

Neutral Citation Number: [2005] EWCA Civ 267

Case Nos: A3/2004/1312, A3/2004/1315 and A3/2005/0214

IN THE SUPREME COURT OF JUDICATURE
COURT OF APPEAL (CIVIL DIVISION)
ON APPEAL FROM CHANCERY DIVISION
(PATENTS COURT)
His Honour Judge Fysh QC
HC 02 C03678 and HC 04 C01911

Royal Courts of Justice
Strand, London, WC2A 2LL

Date: 22/03/2005

Before :

LORD JUSTICE KENNEDY
LORD JUSTICE MUMMERY
and
LORD JUSTICE JACOB

Between :

(1) Markem Corporation	<u>Claimants</u>
(2) Markem Technologies Limited	
- and -	
Zipher Limited	<u>Defendants</u>

and between:

(1) Markem Technologies Limited	<u>Claimants</u>
(2) Markem Holdings Unlimited	
(3) Markem Corporation	
-and-	
(1) Steven Buckby	<u>Defendants</u>
(2) Martin McNestry	
(3) Philip Hart	
(4) Keith Buxton	
(5) Zipher Limited	

Mr Antony Watson QC and Mr Dominic Hughes (instructed by Messrs Herbert Smith)
for the claimants

Mr Simon Thorley QC and Mr Adrian Speck (instructed by Messrs Eversheds)
for the defendants

Hearing dates : 23-25 February, 28 February, 1 March 2005

Judgment

Lord Justice Jacob :

Introduction

1. This is the judgment of the court on four appeals. They fall into two classes. Firstly, and mainly, the appeals and cross-appeals from parts of the judgments of HHJ Fysh given on 4th July, 21st July and 1st August 2003. They are reported as *Markem Corpn. v Zipher Ltd Nos. 1, 2 and 3* at [2004] RPC 233 (No. 1), [2004] RPC 264 (No. 2) and [2005] RPC 43 (No. 3). These three judgments were given in what were called “the entitlement proceedings.” The remaining appeal is from his judgment of 26th January 2005 refusing to strike out a subsequent breach of confidence action.
2. Although there are several companies on either side, nothing turns on their individual identity – we will call the claimants’ collectively Markem and the defendants collectively Zipher. “Zipher” also includes its associated companies Tenzen and Claricom. In the breach of confidence action in addition to Zipher Ltd the defendants include four personal defendants, Messrs Buckby, McNestry, Hart and Buxton.
3. The entitlement proceedings are about entitlement to patents or parts of patents. Before the Judge there were originally three groups of patents in dispute. The parties resolved one without the need for a ruling. The Judge ruled entirely in favour of Zipher in respect of a second group (the “Inkjet Printer Group”). From that there is no appeal. So these appeals are concerned solely with the remaining group, called “the Thermal Printer” group. Speaking broadly the Judge held that various claims of these patents belong to Markem or Zipher or are owned jointly. He granted complicated relief by way of cross-licences and consequential matters.

Background

4. The cases are about inventions concerned with printers used, for instance, to put “best before” dates on packages such as crisp packages. Unlike the main artwork used for such packages, which is printed on the material well in advance, this information must be printed at the same time as the contents are put in the package. So, typically, one has a line which takes uncut, pre-printed packaging material from a roll, prints the “best before” information on to it, cuts and turns the material into a bag, and finally fills and seals it.
5. The printing machines work by “thermal printing”. This uses a ribbon carrying ink which prints by the application of heat. A printhead consisting of a row of tiny heatable heads is used. The head is pressed against the ribbon which is itself in contact with the packaging material (“substrate”). When a tiny head is activated, a tiny dot of ink is transferred to the substrate. The whole head moves relative to the substrate. It does not matter, of course, whether the head is stationary and the ribbon and substrate move, or the other way round – it is relative movement which matters. Ingenious electronics with which we are not concerned, activate and de-activate appropriate tiny heads so as to produce the desired image on the substrate as the whole head moves across it.
6. Before Zipher was formed in March 2000, Markem was in the business of providing thermal printing machines. By then there were two companies, Markem Corporation

(a US company) and Markem Technologies Ltd. (its UK subsidiary). The subsidiary was acquired in 1996, before which it was called Prestek Ltd. The key employees of Zipher with which this case is concerned had previously worked for Markem and, prior to that, for Prestek. They left Markem at various dates during 1999 and 2000.

7. In detail the key individuals were Mr Buckby, Mr McNestry, Mr Hart, Mr Buxton and Mr Butcher. Their roles and dates of leaving Markem and joining Zipher are as follows:

Mr Buckby: Former managing director of Markem. Left in April 1999. Joined Zipher in April 2000.

Mr McNestry: a mechanical engineer who left Markem in April 2000 to join Zipher.

Mr Hart: a software engineer who left Markem in April 2000 to join Zipher.

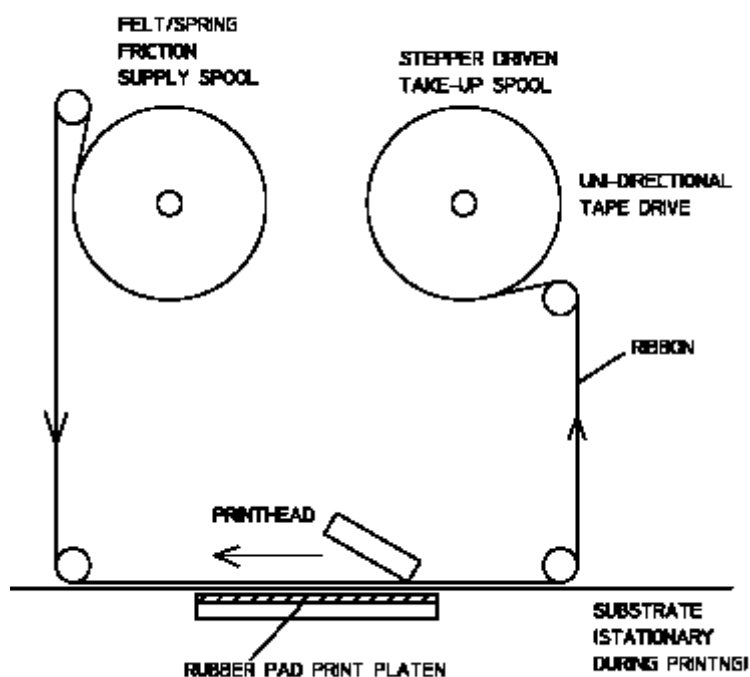
Mr Buxton: an electronics engineer and head of technology at Markem who left Markem in June 2000 to join Zipher.

Mr Butcher: a “product manager” at Markem. His function was to liaise with customers, to find out problems in the market and to indicate the sort of products which the market would want. He left in Markem in May 1999 and became involved with Zipher (actually working on matters irrelevant to this case before then) in May 2000.

Mr Podmore: a product manager and director at Markem. He left Markem in May 1999. Involved with Zipher shortly thereafter.

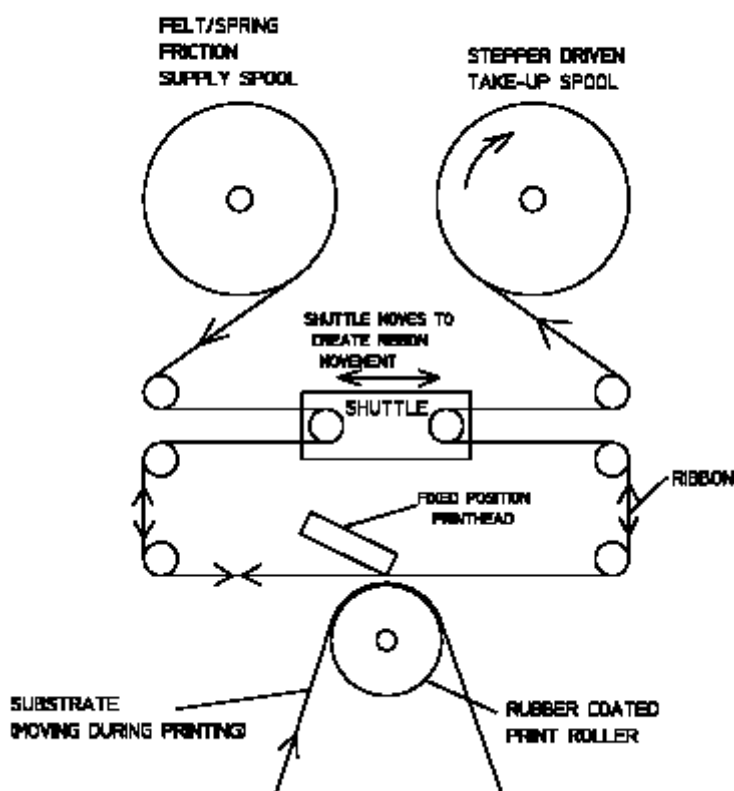
8. Markem’s machines current before the employees left were called SmartDate 2i and SmartDate 2c. The “i” and “c” stand for “intermittent” and “continuous”. To describe these it is first necessary to say a little more about the rest of the packaging line. Originally while bags were being filled the line had to stop for this to be done. So it operated in a stop-start fashion – hence the name “intermittent”. When the line was stationary the printer could be used upstream of the filling operation. The substrate abutted a pad (“platen”) with the ribbon against it. The thermal head moved forward to press against the ribbon and then moved across it, printing as it moved. It then retracted and the line moved on. As it did the ribbon was moved on so as to expose a fresh length of ribbon and the printer head went back to its start position. When the line stopped again, the operation was repeated. The device, the SmartDate 2i, looks like this:

MARKEM INTERMITTENT



9. There are some other points to notice. First, that the ribbon is pulled off the feed spool by a motorised take-up spool. Obviously it is necessary to keep the ribbon under some tension – if it went slack there would be trouble. And likewise it is important that the ribbon is not put under too great a tension or it will break. Tension is achieved by a clutch mechanism consisting of a spring and a felt pad under the feed spool. The clutch system has to cope with different torque and different tension as the diameter of the pay-out reel decreased.
10. Secondly the motor is a “stepper” motor. This provides movement in steps, rather than a constant torque as provided by a DC motor. Software has to provide for an appropriate number of steps depending on the diameter of the take-up reel (which obviously grows during use).
11. At some point in the 1990’s (the exact date does not matter) a way was found to fill the bags on the run. So there was no need for the line to be intermittent from the point of view of bag making and filling. This created a need to do something about the printer so that it could print onto what was essentially a continuously moving substrate. What Markem devised was a way of speeding up and slowing down the ribbon so that at the moment of printing it is moving at the same speed as the substrate. This was the SmartDate 2c which looks like this:

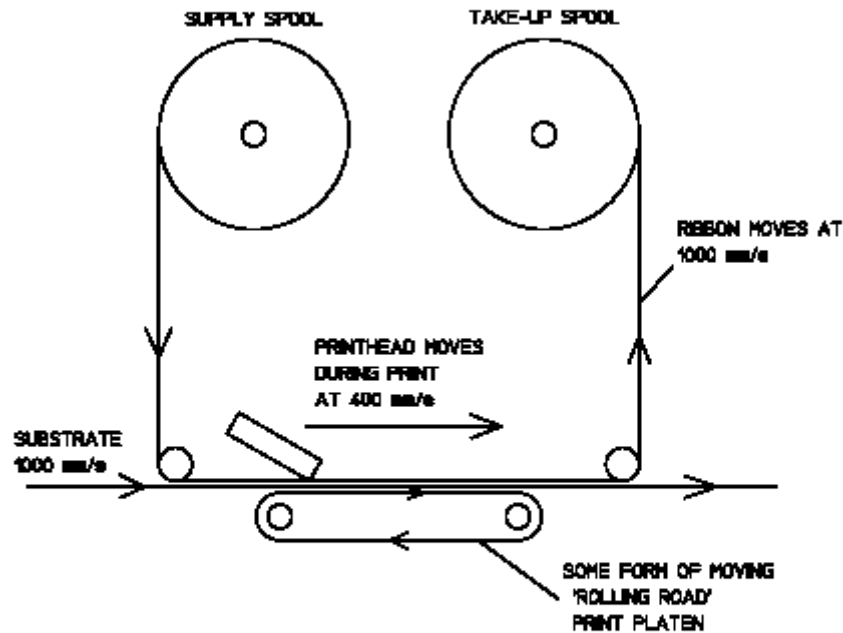
MARKEM CONTINUOUS



12. In this device the printhead is stationary and the ribbon and substrate pass under it as it prints. Of course you do not want the ribbon to be travelling at the same speed as the substrate all the time: if you did that you would waste all the ribbon which passed when the head was not actually printing. So Markem devised a system using a shuttle. This moves under control so that the ribbon is brought up to speed at the right time for printing and then it is slowed down. The shuttle and general speed of take up is controlled so that each print operation uses the length of fresh ribbon immediately adjacent the last “used” length.
13. The system still involves the use of a felt/spring clutch mechanism. This has the disadvantage of not being entirely reliable – customers complained that sometimes the ribbon broke with all the consequent downtime. There are two other disadvantages. First, the shuttle system involves the use of a further motor and is inherently complicated. Second the shuttle system takes up space, leaving room for only “thin” spools of tape, which thus need changing more frequently than would a fatter spool. No doubt a bigger box could be used but only at additional cost. Despite these disadvantages the SmartDate 2c was a market leader in its time.
14. There was one further problem. There is an upper limit to the speed at which a thermal printer printhead can print. It passes over the ribbon (or the ribbon passes under it) and the tiny heads need a finite time to heat up and cause the printing of a pixel. In the continuous machine there is therefore a limit to the speed at which the substrate can run past the printer. This in turn imposes a limit at which the whole line can run. Markem had the idea of a “relative motion” printer. It is the subject of published patent No. 2,302,523. In this proposed device the printhead, instead of

being stationary, itself moves in the same direction as the substrate. So the speed at which the substrate moves can be higher even though the relative rate at which it passes the printhead is within the head's capabilities. The following is a picture of the idea:

MARKEM RELATIVE MOTION CONCEPT



SUPPOSE MAXIMUM PRINthead SPEED = 600 mm/s
BUT SUBSTRATE SPEED = 1000mm/s

THEN:

MOVE THE PRINthead IN THE SUBSTRATE DIRECTION AT 400 mm/s
MOVE THE RIBBON IN THE SUBSTRATE DIRECTION AT 1000 mm/s
AND PRINT AT 600 mm/s = RELATIVE MOTION PRINTING

Markem never actually marketed a relative motion machine – though a prototype was made in house.

The broad nature of the case on entitlement

15. We state at the outset an important and critical matter. In the entitlement proceedings Markem do not assert that Zipher or any of its employees did anything wrong or unlawful in either their work at Zipher or in making the patent applications the subject of the dispute. No case of breach of confidence, breach of contract, breach of fiduciary duty or other wrong is advanced. It is not claimed that the employees' conscience is, or ought to be, touched by anything they did. So it is not alleged that Markem have an entitlement by reason of operation of any other rule of law. It is

important to hold fast to this – for at times Mr Watson QC for Markem insinuated or advanced such a contention.

16. Thus, he submitted, “they just carried on as if they had not left Markem”. The innuendo is that they were not entitled so to do. But they were entitled to “just carry on” because they used no trade secrets, and were not in breach of any contract.
17. Again Mr Watson suggested that because patent claims were in contention they were, as such, inherently confidential – he called them “Chicken 4.” This is a reference to *Faccenda Chicken v Fowler* (pun accidental) [1985] FSR 105 where Gouling J described the class of trade secret which the law would protect by an action for breach of confidence after the employee had left his employment:

“specific trade secrets so confidential that, even though they may necessarily have been learnt by heart, and even though the servant may have left the service, they cannot lawfully be used for anyone’s benefit but the master’s” (p.600).

That was Gouling J’s third class. By “Chicken 4” Mr Watson meant a secret particularly worthy of protection because it was said to be invention.

18. We do not think it was open to Mr Watson so to suggest or insinuate. That would be to advance a case of entitlement because of a breach of confidence. But it is just that which is disclaimed. If Mr Watson had advanced such a case the evidence would certainly have been different. For most of the matters relied upon amount to no more than nebulous, inchoate, ideas of the sort “It would be nice if we had a machine which could do so and so” rather than concrete proposals. It would have been said that, as such, they were self-evident desiderata not, in themselves, amounting to a true, enabled, invention and not forming “Chicken 3” matter. Even without the specific allegation that the matter relied upon was confidential it is noticeable that the witnesses, from time to time, said that the general desiderata were obvious.
19. So we have to decide whether there can be an entitlement in A to a patent sought or obtained by B, even though B has done no wrong by claiming the invention for himself. We also have to decide whether the Judge was right to hold that the defendants made use of information, albeit non-confidential, discussed whilst at Markem.

What was done at Zipher – Mr McNestry’s “clever way”

20. To understand the issues better it is convenient to start by outlining what actual work was done at Zipher and how the patents and claims came to be as they are.
21. The story begins with a memorandum of Mr Butcher of 14th May 2000. At that time he was with Zipher’s associate company Claricom, but nothing turns on that. He was the man who, both at Markem and then at Zipher, kept contact with customers, finding out what the problems were and what customers would like. He was asked to consider the requirements of an improved thermal printer. His memo is headed “Thermal Transfer Coder-Requirements”. It includes, amongst other detail the following:

“Basic Specification

Minimum 600 mm. Ribbon length. 1000mm if possible

One Machine!?

An idea to provide a differentiated solution is to have one machine that is both intermittent and continuous motion. If the ribbon drive is a push-pull drive system then the operation could be either intermittent or continuous. It is also possible that the same machine could be both a left hand and right hand machine subject to simple reversal of a printhead ‘module’ (unless a bi-directional printhead is available).

[He then set out commercial advantages]

Technically such a machine would better facilitate some of the technical ideas in this document and automatically provides a machine which could do relative motion printing for example.”

There is a comparison with SmartDate, which is described as “the market leader”.

He says the following, amongst other things:

- “ - SD2c poor print performance at low speeds is a problem.
- SD2 ribbon break detection is not as reliable as required with false break detection.
- SD2 ribbon drive is less reliable than desirable, particularly on the SD2c. Often caused by roller wear it is difficult to determine the nature of the fault or for the user to be sure wear is the problem.
- The requirement for air is an increasing downside. Many new host m/c no longer have air, especially labelling machines.

....

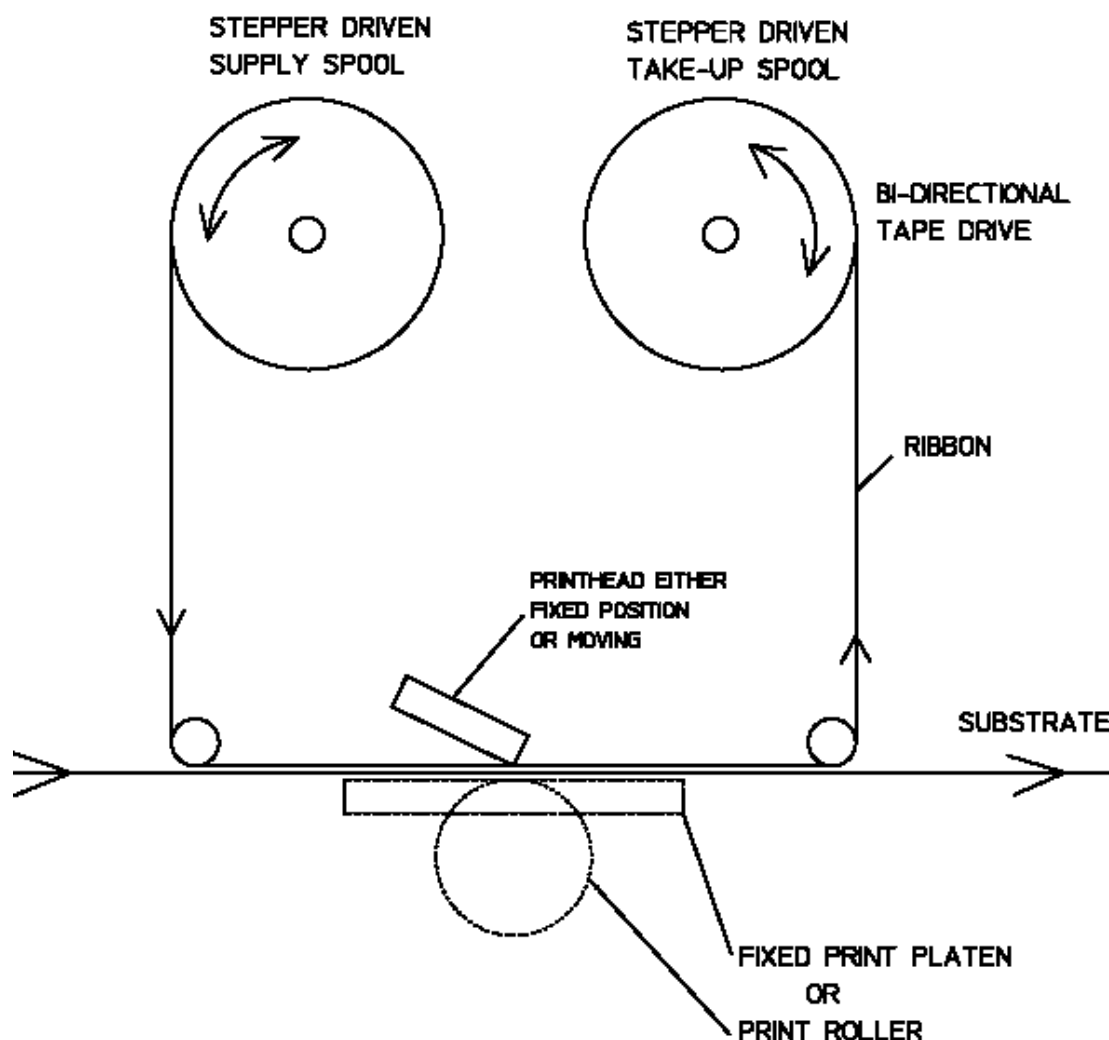
Inconsistent mechanical performance, particularly w.r.t. ribbon drive and ribbon break detection has probably been the biggest problem with the SD2 range.”

22. Mr Butcher said that he prepared the memo based on market knowledge gained from working in the industry for his working life and having kept up with developments since he had left Markem (which was in May 1999, a year before). Again we emphasise that nothing in the memo is said to be confidential to Markem.
23. A meeting took place shortly thereafter to discuss the way forward – it was called a “brainstorming meeting”. Present were Mr Buckby, Mr McNestry, Mr Hart and Mr Podmore. The effect of the evidence, which was essentially unchallenged, was that the meeting focused on the last part of Mr Butcher’s memorandum – the inconsistent performance of the SmartDate. The meeting agreed that the problem was caused by the clutch mechanism. The other ideas (e.g. unhandled and continuous/intermittent

motion) were also discussed. Mr Podmore gave unchallenged evidence that the ideas were “obvious in concept but with no known means at the time of achieving them, at least not in a commercially viable form.” Mr McNestry was to consider clutch design as Mr Podmore’s notebook showed. Also considered was an idea, described on a white board as “no clutch and use motors in a clever way.” At the time no one had any “clever way” in mind.

24. It was a few days following the meeting that Mr McNestry thought of his “clever way.” He realised that as the tension went up the driving motor used more power. So current consumption could be used to monitor tension and in turn used to control the motors. By using two motors one could do away with clutches altogether and the device could be bi-directional. Later he realised that it would also be possible to monitor spool diameter using the back e.m.f. from the motors (this does not need further explanation here). The idea was followed through, Mr Buxton joined the team and was put in charge of making a prototype. He and Mr Hart made it. The upshot was a machine which looks like this:

ZIPHER TAPE DRIVE



25. There is no clutch or shuttle mechanism. The device is bi-directional. It can work intermittently or continuously (the print-roller for continuous use is shown in dotted lines). The device works because of Mr McNestry's insight. It seems self-evident that the machine, known as a Zodiac, is superior to the SmartDate. Mr Watson told us that in the confidential information action Markem would wish to claim many millions of pounds by way of damages. But nothing considered at Markem contained anything like Mr McNestry's elegant idea with its consequential major improvement in the machine. It is very dubious at best that Zipher could have made substantial sales without Mr McNestry's insight.

The patent applications

26. After the prototype was made and it was seen that the idea actually worked, Zipher applied for what became the patents in dispute. The first priority document was filed at the Patent Office on 11th September 2000. Further work was done on matters of

detail resulting in three other priority documents filed during the year. The application itself was made on 5th September 2001. We have not been shown the priority documents, neither side suggesting anything turns on them.

27. It was Mr Buckby who undertook the job of liaising with patent agents. He was experienced in so doing from his time at Markem. Initially he went to one firm. They acted for Zipher until June or July 2001. It was that firm which was responsible for all the priority documents. Mr Buckby was not happy with their advice and moved the prosecution work to Marks & Clerk, specifically Mr Allman of their Manchester Office. It was Mr Allman who drafted the specification as filed.
28. Two applications were made – Nos. 2,369,326 entitled “versatile printer” and 2,369,602 which has been called “ribbon drive.” By the time of commencement of the entitlement proceedings ‘326 had matured into a granted patent with, therefore, finally determined claims. ‘602 was still in the application stage though it has now been granted.
29. Mr Allman gave evidence at trial. He was found to be “an entirely satisfactory witness.” In his witness statement he said:

“If the patent could be drafted more widely than the embodiment of the invention which Steve [i.e. Mr Buckby] had described, and, on consideration, a competitor could get all or part of the benefit of the invention by offering a different embodiment, I would try to cover that different embodiment in the claims. I described this to Steve as ‘staking a claim’, that is if the monopoly was available, we would stake a claim to it. I was therefore drafting claims the scope of which would include embodiments that Zipher had not worked on. **Steve was led by me as to the width of the claims which we were including.**”

30. The emboldened sentence was not challenged in cross-examination. This is important. The Judge said:

“Mr Allman was I think, endeavouring as patent agents do, to draft the broadest claims which he considered could be supported by the disclosure, which were also appropriate in the light of the prior art as he then understood it and (in this case), which did not conflict with proprietary material of any former employer. Moreover, it is notorious that patent agents often file draft claims in applications which are deliberately broad with a view to enlarging the prior art search in the examination phase. But Mr Allman cannot be regarded as omniscient. It was for Mr Buckby (from whom he was exclusively drawing instruction) to put him right if the claims were going too wide. Looked at objectively, there was no “accident”; the claims in issue are as they are because Mr Buckby wished them to be so.”

31. As will be seen below the Judge formed an adverse view of Mr Buckby’s evidence – a position which in the end Mr Watson was driven not to support. In particular the

Judge held that Mr Buckby knew all about an internal Markem proposal called Adkin and had that in mind when the width of the claims were being discussed (for more detail see below). Given that is no longer maintained, coupled with the unchallenged evidence that it was Mr Allman who led on the width of the claims, the only conclusion can be that there is no nexus via Mr Buckby between anything in Adkin and the scope of the claims.

32. Actually what is described by Mr Allman and Mr Buckby is nothing more than the sort of co-operation between patent agent and client which is not only desirable, but an example of just how things should go when they are working well.
33. The nearest Mr Watson came to supporting the Judge on a nexus between Mr Buckby and claim width was to rely upon Mr Buckby's instruction (called "Brief to Marks & Clerk") to Mr Allman – a document written in July 2001 after all the priority documents had been filed. It said:

“Zodiac (Thermal Transfer Printer Drive Mechanism GB 0022206.7, 0028465.3 & 0100493.6)

Like reel-to-reel tape recorders, or indeed cassette tape recorders, thermal transfer printers must wind inked ribbon from one spool to another, typically starting with a new “full” supply spool and an empty “take-up” spool. The diameter of ribbon then decreases from the supply spool, as it increases onto the take-up spool.

These printers are low cost items and so make use of low cost stepper motors to drive the ribbon. The ribbon drive needs to have (relative to tape recorders and ribbon based office printers of the past) very high accel/decel and high speed capability, in order to perform the required functionality in the industrial application. Furthermore, ribbon should not be wasted in the process.

Current art makes use of a stepper drive pulling against a slipping clutch supply spool, which has several disadvantages that result in unreliability and higher cost of ownership, sue [sic] to production downtime, faults, wear parts.

Our invention removes these problems by using no wearing clutch at all, but instead two (not one) stepper motors, acting bi-directionally in a push-pull mode.

We require good protection at least for the following:

- *Bi-directional, push-pull ribbon drive mechanism*
- *Dynamic tension monitoring and control system to maintain adequate tension in the ribbon*

- Means of achieving the above without the use of additional sensing means, but using only feedback signals derived from the stepper drives themselves
- Limiting claims to our specific methods for achieving the above
- Means and method to “calibrate” the ribbon, once loaded into the printers, so as to know the starting diameter of BOTH spools, as well as the ratio of those two diameters. (This info is then used in combo with the dynamic tension control feedback measurements in order to maintain adequate tension in the ribbon, as well as to ensure that accurate feed speeds, feed distances and timings are adequately maintained
- Means and method for detecting Ribbon Break condition and End of Ribbon condition, by way of these same motor drive feedback signals (i.e. without use of additional sensing means)
- Narrowing claims based on our specific ways of achieving the above

Note: Ideally, we would prefer to find a level of detail which is on one hand acceptable for the GB, USA and Eur examiners, but on the other hand, does not disclose the very last details of how we achieve the result, because that provides the means for competitors to copy us, and they have greater resources to fight any legal actions.

- There are several further inventions, all of which can be made possible by the high-speed, high-response, bi-directional ribbon drive system.”

34. Mr Watson submitted that the bits of this letter we have italicised are to be found in Adkin and certain other material of Markem’s. He said this showed that the width of the claims was indeed due to Mr Buckby’s input and that it was derived from Markem. This misses the point, indeed two points. First they are generalisations flowing from the specific ideas of Mr McNestry – they needed no, and did not have any, input from anything done at Markem. Second, the letter was not even put to Mr Buckby in cross-examination – though he specifically referred to it in his witness statement (para. 138). In the circumstances, we do not think it is open to Mr Watson in this Court to suggest for the first time by implication that what was in the briefing note was in any way derived from anything done or said at Markem.
35. Mr Buckby gave the following answer during the course of a hostile cross-examination:

“That is embodied in our original patent brief and patent application, which was just one patent application in those

days. It is what it is and that is what my guys invented. The patent you are now talking about is a derivative of that and is largely the academic work of myself and the patent attorney.”

In terms that answer was never challenged (Mr Watson went to say it was not an answer to his question). It summarises the position.

36. Another aspect of the patenting process was the naming of Messrs McNestry, Buxton and Hart as the inventors of the patents under dispute. The Judge thought there was something sinister in this. He said:

“**33** Equally significant in this respect is the position of the three Zipher personnel who *were* named as inventors in the Thermal Transfer portfolio, since as I shall show, none of them admit to having invented anything in relation to the broadest claims in issue while they were at Zipher. Mr Buxton for example did not even know the patents had been filed, let alone had he discussed his contribution or their contents: Witness Statement §108.

34 In most patent actions, the identity of the persons or persons who are named inventors is usually of little consequence. On the other hand, in entitlement cases, that may not apply. Mr Watson (not surprisingly) made capital of this, pointing particularly to the Thermal Transfer portfolio. He accused Mr Buckby of scattering inventors' names about "like currants".”

37. We are quite unable to see what Mr Buckby or anyone else did wrong, as is clearly implicit in this passage. Before us the “scattering” allegation formed no part of Mr Watson’s submissions. In truth what happened was perfectly routine, normal and innocent. The actual deviser of the basic concept which led to the patents was Mr McNestry. He was aided at later stages by the practical work of the other two. It was the new machine which lay at the heart of the patent applications and forms the heart of the description in both patents. The patenting process led to generalisation – as it should. And that is that. Although the named inventors took no part in the generalisation process, it was their work which lay at the heart of the invention. They were properly named and we see no reason why Mr Buckby (or indeed Mr Allman) should also have been named.
38. Behind the criticism about naming of inventors is the insinuation that Mr Buckby was deliberately concealing his own contribution to the invention – a contribution he had taken from Markem. That was never put to him. It would be quite wrong and unjust for any such conclusion to be drawn, as we think the Judge did although he did not actually say so (see below).

The Markem materials said to give rise to entitlement

39. There are essentially three materials:
- (a) The Adkin Memorandum;

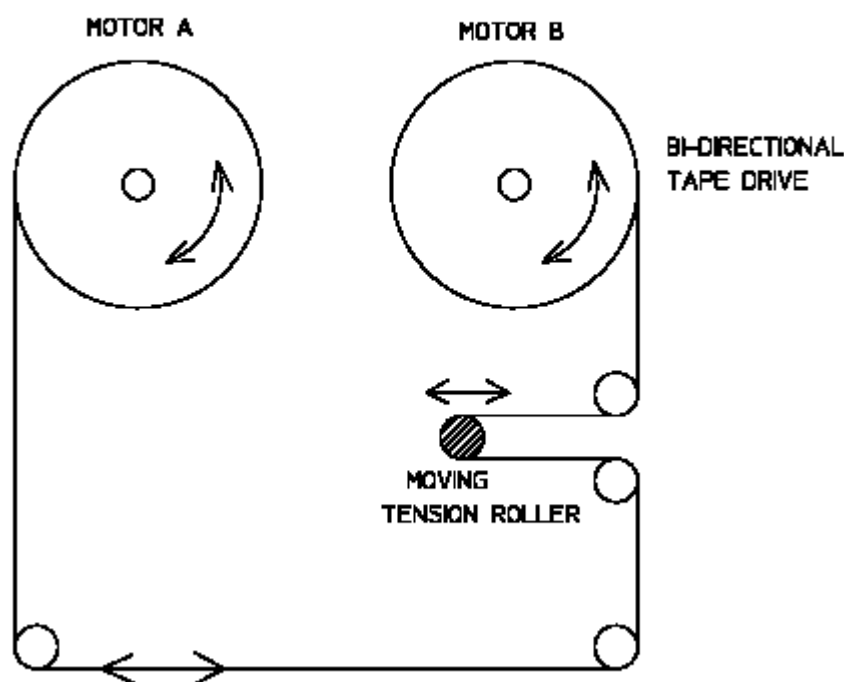
- (b) The “Windsor Conference”; and
- (c) The “CCL Meeting”

There were some other materials too, but we do not need to refer to them. Mr Thorley QC in opening identified these three, saying that the others added nothing. He suggested that if Mr Watson wanted to rely on any of the others he should do so. In the event Mr Watson did not take up the suggestion, rightly we think. The Judge's findings were based essentially on these three matters. Mr Watson had a case based on these materials, or none at all.

(a) The Adkin Memorandum

- 40. This played such a crucial part of the Judge’s reasoning that he set it out in full as an appendix to his first judgment (p.262 of [2004] RPC 262). For present purposes it is convenient merely to set out the drawing and the relevant part of the text, noting that the memorandum purports to set out what was discussed at a meeting on 17th October 1997 between Messrs Hart, Buxton, McNestry and Adkin.

ADKIN



“Key points for the design, are that the coder will contain 2 synchronised motors for advance and rewind of the print ribbon. Motor 'A' will be the master and motor 'B' the slave. Driving the ribbon by this method would be opposite to our existing arrangement. Motor 'A' would discharge an amount of ribbon, motor 'B' would drive the same distance to collect the

ribbon, relying on the tension roller to compensate for any inaccuracies. Initially both motors will be calibrated, after which the position of the tension roller will determine any minor drive alterations of motor 'B'. As the number of cycles increase the software will adjust the steps moved by each motor to compensate for ribbon size.”

(b) The Windsor Conference

41. This took place in September 1998. Mr Butcher prepared two papers for it shortly before. The relevant part of the first says:

“RESEARCH PROJECT: RIBBON DRIVE INVESTIGATION

Scope

Ideally, future product development will push the limit of what is technically possible, without any compromise in reliability. Therefore, the scope of the project is to determine:

- what is possible and how?
- where not possible, why not?
- what are the implications of lifetime, maintenance requirements and reliability?

Questions to be answered within the project:

- ▶ How fast can we drive ribbon, without breaking, stretching etc
- ▶ How fast can we accelerate and decelerate the ribbon
- ▶ What is the maximum ribbon length we can handle
- ▶ What are the maximum and minimum ribbon lengths we can handle
- ▶ What possible drive solutions/clutches to achieve the above
- ▶ The interaction of the above, eg. max ribbon length versus acceleration etc
- ▶ Implications of running different thickness (base PP or coat weight) TTR
- ▶ Implications of coloured ribbon (horizontal or vertical panels) and ribbon registration
- ▶ Performance: full reel, empty reel: print quality and ribbon break/tracking problems.
- ▶ Effect on the ribbon save functions
- ▶ Impact of high density printing (most ink removed) or ribbon printing in “slip mode””.

42. The relevant part of the second says:

“PROVISIONAL SPECIFICATION: SmartDate2 – NEXT GENERATION

Introduction

The current SmartDate 2 printer is a successful and proven product which is in equipment terms “new” to most markets. It continues to offer a market leading specification and therefore the major development for the existing

products will be the implementation of a DDA version of this product range, with performance enhancements achieved within this.

However, to maintain not only the product differentiation, but also to achieve greater uptake of the technology as a whole, the proposal is to add to the SD2 range. It is possible that this proposal could obsolete the SD2c providing that cost targets are achieved, however it would not obsolete the current SD2i product.

The new products will also be DDA in keeping with the strategy, and in addition to the functional benefits of the full DDA specification, the new products will be developed to provide:

- Increased linear print speeds for the new generation of high speed wrapping machines.
- Increased uptime at higher speeds.
- Maintained MTBF/Running costs despite higher speeds
- Additional Ribbon save features to minimise running costs and increase the use of TT.
- Enhanced repeat rates for continuous motion coding applications

This document is the proposed development specification for the development of these additions to the SmartDate2 family.

Specification Overview

The “new” machine will have a full DDA user interface in keeping with the current product line proposals. If practical without impacting cost, it will actually have the exact same controller as the SD2 (DDA version) machines and therefore any additional I/O requirements of this product should be considered in the development of the SD2 DDA Controller.

The new machine would be available as either a 2” or 4” wide variant which could operate in either intermittent or continuous motion. The machine will ideally be designed symmetrical, with bi-direction ribbon drive. Benefits of this are:

- A 4” continuous motion machine is added to the “SD family”.
- Customer has common machine, common spares, common complete spare machine and common cassettes across all machines.
- Bi-direction ribbon drive allows a whole selection of other features/enhancements over the current SD2 including:
 - ▶ All ribbon save features
 - ▶ New ribbon save features, e.g. interface part of the label on intermittent applications
 - ▶ Use of multi-colour panel ribbons
 - ▶ “head life” Cimjet style ribbon save
 - ▶ Increased repeat rates

A technical assessment is required as to whether a shuttle or driven dancing arm is required (half a shuttle) to supplement or indeed provide the bi-directional

drive. This should be incorporated with the proposed ribbon drive investigation (proposed project).”

43. Although both papers are headed “Company Confidential – Do not Circulate” we emphasise again that it is not part of the case advanced in the entitlement proceedings that anything relevant in them is confidential. That makes sense – proposing, for example, a machine which uses 4 inch ribbon is hardly the stuff of confidence. Other matters discussed may have been confidential. We do not, and are not concerned, to know.

(c) The CCL Meeting

44. This took place on May 13th 1999, though the note of it is dated June 1999. Mr Buckby had left Markem before the meeting. The only Markem employee who later went to Zipher and who was present at the CCL meeting was Mr Buxton. CCL (“Cambridge Consultants Ltd”) were engaged by Markem to help update the SmartDate. The memo says:

“1 INTRODUCTION

The aim of the design workshop was to generate ideas to improve the performance of the SmartDate range of printers. The ideas will be ranked and the most promising selected for further development. This document describes the ideas covered in the workshop. The detail of the specification is recorded in document C6059-S-002a.

2 DESIGN WORKSHOP

2.1 Web Tension Control

Control of the tension in the web is critical to enable optimum printing speed. Existing coders use passive web tension control utilising springs.

Apply a drive to the shuttle rollers of the continuous coder

Friction between the shuttle rollers and the foil causes problems with the tension control. This resistance could be reduced if the fixed shafts of the rollers were rotated as they moved. The friction reduction is a result of the reduced differential speed between the actual “free” rollers mounted on the cassette shuttle and the “fixed” centre shafts mounted on the driving end of the shuttle control block.

The sketch below shows the idea implemented using a rack to drive the 2 rollers. An alternative method is to use a fine flexible wire wrapped around the roller, fixed at one end and tensioned with a spring.

There is also the possibility of driving the rollers directly providing the correct relationship between movement and rotation can be achieved. If the drive wire is wrapped directly around the O/D of the roller the surface speed will be the same as the foil movement. Note, it is possible that the OD under the wire may need to be reduced so that the centre of the wire is at the actual roller diameter.

2.1.2 DC take-up and Stepper delivery:

Utilise a DC take up drive and a stepper feed drive for the two reels. The DC take-up motor speed would be controlled possibly by a dancer thus keeping a constant tension in the web regardless of the foil spool diameter. The actual amount of the foil delivered would be controlled by the stepper motor.

2.1.3 Dancer Arms

Two rollers on dancer arms could be used to tension the foil. The preference was for movement in a vertical plane.”

The Judge’s findings of fact

45. The Judge clearly held that all those involved with the development at Zipher (particularly the three named inventors and Mr Buckby) were well aware of the matter in these three documents and used it in the course of that development. As we have said he particularly focussed on the Adkin memorandum. This is what he held:

“**25** Mr Buckby was Zipher's principal witness having been at its helm at all material times. Prior to that he fulfilled much the same role with Prestek Ltd and at MTL. Though named as co-inventor of a number of patents granted to Prestek Ltd and MTL in printing fields which are presently of interest, other Zipher personnel have been nominated as inventors in the cases in issue. I consider this to have been Mr Buckby's decision. I have no doubt that Mr Buckby was thoroughly familiar with the technology involved in the present cases and has been the person principally responsible for the implementation and achievement of Zipher's ZODIAC and INDIGO programmes: the "ever present Mr Buckby" as Mr Watson called him.

26 Mr Buckby struck me as being an able businessman who set about a task with determination and personal enthusiasm. In responding to questions in the witness box, he radiated a strong personality. He has I believe used these attributes effectively in advancing the interests first of Prestek Ltd, then MTL and now Zipher. I cannot however be as laudatory of Mr Buckby's quality as a witness in this case. In closing, Mr Watson

emotively located Mr Buckby "at the centre of the spider's web". I therefore invited him to say whether he made an attack on *any* of Zipher witnesses. He told me that he did not now need to, since his case in the Thermal Printer Group was established on the evidence of Zipher's three "inventors"--to which I shall in due course refer. He even suggested that Mr Buckby's "convenience of not remembering anything that is documented" could possibly be true, but invited me nonetheless to take a view of the matter.

27 I shall not say that Mr Buckby misled the court but I did not find him to be a witness in whom I had much confidence. First, it was he and not the named inventors who primarily determined the broad scope of the claims which have fuelled the part of this dispute relating to the Thermal Printer patent and applications. True, these claims were actually drafted by the patent agent Mr Allman (see §§[29-30] below), but there is no doubt that their principal architect was Mr Buckby: see §[29], *post*. Indeed, he admitted as much: witness statement §[129]. In addition: (i) he seems to have "nominated" the three inventors in this Group without apparent consultation with them, and (ii) the relevant claims covered subject matter with which from the technical point of view, he was intimately familiar from his time at MTL."

"114 ... In answer to a question of Mr Watson, Mr Buckby said: "I cannot help you with the Adkin Memorandum *at all*." [*My emphasis*] There, the cross-examination on Adkin stopped. In view of this, Mr Speck submitted, the causal link between the relevant claims of '326 and the Adkin Memorandum was broken and Markem's case on this Group based on the Adkin Memorandum failed: see §§75-77 above. Taking Mr Buckby's evidence on its face, I quite see the force of Mr Speck's submission. But in the light of the ongoing importance of SmartDate upgrading within MTL and of the relatively advanced state of the work on it (in particular by those who *did* attend the meeting), and also having regard to Mr Buckby's commanding position within MTL (see above) and to his technical awareness, I found Mr Speck's submission unreal. In fact, I just do not believe that Mr Buckby has been frank about the Adkin affair."

"120 Mr McNestry also admitted that the Adkin Memorandum contained "the same ideas" that he said (Witness Statement §114) arose as a result of a "brainstorming" session which took place at Zipher on May 23, 2000 and which eventually led to the ZODIAC thermal printer. There was an ongoing assertion both in Zipher's evidence and in Mr Speck's submissions that the three inventors had simply "forgotten" about this meeting. When later at Zipher they had the "brainstorming" session to

which I have referred, there was in effect a mental regeneration of at least part of what Adkin had recorded as having transpired. I reject this tale of collective amnesia as being inherently unlikely among persons who gave me the impression of being both alert, astute and above all, technically able.

121 Before leaving the Adkin Memorandum I must add one further material matter to which my attention was drawn by Mr Watson. In his Witness Statement, Mr Allman said: "... it would have been very unwise for [Buckby] to allow claim 1 [of ' 602] to be drafted in the way it appears, if he had known of the Adkin drawing." And again in evidence, he said: "As a result of my trying to get the claim to be as broad as possible I did encompass within it the Adkin design, but the drafting of those claims had absolutely nothing to do with Adkin. It was a process that was based entirely on what Zipher had presented to me and that which is described in the patent." Though the foregoing is not perhaps directly material to my decision, I have recorded that Mr Allman struck me as a fair witness and accept what he has told me. On this point, Mr Buckby said: "Yes, it is terribly unfortunate that John Allman and I were not aware of either the Adkin report or any of the CCL work that Paul had done with the guys at CCL after I had left..." Mr Buckby had not however left MTL at the time of the Adkin Memorandum and was I am quite sure, well aware of all the technical detail of the ongoing SmartDate enhancement programme. Indeed, he was instrumental in initiating it. This is another example of the evidence of Mr Buckby in which I have little confidence."

46. Mr Thorley submitted that although couched in the language of "little confidence" the Judge actually found Mr Buckby to be a liar when he said (as he clearly did in his witness statement) that he knew nothing about Adkin. Likewise he found that the three inventors were not only liars but that they had concocted a "tale of collective amnesia." The language used by the Judge in the first judgment as finally given was indeed toned down from that used in the draft judgment as first handed down. Mr Watson did not dissent from Mr Thorley's submission and we think it is right.
47. As for Windsor, the Judge merely said that:

"In the light of my earlier findings, I do not think it necessary further to dwell on the contents of papers given at this conference; I have no doubt that the abovementioned topics [i.e. bi-directional ribbon drive, unhandes printers and the use of intermittent and continuous thermal printing] were of practical and ongoing importance to employees of MTL and above all to Mr Buckby as areas wherein the SmartDate printer was soon actually to be upgraded and that they were discussed in an appropriate technical context."

48. In relation to CCL the Judge held that a Mr Nelson of CCL, called not by Markem but by Zipher, was a witness of truth. He said of what was discussed at the meeting:

“We found the use of the shuttle in ... the Smartdate 2c to be successful in practice and the thrust of our work was principally to look for ways to develop and enhance the existing shuttle designs.”

“The work on which CCL was engaged in 1999 for MTL was appreciably different from this [i.e. Zipher’s direct drive system].”

Mr Nelson was not cross-examined on either of these sentences. Nor on his statement that it is common to use a motor on both take up and supply spools so that the spool motor acts as a kind of clutch.

The Judge erred in making the adverse findings

49. As we have said it is now conceded that the Judge was wrong to make the adverse findings about Mr Buckby and the inventors. But it was only conceded after Mr Thorley had advanced before us in detail two broad grounds of attack on the findings, first that the Judge was not entitled to make them on the grounds of procedural unfairness and second on the ground that his reasons were inadequate. In the circumstances – particularly that the judgment besmirches the reputation of the witnesses found to be liars – we think it right to deal with the findings, even though the point is now conceded.

Fairness – the rule in *Browne v Dunn*

50. Mr Buckby’s evidence in chief stated:

“I have been shown minutes of meeting which took place on 17 October 1997 which were taken by Chris Adkin (pages 772 to 773). I was not at this meeting, nor do I recall hearing that it had taken place. I had not seen this document before it was disclosed in these proceedings nor had the machine described in the minutes been made known to me in any way prior to these proceedings. Chris Adkin reported to Paul Mills rather than me, so it may well be that the report never made it as far as me. This is particularly likely to be the case as James Butcher was the product manager for the SmartDate 2 and so the report would have been more likely to go to him than me.”

51. He was never challenged on that. The entire cross-examination of Mr Buckby about the Adkin memorandum is as follows:

“Q. The Adkin -- one of the early advantages put forward for the Adkin memo is the absence of a shuttle?

A. Sorry?

Q. The Adkin memorandum, one of the early advantages, set out on the second page, is the absence of a shuttle?

A. I cannot help you with the Adkin memorandum at all.”

52. So it was never even suggested that his evidence in chief was false. Yet the Judge has held it was so. And that was despite the fact that Mr Watson in his closing speech did not invite such a finding.

53. As regards the named inventors, two said they had no, and the other the vaguest, recollection of the Adkin discussion. They were not challenged on that. It was never put to any of them that they had the Adkin proposal in mind when they carried out their work at Zipher. The questions they were asked were about the technical nature of the document, as if it were a disclosure to a skilled man, and about a comparison between what is in Adkin with some of the patent claims. Yet the Judge has held they concocted a tale of collective amnesia.

54. In his closing speech before the Judge Mr Watson did not attack the witnesses but did leave it open to the judge to make adverse findings. The material passage reads:

“MR WATSON: I am not going to try to character assassinate the defendant's witness. Again, my Lord saw them and will take a view. The only thing that I would comment on is that Mr. Buckby came across, as we had heard; a forceful dominant personality and we can see how this whole mess of patents and invention came about. They all flow from his pen. He is the centre of the spider's web.

THE JUDGE: You do not really make any specific attacks on any of the witnesses.

MR. WATSON: No, I do not need to. I comment on the convenience of not remembering anything that is documented, but it could be true. I do not have anything material to suggest that it is necessarily untrue. As I have said at great length, my case does not turn on it.

55. When the Judge handed down his judgment in draft, Mr Speck made an application to him to withdraw these findings pursuant to the jurisdiction to alter an unperfected judgment confirmed in *Re Barrell Enterprises* [1973] 1 WLR 19. The Judge refused to do so, [2004] RPC 264 though he did tone down some of what he had said. At that point Markem supported the findings.

56. Zipher say it was not open for the Judge to make such findings. In their skeleton argument they relied upon Art. 6 of the ECHR and *English v Emery Reimbold* [2002] 1 WLR 2409 at 2417. The argument was that the Judge had not given adequate reasons for his adverse findings. But there is a second ground which we consider first, namely that procedural fairness not only to the parties but to the witnesses requires that if their evidence were to be disbelieved they must be given a fair opportunity to deal with the allegation.

57. Prior to the hearing before us we drew the attention of the parties to the decisions of the House of Lords in *Browne v Dunn* (1894) 6 R 67 and the Australian case of *Allied Pastoral Holdings v Federal Commissioner of Taxation* (1983) 44 ALR 607. One member of the court was aware that Australian practitioners were very alive to the rule in *Browne v Dunn* (so also, he has ascertained, are Canadian practitioners). The case reference and the *Pastoral Holdings* decision were supplied to him through the helpfulness of Justice Heerey of the Australian Federal Court.
58. *Browne v Dunne* is only reported in a very obscure set of reports. Probably for that reason it is not as well-known to practitioners here as it should be although it is cited in *Halsbury* for the following proposition:

“Where the court is to be asked to disbelieve a witness, the witness should be cross-examined; and failure to cross-examine a witness on some material part of his evidence or at all, may be treated as an acceptance of the truth of that part or the whole of his evidence.”

59. Because the decision is so difficult to lay hands on we take the opportunity here of citing all the material passages. We do so via the decision of Hunt J in *Allied Pastoral* because his judgment also contains his own valuable comments. He said (p.623):

“It has in my experience always been a rule of professional practice that, unless notice has already clearly been given of the cross-examiner’s intention to rely upon such matter, it is necessary to put to an opponent’s witness in cross-examination the nature of the case upon which it is proposed to rely in contradiction of his evidence, particularly where that case relies upon inferences to be drawn from other evidence in the proceedings. Such a rule of practice is necessary both to give the witness the opportunity to deal with that other evidence, or the inferences to be drawn from it, and to allow the other party the opportunity to call evidence either to corroborate that explanation or to contradict the inference sought to be drawn. That rule of practice follows from what I have always believed to be rules of conduct which are essential to fair play at the trial and which are generally regarded as being established by the decision of the House of Lords in *Browne v Dunn* (1894) 6 R 67.

No doubt because that decision is to be found only in an obscure series of law reports (called simply “*The Reports*” and published briefly between 1893 and 1895), reliance upon the rules said to be enshrined in that decision seems often to be attended more with ignorance than with understanding. The appeal was from a defamation action brought against a solicitor and based upon a document which the defendant had drawn whereby he was to be retained by a number of local residents to have the plaintiff bound over to keep the peace because of a serious annoyance which it was alleged he had caused to those

residents. Six of the nine signatories to the document gave evidence on behalf of the defendant that they had genuinely retained him as their solicitor and that the document was really intended to be what it appeared on its face to be. No suggestion was made to any of these witnesses in cross-examination that this was not the case and, so far as the conduct of the defendant's case was concerned, the genuineness of the document appeared to have been accepted. However, the defence of qualified privilege relied upon by the defendant depended in part upon whether the retainer was in truth genuine or whether it was a sham, drawn up without any honest or legitimate object but rather for the purpose of annoyance and injury to the plaintiff. This issue was left to the jury. The plaintiff submitted to the jury that the retainer was not genuine and was successful in obtaining a verdict in his favour. In support of that submission, the plaintiff asked the jury to disbelieve the evidence of the six signatories who had said that the retainer was a genuine one.

Lord Herschell LC said (at 70-71): "Now my Lords, I cannot help saying that it seems to me to be absolutely essential to the proper conduct of a case, where it is intended to suggest that a witness is not speaking the truth on a particular point, to direct his attention to the fact by some questions put in cross-examination showing that that imputation is intended to be made, and not to take his evidence and pass it by as a matter altogether unchallenged, and then, when it is impossible for him to explain, as perhaps he might have been able to do if such questions had been put to him, the circumstances which it is suggested indicate that the story he tells ought not to be believed, to argue that he is a witness unworthy of credit. My Lords, I have always understood that if you intended to impeach a witness you are bound, whilst he is in the box, to give him an opportunity of making any explanation which is open to him; and, as it seems to me, that is not only a rule of professional practice in the conduct of a case, but is essential to fair play and fair dealing with witnesses."

His Lordship conceded that there was no obligation to raise such a matter in cross-examination in circumstances where it is "perfectly clear that (the witness) has had full notice beforehand that there is an intention to impeach the credibility of the story which he is telling". His speech continued (at 72): "All I am saying is that it will not do to impeach the credibility of a witness upon a matter on which he has not had any opportunity of giving an explanation by reason of there having been no suggestion whatever in the course of the case that his story is not accepted."

Lord Halsbury said (at 76-77): “My Lords, with regard to the manner in which the evidence was given in this case, I cannot too heartily express my concurrence with the Lord Chancellor as to the mode in which a trial should be conducted. To my mind nothing would be more absolutely unjust than not to cross-examine witnesses upon evidence which they have given, so as to give them notice, and to give them an opportunity of explanation, and an opportunity very often to defend their own character, and, not having given them such an opportunity, to ask the jury afterwards to disbelieve what they have said, although not one question has been directed either to their credit or to the accuracy of the facts they have deposed to.”

Lord Morris (at 77-79) said that he entirely concurred with the two speeches which preceded his, although he wished (at 79) to guard himself with respect to laying down any hard-and-fast rules as regards cross-examining a witness as a necessary preliminary to impeaching his credit. The fourth member of the House of Lords, Lord Bowen, is reported (at 79-80) to have said that, on the evidence of the six signatories, it was impossible to deny that there had been a real and genuine employment of the defendant. But his Lordship made no statement of general principle.

These statements by the House of Lords led to the formulation of a number of so-called “rules”. They have been stated in various ways in the cases and by text-book writers, and it is fair to say that there is some room for debate as to their correct formulation. For example, in *Cross on Evidence* (2nd Australian ed, 1979) the authors state (at para 10.50): “Any matter upon which it is proposed to contradict the evidence in chief given by the witness must normally be put to him so that he may have an opportunity of explaining the contradiction, and failure to do this may be held to imply acceptance of the evidence in chief.”

In *Phipson* (12th ed, 1976) the authors state the rule somewhat more discursively (at para 1593): “As a rule a party should put to each of his opponent’s witnesses in turn so much of his own case as concerns that particular witness, or in which he had a share ... If he asks no questions he will in England, though not perhaps in Ireland, generally be taken to accept the witness’s account and he will not be allowed to attack it in his closing speech, nor will he be allowed in that speech to put forward explanations where he has failed to cross-examine relevant witnesses on the point ... Where it is intended to suggest that the witness is not speaking the truth upon a particular point his attention must first be directed to the fact by cross-examination, so that he may have an opportunity of explanation; and this probably applies to all cases in which it is proposed to impeach

the witness's credit ... Failure to cross-examine, however, will not always amount to an acceptance of the witness's testimony, e.g. if the witness has had notice to the contrary beforehand, or the story is itself of an incredible or romancing character."

60. Hunt J concluded (p.634):

"I remain of the opinion that, unless notice has already clearly been given of the cross-examiner's intention to rely upon such matters, it is necessary to put to an opponent's witness in cross-examination the nature of the case upon which it is proposed to rely in contradiction of his evidence, particularly where that case relies upon inferences to be drawn from other evidence in the proceedings."

61. We think all that applies here. It is not necessary to explore the limits of the rule in *Browne v Dunn* for this case falls squarely within it. Indeed the position is stronger here, for the Judge was not even asked to disbelieve the witnesses. Mr Watson was right not to support the Judge's findings – the only puzzle is why he did not take that position earlier.

Fairness – the requirement for adequate reasons

62. We are also satisfied that the Judge's reasons for the adverse findings were inadequate. He did not find the witnesses to be liars by reason of their bearing or demeanour so we can form our own view on the transcript. His reasons are quoted at para 46 above. In his paragraph 27 the "first reason" given is that it was Mr Buckby who "primarily determined the broad scope of the claims." But that cannot stand with the unchallenged evidence of Mr Allman which we have quoted. The Judge's second reason was the "nomination" of the three named inventors "without apparent consultation with them". We think the nomination was entirely justified. There was no need to consult them specifically or anything blameworthy about not doing so. Finally the judge held that the relevant claims covered subject matter with which Mr Buckby was intimately familiar at Markem. This reason is expanded upon in his paragraph 21. The judge assumes that Mr Buckby knew about Adkin as part of the ongoing SmartDate enhancement programme which itself assumes that Adkin formed part of that programme.

63. Further we think the Judge erred in failing fully to evaluate the evidence about the Adkin memorandum before holding that Messrs Hart, Buxton and McNestry had fabricated a tale of "collective amnesia." We proceed to do so.

64. First it is necessary to consider how Adkin came into the case. When the entitlement proceedings were commenced, Markem did not rely upon it. A Mr Mills (who was Markem's sole witness) was given the job of putting together all the materials for a case against Zipher. In the course of doing that he spoke to Mr Adkin who was still at Markem. Mr Adkin mentioned the memorandum. It was quickly introduced into the case by an amendment (actually a proposed amendment which was consented to). There is no evidence about any of the following matters:

- i) Where the document was found – in particular whether or not it or a copy of it was to be found in the files of any the individuals concerned, though they surely left files behind. One may perhaps infer that no copy was found in any of those files since those would be the first place one would look when trying to build up a case against Zipher, as was Mr Mills’ brief.
 - ii) Whether there was more than one copy;
 - iii) Whose writing was on the document – Mr Mills said that some of it was not Mr Adkin’s.
65. What is clear is that Mr Adkin reported to Mr Mills who in turn reported to Mr Buckby. Mr Mills said he had no recollection of the document. One would surely have expected a copy to be in his files if it had been circulated but he does not say that. It is of particular significance that Mr Mills had no recollection of the document. As Mr Thorley asked forensically “If Adkin’s boss did not remember it, why should Adkin’s boss’s boss?”
66. It seems clear that nothing whatever was done in relation to the proposal. None of the suggested follow-up work was even started. All the other material relied upon (Windsor, CCL and the other incidents) make no mention of Adkin or the proposal.
67. Although he was still with Markem, Mr Adkin was not called. He could surely, if he had remembered, have given relevant evidence on a number of matters:
- i) Whether the memorandum had been circulated at all;
 - ii) What the meeting was called for and what the proposal was for;
 - iii) As to exactly what was discussed. In this connection there were rival views as to what could be inferred from certain parts of the memorandum. Mr Adkin might simply have known.
 - iv) Why there is a discrepancy between what is in his memorandum and the only other contemporaneous document – a couple of drawings in Mr Buxton’s notebook which show, not 2 stepper motors but one stepper and one “torque limited DC motor.”
 - v) Why nothing was done about the proposal.
- And even if Mr Adkin remembered very little or nothing about the proposal that would have been significant – for if even the author of the document could not really remember much about it, why should others?
68. Mr Watson, before the Judge, suggested that the reason for not calling Mr Adkin was that he was a junior employee. This was not accurate. Nor, even if it was so, was that a good reason. As the author of the memorandum, junior or not, he was likely to be in the best position to know about it.
69. There are a number of other important points about the Adkin proposal:

- i) No-one else left at Markem gave any evidence about it. Mr Watson makes the point that many had gone. That is true but does not meet the point because others (besides Mr Mills and Mr Adkin) remained.
- ii) There is no evidence that anyone ever mentioned the Adkin proposal at the Windsor conference less than a year later – yet if it were at all in people’s minds it surely would have been discussed as a follow-up to Mr Butcher’s papers.
- iii) It is not actually clear what the proposal was. Mr Watson relied upon the sentences from the memorandum we have quoted above. But they are ambiguous: clearly there is to be “tension roller”. And there is some sort of feedback to control motor B (not, it seems, A). But is the tension constant or variable? Adkin does not say. Only if the roller were arranged to send feedback based on the *tension* in the ribbon would there be some sort of alternative embodiment of a generalisation of Mr McNestry’s idea- another “clever way”. For that one would need the roller to respond to ribbon tension, rather than merely ribbon length. The reference to “calibration” followed by *the position* of the tension roller determining minor drive alterations does not readily fit with the notion of response merely to tension. Mr Watson’s cross-examination of the witnesses was not about what was actually discussed (for they could not remember) but about what might be inferred from the document. The use of a linear spring to provide feedback based on tape length was, in the end, accepted by Mr Mills as a possible interpretation. The Zipher witnesses were in favour of it. We do not have to resolve the matter – because what mattered on Mr Watson’s case was what was actually discussed, not what an expert might infer from the memorandum.
- iv) The Adkin specific proposal with a dancer arm on a spring (whether constant tension or responsive to tension) was very different from Mr McNestry’s “clever way.” Whether or not the Adkin idea was practical was never explored. Only by generalising both ideas can one come to a common generalisation – control the motors by feedback. So the idea is not a very likely starting point for Mr McNestry.
- v) It is not clear what the context of the Adkin proposal was. Zipher suggested it was a proposed low cost version of the SmartDate for some Eastern markets, not an enhancement of the SmartDate. If that be right, it explains why Adkin was quickly forgotten because the idea of a low-cost version was itself dropped shortly after the meeting. We do not go to the documents which bear this out.
- vi) The importance of the last point is substantial. The Judge declined to make a finding based on the surrounding circumstantial evidence contained in the documents, saying he preferred to rely upon the title to the memorandum which of course includes the word “Enhancement”. But if Adkin was truly part of an enhancement project it seems impossible to explain why it was not followed up at all – a matter on which, as we have said, Mr Adkin might have been able to shed some light.

70. The upshot of all this is that it was neither right nor fair to make any adverse findings about any of the Zipher witnesses. Their evidence as to the making of the inventions and the subsequent patenting process must be accepted. The whole thing stemmed from the initial memorandum of Mr Butcher. Mr Watson eventually fastened on that as demonstrating a “link” between the prior Markem work and the Zipher patents. Whether that is sufficient we consider further, after dealing with the law.

The Statutory Provisions

71. We begin by setting out the relevant parts of the statutory provisions to which we must refer. They are spread across the Patents Act 1977. Where they have been amended (either before or subsequently) we set out the version applicable to this case, though neither side suggested that any amendments had any material effect.

“Right to apply for and obtain a patent

7.-(1) Any person may make an application for a patent either alone or jointly with another.

(2) A patent for an invention may be granted –

(a) primarily to the inventor or joint inventors;

(b) in preference to the foregoing, to any person or persons who, by virtue of any enactment or rule of law, or any foreign law or treaty or international convention, or by virtue of an enforceable term of any agreement entered into with the inventor before the making of the invention, was or were at the time of the making of the invention entitled to the whole of the property in it (other than equitable interests) in the United Kingdom;

(c) in any event, to the successor or successors in title of any person or persons mentioned in paragraph (a) or (b) above or any person so mentioned and the successor or successors in title of another person so mentioned; and to no other person.

(3) In this Act “inventor” in relation to an invention means the actual deviser of the invention and “joint inventor” shall be construed accordingly.

(4) Except so far as the contrary is established, a person who makes an application for a patent shall be taken to be the person who is entitled under subsection (2) above to be granted a patent and two or more persons who make such an application jointly shall be taken to be the persons so entitled.

Determination before grant of questions about entitlement to patents, etc.

8.-(1) At any time before a patent has been granted for an invention (whether or not an application has been made for it) –

(a) any person may refer to the comptroller the question whether he is entitled to be granted (alone or with any other persons) a patent for that

invention or has or would have any right in or under any patent so granted or any application for such a patent; or

(b) ...

and the comptroller shall determine the question and may make such order as he thinks fit to give effect to the determination.

(2) Where a person refers a question relating to an invention under subsection (1)(a) above to the comptroller after an application for a patent for the invention has been filed and before a patent is granted in pursuance of the application, then, unless the application is refused or withdrawn before the reference is disposed of by the comptroller, the comptroller may, without prejudice to the generality of subsection (1) above and subject to subsection (6) below -

- (a) order that the application shall proceed in the name of that person, either solely or jointly with that of any other applicant, instead of in the name of the applicant or any specified applicant;
- (b) where the reference was made by two or more persons, order that the application shall proceed in all their names jointly;
- (c) refuse to grant a patent in pursuance of the application or order the application to be amended so as to exclude any of the matter in respect of which the question was referred;
- (d) make an order transferring or granting any licence or other right in or under the application and give directions to any person for carrying out the provisions of any such order.

(3) Where a question is referred to the comptroller under subsection (1)(a) above and –

- (a) the comptroller orders an application for a patent for the invention to which the question relates to be so amended;
- (b) any such application is refused under subsection 2(c) above before the comptroller has disposed of the reference (whether the reference was made before or after the publication of the application); or
- (c) any such application is refused under any other provision of this Act or is withdrawn before the comptroller has disposed of the reference, but after publication of the application.

the comptroller may order that any person by whom the reference was made may within the prescribed period make a new application for a patent for the whole or part of any matter comprised in the earlier application or, as the case may be, for all or any of the matter excluded from the earlier application, subject in either case to section 76 below, and in either case that, if such a new application is made, it shall be treated as having been filed on the date of filing the earlier application.

(4) (5)

(6) Where on a reference under this section it is alleged that, by virtue of any transaction, instrument or event relating to an invention or an application for a patent, any person other than the inventor or the applicant for the patent has become entitled to be granted (whether alone or with any other persons) a patent for the invention or has or would have any right in or under any patent so granted or any application for any such patent, an order shall not be made under subsection (2)(a), (b) or (d) above on the reference unless notice of the reference is given to the applicant and any such person, except any of them who is a party to the reference.

(7) If it appears to the comptroller on a reference of a question under this section that the question involves matters which would more properly be determined by the court, he may decline to deal with it and, without prejudice to the court's jurisdiction to determine any such question and make a declaration, or any declaratory jurisdiction of the court in Scotland, the court shall have jurisdiction to do so.

(8)

Determination after grant of questions referred to before grant

9. If a question with respect to a patent or application is referred by any person to the comptroller under section 8 above, whether before or after the making of an application for the patent, and is not determined before the time when the application is first in order for a grant of a patent in pursuance of the application, that fact shall not prevent the grant of a patent, but on its grant that person shall be treated as having referred to the comptroller under section 37 below any question mentioned in that section which the comptroller thinks appropriate.

Determination of questions about entitlement to foreign and convention patents, etc.

12.-(1) At any time before a patent is granted for an invention in pursuance of an application made under the law of any country other than the United Kingdom or under any treaty or international convention (whether or not that application has been made) -

(a) any person may refer to the comptroller the question whether he is entitled to be granted (alone or with any other persons) any such patent for that invention or has or would have any right in or under any such patent or an application for such a patent; or

(b) any of two or more co-proprietors of an application for such a patent for that invention may so refer the question whether any right in or under the application should be transferred or granted to any other person;

and the comptroller shall determine the question so far as he is able to and may make such order as he thinks fit to give effect to the determination.

(2) If it appears to the comptroller on a reference of a question under this section that the question involves matters which would more properly be determined by the court, he may decline to deal with it and, without prejudice to the court's jurisdiction to determine any such question and make a declaration, or any declaratory jurisdiction of the court in Scotland, the court shall have jurisdiction to do so.

Mention of inventor

13.-(1) The inventor or joint inventors of an invention shall have a right to be mentioned as such in any patent granted for the invention and shall also have a right to be so mentioned if possible in any published application for a patent for the invention and, if not so mentioned, a right to be so mentioned in accordance with rules in a prescribed document.

Making of Application

14.-(5) The claim or claims shall -

- (a) define the matter for which the applicant seeks protection;
- (b) be clear and concise;
- (c) be supported by the description; and
- (d) relate to one invention or to a group of inventions which are so linked as to form a single inventive concept.

(6) Without prejudice to the generality of subsection (5)(d) above, rules may provide for treating two or more inventions as being so linked as to form a single inventive concept for the purposes of this Act.

Patent not to be impugned for lack of unity

26. No person may in any proceeding object to a patent or to an amendment of a specification of a patent on the ground that the claims contained in the specification of the patent, as they stand or, as the case may be, as proposed to be amended, relate -

- (a) to more than one invention, or
- (b) to a group of inventions which are not so linked as to form a single inventive concept.

Determination of right to patent after grant

37.-(1) After a patent has been granted for an invention any person having or claiming a proprietary interest in or under the patent may refer to the comptroller the question -

- (a) who is or are the true proprietor or proprietors of the patent,
- (b) whether the patent should have been granted to the person or persons to whom it was granted, or
- (c) whether any right in or under the patent should be transferred or granted to any other person or persons;

and the comptroller shall determine the question and make such order as he thinks fit to give effect to the determination.

(2) Without prejudice to the generality of subsection (1) above, an order under that subsection may contain provision –

- (a) directing that the person by whom the reference is made under that subsection shall be included (whether or not to the exclusion of any other person) among the persons registered as proprietors of the patent;
- (b) directing the registration of a transaction, instrument or event by virtue of which that person has acquired any right in or under the patent;
- (c) granting any licence or other right in or under the patent;
- (d) directing the proprietor of the patent or any person having any right in or under the patent to do anything specified in the order as necessary to carry out the other provisions of the order.

(3)

(4) Where the comptroller finds on a reference under this section that the patent was granted to a person not entitled to be granted that patent (whether alone or with other persons) and on application made under section 72 below makes an order on that ground for the conditional or unconditional revocation of the patent, the comptroller may order that the person by whom the application was made or his successor in title may, subject to section 76 below, make a new application for a patent -

- (a) in the case of unconditional revocation, for the whole of the matter comprised in the specification of that patent; and
- (b) in the case of conditional revocation, for the matter which in the opinion of the comptroller should be excluded from that specification by amendment under section 75 below;

and where such new application is made, it shall be treated as having been filed on the date of filing the application for the patent to which the reference relates.

Extent of invention

125. (1) For the purposes of this Act an invention for a patent for which an application has been made or for which a patent has been granted shall, unless the context otherwise requires, be taken to be that specified in a claim of the specification of the application or patent, as the case may be, as interpreted by the description and any drawings contained in that specification, and the extent of the protection conferred by a patent or application for a patent shall be determined accordingly.

(2) It is hereby declared for the avoidance of doubt that where more than one invention is specified in any such claim, each invention may have a different priority date under section 5 above.

(3) The Protocol on the Interpretation of Article 69 of the European Patent Convention (which Article contains a provision corresponding to subsection (1) above) shall, as for the time being in force, apply for the purposes of subsection (1) above as it applies for the purposes of that Article.

Interpretation

137-(7) Whereas by a resolution made on the signature of the Community Patent Convention the governments of the member states of the European Economic Community resolved to adjust their laws relating to patents so as (among other things) to bring those laws into conformity with the corresponding provisions of the European Patent Convention, the Community Patent Convention and the Patent Co-Operation Treaty, it is hereby declared that the following provisions of this Act, that is to say, sections 1(1) to (4), 2 to 6, 14(3), (5) and (6), 37(5), 54, 60, 69, 72(1) and (2), 74(4), 82, 83, 100 and 125, are so framed as to have, as nearly as practicable, the same effects in the United Kingdom as the corresponding provisions of the European Patent Convention, the Community Patent Convention and the Patent Co-operation Treaty have in the territories to which those Conventions apply.

The legal arguments

72. We deal with three points, which are more than enough to dispose of the appeals in the entitlement proceedings. Firstly there is the question of whether an entitlement under s.7 to apply for a patent can, of itself, give rise to any claim for entitlement under s.8, 12 or 37 as the case may be. Second there is the extent to which validity may be an issue in entitlement proceedings. Third whether the terms of the claims are relevant in proceedings under those sections.

Can s.7 itself found an entitlement claim?

73. Markem started these proceedings by invoking the provisions of s.37 for '326. '602, which was still in the application stage and thus subject to s.8 was brought in by amendment after Markem found Adkin. The provisions of s.12 are also invoked because there are corresponding foreign applications.

74. Neither side suggested there was any material difference between the sections. So we can decide the whole dispute on the basis of s.8. The key question is whether Markem are “entitled to be granted a patent for that invention or has or would have any right in or under any patent so granted or any application for such a patent.”
75. Markem say they derive their entitlement from s.7. They say that the inventions the subject of some of the claims (particularly claims 1 of 602 and ‘326) were made at Markem and that this gives them entitlement to Zipher’s patents or a share in Zipher’s patents, particularly in the light of certain of the claims. The allegation extends to some of the subsidiary claims. For the purposes of our decision it will only be necessary to consider the main claims.
76. The first major question we have to decide is whether s.7 itself can, alone, found the basis of an application under s.8. For as we have said, entitlement to Zipher’s patents or any part of them is not founded on any allegation of wrongdoing by Zipher or any of its personnel.
77. We begin by observing that it is conceded that if A is to be entitled to a patent or part of a patent applied for by B, then there must be some sort of link between the two. If A makes an invention but does not apply for a patent, and B independently comes up with the same idea and applies first, A cannot either complain or claim any part of B’s patent. Like nearly all countries (save for the USA) we operate on a first to file system.
78. It follows that it is not enough for A to assert that the invention or concept (we use the expression loosely at this stage) was known to its employees and that that itself gave A an entitlement to make an application under s.7. What has to be shown is that A is *entitled to B’s application* or part of it. In the usual run of case, such an entitlement will arise by reason of the operation of some independent rule of law, such as contract, breach of confidence or the like. So, for example, if an employee in breach of confidence takes a trade secret consisting of an invention and applies for a patent in his own name, the employer can properly say the employee was not entitled (i.e. had no right) to apply for the patent by reason of the fact that the invention (i.e. the right to deal with and use the relevant information) belonged to the employer. Or, where two people co-operate in making an invention, there will be some agreement express or implied about who is to own any corresponding patent. Probably there will be joint ownership. There may be an inquiry as to who actually contributed relevantly to the concept, but that inquiry will not alone determine the matter. In the end the question is always “who was to own the invention and the corresponding patent?” The question is about “title” and that involves a question of legal rights.
79. We think it follows that, whether or not A is entitled to apply for a patent pursuant to s.7 is, as such, irrelevant to whether or not he can claim an entitlement to an application by B. For the latter he must be able to show that in some way B was not entitled to apply for the patent, either at all or alone. It follows that A must invoke some other rule of law to establish his entitlement – that which gives him title, wholly or in part, to B’s application.
80. We also observe that were the rule otherwise, there would be great uncertainty and damage to freedom of employment and research. We have in mind particularly the case of ex-employees. Whether whilst still employed or thereafter they cannot use

“chicken 3” material, whether for themselves or for their new employer. That is a rule founded in conscience and enforced by equity. But information which they are free to use is different. If the law imposed any sort of impediment on that the consequences would be serious. So if they use part of their “permitted” information to make an invention, they (or their new employer) should be entitled to apply for a patent.

81. Mr Watson suggests this is all very unfair. It would mean that the ex-employee (or his new employer) may take out a patent using information devised by the employee when working for his former employer and thus stop that employer from using his own invention. That, submitted Mr Watson, cannot be right. He illustrated his point first by reference to claim 1 of ‘326 (we need not consider separately the similar point made about claims 1-4 of ‘602). This reads:

“A transfer printer for transferring ink from a printer ribbon to a substrate which is transported along a predetermined path adjacent the printer comprising a printer ribbon drive mechanism for transporting ribbon between first and second ribbon spools,

a printhead arranged to contact one side of the ribbon to press an opposite side of the ribbon into contact with a substrate on the predetermined path,

a printhead drive mechanism for transporting the printhead along a track extending generally parallel to the predetermined substrate transport path and for displacing the printhead in and out of contact with the ribbon, and

a controller selectively programmable such that during printing the printhead is displaced into contact with the ribbon and either

the printhead is stationary relative to the predetermined substrate transport path and the ribbon is transported with the substrate to be printed relative to the printhead, or

the ribbon and the substrate to be printed are stationary relative to the predetermined substrate transport path and the printhead is transported relative to the ribbon.”

82. Mr Watson submitted that this mass of words boiled down to a claim to a printer which can be switched from intermittent to continuous mode and vice versa. Such an idea, he submitted, was actually disclosed by Markem in its relative motion patent. Mr Thorley disputed this, but for present purposes, suppose Mr Watson were right. How unfair, cried Mr Watson, for Zipher to get a claim for such a machine, a claim which could stop Markem, even though the desirability of a machine falling within the claim was discussed at Markem, not only in their own patent but also, for instance, at Windsor.

83. Moreover, submitted Mr Watson, it can hardly be the case that Parliament intended to confer on the Comptroller a jurisdiction to consider breach of confidence – he was just given a simple jurisdiction over entitlement. We think that a thoroughly bad point. The word “entitlement” clearly imports notions of “title” – of legal rights between the parties. To decide an entitlement question one is bound to have to go not

only into who was responsible for devising what but also into the legal rights of the rival claimants with respect to each other. Doubtless that will sometimes involve complicated questions of fact or law (whether in breach of confidence), contract or in some other way. And doubtless that is why the Comptroller is empowered under s.8(7), s.12(2) and s.37(8) to decline to decide the question of entitlement if it would more properly be decided by a court. As happened here.

84. Nor are we impressed by Mr Watson's alleged unfairness. If the subsequent patent consists of material which is not the confidential information of the former employer it can hardly be patentable. It will be old or obvious. The former employer's remedy is not to claim entitlement to such a claim, but to have it revoked. The "unfairness" only arises in relation to such a case. If the employee has taken secret information there will be no unfairness – for the action for breach of confidence as well as an entitlement under s.8 will lie at the suit of the employer.
85. This also is the answer to Mr Watson's other rhetorical question: "How can it be right for the same employee to re-invent for employer B that which he invented before for employer A?" In the usual case it is not – but that is because the employee will be using the confidential information of A. If he says he does not remember the first invention he will probably not be believed – particularly if the first invention contains significant detail rather than consists of just some rather self-evident desiderata.
86. It is perhaps worth noting in passing that although s.8 provides a remedy in such a case, so also does the action for breach of confidence. For no-one disputes that if an invention consisting of secret information is unlawfully taken and used for a patent application, equity will compel the taker to hand over the "proceeds" of his wrong. Oddly s.8 seems to be drafted in the absence of any recognition of the independent action for breach of confidence (save perhaps impliedly by reason of the s.8(7) power). Neither counsel could explain this. The Report of the Committee to Examine the Patent System and Patent Law (the "Banks Committee Report", Cmnd.4407) which in part led to the 1977 Act recommended that jurisdiction be conferred on the Comptroller to deal with disputes about entitlement but makes no mention of the fact that the law already provided a remedy. One thing the Comptroller's jurisdiction does do is to cover complicated situations where, for instance, an invention is made partly using information in breach of confidence and partly information added to that – where the applicant has added his own ingenuity to robbery.

The relevance of validity

87. This brings us to the next point. Mr Watson submits that under s.8 the validity of the patent is completely irrelevant. The only question is: who is entitled? Mr Thorley accepted that s.8 proceedings cannot turn into a full-scale inquiry into validity in a difficult case but that where an unanswerable case of validity was raised, the Comptroller can act upon it. He drew an analogy with proceedings for amendment of a patent where a roving inquiry into validity is not permitted but one can inquire as to whether a proposed amendment dealt with the reason advanced for making it, *Great Lakes Carbon's Patent* [1971] RPC 117.
88. We have no doubt that Mr Thorley is right. If the patent or part of it is clearly and unarguably invalid, then we see no reason why as a matter of convenience, the Comptroller should not take it into account in exercising his wide discretion. The

sooner an obviously invalid monopoly is removed, the better from the public point of view. But we emphasise that the attack on validity should be clear and unarguable. Only when there is self-evidently no bone should the dogs be prevented from fighting over it.

89. Moreover Mr Watson's submission goes as far as an illogical conclusion. He openly submits, for example, that claim 1 of '326 is invalid, but that that invalidity should be considered irrelevant to Markem's entitlement claim. That cannot be right. There is simply no point in the Comptroller handing rights in an invalid monopoly from one side to another.
90. This same illogicality indeed applies to the whole of Markem's case. For since it is not suggested that the employees did anything wrong in using their background knowledge – essentially of what would be desirable in a machine rather than how actually to produce a practical machine - what is relied upon to establish entitlement could equally be relied upon to establish invalidity. We think that if an inherent part of a claim to entitlement is also an assertion of or acceptance of invalidity, the entitlement claim must fail.

The relevance of the claims

91. We next turn to the final point on the law. The parties were in dispute as to what place the claims of the patent application (s.8) or patent (s.37) had in entitlement proceedings. Mr Watson submitted they were near determinative of the subject matter (and were in the case of a granted patent). So, he submitted, one looked at each claim and asked specifically “who contributed to that?” Mr Thorley submitted that the claims as such were only one factor: what really mattered was what was really invented, not the generalisation or sub-claims which form part of the patenting process. The Deputy Judge accepted Mr Watson's submission. It was on that basis that his complicated judgment on remedies operated on a claim-by-claim basis.
92. The reason the point arose is this. Markem are able to identify in the broadest claims things which were discussed within Markem as being desirable, such as a bi-directional printer, a dual function (continuous and intermittent) printer (essentially claim 1 of '602) and so on. So if one goes on a claim-by-claim approach, one can assert of a particular claim that “that claim is Markem's because it was first proposed at Markem”. We have already identified why that approach is not good enough. On top of that, however, we think the claim-by-claim approach is itself fallacious and not what is called for by the Act.
93. Mr Watson relies upon s.125(1) to submit that “invention” as used in s.8 and the other entitlement provisions means what is claimed. But s.125 contains the key words “unless the context otherwise requires.” And there are quite a lot of places in the Act where that is so, as we set out in more detail below.
94. Before doing so, we begin by what must be the rational way to approach this Act, whatever section is under consideration. Parts of it are intended to implement the European Patent Convention of 1972. In a peculiarly cack-handed way the draftsman chose to re-number and re-write some of these and then say, in s.130(7) in effect that his re-writing does not count – that the relevant provision is “so framed as to have, as nearly as practicable, the same effect in the UK as it has in the EPC”. No one has

ever identified any difference in meaning between a 1977 Act provision and the meaning of a corresponding provision of the EPC and we do not suppose anyone ever will.

95. So the first thing to do is identify whether the provision in question is an EPC-derived provision or is home-grown. The EPC derived provisions are likely to form a coherent whole whereas the home-grown provision may be free-standing. Here, for instance, it is to be noted that in s.8, 12 and 37 (save for the here-irrelevant sub-section (5)) the key provisions in issue are home-grown – having no corresponding provision in the EPC and not being referred to in s.130(7).
96. By contrast other provisions or sets of provisions set out above do have corresponding EPC provisions. Thus s.14(5) is derived from Arts. 84 and 82 of the EPC. In particular the requirement in s.14(5)(d) that the claim or claims shall “relate to one invention or to a group of inventions which are so linked as to form a single inventive concept” comes from Art. 82 which says:

“The European patent application shall relate to one invention only or to a group of inventions so linked as to form a single inventive concept.”
97. s.26 is related to this – making any decision about unity of invention immune from subsequent attack. In both cases the word “invention” cannot mean just what is in each claim.
98. s. 125(1) is itself said to be derived from the EPC. Obviously the relevant provision is Art. 69 and its Protocol. Art. 69 is about “the extent of protection”. So s.125(1) – the section on which Mr Watson relies – is essentially about the monopoly granted, not inventive concepts – Eureka moments.
99. Even s.125 contains an example of context otherwise requiring. Sub-section (2) (about priorities of different inventions in the same claim) makes no sense if the “invention” is only what is claimed.
100. So what then about s.8? Does “invention” there mean what is claimed or does the context otherwise require? We think it must have some more general meaning than what is in the claims. The most obvious reason for that is that s.8 applies to situations where there are no claims at all – indeed even prior to a patent application. And applications themselves are not required to have claims. The question of entitlement can therefore arise before any claims exist – and in principle must remain the same whatever claims later emerge. Moreover, as the Deputy Judge observed, it is often the practice of patent agents to put in first drafts which are wider than they expect to end up with so as to draw a wide search. As for the final claims in the patent as granted, their form and content will depend upon a number of individual factors – what has turned up in the prior art forcing reduction in scope, what subsidiary claims the patent agent has formulated based on the description and what monopoly is actually thought to be valuable (there is no point in claiming wider).
101. Accordingly we think one is driven to the conclusion that s.8 is referring essentially to information in the specification rather than the form of the claims. It would be handy if one could go by the claims, but one cannot. s. 8 calls for identification of

information and the rights in it. Who contributed what and what rights if any they had in it lies at the heart of the inquiry, not what monopolies were actually claimed.

102. It is not possible to be very specific about how this is to be done. But as a general rule one will start with the specific disclosure of the patent and ask whether that involves the use of information which is really that of the applicant, wholly or in part or as joint owner. Here the specific disclosure of the Zipher patents is clearly Mr McNestry's basic idea – his particular “clever way.” Without that the disclosure would be near valueless. True the patent would have claims covering bi-directional or dual purpose printers, but without any practical way of achieving them. What one is normally looking for is “the heart” of the invention. There may be more than one “heart” but each claim is not to be considered as a separate “heart” on its own. That is consistent with the view of Laddie J in *University of Southampton's Appn.* [2005] RPC 11.
103. Likewise we think that Christopher Floyd QC, sitting as a Deputy Judge was right when he said in *Stanelco Fibre Optics v. Bioprogress* (unrep. 1st October [2004] EWHC 2187 Ch):

“15. It is clear that a mechanistic, element by element approach to inventorship will not produce a fair result. If A discloses a new idea to B whose only suggestion is to paint it pink, B would not be a joint inventor of a patent for A's product painted pink. That is because the additional feature does not really create a new inventive concept at all. The feature is merely a claim limitation, adequate to overcome a bare novelty objection, but having no substantial bearing on the inventive concept. Patent agents will frequently suggest claim limitations, but doing so does not make them joint inventors. Some stripping of a claim of its verbiage, may be necessary to determine the inventive concept, and consequently the inventor. But one must keep in mind that it is the inventive concept or concepts as put forward in the patent with which one is concerned, not their inventiveness in relation of the state of the art.”

104. We would qualify his last comment slightly – for the reasons we have indicated novelty and obviousness are relevant where they are inherent or implicitly accepted in the case advanced to establish entitlement.

The cases based on Windsor and CCL

105. We have already dealt with Adkin. There is little to add about Windsor and CCL. As far as Windsor is concerned, the only material relied upon is that which we have italicised. Some of it is repeated in Butcher's memorandum. But such a generalised “wish-list” hardly amounts to an invention on its own. Without any practical embodiment nothing has really been invented. McNestry made the point when he said in cross-examination that nothing had been invented at the time of the Butcher memorandum. And if (as Mr Watson conceded when he came to the strike-out case) it was hardly the stuff of confidence there is simply no reason why any ex-employee should not use it.

106. As for CCL there is really no link at all. The only link could be through Mr Buxton. But he did not join Zipher until Mr McNestry had thought of his clever way. Besides the unchallenged evidence of Mr Nelson shows how unrealistic was the case based on CCL.

Conclusion on the entitlement issues

107. In the result we conclude:

- i) The Judge was not entitled to and gave inadequate reasons for disbelieving the inventors and Mr Buckby;
- ii) The ultimate form of the wide claims to which Markem lay claim was essentially the result of a natural generalisation from the specific ideas of Mr McNestry and owed nothing to Markem;
- iii) Markem's backstop case based on reliance on Mr Butcher's memorandum is flawed because firstly that memorandum contains nothing confidential, describing no more than that which would be desirable if an invention could be made and secondly the case was not put to the witnesses on that basis;
- iv) Section 7 does not in itself create an entitlement claim under s.8. For such a claim to be made the applicant must show breach of some rule of law by the patentee or applicant for a patent or those from whom he claims to derive his rights to apply. He must show why he is entitled to (or entitled to a share in) the application. It is not enough merely to show he could have made his own application.
- v) A claim-by-claim approach is not appropriate in proceedings under s.8. The proper approach is to identify what information was used which should not have been used or should not have been used solely by the applicant, and use that to formulate the appropriate consequential order.

108. That being so, we do not need to consider the further points on relief which were raised on appeal and by way of cross-appeal. We simply allow Zipher's appeal and dismiss all the cross-appeals.

109. There are only two other matters to consider. Zipher say that claims 1-4 of '602 are invalid by reason of a prior patent about airline ticket printing machines called Datamax (US Patent 4,909,648). Mr Thorley sought to introduce it into the hearing before us but was not allowed to for the simple reason that it was being raised essentially for the first time. The question nonetheless arises as to whether we should, in these proceedings, allow Zipher to amend on the basis of its claim. Although that might be convenient, the public have had no opportunity to consider the proposed amendment (which would consist essentially of combining claims 1 to 4 with claim 5). We would therefore have had to require advertisement of the proposed amendment with the possibility of opposition. It seems to us clear that it would be better for all this to take place in specific proceedings for amendment before the Comptroller. We ourselves do not therefore allow the proposed amendment.

110. Finally, as we have said, Markem say that claim 1 of '326 is invalid. Zipher dispute that (though Mr Allman advised during prosecution that it was "thin"). It is not necessary or desirable that we should make any finding about this and we decline to do so.

The Subsequent Claim for Breach of confidence – an abuse of process?

111. We turn now to the separate action brought by Markem against Messrs Buckby, McNestry, Hart, Buxton and Zipher Ltd in which Markem claim that the defendants "have breached various obligations of confidence owed to them under agreements and by operation of law, in respect of trade secrets and confidential information in relation to the Claimants' thermal printing technology". Proceedings were commenced on 10th June 2004. It is common ground that the facts relied upon are substantially the same as those pleaded by Markem in their re-amended Particulars of Claim in the patent entitlement action in which judgment had been delivered in 2003.
112. On 27th August 2004 the defendants in the action for breach of confidence (hereinafter referred to as Buckby and others) applied to strike out the action as an abuse of process under CPR 3.4. The application notice was supported by a witness statement from Mr Gold, the solicitor for Buckby and others, which explains the basis of the application. It was that the fresh action, arising out of exactly the same factual background as the patent entitlement action, could and should have been brought at the same time as the entitlement proceedings. In response to the application there was served on or about 12th October 2004 a witness statement by Mr Moodie, solicitor for Markem, and the matter came on for hearing before Judge Fysh QC in December 2004. Judgment was reserved, and was delivered on 26th January 2005. The judge refused to grant the relief sought, and also refused permission to appeal. Buckby and others renewed their applications for permission to appeal to this court, and on 16th February 2005 Jacob LJ referred the application to the court hearing the appeals in the entitlement action, with an indication that if permission were granted the court might go on to hear the appeal. That is what happened. On 28th February we granted permission to appeal, and then proceeded to hear the appeal.

The Law as to abuse of process

113. The power to strike out on the basis that the fresh proceedings amount to an abuse of process is discretionary. That is clear from the wording of CPR 3.4, so this court will only interfere with the decision of a judge if that decision is plainly wrong. In the present case the principle upon which Buckby and others rely is the well-known principle that where a matter becomes the subject of litigation parties to that litigation should bring forward at the same time everything they want to litigate (*Henderson v Henderson* (1843) 3 Hare 100). That principle was considered by the House of Lords in *Johnson v Gore Wood & Co* [2002] AC 1. In that case solicitors acting for a company in which the plaintiff held almost all of the shares advised solicitors acting for the defendant in litigation concerned with the exercise of an option that the plaintiff also had a personal claim arising out of the same matter which he would pursue in due course. That claim was discussed. However, when the personal claim was brought after the company's claim had been settled the defendants sought to invoke the *Henderson* principle. Lord Bingham at 23 E, after citing from *Henderson*, continued -

“Thus the abuse in question need not involve the re-opening of the matter already decided in proceedings between the same parties, as where a party is estopped in law from seeking to re-litigate a cause of action or an issue already decided in earlier proceedings, but, as Somervell LJ put it in *Greenhalgh v Mallard* (1947) 2 All ER 255, 257 may cover -

‘Issues or facts which are so clearly part of the subject-matter of the litigation and so clearly could have been raised that it would be an abuse of the process of the court to allow a new proceeding to be started in respect of them’.”

114. At 24 A Lord Bingham noted that -

“In *Brisbane City Council v Attorney General for Queensland* [1979] AC 411 the Privy Council expressly endorsed Somervell LJ’s reference to abuse of process and observed, at 425:

‘This is the true basis of the doctrine and it ought only to be applied when the facts are such as to amount to an abuse: otherwise there is a danger of a party being shut out from bringing forward a genuine subject of litigation.’”

115. Then at 27 F Lord Bingham cited from his own judgment in *Barrow v Bankside Agency Ltd* [1996] 1 WLR 257 at 260 where he said -

“The rule in *Henderson v Henderson* is very well known. It requires the parties, when the matter becomes the subject of litigation between them in a court of competent jurisdiction, to bring their whole case before the court so that all aspects of it may be finally decided (subject, of course, to any appeal) once and for all. In the absence of special circumstances, the parties cannot return to the court to advance arguments, claims or defences which they could have put forward for decision on the first occasion but failed to raise. The rule is not based on the doctrine of res judicata in a narrow sense, nor even on any strict doctrine of issue or cause of action estoppel. It is a rule of public policy based on the desirability, in the general interest as well as that of the parties themselves, that litigation should not drag on for ever and that a defendant should not be oppressed by successive suits when one would do. That is the abuse at which the rule is directed.”

Mr Thorley places particular reliance on the penultimate sentence in that citation.

116. At 28 E Lord Bingham also cited with approval the judgment of May LJ in *Manson v Vooght* [1999] BPIR 376 in which he said -

“The bringing of a claim which could have been brought in earlier proceedings may not be an abuse. It may in particular cases be sensible to advance cases separately. It depends on all

the circumstances of each case. .. The Court has to balance a plaintiff's right to bring before the court genuine and legitimate claims with a defendant's right to be protected from being harassed by multiple proceedings where one would have sufficed."

At 31 A Lord Bingham, after reviewing the authorities, expressed his own conclusion as follows -

"*Henderson v Henderson* abuse of process, as now understood, although separate and distinct from cause of action estoppel and issue estoppel, has much in common with them. The underlying public interest is the same: that there should be finality in litigation and that a party should not be twice vexed in the same matter. This public interest is reinforced by the current emphasis on efficiency and economy in the conduct of litigation, in the interests of the parties and the public as a whole. The bringing of a claim or the raising of a defence in later proceedings may, without more, amount to abuse if the court is satisfied (the onus being on the party alleging abuse) that the claim or defence should have been raised in the earlier proceedings if it was to be raised at all. I would not accept that it is necessary, before abuse may be found, to identify any additional element, such as a collateral attack on a previous decision or some dishonesty, but where those elements are present the later proceedings will be much more obviously abusive, and there will rarely be a finding of abuse unless the later proceeding involves what the court regards as unjust harassment of a party. It is, however, wrong to hold that because a matter could have been raised in earlier proceedings it should have been, so as to render the raising of it in later proceedings necessarily abusive. That is to adopt too dogmatic an approach to what should in my opinion be a broad, merit-based judgment which takes account of the public and private interests involved and also takes account of all the facts of the case, focussing attention on the crucial question whether, in all the circumstances, a party is misusing or abusing the process of the court by seeking to raise before it the issue which could have been raised before. As one cannot comprehensively list all possible forms of abuse, so one cannot formulate any hard and fast rule to determine whether, on given facts, abuse is to be found or not. While the result may often be the same, it is in my view preferable to ask whether in all the circumstances a party's conduct is an abuse than to ask whether the conduct is an abuse and then, if it is, to ask whether the abuse is excused or justified by special circumstances."

At 59 F Lord Millett said -

"There is, therefore, only one question to be considered in the present case: whether it was oppressive or otherwise an abuse

of the process of the court for Mr Johnson to bring his own proceedings against the firm when he could have brought them as part of or at the same time as the company's action. This question must be determined as at the time when Mr Johnson brought the present proceedings and in the light of everything that had then happened."

Before us it was accepted by counsel on both sides that those passages from the decision of the House of Lords in *Johnson* set out the law which has to be applied, and it is clear from his judgment that Judge Fysh did consider that authority. What it requires is a careful examination of the circumstances relevant to the application to strike out, and to that we now turn.

The Circumstances in this case

117. Zipher's Zodiac printer was first marketed in the summer of 2001. The specifications of the two patent applications were published on 29th May 2002 ('326) and 5th June 2002 ('602).
118. Markem do not say when they became aware of the patent applications or of the printer, but they very probably knew of both well before 1st November 2002. It was then when, without notice but with some publicity, they referred to the Patent Office their contention that Markem was the rightful owner of '326 and the other two groups of patents no longer relevant. The reference contended that the patents granted to Zipher Ltd and applications for the patents made by Zipher Ltd "rightfully belonged to Markem and/or MTL by virtue of relevant contracts of employment and by the operation of section 39(1)(a) of the Patents Act 1977."
119. The reference then dealt in detail with each of the named inventors. For example it cited from Mr McNestry's contract of employment with Markem clauses dealing with "non-disclosure of confidential information and protection of trade secrets" before citing a clause dealing with inventions in support of the proposition that -

"In addition to the obligation of confidentialityany intellectual property created by Martin McNestry during his employment with MTL belonged to his employer."

A similar approach was adopted in relation to Messrs Hart and Buxton.

120. Reference was made to the Markem product development conference at Windsor in September 1998, and to what was known by Mr Butcher. In paragraphs 49 to 51 the reference stated that -

"49. The Named Inventors were not entitled to use or disclose for their own benefit, following termination of their employment with MTL any confidential information obtained during and as a result of their employment with Prestek/MTL (other than knowledge constituting the ordinary stock in trade of employees of this kind in respect of which no claim to be entitled is made by MTL).

50. Further or alternatively, those employees of the Buckby Group who had previously been employed by MTL and the companies of the Buckby Group have at all material times owed a duty of confidence to MTL and Markem and at no time have they been entitled to use MTL's or Markem's confidential information.

51. The Named Inventors disclosed the invention to their new employer, Zipher who later filed the application for the Patent on 5 September 2001 and claimed entitlement to it.”

121. The Patent Office only had jurisdiction to deal with a claim to entitlement. It had no jurisdiction to adjudicate on claims alleging breach of confidentiality as such. But the Office jurisdiction clearly can involve a consideration of breach of confidence, or indeed other questions of general law such as breach of contract.
122. Zipher Ltd, Buckby, McNestry, Hart, Buxton, Butcher and three other employees of Zipher Ltd were all so troubled by the allegations of breach of confidentiality and breach of contract made in the references that on 14th November 2002 they commenced proceedings in the High Court seeking declaratory relief. In that action the claimants referred to the three references made by Markem to the Patent Office (there were two in respect of the patent applications no longer relevant as well as the reference in respect of '326) and said in paragraph 11 of their Particulars of Claim that in the reference relating to '326 -

“The defendants have asserted that the First to Eighth Claimants and each of them are in breach of an obligation of confidence alleged to be owed to the Defendants and each of them.”

A similar stance was taken in relation to the other two references. The claimants denied any breach of their obligations and sought declarations to that effect. They also sought a speedy trial. Markem responded with an application to strike out the action seeking declarations as an abuse of process.

123. Those applications were listed for hearing before Jacob J (as he then was) on 5th December 2002. Our attention was invited to the skeleton argument for that hearing of Richard Arnold QC, then appearing for Markem. In that document it was made clear that Markem agreed to the entitlement proceedings being brought into the High Court rather than before the Comptroller, and was content to have them determined reasonably promptly. It was then denied that in the entitlement proceedings it had ever been asserted that the individual claimants now seeking declarations breached obligations of confidentiality or breached their terms of employment. The references to the obligation of confidentiality and to the terms of contracts were said to be there only as “relevant background”. That approach did not strike Jacob J as realistic, and the other members of this court completely agree with him. The Comptroller had already decided to refer the entitlement proceedings to the High Court and Jacob J set a timetable for those proceedings to ensure a speedy trial. At 14 B there appears this exchange with counsel -

“Jacob J: You are asserting an abuse of process by these individuals to try and clear their names. I do not accept that.

Mr Arnold: If they win, their names are cleared anyway. It is a common objective.

Jacob J: No, because they have a separate interest from their employer.”

In the end the judge decided to stay the proceedings seeking declaratory relief, saying -

“I think there is no useful purpose in them going on any more, but I am not going to strike them out. They will just be superseded by the other one.”

Markem having undertaken to issue entitlement proceedings in the High Court it was ordered that -

“Action 3397 be stayed pending determination of the Intended Action with costs reserved to the trial judge in the Intended Action.”

The entitlement proceedings were commenced by Markem in the High Court on 9th December 2002. The only named defendant was Zipher Ltd and there was no direct allegation of breach of confidence or breach of contract, but the format was the same as that adopted in the references.

124. In order to prepare for the trial fixed to begin on 24th March 2003 both parties had to examine their records for relevant documents. On 14th January 2003 Markem found the Adkin memorandum. As we have said we know nothing of how, where or when it was found, other than that Mr Mills had a conversation with Mr Adkin. Mr Watson QC for Markem submits that it was an important milestone in the entitlement proceedings and also in relation to any potential claim by Markem for breach of confidence. Other documents emerged subsequently, such as part of Mr Buxton’s laboratory notebook from his time at Markem, the Troman paper and CCL discussion. The discoveries led to formal amendments of the Particulars of Claim, the first on 19th March 2003, and the second on 25th March 2003, pursuant to drafts prepared and exchanged well in advance of those dates. It was by the first amendment (sent in draft on about January 20th) that the ‘602 patent application was brought into the case. Zipher did not object to either amendment.
125. The result, it is now conceded, was that by the start of the trial, and in fact well before the start of the trial, Markem had identified and had available all of the information it required to bring a claim for breach of confidence against Buckby and others. Mr Watson told us, and we therefore accept, that in the rush of preparing for trial the possibility of bringing such a claim did not cross his mind. We find that surprising, but plainly, as it seems to us, those advising Markem at that stage should have considered that possibility having regard to the law as set out in *Johnson v Gore Wood*, and should only have rejected the possibility if a positive decision was made not to pursue allegations of breach of confidence at any stage, save in response to the

claim for declaratory relief if, at the behest of Zipher, permission should be given for that claim to be revived.

126. During the course of the trial hearing which began on 26th March 2003 the issue of breach of confidence cropped up time and again. It was, to a large extent, the way in which Markem put its case to Messrs Buckby, McNestry, Hart and Buxton, all of whom gave evidence for Zipher Ltd, the only named defendant in the entitlement action. Observations were made by the judge and by counsel about there being no allegation of breach of confidence, and in his interim judgment, handed down on 4th July 2003 the Judge said -

“The absence of any allegation of breach of confidence or breach of contract coupled with a palpable antipathy between the parties has made this case difficult to adjudicate.”

At a hearing on 1st August 2003 to determine the form of order required in the light of the judgment Mr Watson said -

“It was not a confidential information case. I never said that there was not a misuse. I never needed to. It did not arise.”

The judge then asked Mr Watson if Markem could now sue Mr Buckby and others for breach of confidence, to which Mr Watson replied -

“We could, I suppose. Of course it would only be damages now. But we chose this much clearer and easier route.”

One does not normally speak of choosing a route when one is not aware of the alternative, and Mr Watson now contends that a lot was at stake, many millions of pounds lost by Markem because Zipher was able to sell Zodiac machines embodying confidential ideas first thought of by Buckby and others when they were at Markem.

127. In May 2004 Markem, not Zipher, sought to have the stay on the declaratory proceedings lifted, making it clear for the first time that if the stay were not lifted they were minded to start proceedings for breach of confidence. The unveiling of that strategy provoked Judge Fysh to observe that “the odour of corporate manoeuvre is redolent.” The judge refused to lift the stay. The declaratory proceedings were dismissed with no order as to costs, and on 10th June 2004 Markem began this action for breach of confidence.

The Decision of the Judge

128. That brings us back to the decision of the judge, which is now under appeal. After dealing with the facts and the law the judge, at paragraph 39, referred to the proceedings before Jacob J in December 2002, saying that after reading the Order and the transcript -

“I am persuaded that it was the judge’s *independent* and firm intention to ‘park’ (but not strike out) what was in reality *all* further consideration of confidential information issues generally (and not just the Declaratory Proceedings itself) until

a time *after* the conclusion at first instance of the intended Entitlement Proceedings.”

Mr Thorley submitted to us that at that point Judge Fysh fell into error because his interpretation of what happened before Jacob J was incorrect. At that stage there were in existence only the references. Once the matter was transferred to the High Court it was open to Markem, if so advised, to raise issues of breach of confidence and breach of contract, and if they had the evidence to substantiate such allegations it was reasonable to assume that was what they would do. Jacob J was entitled to conclude that there was no need for further pleadings in the action for declaratory relief because all of the issues which such pleadings might address would be resolved in the Intended Action. In reality all that was being “parked” was a decision as to the costs of the claim for declaratory relief. In our judgment the criticisms made by Mr Thorley of the interpretations placed by Judge Fysh upon the proceedings before Jacob J are well founded. That misinterpretation infected the rest of the judgment because in paragraph 42 Judge Fysh said that -

“To have issued fresh proceedings for breach of confidence (possibly only after the penny had dropped regarding Adkin) would be seen as enlivening many of the issues which had been stayed by Jacob J.”

Judge Fysh went on to point out that if a new cause of action had been alleged, involving four new named defendants, that would have disrupted the timetable, and Zipher, he said, would have characterised it as “a blunt ploy to secure an adjournment”. There would be the prospect of interlocutory activity, defendants possibly seeking fresh representation, and the trial date could not have been held, that date being one which the judge regarded as “above all at that time Zipher’s chief concern”.

129. It seems to us that the judge’s interpretation of the attitude of Zipher to a hypothetical application to allege breach of confidence is not consistent with the known facts. Certainly a late application, soon after the Adkin memorandum was discovered (when the pleadings in the entitlement action were in fact amended to rely on the Adkin memorandum) might have resulted in a short delay, but the named defendants were not strangers to the entitlement action. They were key witnesses, and they wanted their names cleared. That was why they had started proceedings for declaratory relief. If faced with the choice of, on the one hand, an entitlement action to be followed months later by fresh proceedings for breach of confidence and, on the other hand, a short delay to enable all issues to be resolved in the one action, it seems to us obvious that Mr Buckby and others and Zipher would have chosen the latter course. But what is of great importance is a factor not referred to at all by the Judge, namely that Mr Buckby and the others, and for that matter the court, were never given the choice.
130. The judge acknowledged what he described as the harassment factor, but pointed out, as he was entitled to, that following the takeover of Zipher the personal defendants are apparently “financially cushioned”. That means no more than that further litigation may not ruin them. He stated that if breach of confidence had been alleged the trial would have had been “greatly prolonged with attendant cost implications”. That may be questionable, but even if it is right the true comparator is the length and cost of two separate trials. Plainly in the end if the action for breach of confidence proceeds to a

hearing the overall length and the overall costs would be greater than if all issues had been dealt with at the same time.

131. The judge also referred to the need to get the issues relating to patents and patent applications resolved as soon as possible for the benefit of third parties. We agree that that is a relevant factor, but not one of great weight, and then in paragraph 47 the judge said -

“I am not surprised that Markem did not raise breach of confidence at the time.”

We find that observation inexplicable. Even if Markem thought it desirable to deal with the entitlement proceedings first, once they knew or ought to have known that they had a viable claim for breach of confidence and/or breach of contract, which they might at some stage wish to pursue, it was, in our judgment, their clear duty under CPR 1.1 to put their cards on the table and seek directions. Not to do so was not as Mr Watson submitted a procedural irregularity. It was an abuse.

Conclusion on abuse of process

132. Having examined all of the circumstances with care it seems to us that the decision under appeal was plainly wrong. Once Markem had available all of the information it needed to make the allegations of breach of confidence now being made, that is to say at the latest by the time that the Particulars of Claim in the entitlement proceedings were re-amended, they were under an obligation either to pursue the issue of breach of confidence or to abandon it. What they were not entitled to do was to keep that issue in reserve until after judgment in the entitlement proceedings, to the clear detriment of Buckby and others who could justifiably claim to be harassed. In our judgment everything that was said by the House of Lords in *Johnson* in the passages to which we have referred makes it clear that on 26th January 2005 Judge Fysh should have made the order then sought. We therefore allow the appeal and order that Markem’s claims for breach of confidence be struck out as an abuse of the process of the court. If, which we doubt, Markem are thereby deprived of the opportunity to recover a substantial sum by way of damages then they have only themselves to blame.

Lord Justice Mummery:

133. I agree.

Lord Justice Kennedy:

134. I also agree.