Neutral Citation Number: [2017] EWHC 738 (QB)

Case No: CR 2014-467

IN THE HIGH COURT OF JUSTICE
QUEEN'S BENCH DIVISION

Royal Courts of Justice
Strand, London, WC2A 2LL

Date: 05/04/2017

Before :

SENIOR MASTER FONTAINE

- -

Between :

Asociacion De Fabricantes Espanoles De Lanas Minerales	**Claimant/ Respondent**
- and -	
Actis S.A.	**Defendant**
and	
BM Trada Certification Limited	**Applicant (not a Party)**

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- -

Matthew Bradley (instructed by **Clarkslegal LLP**) for the **Applicant**
James Fox (instructed by **W Legal**) for the **Claimant/Respondent**
The Defendant was not represented and did not attend

Hearing date: 8th March 2017

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Approved Judgment

I direct that pursuant to CPR PD 39A para 6.1 no official shorthand note shall be taken of this Judgment and that copies of this version as handed down may be treated as authentic.

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SENIOR MASTER FONTAINE

Senior Master Fontaine:

1. This was a hearing of an application by BM Trada Certification Limited ("BM Trada") a non party to the Spanish proceedings that are the subject of the claim, dated 27th April 2016. The application is made under CPR 23.10 to set aside the Order of Master McCloud dated 18th April 2016; alternatively, an order that the Applicant be permitted to redact all confidential information from the document that is the subject of the Order before it is disclosed; alternatively, that the application be released to a High Court judge so that the Applicant may seek an Order that the document be disclosed only into a confidentiality ring. The latter two applications were not pursued at the hearing, but as a fall-back position BM Trada seeks a further alternative order which is dealt with in this judgment. The application is opposed by the Claimant/Respondent ("AFELMA").

2. The following Witnesses Statements were before the Court:

   For the Applicant:

   First Witness Statement of Christopher Tayton dated 26th May 2016.

   First and Second Witness Statements of Dr Victor Kearley dated 26th August 2015 and 8th November 2016.

   First and Second Witness Statements of Gunter Helbing and 8th November 2016 and 26 May 2016.

   For the Claimant/Respondent

   First and Second Witness Statements of Josep Querol Bonet dated 14th October 2016 and 23rd February 2016.

   First Witness Statement of Josep Sole Bonet dated 23rd February 2016.

3. The application requires a determination of an issue regarding the construction of Article 14 of the Taking of Evidence Regulation (Council Regulation (EC) No 1206/2001).

Background to the Application

4. This Court received a request for the taking of evidence under the Taking of Evidence Regulation in Form A, as required by Article 4.1, from the Juzgado Mercantil No. 3 of Barcelona ("the Spanish Court") dated 9th September 2014 ("the Request"). The Request seeks the production of documents from BM Trada, namely "*a certified copy of the whole protocol or test method for multi-layer reflective insulation products that was produced upon the request of the Defendant party ACTIS S.A.*". On consideration of the Request Master McCloud made an Order dated 18th April 2016, ordering that BM Trada do by 13th May 2016 forward certified copies of the documents sought in the Request to the Treasury Solicitor.

5. The application to set aside was issued in good time and listed shortly afterwards, on 20th June 2016, but by agreement between the parties the hearing was adjourned whilst attempts to reach some accommodation were made, which ultimately failed.

Background to the Proceedings

6. The following information is derived from the witness statements and exhibits before the Court.

7. The subject matter of the case and brief statement of the facts described by the Spanish Court in Form A is as follows:-

> "The request for the taking of evidence is issued in the context of the ordinary proceedings 943/2012. The Plaintiff party ASOCIACION DE FABRICANTES ESPANOLES DE LANAS MINERALES has filed a suit against the Defendant ACTIS SA on the grounds of an unfair competition regarding the goods commercialized by the former and has requested the issuance of a judicial order for the immediate cease of the actions to be considered as part of the unfair competition between the said companies".

8. AFELMA is a trade organisation in Spain for mineral insulating wall manufacturers. The Defendant, ("Actis"), manufactures a mineral wool thermal insulation product called "multifoil". BM Trada is a company which provides certification, testing and verification services. In particular, BM Trada developed a protocol, a copy of which is sought in the Request, to provide certification to multifoil products based on in situ testing ("the Protocol"). BM Trada was accredited by the United Kingdom Accreditation Services (UKAS) to provide accreditation for the Protocol.

9. In the Spanish proceedings AFELMA claims that Actis has engaged in unfair competition. That claim is centred around "thermal efficiency" comparisons between Actis' multifoil product and the products of AFELMA members. Actis argues that its comparative test is validated by BM Trada's testing methodology, which is contained in the Protocol. This was developed following a direct request by Actis to BM Trada for certification of the thermal efficiency of its multifoil product, and Actis and BM Trada worked together in its production.

10. AFELMA say that the Protocol is central to this dispute in the Spanish Court. In particular, AFELMA's claim that the comparative testing for the ACTIS products is unfair depends on an analysis of how ACTIS's products were tested to yield the results. ACTIS relies on the tests carried out under the Protocol to support its claim that its comparative claims are true, objective and valid. Thus, AFELMA says that without access to the Protocol the Spanish Court will have difficulty in determining the central issue in dispute.

11. Dr Kearley is a Principal Technical Officer employed by Exova Group (UK) Limited which I understand can loosely be described as the holding company for the Trada group of companies. He is a structural engineer with a PhD in materials technology and has over thirty years experience in research and consultancy with the Trada group of companies. At paragraphs 7-23 of his First Witness Statement he goes into some detail about the product, the subject of the issue between the parties. At paragraph 8 he states:-

> "Traditionally insulation products used in the construction of buildings are commonly mineral wool or foam, which are applied into walls in order to reduce the escape of heat. The Defendant's multifoil insulation, on the other hand, is made up of multi layer reflective films and other thin materials, and works by reflecting heat back into the building. Our tests show that it is between three and five times thinner than the equivalent mineral wool insulation needed to achieve the same level of thermal efficiency".

12. Dr Kearley described BT Trada and its other group companies as providing certification testing and verification services across a range of industries. It is accredited by UKAS to provide certification of thermal insulation products. He says that the current version of the Protocol is dated 5th November 2013, and was a document which was over eight years in the making, and into which more than £100,000.00 has been invested by BM Trada and Actis. The Protocol sets out the methodology by which BM Trada tests the thermal performance of multifoil products, including those of Actis. The Protocol is used by BM Trada in order to verify for the purposes of certification the level of thermal performance achieved.

13. Dr Kearley describes the production process and the time it has taken to develop it and achieve certification, that the certification processing involved working with Professor Philip Eames of Loughborough University and Professor Masmoudi at the University of Toulouse over a number of years in order to validate the analysis required for method of testing. Dr Kearley states that the Protocol consists of two sections:

    1) the method of testing carried out on Actis' products;

    2) BM Trada's procedure in analysing the data and test results.

14. At Paragraph 18 he states:

> "The purpose of the Protocol is to measure the energy performance of an as-built structure which is exposed to natural weather conditions. It then applies an algorithm to the results to model the thermal efficiency of the product under different weather conditions, to give an overall average energy efficiency across the UK. The analysis section of the Protocol sets out in some detail how that algorithm is validated. It describes, for example, the calculations which need to be applied to the test data and to external weather data in order to produce efficiency ratings, together with a number of statistical checks required to ensure the accuracy of the results."

15. Dr Kearley further says that at present BM Trada is the only UKAS accredited certification provider for the multifoil products that is based on in-situ testing. So far as he is aware, the Protocol has not been disclosed to any other party, including Actis,

save for Professor Eames and UKAS for the purposes of obtaining accreditation. That disclosure was subject to strict terms as to confidentiality.

16. In summary, BM Trada does not wish to provide its testing Protocol to third parties because by doing so it would be giving up a trade secret, namely a methodology which it took years to develop and in which it invested significant sums, and which therefore has a commercial value.

The Legal Arguments

BM Trada's Case

17. BM Trada relies on Article 14.1 of the Taking of Evidence Regulation which states as follows:-

> "Refusal to execute
>
> 1) A request for the hearing of a person shall not be executed when the person concerned claims the right to refuse to give evidence or to be prohibited from giving evidence,
>
> a) under the law of the Member State of the requested court; or
>
> b) under the law of the Member State of the requesting court, and such right has been specified in the request, or, if need be, at the instance of the requested court, has been confirmed by the requesting court."

18. BM Trada relies on both (a) and (b) of Article 14.1. With regard to Article 14.1(a), it is submitted that under the law of the Member stated the requested Court (English law), Section 2(3) of the Evidence Proceedings in other Jurisdictions) Act 1975 ("the 1975 Act") states:-

> "An Order under this Section shall not require any particular steps to be taken unless they are steps which can be required to be taken by way of obtaining evidence for the purposes of civil proceedings in the Court making the Order…… ".

19. It is submitted that in English law proceedings in a third party disclosure application the Court could address the issue of ordering disclosure of confidential documents by various methods such as redaction, ordering a confidentiality ring etc., and would exercise its own discretion to do so. It is submitted that although this Court would have jurisdiction to make a third party disclosure order in similar circumstances in domestic proceedings, it would not exercise its jurisdiction to do so, either at all, or without some limiting provisions to protect the third party's legitimate confidentiality in its trade secret.

20. With regard to Article 14.1(b), BM Trada relies on the evidence of Mr Helbing in relation to Spanish law. Mr Helbing is a lawyer at the Spanish law firm, B Cremades & Asociados in Madrid, is licensed to practice law in Spain and Germany and has been qualified to practice law in Spain since 1997. He gives evidence in both his witness statements, which I summarise, that in the Civil Proceedings in the Spanish Court confidentiality protections similar to those available to third parties in English

proceedings do not exist. He cites Art 138 of the Spanish Act on Civil Procedure, Ley de Enjuiciamiento Civil ("LEC") which sets out the general requirements as to hearings being in public, and the limited exceptions available. BM Trada notes that Mr Josep (Querol) Benet, the Spanish lawyer representing AFELMA, does not dispute Mr Helbing's evidence, but he does state at Paragraph 3 of his second witness statement: -

> "In my opinion, with all respect for the opinion of other colleagues, the Spanish Court could enforce an Order issued by the English Court compelling BM Trada to produce the protocol but ordering the parties to show it only to the legal representatives of the parties, no lawyers and technical experts."

This is subject to a caveat that this would have to be accepted by all parties.

21. However Mr Helbing states that there is no equivalent in Spanish law to e.g., a "confidentiality club" providing for disclosure only to a limited category of people, such as the parties' lawyers, and subject to strict duties of confidentiality, and for the part of the hearing or trial where the documents are used, to be held in private.

22. Mr Helbing at Paragraph 9 also responds to Paragraph 10 of Mr Benet's first witness statement where Mr Benet refers to a writ dated 3 July 2013 issued by the Spanish court, exhibited to his statement, requiring delivery of a certified copy of the Protocol, which sets out obligations to "render assistance in the proceedings of court execution" in Article 591 LEC. Mr Helbing states that Article 591 is restricted to enforcement proceedings in Spain and therefore has no relevance to an order for disclosure against a non party to proceedings, and so the Writ is defective.

23. Mr Helbing's second witness statement at Paragraphs 7 and 8 states that under Spanish law BM Trada may refuse to give the evidence requested until it has been heard by the Spanish Court pursuant to Article 330 of LEC which reads as follows:-

> "Non-Litigant Third Parties shall solely be required to exhibit documents owned by them, and sought by one of the parties where the Court should deem that knowledge of such documents is transcendental for the purposes of issuing judgment. In such cases, the Court shall order the personal appearance of whomever may have such documents in their possession through a procedural court order, and, after hearing them, shall rule as appropriate."

24. It is submitted that as BM Trada has this right to refuse disclosure under Art.330, this court should not execute the Request, as such right to refuse to give the evidence requested was not specified in the Request. It is submitted that at the very least the court's decision should be delayed until this Court has requested the Spanish Court to confirm whether or not this right is available to BM Trada. It is, therefore, submitted that there is no basis for AFELMA to insist on compliance with Master McCloud's Order until such time as this has been confirmed by the Spanish Court.

25. It is further submitted that despite the wording in Article 14.1 "*a request for the hearing of a person*" that the Court should construe this as referring all requests for evidence. Counsel for BM Trada refers by analogy to Article 4 of the Taking of Evidence Regulation which, when setting out the provisions relating to the form and content of the Request, sets out a different form of words in relation to the request for examination of a person than is contained in Article 14.1(b) namely: -

> "Where appropriate, a reference to a right to refuse to testify under the law of the Member State of the requesting Court."

whereas Article 14.1 refers to:

> "the right to refuse to give evidence or to be prohibited from giving evidence".

26. In the Practice Guide issued by the European Union in relation to the Taking of Evidence Regulation, neither the reference to Article 14.1 in the Contents Section or the heading at Paragraph 35(d)(1) "*Right or duty of a person to refuse to give evidence*", make reference to Article 14, and do not restrict the word 'evidence' to oral evidence or make a distinction between oral and documentary evidence. Counsel for BM Trada refers also to Paragraph 8 of the Practice Guide which states: -

> "the concept of "evidence" is not defined in the regulation. It includes for instance hearings of witnesses of fact, of the parties, of experts, the production of documents, verifications, establishment of facts, expertise on family or child welfare".

27. Accordingly, it is submitted there is no reason why Article 14.1 should not apply to all requests for evidence and should not be restricted to applications for oral testimony.

28. As a fall back position, BM Trada submits that as a minimum the court should order that the restrictions suggested by Mt Benet in his second witness statement at Paragraph 3 should be imposed by the court, namely to order that the parties are permitted only to show the Protocol to "the legal representatives of the parties, their lawyers and technical experts".

AFELMA's Case

29. On behalf of AFELMA the Court is reminded that the primary objective of the Regulation is that requests for the performance of the taking of evidence between Member States are executed expeditiously, for the efficiency of judicial procedures in Civil and Commercial matters. I am referred to the ECJ decision in ***Werynski –v- Mediatel 4B spolka z o o*** [2012] QB 66: -

> "… it must be recalled that according to recitals (2), (7), (8), (10) and (11) in the Preamble to Regulation No 1206/2001 the aim of the Regulation is to make the taking of evidence in a cross-border context simple, effective and rapid. The taking, by a court of one member state, of evidence in another member state must not lead to the lengthening of national proceedings.

> That is why Regulation No 1206/2001 established a regime binding on all member states, with the exception of the Kingdom of Denmark, to remove obstacles which may arise in that field."

30. It is submitted that the conditions for the application of the Taking of Evidence Regulation under Article 1 are satisfied by the Request:

    1) it is for the taking of evidence, which includes the production of documents;

    2) the evidence is for use in commenced judicial proceedings;

    3) the dispute concerns a civil or commercial matter;

    4) the request is by the Court of a Member of State.

31. Further the Regulation states at Article 10.1 that "*the requested court shall execute the request without delay*".

32. It is submitted that the execution of the Request is therefore a matter of duty and obligation by way of comity. I am referred also to an extract from ***Cockerill, The Law and Practice of Compelled Evidence in Civil Proceedings*** (2011) at [6.06]

> "Overall, a reading of the Regulation discloses that it is designed to be very much a question of administrative process directly between the courts within different jurisdictions. There is essentially no scope for the exercise of discretion. The entire operation of the Regulation is built around the completion and transmission of forms – there are no fewer than 10 forms which may be relevant to different stages of the process. It also contemplates a very speedy process; as already noted, the basic time limit from issuance of the request to completion of the evidence is 90 days."

33. It is submitted that BM Trada's approach suggests that this Court can exercise a discretion to refuse the request where it is clear that there is no such discretion. The Taking of Evidence Regulation expressly states at Recital 11 that: -

> "the possibility of refusing to execute the request for the performance of taking of evidence should be confined to strictly limited exceptional situations".

34. It is further submitted that the application of the 1975 Act is not appropriate as this confers limited statutory powers used in relation to applications under the Hague Convention or for non-treaty and non-Convention requests. whereas the Taking of Evidence Regulation is a directly effective Community instrument that confers a duty on the requested court, unless one of the limited exceptions for a refusal apply.

35. There are strictly limited exceptional circumstances for refusal, as set out in Article 14. Article 14 provides a complete list of the all the exceptions which would permit the requested Court to refuse to comply with the Letter of the Request. The European Court has held that this is an exhaustive list and the national law of a

Member State cannot impose any conditions on the execution of request that amount to a refusal (see ***Werynski*** at [15], [50]-[54]). None of the Article 14 grounds are engaged by the Spanish Court's request.

36. In particular, Article 14.1 sets out the circumstances in which an oral hearing shall not be executed, whereas as in this case the Request is for the production of documents, so this provision simply does not apply.

37. Mr Fox for AFELMA also referred to Article 4 by way of analogy, to the distinction drawn in Article 4.1(e) "where the request is for the examination of a person" and Article 4.1 (f) "where the request is for any other form of taking of evidence, the documents or other objects to be inspected". It is submitted that this same distinction is applied in Article 14.

38. It is further submitted that the drafters of the Taking of Evidence Regulation could not have intended the words "*a request for the hearing of a person*" to mean the same as "a request", without that limitation. There is no authority for the approach to construction relied upon by BM Trada.

39. Even if BM Trada's construction could be applied to Article 14.1(a), there would be no such right to refuse disclosure on the grounds of confidentiality in the English courts in response to a third party disclosure request. Confidentiality is not a legal privilege which permits a respondent to refuse disclosure where it is otherwise required. It may be a ground upon which a respondent could ask the Court to exercise its discretion either not to order disclosure or to restrict disclosure in some way. See ***Science Research Council –v- Nasse*** [1980] AC 1028 at 1066, where Lord Wilberforce stated:

> "The ultimate test in discrimination (as in other) proceedings is whether discovery is necessary for disposing fairly of the proceedings. If it is, then discovery must be ordered notwithstanding confidentiality. But where the Court is impressed with the need to preserve confidentiality in a particular case, it will consider carefully whether the necessary information has been or can be obtained by other means, not involving a breach of confidence."

40. The Court will consider if there any appropriate means by which it can protect the confidentiality interests of any third party, see ***Science Research Council –v- Nasse*** at 1066 at [5]. However, "ultimately if that was not effective then the disclosure must nevertheless be ordered" per (Peter Smith J in ***Cadogan Petroleum plc –v- Mark Tolley*** [2009] EWHC 329 at [25]).

41. Even if Section 2 (3) of the 1975 Act applied, the English Court clearly has the power to make a third party disclosure order, so the exception would not be applicable in any event.

42. It is clear from the decision in ***Werynski*** that the requested court cannot import into its decision as to whether or not to accede to a request under the Taking of Evidence Regulation its own domestic law, so equally this Court would have no right to import

the discretion that it would have, and might exercise, in relation to a third party disclosure application in this jurisdiction, to the Request.

43. With regard to Article 14.1(b), it is submitted that BM Trada is asking the English Court to make a determination under Spanish law that Article 330 LEC would be applicable in these circumstances, and would give BM Trada the right to refuse to give evidence. It is submitted that it is a basic issue of comity that this Court should accept that the Spanish Court has satisfied itself that it should make the Request, and that it has not breached its own law in so doing.

44. With regard to the request that this Court makes a specific request of the Spanish Court as to whether BM Trada has a right to rely on Article 330 LEC is refusing to give evidence, it is submitted that this provision was not intended to be used as a vehicle for witnesses to challenge Letters of Request, as otherwise delay would be built in to the system when the process provided for in the Taking of Evidence Regulation is meant to avoid delay. In any event, the Court does not have sufficient evidence on which it could reach any conclusion that the Spanish Court has failed to include in the Request any right that the witness would have to refuse to give evidence. No expert in Spanish law has been appointed and very little detail is given in Mr Helbing's witness statement. It is further not clear whether Article 330 LEC applies to the Request or simply to applications for disclosure in the domestic arena. The strongest evidence before this Court is Form A, which has been issued by a Spanish Judge in the requesting court.

45. It is common ground that none of the grounds set out in Article 14.2 apply. Accordingly, there are no grounds on which the Order of Master McCloud could be set aside.

CONCLUSION

46. Although there has been substantial evidence and argument before me, the issue for determination is ultimately a straight forward one, namely the proper construction of Article 14.1 of the Taking of Evidence Regulation.

47. I conclude that the ordinary meaning of the words should be taken as they stand. The words "*for the hearing of a person*" cannot, in my judgment, be sensibly read to mean anything other than a reference to oral testimony. Further, there would otherwise be no need for exceptions to be set out in two separate subparagraphs, 14.1 and 14.2. One list would suffice. A separate list of exceptions in Article 14.2 only makes sense if Article 14.1 applies only to requests for oral testimony and not to other requests for evidence. Further, the same distinction, as has been pointed out, is made in Article 4. In addition, the exceptions set out in Article 14.1(a) and (b) are clearly meant to relate primarily to claims of privilege, in my view.

48. That conclusion determines the application, because BM Trada has no right to rely on Article 14.1, the Request only seeking disclosure of a document, but I will set out below my further conclusions in relation to all the arguments made before me.

49. I accept the submissions of AFELMA in relation to the interpretation of Article 14.1 sub-paragraphs (a) and (b).

50. With regard to sub paragraph (a), I agree with AFELMA's submission that the 1975 Act is not appropriate for application to production of evidence under the Taking of Evidence Regulation. The restrictions in Section 2 of the 1975 Act and the discretion of the English court to refuse requests are not available under the Taking of Evidence Regulation. It is clear from the Recital to the Taking of Evidence Regulation and the decision in ***Werynski*** that Article 14 is intended to provide a complete list of grounds for refusal to execute and it is also clear from the purpose for which the Taking of Evidence Regulation was created, namely to provide speed, efficiency and clarity to the process of obtaining evidence between courts of Member States, that it should be interpreted strictly.

51. For the same reasons, I consider that it is not appropriate for this Court to impose conditions on the request for evidence such as redaction or restrictions on the persons to whom the evidence can be disclosed. There is no basis in the Taking of Evidence Regulation to infer that the Requested Court has such a discretion, and the opinion of the Advocates General in ***Werynski***, relied upon by the Court (First Chamber) in its ruling, reinforces the view that a requested court has no discretion to impose conditions on the evidence sought. See in particular Paragraphs 51 to 54 and 62 of the judgment.

52. With regard to sub paragraph (b), I also accept the submissions of AFELMA that this Court is entitled to assume that any right to refuse to provide the evidence requested would be identified in the Request, and to rely upon the certification of the Request by a Spanish Judge, in concluding that the Request is lawful under Spanish law, absent any clear evidence of a right to refuse to provide the evidence requested. The evidence of Mr Helbing at Paragraphs 7 and 8 of his second witness statement does not go nearly far enough for me to conclude that BM Trada would have a right to refuse to provide the evidence or be prohibited from giving the evidence in the Spanish proceedings. There is no evidence before me that BM Trada has made any application to the Spanish Court to rely on Article 330 LEC despite the length of time which has ensued since Master McCloud's Order. I do not know whether such an application would be permitted under Spanish law and neither of the Spanish lawyers for the parties has addressed these issues. But, that would seem to me to be the obvious way to identify whether BM Trada would be entitled to rely on Article 330 LEC, if Article 14.1(b) applied.

53. Further, in my judgment, the wording in the third and fourth lines of sub-paragraph 14.1 (b) relate to any uncertainty in relation to any right identified, which needs to be confirmed at the request of the requesting Court. The word "*confirmed*" suggests that this is the case, rather than establishing any requirement for the requested court to write to the requesting court to ask them to identify any right to refuse to provide the evidence requested on any occasion where a witness asks them to do so. That would have the potential to defeat the objects of speed and efficiency of process that the Taking of Evidence Regulation intended to achieve.

54. Having reached those conclusions, I nevertheless have considerable sympathy with the position of BM Trada, a commercial business not involved directly in the dispute in the Spanish proceedings, but which is being asked to put at risk its commercial interests. I would hope that the parties may be able to agree to something similar to that suggested by Mr Benet in his second witness statement at Paragraphs 3 and 4. If that were to be done by consent I could include that in the order I make on the

application. But ultimately, in my judgment, the remedy for any injustice to BM Trada can only be remedied by an application to the Spanish Court under whichever applicable procedural law is available.