this topic in the sense of evidence from an individual who had conducted a comprehensive comparative survey of the terms in other institutions around the world and how they operated in practice and whether, in substance, Oxford's provisions were out of line as to their wording or practical effect. There was a volume of detailed factual evidence from Ms Rosie Wyke from ONI's solicitors, who was not cross examined. This did not purport to present a complete picture.
513. She exhibited the IP policies of a selection of 10 United Kingdom universities. They were selected by her from the Times Higher Education website which provided a league table of the Best Universities in the UK 2021 ranked according to achievement in teaching, research, citations (research influence), industry

income and international outlook. For that year and for that ranking, those were (abbreviating names): Oxford, Cambridge, Imperial, UCL, LSE, Edinburgh, Kings, Manchester, Warwick and Bristol. The selection was done on a university basis, not on the basis of (for example) faculty. Were the selection to have been based on different criteria, it may have come out with a different list. It is also notable that this selection includes universities which, while undoubtedly excellent, do not all focus on the physical sciences to the same extent (or, in the case of the LSE, to any material extent). There is also no consensus that this Times ranking represent the only gold standard, there being a number of different rankings of universities available. This selection did not include any universities outside the United Kingdom. It is well-known and the evidence in this case of Mr Jing's academic path shows, that specialist research academia is highly international. Researchers often move from country to country. That limits the utility of focussing only on United Kingdom provisions. There was some material indirectly indicating aspects of the position in the US (see below) although not in other European countries (or even universities where Mr Jing previously studied such as ETH or Heidelberg).

514. I have considered the other policies in detail. It is not however productive to recite all the relevant provisions of them in this judgment. Rather, I highlight certain common features under different heads and some areas where there are differences. It is assumed for present purposes that at least key parts of the policies have contractual force although aspects of some of them are worded in less than clearly prescriptive terms or involve guidance.
515. **Vesting of IP rights in inventions made by employees in the university.** The UK university policies do not treat all kinds of IP rights in the same way. In general, they provide that copyrights and related rights are more likely to remain with academics, subject to certain exceptions in respect of works done for certain purposes. These differ in the case of each institution and there is some diversity in how these universities deal with them.
516. In contrast, as to patent rights, the general position under these policies is that where a university employee creates a patentable invention in the course of their employment with the university, the initial right to apply for a patent will normally lie with the university. This is provided for in different ways formally but the effect is substantially the same or similar. There are, in some cases, schemes and procedures (themselves of varying levels of detail) which grant the university what is in effect an option to exploit the patent rights either through their respective spin out institutions and facilities or in some other way and which may then provide that the rights will revert to (or be assigned back to) the employee if the university does not decide to exploit the rights itself or through its commercialisation arm.

517. The policies provide for different kinds of consultation and communication between employees and the university in question over these matters including how commercialisation should take place and what should happen to the IP rights if a decision is made not to proceed with commercialisation. Some of the policies are, in this respect, not drafted with the strictness or formality of language of a detailed contract in which regular disputes are anticipated. Instead, they provide for what is to happen in general terms and implicitly assume that there is goodwill between employees and university with respect to these matters which will be likely to lead to amicable resolution.
518. In this respect, Oxford's IP Provisions are in line with that of other universities. Normally research employees' inventions belong to the University employer in a normal way.
519. **Compensation/benefit sharing.** All the policies of other universities provide, with varying levels of detail and specificity, for ways of compensating university employees in respect of patent rights (and some of the other rights) which the university is assigned by employees and chooses to exploit in that way. The policies contemplate that the university (or in several cases, its commercialisation arm or company) will take the lead in and pay for obtaining patent protection and that the employees do not have to pay for this themselves.
520. Some policies set out the terms of remuneration or compensation in detail with, for example, tiered structures of percentages involving employees being entitled to or having a reasonable expectation of an entitlement to royalty income at various levels depending on the success of commercialisation and the revenue thereby generated.
521. The general approach is that, where this is specified, the smaller the absolute benefit obtained from commercialisation, the greater the percentage going to the academic employees as compared with the faculty and the university. However, at all levels, the percentage share of net income (which is ordinarily defined, if defined at all, as income after deductions for taxes, legal, patent prosecution and other costs the university is obliged to incur in commercialisation) involves, in some cases, significant shares going to academics. For smaller net revenue (in the tens of thousands of pounds), where the amount is specified, the majority (>80%) goes to the academic employees.
522. The rate tables, in so far as shown, are not directly comparable and may provide for deductions to produce the net revenue figure in different ways. They are (broadly speaking) in the same range. There are policies which provide for university employee inventors to be entitled to a share of revenue of 33% for net revenue of over £200-250,000 (shared among all inventors) and up to 90% for smaller levels of net revenue (such as up to £10,000). An additional reason these

percentages and ranges are not directly comparable is that they do not take account of additional benefits which may be negotiated on a case by case basis of equity stakes in spun out companies or other benefits. Accordingly, while Oxford's IP Provisions provide for royalties at a lower percentage of revenue over £500,000 than some (22.5% - with a band from £50,000-£500,000 attracting a 45% rate), an employee of the University may receive significant additional benefits from equity participation in any company that exploits the rights as compared with an employee where no (or more limited) rights may in practice be granted.

523. However, some of the other UK university policies provide, in general terms, for the possibility of employees additionally receiving a share of equity, negotiated on a case by case basis, in any new business established to exploit the rights but without being prescriptive as to the precise level. In this, account may be taken of the contribution of the creators to the business beyond any intellectual property rights. This is important because it suggests that other institutions regard it as appropriate to reflect a share of benefits in ways that may not mirror exactly how the general law would treat patent inventorship. An individual might, under such an approach, be allocated a given equity share even if they were not a named inventor on a patent on the basis of their contribution to the project, past and anticipated. Others of the UK university policies do not provide for a share of equity but it is not possible to tell whether those universities nonetheless allocate equity and if so how.
524. IPAG undertook a study in 2018 which considered trends in Oxford's equity stakes. This showed that the mean Oxford equity stake had been approximately 40% from a period pre-2015 up to 2017 when the mean stake taken reduced somewhat. During that period, the number of Oxford spinouts increased dramatically from less than 10 a year before 2015 to over 20 in 2016 and 20 in 2018. Although this material was not formally in evidence it was recorded in one of the disclosure documents and in my view is credible. It is not possible to conclude from this material that there is any significant correlation between the level of equity taken by Oxford and the success of its spin out programme. It does not suggest that the University's approach was deterring the creation of spin outs or putting researchers off.
525. Material of this kind must be treated with caution. At least some university researchers in so far as they are entrepreneurs as well may want to have as much equity as possible in spin outs (just as they may want to pay as little tax as possible). But as with tax policy, so with spin out equity shares, detailed expert evidence would be needed to show that any given level would have any particular effects on the "market" for entrepreneurial university activity. It would be glib to suggest, as aspects of ONI's case did at points ,that for the University to

allocate a greater equity share to researchers would improve entrepreneurial activity or increase the number of inventive researchers coming to the University who would otherwise go elsewhere. The evidence in the present case did not come close to showing that the levels of equity participation in its spin outs which Oxford sought and obtained under the IP Provisions was likely to be having a detrimental effect in this respect.

Articles

526. ONI relied on two articles the contents of which, again, were not evidence as such but are nonetheless instructive.
527. The first is by Wong et al *Keys to the Kingdom* in *Nature Biotechnology* 33 No.3 March 2015. A number of the numerous authors of this paper are academics at the University. Several are at other leading universities, including in the US, some of which have successful spin out programmes such as Stanford and Harvard. Some authors appear to be affiliated either with technology companies or undertakings concerned with the study of management science and innovation.
528. One of the purposes of the article was to help readers meet the challenges presented by what the article described as the “administrative complexity and opacity in university technology transfer.” The article refers to the information asymmetry between “bioentrepreneurs” and university technology transfer offices and aims to provide some general guidance to those negotiating with them for exploitation of inventions they may have made.
529. ONI relies particularly on the survey of the equity deal terms and the differences between universities in the United Kingdom and the United States. The authors obtained online policy documents from a number of universities, including several where there was no specified guideline, as to the split in equity between university and researcher.
530. This material shows a wide range of approaches to equity shares, from the University of Wisconsin-Madison which apparently did not claim IP (although that was described as being because of special arrangements with WARF, which is its designated patent management organisation) and MIT which apparently only claimed a 5% equity share to CalTech which apparently claimed a 100% equity share which were not stated to be negotiable. Between these extremes, among the US universities claiming a 50% or greater equity share, in some cases negotiable, were well known scientific research-rich institutions such as NYU (50%), University of Texas (50%), Texas A&M (63%), University of Rochester (65%), Cornell (67%), Georgia Institute of Technology (67%), University of Pennsylvania (70%).

531. Although the article contrasts the position in the United Kingdom with that in the US and it is said that in the United Kingdom a typical licensing deal is “a rarely negotiable 50:50 split between the university and the academic bioentrepreneur whereas US interviewees reported universities taking a 5-10% negotiable equity share”, it is at best unclear that the data in the article bears this out. It is also complicated by the fact that these equity shares can ultimately be heavily affected by whether or not there are non-dilution provisions.
532. The article states that US institutions are “clearly” more willing to take a lower proportion of equity than UK institutions. That statement is however hard to reconcile with an adjacent entry in the table showing a number of prominent US universities with guideline participation shares which appeared to be above even the highest percentage in any of the UK university policies the court was shown, in so far as they have guidelines. Moreover, the article does not contain any analysis of the percentage of net licensing income in addition to equity share to which a university researcher (or “bioentrepreneur”) would be entitled under the policy of the university in question. Nor does it go into detail on potentially relevant other provisions which can have a significant impact on equity share over time or any other benefits available from the university. There is nothing in the article which addresses the value of the shareholdings resulting from these shares or any dynamic effects (such as the evolution of equity over time or how well off – relative to the university – a notional bioentrepreneur ends up being after some years of operation of the spin-out under different benefit sharing regimes).
533. It does not seem to me appropriate to compare merely one aspect - headline equity share - of the suite of potential benefits which Oxford and other UK universities may offer a researcher with just a percentage headline of equity share of only some of the United States universities and conclude from this that the University has been acting unfairly or is out of line to the detriment of researchers.
534. The article also compares the equity share taken by selected UK universities. This also shows a wide range from Cambridge (20% - said to be negotiable) to University of Bath (67% - said to be non-negotiable). The majority of UK universities are said to take either negotiable or non-negotiable shares of between 50% and 60%. The article states that Oxford’s 50% share was “negotiable (rarely)” although it is not clear on what material that qualification was based. It appears from one of the footnotes to be based on anecdotal information rather than a systematic survey.
535. The article made two other points which, in the present context, are important. First, that while a non-negotiable fixed 50:50 split may have overestimated the contribution of the university to the venture “this fixed rate does simplify and thus shorten, the initial negotiation time, the length of which is a major complaint of bioentrepreneurs.” This shows that fixed 50:50 splits can have advantages (in the

sense of tangible commercial benefits to both parties). Second, the article pointed out that “a few” bioentrepreneurs highlighted the non-equity-based benefits of their deals such as increased research finding from the school.

536. The article then says that it is difficult to understand the justification of UK TTOs such as Oxford’s Isis Innovation taking 50% of a company’s equity at formation. It also highlighted what it described as “double dipping” by taking significant equity and royalty but without mentioning that a significant proportion of that royalty went to the researchers in question (which meant that the researchers were “double dipping” as well).
537. The article also said that it was notable that the regions attracting the most successful life science spinouts (the San Francisco Bay Area, Boston and Cambridge UK) had technology transfer offices that “rewarded the academics and investors the most.” I do not think this conclusion can be drawn from the limited data in that article. There is no evidence to suggest a causal connection. CalTach one of the leading Bay Area universities is there said to take a non-negotiable 100%. Harvard’s policy is not stated and it is for question whether a comparison between (for example) Oxford and Cambridge at any given time is fruitful. Account would need to be taken of the nature of the science in which the respective universities were engaged at any given time and the whole of the equity and general financing market. It is also for question what is meant by the most successful life-sciences spin outs. A company may be very successful as a spin out, even if it is less profitable, precisely because it prioritises dissemination of the fruits of research at lower (and less profitable) prices or at cost. The point here is that financial performance of an undertaking especially in the biosciences is only one marker of “success” in that some may regard it as a mark of failure if a spin-out company in that domain was very profitable as a result of pricing its products at a level that (for example) few could afford. The article did not analyse matters in that way.
538. Moreover, if a university is focussing on (say) a general platform technology such as antibody therapies, as it is well known that Cambridge and region has done since a method for production of monoclonal antibodies was devised in the MRC laboratories there, it may be more likely that the region will attract bioentrepreneurs interested in that area and corresponding spinouts. They may have been research students of the originators of the platform or at the institution. The topic of what the real drivers are of spin-out success is worthy of academic study. It is not established on the evidence in this case that (within a reasonable range) the equity split between university and researcher plays a significant or dominant role, even within the comparatively narrow confines of purely commercial success let alone other criteria of value.

539. However, this material establishes with reasonable reliability that Oxford's IP Provisions as regards equity split appear prima facie to be somewhere in the middle of the range of the headline shares taken by US universities (effectively ranging from 5%-100%) and are in the cluster of shares around 50-60% taken by UK universities. The material supports Oxford's case that, as regards equity split, its approach is not in any material respect out of the norm and that to have a policy of a 50:50 split may even have some advantages in getting a deal done. I refer below to other reasons why there may be advantages in that policy approach of which a university may be entitled to take account. This evidence goes nowhere near proving that allocating a greater share to researchers or other investors would produce an overall result in a given case more likely to foster the University's (or even given researcher's) objectives, narrow or broad.
540. The second article relied on by ONI is by a journalist, Mr Mark Mardell, in the New European for 22 January 2021 entitled *The Inside Story of the Oxford Vaccine*. The focus was a wide-ranging interview with Professor Sir John Bell, Regius Professor of Medicine at the University. He is a major figure in medical research in this country with considerable experience in commercialisation of academic and other research. He was reported in that article as having said that universities were trying to "skim" (to use the reported words) as much as they can out of the system including 40% of the equity which he is reported as saying "doesn't leave much for anyone else". While Professor Sir John's views, if the article completely reflects them, are entitled to the greatest respect, I am not satisfied that this article, which is not a peer reviewed paper or even an article written by him, presents a sufficiently complete account even of his own views, let alone a survey of the views of other senior scientists at the University or elsewhere whose opinions are entitled to equal respect. Professor Sir John is reported as being a strong supporter of university spin outs and as having expressed the view that "the most exciting, interesting, innovative, game changing science is not happening in universities but small companies". That may be true in some academic disciplines but he may well not have intended that to be taken as reflecting the position across the board. Another, unnamed, senior academic is reported in that article as having said that, in contrast, he was not a "big fan of spin outs because they pull academics out of the university into companies and they may move away from their research" with "financial drivers" distorting their "direction of travel". It is clearly not for this court to act as an arbiter in this important policy debate.
541. However, none of this material, taken as a whole shows that it was out of line, unreasonable or unfair for Oxford to have a guideline (but negotiable) equity split for its spin outs and that this should be 50:50 researchers: university.

542. There is a further general consideration. The court must be wary of criticising approaches to equity share allocation or making assumptions about how these operate over time. I have noted that the articles do not deal with this. There may be complex factors in play relating to the way a given subsequent funding market may work. It is possible that to have a powerful and commercially experienced (albeit charitable) institution with a name recognised around the world, such as Oxford, allocated about half the initial equity may make it easier to raise further rounds of funding than if the institution had less and individual researchers more.
543. This court cannot take this sort of thing for granted, one way or the other, or be confident that, in the long run, for any given spin out, an initially larger share allocation to researchers would end up being more beneficial for them than a relatively larger share allocation to a university. There are situations one can readily envisage in which an individual would be better off with 10% equity in a well-funded/supported fledgling company to which an institutional majority shareholder was committed (and was better plugged into funding networks) than the same individual would be with 90% of the equity in that company (which, because of that share split, the institutional shareholder was less prepared to back). It would require evidence to show that any particular allocation which appeared out of kilter at the outset was sub-optimal in a given case over time. The court cannot assume without proof even the narrow proposition that, in this case, the 90:10 share allocation which Professor Kapanidis and Mr Jing were seeking would have left them better off today than the 50:50 allocation which they ultimately agreed. There was no expert evidence to that effect and it is for question whether that counterfactual is reliably testable.

Wider considerations – university policies on benefit sharing

544. It is appropriate, before returning to the various other dimensions of comparison, to comment here on some of the wider issues this material raises and to explain why the court must be so careful before intervening in these debates to approve or otherwise any given university IP policy rather than leaving it to the democratic processes of the University – or other universities - to resolve. It is convenient to highlight this point by using the issue of equity/royalty splits as illustrative.
545. Mr Jing and ONI’s approach in this respect, which was reflected in the memo Professor Kapanidis and Mr Jing submitted to the University arguing for a greater equity share, involved a narrow view of how a university is entitled to set its policies in this respect. At times, this shaded into a submission that the University ought to be doing more generally to improve the “ecosystem” of university entrepreneurs. However, the court cannot assume that this policy is itself the only right one.

546. First, it is important to keep in mind the context in which this question arises: in exercising its powers under the UCTD, a court is not there to review the legitimacy of overall policies where reasonable people can differ as to how and in what circumstances they should operate, particularly when it comes to levels of payment and the like. An example is given in *ParkingEye* where the Supreme Court did not consider it appropriate in the context of a UCTD challenge to call into question the fundamentals of the policy of discouraging overstayers by a significant fine.
547. Second, OUI has significant freedom in how it operates within its overall mission to maximise the global impact of Oxford’s research and expertise. Dr Gibbs referred to the definition of “impact” in the Research Excellence Framework of Research England as encompassing “an effect on, change or benefit to the economy, society, culture, public policy or services, health, the environment or quality of life, beyond academia”. OUI’s mission is not limited to making the most money either for the University or for individual researchers at the University from spin outs. That is not even necessarily its primary mission.
548. Third, it is clear from her evidence that there is a wide range of views within the University as to how policies of this kind should be approached. I was struck by the impressive and detailed discussion of these over a long period in IPAG and the views which were taken into account in the meetings. This is a topic which, as one would expect, is being given careful thought by the University – and that has been the case for some time.
549. Fourth, the University’s charitable obligations may constrain what it may be proper for it to do with respect to intellectual property rights. For example, the Charity Commission’s Guidance Note on Research by Higher Education Institutions states:

If, in the course of research carried out on its own account or commissioned and for its benefit, a charity produces inventions that are capable of protection as IPR, it is under a duty to secure the protection of such IPR, either through the registration of a patent or in such other ways as might be appropriate in the circumstances. The charity may consider in a particular case that another form of dissemination is a more appropriate way of achieving public benefit.

Where a charity is carrying out charitable research on behalf of a non-charitable body by collaborative sponsorship, contract research or under a spin-out, then it should normally share in any return on the exploitation of the research IPR. We recognise that shared ownership may be problematic in some cases. At the very least, in all cases, charities should ensure that they can exercise an appropriate degree of legal control over the use of IPR and receive a proper share in any benefits arising from such use, even if the practicalities of the ownership and exploitation of IPR in the case are such that IPR must be held by someone else.

Where IPR is owned by a charity but not currently required to be applied for its aims, IPR of financial value should normally be exploited for the benefit of the charity. This may be done by selling or licensing IPR or under other arrangements. Whether such exploitation constitutes a trading activity will depend on the circumstances; for example, an activity that is regular, organised and actively managed in a commercial manner is likely to constitute a trade.

and

In circumstances where the IPR could be used to further the aims of the charity, the charity is not required to charge full value (or exceptionally any value) provided that the use of the IPR to further charitable purposes falls within the aims and powers of the charity and any private benefit is incidental.

Although the matter was not fully argued under charity law and this document was only referenced in passing, it seems to me from the guidance, taken as a whole that universities have a reasonably wide discretion with respect to intellectual property rights and how benefits from them should be shared. More specifically, it would be permissible for the University to take the view that its charitable objects were better fulfilled either by disseminating the fruits of work done there at lower cost to potential users of the research output or by ensuring that its own charitable (including educational and research) activities were favoured in any commercial deal over significant benefit to individual entrepreneurs on matters such as equity (or royalty shares) from commercialisation.

550. Fifth, this guidance also refers to the importance of a University keeping control in appropriate circumstances. That control may be useful to ensure that the public and charitable interests of the University are fostered in any commercialisation arrangements. More generally, universities are likely to have a wide freedom within the framework of their own guidance and charity law to formulate and apply policies to advance their purposes.
551. To give just two examples (for illustration) it would be within the remit of the University (through OUI) to decide that it was appropriate to forego some or indeed all potential commercial benefit from an invention made by its researchers if that was likely to make it more widely available. It may even be within the bounds of reasonable policy to provide that the balance of benefit between researchers and the University should more closely reflect the balance between individual and organisation which applies in companies where similar research was being undertaken. As the case law on s. 40 of the Act shows, typically the percentages of benefit and equity participation in a venture to which employees actually undertaking the research may be entitled may be considerably lower than those operated by many universities in the UK and elsewhere. But equally on the other side, it would be within the bounds of reasonable University policy to decide that the balance of benefit should favour individual researchers to a greater extent. This court cannot make recommendations as to policy either way or say that one approach is better than the other.
552. To take another more “institutional” example, the University could take the view that academics of certain kinds (and temperaments) might be more attracted to do their research at a university which prioritised public access to the research

developed within it over large remuneration to individual academics or entrepreneurs. Or it could take the converse view and focus more on attracting those with a commercial eye and a greater desire to make money for themselves and the University, treating the university as a sort of incubator for potential spin outs, provided that this fell within its charitable and other remit. As another example, a university may decide, if it conforms with charity law principles and others, that it is appropriate to return (or recognise to a greater extent) the research council funding by way of allocating them a tranche of equity in the companies founded upon projects using their money rather than allocating more significant shares of equity to commercial investors or splitting equity between researchers and the university alone. I cannot see anything wrong in principle with a university deciding that preferring a greater allocation of equity shares to public sector funding bodies which supported the research in question than to investment funds or private individual researchers may foster to a greater extent the mission of the university and research in the area. A university may also consider that retaining a larger equity share enables it to ensure that the benefits do not accrue to an undue extent into private hands and remain more focussed on the overall research mission. It is not for this court to say which course (or combination of approaches) is right or wrong.

553. Moreover, what is appropriate in one context may be inappropriate in another. Considerations of simplicity, equity and universality of policy throughout a university also come into play as well as history, institutional culture, including things as fundamental as whether a given university wishes (for example) to use money from its science faculties to support and/or subsidise its arts faculties. These considerations may affect different areas of research in different ways and at different times. They may also be affected by looking to see what other universities and comparable institutions do both in the UK and elsewhere. The outcome of taking account of considerations of this kind is likely to be a compromise between a number of competing and often incommensurable desiderata.
554. Purely commercial undertakings making products which are the fruits of their own research are not obliged (for example) to charge the highest securable price for them or to provide particular equity shares for researchers if that adversely affects access to those products or results in the public having to devote an unreasonable share of their resources to buying them (or even if it enriches the researchers employees or shareholders) to an extent not thought appropriate. The same is true to a greater extent of universities (such as the University) whose mission includes maximising the global impact of its research and may have charitable obligations to that end.

555. Against that background, a university may take the view that it does not wish to over-incentivise researchers to undertake commercial research instead of fundamental and perhaps not very profitable research. Put simply, universities – and the University in particular - are not obliged to think or act like a venture capital fund or backer in every aspect of their IP policies and are not obliged to allocate benefits from this research as though they were. What has gone wrong in ONI’s perspective is to assume that the University is in some sense there to foster (and even enrich) entrepreneurs like Mr Jing rather than primarily there to pursue activities for public benefit within its charitable remit and that if the University falls lower down the league table of relative benefits it offers to budding entrepreneurs it is somehow acting unfairly. ONI’s case proceeds on an assumption that commercialisation of university research, and maximising benefits to researchers to incentivise them to do so are or should be dominant virtues for a university or even that these are policies that the University must pursue. It can properly choose to do so within the framework of its other obligations but it is not for this court to say that it is wrong if it chooses not to.
556. Given the specific evidence of the diversity of views in the University, it is particularly inappropriate for a court to try to second guess what the “right” IP policy is or should have been and to say that any given split of benefits is or is not reasonable or fair, where the remit of the organisation in question is itself so broad and its freedom to decide for itself what it should prioritise and (at the broadest level) even what kind of institution it wants to be and to be perceived as being.
557. Returning to more concrete points, on the material provided, for a university such as the University to take 40%, 50% (or whatever significant) percentage share of equity in one of its spin outs in respect of a research project undertaken as part of its work (as a general rule or more flexibly) and/or to provide for a share of benefits to go (directly or indirectly) to those who may not have worked directly on the licensed patents but who worked on the overall project, a university is not being “greedy” (to use the language of one of the documents relied on by ONI) or inappropriate. The University could reasonably take the view that this way of sharing the benefit from what might, in part, be a serendipitous advantage among a wider pool of deserving beneficiaries including future students, was more in line with its charitable objectives and/or was more in accordance with fulfilment of its overriding mission and (as I have hypothesised above) may in a given case even be more beneficial for the researchers themselves than taking a smaller share.
558. Save in cases of extreme and obvious unfairness or situations in which a university actively seeks to “rip off” researchers (which the situation in the present case obviously is not), a court should respect the policy choices a

university has made with respect to allocation of benefits in this area. That is particularly so if those policies appear prima facie reasonable, properly thought out and not materially out of line with what is done in other similar institutions.

559. I therefore accept Oxford's argument that its general benefit sharing policies were not out of line with those of other institutions when the issue is properly examined, including with regard to the scope for differences in reasonable policy choices the University could make.

"One size fits all"?

560. As to "one size fits all" – whether in relation to royalty or equity, which ONI criticises - it follows that I accept Oxford's argument that the fact that the terms may produce the same results irrespective of the extent of the University's contribution or the student's contribution does not establish unfairness.
561. A standardised approach (at least as a first approximation and which may be subject to negotiation) can operate to the detriment of the student or the University, depending on the respective contributions. It is just as likely that a standard approach will, by ONI's lights, "overcompensate" a researcher who contributed little as it will undercompensate her. As noted above, a standardised approach makes good practical sense. Both the University and researchers have legitimate interests in avoiding the additional administrative burden and potential disputes that would arise from a graduated or case by case approach. Moreover, as the Supreme Court recognised in *ParkingEye*, the fact that a graduated (or more tailored) fine structure would have been more fair doesn't mean that a blanket charge was unfair.
562. Taken as a whole, I therefore do not find that there was any unfairness in the way in which Oxford allocated benefits under its IP Provisions as between researchers and University, including as to share of royalties and share of equity. The outcome as regards benefit sharing in this case has been that those most involved in the project and key designs, Professor Kapanidis and Mr Jing, have received substantial equity shares in a successful spin out and substantial royalty streams and so has the University which supported this work for years (with Dr Crawford receiving more modest benefits) ensuring that the benefits from a programme of work of which this was one fruit are spread more widely. That, to my mind, is not unfair: the reasonable response to such a scenario is not a complaint but: "what's not to like?"
563. **How individual contributions are valued and methods of dispute resolution.** ONI's further criticisms of an alleged "one size fits all" approach to valuation of individual inventors' contributions means that it is necessary to examine the

approaches in other universities IP policies in greater detail. The Oxford policy provides:

“9. Where more than one researcher contributes to the creation of the intellectual property, the distribution of their share of the income between themselves shall be a matter for them to determine (and to notify in writing to the Director of Research Services); save that where there is a failure to agree, the distribution of income shall be prescribed by the Vice Chancellor, taking into account each individual’s contribution.”

564. To take another example, the Cambridge policy is similar in the autonomy it gives to the contributors in this respect coupled with an approach to dispute resolution. It provides:

“25...Where University staff together contribute to the creation of intellectual property that is subsequently exploited, the distribution of the inventors’ share of revenue shall be a matter for those staff members to determine, referring the matter if necessary in accordance with Regulation 15. They shall notify Cambridge Enterprise of the resulting arrangements. If the staff members do not reach an agreement Cambridge Enterprise shall refer the matter, by application, to the Technology Referee under Regulation 33.”

565. The Cambridge policy provides for more detailed dispute resolution procedures than there are in Oxford’s policy, including provision for an appeal to the Technology Appeal Tribunal, chaired by a legally qualified member selected from a panel which (in the case of a referral involving a student) should include a student member chosen from a panel.

566. The parts of the policies of other universities exhibited appear to provide (or have provided in the past) for less formal approaches. For example, the Imperial policy provides that in the event of any disagreement between an individual and the university concerning any of the matters contained in the policy which cannot be resolved by discussion, “the dispute may be referred by either the said individual or College to the Director of the Research Office”. The material exhibited by ONI does not include Imperial’s Reward to Inventors Scheme at the time which provides for the individuals involved in creating the commercialised IP to be eligible for a share of the revenue. It is therefore not possible on the evidence before me to determine how Imperial deals with allocation of shares of revenue between inventors. The position is similar with UCL where the Revenue Sharing Policy in force at the time was not exhibited.

567. Others of the universities whose policies were exhibited deal with matters more generally. Kings College, London addresses the issue of entitlement to revenue sharing as between inventors by providing that the university (in consultation with the relevant Heads of Academic Units) shall determine which personnel were responsible for the creation of the “Covered IP”. Those personnel “will include inventors on patent applications and any other individuals who may have made a significant contribution to the creation or reduction to practice of the Covered IP”. This policy is significant in that it contemplates that even unnamed inventors may be entitled to a share of revenue on the basis of their contribution. It also provides that, where more than one individual is entitled to a share of Net Income, the share shall be split equally “unless the individuals agree between themselves that a different split should apply”. Warwick’s policy provides that, in the case of a dispute about sharing of revenue, the affected individual may refer the issue in writing to the Registrar. The policy also provides that this does not “preclude any student from referring any issue to the Office of the Independent Adjudicator for Higher Education in accordance with its rules.
568. A number of points may be made on the somewhat incomplete picture that this material gives.
569. First, it is not unusual for policies to leave it to the researchers themselves to agree a split of the revenue due to inventors. Second, the policies provide varying degrees of formality for dispute resolution with respect to disputes between inventors. Third, there is precedent for agreements which contemplate that there may be revenue sharing with individuals who may not be named inventors on a patent. Fourth, there is precedent in other policies for non-court resolution of disputes between inventors as to the share of revenue but the starting point is equality. Fifth, a number of policies take equality between the inventors as a starting point.
570. Oxford’s IP Provisions are in this respect, in my view, reasonable and fair in comparison. They leave it to the inventors to allocate shares as between themselves in the first instance which makes sense having regard to the fact that they are likely to have the greatest knowledge of exactly who did what. The University does not initially impose its view on researchers on this issue. To the contrary, it respects their own evaluation and allocation with an additional dispute resolution mechanism (the Vice-Chancellor).
571. ONI contends that despite this, the approach taken in Oxford’s policy is unfair. It argues that the fact that this is left to the inventors with a starting point of equality is one source of the problem because it makes it too easy for those in power in departments to claim a share in patents and associated benefits which goes beyond that justifiable by the contribution they have actually made and their entitlement to be named inventors. ONI says that because the policy does not in practice

work to reflect in the allocation as between academics the actual contributions they have made to the inventions, it is unfair. ONI contends that this is to the detriment of a student (or indeed other researcher) subject to the policy because if the true position is that the student did all the work and nonetheless a senior academic head of department or others may be entitled to (say) a 1/2 share of a patent on the footing that they are also named inventor, the student who (it is said) was the sole inventor would lose rights which were properly due to it.

572. However, on the evidence in this case, this seems to be a theoretical problem. In practice, as the history of this issue shows, researchers are able to argue for (and challenge) shares and invoke the assistance of the IP Provisions in the case of a dispute. There is no evidence that this issue has actually caused a problem in practice which is doubtless because there is not a “one size fits all” policy but one which is tailored to individual cases but in which equal shares will often be the right answer. I do not think there is imbalance here.

Policy as regards allocation of benefits between members of a research team

573. The same general policy points as made above apply as to how a university provides for benefits to be shared within a team. Again it is appropriate to discuss them at this point.
574. It may be reasonable for a university to provide that members of a team who are not the “actual devisers” of a given invention for the purpose of UK inventorship provisions in the Act (or may be devisers but to a lesser extent) to share a proportion of benefits relating to the project as a whole because of their overall work on it or because of a desire to incentivise them to work more on the project for the future.
575. As regards benefits going to those who are not named inventors, patent law at least in the United Kingdom tends to take quite a narrow and specific view of who is legitimately entitled to be an inventor under the Act (see s.7(3) where “inventor” in relation to an invention means the actual deviser of the invention), potentially excluding under the case law, for example, those who may contribute or obtain certain data necessary to make a patent sufficient. The issue of inventorship is not always straightforward (see *Thaler v Comptroller General of Patents Trade Marks And Designs* [2021] EWCA Civ 1374 for general points on this issue). The approach under the laws of other countries may be different and may not be constant over time (see, for example, in US law *Burroughs Wellcome Co. v. Barr Labs., Inc.*, [40_F.3d_1223](#), 1227-28 (Fed.Cir.1994)). It may be applied differently in practice or with different evidence in different countries.
576. Weighting the division of benefits from patentable inventions made by university employees more towards the institution, whether faculty, research centre or

university and less towards individual academics specifically named on patents or spreading the benefit round a team, may be thought, even by some individual inventors, to reflect more realistically than patent law itself does the contributions genuinely and usefully made to an overall project. To encourage researchers to do that is within the bounds of reasonable university policy.

577. More broadly, there is room for legitimate difference of view as to whether the contribution of those which may consist more of perspiration than inspiration is appropriately rewarded by allocating a larger share to the named inventors rather than more widely to department or university. Some may reasonably take the view that it is better that the work of all in a department (or even university) should be appropriately acknowledged and rewarded to a greater extent than that of individual named inventors even if the work of others in a team has involved, for example, failed experiments (as can happen in some fields with demoralising frequency for those concerned) but where one has, perhaps serendipitously, hit the jackpot. Successful research often stands on the shoulders of past failure as much as it does on past successes. There is nothing wrong in researchers or universities recognising that fact in their IP policies.
578. In line with this thinking, some researchers who stand to gain from IP policies may even think that it is better for research team ethos to provide for a greater share of benefits to go to the institution which has supported them (or the whole team) and from which they may have derived the inspiration necessary to make the invention rather than singling out certain individuals (including even them) for particularly high shares of equity or royalty. The latter approach may have greater financial advantages for the individuals concerned but may also be more likely to lead to disputes of a kind one sees in this case about who contributed more to a given project and was more deserving. Not everyone prioritises personal financial riches over harmony.
579. Disputes, or the contemplation of disputes, of this kind may involve unedifying attempts on the part of some to upgrade the contributions of particular individuals and downgrade the contributions of others with respect to patents to get themselves onto the document. That may have deleterious effects on other individuals who have made a contribution on the institution itself and the collaborative relations which may be necessary or desirable for productive research. They may provoke or inflame conflicts and resentments that a particular individual has obtained very large benefits as a result (for example) of being named on a patent when others, who may also have made contributions which a particular approach to patent law in one country does not recognise in that way, have not. There is an element of that in the facts of this case.
580. In extreme cases, providing for particularly large benefits to go to certain people and not others on the basis of being named inventors may even lead to

incentivising “higher-ego” individuals to claim greater shares of the rewards from joint research for themselves and denigrate (and in some cases try to erase) that of others. That can be corrosive to institutional culture and may, in some cases, even have discriminatory impacts: the law reports do not show a shortage of cases in various fields in which alpha-males or females, real or self-styled, try unjustifiably to snaffle all the lunch in various ways. Research academia is not immune to these factors, as some of the litigated cases on inventorship show (see for example *Yeda Research and Development v. Imclone Systems Inc.*, 443 F. Supp. 2d 570 (S.D.N.Y. 2006) a trial in the US of which aspects of a related case went to the House of Lords in this country: *Yeda Research and Development Company Ltd v. Rhone-Poulenc Rorer International Holdings* [2007] UKHL 43).

581. Moreover, for certain kinds of academic, the idea of them or others becoming personally much richer from patent protection taken out by their university (as opposed to their university, department or society at large benefitting to a greater extent) may be regarded as of questionable policy benefit, regardless of the benefit it provides to them. This court cannot take for granted that all researchers even at the University view (or should view) patenting, spin-outs, private equity splits, funding rounds, dilution debates and all the paraphernalia of profit from university research as an unqualified plus. Some may see it as a manifestation of the increasing commercialisation of the academy which they may disfavour. These are not fringe views: there are researchers of great ability and eminence who, for example, take that general approach (recall in a related area the approach of one the greatest geneticists in the field and Nobel laureate, the late Professor Sir John Sulston CH FRS, with respect to patenting of genetic information). This court cannot opine on the correctness of these sorts of views which a university is entitled to take into account in formulating its IP policies.
582. In giving these examples, I am neither recommending nor criticising any particular policy or approach. They are provided merely to illustrate the wide range of considerations which can legitimately inform a university’s approach to sharing benefits between individuals and institution from time to time and between individuals in institutions.
583. Similar points to those made above as to the scope for universities to set policies apply here. Doubtless this would be done following consultation with those concerned or their representatives.
584. **Dispute resolution - general.** Fourth, the other university policies usually contain provisions for dispute resolution between those who have contributed to the creation of intellectual property via various informal approaches which include dispute resolution mechanisms relating to ownership of rights and share of benefit. The terms provide for resolution by senior university staff or persons or tribunals appointed for that purpose. The Oxford IP Provisions have these.

585. The Oxford IP Provisions do not unfairly hinder Mr Jing’s rights to take legal action or exercise a legal remedy in relation to the ownership of intellectual property. Regulation 2 of the IP Regulations specifies an extra-judicial process by which disputes as to ownership will be resolved. Such a provision is not unfair. As Oxford points out, Section 91 of the Arbitration Act 1996 in conjunction with the Unfair Arbitration Agreements (Specified Amount) Order 1999/2167, specifically provides that arbitration clauses are unfair where they relate to sums of £5,000 or less but that is clearly inapplicable in this case.
586. Moreover, as they say, an adjudication provision of the sort contained within the IP Regulations does not create a significant imbalance in the parties’ rights but provides a rapid, cheap and temporary legal process which determines the parties’ rights (see *Steve Domsalla (trading as Domsalla Building Services) v Kenneth Dyason* [2007] EWHC 1174 (TCC)) per HHJ Thornton QC at paragraph 92). Oxford is not attempting to rely on Regulation 2 of the IP Regulations to prevent him from doing so or from taking this action.
587. In my view the IP Provisions are in this respect in line with those in other institutions and the general law and are not unfair.
588. **Students.** Fifth, as to students, the other university policies provide for certain intellectual property rights in inventions made by students to vest in the university in at least some circumstances although these differ to some extent. The policies all provide that rights to apply for patents in inventions made by students will be claimed by the university if they were devised, made, invented or created in one or more of the following circumstances:
- (1) Where inventions were created jointly with university employees or working in collaboration with university employees (in some cases this is limited to doing so in such a way as to give rise to joint creation);
 - (2) Where the work done by a student builds on or further develops the existing work or existing intellectual property rights of the university or its employees;
 - (3) Using university equipment or facilities;
 - (4) Where the invention was (in the case of one policy) “reduced to practice by any student in the course of their studies at the College” or in the case of another “made in the course of research on a research-based course”.
589. Provisions of this kind which vest rights in patents made by students in the university where they are (broadly speaking) part of a university research team are therefore entirely standard. Where a student is sponsored by a third party and

subject to contractual terms arising out of that sponsorship, the rights may also be governed by that contract. The policies also generally provide that, if there is commercialisation, students whose rights vest in the university will be treated in the same general way as university employees. In some cases, there is a specific clause to this effect. In others, the way the policy is drafted means that this is implicit. It may not follow that students will be treated in identical ways under all of the aspects of the policies, but they all provide, at least, for students to be treated in a broadly comparable way. In some cases (of which the Kings College, London policy is an example), there is a general code governing the commercial exploitation of intellectual property which applies to all (“Personnel” in that case, under which heading come employees, students of various kinds including research students engaged on a research project within the college and visiting and other academics). Thus, the policy is structured to treat employees and students on the same basis.

“in the course of or incidentally to their studies”

590. However, Oxford’s IP Provisions were broader in the rights claimed than the majority of the other university policies in one respect.
591. Whereas others generally confined a claim to rights where there was a collaboration or made with university facilities (for example), Oxford’s IP Provisions claimed ownership of all intellectual property devised made or created by student members “...in the course of or incidentally to their studies”. In my view, this aspect of the provisions was out of line with that of other universities in the UK. This supports ONI’s argument that this aspect of the IP Provision and their breadth did create an imbalance between the student and the University.

Breadth of claim to IP – imbalance

592. To the extent that the IP Provisions claimed rights in DPhil student generated IP made “in the course of or incidentally to their studies”, this did create a potential imbalance between the student and the University in some circumstances to the potential detriment of some. There are several reasons.
593. First, there are those recognised by the University itself in IPAG (see above).
594. Second, this term is capable of applying in a way that would be unfair in that it would deprive a student of rights to his or her IP in some circumstances in which the contribution of the University to its creation was negligible.
595. Third, unlike an employee, a student is not paid to invent. To the contrary, the student generally pays to receive education. So, to require a student to assign

rights to the University in that blanket way is, in my view, capable of being unfair and creating an imbalance to the student's detriment.

596. Fourth, this provision goes beyond national law and further than the provisions applicable to employees.

597. Fifth, it is out of line with that in other universities.

598. Finally, I think that Oxford recognised this in abandoning it, for the good reasons given by IPAG.

599. That said, it remains to be considered whether any imbalance created was significant and whether the IP Provisions were imposed in good faith.

Other aspects of the terms- no imbalance

600. I do not think that any other aspects of the IP Provisions created an imbalance at all for the reasons given above.

601. In so far as it was reasonable for Oxford to claim the rights, the terms as a whole provided a reasonable share of benefits to the researchers as against the University, a reasonable approach to splitting benefits between researchers, and reasonable provisions relating to equity shares in spin-outs. There were fair and reasonable opportunities to challenge the allocation of benefits. I do not think in this respect there was a "one size fits all" policy. To the contrary, significant aspects of the overall benefit were open to negotiation. But even if there had been a more rigid approach, it would not have been unfair on that ground.

Did this aspect of the terms adversely affect Mr Jing?

602. I have focussed on the position of DPhil students in general and must now consider whether there was any unfairness to Mr Jing.

603. The package of intellectual property terms were as favourable to Mr Jing as they would have been had he been a post-doctoral employee of the University working in the same department on the same or a similar project. They were more favourable to Mr Jing than they would have been had he been employed as a designer of equipment of this kind in a commercial undertaking designing and manufacturing nano-imaging equipment (or more strictly, there was no evidence that they were not more favourable and the English case law on s. 40 of the Act suggests that they were). The intellectual property provisions in the DPhil Contract and the approach of Oxford to intellectual property in the history set out above seems to me within the range of those applicable (and likely to be operated in practice) in other major research institutions around the world. Although it is

true that it provided for a different package of benefits than some, taken as a whole, the package of terms is not out of line with that operating elsewhere.

604. Mr Jing was not himself disadvantaged by the fact that the IP Provisions claimed rights more broadly. The rights arising out of his DPhil work would have vested in the relevant university under all of the policies I have considered on one basis or another (and sometimes several bases). So while he may have a theoretical complaint that the IP Provisions may have been too broad, they justifiably vested the rights in the inventions he made as part of the Nanoimager team in the University. Mr Jing was not able to point to any evidence showing that this aspect of the IP Provisions had resulted in the University actually claiming any rights of any student which would not also have been claimed by a narrower policy of the kind in operation elsewhere. Moreover, it was not clear to me on the evidence that, had he been working in any other university in the UK and the work done there, Mr Jing's overall commercial position would have been materially better.
605. The same points as made above with regard to the University's benefit sharing policies applied to employees apply to students.

“Significant” imbalance

606. As set out above, I consider that to a limited extent, the IP Provisions could operate so as to create an imbalance in that they provided that the University could claim IP rights in circumstances where the rights would ordinarily remain vested in the individual student under the general law, if he or she was an employee and were out of line with those in other UK universities.
607. The next question is whether this term created a “significant” imbalance. In my view, applying the approach of the case law above they did not create a significant imbalance although it is clearly appropriate that the terms have been changed more recently. My reasons are as follows.
608. First, it is true that the terms could operate in such a way as to entitle Oxford to make a claim to IP rights in circumstances where it would be inappropriate to do so – a student's “private” inventions done incidentally to his or her studies. However, there is no evidence that they have ever in fact operated in this way nor that the University has regarded it as appropriate to make such claims. As noted above, the IP Provisions provide freedom on the part of the University either to waive any claim or not to suggest that it would have the rights in those circumstances.
609. Second, there is merit in Oxford's argument that the IP Provisions should be interpreted in favour of the student (on the assumption that the UCTD applies). Accordingly, the concepts of work being undertaken in the course of or

incidentally to studies should be interpreted restrictively limiting the circumstances in which that could apply. In my view, that provision is certainly open to narrow interpretation in which “incidentally” is taken to mean “as a direct result of” specific studies that the University has required the student to undertake not in a more general sense of “while studying at the University”. Indeed, it seems to me that this is a more rational interpretation. Thus viewed, the circumstances in which such a clause would operate in a way which differed materially from how the general law would apply to an employee are limited.

610. The case law cited above suggests that it is relevant in considering the significance of any imbalance whether the circumstance in which it would operate unfairly to any extent are unlikely. Although that is not a decisive consideration, I think it is relevant here in considering whether the clause operates in practice to create a significant imbalance.
611. There is also evidence to support this approach of insignificant impact. Oxford applies for fewer than 100 patents through WIPO each year. Those will largely have originated from its academics and may have involved work by research students and DPhils. There is no evidence that throughout the entire period during which the IP Provisions were in force, they were ever applied in such a way as to claim rights from students in a way that was regarded as inappropriate or that the University even relied on the potential scope of “in the course of” or “incidentally to” a student’s studies to do so in an inappropriate way, out of line with claims made under narrower wording at other comparable institutions.
612. In the present case, Oxford does not make a claim to IP on the basis that Mr Jing made the relevant inventions “incidentally” to his studies or work in the lab or even merely “in the course of them” as such although that is the contractual basis of the claim. The claim is based on the fact that this was work he was (in large part) there to do. He was working on an existing lab project headed by an Oxford professor. Had there been evidence that in this case or any other, the University was trying to claim rights at the outer fringes of applicability of that provision, the matter may have been different. However, this is a situation in which it may be true that *if* the problematic scope of the term takes effect it would create a significant imbalance but, on the evidence, it never (or very rarely) does. In those circumstances, I think the better analysis in the light of the recent case law is that any imbalance that may be created by the term is not significant because the circumstances in which such is likely to arise are so rare and only do if the term in question is applied and construed in a way which the supplier in this case never has done and never intended to.
613. None of the other terms create a material imbalance at all and in any event not a significant one.

Conclusion on significant imbalance

614. It follows that the IP Provisions do not create a significant imbalance to the detriment of Mr Jing. They are not unfair on that ground.

Good faith

615. As other recent cases have done (and I have been invited by the parties to do), it is right to determine separately as well whether the term was contrary to good faith. Although, as ONI has pointed out in its submissions on the draft judgment that the issue of good faith and significant detriment may in some cases be founded on the same material, they are separate issues.

616. As to this, the court must consider in particular whether the IP terms deliberately or unconsciously, take advantage of the DPhil student's (or specifically Mr Jing's) necessity, indigence, lack of experience, unfamiliarity with the subject matter of the contract, weak bargaining position and other circumstances.

617. I regard the following factors as particularly relevant to that evaluation.

618. First, while it is true that the IP Provisions were not the most prominent in the DPhil Contract, they are sufficiently clear. Any prospective DPhil student could consider the terms upon which a DPhil is offered and, if the student wished to have different terms including as to IP rights, it could apply to undertake a DPhil at a different university or research institution. It is true that a DPhil student may have limited choice of institutions if they wish to specialise in a very particular project but these are questions of balance and choice.

619. Second, I do not think that the IP Provisions depart conspicuously from an average generally informed and reasonably attentive DPhil's legitimate expectations as to the content of a DPhil contract of this kind.

620. It is true that, for the reasons given above, they are, in some respects broader, but I do not think this is a conspicuous departure from what would normally be expected. I think many (albeit clearly not all) students coming to those provisions would consider them, think they had been somewhat incautiously drafted but would not think they were likely to apply (or be applied) in inappropriate circumstances.

621. Third, I have considered the various IPAG documents and Dr Gibbs' evidence from which it is clear that at no point has there been any policy on Oxford's part to operate the IP Provisions so as to rely on the parts of the clauses which could create a significant imbalance.

622. I accept Oxford's submission that the IP Provisions were a good faith attempt to address a complicated issue and to balance the interests of the University with those of its students. They were intended to provide a fair allocation of rights and benefits to cover a situation in which potentially valuable IP was created in the course of students' work on projects in Oxford university departments.
623. They got it wrong in the drafting and they were over broad. It is not easy to capture in concise language all of the circumstances in which it would be reasonable (or otherwise) for a university to make a claim to students' IP rights. Similar difficulties obtain in drafting employee covenants. A bona fide attempt was made to cover situations in a way similar to employees but the particular drafting went too far (on one interpretation). To adopt the language of historical patent law: the claim originally made was too broad but it was not made covetously and was amended when the potential problem was identified. The IPAG Minutes and the evidence of Dr Gibbs make it clear that, whatever the width of the old IP Provisions, they were not applied unfairly in practice nor were thought by those in the relevant parts of the University to involve making a claim in circumstances where that would be inappropriate. When the width of the terms and the possible issues that it may cause was brought to the University's attention, they changed the wording, initially proposing in IPAG to provide guidance to make it clear that the University was not claiming more broadly than appropriate and later formally amending the IP Provisions. That itself shows that the clause was not imposed with a lack of good faith in the first place.
624. The IP Provisions were in my view plainly not intended to take advantage of Mr Jing (or any DPhil student's) indigence, lack of experience, unfamiliarity with the subject matter or bargaining position and they are very unlikely in fact to have done so. In my view it is more likely that had Mr Jing had explained to him at the outset that whatever the wording of the old IP Provisions, they would only be applied and a claim made in circumstances in which the new IP Provisions would countenance such a claim, he like other students would have been expected to agree to them since the circumstances in which a claim would be made and the guidelines, including the support that Oxford would give for development of a spin out and the provisions for negotiation of equity share would have appeared reasonable and appropriate to a reasonable DPhil student in his position (as like provisions have appeared to many other employed Oxford researchers).
625. Fourth, one relevant factor is the extent to which the terms in question have been regarded as significantly unfair or operated to create unfairness by others who are also subject to them. Although some students did raise this issue and they were considered by IPAG, there is no direct evidence of any situation in which they have ever been applied to the actual (as opposed to theoretical) detriment of students. I think this is relevant to whether such contractual terms are common

(that is to say whether they are used regularly in legal relations in similar contracts, or are surprising, whether there is an objective reason for the IP terms and whether, despite the shift in the contractual balance in favour of the university the DPhil student is not left without protection).

626. Fifth, the court is also required to consider whether the University could reasonably assume that the Mr Jing would have agreed to the terms as a whole in individual contract negotiations. Although the IP Provisions are a fixed set of terms applicable to all, they provide for a degree of flexibility and specificity of terms for individual situations including as to the split of benefits between student and University. It is somewhat artificial to treat these provisions in the same way as one would treat a rigid standard form contract.
627. Taking these matters into account, the University could have reasonably assumed that a student in the position of Mr Jing would have agreed the framework that the IP Provisions provided, in the manner in which the University actually applied those provisions.
628. Had Mr Jing been told that the practical effect of these terms was that his work as an intern at Oxford and on his DPhil would or could lead to him being a beneficiary of a royalty stream running to hundreds of thousands of pounds and a significant equity stake in a successful company supported both by all the commercialisation resources of the University and by one of the leading scientists in the field, Professor Kapanidis, in my view he (and most other scientists in his position) would have thought that an excellent deal. He would have been expected readily to agree to such terms and Oxford would have been reasonable in expecting him to do so.
629. In consequence, whatever may be said about the operation of the IP Provisions in other cases, for the reasons given above, Mr Jing's situation as a DPhil student at the University would be one which all (or at least most reasonable) student/university IP policies would treat as appropriate for patent rights arising from it to vest in the University. As applied to Mr Jing, the IP Provisions (even as to the scope of claim) were not unfair.
630. It has not been necessary to decide whether, even assuming that the Oxford IP Provisions could be regarded as unfair to others under the UCTD but not him, that would have an impact on Mr Jing or whether the contractual foundations of ONI in the Licence should be unravelled as a result. Such may require separate consideration of points of which some may be analogous to those which arise in relation to employment covenants which may have incautiously drafted penumbra of restriction that are too broad but where the employee in question is doing acts which any reasonable clause would restrict. The common law is relatively generous about saving such restrictions as they apply to employees by

various legal devices (see for example: *Tillman v Egon Zehnder Ltd* [2019] UKSC 32). It is possible that similar considerations would apply in the context of the UCTD. Given my findings, these points do not arise.

631. Finally, on good faith, there are broader considerations similar to those relevant to the issue of imbalance (and its significance).
632. In *ParkingEye*, the courts took into account the fact that the £85 overstaying charge was part of a policy to discourage overstaying. The courts did not purport to evaluate whether that policy was legitimate. It would be less legitimate here for the court to seek to evaluate Oxford's general approach to IP. This is an area where there is wide scope for reasonable policies to be developed and applied in good faith.
633. As indicated above, at one end of the spectrum is the view that an IP policy including the division of royalties and equity share should be structured so as to provide maximum benefits for the individual researchers with a view to incentivising them (student or employee) to devote greater efforts to producing commercialisable research and establishing start up companies. At the other end is the view that this is not what a university should be focussing its attention on and that if anything researchers should not be particularly incentivised to pursue spin out companies and should concentrate more on fundamental research. Both those kinds of policies (and anywhere inbetween) are of a kind which a university (and in particular the University) may pursue in good faith. It is not in my view appropriate for a court in applying the UCTD to try to evaluate whether there might be a better way of addressing the complex and multifactorial issues. That is for the University to decide in accordance with its democratic processes in which it is doubtless desirable that all relevant interests are represented.
634. In those circumstances, I do not need to deal with the various other arguments made by Oxford for why the provisions were in good faith. It suffices to say that they seemed to have some additional merit.
635. I was not persuaded that any of the points made by ONI on lack of good faith which were not really dealt with as a separate head of argument from significant imbalance.
636. In particular, I do not accept the submission that, if Mr Jing and the University had set out freely to negotiate the division of rights and revenues from exploitation they would not have arrived at similar terms, taken as a whole. It is in my view unreal to say (as ONI does) that they appeared designed to foster the university's interests "without any real regard for the students" when the University assisted in and paid for the protection of the inventions and the establishment of ONI. While slightly different terms both as to entitlement to

rights and benefit sharing may have been negotiated, I am far from convinced that they would have applied in any materially different way to this situation and could have left Mr Jing worse off, even if one looks at matters narrowly.

637. It is also unrealistic to say, as ONI does, that if a student controls his or her own IP they can invariably expect to receive better rewards. That depends on the circumstances: at the crudest level, a weak patent in strong hands may be more valuable than a strong patent in weak hands. Oxford had considerable power both in prosecution of patents and in commercialisation. It was not clear to me on the evidence in this case that, had Mr Jing been fully entitled to the rights, there would have been any patents to licence at all and there is no evidence to suggest that he would have been in a better position overall (see points made above). Taken as a whole, nothing in ONI's arguments persuade me that the University should have thought they were offering a poor deal. To the contrary the University reasonably thought that they were offering Mr Jing a very good deal when it came to IP rights and benefit sharing and doing so in good faith.

Conclusion on good faith

638. In my view it is clear that the IP Provisions were made and put forward by Oxford in good faith.

Conclusion on fairness issue

639. For the reasons given, with the exception of the term in the IP Provisions (in clause 5) which was over broad in claiming rights in IP created by students (considered above) which was capable of creating an imbalance to the detriment of a student, none of the provisions in the IP Provisions did so and the imbalance created by that provision was not significant.
640. In any event, the IP Provisions satisfied the requirements of good faith. The IP Provisions are not contrary to the UTCCRs or the UCTD and are not void.

VII. OVERALL CONCLUSION

641. The University was properly entitled to claim (and OUI is now entitled to) the all of patent rights licensed under the Licence. The Licence is not void. The parties were not mistaken that ONI was validly licensed and the royalties due should be paid.

Further conduct of action and interim order

642. The consequence of this decision is that the defence to the claim for royalties fails.
643. I received submissions on a draft of the judgment, for which I provided a longer than usual time before hand down, given that I had referred to additional materials. Those have been taken account of in this decision. I indicated that the accrued royalties due from ONI to OUI under the Licence should be paid with interest and without delay and that the parties should co-operate to that end.
644. I received submissions on this issue including a request by OUI for an interim payment pending final quantification of outstanding royalties. There was no objection to this in principle but there is uncertainty as to the sum in question. In my view, having regard to the parties submissions, there should be an interim payment by ONI to OUI on account of royalties of **£700,000**. I have reduced this from the claim made by OUI, given that it is an interim payment on account pending finalisation of royalty reports and I have provided a slightly longer time for payment than sought.
645. The parties will be expected to co-operate to try to agree a final sum by the time of the form of order hearing. Given that ONI has said that it is drafting royalty reports for 2022 and that they will be provided as soon as they can be finalised, I will not order provision of further royalty statements now. They should be made available in good time for the Form of Order hearing.
646. I therefore order that:
1. The Defendant shall no later than 6 January 2023 pay to the Claimant the sum of £700,000 on account of the outstanding monies due under the licence agreement dated 29 April 2016 (the “Licence”), with any dispute as to the balance (including interest) to be settled at the Form of Order hearing.
 2. All other matters consequential upon the Judgment, including any application to the Court for permission to appeal, be adjourned to the Form of Order hearing currently listed for 25 January 2023
 3. The time for filing any appellant’s notice with the Court of Appeal shall not start to run until after the Form of Order hearing and all other interim orders relating to confidentiality shall remain in place until judgment on that hearing.

647. The court may indicate prior to that hearing the areas on which it requires argument to focus.

Concluding remarks

648. Finally, while the court respects the tenacity of Mr Jing and his taking up the cause of student entrepreneurs at Oxford, requiring the University to justify its position, in my view, this case should have been resolved without the need for court intervention and it would not, in my view, be appropriate to devote significant further resources to it now.

649. Unlike some cases where parties emerge with limited credit in respect of their past conduct, in this case, credit is due to all. The Nanoimager project on which Professor Kapanidis and Mr Jing (and Dr Crawford and others) worked has been a success. The scientists concerned are all of the highest quality. The claim has required Oxford to justify its IP policies – which is of some benefit in itself – and it has done so. It may have assisted in its process of reviewing them.

650. This is a good time for all to defocus on historical events and concentrate on the future of the Nanoimager project, which seems to have considerable promise as an Oxford spin-out.

651. The court regrets the delay in providing this judgment. This is an unusual case for the Patents Court. It has involved setting aside considerably more time than originally anticipated in a block to consider the many points raised by the parties and to undertake much more work itself in identifying authorities, arguments and other relevant materials not cited by them (and giving the parties time to comment on those) in an area which is not normally the subject of Patents Court adjudication. The court has also thought it appropriate on this occasion to try to do fuller justice to the numerous issues raised, given the state of the law, the nature of the points argued, the potentially wider application of some of them as well as the fact that these issues have not been considered before by this or any other court. It is done in the hope that the judgment will draw a line under this dispute, enabling the parties to move on. Pre-existing judicial and professional commitments as well as Covid illness during a period previously set aside for writing prevented earlier completion.

ANNEX 1

PART B: INTELLECTUAL PROPERTY

5. (1) The University claims ownership of all intellectual property specified in section 6 of this statute which is devised, made, or created:
- (a) by persons employed by the University in the course of their employment;
 - (b) by student members only in the circumstances specified in sub-section (3) below in the course of or incidentally to their studies;
 - (c) by other persons engaged in study or research in the University who, as a condition of their being granted access to the University's premises or facilities, have agreed in writing that this Part shall apply to them; and
 - (d) by persons engaged by the University under contracts for services during the course of or incidentally to that engagement.
- (2) The University's rights under sub-section (1) above in relation to any particular piece of intellectual property may be waived or modified by agreement in writing with the person concerned.
- (3) The University does not claim ownership of any intellectual property which is devised, made, or created by University student members, unless that intellectual property was devised, made or created:
- (a) jointly with anyone else subject to section 5 of this Part of Statute XVI;
 - (b) using University facilities or equipment (unless the terms of access for the facility or equipment provide otherwise);
 - (c) in circumstances where that intellectual property is subject to obligations (including obligations imposed by contracts or grants) that the University owes to a third party;
 - (d) using funding received from the University (unless the terms of that funding provide otherwise); or
 - (e) in the circumstances specified in Section 5(1)(a), (c) or (d) of this Part of Statute XVI.
6. The intellectual property of which ownership is claimed under section 5 (1) of this statute comprises:
- (1) works generated by computer hardware or software owned or operated by the University;
 - (2) works created with the aid of university facilities including (by way of example only) films, videos, photographs, multimedia works, typographic arrangements, and field and laboratory notebooks;
 - (3) patentable and non-patentable inventions;
 - (4) registered and unregistered designs, plant varieties, and topographies;

- (5) university-commissioned works not within (1), (2), (3), or (4);
 - (6) databases, computer software, firmware, courseware, and related material not within (1), (2), (3), (4), or (5), but only if they may reasonably be considered to possess commercial potential; and
 - (7) know-how and information associated with the above.
7. The University will not assert any claim to the ownership of copyright in:
- (1) artistic works not listed in sub-section (2) of section 6 of this statute, books, articles, plays, lyrics, scores, or lectures, apart from those specifically commissioned by the University;
 - (2) audio or visual aids to the giving of lectures;
 - (3) student theses, exercises and answers to tests and examinations save to the extent that they contain intellectual property claimed by the University under sub-section (6) of section 6 of this statute; or
 - (4) computer-related works other than those specified in section 6 of this statute.
8. For the purpose of sections 6 and 7 of this statute, 'commissioned works' are works which the University has specifically employed or requested the person concerned to produce, whether in return for special payment or not. 'Commissioned works' explicitly exclude (i) lectures delivered by University Lecturers, Departmental Lecturers and the holders of University Chairs in fulfilment of obligations in their contracts of employment and (ii) works commissioned by the University Press in the course of its publishing business (save as may be separately agreed between the University Press and the person concerned).
9. Council may make regulations:
- (1) defining the classes of persons or naming individuals to whom section 5 (1) (c) of this statute shall apply;
 - (2) requiring student members and such other persons as may be specified in regulations to sign any documents necessary in order to give effect to the claim made by the University in this Part and to waive any rights in respect of the subject-matter of the claim which may be conferred on them by Chapter IV of Part 1 of the Copyright, Designs and Patents Act 1988; and
 - (3) generally for the purposes of this Part.
10. This Part shall apply to all intellectual property devised, made, or created on or after 1 October 2000 and is subject to the provisions of the Patents Act 1977.