Intellectual Property Office

BL O/512/13

17 December 2013

PATENTS ACT 1977

BETWEEN

Ian Alexander Shanks	Claimant
And	
Unilever Plc Unilever Nv Unilever UK Central Resources Limited	Defendants

PROCEEDINGS

Application under section 40(1) of the Patents Act 1977 for employee compensation in respect of patent EP(UK) 0170375 and related patents

HEARING OFFICER J Elbro

Christopher Ryan on behalf of Beresford & Co for the claimant
David Wilson of Herbert Smith Freehills LLP for the defendants
Hearing date: 23 September 2013

DECISION

Introduction

1 The substantive issues in these proceedings were dealt with in my Decision issued on 21 June 2013. Matters however remain to be decided in relation to the confidentiality of various documents relating to these proceedings, including the Decision itself. The parties could not agree a common approach and the matter therefore came before me at a telephone hearing on 23 September 2013.

The law on confidentiality in section 40(1) cases

2 Underlying the statutory framework set out in the Patents Act 1977 ("the Act") and the Patents Rules 2007 ("the rules") made under that legislation is the general principle of open access to justice. This is the principle that judicial proceedings should, as a general rule, be conducted in public. The principle in itself is uncontentious and both parties agree on the general principle itself. Where there is disagreement is the relationship between this principle and the statutory regime set out in the patents legislation for section 40(1) proceedings.

3 Section 118(1) of the Act governs matters of confidentiality in patents matters and reads

> **Information about patent applications and patents, and inspection of documents**
>
> 118.-(1) After publication of an application for a patent in accordance with section 16 above the comptroller shall on a request being made to him in the prescribed manner and on payment of the prescribed fee (if any) give the person making the request such information, and permit him to inspect such documents, relating to the application or to any patent granted in pursuance of the application as may be specified in the request, subject, however, to any prescribed restrictions.

4 The prescribed restrictions are set out in rule 51 of the rules and reads:

> **51.**—(1) For the purposes of section 118(1) the prescribed restrictions are those set out in paragraphs (2) and (3).
>
> **...**
>
> (3) Unless in a particular case the comptroller otherwise directs, no document may be inspected—
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> (a) where that document was filed at the Patent Office in connection with an application under section 40(1) or (2) or 41(8);
>
> (b) ...
>
> (c) where—
>
> (i) that document was prepared by the comptroller, an examiner or the Patent Office other than for internal use, and
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> (ii) it contains information which the comptroller considers should remain confidential;
>
> ...
>
> (4) In this rule references to a document include part of a document.

5 Rule 51(3)(a) therefore states that unless I otherwise direct, no documents may be inspected which were filed in connection with the present application under section 40(1) where that document was filed at the Patent Office. I also note that according to 51(3)(c) a document prepared by the comptroller which contains information which the comptroller considers should remain confidential is covered by the provision, and that the rule relates to parts of documents as well as to full documents.

6 One of the major disputes between the parties is the starting point for considering confidentiality in the documents filed in relation to these proceedings, in the transcript of the hearing, and in my decision. The claimant considers that the starting point is the principle of open access to justice and therefore all documents should be considered to be open to public inspection unless there is good reason for me to direct otherwise. In contrast the defendants' view is that the starting point is the approach set out in rule 51(3), namely that no document may be inspected unless the comptroller otherwise directs and thus that all documents are by default not open to public inspection unless I otherwise direct. These arguments go to matters such

as where the burden of proof lies between the parties. I will expand on the arguments of the respective parties below.

The claimant's case

7 The claimant's case is that the decision, transcript and documents should be made available to the public with the only limitations being that the names of companies and their representatives be replaced in these documents with a code that will enable a reader to follow the narrative, and that further redactions should be permitted only with reference to a number of categories of information defined by the claimant. Included in these categories are, for example, the identity of various companies, commercial terms discussed during negotiations with potential licensees and/or included in granted licenses, and the negotiating process undertaken by Unilever and its communications with those with whom it was negotiating In response to Mr Wilson's comments that it would be fairly simple to break a code if used in the transcript and other documents, Mr Ryan suggested this shows that there cannot therefore be much which is actually confidential if it is so close to the surface that it comes out so easily. He also made the point that if this was the case then further redactions may need to be made to disguise the company names by the code.

8 A number of justifications were provided by the claimant for their suggested approach. The first of these is the principle of open justice I have referred to above. The claimant characterised this as the principle that judicial proceedings should be conducted in public except to the extent that particular information is confidential and publicity would damage confidentiality.

9 Mr Ryan said that the claimant's position was much broader than merely whether the decision was clear with the proposed redactions. Nor does it apply only to material referred to directly in the decision. Rather it applies to all materials available to the person making the decision which he may or may not have taken into account or given due weight to as well to the process itself, which "keeps the judge himself, while trying, under trial" (paragraph 25(i), in *Lilly Icos v Pfizer*[1], quoted in full below). He also argues that the previous Orders and agreements made during these proceedings have not settled the issue. The claimant has consistently maintained his right to challenge whether material claimed to be confidential is in fact confidential and/or that its disclosure would be damaging. Mr Ryan pointed out that the Order made on the first day of the hearing included a liberty to apply for further directions during the course of the hearing (although as explained later Mr Wilson pointed out that one of them, my order of 9 November 2011, had no such "liberty to apply" clause).

10 The claimant relied on the "normal rule" of publicity identified by Lord Diplock in *Home Office v Harman*[2], adopted, in *Lilly Icos* and recently reaffirmed in *Pink Floyd Music Ltd v EMI*[3]*.* He also refers to Articles 6 and 10 of the European Convention on Human Rights ("the Convention") as well as to Part 39 of the Civil Procedure Rules.

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[1] Lilly Icos v Pfizer [2002] 1 All E R 842
[2] *Home Office v Harman* [1983] 1 A.C. 280
[3] *Pink Floyd Music Ltd v EMI* [2010] EWCA Civ 1429

11 In *Lilly Icos* the Court of Appeal set out a number of considerations that guided them in determining whether a specific document should be confidential in patent revocation proceedings. It is helpful to list these considerations, which are set out in paragraph 25 of the judgment, in full here.

> "25. It may be convenient to set out a number of considerations that have guided us.
>
> i) The court should start from the principle that very good reasons are required for departing from the normal rule of publicity. That is the normal rule because, as Lord Diplock put it in *Home Office v Harman* [1983] AC 280 at p303C, citing both Jeremy Bentham and Lord Shaw of Dunfermline in *Scott v Scott*,
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> > "Publicity is the very soul of justice. It is the keenest spur to exertion, and the surest of all guards against improbity. It keeps the judge himself, while trying, under trial."
> >
> > The already very strong English jurisprudence to this effect has only been reinforced by the addition to it of this country's obligations under articles 6 and 10 of the European Convention.
>
> ii) When considering an application in respect of a particular document, the court should take into account the role that the document has played or will play in the trial, and thus its relevance to the process of scrutiny referred to by Lord Diplock. The court should start from the assumption that all documents in the case are necessary and relevant for that purpose, and should not accede to general arguments that it would be possible, or substantially possible, to understand the trial and judge the judge without access to a particular document. However, in particular cases the centrality of the document to the trial is a factor to be placed in the balance.
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> iii) In dealing with issues of confidentiality between the parties, the court must have in mind any "chilling" effect of an order upon the interests of third parties: see paragraph 5 above.
>
> iv) Simple assertions of confidentiality and of the damage that will be done by publication, even if supported by both parties, should not prevail. The court will require specific reasons why a party would be damaged by the publication of a document. Those reasons will in appropriate cases be weighed in the light of the considerations referred to in sub-paragraph (ii) above.
>
> v) It is highly desirable, both in the general public interest and for simple convenience, to avoid the holding of trials in private, or partially in private. In the present case, the manner in which the documents were handled, together with the confidentiality agreement during trial, enabled the whole of the trial to be held in public, even though the judge regarded it as justified to retain confidentiality in respect of a significant number of those documents after the trial was over. The court should bear in mind that if too demanding a standard is imposed under CPR 31.22(2) in respect of documents that have been referred to inferentially or in short at the trial, it may be necessary, in order to protect genuine interests of the parties, for more trials or parts of trials to be held in private, or for instance for parts of witness statements or skeletons to be in closed form.
>
> vi) Patent cases are subject to the same general rules as any other cases, but they do present some particular problems and are subject to some particular considerations. As this court pointed out in *Connaught*, patent litigation is of peculiar public importance, as the present case itself shows. That means that the public must be properly informed; but it means at the same time that the issues must be properly explored, in the sense that parties should not feel constrained to hold back from

> relevant or potentially relevant issues because of (legitimate) fears of the effect of publicity. We venture in that connexion to repeat some words of one of our number in *Bonzel v Intervention Ltd* [1991] RPC 231 at p234.27:
>
> > "the duty placed upon the patentee to make full disclosure of all relevant documents (which is required in amendment proceedings) is one which should not be fettered by any action of the courts. Reluctance of this court to go into camera to hear evidence in relation to documents which are privileged which could be used in other jurisdictions, would tend to make patentees reluctant to disclose the full position. That of course would not be in the interest of the public."
>
> In our view, the same considerations can legitimately be in the court's mind when deciding whether to withdraw confidentiality from documents that are regarded by a party as damaging to his interests if used outside the confines of the litigation in which they were disclosed."

12 In *Pink Floyd* a question arose as to whether a specific value for the royalty rate should be considered as confidential information. The Master of the Rolls gave the lead judgment and said in paragraph 67:

> "Nonetheless, in relation to appeals, the Court of Appeal should not depart from the general rule that litigation is to be conducted in public, unless a judge of that court is persuaded that there are cogent grounds for doing so."

13 Moreover the Master of the Rolls expressed "some doubt" as to whether that aspect of the case justified secrecy or redaction but, as was pointed out by Mr Wilson, did also say that it may well be correct that it was appropriate to ensure that the precise percentage was not revealed. Mr Ryan said that the claimant was relying on *Pink Floyd* in support of the broad principle of the case was openness unless there were "reasons for imposing confidentiality". In contrast with the defendants' view, Mr Ryan argued that *Pink Floyd* makes it clear the burden should not be on the party seeking open justice.

14 The claimant also submitted that I am under a duty to form my own view and exercise discretion in accordance with the common law principles of open justice and the Human Rights Act 1998 and Article 6(1) of the Convention. According to the claimant the fact that they did not challenge at the hearing Unilever's claim to redact the identities of companies who had dealings with the patent in suit should not be decisive. Mr Ryan submitted that I have a duty to form my own view and referred to paragraph 12 of *Lilly Icos* for support for this position:

> "... a confidentiality obligation, whether undertaken by agreement or imposed by order, incidentally affects the access to information, and thus freedom of expression, of third parties. For the court to sanction such agreements in circumstances other than those of real need would therefore give rise to serious questions under article 10 of the Convention."

15 The claimant argued that there is no reason to depart from these principles either in patent cases in general or section 40 cases in particular. According to the claimant cases involving technology may justify an imposition of secrecy whether they arise in the context of a patent case or in other disputes. Similarly cases involving financial data or commercial arrangements may (but not necessarily must) justify the imposition of secrecy whether they arise in a patent case or, for example, a contractual dispute. The *Pink Floyd* case arose from such a contractual dispute

concerning royalty rates agreed and applied more recently than those negotiated by Unilever in the present case. Yet the Court of Appeal nevertheless expressed some doubt as to whether, on the facts, the imposition of secrecy could be justified, albeit the Court of Appeal also said that the imposition of secrecy in that case may well have been correct.

16 The claimant took the view that the fact that the possibility of confidentiality restrictions is specifically mentioned in the laws and regulations affecting patents and/or section 40 applications is simply an acknowledgement that the general principles apply as much to patent disputes as to any other. Mr Ryan referred to paragraph 25 (vi) of the *Lilly Icos* case, reproduced above, in support of his view that patent litigation is not, in itself, a special case. Mr Ryan did not go as far as saying that rule 51 is *ultra vires* but rather suggested that when exercising the discretion rule 51 gives me I should do so in accordance with the general principle of open justice with consideration to Article 6 of the Convention. Neither the Act nor the rules constitute a departure from these principles and do not constitute a special regime. Moreover the IPO manuals (the Litigation Manual and the Manual of Patent Practice) do not affect the position and their guidance does not constitute special practice. They serve as a guide to IPO staff and do not have any legal authority, as is made clear in the introduction to the Litigation manual. According to the claimant the provisions set out in the Act and rules should be interpreted in compliance with the principles of "open justice" and the "normal rule".

17 Mr Ryan submitted that it would not be correct for the IPO to interpret the opening words of rule 51(3)(a) as entitling it to impose a blanket restriction on all documents filed in such proceedings but rather that the hearing officer is required by the rule to consider each "particular case". Furthermore it would not be compliant with the rule for the hearing officer to impose secrecy on filed materials simply because they had been categorised by Unilever as confidential. Rather he is required to consider the appropriate direction to make in each case. Paragraph 25(iv) of *Lilly Icos* was referred to in support of this approach (see above).

18 This leads to one of the key issues disputed by the parties, namely where the burden should lie in satisfying me whether documents and information should be subject to secrecy. According to the claimant the burden is on Unilever to satisfy me, in respect of each proposed redaction or other imposition of secrecy, that the information in question falls within the exception.

19 The claimant suggested that Rule 51(3)(a), insofar as it were considered to impose the burden of proof on those seeking openness, would be inconsistent with the principles of open justice, and in so doing may exceed the scope of lawmaking delegated to the rules by the Act. As a consequence of this the claimant submits that I should approach this case on the basis that it is for the party seeking to impose limitations on publicity to make its case, in respect of each item of information it claims should be kept out of the public domain. Documents should be open to public inspection unless there is good reason and that reason is that it would prejudice the interests of justice. Furthermore the claimant argues that Unilever faces a high hurdle given the antiquity of the information, its importance to a proper understanding of the arguments considered by the hearing officer and the public interest in this developing area of law. Mr Ryan submitted that even if the burden was initially on the claimant, in the correspondence the claimant has made a broad

challenge as to whether there is much confidential information in these documents, a challenge that has been periodically but consistently made. This challenge is founded on the common sense approach that confidentiality has a lifespan and dilutes over time to such an extent that in the present case it no longer exists and in any case no damage can be done by its disclosure.

20 Moreover the claimant considered that the argument that many of the documents were owned by a third party was unpersuasive in that it arose as a result of an agreement whereby for a period of time Unilever had a contractual power to call for documents from Alere. This time ran out without any documents being called for and Unilever then had to approach Alere to use them in these proceedings, where they undertook to seek to protect what Alere considered to be its confidential information. According to Mr Ryan it therefore follows that there is no more strength to the confidentiality argument arising from the fact that it is Alere who asserted it rather than in any other case.

21 The claimant's position is that, regardless of which side must shoulder the burden of proof, the facts of the case support a direction that all the items of information falling for consideration should be in the public record in this case. In the claimant's view this would be the case even if the names of the companies involved were included. The burden becomes much higher if the hearing officer anonymises these companies. At the hearing Mr Ryan pointed out that it was public knowledge as to who was working the patent and therefore who was licensed. This in itself, according to Mr Ryan, is enough to shift the burden onto the defendants to demonstrate that there is more than good cause to consider that there would be injustice if certain information was disclosed.

22 Mr Ryan requested that I make an order setting out what I considered confidential, broken down into a number of categories based on the defendants' proposed redactions to the Decision and transcript. He suggested that the parties should then go through all the documents in the case and agree redactions based on my holdings about each of those categories. These categories were (in summary):

1) The identity of the companies discussed in the proceedings
2) Commercial terms discussed with potential licensees or included in granted licences
3) The negotiating process undertaken by Unilever and its communications with those with whom it was negotiating
4) Unilever's financial return from its licensing activity as a whole
5) Unilever's financial return from individual licensees
6) Unilever's costs
7) The amount of the disclosed sale price for Unipath [as part of which the patents in suit were sold] allocated to IP assets
8) Financial projections by Unilever, expert witness or counsel
9) Miscellaneous.

The defendants' case

23 Although the parties agree in terms of the general principle of open access to justice, their respective positions on how this works itself out in the present case are very different. The defendants have proposed a number of redactions to the Decision and

the transcript, which if they were made the defendants would be content with the publication of both. They maintained confidentiality should not be lifted in respect of other documents in the proceedings.

24 The defendants' starting point is that the materials should remain confidential unless ordered otherwise. Moreover their view is that this has not been dealt with in any satisfactory way in the claimant's arguments as a mere challenge does not amount to a justification for removing the protection. The defendants have set out why these documents are confidential, in particular because many are owned by a third party, Alere, as well as other parties being involved such as the licensees. There are also sensitive Unilever policy documents in relation to their licensing strategies and policies. The defendants do not accept the claimant's view that everyone knew who was working in the field and therefore who was licensed. For example **[ ]** were working in the field but were not licensed. According to the defendants it is for the claimant to explain why the current position should be changed and why it would be in the overwhelming public interest to disclose these documents.

25 The defendants pointed out that the legislation starts in section 118(1) from the position that material relating to a patent or an application for a patent is available to the public. The section however recognises that the general principle of open access to justice may need to be subject to express exceptions. Such an express exception is provided in proceedings such as these in rule 51. The effect of the legislation, the defendants argue, is to shift the default position from "open to public inspection unless directed otherwise" position to "closed to public inspection unless directed otherwise", and particularly emphasise the words "Unless ... otherwise". This, the defendants submit, is clearly a recognition that the interests of achieving open access to justice may, in certain cases, need to be balanced against the protection of commercially sensitive information and, due to their very nature, is likely to be part of an investigation into a claim made under section 40.

26 The defendants also referred to the Litigation Manual which sets out guidance in relation to section 40 applications, although at the hearing they made it clear that this did not have the same authority as the Act and rules. Mr Wilson commented that the Manual merely followed the rules and sets out the process which should be gone through when a "Not Open to Public Inspection" ("NOPI") decision is under consideration or imposed. The approach set out is that, unless all parties consent, the comptroller's decision will not be published. Redacted decisions may be published with the removal of any potentially commercially sensitive material. This is not unusual – redacted decisions have been published in several section 40 cases.[4]

27 The view of the defendants is that the provisions recognise the fact that section 40 proceedings are likely to involve the patentee having to disclose potentially commercially sensitive material and seek to achieve a balance between protecting this material while still achieving the objective of open justice by applying an approach which is proportionate. Following this approach, the defendants have proposed redactions which they described as "minimal".

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[4] *British Steel Plc's Patent* [1992] RPC 117, *GEC Avionics Ltd's Patent* [1992] RPC 107, Bernard *Frederick Fellerman v Electrolux Limited* BL O/075/98, and *Bruce Alan Milner v Dixon International Limited* BL O/164/98

28 The defendants argue that even the case law cited by the claimant recognises that statutory rules can provide a basis on which open justice is to be addressed or provide a derogation from this general principle. For example in paragraph 101 of *Bank Mellat v HM Treasury*[5] Lord Kerr states:

> "Two principles of absolute clarity govern the law in relation to the manner in which trials should be conducted. The first is that a party to proceedings should be informed of the case against him and should have full opportunity to answer the case in open court. The second principle is that the first principle may not be derogated from except by clear parliamentary authority."

There is, according to the defendants, a recognition that Parliament may choose to adapt, modify or temper the general principle in appropriate cases. This case is just one of those.

29 The defendants do not consider that the claimant has explained why the approach suggested by the defendants conflicts with open justice or why the claimant requires further dissemination of the redacted material. The claimant has provided various reasons as to why each specific item of information is not confidential, but according to the defendants many of these amount to no more than mere assertions. The defendants submit that the claimant has so far failed to provide any compelling reason why the proposed redacted version of the decision does not achieve the balance of open access to justice with protection of various parties' confidential information.

30 The defendants also referred to guidance in paragraph 118.13 of the Manual of Patent Practice in support of their argument that the claimant's proposal is inconsistent with the approach the IPO applies to requests for confidentiality in documents that would otherwise be open to public inspection. Relevant sections of the paragraph read (note that I have quoted a larger part of the paragraph than that referred to by the claimant in order to provide some context):

> In inter partes proceedings, evidence filed by one party, for example details of licence agreements, may be treated as confidential if its disclosure risks being harmful (eg commercially) to the party or the party's associates to an extent which overrides the requirement for public access. Regard should be had in particular to the interests of a third party who has not consented to a private agreement being open to public inspection. Following the judgment of the Patents Court in *Diamond Shamrock Technologies S.A.'s Patent* [1987] RPC 91 the criteria to be applied in considering requests for confidentiality were summarised as follows:-
>
> > (a) The fact that a document is said to contain "sensitive commercial information" does not necessarily mean that this material, which would otherwise become public property, is to be excluded from public inspection; apart from generalities there must be some real indication as to why disclosure would be harmful.
> >
> > (b) Those requesting confidentiality should put in evidence, although this is not necessarily required before the comptroller.
> >
> > (c) Material which is going to form no part of the decision can remain confidential.
> >
> > (d) Material supplied by a third party on the basis of confidence, which involves minimal excisions from a decision, should be maintained as confidential unless there

[5] *Bank Mellat v HM Treasury* [2013] UKSC 30

> is some overwhelming public interest, which makes it desirable that the public should have sight of it.
>
> (e) The appropriate procedure is for the matter to be dealt with prior to a substantive hearing so that if ruled against, the person proffering the document can make up his mind whether he will go forward publicly, or have the material withdrawn.

> In *Diamond Shamrock Technologies S.A.'s Patent*, the Court allowed confidentiality in the cases of one category of material (relating to royalties agreed with licensees other than I.C.I.) none of which formed any part of the hearing officer's decision and the disclosure of which had no relevance to anything the public might have an interest in; and another category of material (relating to information touching royalties and prices supplied to the patentees by an associate company on a confidential basis) where disclosure would quite plainly be against the wishes of a third party. Confidentiality was refused for a further category of material (relating to royalties agreed in connection with a previous licence to I.C.I. by the patentees) where I.C.I. did not object to disclosure and, apart from generalities, no real indication had been given as to why disclosure would be harmful to the patentees.

31 The defendants argued that this guidance supported their proposal of minimal excisions from the decision to maintain confidence in the present case as there is no overwhelming public interest justification for departing from this.

32 The defendants argue that the starting point should be the Decision itself, which enables the interested public to understand fully both the decision and the basis on which it was reached. According to the defendants it provides all that is required for open justice. The public does not require access to any further or additional material, or indeed the material proposed to be redacted, in order to be able to understand the comptroller's decision.

33 The defendants then moved onto the evidence and the transcripts and pointed out that rule 51(3)(a) states that no document is available to public inspection unless the comptroller directs otherwise. The defendants' view is that there is no risk to open justice which provides a basis for such a direction as the redacted decision is intelligible on its own and sets out the material which it considers relevant. It does not require further reference to confidential transcripts or documents referred to in the public part of the hearing in order to be understood. Furthermore the defendants' proposed redactions would, if made to the parts of the transcripts of the hearing not conducted in camera, enable the defendants to consent to them being open to public inspection.

34 The defendants pointed out that the claimant's position appears to be driven by a principle to maintain open justice rather than any specific concern arising from these proceedings. The defendants do not dispute the general principle of open access to justice as a very important principle but disagree that the process recommended by the claimant is necessary to achieve this objective. They consider it to be disproportionate and will lead to further unnecessary costs being incurred.

35 The defendants further commented on the nature of the confidential documents. These include documents in which privilege is claimed and in respect of which duties of confidence are owed to third parties. All the documents in question are, *prima facie*, confidential, according to the defendants, containing details about the defendants' licensing strategy and approach, attitude to licensees, or the apportionment of the sale price of Unipath that is attributable to intellectual property.

So, the defendants argued, far from justice requiring that the disclosure documents be made public it requires that confidence is preserved. *Tassilo Bonzel & Schneider (Europe) AG v. Intervention Limited and A Or.*[6] was referred to in support of their position. In this case the defendants sought an order that they be at liberty to communicate to the European Patent Office certain documents for use in opposition to the European patent in suit and for this use they be released from their obligations normally implied on discovery of documents. Their request was refused on the grounds that there were no special circumstances in this case and to make the order in this case would be a real disincentive to full discovery by litigants. The documents were the plaintiffs and the information should be kept to them in so far as possible in the interests of justice in the United Kingdom and so that justice can both be done and be seen to be done.

36 The defendants argued that their approach stemmed from the law, rules and guidance governing section 40 proceedings before the IPO. They argued that their proposal that the decision be published with minimal redactions would not result in the decision being incapable of being properly understood by a non-party. It would, the defendants submitted, provide open access to justice and take a proportionate approach to achieving this objective. They submit that there is even less of a need to put into the public domain material (i.e. material referred to in evidence or during the hearing) which did not form part of the comptroller's decision. The defendants pointed out that the *Lilly Icos* case related to a patent revocation claim and so to a monopoly right which affected the public at large. Thus it was particularly important that the public fully understand the basis for the decision in that case. Unlike section 40(1) applications, revocation actions are not mentioned in the rules as cases where the burden shifts.

37 In relation to the possibility of using a code, after looking carefully at it Unilever concluded that there was enough information in the transcript for the code to be broken if it was used there. If the code were to be used throughout all documents which were then made public the defendants consider that it would be fairly simple to break the code. This is why they have proposed blanking out company names rather than using a code. Mr Wilson did however comment that the situation may be different if the code were applied only to the Decision.

38 In addition, the defendants made reference to my order of 9 November 2011 (annexed to this Decision). This order deals with a number of documents including some schedules of Unilever's Re-Amended Counter Statement, documents provided by Alere Inc. relating to the licensing negotiations, and further Unilever documents relating to the licensing of the patents in suit. The order, in contrast to the order I made at the beginning of the substantive hearing, does not have a "liberty to apply" clause which would allow a party to apply for further directions concerning confidentiality of these documents. Unilever therefore considered the matter closed, at least in relation to the documents referred to in this Order, and submitted that care is needed when considering a liberty to apply Order that we don't undo through the back door what has already been fixed.

39 Finally, the defendants argued that the claimant has not addressed the issue of proportionality. The defendant has already proposed redacted versions of the

[6] . *Tassilo Bonzel & Schneider (Europe) AG v. Intervention Limited and A Or.* [1991] RPC 43

decision and transcripts and provided them to the claimant, a not insignificant exercise. If the claimant's approach were to be followed, according to the defendants this would involve having to attempt to obtain evidence from third parties in order to rebut the claimant's varied assertions that this material is not confidential. The defendants submit that, given that the statutory assumption is for these proceedings to remain confidential unless ordered otherwise, such an exercise is wholly disproportionate given the lack of any material concern raised by the claimant in relation to the redactions suggested by the defendants.

40 This issue of proportionality is, according to Mr Wilson, relevant to the claimant's idea of making an Order with respect to various categories of documents. I note that the claimant's proposal is actually with respect to categories of information rather than categories of documents but this difference does not impact significantly on the defendants' arguments. This, Mr Wilson argued, was not practical and was being asked for without going into the detail of these categories and specific documents. Mr Wilson considered this to be opening up the confidentiality regimes on a summary position and re-iterated the defendants' position that documents remain closed unless the claimant has justified a removal of that. Moreover the defendants believe that, in the redactions they have proposed, they have struck a balance of the public having access to the decision and understanding it whilst protection the information of the various parties concerned.

Assessment

41 The statutory regime for dealing with section 40 cases set out in the Act and rules is clear. Unless I otherwise direct, no document filed at the Patent Office in connection with this application under section 40(1) may be inspected. Moreover in accordance with rule 53 parts or all of my Decision may be not open to inspection if I consider that those parts contain information which I consider should remain confidential.

42 In my mind my clear starting point in my consideration of what should remain confidential is the over-arching principle of open justice. As *Lilly Icos* makes clear, this principle applies to patent cases just as it does to any other, and is fundamental to British justice. I accept Mr Ryan's point that this is not simply about maintaining clarity of the decision, it is also, to an extent, about keeping the judge "under trial".

43 At the same time, *Lilly Icos* makes clear, in the passage quoted above, that in patent cases in particular, not only must the public be properly informed, but also issues must be properly explored, and parties should not feel constrained to hold back from relevant or potentially relevant issues because they fear the effects of publicity. For a Section 40 case such as this one, if I adopt too liberal approach to publication, patentees may be unwilling to provide full evidence on, for example, how the benefit from an invention was realised for fear it may give their competitors too much insight into the way their business is run. In addition, in a case such as this one, held before a low-cost tribunal with very limited costs-recovery, the prospect of a disproportionate exercise in attempting to redact a large number of documents might likewise prove a disincentive to providing full evidence. These factors therefore need to be weighed against the extent to which publication of a given document or part of document would increase the public understanding.

44 The need to strike this balance appropriately, and in the even more particular case of claims under Section 40 of the Act, is in my view reflected in the statutory provisions for these cases, namely section 118(1) of the Act and rule 51. This statutory framework sets out the clear intention of Parliament in relation to section 40 cases. Parliament intends that they be treated differently from other patent cases as well as cases in other areas of law. As Mr Wilson submitted, section 40 cases differ from other patent disputes such as the revocation case of *Lilly Icos* in that the substantial monopoly provided by the claims of the patent is not at issue, and by their nature they often involve commercially sensitive information on the finances and operations of patentees.

45 I do not think, however, that rule 51(3) in itself shifts the burden to prove the need for publication onto the party seeking disclosure, and it does not displace the presumption towards open justice. Nor is the Office's practice in this area, insofar as it is not required by the statute, binding on me. I therefore need to consider whether, despite this presumption, maintaining the confidentiality of the Decision, transcripts, and other documents is justified in whole or in part.

46 In addition, I do not believe there is anything in my previous orders which prevents the claimant raising the complete question of what should be published at this stage, particularly given the strong public interest in open justice.

47 It is convenient to adopt the claimant's characterisation of the categories of redaction (of the Decision and transcript) proposed by the defendants as useful descriptions of potential items which may justifiably be kept confidential.

1) The identity of the companies concerned

48 There was agreement between the parties that some form of disguise of the companies being referred to was justified, and I agree. As far as the Decision goes, I believe that simply blanking out company names would run the risk of rendering the Decision unintelligible as it would seem necessary to be able to be able to tell which actor performed a given set of actions, and therefore I believe a set of consistent codenames should be used throughout a redacted version of the Decision. If this results in competitors being able to deduce the identity of certain companies, then that is a necessary (if unfortunate) consequence of the Decision being understood, which the principle of open justice requires.

49 Regarding the transcript and other documents, I believe the need for a code is less pressing as for matters relevant to the Decision it should be possible to refer to the Decision for clarity, and for matter not relevant the open justice point is weaker. It therefore seems to me reasonable for company names to be fully redacted from any published versions of these.

2) and 3) Commercial terms discussed during negotiations and the negotiating process

50 This area provides significant information about how the defendants went about their negotiating for the licensing of the patent. There were many files of evidence, consisting of correspondence and internal documents, that went to this point that were voluntarily disclosed by the defendants and a representative sample of which

were directly discussed, including at length in cross-examination, at the substantive hearing.

51 These documents and associated evidence clearly provide a great deal of insight into the defendants' approach which, even if outdated, would be clearly valuable to competitors and certainly appear commercially sensitive.

52 Regarding the Decision, the primary redaction proposed by the defendants here is the removal of my detailed point-by-point consideration of how the licensing negotiations unfolded, while my overall conclusion and impression remains intact. The Decision is clearly still intelligible after this redaction, but something is lost in the way of allowing me to be "judged" in the court of public opinion. This must be weighed against the apparent damage to the defendants of publishing this information, particularly in the light of not wanting to discourage such disclosure in other cases in future. Overall, I find keeping this section confidential justified.

53 For the transcripts and other documents, the confidentiality point is stronger with more detail being disclosed, and therefore the defendant's proposed redactions to the transcript in this area appear justified. Similarly, the keeping confidential of the licensing files and specific references to them in other evidence appears justified.

4)- 7) Unilever's financial returns from licensing, its costs, and proportion of Unipath sale allocated to IP assets

54 Similarly to the licensing files, this information is clearly commercially sensitive. Unlike the licensing files, the necessary redactions to cover it primarily consist of the deletion of specific figures, which make no great difference in themselves to the overall shape of the Decision. As noted in the Decision itself (paragraph 224) the range of figures for the total benefit to Unilever (which these sections are component parts of) was quite a narrow one. The balance clearly lies here with keeping this information confidential.

8) Financial projections by Unilever et al

55 Much the same considerations apply in this category as to 4)-7), the difference being that this is information about what the defendants thought or think rather than an amount received or spent. The specific values make little difference to the ability to understand the Decision or clarity as to its basis.

9) Miscellaneous

56 Closer inspection of the proposed redactions that the claimants have categorised under this heading reveals that most are analogous to the other categories in terms of being specific figures. The exceptions are one deletion which relates to the context of licensing negotiations (which I consider to be similar to category 3) and a portion of the transcript on Day 7 when the hearing was inadvertently held in camera.

Conclusion

57 Putting all this together, I consider that the defendants' proposals for a redacted Decision are justified, with the exception that there should be a consistent code for individual companies. Likewise, their proposed redactions to the transcript, with the

exception of day 7 pages 133(line 17 onwards)-158, although I will allow them to make representations on specific redactions they consider necessary to that section.

58 As far as the other evidence goes, it is apparent, as argued by the defendants, that it would be a significant burden on the defendants to go through and identify everything to be redacted in the multiple boxes of evidence (both from the claimant and defendants, as some of the claimant's evidence comments on the defendants'). The potential gain in terms of open justice of this seems to me to be outweighed by the deterrent effect on future litigants of the unrecoverable costs of such an exercise. Open justice is sufficiently served, in my view, by the publication of the Decision and the transcripts.

Order

59 I will give the parties an opportunity to agree the specific redactions in light of my conclusions above. Once these redactions are effected the redacted Decision will be published and the redacted transcripts laid open to public inspection. I make no order lifting the confidential restrictions on the other documents.

Costs

60 I will take submissions on costs.

Appeal

61 Any appeal must be lodged within 28 days

J Elbro

Divisional Director Acting for the Comptroller

ANNEX

INTELLECTUAL PROPERTY OFFICE

PATENTS ACT 1977 9 November 2011

BETWEEN

Ian Alexander Shanks Claimant

and

Unilever Plc, Unilever NV and Unilever UK Central Resources Limited Defendant

PROCEEDINGS

Application under Section 40 of the Patents Act 1977 in respect of patent number EP0170375

HEARING OFFICER J Elbro

ORDER

1 The defendant in the above proceeding have requested that the following documents filed in these proceedings be treated as confidential:

Schedules ten, eleven and twelve filed in the Re-Amended Counter Statement filed on 25 October 2011 and documents and files listed in letter dated 20 October 2011.

2 The claimant has consented to the defendant's request.

3 I hereby order as follows:

I. That documents referred to in paragraph 1 above, be kept confidential and not laid open to public inspection.

II. That documents referred to in paragraph 1 above, that I have ordered to be made confidential, nevertheless be available to Alexander Ian Shanks and his legal advisors for the purposes only of the present proceedings.

Appeal

Under the Practice Direction to Part 52 of the Civil Procedure Rules, any appeal must be lodged within 28 days.

J ELBRO
Divisional Director acting for the Comptroller.