

**CONFIDENTIAL**

BRIAN GRIFFITHS

**SHORT FAT SHIPS**

I thought you might like an update on this long-running saga. After almost seven years of delays by British Shipbuilders and the MoD, the case of the short fat ship finally reached the High Court on Monday. It was adjourned for 24 hours to give the parties a chance of a settlement and on Tuesday Counsel for the plaintiffs announced to the Court that the differences between the parties had been amicably settled and that no order for costs or damages was being sought. Behind this bland and uninformative statement lurks the fact that British Shipbuilders, the principal defendants, had agreed to pay the inventor of the short fat ship £650,000, of which about £400,000 was damages and the remainder was costs.

It is a great pity that our original recommendation of an immediate out-of-court settlement had not been adopted. With British Shipbuilders' own costs of £800,000, the total bill to the taxpayer for this scandalous case comes to well over £1,000,000.

The Labour Party will raise the question of the short fat ship in the Commons during the forthcoming debate on the Navy and, so that ministers may be forewarned, I am copying this note to George Younger.

As I understand it, the Labour Party will ask exactly what the cost to the taxpayer has been, why the advice of the Treasury Solicitor to settle this case was not taken very much earlier, and whether the MoD will now withdraw its objections to the feasibility of the design. As you know, I have good evidence that these objections arose chiefly from the MoD's own close and intimate involvement in the breach of copyright, unlawful testing of ship models and incorporation of key features of the short fat design in the Hong Kong patrol craft. MoD knew Osprey Ltd. had enough evidence to establish their complicity in the breach of copyright; so their only defence was to maintain that the design they had stolen was worthless.

Definite and complete evidence of the MoD's involvement is now available and will reach George Younger in due course.

I have long been puzzled that when, at our instigation, the M.O.D. agreed

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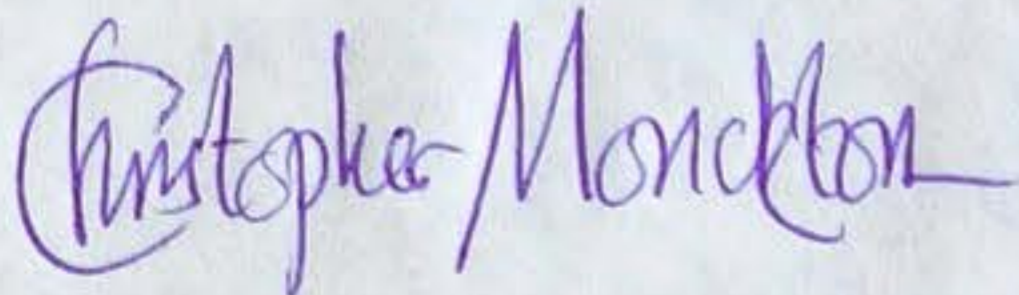
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with enormous reluctance and bad grace to conduct an internal enquiry into its own involvement, the official appointed to the enquiry did not at any stage approach me to ask for the evidence which I had. It is now quite clear that that internal enquiry was little more than a disgraceful and now failed attempt at a whitewash and I trust that those responsible for engineering that whitewash will be decisively dealt with.

The single outstanding matter is the independent enquiry into the possible implications of the short fat design for the future development of the British surface fleet. You will remember that it was necessary to secure the resignation of the chairman whom the MoD had attempted to appoint to this enquiry because he had three separate conflicts of interest, one of which was his directorship of a British Shipbuilders' subsidiary. I am glad to say that Lloyds of London are now conducting this enquiry vigorously and with commendable impartiality. Lord Hill-Norton, whose unofficial committee first recommended that an official, independent enquiry be established, has told me that he is very pleased with the work that Lloyds are doing. Their activities had to be suspended during the case itself, but they are now proceeding rapidly with the Enquiry.

Expert witnesses of unquestioned authority and impartiality, both from the United States and Britain, have been consulted and if the Enquiry comes to the conclusion that the design is feasible, I hope that the MoD will have the good grace to make amends for its scandalous behaviour by agreeing to cooperate in the building of a full size prototype so that the Royal Navy can be the first in the world to take full advantage of what promises to be one of the more significant developments in marine science this century.

I am copying this note to Stephen Sherborne at Number 10 and to Peter Levene at the Procurement Executive. Copies also go to Sir Robert Armstrong and Clive Whitmore.



CHRISTOPHER MONCKTON

22 January 1987



2-2-87

10 DOWNING STREET

Prime Minister.

Thank you for your recent  
offering from Amulet  
Manchester.

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