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## The 'cuddly' Dragon shows his fiery side

By [Simon Watkins](#)

Last updated at 11:56 AM on 12th July 2009



With his floppy hair and boyish grin, millionaire Richard Farleigh was the 'cuddly one' who used to be in BBC Dragons' Den, always ready with a friendly word of advice and a chequebook to help out inventors and entrepreneurs.



**Court battle: Millionaire Richard Farleigh with his wife Camilla**

But now the former hedge fund manager, whose personal fortune is estimated at more than £60m, is facing a rather less welcome payout to an inventor after finding himself on the losing side in a bitter legal battle over a high-tech patent.

What's more, the winner in the legal spat - entrepreneur Ronen Hazarika - claims Farleigh, who was axed from the TV show in 2007, was far from cuddly in his negotiations at the height of the battle.

Last week, the Court of Appeal backed Hazarika and his Neuftec company, ruling that Oxonica, a technology company chaired by 48-year-old Farleigh, owed hundreds of thousands of pounds in royalties for using a fuel-efficiency technology invented and owned by Neuftec.

While Hazarika appears to have the upper hand, experts warn that the odds are stacked against individuals and smaller companies in such cases.

Dr Paul Leonard, director of the Intellectual Property Institute, a not-for-profit group that promotes the licensing of commercial ideas, said: 'The more money you have, the more access to law you have - the system is far from perfect - which means bigger competitors may have an advantage.'

'There is a problem around how small and medium-sized companies access intellectual property law in the courts, not least because the UK has one of the most expensive jurisdictions in the world.'

With recession increasing the pressure on companies to gain a competitive edge, many expect the number of legal battles to increase.

For a small company on either side of the battle, the cost of such litigation can be the difference between life and death.

But in this case it may turn out to be Oxonica that faces the most hardship. After being beaten in the first court battle last autumn, it decided to appeal, but it lost again last week.

Oxonica is considering whether to take the case to the House of Lords. It has already set aside £394,000 to cover the royalties and it has earmarked a further £800,000 for possible legal costs. The total is already dangerously close to Oxonica's bank balance of £1.6m.



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### Victory: Ronen Hazarika will now claim for patent infringement

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Hazarika said he will now press ahead with a claim for patent infringement, which if successful could mean another seven-figure bill for Oxonica, which was once worth more than £100m.

News of its legal defeat sent the already-battered shares down 25% to just 3p, valuing the company at less than £2m.

The battle centres on Envirox, a chemical that when added to diesel improves its efficiency by between five and 11% and also cuts its carbon emissions.

Hazarika and business partner Bryan Morgan came up with Envirox in 1999 and approached Oxonica - which was spun out of Oxford University - soon afterwards to seek help to develop the product.

At that stage Farleigh, an Australian who had already made his fortune as a hedge fund manager, was a major investor and mentor to Oxonica, but he held no board position.

Oxonica signed a licensing agreement with Hazarika's company and the product was piloted successfully by transport group Stagecoach. Later, a supply deal - potentially a blockbuster - was signed with Turkish fuel company Petrol Efisi. But then the wheels came off.

Kevin Matthews, Oxonica's chief executive, claimed in October 2006 that the company had an alternative source for Envirox and under the terms of the licence could supply Petrol Efisi's order without paying royalties to Neuftec. Hazarika disagreed.

In early 2007, Oxonica launched a legal case to prove its claim. But after a tangled debate on legal technicalities the High Court ruled against Oxonica last September and said it was liable to pay royalties. It was at this point that Farleigh, who had become chairman of Oxonica in mid-2007, took a direct interest.

Farleigh, Matthews and Hazarika met at Home House, the central London private members' club founded by Farleigh. The aim was to agree an out-of-court settlement. But Hazarika claims that it was here that Farleigh shed his image.

He said: 'He was shouting and he threatened to use £1m of his own money to sue me.' According to Hazarika, the talks ended when he said that if Farleigh wanted to appeal against the court decision he should go ahead and that he did not mind spending more money on the case.

According to Hazarika, Farleigh replied: 'Nor do I. The difference is that I can afford to.'

Farleigh denied this account of events entirely. 'There was never anything like that,' he said. 'We sat at Home House and talked things through and it was all very civil.'

'In the business world this is not an issue. It is not my preference, but there are always things like this going on. These things happen and it does not reflect on the people involved personally.'

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