

CONFIDENTIAL

PRIME MINISTER

BROAD-BEAMED WARSHIP DESIGN: COURT CASE INVOLVING THE NAVY

Has SJS given his personal attention to this? bc. Professor Griffiths I think he should. urgently

I attach a minute from Brian Griffiths and Christopher Monckton about the court case of Osprey Ltd. against British Shipbuilders alleging, among other matters, theft of copyright of the design for certain offshore patrol vessels and frigates. Their minute alleges that the Ministry of Defence received the results of some "unlawful testing" of Osprey's designs. They support their arguments by reference to the documents in the dossier attached (which you need not read), which Christopher has assembled in his investigations. Christopher and Brian go on to say that when these matters come to trial, in January 1987, any proof of MOD involvement could embarrass the Government.

With Brian Griffiths' agreement, I have shown these papers on a personal basis, to Clive Whitmore. Clive cannot himself come to any judgement on the matters raised, but he suggests that he might ask a senior retired official (perhaps Desmond Bryars, MOD Principal Finance Officer 1979-1984) to prepare a report for him. This would have to be done in a very discreet way in view of the legal case already proceeding between British Shipbuilders and Osprey Ltd.

I recommend that we should proceed as Clive suggests. Now that the Policy Unit dossier is in existence, it does raise certain questions. These clearly cannot, and ought not, to be investigated direct from No.10. MOD seems to be the main Government Department involved, and it is up to them to find out the facts. I am sure that we can rely on Clive to ensure that this is done in a fair and independent manner. Brian Griffiths agrees with this course of action.

Agree to proceed in this way?

N.L.W.

NLW

16 December, 1985.

- Yes urgently
JD3AGK

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You may recall that we minuted you some two years ago about the Thornycroft, Giles "Osprey" and "S90" designs for fast, cheaply-built, "short, fat" offshore patrol vessels and frigates. In the light of recent developments, we have asked Percy Cradock for his advice and he has said we should warn you of what is in the wind.

Background

In April, 1981, Osprey Ltd. began a court action against British Shipbuilders, alleging theft of copyright and incorporation of Mr. Giles' designs in the Hong Kong Patrol Craft without his permission and without payment to him.

The preliminary rounds of the case, which have attracted a great deal of publicity, have been won by Osprey Ltd. British Shipbuilders have admitted theft of copyright and unlawful testing of the designs, but claim that the designs are worthless and that they were not incorporated into the Hong Kong Patrol Craft. British Shipbuilders have also admitted destroying evidence and a judge has called their behaviour "deceit piled upon deceit".

The MoD's involvement in the theft of copyright

It now seems that the Ministry of Defence, which handled the procurement for the Hong Kong Patrol Craft, had close knowledge of the unlawful testing before, during and after the tests, and that Osprey Ltd. have found out. MoD may even have paid for a substantial part of the testing.

On 21 December 1980, there was a meeting at Ship Department, Bath, between Mr. Kenneth Rawson, then Chief Naval Architect, and Mr. Jack Daniel, the British Shipbuilders executive in charge of the Hong Kong Patrol Craft project, to discuss the Osprey design. Evidence was subsequently doctored in an unsuccessful attempt to conceal the fact that this meeting took place.

The unlawful testing was done at the Vickers tanks at St. Albans and Dumbarton from late December 1980 to September 1981. There is evidence that Mr. Rawson at Bath received results from these tests in April 1981, though he has since denied this. British Shipbuilders unsuccessfully falsified evidence in order to suggest that Mr. Rawson could not have received the test results because the tests had been done after the date on which he was said to have received them.

There is also evidence that knowledge of the unlawful tests reached a very senior level at the Ministry of Defence.

Nick Owen and Christopher Monckton visited Bath on November 6 and were told that the MoD wished to distance itself from the case against British Shipbuilders. MoD officials said this was not something the MoD had ever seen or had any part in: later they said they might have received some results from the Vickers tests on a personal basis.

The court case

Osprey Ltd. have assembled what they regard as substantial evidence of the MoD's involvement and may very shortly amend the pleadings to include a request for exemplary damages, over and

above the commercial damages of more than £1m which they are seeking. One of the grounds for exemplary damages - a rare technique - is malfeasance by those in high places. The amended pleadings may name MoD personnel.

The full trial has been set down for January 1987, in the run-up to the next General Election, and will take 45 days. There is bound to be much media interest. If any involvement of the MoD is proved, the embarrassment of the Government will be acute: the plaintiffs have repeatedly asked for the help and protection of Ministers and have not got the assistance they wanted.

If the case were to be settled out of court before the pleadings were amended, the MoD's involvement need not become public.

We recommend that you should invite Michael Heseltine and Leon Brittan to let you have a full account of the position as they see it.

Could the designs be useful to the Navy?

Lord Hill-Norton, a former First Sea Lord, has set up an unofficial committee to find out whether the broad-beamed designs are as cheap and as quick as the inventors claim, MoD and British Shipbuilders claim the designs are no good. Private backers of a project to win the Blue Riband for a transatlantic crossing in the Spring of 1987 using the new hull-form think otherwise. We shall brief you when Lord Hill-Norton sends you his report.

BG.

BRIAN GRIFFITHS

CA.

CHRISTOPHER MONCKTON