

# Enforcing a Process Claim in a European Patent Against a Chinese Manufacturer

## Background

Magnesium Elektron Limited (the Claimant) was the owner of EP 1444036, which claims a process for preparing rare earth mixed oxide (REMO) products. It sought to enforce its patent against Molycorp Europe and Zibo Jia Hua Advanced Material Resources Co. Ltd (the First and Second Defendants). The Second Defendant was a company based in China and hence outside the jurisdiction. Magnesium Elektron complained that Zibo had provided REMO product made in China by the patented process to Molycorp, which then supplied the product in the United Kingdom.

## Was the product produced by the patented process?

To bring an infringement action, the Claimant had to provide at least some evidence that the REMO product supplied in the United Kingdom was indeed made by the patented process, to demonstrate that there was a “serious issue to be tried”. The problem it had here was the product at issue was made in China, and details of the manufacturing process were not publically available.

Under such circumstances, Section 100(1) of the UK Patents Act can assist. That Section is designed to meet the obligations imposed on the UK by Art 34(1) of the TRIPS agreement. It provides that:

“If the invention for which a patent is granted is a process for obtaining a new product, the same product produced by a person other than the proprietor of the patent or a licensee of his shall, unless the contrary is proved, be taken in any proceedings to have been obtained by that process.”

The Claimant had carried out some preliminary experiments to assess the nanostructure of the Defendants’ REMO product. It tested (i) a sample of the Defendants’ product, obtained from a trap purchase (“TP1”), (ii) two samples both made by the patented process (S1 and S2), and (iii) a control sample made by the Claimant’s previous process (S8). The findings were that TP1 behaved almost identically to S1 and S2 and that all these three samples behaved very differently from S8. The Claimant provided evidence from an expert saying that he knew of “no other process” which could produce the results observed with TP1, S1 and S2.

The Court held that this was sufficient to establish that Section 100(1) should apply. The products at issue were ‘new’ because they had a unique fingerprint. The fact that the patent did not describe the products as novel, or seek to claim the products per se, did not matter. The Court therefore held that the Claimant had done enough to show that there was a serious issue to be

tried, such that an infringement action could be brought. During that action the court will be able to order the provision of further information regarding the Defendants’ process following the usual disclosure procedure.

## Was the Chinese company liable for infringement in the UK?

The Claimant sought to justify naming the Chinese manufacturing company as defendant in the action for infringement of the UK patent by arguing, inter alia, that the Chinese company was liable as a ‘joint tortfeasor’.

The Court followed previous case law to the effect that it is necessary to show a “good arguable case” before an action can be brought against a foreign defendant as a joint tortfeasor with a UK defendant. It will not generally be sufficient merely to establish that the foreign company has facilitated patent infringement. Rather, the Claimant had to show that the Chinese Defendant did more than “look on with approval” at the acts of the UK company.

The Court looked at a previous case, *Aubrey Max Sandman v Panasonic* [1998] FSR 651, which held that a foreign company which had specifically adapted products for the UK market was indeed jointly liable for patent infringement with those supplying the products in the UK. In the case at issue, the Claimants provided a ‘certificate of analysis’ from the Chinese company which was sent to the customer in the UK and explained how the product matched the customer’s specification. The Court held that the certificate of analysis supported an inference that the product was supplied by the Chinese company specifically to meet the requirements of the UK customer. On that basis, there was a good arguable case that the Chinese company was liable for patent infringement as a joint tortfeasor with the UK Defendant.

Could the Claimant properly serve proceedings on the Chinese company before an English Court?

The Civil Procedure Rules (CPR) set out a number of situations in which a claimant may be permitted to serve a Chinese manufacturing company with proceedings for patent infringement before an English court. The Claimant relied on three provisions in the CPR, any one of which would justify serving proceedings outside the jurisdiction in this way. These were:

- a. the claim was for an injunction to be ordered within the jurisdiction (Practice Directive 6B, paragraph 3.1(2));
- b. the Chinese Defendant was “a necessary or proper party to [the] claim” (Practice Directive 6B, paragraph 3.1(3)); and
- c. damage was sustained, or will be sustained, within the

jurisdiction (Practice Directive 6B, paragraph 3.1(9)).

As regards (a), the Court confirmed that in cases of patent infringement an injunction to restrain acts in the UK would usually be a genuine aspect of the relief sought. Indeed, an injunction restraining patent infringement is often the most important remedy sought by a patentee. Accordingly, there was a reasonable prospect of an injunction being granted if infringement were established, and the Chinese company could therefore be served with proceedings on this basis.

As regards (b), the CPR permits service of proceedings on a foreign company where a claim is also being made against a defendant within the jurisdiction under circumstances where there is “a real issue which it is reasonable for the court to try”, and the foreign defendant is a “necessary or proper party to the claim”.

The Court held that this provision was also satisfied. The claims against the two Defendants were “inextricably linked”. Further, the Court held that it was legitimate for the Claimant to bring an action against both Defendants, so that if successful it could choose against which of the Defendants to enforce the judgment.

Finally, as regards (c) the Court held that this provision was also satisfied on the basis that the primary and direct damage caused by infringement of a UK patent is necessarily damage sustained

within the UK.

The Court further considered whether the High Court of England and Wales was the ‘appropriate forum’ for the claim to be brought. It was clear that it was: the claim was for infringement of a UK patent, and the provisions of the UK Patents Act would apply. Permission was therefore given to serve proceedings on the Chinese company Zibo Jia Hua Advanced Material Resources Co. Ltd.

### Comment

It can often seem daunting to embark on enforcing a process claim against a foreign manufacturer. This case serves as a useful reminder on the various hurdles which must be met to serve proceedings for infringement of a UK patent on a company outside the jurisdiction.

It is encouraging that the Claimant seems to have received a sympathetic hearing, and has successfully commenced proceedings against the Chinese manufacturer. If the Claimant wins the case it will not, of course, be able to prevent the Chinese company from manufacturing REMO in China, but it can seek an injunction to prevent further importation into the UK, and damages for any loss suffered as a result of importation of infringing product thus far.

### For more information, please contact:

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