

Preliminary injunctions readily available for process patents in the UK

The UK High Court has again shown its willingness to grant preliminary injunctions in its decision *BASF SE v Sipcam (UK) Ltd.* (see our previous article “Preliminary injunctions available in the UK despite first instance invalidity finding”). This decision highlights the importance of pre-trial conduct and the need for cooperation between parties if they are to avoid adverse decisions in actions for injunctive relief in the UK.

Patentees will be pleased to see the UK courts handing out preliminary injunctions for process patents, even when the court thinks the issues of infringement are far from clear cut.

The dispute

BASF holds a patent protecting a process of encapsulating pendimethalin, a herbicide used to treat fields of wheat and barley. The patent relates to BASF's encapsulated pendimethalin product sold under the brand name Stomp Aqua. The patented process requires a particular order of steps with regard to the addition of a salt and a wall forming agent which, according to the patent, leads to better encapsulation and associated advantages. In January 2013 Sipcam obtained a marketing authorisation to launch its competitor encapsulated pendimethalin product, Most Micro, in the UK. During correspondence between the parties throughout 2013, BASF argued that sales of Most Micro would infringe its patent

whereas Sipcam considered that there would be no infringement. With the parties unable to reach an agreement and Sipcam preparing to launch its product in the UK, BASF applied to the UK Courts for an interim injunction to restrain sales of Most Micro pending full trial. In the end, the nature of the correspondence between the parties during 2013 proved to be the crucial factor in the injunction being granted in BASF's favour.

Evasion

The obvious way to resolve the dispute would have been for Sipcam to allow inspection of its production process to enable determination of the relative order of addition of the salt and the wall forming agent. In correspondence between the parties, BASF repeatedly requested inspection but Sipcam refused to allow this on terms that would have enabled determination of when the salt is added. In deciding in favour of BASF, the judge repeatedly refers to the refusal

to allow unfettered inspection and criticises Sipcam for its evasion on this crucial aspect, commenting that Sipcam “could and should have accepted an inspection much earlier and all this could have been avoided”. The clear take home message here is that potential infringers are likely to be penalised if they refuse to cooperate with patent holders in a way which could lead to a more efficient resolution of proceedings.

Misleading correspondence

At an early stage in 2013 Sipcam indicated that it would not launch Most Micro in the spring market but would wait and launch in the autumn (i.e. late September to October). Key to Sipcam's defence was its argument that BASF unduly delayed seeking the interim injunction because it could have brought proceedings earlier in June 2013, once its requests for inspection

had not come to fruition, since it knew that Sipcam intended to launch in the autumn. However, the judge held that BASF acted reasonably in trying to resolve the matter without bringing proceedings because, as things stood in June 2013, there was still time to reach a resolution before the autumn without the need for litigation. Furthermore, later correspondence from Sipcam in August 2013 was held to be misleading because it implied that Most Micro had not yet been launched and that it would not be launched until the autumn. However, it emerged that Sipcam had been taking orders and had begun to sell Most Micro in the UK in August 2013, despite its previous undertakings not to do so. It is clear that the judge penalised Sipcam for this aspect of its pre-trial conduct and this mirrors the approach taken by the UK courts in other applications for preliminary injunctions where the defendant has acted contrary to its previously stated intentions (e.g. *BMS v Teva*, [2013] EWHC 2863 (Pat)).

The case for infringement

Sipcam argued that its product would not infringe because it is made by an encapsulation process in which salt is only added after the wall forming agent and not before, as required by the patented process. However, BASF disagreed, relying on analysis of the Most Micro product which, it argued, showed that salt must have been present in the Sipcam process when the wall forming agent was added (i.e. salt must have been added before the wall forming agent as required in the patent). The judge commented that there was an arguable case both for and against infringement but declined to take into account the relative strengths of the parties' cases in reaching his decision. The other factors, discussed above, weighed too heavily in favour of BASF and so it was not appropriate to consider the relative strengths of the arguments for and against infringement. This aspect of the decision will be welcomed by holders of process patents as it highlights their potential injunctive value notwithstanding the inherent weakness arising from the difficulties with definitively proving infringement of process claims.

Other factors

Another factor in favour of BASF was the risk of an irreversible price drop occurring if the injunction was not granted, as a result of the inevitable competition on price with Sipcam's Most Micro product. This is an argument often seen in disputes in the pharmaceutical sector and here the judge agreed with BASF that the loss of revenue that might result from this price drop if the injunction was not granted would outweigh any loss in sales that Sipcam may incur as a result of the injunction being granted.

However, the decision is not all positive news for patentees. In particular, BASF's argument that Sipcam should have expected litigation and tried to "clear the way" by bringing invalidity or declaration of non-infringement proceedings before launching its product, was specifically rejected by the judge. Unusually, Sipcam was already selling Most Micro in Italy, a state covered by the Italian designation of the European patent in question and BASF had not brought infringement proceedings in Italy. Given this background the judge concluded that it was not fair to say that Sipcam should have expected infringement proceedings in the UK and the usual considerations about the potential infringer trying to clear the way did not apply in this case. Although this aspect was not determinative to the outcome in this case, the lesson for patentees is clear. If you acquiesce to potential infringements of your European patents in one jurisdiction then this may count against you when the patent is litigated in other European jurisdictions.

Conclusion

The decision provides a number of practice points for parties involved in UK litigation. Firstly, the importance of cooperation is evident from the judge's comment that the obvious way to resolve the dispute would be for Sipcam to agree to an unfettered inspection of its process. The reasons for Sipcam's refusal of requests for inspection were not made clear. However, the conduct of the parties, rather than the strengths of

their cases for and against infringement, was considered to be the crucial factor in granting the injunction. Therefore, would-be defendants in a similar position should weigh the potential downsides to allowing inspection of their commercial processes against the potential benefits later during litigation of their cooperation with would-be claimants. Secondly, the UK courts evidently take a dim view of parties going back on undertakings given in pre-trial correspondence and Sipcam's case was weakened considerably by the orders and sales it made in July and August, despite it indicating that it would wait until the autumn to launch its product. Finally, it is important to note that the ultimate issue of infringement is still undecided, the judge noting "I do not think it would be easy to say who has a stronger case". Accordingly, difficulties in proving infringement are not necessarily a bar to patentees seeking to rely on process patents for injunctive relief pending full trial in the UK.

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This briefing note was first published in the IAM IP Newsletter.