

Court rules against firm backed by former Dragons' Den star

[Simon Bowers](#) Fri 5 Sep 2008 12.10 EDT

A company spun out of Oxford University science laboratories with the backing of Richard Farleigh, former star of BBC TV's Dragons' Den, should have been paying royalties to another company, a court has ruled.

The court judgment comes two years of legal dispute between Aim-listed Oxonica, where Farleigh is chairman and owns about 20%, and Neuftec, which owns a patent relating to a fuel additive which improves fuel efficiency.

The product, called Envirox, was sold by Oxonica under a licence and revenue sharing agreement with Neuftec. But in October 2006 Oxonica said it had produced an alternative formulation of the additive which would not be eligible for continued royalty payments.

A furious Neuftec terminated Oxonica's production and distribution rights, prompting Farleigh's firm to respond with a claim in the courts. A counter-claim from Neuftec followed, insisting Oxonica should pay royalties on its so-called alternative formulation of Envirox.

In his ruling at the high court today, Peter Prescott QC, said: "Envirox 2 is a licenced product as defined and attracts royalties accordingly. The [Oxonica] claim fails and the [Neuftec] counter-claim succeeds."

In a statement to investors, Oxonica, which make the majority of its sales from Envirox, said it had already made an accounting provision of £408,000 relating the disputed royalties, adding it was considering an appeal.

But Ronen Hazarika, co-founder of Neuftec, said it would now seek to ensure — through the courts if necessary — that all licences relating to Envirox were stripped from Oxonica.

"We are absolutely delighted that the court has found in our favour. It has been an expensive and time-consuming battle but we now feel wholly vindicated.

"When Oxonica's actions, in trying to avoid paying substantial royalty payments, first came to light we took the decision to fight this on a matter of principle and ethics ... Protecting intellectual property rights is crucial to the encouragement of advances in technology.

"It is of some regret that at no time since the commencement of proceedings did Oxonica make any attempt to settle this matter out of court despite Neuftec being open and willing to such discussions. I imagine Oxonica's management will be answerable to its shareholders over this whole affair. "

