

Kluwer Patent Blog

It's not over until the Confidential Annex sings

Aida Tohala (Bristows) · Tuesday, July 25th, 2023

Introduction

On 17 July 2023, the English Court of Appeal handed down its [decision](#) in a dispute between J.C. Bamford (**JCB**) and Manitou about the confidentiality of information disclosed in the course of litigation between JCB and Manitou relating to the validity and infringement of certain of JCB's patents. At the heart of the confidentiality dispute is the correct balance to be made between the principles of open justice and the need to protect the trade secrets of those involved in patent litigation.

Briefly, JCB's patents concerned safety features aimed at preventing the tipping of construction vehicles called telehandlers. Manitou's telehandlers come in several configurations. The features of these were described in a confidential product description provided by Manitou during the course of the litigation as well as in certain other documents provided by Manitou. A confidentiality club was established during the case to restrict the recipients of the purported confidential information. Meanwhile, at trial, an interim order was made under the English Civil Procedure Rules (**CPR**), specifically rule 31.22(2), to preserve the confidentiality of that information until after judgment. The default position in English litigation is that once a document has been read to, or by, the Court or referred to at a hearing which has been held in public, it enters the public record, whereas a ruling under CPR 31.22(2) can be used temporarily or permanently to restrict or prohibit the use of a document which has been read or referred to in such a way. The present judgment from the Court of Appeal is about the extent to which it is appropriate to make certain parts of the interim 31.22(2) Order permanent.

At first instance, in the main patent trial, Hacon HHJ found only one of JCB's four patents in suit to be valid, and held that it was infringed by one of Manitou's configurations, but not another (Configuration C). His reasons for infringement were contained in a Confidential Annex to the judgment. This Confidential Annex included information about Configuration C and also the way in which the Configuration C system works (See [here](#) for a more detailed overview of the first instance decision written by my colleague, Eden Winlow. The parties have appealed various aspects of the substantive judgment, a hearing of which has been fixed for January 2024.)

After the main patent trial, Manitou applied for the permanent order under rule 31.22(2) over certain information, including parts of the Confidential Annex, in particular the confidentiality of different categories of information regarding Configuration C. A permanent order under rule 31.22(2) was refused in relation to Head 1 of Manitou's application which related to the way in

which the Configuration C system works. Whilst Hacon HHJ agreed that some of the relevant information was confidential, he held that the permanent 31.22(2) Order should not be granted in relation to this information because the principle of open justice favoured its disclosure. Importantly, knowledge of the particular features of Configuration C is pertinent to understanding the first instance judge's finding of non infringement under the doctrine of equivalents as well as under normal interpretation. The present decision of the Court of Appeal therefore concerns challenges from both sides on the confidentiality decision, with JCB appealing against the judge's conclusion that Head 1 constituted confidential information at all and Manitou appealing against the refusal to make a rule 31.22 order regarding documents containing that information.

Assessment of confidentiality dispute

Arnold LJ noted that the correct classification of the information in dispute was alleged technical trade secrets (as opposed to just "confidential information"). As such, he considered that the 2016 Trade Secrets Directive (the "**Directive**") and the implementing Trade Secrets (Enforcement, etc.) Regulations 2018 (the "**Regulation**") should inform the approach that the court should adopt (albeit not being directly applicable given the lack of unlawful acquisition, disclosure or use of a trade secret in the present case).

(i) JCB's appeal

Arnold LJ confirmed that "relative confidentiality" can be claimed regarding information in a document even if it is theoretically possible for that information to be obtained through reverse engineering a publicly available product embodying that information. This is on the basis that the reverse engineering takes time, effort and skill.

Arnold LJ therefore agreed with Hacon HHJ's finding that the relevant information in the document was confidential, as the evidence was that a competitor would only be able to identify the contested information through a detailed inspection of Manitou's telehandler.

Interestingly, this was despite Arnold LJ commenting that the degree of relative confidentiality was "not high", such that the duration of an injunction that would be granted to deprive a person who misused this confidential information of the head start they had gained by that misuse would be a matter of weeks or days, rather than years or months.

In confirming the availability of relative confidentiality, Arnold LJ agreed with Manitou which had relied, inter alia, on the fact that JCB had not determined the configuration in question through public sources or reverse engineering, despite its considerable resources and the fact that parallel litigation was ongoing in Italy and France where disclosure is not available in the same way as in English proceedings and therefore such reverse engineering would be particularly useful to determine whether there was any infringement. He also commented that this conclusion is consistent with the Directive and Regulation under which it is clearly lawful to obtain information through reverse engineering – though Arnold LJ noted the ambiguity as to how far this extends (e.g. whether it permits decrypting). This dicta illustrates that confidentiality is not something which is black and white but which covers a spectrum of degrees of confidentiality.

(ii) Manitou's appeal

Arnold LJ noted that the competing interests the Court needs to consider in assessing whether to permit the disclosure of otherwise confidential information are the public's need to understand and

scrutinise the reasoning provided by the Court on infringement on the one hand, and Manitou's right to protect its trade secrets on the other. Manitou's argument was essentially that Hacon HHJ had erred in principle by treating the former as outweighing the latter.

Arnold LJ commented that Hacon HHJ's conclusion was understandable given the way the argument was presented and the fact that it affected the public's ability to understand the reasons for the decision, but held that the parties had argued the case wrongly. He held that Hacon HHJ's finding of non-infringement regarding Configuration C and the fact it was based on the doctrine of equivalents were irrelevant. It was also not significant that Manitou was the defendant (and therefore not a volunteer to the litigation). The crucial point was the correct characterisation of Manitou's claim, which was for the protection of trade secrets (albeit it had not been expressed as such). He held that Manitou was right to be concerned that competitors in possession of the contested information might be encouraged to deduce the remaining features of the telehandler system. Thus he allowed Manitou's appeal and made a permanent rule 31.22(2) order. In his view, departure from the principle of open justice was necessary for protection of the trade secrets at stake. That is despite the evidence from Manitou being that publication of the particular information implied only potential damage.

The decision will be welcomed by owners of trade secrets finding themselves in English patent litigation (passively or actively). As such, where trade secrets are involved, alleged infringers will perhaps be reassured that the English Court will ensure that the confidentiality of trade secrets will be maintained if justified. At the same time, it is clear that the Court will also take all reasonable steps to ensure the principle of open justice.

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This entry was posted on Tuesday, July 25th, 2023 at 1:00 pm and is filed under [Case Law](#), literally fulfil all features of the claim. The purpose of the doctrine is to prevent an infringer from stealing the benefit of an invention by changing minor or insubstantial details while retaining the same functionality. Internationally, the criteria for determining equivalents vary. For example, German courts apply a three-step test known as Schneidmesser's questions. In the UK, the equivalence doctrine was most recently discussed in *Eli Lilly v Actavis UK* in July 2017. In the US, the function-way-result test is used.">Equivalents, Infringement, Litigation, Patents, Procedure, Technology, Trade secrets, United Kingdom

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