



Neutral Citation Number: [2023] EWCA Civ 840

Case Nos: CA-2023-000514, 000515

IN THE COURT OF APPEAL (CIVIL DIVISION)
ON APPEAL FROM THE HIGH COURT OF JUSTICE, BUSINESS AND PROPERTY
COURTS OF ENGLAND AND WALES, INTELLECTUAL PROPERTY LIST (ChD),
PATENTS COURT

His Honour Judge Hacon sitting as a Judge of the High Court
[2023] EWHC 408 (Pat)

Royal Courts of Justice
Strand, London, WC2A 2LL

Date: 17 July 2023

Before :

THE PRESIDENT OF THE FAMILY DIVISION
LORD JUSTICE ARNOLD
and
LADY JUSTICE ELISABETH LAING

Between :

J.C. BAMFORD EXCAVATORS LIMITED
- and -
(1) MANITOU UK LIMITED
(2) MANITOU BF SA

Claimant

Defendants

Michael Silverleaf KC and Tim Austen (instructed by Baker & McKenzie LLP) for the
Claimant
Brian Nicholson KC and Kyra Nezami (instructed by Marks & Clerk Law LLP) for the
Defendants

Hearing date : 6 July 2023

Approved Judgment

Lord Justice Arnold:

Introduction

1. There are two appeals before the Court against an order of His Honour Judge Hacon sitting as a Judge of the High Court dated 22 February 2023. The Defendants (“Manitou”) appeal against the judge’s decision partially to refuse an application by Manitou for an order under CPR rule 31.22(2) restricting the use of parts of various documents read or referred to at a public hearing on the ground that the documents contain information that is confidential to Manitou. The Claimant (“JCB”) cross-appeals against the judge’s decision that the information in question is confidential in the first place. Both appeals raise important questions of law. Logically JCB’s appeal comes first, and so JCB opened its appeal first even though it was the successful party below. The parties were able to argue the appeals in open court without revealing the information alleged to be confidential, and I shall adopt the same course in this judgment.

The proceedings

2. JCB and Manitou are long-standing competitors. JCB alleges that Manitou have infringed four of its patents that describe and claim inventions which are particularly relevant to machines called telehandlers, although the claims are not limited to telehandlers. Manitou deny infringement and counterclaim for revocation of all of the patents. The infringement allegations concerned five different configurations of the control systems of Manitou’s telehandlers, referred to as configurations A, B, C, D and MLA. The issue which gives rise to the present appeals concerns JCB’s allegation that the configuration C control system infringes European Patent (UK) No. 2 616 382 (“EP 382”). Configuration C is the control system which is currently in use on the majority of Manitou’s telehandlers and was introduced by Manitou into their machines in 2019-2020 with a view to avoiding infringement of EP 382.
3. Manitou served a Product and Process Description (“PPD”) describing the relevant features of each configuration pursuant to CPR rule 63.9 and Practice Direction 63 paragraph 6.1(2). Manitou claimed that much of the information contained in the PPD was confidential. During the course of the proceedings claims to confidentiality were also made by Manitou over parts of various other documents, including a statement of case, witness statements, experts’ reports, skeleton arguments and written closing submissions. Prior to trial the parties agreed a confidentiality club regime to protect the confidentiality of information claimed by Manitou to be confidential. When the case came on for trial before the judge, he made an interim order under CPR rule 31.22(2) to preserve the confidentiality of that information until after judgment. Most of the trial took place in open court, but parts of the hearing were in private.
4. The judge held for the reasons given in a judgment dated 4 July 2022 [2022] EWHC 1724 (Pat) (“the Substantive Judgment”) that three of the patents were invalid, but not EP 382. He also held that EP 382 was infringed by Manitou’s configuration D machines, but not by their configuration C machines. At that stage, the judge’s reasons with respect to infringement were set out in a confidential annex to the Substantive Judgment (“the Confidential Annex”) because of Manitou’s claim to confidentiality.

5. On 9 December 2022 the judge heard argument as to the form of the order which he should make to give effect to the Substantive Judgment. One of the matters he had to consider was an application by Manitou for a permanent order under rule 31.22(2) in respect of parts of various documents, including the corresponding parts of the Confidential Annex. (Strictly speaking, rule 31.22 does not apply to the Confidential Annex, but the parties and the judge sensibly proceeded on the basis that, if a rule 31.22(2) order was to be made in respect of the underlying documents, then that order should not be defeated by the court publishing the Confidential Annex in a form which revealed the protected information, and hence the order should extend to the relevant parts of the Confidential Annex.) Regrettably, even though the hearing took place some five months after the Substantive Judgment had been handed down, it emerged during the course of the hearing that there was a substantial dispute between the parties as to what information Manitou could properly claim to be confidential which the judge was not then in a position to resolve. Accordingly, the judge adjourned the application with directions for the parties to try to narrow the issues and for the service of evidence on points which remained in dispute.
6. By the time the application was restored before the judge on 22 February 2023, progress had been made and it was agreed that much of the information contained in Confidential Annex could be published. Manitou contended, however, that the Confidential Annex should be redacted before publication to remove four heads of information concerning configuration C which Manitou maintained were confidential. Head 1 is the way in which the configuration C system works, and in particular the key criterion it uses (referred to as “criterion X”). Head 2 is the number of subsystems within configuration C, and in broad terms how each of the subsystems works. Head 3 consists of more detailed descriptions of how of the subsystems work, including relevant formulae. Head 4 is the acronyms used to identify two of the subsystems, which Manitou contend reveal information about how those subsystems worked.
7. It was agreed between the parties that head 3 consisted of information which was confidential to Manitou, should be the subject of a final rule 31.22(2) order and should not be included in the public version of the Confidential Annex. The judge took the view that head 4 could easily be dealt with by replacing the acronyms with anodyne labels. That left heads 1 and 2. It appeared to the judge that it was head 1 that mattered.
8. The judge first heard argument as to whether head 1 constituted confidential information, and concluded that it did. He then heard argument as to how to balance the open justice principle with Manitou’s claim to preserve the confidentiality of that information, and decided that the balance came down in favour of including the head 1 information in the public version of the Confidential Annex and hence the refusal of a final rule 31.22(2) order in respect of it. The judge’s reasons were given in two extempore judgments which were transcribed into a single transcript [2023] EWHC 408 (Pat) (“the Confidentiality Judgment”). The judge gave both sides permission to appeal.
9. After some discussion and delay, the parties agreed the terms of an order to give effect to the Confidentiality Judgment which was sealed on 9 June 2023. Annex 2 to the order consists of a public version of the Confidential Annex which gives effect to the Confidentiality Judgment. Publication of this version was stayed pending the determination of the appeals. Annex 3 to the order consists of an interim public

version of the Confidential Annex which has been made public pending the determination of the appeals.

10. As indicated above, JCB appeals against the judge's conclusion that head 1 constitutes confidential information, while Manitou appeal against his decision to refuse to make an order under rule 31.22(2) in respect of the relevant documents in so far as they contained head 1. Manitou have also served a respondents' notice to JCB's appeal concerning heads 2 and 4.
11. The parties have also appealed against various aspects of the Substantive Judgment, including the finding that configuration C does not infringe EP 382. Those appeals have been fixed for hearing in January 2024. It follows that the resolution of the present appeals is likely to affect the extent to which those appeals can be heard in open court, and the extent to which the subsequent judgment may be made public.

Technical background

12. The following account of the technical background to the dispute is taken almost verbatim from the Substantive Judgment.
13. Telehandlers have a four-wheel chassis, a cab for the operator and a longitudinal arm which can be raised or lowered and extended beyond the front of the chassis. The arm is used to lift and move loads. Telehandlers have become versatile workhorses in the agricultural and construction industries. In the construction industry they are typically used to move palletised loads, loose material such as soil or aggregate, or to carry hanging loads on a hook. They have a longer reach than a forklift truck and can be used in terrain that would be inaccessible to a conventional forklift truck. They have largely superseded tractor-mounted hydraulic loaders for agricultural use such as stacking bales and the loading and shovelling of grain, silage and manure, being more flexible and having greater lift capacity and reach.
14. The picture below shows a telehandler sold by Komatsu Ltd, a company which competes with both JCB and Manitou.



15. The arm - shown here extended with a basket load at the end - plays an important part in the inventions claimed in this case. In the patents it is called a “load handling apparatus”.
16. Drivers of telehandlers know that under certain circumstances the vehicle will become unstable and tip forwards on the axis of the front wheels, raising the rear wheels off the ground. The load at the end of the arm creates a force tending to tip the telehandler in the direction of the load. The mass of the vehicle provides a countervailing or restoring force. In this context, the “tipping moment” is the restoring force minus the tipping force. As the tipping moment approaches zero the vehicle becomes unstable.
17. The following matters were part of the common general knowledge of the person skilled in the art in 2002 (the priority date of the earliest patents in suit):
 - (1) Sudden changes to the speed of the arm were to be avoided, especially near the machine’s tipping point. The shock of an abrupt stop in the motion of the arm could cause instability.
 - (2) The tipping moment of a telehandler was conventionally measured using a strain gauge on the rear axle. As the tipping point is approached, the force exerted by the mass of the vehicle on the rear axle decreases until, at the tipping point, it is zero.
 - (3) Longitudinal load moment indicators (“LLMIs”) had been fitted to telehandlers since the mid-1970s. These alert the operator when the machine is close to and/or has exceeded certain stability thresholds. Visual signals, typically using a traffic light sequence of green, amber and red, could be used. In addition or alternatively there could be a sound alarm when nearing the point of instability.
 - (4) When a telehandler was used on rough terrain, LLMIs tended to supply unnecessary warnings that were ignored by operators.
 - (5) There had been a regulatory requirement for many years that each telehandler should have a load chart specific to the make, model and specification of the vehicle. A load chart indicates the safety limits of the vehicle, taking into account arm angle, arm extension and the load.
 - (6) The limits shown on the load chart were derived from a document referred to as EN 1459, a European standard in force at the relevant time, set by the European Committee for Standardisation. Unlike LLMIs, the limits set in the load chart were to be strictly observed as the operating limits within which the vehicle would remain stable. They were set by reference to a static vehicle and did not directly address limits for a telehandler in motion, although they provided some indication and therefore had application in that regard. Unlike LLMIs, they took into account lateral stability, providing what was sometimes called the “operating envelope” of the machine.
 - (7) Before 2002 systems had been developed and used to prevent movements of the telehandler beyond thresholds which, if passed, would threaten stability. These were known as longitudinal load moment control systems

(“LLMCs”). Sensors in the machine detect the speed of its movement, arm angle about a horizontal and vertical axis, arm extension, load carried, the angle of the entire machine relative to the horizontal (i.e. whether on a slope) and other data. An electronic control unit processes the data and generates output signals which limit or control the motion of the arm. In 2002 LLMCs in use caused an abrupt stop in motion.

18. By 2009 another standard for telehandlers had been published: EN 15000. It provided that the incorporation of an LLMC system would be mandatory for telehandlers from late 2010. The skilled person knew in 2009 that by the end of 2010 it would not be possible to sell a telehandler unless it had an LLMC system compliant with EN 15000. EN 15000 required the telehandler’s control system to remain solely within the longitudinal limits set out in the relevant annex of EN 1459, i.e. the longitudinal aspects of the relevant load chart. Having the system implement the lateral stability requirements of EN 1459 was a commercial, not a regulatory, decision for those selling telehandlers. It was stated in LLMI and LLMC user manuals and well understood that neither LLMI or LLMC systems provided absolute safety indications or limitations since they did not deal with lateral stability. Generally, lateral stability was addressed by complying with the appropriate load chart and by the training and experience of operators.

EP 382

19. EP 382 has a priority date of 14 September 2010. It describes and claims a safety feature limiting movement of the arm. Divided into integers and omitting reference numerals, claim 1 reads:

- “(a) A controller for use with a machine comprising a machine body, and a load handling apparatus coupled to the machine body and moveable by a movement actuator with respect to the machine body,
- (b) whereby the controller is configured to receive a signal representative of the position of the load handling apparatus with respect to the machine body
- (c) and a signal representative of a moment of tilt of the machine,
characterised in that
- (d) the controller is further configured to issue a signal for use by an element of the machine including the movement actuator, which in response to the signal issued by the controller, is configured to restrict or substantially prevent a movement of the load handling apparatus when a value of the signal representative of the moment of tilt reaches a threshold value,
- (e) the threshold value being dependent on the signal representative of the position of the load handling apparatus with respect to the machine body,

- (f) wherein the signal representative of the position of the load handling apparatus is a signal representative of an angle of the load handling apparatus with respect to the machine body, and
- (g) wherein the threshold has a first value corresponding to a first angle of the load handling apparatus with respect to the machine body and the threshold has a second value corresponding to a second angle of the load handling apparatus with respect to the machine body, the first value being less than the second value and the first angle being less than the second angle.”

20. The judge set out his view of the inventive concept of EP 382 in the following passage in the Substantive Judgment:

“130. I begin with the problem in the prior art set out in the specification of EP 382:

‘[0006] In order to ensure that the machine does not rotate about the front axle to such an extent that the wheels coupled to the rear axle are lifted from the ground surface (i.e. to ensure that the machine does not tip), when the load on the rear axle reduces to a threshold level, a safety control prevents further movement of the lifting arm. An example of such a machine can be found in EP1532065.

...

[0008] A problem arises because, in order to remain within safety limits, the threshold level which is selected for use by the safety control is overly restrictive for certain lifting arm positions - preventing the lifting arm from being moved into positions which do not actually risk the tipping of the machine.’

131. Having stated the problem, the specification continues by saying that accordingly the invention provides a controller as defined in claims 1 and 3. It characterises the invention in several subsequent paragraphs, always by reference to the threshold value of the moment of tilt. I will quote two of those paragraphs:

‘[0013] The threshold value may include a first threshold value associated with one or more predetermined positions of the load handling apparatus and a second threshold value associated with one or more other predetermined positions of the load handling apparatus.

[0014] The threshold value may be proportional or substantially proportional to the signal representative of

a position of the load handling apparatus over a range of positions of the load handling apparatus.’

132. ... I do not believe that the skilled person would regard restricting or preventing movement of the arm by means of a variable threshold in the tipping moment to be, by itself, one of the technical insights of EP 382. The clever bit is principally the idea of a controller configured so that it is more permissive of arm movement when the arm is at angles which are less likely to risk tipping the machine. Principally, but not exclusively. It is also part of the inventive concept as explained by EP 382 that this is achieved by the threshold for restriction or prevention of arm movement being dependent on the angle of the arm.
133. The inventive concept concerns a controller for use in a telehandler or other machine with a load-carrying arm. In my view it is the idea of the controller being configured so that it is more permissive of arm movement when the lifting arm is at low angles and more restrictive when the arm is at high angles and that this is achieved by restricting or preventing arm movement at a certain point as the tipping point of the machine is approached, i.e. at a threshold in the measured moment of tilt, and by varying that threshold according to the angle of the arm. A signal representative of the arm angle causes a change in the threshold.”

The judge’s judgment on infringement of EP 382

21. The Substantive Judgment, as opposed to the Confidential Annex, contains almost no discussion of the infringement issues apart from a brief exposition of the law on infringement by equivalents which do not fall within the claim on a normal interpretation following the decision of the Supreme Court in *Actavis UK Ltd v Eli Lilly and Company* [2017] UKSC 48, [2017] Bus LR 1731. As the judge explained, this requires the court to answer three questions, the first of which is:
- “Notwithstanding that it is not within the literal meaning of the relevant claim(s) of the patent, does the variant achieve substantially the same result in substantially the same way as the invention, i.e. the inventive concept revealed by the patent?”
22. The reasoning is all in the Confidential Annex. As explained above, however, an interim public version of the Confidential Annex has now been made available which discloses the judge’s reasoning in outline while redacting various details. The reasoning as it appears from the interim public version can be summarised as follows. In this summary I will use square brackets to indicate information that has been redacted or replaced by anodyne labels.
23. The judge began at paragraphs 19-28 by describing Manitou’s configuration C machines. At the core of the configuration C system is a measurement of the stability

of the machine generating a “stability signal”. A rear axle sensor generates the signal, where no signal or 0% signifies maximum stability and 100% signifies instability.

24. During manufacture machines are allotted two fixed values of the stability signal. The first is a setting for a fixed threshold in the stability signal. This is known as the “Maximum C-Type Stability Threshold”. Arm movement is abruptly stopped when this threshold is exceeded. The second is a lower threshold known as the “C-Type Stability Threshold”. The Maximum C-Type Stability Threshold provides for a long-stop prevention of further arm movement, but the system is designed to avoid that long stop being reached for the most part. This is achieved by [a number of sub-systems, one of which is System A].
25. [System A] causes an abrupt stop to arm movement when [a value of criterion X (“GX”) is met]. It operates only when the stability signal is above the C-Type Stability Threshold (and, necessarily, at or below the Maximum C-Type Stability Threshold). [GX] is set according to a formula [redacted]. Where the stability signal increases to reach the Maximum C-Type Stability Threshold, [GX] is [a particular value] and movement is prevented unless and until the stability signal decreases. [Another system which is relevant is dependent on another parameter.]
26. In addition, the configuration C system measures [another parameter]. When that [parameter exceeds a certain value] arm movement is restricted. This limit is not set by reference to the angle of the arm. [Redacted paragraph.]
27. Having set out claim 1 of EP 382, the judge explained in paragraphs 30-35 that JCB’s pleaded case on infringement of EP 382 was exclusively concerned with [System A] of configuration C.
28. The judge went on in paragraphs 36-41 to consider infringement on a normal interpretation of claim 1 of EP 382. He explained there were, in essence, two issues. The first concerned integers (b) and (f): whether [System A] used a signal representative of the position of the load handling apparatus (i.e. the arm) with respect to the body ((b)) and whether it used a signal representative of the angle of the arm ((f)). The second issue concerned integers (e) and (g): whether there was a threshold value of the stability signal dependent on the angle of the arm ((e)) and whether the stability signal had two values corresponding to a first and second angle of the arm ((g)). The judge held that there was no infringement on a normal interpretation because the formula for [GX] shows that the threshold it creates is not dependent on a signal representative of the angle of the arm. Thus none of the four integers was satisfied.
29. The judge then considered infringement under the doctrine of equivalents in paragraphs 42-52. Having set out JCB’s pleaded case on this issue, he noted that Manitou’s case was that the variant integers were (b), (e), (f) and (g), and agreed with this. He also noted that an important part of JCB’s case as presented in argument was that there was really only one distinction between claim 1 and Manitou’s configuration C control system: in claim 1 the controller receives a signal which is representative of the angle of the arm whereas in the Manitou system the controller receives a signal which is representative of [another criterion].

30. Having reiterated his formulation of the inventive concept, the judge described the variant in the following way:
- “48. The variant, the controller in Manitou’s configuration C machines, is by common consent more permissive of arm movement at arm angles which are less likely to threaten the stability of the machine.
49. This is achieved in a different way. The Manitou controller shares with the inventive concept of EP 382 the measurement of the moment of tilt. But the signal representative of the moment of tilt, the ‘stability signal’ derived from the rear axle sensor, is monitored not for [another criterion] but for [criterion X]. [Redacted sentence.] When the threshold is reached, the controller causes arm movement to stop abruptly. Thus, (a) the relevant threshold is in [criterion X] not [in another criterion] and (b) it is not varied by reference to the angle of the arm but by reference to [redacted].
50. As a matter of physics, [criterion X] is in part dependent on the angle of the arm. Therefore [criterion X] and thereby the [value of GX], is in part dependent on the angle of the arm. It is also dependent on [a number of other parameters]. However, there is no signal representative of the arm angle which, by itself, directs changes to the [value of GX].”
31. The judge then proceeded to consider the first *Actavis* question. He explained that Manitou accepted that the controller in their configuration C machines achieves the same result as the inventive concept of claim 1 of EP 382 in that it is more permissive when the arm is at angles which are less likely to risk tipping of the machine. This means that the Manitou system is more permissive of arm movement when the lifting arm is at low angles and more restrictive when the arm is at high angles. The issue was whether this is achieved in substantially the same way as in the inventive concept of claim 1. The judge’s view was that it was not for the reason he expressed in paragraph 52:
- “In EP 382 it is achieved by varying a threshold in the moment of tilt according to the angle of the arm. In Manitou’s configuration C machines it is achieved by varying a threshold in [criterion X], the variation done by reference to the [measurement of a parameter related to criterion X].”
32. The judge therefore concluded that the answer to the first *Actavis* question was no, and claim 1 of EP 382 was not infringed.
33. If the version of the Confidential Annex which gives effect to the Confidentiality Judgment is compared with the interim public version described above, the main difference is that in the former paragraphs 49-52 are unredacted. In addition, one of the two acronyms in head 4 is unredacted on the basis that this reveals nothing further once criterion X has been disclosed. On the other hand, the judge’s description of configuration C in paragraphs 21-28 remains quite heavily redacted.

Preliminary observations

34. Before turning to consider the appeals, I would make two preliminary observations. The first is that, as should be clear from what I have said already, the issues raised by this case involve Manitou's private interest in protecting its allegedly confidential information and the public interest in open justice. In opposing Manitou's application for a permanent order under rule 31.22(2), JCB argues in favour of the public interest. It may be doubted whether JCB is acting altruistically in doing so. It seems more likely that JCB has some private interest of its own in the outcome. Counsel for Manitou suggested that JCB wishes to be free to use the disputed information in parallel litigation between the parties in civilian jurisdictions where disclosure is unavailable. Even if that suggestion is correct, however, JCB is entitled to defend its private interests. Moreover, JCB's opposition to Manitou's application means that both the judge and this Court have had the benefit of skilled adversarial argument.
35. Secondly, I have so far described the issues by reference to the expression "confidential information" because that is how they were referred to by the parties in argument before the judge, and therefore by the judge in the Confidentiality Judgment, and by the parties in their skeleton arguments for the appeals. In my view, however, the correct way in which to describe Manitou's application is that it is an application to protect alleged technical trade secrets.
36. To some extent this is a terminological distinction which makes no difference to the issues, but it affects the legal analysis in two ways. First, it reflects a long-standing exception to the open justice principle recognised in English law. Secondly, neither the parties nor the judge referred to either European Parliament and Council Directive 2016/943/EU of 8 June 2016 on the protection of undisclosed know-how and business information (trade secrets) against their unlawful acquisition, use and disclosure ("the Trade Secrets Directive"), or the Trade Secrets (Enforcement, etc.) Regulations 2018 (SI 2018/597) ("the Regulations") which implement the Trade Secrets Directive, until this Court drew them to the parties' attention. I shall explain the significance of both these points below.

Legal principles applicable to JCB's appeal

English law prior to the Trade Secrets Directive

37. Prior to the implementation of the Trade Secrets Directive in the UK, trade secrets could be protected under English law by contractual and equitable obligations of confidence. Neither party suggested that it was relevant for the purposes of JCB's appeal to consider a contractual analysis, and so attention can be confined to the equitable doctrine.
38. The clearest statement of the elements necessary to found an action for breach of an equitable obligation of confidence remains that of Megarry J in *Coco v A.N. Clark (Engineers) Ltd* [1969] RPC 41 at 47:

"First, the information itself ... must 'have the necessary quality of confidence about it'. Secondly, that information must have been communicated in circumstances importing an obligation of confidence. Thirdly, there must have been an unauthorised

use of the information to the detriment of the party communicating it.”

39. This statement of the law has repeatedly been cited with approval at the highest level: see Lord Griffiths in *Attorney-General v Guardian Newspapers Ltd (No 2)* (“*Spycatcher*”) [1990] 1 AC 109 at 268, Lord Nicholls of Birkenhead in *Campbell v MGN Ltd* [2004] UKHL 22, [2004] 2 AC 457 at [13] and Lord Hoffmann in *Douglas v Hello! Ltd (No 3)* [2007] UKHL 21, [2008] 1 AC 1 at [111].
40. It is not, however, a complete statement of the ingredients of a successful claim. There is a further requirement, namely that the unauthorised use of information was without lawful excuse. An alternative analysis is that a defence of lawful excuse is available. Either way, it seems clear that the burden lies upon the defendant to establish that it has a lawful excuse, and not upon the claimant to prove the absence of any lawful excuse.
41. The expression “the necessary quality of confidence” was coined by Lord Greene MR in *Saltman Engineering Co Ltd v Campbell Engineering Co Ltd* (1948) 65 RPC 203 at 215. Lord Greene defined this quality by antithesis: “namely, it must not be something which is public property and public knowledge”.
42. The authorities on this question up to 2012 are exhaustively analysed in Chapter 5 of Aplin *et al*, *Gurry on Breach of Confidence: The Protection of Confidential Information* (2nd ed). As the authors’ analysis makes clear, the issue is context- and fact-sensitive, and confidentiality is a relative and not an absolute concept. They identify the basic attribute which information must possess before it can be considered confidential as being inaccessibility: see paragraphs 5.14 to 5.20. As previously stated in *Racing Partnership Ltd v Done Bros (Cash Betting) Ltd* [2020] EWCA Civ 1156, [2021] Ch 233 at [48], I agree with this.
43. *Saltman v Campbell* was itself a case of relative confidentiality arising out of relative inaccessibility. The Court of Appeal upheld the claimants’ claim for misuse of confidential information contained in design drawings for tools for manufacturing leather punches even though the punches had been sold and therefore were public. As Lord Greene explained at 215:

“What the defendants did in this case was to dispense in certain material respects with the necessity of going through the process which had been gone through in compiling these drawings, and thereby to save themselves a great deal of labour and calculation and careful draughtsmanship. No doubt, if they had taken the finished article, namely, the leather punch, which they might have bought in a shop, and given it to an expert draughtsman, that draughtsman could have produced the necessary drawings for the manufacture of machine tools required for making that particular finished article. In at any rate a very material respect they saved themselves that trouble by obtaining the necessary information either from the original drawings or from the tools made in accordance with them. That, in my opinion, was a breach of confidence.”

44. As a number of subsequent authorities make clear, no claim of confidentiality can be maintained in respect of information contained in a document such as a design drawing if that information can readily be obtained by inspecting an article which is publicly accessible. By contrast, relative confidentiality can be claimed in respect of information contained in a document if the information can only be obtained from the article by a process of reverse engineering which takes time, effort and skill. In the latter situation, a person to whom the document has been imparted in circumstances importing an obligation of confidence will be liable for breach of confidence if they use the document as a short cut rather than undertaking the exercise of reverse engineering. The same principle applies to information supplied orally rather than in a document.
45. In such a case, the significance of the relative nature of the confidentiality is that it affects the remedies to which the claimant is entitled. In particular, any injunction must only last for such period as will deprive the defendant of the advantage it has obtained by taking the short cut (often referred to as a “springboard” injunction): see *Terrapin v Builders Supply Co (Hayes)* [1967] RPC 37 as analysed in *Vestergaard Frandsen A/S v Bestnet Europe Ltd (No 2)* [2009] EWHC 1456 (Ch), [2010] FSR 2 at [42]-[51], [77].
46. It is important to be clear that the concept of relative confidentiality cannot apply once the information in question is in the public domain even if the defendant does not obtain the information from a public domain source. This is demonstrated by the decision of the House of Lords in *O. Mustad & Son v Dosen* [1964] 1 WLR 109. In that case their Lordships dismissed the claimant’s claim for an injunction for breach of confidence on the ground that the claimant had published the information in question in a patent. As Lord Buckmaster famously said at 111, “[t]he secret, as a secret, had ceased to exist”. It was not suggested that the defendant had obtained the information from the patent. Indeed, it could not have been suggested, because the patent was only applied for, let alone published, after the misuse complained of had started. It might well be argued that *Mustad v Dosen* does not address the question of the defendant’s liability for financial relief in respect of the period prior to publication of the patent, which for some reason does not appear to have been in issue. But it shows that there can be no continuing claim for breach of confidence once the information is in the public domain, whether or not the defendant obtained the information from that source. The difference between cases like *Mustad v Dosen* and cases like *Saltman v Campbell* and *Terrapin* lies in the accessibility of the information, not in the means of access used by the defendant.
47. The relevant distinction is highlighted by the decision of Morritt J in *Alfa Laval Cheese Systems Ltd v Wincanton Engineering Ltd* [1990] FSR 583. The defendant had formerly manufactured a cheese block former for the claimants from drawings supplied by the claimants under an agreement containing obligations as to confidentiality. After the agreement was terminated, the defendant produced its own design of former. The claimants brought proceedings *inter alia* for breach of confidence. Morritt J held, applying *Terrapin*, that the claimants had an arguable case with regard to the inner lining of the tower of the former, since the design could only be ascertained by dismantling the tower. By contrast, he held at 591, distinguishing *Terrapin*, that information relating to “the dimensions and functions of certain pipes” was not confidential because “the pipes are of standard size and the results of [the

claimants’] tests and experiments [to determine the optimum size] is plain for all to see.” This distinction is supported by a dictum of Havers J in *Ackroyds (London) Ltd v Islington Plastics Ltd* [1962] RPC 97 at 104, although it was not cited in *Alfa Laval*.

48. Neither side challenged the correctness of the conclusion which I drew from this line of authority in *Force India Formula One Team Ltd v 1 Malaysia Racing Team Sdn Bhd* [2012] EWHC 616 (Ch), [2012] RPC 29 at [222]:

“In cases concerning design drawings like *Saltman v Campbell, Terrapin* and *Alfa Laval v Wincanton*, much will depend on the level of generality of the information asserted to be confidential. If the claimant contends that information relating to the shape and configuration of the article depicted in the drawings is confidential, but the shape and configuration of the article can readily be ascertained from inspection of examples of the article which have been sold or are otherwise publicly accessible, then the claim will fail. If, on the other hand, the claimant contends that detailed dimensions, tolerances and manufacturing information recorded in the drawings are confidential, that information cannot readily be ascertained from inspection, but only by a process of reverse engineering and the defendant has used the drawings as a short cut rather than taking the time and effort to reverse engineer, then the claim will succeed.”

49. Subsequently Newey J (as he then was) summarised the test in *Kerry Ingredients (UK) Ltd v Bakkavor Group Ltd* [2016] EWHC 2448 (Ch), [2017] 2 BCLC 74 at [67] as follows: “the fact that information could be obtained by reverse engineering will not of itself prevent it from being regarded as confidential if at least the reverse engineering would involve a significant amount of work”. In that case Newey J held that the defendants had misused confidential information concerning the claimant’s production method for manufacturing edible infused oils, which was designed to address food safety issues while also achieving good flavour and shelf life and a “clean label”, and thereby obtained an improper head start. He estimated the head start at a year and granted a time-limited injunction to reflect this.

50. Conversely, a person who undertakes the exercise of reverse engineering a publicly accessible article, rather than taking a short cut by misusing a confidential document, is free to use the information obtained as a result of that exercise even if it takes a significant amount of work. In *Mars UK Ltd v Teknowledge Ltd* [2000] FSR 13 the defendant admitted that it had reversed engineered the claimant’s Cashflow coin discriminator, which was used in vending machines, in order to be able to recalibrate Cashflows to accept new coins in competition with the claimant’s authorised agents. The defendant further admitted that, as part of the reverse engineering exercise, it had decrypted information which the claimant had encrypted. The claimant contended that the defendant had thereby misused its confidential information.

51. Jacob J held that, although the defendant had infringed the claimant’s copyright and database right, it had not acted in breach of confidence:

“[31] So, starting with the first requirement, does the encrypted information in the Cashflow, have the ‘necessary quality of confidence’? I think the answer is clearly ‘no’. The Cashflow is on the market. Anyone can

buy it. And anyone with the skills to de-encrypt has access to the information. The fact that only a few have those skills is, as it seems to me, neither here nor there. Anyone can acquire the skills and anyway, a buyer is free to go to a man who has them. Mars suggest that the owner, although he owns the machine, does not own the information within it. That is too glib. What the owner has is the right of full ownership. With that goes an entitlement 'to dismantle the machine to find out how it works and tell anyone he pleases' (a right recognised by Morritt J. in *Alfa Laval Cheese Systems Ltd v. Wincanton Engineering Ltd* [1990] F.S.R. 583).

[32] In so holding, I am of course not saying that were anyone to steal the information direct from Mars, thus saving themselves reverse engineering and de-encryption, would not be liable for breach of confidence. The un-encrypted information remains confidential in the sense that in that form it has never been published. It is the sort of information which, if illegitimately taken, can give rise to the 'springboard' (Roxburgh J.'s graphic adjectival noun in *Terrapin Ltd v. Builders Supply Co. (Hayes) Ltd* [1960] RP.C. 128) type of the action for breach of confidence. The law of confidence merely prevents a party from taking a leap forwards by by-passing 'special labours in respect of the product in order to discover its secret' (Francis Gurry, *Breach of Confidence* (1984)."

52. It can be seen that Jacob J held that information which can be obtained by reverse engineering a publicly available article is not confidential even if the reverse engineering involves decryption of encrypted information, whereas the same information would be confidential if taken directly from the claimant. An alternative analysis might be that the defendant has a lawful excuse if it obtains the information by reverse engineering. It is not necessary for the purposes of the present appeals to consider either the correctness of the actual decision in *Mars v Teknowledge*, or, if it is, the proper basis for it. The point that matters is that the basic principle recognised in *Mars v Teknowledge* is perfectly consistent with the doctrine of relative confidentiality as I have explained it.
53. Under English law prior to the implementation of the Trade Secrets Directive, trade secrets simply constituted a particular category of confidential information. The principal distinguishing characteristic of trade secrets, as opposed to other forms of confidential information, was that a former employee could be restrained from using or disclosing their former employer's trade secrets after the termination of the employment: see in particular *Faccenda Chicken Ltd v Fowler* [1987] 1 Ch 117 and *Lancashire Fires Ltd v SA Lyons & Co Ltd* [1996] FSR 629. As discussed below, trade secrets were also differentiated from other forms of confidential information in that they received greater protection from disclosure as a result of proceedings in open court. Now, trade secrets are also to be distinguished from other confidential information in that they are subject to the Regulations which implement the Trade Secrets Directive.

The Trade Secrets Directive and the Regulations

54. The Trade Secrets Directive harmonises the protection against the unlawful acquisition, use and disclosure of trade secrets in the European Union. It is not an exhaustive harmonisation: Article 1(1) provides that Member States may provide for more far-reaching protection than that required by the Directive provided that compliance with a number of provisions of the Directive is ensured. Thus the Directive provides both a floor and a ceiling.

55. The following recitals and provisions of the Directive are particularly relevant for present purposes:

“(16) In the interest of innovation and to foster competition, the provisions of this Directive should not create any exclusive right to know-how or information protected as trade secrets. Thus, the independent discovery of the same know-how or information should remain possible. Reverse engineering of a lawfully acquired product should be considered as a lawful means of acquiring information, except when otherwise contractually agreed. The freedom to enter into such contractual arrangements can, however, be limited by law.

...

(24) The prospect of losing the confidentiality of a trade secret in the course of legal proceedings often deters legitimate trade secret holders from instituting legal proceedings to defend their trade secrets, thus jeopardising the effectiveness of the measures, procedures and remedies provided for. For this reason, it is necessary to establish, subject to appropriate safeguards ensuring the right to an effective remedy and to a fair trial, specific requirements aimed at protecting the confidentiality of the litigated trade secret in the course of legal proceedings instituted for its defence. Such protection should remain in force after the legal proceedings have ended and for as long as the information constituting the trade secret is not in the public domain.

(25) Such requirements should include, as a minimum, the possibility of restricting the circle of persons entitled to have access to evidence or hearings, bearing in mind that all such persons should be subject to the confidentiality requirements set out in this Directive, and of publishing only the non-confidential elements of judicial decisions. In this context, considering that assessing the nature of the information which is the subject of a dispute is one of the main purposes of legal proceedings, it is particularly important to ensure both the effective protection of the confidentiality of trade secrets and respect for the right of the parties to those proceedings to an effective remedy and to a fair trial. ...

...

Article 2

Definitions

For the purposes of this Directive, the following definitions apply:

- (1) 'trade secret' means information which meets all of the following requirements:
 - (a) it is secret in the sense that it is not, as a body or in the precise configuration and assembly of its components, generally known among or readily accessible to persons within the circles that normally deal with the kind of information in question;
 - (b) it has commercial value because it is secret;
 - (c) it has been subject to reasonable steps under the circumstances, by the person lawfully in control of the information, to keep it secret;
- (2) 'trade secret holder' means any natural or legal person lawfully controlling a trade secret;
- (3) 'infringer' means any natural or legal person who has unlawfully acquired, used or disclosed a trade secret;

...

Article 3

Lawful acquisition, use and disclosure of trade secrets

1. The acquisition of a trade secret shall be considered lawful when the trade secret is obtained by any of the following means:

...

- (b) observation, study, disassembly or testing of a product or object that has been made available to the public or that is lawfully in the possession of the acquirer of the information who is free from any legally valid duty to limit the acquisition of the trade secret;

...

Article 4

Unlawful acquisition, use and disclosure of trade secrets

1. Member States shall ensure that trade secret holders are entitled to apply for the measures, procedures and remedies provided for in this Directive in order to prevent, or obtain redress for, the unlawful acquisition, use or disclosure of their trade secret.
2. The acquisition of a trade secret without the consent of the trade secret holder shall be considered unlawful, whenever carried out by:
 - (a) unauthorised access to, appropriation of, or copying of any documents, objects, materials, substances or electronic files, lawfully under the control of the trade secret holder, containing the trade secret or from which the trade secret can be deduced;
 - (b) any other conduct which, under the circumstances, is considered contrary to honest commercial practices.
3. The use or disclosure of a trade secret shall be considered unlawful whenever carried out, without the consent of the trade secret holder, by a person who is found to meet any of the following conditions:
 - (a) having acquired the trade secret unlawfully;
 - (b) being in breach of a confidentiality agreement or any other duty not to disclose the trade secret;
 - (c) being in breach of a contractual or any other duty to limit the use of the trade secret.

...

Article 9

Preservation of confidentiality of trade secrets in the course of legal proceedings

1. Member States shall ensure that the parties, their lawyers or other representatives, court officials, witnesses, experts and any other person participating in legal proceedings relating to the unlawful acquisition, use or disclosure of a trade secret, or who has access to documents which form part of those legal proceedings, are not permitted to use or disclose any trade secret or alleged trade secret which the competent judicial authorities have, in response to a duly reasoned application by an interested party, identified as confidential and of which they have become aware as a result of such participation or access. In that regard, Member States may also allow competent judicial authorities to act on their own initiative.

The obligation referred to in the first subparagraph shall remain in force after the legal proceedings have ended. However, such obligation shall cease to exist in any of the following circumstances: (a) where the alleged trade secret is found, by a final decision, not to meet the requirements set out in point (1) of Article 2; or (b) where over time, the information in question becomes generally known among or readily accessible to persons within the circles that normally deal with that kind of information.

2. Member States shall also ensure that the competent judicial authorities may, on a duly reasoned application by a party, take specific measures necessary to preserve the confidentiality of any trade secret or alleged trade secret used or referred to in the course of legal proceedings relating to the unlawful acquisition, use or disclosure of a trade secret. Member States may also allow competent judicial authorities to take such measures on their own initiative.

The measures referred to in the first subparagraph shall at least include the possibility:

- (a) of restricting access to any document containing trade secrets or alleged trade secrets submitted by the parties or third parties, in whole or in part, to a limited number of persons;
- (b) of restricting access to hearings, when trade secrets or alleged trade secrets may be disclosed, and the corresponding record or transcript of those hearings to a limited number of persons;
- (c) of making available to any person other than those comprised in the limited number of persons referred to in points (a) and (b) a non-confidential version of any judicial decision, in which the passages containing trade secrets have been removed or redacted.

The number of persons referred to in points (a) and (b) of the second subparagraph shall be no greater than necessary in order to ensure compliance with the right of the parties to the legal proceedings to an effective remedy and to a fair trial, and shall include, at least, one natural person from each party and the respective lawyers or other representatives of those parties to the legal proceedings.

3. When deciding on the measures referred to in paragraph 2 and assessing their proportionality, the competent judicial authorities shall take into account the need to ensure the right to an effective remedy and to a fair trial, the legitimate interests of the parties and, where appropriate, of third parties, and any

potential harm for either of the parties, and, where appropriate, for third parties, resulting from the granting or rejection of such measures.

...”

56. Although the Regulations implement the Trade Secrets Directive, they do not specifically transpose all of its provisions: in particular, although regulation 2 of the Regulations contains definitions which are almost identical to those contained in Article 2 of the Directive, the Regulations do not transpose Articles 3, 4 or 5 of the Directive. On the other hand, regulation 10 does faithfully implement Article 9. For present purposes, the only provision of the Regulations which it is necessary to set out is regulation 3:

“Wider protection

- (1) The acquisition, use or disclosure of a trade secret is unlawful where the acquisition, use or disclosure constitutes a breach of confidence in confidential information.
 - (2) A trade secret holder may apply for and a court may grant measures, procedures, and remedies available in an action for breach of confidence where the measures, procedures and remedies—
 - (a) provide wider protection to the trade secret holder than that provided under these Regulations in respect of the unlawful acquisition, use or disclosure of a trade secret, and
 - (b) comply with the safeguards referred to in Article 1 of [the Trade Secrets Directive].
 - (3) A trade secret holder may apply for and a court may grant the measures, procedures and remedies referred to in paragraph (2) in addition, or as an alternative, to the measures, procedures and remedies provided for in these Regulations in respect of the unlawful acquisition, use or disclosure of a trade secret.”
57. It is not necessary for the purposes of these appeals to consider in detail the effect of this curious provision, but it appears to be primarily intended to ensure that, if and in so far as English law prior to the implementation of the Trade Secrets Directive was more favourable to the trade secret holder (as defined in regulation 2 and Article 2) than the minimum level of protection required by the Directive, then that greater level of protection shall continue to be available, but only in so far as is consistent with the safeguards (i.e. for the defendant and third parties) required by the Directive. Regulation 3 does not appear to address the position if the Directive confers greater protection than English law did previously; but presumably English law must, in accordance with well-established principles of EU law, be interpreted and applied, so far as possible, consistently with the Directive despite the failure of the UK to transpose Articles 3, 4 or 5. This is unaffected by Brexit, because the principle of

supremacy of EU law continues to apply “so far as relevant to the interpretation, disapplication, or quashing of any enactment or rule of law passed or made before” 31 December 2020: see section 5(2) of the European Union (Withdrawal) Act 2018 and *R (Open Rights Group) v Secretary of State for the Home Department* [2021] EWCA Civ 800, [2021] 1 WLR 3611, at [12]–[13] (Warby LJ).

58. It is common ground between the parties that the Trade Secrets Directive and the Regulations are not directly applicable in the circumstances of the present case because this is not a case in which there is any claim of unlawful acquisition, disclosure or use of a trade secret. On the other hand, I did not understand either party to disagree that the Trade Secrets Directive and the Regulations informed the approach the court should adopt to the issues arising on both JCB’s appeal and Manitou’s appeal.

The evidence as to the confidentiality of criterion X

59. Manitou’s evidence as to the confidentiality of criterion X is contained in a seventh witness statement of its solicitor Dafydd Bevan dated 7 February 2023. Mr Bevan began by saying:

“6. The Court will recall that this Configuration C system was found not to infringe any of JCB’s patents ... either on a normal or equivalents basis. Manitou is therefore understandably concerned at the risk of public disclosure of the detailed workings of a complex and innovative system, developed in-house by its own engineers and never to-date described or disclosed publicly, and which it was only necessary to describe in these proceedings due to infringement allegations advanced by JCB that were found to be baseless.

7. I understand from Manitou that it considers that the design and implementation of Configuration C to be commercially sensitive and that disclosure of it to competitors would risk unjustifiably eroding a competitive advantage that Manitou currently possesses. One obvious such advantage it gives to Manitou is that it has permitted it to sell a system with excellent performance that meets the relevant standards and regulations and does not infringe JCB’s patents: this is clearly a potential commercial advantage over third party (i.e. non-JCB) competitors who are left to develop their own such systems or incur JCB’s ire.

8. Before considering the detail of the confidentiality claim, it is instructive to recall a general point that illustrates the confidentiality of the information. The Court will recall that the present proceedings form a part of broader, multi-jurisdictional litigation extending also to France and Italy. Partially from my own knowledge but also from discussions with Mr Michel Abello, Manitou’s French lawyer who has conducted both of the proceedings in France and co-ordination of the International litigation, I understand that despite extensive testing, reverse

engineering and other analysis, none of the aspects of the functioning of Configuration C sought to be kept confidential in these UK proceedings has been determined in any meaningful way by JCB in either France or Italy (where in general a claimant must rely on publicly available information or experiment to establish its infringement case, and where disclosure or a product description is not routinely ordered). Given that JCB advanced both a conventional infringement claim and one based on equivalents in the UK, that corresponding designations of EP ‘382 are available in each of France and Italy, and that proceedings in respect of EP ‘382 are ongoing in France, it is a reasonable assumption that were they able to determine the relevant information through public sources or by experiment, they would have done so. In fact Configuration C is not alleged to infringe in either jurisdiction.

9. My purpose in recounting the above is not to suggest that the Court should keep the information confidential merely to prevent JCB from advancing an infringement claim abroad. The point I am seeking to make is a broader one: if a well-resourced company such as JCB that is currently in litigation with Manitou could not determine the information through public sources or reverse engineering, despite extensive effort and expenditure, then it provides real evidence that the information is genuinely confidential. The fact that JCB has made unfounded claims of patent infringement against the system should not deprive Manitou of that commercially valuable confidentiality.”
60. Turning specifically to criterion X, Mr Bevan said that he had been informed by Sylvain Cadou of Manitou, who had developed the configuration C system, verified the PPD and gave evidence at trial, that Manitou are not aware of any other commercialised LLMC system that is based on monitoring criterion X. In addition, Mr Bevan relied upon the facts that: (i) Manitou’s expert at trial, David Krayem, had described configuration C in his evidence as quite different to both EP 382 and the prior art; (ii) neither Mr Krayem nor Prof Plummer had suggested that such systems were known; (iii) nor had Mr Bevan come across such a system in the course of extensive work on the case; and (iv) counsel for JCB had acknowledged that the relevant subsystem of configuration C was very clever. Mr Bevan concluded:

“Manitou should be entitled to protect as confidential the fact that its system is based on the use of a clever and quite different parameter, that was selected for use as a result of the innovation of its engineers and its investment in research and development. This is especially the case where the only reason it risks being disclosed is as a result of an unfounded allegation of patent infringement.”
61. JCB relied upon evidence contained in a third expert report of Professor Andrew Plummer, who was JCB’s expert witness at the trial, dated 14 February 2023. The judge summarised Prof Plummer’s evidence in the Confidentiality Judgment as follows:

- “27. ... Professor Plummer states that from the information acknowledged to be non-confidential, a skilled person would know that the Configuration C system has a threshold which varies with the angle of the arm and which is more permissive at low angles than at high angles. He points out there are a number of parameters which vary with arm angle and for reasons he discusses he says that it would be clear from a detailed inspection of Manitou’s machine that certain possible parameters can be ruled out. This having been done, there is a further parameter that would occur to the skilled engineer who would identify it as the relevant criterion that must be used in a Configuration C Manitou machine.
28. Professor Plummer concedes that only a detailed inspection of a Manitou machine would allow the engineer to identify this criterion, referred to in argument as ‘criterion X’. ...”
62. While this summary is entirely accurate so far as it goes, I think it is worth adding that the “detailed inspection” envisaged by Prof Plummer includes testing a configuration C telehandler both with its angle sensor in operation and with that sensor either electronically disconnected or mechanically removed.
63. Manitou did not serve any evidence in reply to Prof Plummer’s evidence.

The judge’s reasoning concerning the confidentiality of criterion X

64. The judge cited the passages from *Mars v Teknowledge* and *Force India* which I have set out above. From them he drew the following conclusion as to the law at [25]:
- “In my view, the distinction being drawn both by Jacob J and Arnold J has nothing to do with stealing or obtaining information by illegitimate means. An owner of any machine is entitled to find out how it works via as much detailed inspection or reverse engineering as they please. Whatever information is thereby discovered will not have been obtained in breach of confidence. Exactly the same information may exist in a document. Another party’s act of using or disclosing the information as derived from the document will be in breach of confidence because such an act permits the exploitation of the information by means of an unlawful short cut, i.e. without having to bother with the work of dismantling or reverse engineering. Looked at another way, the information as recorded in the document retains its quality of confidence because it is in a form which makes an unlawful short cut possible.”
65. Applying that approach to the facts, the judge held at [28] that Prof Plummer’s evidence:
- “... confirms Manitou’s assertion that criterion X is confidential as recorded in a document, which includes the Annex to my judgment at trial. A competitor reading the Annex would obtain the information without having to conduct a detailed investigation or go through Professor Plummer’s process of elimination.”

JCB's appeal

66. Although JCB appeals on five grounds, upon analysis they amount to two variants of the same basic argument, which is that the judge erred in law at [25]. JCB contends that the doctrine of relative confidentiality is all about the misuse of documents containing confidential information, and that this is irrelevant to the question of whether information which can be derived from machines which are publicly available is confidential. It argues that Prof Plummer's unchallenged evidence establishes that criterion X can be deduced simply from a detailed inspection of configuration C Manitou telehandlers and therefore cannot constitute confidential information. In the alternative, it argues that this is so even if the process envisaged by Prof Plummer is properly described as reverse engineering.
67. I do not accept this argument. In my judgment the judge correctly stated the law, and reached the correct conclusion applying the law to the evidence. As he recognised, the dispute in the present case is about the use that can be made of documents, as exemplified by the Confidential Annex. Thus the issue is concerned with the alleged confidentiality of information recorded in such documents, namely criterion X. JCB contends that criterion X is not confidential because it could be deduced by the process described by Prof Plummer. Manitou riposte that the information recorded in the documents has relative confidentiality even though it could be deduced by someone who undertook that process because possession of the documents provides a short cut. Manitou's case is sound in principle and supported by the evidence.
68. It is fair to say that Prof Plummer's evidence indicates that the degree of relative confidentiality attaching to criterion X as recorded in the Confidential Annex is not high. Measured by the duration of an injunction that would be granted to deprive a person who misused the Confidential Annex of the head start that they had gained, it appears that it would be of the order of weeks, or possibly even days, rather than months or years. But that does not mean that the information is not confidential at all.
69. This conclusion is consistent with the Trade Secrets Directive and the Regulation. Recital (16) and Article 3(1)(b) of the Directive make it clear that it is lawful to acquire trade secrets by reverse engineering, although there may well be a question as to how far this goes (does it extend to decrypting encrypted information, for example?). That does not mean that it is lawful to acquire trade secrets through unauthorised access to confidential documents recording them (Article 4(2)(a)) or to use trade secrets contained in such documents in breach of a contractual or other obligation (Article 4(3)(b),(c)) where use of the documents provides a short cut.
70. I would therefore dismiss JCB's appeal. As JCB accepted during the course of argument, it follows that heads 2 and 4 must also be taken to constitute confidential information and that it is unnecessary to consider Manitou's respondent's notice.

Legal principles applicable to Manitou's appeal

Open justice

71. Open justice is a fundamental principle of English law. In the landmark case of *Scott v Scott* [1913] AC 417, the House of Lords held that the High Court had no power, even with the consent of the parties, to order that a petition for the annulment of a marriage

be heard *in camera* (or, as we would now say, in private) in the interests of public decency. Their Lordships were emphatic that the general rule was that cases were to be heard in open court. The rationale for this general rule was most clearly explained by Lord Shaw of Dunfermline, who at 477 quoted with approval Jeremy Bentham:

“Publicity is the very soul of justice. It is the keenest spur to exertion and the surest of all guards against improbity. It keeps the judge himself while trying under trial.”

72. More recently, this rationale was expressed by Toulson LJ in *R (Guardian News and Media Ltd) v City of Westminster Magistrates’ Court* [2012] EWCA Civ 420, [2013] QB 618 at [1], in a passage cited with approval by Baroness Hale of Richmond when delivering the judgment of the Supreme Court in *Dring v Cape Intermediate Holdings Ltd* [2019] UKSC 38, [2020] AC 629 at [2], as follows:

“Open justice. The words express a principle at the heart of our system of justice and vital to the rule of law. The rule of law is a fine concept but fine words butter no parsnips. How is the rule of law itself to be policed? It is an age old question. *Quis custodiet ipsos custodes*—who will guard the guards themselves? In a democracy, where power depends on the consent of the people governed, the answer must lie in the transparency of the legal process. Open justice lets in the light and allows the public to scrutinise the workings of the law, for better or for worse.”

73. Baroness Hale went on to explain this more fully, and its importance to the contemporary English civil litigation system, which is increasingly based on written evidence and argument, as follows:

“42. The principal purposes of the open justice principle are two-fold and there may well be others. The first is to enable public scrutiny of the way in which courts decide cases—to hold the judges to account for the decisions they make and to enable the public to have confidence that they are doing their job properly. In *A v British Broadcasting Corpn* [2015] AC 588, Lord Reed JSC reminded us of the comment of Lord Shaw of Dunfermline, in *Scott v Scott* [1913] AC 417, 475, that the two Acts of the Scottish Parliament passed in 1693 requiring that both civil and criminal cases be heard ‘with open doors’, ‘bore testimony to a determination to secure civil liberties against the judges as well as against the Crown’ (para 24).

43. But the second goes beyond the policing of individual courts and judges. It is to enable the public to understand how the justice system works and why decisions are taken. For this they have to be in a position to understand the issues and the evidence adduced in support of the parties’ cases. In the olden days, as has often been said, the general practice was that all the argument and the evidence was placed before the court orally. Documents would be read out. The modern practice is quite

different. Much more of the argument and evidence is reduced into writing before the hearing takes place. Often, documents are not read out. It is difficult, if not impossible, in many cases, especially complicated civil cases, to know what is going on unless you have access to the written material.”

74. Many of the cases about open justice, including *Scott v Scott* and *Dring v Cape*, are about public access to the hearing and to documents and information referred to during the hearing. The open justice principle also applies with at least equal force to the judgment of the court following the hearing. Thus in *R (on the application of Mohamed) v Secretary of State for Foreign and Commonwealth Affairs (No. 2)* [2010] EWCA Civ 65, [2011] QB 218 Lord Judge CJ said at 41:

“... where litigation has taken place and judgment given, any disapplication of the principle of open justice must be rigidly contained, and even within the small number of permissible exceptions, it should be rare indeed for the court to order that any part of the reasoning in the judgment which has led it to its conclusion should be redacted. As a matter of principle it is an order to be made only in extreme circumstances.”

75. Similarly, Lord Neuberger of Abbotsbury MR said at [134]:

“... there is a very strong presumption indeed that a judgment, containing as it does the judge’s reasons for his decision, should be fully available for all to see. In the absence of good reason to the contrary, it is axiomatic that a litigant should be able to see all the reasoning of the court in his case, that justice should be administered and dispensed openly and in public, and that the media should know, and be able to disseminate, all aspects of court proceedings. That was made clear in *Scott v Scott* [1913] AC 417, and is now reinforced by articles 6 and 10 of the Convention. But even this fundamental principle must occasionally yield to other factors, such as the need to safeguard children and other vulnerable people, the need to prevent the court’s orders being thwarted, and the need to protect the public interest.”

The trade secrets exception to open justice

76. In *Scott v Scott* the House of Lords recognised three limited exceptions to the open justice principle. As Viscount Haldane LC explained at 437-438:

“While the broad principle is that the Courts of this country must, as between parties, administer justice in public, this principle is subject to apparent exceptions, such as those to which I have referred. But the exceptions are themselves the outcome of a yet more fundamental principle that the chief object of Courts of justice must be to secure that justice is done. In the two cases of wards of Court and of lunatics the Court is really sitting primarily to guard the interests of the ward or the lunatic. Its jurisdiction is in this respect parental and

administrative, and the disposal of controverted questions is an incident only in the jurisdiction. It may often be necessary, in order to attain its primary object, that the Court should exclude the public. The broad principle which ordinarily governs it therefore yields to the paramount duty, which is the care of the ward or the lunatic. The other case referred to, that of litigation as to a secret process, where the effect of publicity would be to destroy the subject-matter, illustrates a class which stands on a different footing. There it may well be that justice could not be done at all if it had to be done in public. As the paramount object must always be to do justice, the general rule as to publicity, after all only the means to an end, must accordingly yield. But the burden lies on those seeking to displace its application in the particular case to make out that the ordinary rule must as of necessity be superseded by this paramount consideration. The question is by no means one which, consistently with the spirit of our jurisprudence, can be dealt with by the judge as resting in his mere discretion as to what is expedient. The latter must treat it as one of principle, and as turning, not on convenience, but on necessity.”

77. While Viscount Haldane referred to a “secret process” in this passage, as did Lord Atkinson (at 450), the Earl of Halsbury (at 443), Earl Loreburn (at 448) and Lord Shaw (at 482) all referred more generally to “trade secrets”. None of their lordships elaborated upon what would constitute a trade secret for this purpose, but it is evident that they contemplated information that was not merely confidential, but also of significant value. As indicated above, subsequent jurisprudence distinguishes between trade secrets and lower grade confidential information in the employment context. In my judgment the same distinction applies in this context.
78. In claims for misuse of trade secrets, it is common for a series of steps to be taken to protect the confidentiality of the claimant’s information. First, the trade secrets are typically set out and particularised in a confidential annex to the particulars of claim which is only disclosed to members of a confidentiality club, some of whom may be required to give confidentiality undertakings. Secondly, disclosure documents, witness statements and experts’ reports are typically disclosed in full to members of the confidentiality club and in redacted form to others. Thirdly, at trial steps will be taken to enable as much of the hearing as possible to take place in open court, by making an interim order under rule 31.22(2) and referring to rather than reading out the confidential information, but where necessary the court will sit in private. Fourthly, the judgment of the court will typically be given first in a confidential version and subsequently in a public version from which the confidential information has been redacted. Newey J’s judgment in *Kerry v Bakkavor* is an example of this: the public version from which I have cited is redacted so as not to reveal the details of the claimant’s production method. Fifthly, a permanent order under rule 31.22(2) will typically be made after judgment. I shall discuss some of these steps in more detail below. The result is that English civil procedure has long complied with what is now required by Article 9 of the Trade Secrets Directive and regulation 10 of the Regulations.

79. Although the third exception contemplated by the House of Lords in *Scott v Scott* concerned claims by *claimants* to protect their trade secrets from misuse, it has long been recognised that the same principle can apply to proceedings in which the party seeking to protect its trade secret is the *defendant*.
80. This can arise in the context of claims for misuse of trade secrets. In such claims, it is not infrequently the case that the defendant contends that its own information is equally confidential. In such circumstances the confidentiality arrangements adopted are typically bilateral. *Vestergaard v Bestnet* is an example of this, as I explained in my trial judgment [2009] EWHC 657 (Ch) at [5]-[6].
81. It can also arise in the context of claims for patent infringement in which the defendant contends that the allegedly infringing product or process embodies or implements some trade secret. In such a case the claimant may well need disclosure of documents that reveal the trade secret in order to prove its case. But the defendant, which is a volunteer to the proceedings, should not have its trade secret published, and thus destroyed, as a result of exercising its right to defend itself. That would be just as much of an injustice as requiring a claimant in a claim for misuse of trade secrets to submit to having its trade secrets published, and thus destroyed, when seeking to enforce its rights.
82. Thus in *Smith & Nephew plc v Convatec Technologies Inc* [2014] EWHC 146 (Pat) Birss J (as he then was) made a final order under rule 31.22(2), after the trial of a claim to determine whether Smith & Nephew's product infringed Convatec's patent, in order to protect the confidentiality of documents disclosed by Smith & Nephew setting out details of their manufacturing process which Birss J accepted could properly be characterised as a trade secret of Smith & Nephew. In that case Smith & Nephew had brought a claim for a declaration of non-infringement, but there was a counterclaim by Convatec for infringement, and there can be no doubt that the result would have been the same if Smith & Nephew had not brought their claim.

Disclosure in patent cases

83. As noted above, parties who are alleged to have infringed (or to be threatening to infringe) a patent must disclose documents showing the construction and operation of the allegedly infringing product or process even if those documents reveal their trade secrets. Such party may elect to serve a PPD pursuant to rule 63.9 and PD 63 paragraph 6.1(1) instead of disclosing their internal documents, but as Pumfrey J stated in *Alfred Taylor v Ishida (Europe) Ltd* [2000] FSR 224 at 225:

“... the function of a product description is in all respects equivalent to that of disclosure. The duties of all parties, both the professionals and of the parties themselves, in relation to a product description, are the same as they would be in relation to trial.”

84. Where parties contend that disclosure documents or PPDs contain confidential information, it is common for the parties to agree a confidentiality club regime of the kind described in paragraph 77 above. In the absence of agreement, the court will make an order applying the principles which were recently reviewed by this Court in *OnePlus Technology (Shenzhen) Co Ltd v Mitsubishi Electric Corp* [2020] EWCA

Civ 1562, [2012] FSR 13. The confidentiality regime that is applied to disclosure documents or PPDs will also apply to documents or parts of documents which quote from or refer to those documents, such as witness statements and experts' reports.

CPR rule 39.2

85. Rule 39.2 provides, so far as relevant:

“(1) The general rule is that a hearing is to be in public. A hearing may not be held in private, irrespective of the parties' consent, unless and to the extent that the court decides that it must be held in private, applying the provisions of paragraph (3).

...

(3) A hearing, or any part of it, must be held in private if, and only to the extent that, the court is satisfied of one or more of the matters set out in sub-paragraphs (a) to (g) and that it is necessary to sit in private to secure the proper administration of justice –

- (a) publicity would defeat the object of the hearing;
- (b) it involves matters relating to national security;
- (c) it involves confidential information (including information relating to personal financial matters) and publicity would damage that confidentiality;
- (d) a private hearing is necessary to protect the interests of any child or protected party;
- (e) it is a hearing of an application made without notice and it would be unjust to any respondent for there to be a public hearing;
- (f) it involves uncontentious matters arising in the administration of trusts or in the administration of a deceased person's estate; or
- (g) the court for any other reason considers this to be necessary to secure the proper administration of justice.”

86. As can be seen, rule 39.2(1) reflects the general rule stated in *Scott v Scott*. Rule 39.2(3) recognises a wider list of exceptions to the general rule, but it remains the case that the court may only sit in private if and to the extent that this is necessary to secure the proper administration of justice.

CPR rule 31.22

87. Rule 31.22 provides, so far as relevant:

- “(1) A party to whom a document has been disclosed may use the document only for the purpose of the proceedings in which it is disclosed, except where –
- (a) the document has been read to or by the court, or referred to, at a hearing which has been held in public;
 - (b) the court gives permission; or
 - (c) the party who disclosed the document and the person to whom the document belongs agree.
- (2) The court may make an order restricting or prohibiting the use of a document which has been disclosed, even where the document has been read to or by the court, or referred to, at a hearing which has been held in public.”

88. As Buxton LJ delivering the judgment of the Court of Appeal explained in *Lilly Icos Ltd v Pfizer Ltd (No 2)* [2002] EWCA Civ 2, [2022] 1 WLR 2253 at [3]:

“... provisions to this broad effect, though formulated in slightly different terms, were introduced into RSC Ord 24, r 14A as a result of the decision of the Government of the United Kingdom not to contest the complaint declared admissible by the European Commission on Human Rights, *Harman v United Kingdom* (1985) 7 EHRR 146, in relation to the law declared by the House of Lords in *Home Office v Harman* [1983] 1 AC 280.”

89. Although introduced to ensure that the English legal system complies with Articles 6 and 10 of the European Convention on Human Rights, rule 31.22(1)(a) also serves the common law open justice principle, as can be seen from what Baroness Hale said in *Dring v Cape*.

90. Rule 31.22(2) empowers the court to make an order derogating from rule 31.22(1)(a). This may be done on an interim or final basis.

Interim orders under rule 31.22(1)(a)

91. The use of interim orders under rule 31.22(1)(a) in patent cases to protect information alleged to be confidential during the course of a hearing in open court, and thereby avoid or at least minimise the need for the court to sit in private, was explained by Birss J in *Smith & Nephew v Convatec*:

“7. When the matter comes to trial the confidentiality of documents in the scheme is maintained in three ways, by an interim order under CPR r.31.22(2), by not stating the confidential information out loud in public and by sometimes sitting in private for part of the case.

8. The interim r.31.22(2) order is made at the start of the hearing until judgment or further order. It applies to any documents

within the scheme which are read by or referred to in court. The effect of the order is that until judgment CPR 31.22(1) does not apply to such a document. Without such an order, the effect of r.31.22(1) would have been that if the document was read or referred to by the court, the restriction prohibiting the receiving party from using it only for the purposes of the proceedings would not apply. ...

9. Making an order under r.31.22(2) allows for confidential documents to be referred to in public (albeit not read out) without prejudicing their confidentiality. That way the trial can be conducted in public, the confidentiality of the relevant information is maintained for the time being and the trial process is not delayed by arguments over confidentiality. Once the trial is over, as part of the hearing to deal with remedies and costs, the court will be asked deal with r.31.22. If appropriate a permanent order under r.31.22(2) will be made for some or all of the documents. For any document covered by the interim order, if no permanent order is made at that stage the interim order expires.

10. However it is often the case that it is impractical to deal with some confidential information this way. Being unable to have an unfettered discussion about it may be impractical and it may be unfair to a witness to cross-examine them on this basis. When this happens and assuming it is appropriate to do so, the Patents Court will sit in private for part of the case.

...

13. ... When the Patents Court sits in private, only individuals permitted to have access to the confidential documents under the confidentiality scheme are permitted to remain in court. The public, including the press and any third parties are excluded. Also excluded are any members of the receiving party's legal team who are not covered by the confidentiality scheme as well as any employees of the receiving party itself who are not covered by the confidentiality scheme. The legal team and employees of the receiving party who remain in court are bound by the terms of the confidentiality scheme in relation to what happened when the court sat in private.

14. ... sitting in private should only occur when it is strictly necessary and should be kept to a minimum. That is what happens in the Patents Court."

92. As this explanation makes clear, the advantage of making an interim rule 31.22(2) order is that it enables much of the debate about what information merits protection to be deferred until after judgment. After judgment it is generally much clearer what information is truly germane to the issues between the parties.

Final orders under rule 31.22(2)

93. The leading authority on the principles to be applied when considering an application for a final order under rule 31.22(2) remains *Lilly Icos*. As with any authority, the statements made in that case need to be seen in their factual context.
94. In that case the substantive claim was a claim by Lilly for revocation of a patent belonging to Pfizer on the ground of obviousness. Pfizer denied that the claimed invention was obvious. Part of Pfizer's case was that the invention had been commercially successful. A consent order was made requiring Pfizer to serve a schedule setting out monthly sales figures by value and advertising and promotional expenditure for the patented product since launch. Pfizer duly served a schedule setting out the sales figures on page 1 and the advertising and promotional expenditure on page 2. At trial Lilly did not argue that the success of the product had been due to advertising and promotion rather than its technical merits. The judge held that the claimed invention was obvious notwithstanding its commercial success. After judgment Pfizer sought a wide-ranging rule 31.22(2) order in respect of various documents. The judge made a limited order, but refused a wider one. By the time the case reached the Court of Appeal the only issue concerned page 2 of the schedule. Lilly had not opposed the making of an order in respect of that document, but the judge refused it of his own motion.
95. Buxton LJ set out in [25] a number of considerations which he said had guided the Court:
 - “(i) The court should start from the principle that very good reasons are required for departing from the normal rule of publicity. ... The already very strong English jurisprudence to this effect has only been reinforced by the addition to it of this country's obligations under articles 6 and 10 of the Convention.
 - (ii) When considering an application in respect of a particular document, the court should take into account the role that the document has played or will play in the trial, and thus its relevance to the process of scrutiny ... The court should start from the assumption that all documents in the case are necessary and relevant for that purpose, and should not accede to general arguments that it would be possible, or substantially possible, to understand the trial and judge the judge without access to a particular document. However, in particular cases the centrality of the document to the trial is a factor to be placed in the balance.
 - (iii) In dealing with issues of confidentiality between the parties, the court must have in mind any ‘chilling’ effect of an order upon the interests of third parties
 - (iv) Simple assertions of confidentiality and of the damage that will be done by publication, even if supported by both parties, should not prevail. The court will require specific reasons why

a party would be damaged by the publication of a document. Those reasons will in appropriate cases be weighed in the light of the considerations referred to in sub-paragraph (ii) above.

- (v) It is highly desirable, both in the general public interest and for simple convenience, to avoid the holding of trials in private, or partially in private. In the present case, the manner in which the documents were handled, together with the confidentiality agreement during trial, enabled the whole of the trial to be held in public, even though the judge regarded it as justified to retain confidentiality in respect of a significant number of those documents after the trial was over. The court should bear in mind that, if too demanding a standard is imposed under CPR r 31.22(2) in respect of documents that have been referred to inferentially or in short at the trial, it may be necessary, in order to protect genuine interests of the parties, for more trials or parts of trials to be held in private, or for instance for parts of witness statements or skeletons to be in closed form.
- (vi) Patent cases are subject to the same general rules as any other cases, but they do present some particular problems and are subject to some particular considerations. As this court pointed out in *SmithKline Beecham Biologicals SA v Connaught Laboratories Inc* [1999] 4 All ER 498, patent litigation is of peculiar public importance That means that the public must be properly informed; but it means at the same time that the issues must be properly explored, in the sense that parties should not feel constrained to hold back from relevant or potentially relevant issues because of (legitimate) fears of the effect of publicity. We venture in that connection to repeat some words of one of our number in *Bonzel (T) v Intervention Ltd (No 2)* [1991] RPC 231, 234:

‘the duty placed upon the patentee to make full disclosure of all relevant documents (which is required in amendment proceedings) is one which should not be fettered by any action of the courts. Reluctance of this court to go into camera to hear evidence in relation to documents which are privileged which could be used in other jurisdictions, would tend to make patentees reluctant to disclose the full position. That of course would not be in the interest of the public.’

In our view, the same considerations can legitimately be in the court’s mind when deciding whether to withdraw confidentiality from documents that are regarded by a party as damaging to his interests if used outside the confines of the litigation in which they were disclosed.”

96. Buxton LJ went on to say that the most important feature of the case was the very limited role that page 2 had played at trial. Although it was covered by rule 31.22(1)

(a) because it had been referred to in passing in a witness statement, it was not necessary, or even relevant, for the interested spectator to have access to page 2. It was common ground that the information in page 2 was confidential to Pfizer. In those circumstances the Court of Appeal allowed the appeal and made a rule 31.22(2) order in respect of page 2.

97. It is worth noting that many of the subsequent cases concerning final 31.22(2) orders in the Patents Court have also concerned financial information of one kind or another, including the financial information of third parties: see in particular *Unwired Planet International Ltd v Huawei Technologies Co Ltd* [2017] EWHC 3083 (Pat), [2018] Bus LR 896 and *Interdigital Technology Corp v Lenovo Group Ltd* [2023] EWHC 1577 (Pat).

The evidence

98. I have already set out the evidence relied upon by Manitou in paragraphs 59 and 60 above. JCB relied for this part of the argument upon evidence in Prof Plummer’s third report in which he said:

“... I would also point out that, given the considerable practical difficulties in working out precisely how Manitou has achieved the result that it has, the likelihood that a competitor could take advantage of this information [i.e. criterion X] to engineer its own machine is minimal. The engineering skill, expertise and effort required to arrive at a practical system which works effectively is much the same whether one knows that the system is based on [using criterion X] or not.

... I do not think that knowing that information [i.e criterion X] provides any real assistance to the engineer in designing a workable system given the complexity of the control system in question.”

The judge’s reasoning concerning rule 31.22(2)

99. The judge cited *Lilly Icos* at [25] in full in his first judgment, and continued:
- “15. Thus, the starting principle is that very good reasons must be shown by the party claiming confidentiality why there should be a departure from the normal rule of publicity. Applied to the present facts, I must be satisfied that the relevant information is genuinely confidential to Manitou.
16. Thereafter, there is a balance to be struck, or rather two related balances. Point (vi) in paragraph 25 of *Lilly ICOS* explains the balance between keeping the public properly informed on the one hand and on the other ensuring that parties make full and proper disclosure of confidential information necessary for conducting the litigation.
17. Points (ii) and (iv) identify a related balance. The party seeking to enforce confidentiality must establish specific reasons why it would be damaged by the publication of the information it seeks to protect. This

is to be balanced against the relevance of the information to the conduct of the trial.

18. Applying that balance to the facts of the present case I take the view it means that the greater the need to use the information in issue to explain my reasoning in the judgment, the stronger must be the evidence of potential damage to Manitou were that information to be made public. It seems to me that in assessing this balance I must take into account the possibility of substituting terms used in the Annex, using alternatives which may be sufficient to explain the reasoning in the judgment and which pose less of a danger of disclosing information which Manitou says is confidential.”
100. Having heard further argument, the judge began his second judgment by saying that he had explained his understanding of the principles to be derived from *Lilly Icos* in his first judgment and that counsel on both sides agreed with that understanding. Having reiterated that there were two related balances to be struck and having cited from Baroness Hale’s judgment in *Dring v Cape*, he went on to note Manitou’s arguments that it was not a volunteer to these proceedings and that disclosure of a party’s confidential information was liable to have two serious consequences: it would provide a significant disincentive to engaging in patent litigation in England and/or they would routinely seek orders that proceedings be conducted in private.
101. The judge then said that the difficulty in the present case was that he had concluded that configuration C did not infringe EP 382 applying the doctrine of equivalents because it did not achieve the result in substantially the same way. His reasoning involved comparing how the claimed invention worked with how Manitou’s system worked. He continued:
 - “37. It seems to me that it would not be possible to make much sense of that comparison if the reader is not made aware of what criterion X is. I must therefore assess the potential damage to Manitou if criterion X were to be made public.
 38. In theory, the damage to Manitou could vary in a spectrum from the negligible up to a threat to the continuation of its business. If the likely damage is at or is towards the negligible end of the spectrum, then the balance would favour the disclosure of criterion X in the Annex. Towards the other end of the spectrum, it would not.”
102. The judge then turned to consider the evidence, and concluded as follows:
 - “46. This is an application by Manitou in which Manitou is seeking an order restricting the disclosure of information. It was incumbent upon Manitou to provide relevant evidence to support its application. The evidence filed by Manitou only implies potential damage and this implication is based solely on the fact that no other party uses criterion X. No evidence was filed by Manitou to negative Professor Plummer’s more cogent evidence that the chances of damage to Manitou are minimal because disclosure of criterion X, by itself, will not

significantly benefit Manitou's competitors; the valuable information is not going to be published in the Annex.

47. I am very conscious of the dangers of disclosing in a judgment information which potentially would have an adverse effect on a party, but I must be guided by the evidence. I cannot know by instinct the value of criterion X, taken alone, to Manitou's competitors. The evidence is that the chances of any adverse effect on Manitou because of its disclosure are minimal. It therefore seems to me that the balance favours including the identity of criterion X in the Annex to be published. That is what will be done."

Manitou's appeal

103. It is common ground that the judge's decision involved an evaluation which this Court should not interfere with unless the judge erred in law or in principle. Although Manitou appeal on five grounds, the essence of all five is that the judge erred in principle because he wrongly treated the need for the public to understand his reasoning on the issue of infringement as trumping Manitou's right to protect their confidential information.
104. Having regard to the way in which this issue was argued before the judge, I think that his decision is entirely understandable. I have come to the conclusion, however, that the approach which both parties adopted in argument before him was erroneous. My reasons are as follows.
105. The starting point, as the judge correctly identified, is the open justice principle. As discussed above, and as the judge was plainly acutely conscious, this applies with particular force to the judgment of the court explaining the reasons for its decision.
106. Contrary to Manitou's argument, it is irrelevant that the judge's conclusion in the Substantive Judgment and the Confidential Annex was that they had not infringed EP 382 so far as their configuration C machines were concerned. Leaving aside the fact that that conclusion may be reversed on appeal, neither the open justice principle nor Manitou's right to protect their confidential information depend upon the parties' substantive rights in the underlying proceedings. Still less is it relevant, as Manitou suggest, that the judge's reasoning was based on the doctrine of equivalents. It would make no difference if it was based exclusively upon a comparison between the claim, properly construed, and the allegedly infringing product.
107. Nor do I consider that it is significant that Manitou are the defendants in this litigation. As discussed above, the applicability of the trade secrets exception to the open justice principle does not depend on whether the party wanting to protect its trade secrets is the claimant or the defendant. I do accept that parties should not be deterred from litigating in this jurisdiction by the prospect of having their trade secrets revealed by the court, but that is true whether they happen to be claimants or defendants.
108. The crucial point in my judgment is the correct characterisation of Manitou's claim. As indicated above, I consider that the information which Manitou seek to protect is properly characterised as technical trade secrets. It is technical information devised by

a skilled engineer which on the evidence (i) is not public knowledge, (ii) complies with relevant standards and (iii) has been devised to avoid infringement of EP 382, and for those reasons (iv) is reasonably considered by Manitou to give them a competitive advantage against third parties. Counsel for Manitou acknowledged that he had not presented Manitou's application to the judge as involving a claim for the protection of trade secrets, but it can be seen from Mr Bevan's evidence that in substance that was precisely the nature of Manitou's claim even though Mr Bevan did not use the expression "trade secrets" either.

109. Furthermore, although it is not necessary to rest my decision upon this point, I consider that it is an error to dissect the package of information which Manitou seek to protect into its component parts for this purpose. Although, as I have observed, the relative confidentiality of documents revealing criterion X is not high, criterion X does not stand alone. Manitou are in my view entitled to be concerned at the prospect of competitors to whom criterion X has been revealed by the court being encouraged to try to work out the remaining details of configuration C.
110. As Viscount Haldane explained in *Scott v Scott*, open justice must only give way to the protection of trade secrets when, and to the extent that, this is necessary. Where it is necessary to protect trade secrets, however, open justice must give way to a still greater principle, which is justice itself. The court is not engaged in an exercise of trying to balance incommensurables. The effect of this can be seen in the trade secrets cases like *Vestergaard v Bestnet* and *Kerry v Bakkavor*: not only must the court sit in private to some extent, but also part of the court's judgment must be redacted (or kept confidential in some other way). This may make it impossible for the public to understand the details of the court's reasoning, but that is the price that must be paid for proper protection of trade secrets. This approach is well established in English law, but it receives support from recitals (24) and (25) and Article 9 of the Trade Secrets Directive, and in particular the requirement in Article 9(2)(c) for the court to have the power to publish non-confidential versions of judicial decisions from which the passages containing trade secrets have been removed or redacted (implemented by regulation 10 (5)(c)).
111. Thus the present case is quite different from *Lilly Icos*. In that case there was no departure from the open justice principle because there was no need for such a departure. As Buxton LJ explained, it was appropriate for the court to make an order under rule 31.22(2) in respect of page 2 of the schedule precisely because it was not relevant to the issues argued at trial and therefore the making of the order did not detract from open justice. It is doubtful whether the information in page 2 was properly characterised as a trade secret, but that was not the decisive consideration. Even lower grade confidential information is entitled to protection where its publication is not necessary for open justice.
112. I would therefore allow Manitou's appeal, and make a rule 31.22(2) order in respect of those parts of the relevant documents, including the Confidential Annex, which include criterion X.

Lady Justice Elisabeth Laing:

113. I agree.

The President of the Family Division:

114. I, too, agree.