

Neutral Citation Number: [2021] EWHC 1614 (Pat)

Case No: HP-2020-000035

**IN THE HIGH COURT OF JUSTICE**  
**BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES**  
**INTELLECTUAL PROPERTY LIST (ChD)**  
**PATENTS COURT**

The Rolls Building  
7 Rolls Buildings  
Fetter Lane  
London EC4A 1NL

Date: Friday, 11<sup>th</sup> June 2021

Before:

**HIS HONOUR JUDGE HACON**  
(Sitting as a Judge of the High Court)  
Remotely via Microsoft Teams

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Between:

**AUTOSTORE TECHNOLOGY AS**  
(a company incorporated under the laws of  
Norway)

**Claimant/**  
**Respondent**

- and -

(1) **OCADO GROUP PLC**  
(2) **OCADO RETAIL LIMITED**  
(3) **OCADO SOLUTIONS LIMITED**  
(4) **OCADO INNOVATION LIMITED**  
(5) **OCADO OPERATING LIMITED**  
(6) **THARSUS GROUP LIMITED**

**Defendants/**  
**Applicants**

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**MR. VERNON FLYNN QC and MS. KATHRYN PICKARD** (instructed by **Kirkland & Ellis LLP**) for the **Claimant/Respondent**

**MR. ALAN MACLEAN QC and MR. THOMAS PLEWMAN QC** (instructed by **Powell Gilbert LLP**) for the **Defendants/Applicants**  
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**JUDGMENT**

Transcript of the Stenograph Notes by Marten Walsh Cherer Ltd  
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**HIS HONOUR JUDGE HACON:**

1. This is an application for an interim injunction to restrain the disclosure of information. The disclosure would be in proceedings in the United States.
2. The action in which the application is made is for infringement of six of the claimant's patents. The patents are all concerned with automated warehousing technology. The claimant is a Norwegian company which specialises in that field and which I will refer to as "AutoStore".
3. The first to fifth defendants are all part of the Ocado group of companies. Ocado's online business in the retail of groceries and other products is known to many in this country, although its primary business is in the development of technology for the warehousing and distribution of goods ordered online.
4. The sixth defendant is a company which manufactures robots, or bots as they are called in the evidence. The fifth defendant is a customer and user of the sixth defendant's bots. Although the sixth defendant is not part of the Ocado group, for convenience I will refer to all the defendants collectively as "Ocado".
5. The trial of this action is due to be heard in March 2022.
6. There are other disputes currently pending between the parties. First, AutoStore has brought a claim in the UKIPO seeking entitlement to patents owned by the fourth defendant. The Comptroller has declined to deal with the claim. Secondly, the patents in this action are the subject of opposition proceedings in the EPO. Thirdly, Ocado has brought a claim against AutoStore in the Landgericht of both Mannheim and Munich. Fourthly, AutoStore has brought a claim against Ocado in the District Court for the Eastern District of Virginia. Fifthly, Ocado has

brought proceedings against AutoStore in the District Court for the Eastern District of Virginia and in the District Court for New Hampshire. Sixthly and finally, AutoStore has brought proceedings against Ocado before the International Trade Commission, or ITC, in the United States. It is the ITC proceedings which are of most immediate relevance.

7. In 2018 there took place discussions between the parties, mainly concerning the English litigation but they were also about the disputes or potential disputes worldwide, including prospective ITC proceedings.
8. There were three meetings, two in June 2018 and a third in July 2018, all held in London. The first and third were attended by English lawyers acting for their respective parties. The discussions continued in correspondence after July, up to November 2018, but did not lead to a resolution of any of the disputes.
9. Ocado has called the three meetings "the London Meetings". Those meetings, taken together with the subsequent correspondence in 2018 have been called "the London Discussions". Ocado asserts that the London Discussions were subject to without prejudice privilege under English law and were confidential. Ocado says that the same applies to the contents of documents generated for and about the London Meetings. Ocado calls these "the London Meeting Documents".
10. It is common ground that AutoStore threatens to disclose in the US ITC proceedings information which formed part of the contents of the London Discussions. The relevant information has been set out in a written response from AutoStore in those proceedings. That pleaded response has not yet been disclosed to the judge hearing the ITC case but AutoStore has indicated that it intends to put the response before the judge and indeed to refer to the London Discussions and

their contents in evidence and/or in submissions before the judge on 15th June, i.e. next Tuesday, today being Friday, 11th June.

11. On 28th May 2021, there was an *ex parte* application by Ocado in this court, which came before me. It was an application to hold the ring. Ocado sought an order restraining AutoStore from disclosing the contents of the London Discussions in the ITC proceedings, pending this hearing. AutoStore was given notice of the *ex parte* application, but elected not to appear. I imply no criticism. In the evidence in this application, Nicola Dagg, of Kirkland & Ellis International LLP, acting for AutoStore, cites a number of reasons why, in her view, Ocado was in serious breach of its duty of full and frank disclosure at the hearing on 28th May 2021. Be that as it may, on that day I made an order substantially as sought. This hearing is, in effect, the return date from that order.

12. The operative part of the order sought by Ocado now is as follows:

"Pending the hearing of the trial [alternatively, pending trial of the claim set out in the claim form to be issued and served], the claimant (whether acting through its directors, employees, subsidiaries, agents or legal representatives) shall be restrained from using any information arising from negotiations that took place between the parties in the period up to and including November 2018 in any proceedings, including before the US International Trade Commission."

13. On 4th June 2021, Ocado filed another application notice which seeks permission to plead its case on without prejudice privilege and breach of confidence, either by way of a re-amendment to Ocado's Defence and Counterclaim or by way of service of a new claim form.

14. Simon Ayrton of Powell Gilbert LLP, who act for Ocado, has exhibited a draft re-amended Defence and Counterclaim in which Ocado sets out its case for an

order restraining AutoStore from disclosing the contents of the London Discussions and the London Meeting Documents. The relief sought in the draft pleading goes further than the interim relief sought in that it would include an order restraining AutoStore from disclosing even the existence of the London Discussions.

15. In brief, in its draft pleading Ocado puts its case in two alternative ways. First, at the London Meetings it was agreed that the parties should not use the contents of the London Discussions or the London Meeting Documents in any legal proceedings, whether in the United Kingdom or elsewhere. It was an express or alternatively an implied term of the contract that it was governed by English law. Secondly and alternatively, the contents of the London Discussions and the London Meeting Documents are confidential and AutoStore owes Ocado an equitable duty of confidence not to disclose those contents in the ITC proceedings. The threatened disclosure of information in the US ITC proceedings would be both in breach of contract and in breach of confidence.
16. In this application, Vernon Flynn QC and Kathryn Pickard appear for AutoStore, Alan Maclean QC and Thomas Plewman QC for Ocado.
17. Before discussing the merits of Ocado's application, I will say something more about the background facts. Three of the patents in suit are UK designated European patents concerning a central cavity in robots of the type that handle merchandise in a warehouse. The central cavity is adapted to hold a storage bin. Three equivalent US patents are in suit in the US ITC proceedings. A parent of the US central cavity patents is US patent 9 862 579, which I will call "US '579".

18. In the US ITC proceedings AutoStore alleges that Ocado has infringed five of its US patents, including the three US central cavity patents. One of the defences advanced by Ocado is a defence of equitable estoppel. Ocado argues that AutoStore gave Ocado assurances that Ocado did not infringe the central cavity patents and that AutoStore is now estopped from asserting infringement. AutoStore proposes to respond to this defence by saying that in the course of the London Discussions AutoStore provided Ocado with a document. In order to safeguard the claimed confidentiality in its contents, in this judgment I will refer to it as “the Document in Issue”. AutoStore wishes to rely on the Document in Issue in the ITC in support of a contention that Ocado was fully aware of AutoStore's stance on infringement, so there can be no estoppel.
19. It is common ground that the London Meetings were held on a without prejudice basis, although the nature and effect of that is not agreed. At that time, the English solicitors acting for AutoStore were Bristows LLP. On 6th July 2018, they sent to Powell Gilbert LLP an e-mail to which were attached materials to be used at the meeting on 25th July 2018. These materials were stated to be for the purposes of settlement negotiations only. They included the Document in Issue, which itself was marked on every page "*Confidential and without prejudice, provided for purposes of settlement negotiations only*". The agenda for the meeting of 25th July 2018 was similarly marked.
20. Powell Gilbert produced an attendance note of the meeting of 25th July, either on that day or shortly after the meeting. A copy was provided to AutoStore. The attendance note included this:

"SA stated that this meeting was a continuation of the confidential and without prejudice discussions between Ocado and AutoStore

(AS) and that any US law discussions were to be governed by rule 408 of the rules of evidence. The parties agreed that there was no intention to waive privilege."

21. The attendance note as a whole indicates that the only US law discussions of any significance were about the Document in Issue. It is also apparent from the attendance note that some time was spent by the attendees on the Document in Issue, although both sides acknowledged that the parties' assertions about it could only go so far because there was no US lawyer in attendance.
22. The accuracy of the attendance note is not challenged. Nor is it in dispute that rule 408 as referred to in the attendance note is rule 408 of the US Federal Rules of Evidence, or FRE 408 for short. It provides:

"(a) Prohibited Uses. Evidence of the following is not admissible — on behalf of any party — either to prove or disprove the validity or amount of a disputed claim or to impeach by a prior inconsistent statement or a contradiction:

(1) furnishing, promising, or offering — or accepting, promising to accept, or offering to accept — a valuable consideration in compromising or attempting to compromise the claim; and

(2) conduct or a statement made during compromise negotiations about the claim — except when offered in a criminal case and when the negotiations related to a claim by a public office in the exercise of its regulatory, investigative, or enforcement authority.

(b) Exceptions. The court may admit this evidence for another purpose, such as proving a witness's bias or prejudice, negating a contention of undue delay, or proving an effort to obstruct a criminal investigation or prosecution."

23. Although the relief sought by Ocado in the present application is worded widely, it is apparent that Ocado's real concern centres on the Document in Issue and how it would be used in the ITC proceedings.
24. At one point during the hearing I began to take the view this was a fight over nothing. Mr Maclean for Ocado said Ocado had no objection to the whole of the

contents of the London Discussions and London Meeting Documents being put before the ITC judge. The objection, he said, was having the Document in Issue go before the judge by itself without the other documents.

25. I suggested to the parties that both sides agree to waive privilege in all the relevant documents so that they can be used in evidence before the ITC, to the extent the parties wish to use them, and also of course subject to the discretion of the judge and any law applicable. AutoStore helpfully drafted a proposed order along those lines over the short adjournment. However, Ocado was not prepared to agree this way forward on the ground that according to US procedural law it would be necessary to the parties to "stipulate" (apparently a term of US procedure) that the documents should be used in the hearing, otherwise it was now too late for the extra documents to be introduced into the case. The Document in Issue is already in the case.
26. AutoStore did not accept Ocado's analysis of the position. Each side submitted that the other was being obstructive. I was not prepared to spend time resolving who that might be and the accuracy of what I was being told by either side about the procedure before the ITC. The parties would not settle their differences, so I directed that argument should be resumed.
27. To grant the interim injunction sought by Ocado, I must first be satisfied that Ocado has a sufficient case on the merits under one or both of its pleaded heads, namely breach of contract and breach of confidence. If I am so satisfied, I should go on to consider the balance of irreparable harm, the balance of convenience and, if necessary, the status quo



28. Mr. Maclean said that for this hearing's purposes, his clients' case in relation to breach of confidence added nothing to the case on breach of contract, so argument focused on the breach of contract claim.
29. I have referred to a sufficient case on the merits for the grant of an interim injunction. Both parties say that in this instance the relevant burden is not the usual one set out by the House of Lords in *American Cyanamid v Ethicon Ltd.* [1975] AC 396, namely whether there is a serious question to be tried.
30. Ocado submits that this is an instance in which the interim injunction is likely to put an end to the action and that, therefore, the court must have regard to the underlying merits of the parties' respective cases. I was referred to *Cambridge Nutrition Limited v BBC* [1993] 3 All ER 523 at 534-5.
31. Ocado further submits that there is another matter to be considered. I was referred to *Araci v Fallon* [2011] EWCA Civ 668. Jackson LJ, with whom Elias LJ agreed, said this, at paragraph 39:

"Where the defendant is proposing to act in clear breach of a negative covenant, in other words to do something which he has promised not to do, there must be special circumstances (e.g. restraint of trade contrary to public policy) before the court will exercise its discretion to refuse an injunction."

32. For its part, AutoStore argues that section 12(3) of the Human Rights Act 1998 is engaged and that, therefore, the appropriate burden is whether Ocado is likely to succeed at trial in establishing a breach of contract. AutoStore also placed reliance on authorities dealing with anti-suit injunctions. Mr. Flynn submitted that Ocado was here seeking an anti-suit injunction.

33. I will take first the submissions by Ocado. It is well established that where the outcome of an application for an interim injunction is likely to be decisive of the action as a whole, either way, the court should take into account the strength of the parties' respective cases on the merits, to an extent greater than would be appropriate following the guidelines of *American Cyanamid*. However, the present application does not fit that pattern. The issue between the parties is whether AutoStore is entitled to rely on the Document in Issue before the ITC. If I grant an injunction restraining AutoStore from so doing, that would, indeed, be decisive of the point in dispute. The ITC will not be made aware of the Document in Issue. My order could not be superseded at a trial here in London before the ITC trial is heard, which is due to happen in August of this year.
34. On the other hand, if I do not grant an injunction, that will not be decisive. Ocado will have the opportunity to persuade the judge of the ITC that he (I am told it is a he) should not consider the Document in Issue pursuant to the relevant rules on the admissibility of evidence that apply in the ITC and/or the judge's discretion, as the case may be.
35. With regard to Ocado's second point, I think there is an element of circularity to it. The circumstance that the Court of Appeal had in mind in *Araci* was one in which the defendant is proposing to act in clear breach of a negative covenant. In this case, it is very much in dispute whether AutoStore is under the contractual obligation alleged by Ocado. It seems to me that if I were to be satisfied that I can decide now, without the benefit of evidence that would be available to a trial judge if this case were to go to trial, that AutoStore would be in clear breach of contract if it were to disclose the relevant information to the ITC, then the *Araci*

principle, as explained in the passage quoted above, applies. Otherwise it does not.

36. I turn to AutoStore's reliance on section 12 of the Human Rights Act 1998. It provides in relevant part:

"(1) This section applies if a court is considering whether to grant any relief which, if granted, might affect the exercise of the Convention right to freedom of expression.

...

(3) No such relief is to be granted so as to restrain publication before trial unless the court is satisfied that the applicant is likely to establish that publication should not be allowed.

(4) The court must have particular regard to the importance of the Convention right to freedom of expression...

...

(5) In this section -

'court' includes a tribunal; and

'relief' includes any remedy or order (other than in criminal proceedings)."

37. The right to "freedom of expression" referred to in ss.12(1) and 12(4) is set out in Article 10 of the Convention. It provides:

"1. Everyone has the right to freedom of expression. This right shall include freedom to hold opinions and to receive and impart information and ideas without interference by public authority and regardless of frontiers. This Article shall not prevent States from requiring the licensing of broadcasting, television or cinema enterprises.

2. The exercise of these freedoms, since it carries with it duties and responsibilities, may be subject to such formalities, conditions, restrictions or penalties as are prescribed by law and are necessary in a democratic society, in the interests of national security, territorial integrity or public safety, for the prevention of disorder or crime, for the protection of health or morals, for the protection

of the reputation or rights of others, for preventing the disclosure of information received in confidence, or for maintaining the authority and impartiality of the judiciary."

38. In *Cream Holdings v Banerjee* [2004] UKHL 44, the House of Lords considered section 12, in particular the meaning and impact of the word "likely" in s.12(3). The case concerned the threatened publication of confidential information. The information was said to reveal illegal and improper activity by the plaintiffs and alleged corruption involving a director of a group of companies and a local council official. It was not in dispute that the information was confidential. The defence was that disclosure was in the public interest. Section 12(3) required the court to refuse an injunction unless satisfied that the plaintiffs were likely to overcome that defence at trial. Lord Nicholls explained what this means:

"22. ... Section 12(3) makes the likelihood of success at the trial an essential element in the court's consideration of whether to make an interim order. But in order to achieve the necessary flexibility the degree of likelihood of success at the trial needed to satisfy section 12(3) must depend on the circumstances. There can be no single, rigid standard governing all applications for interim restraint orders. Rather, on its proper construction the effect of section 12(3) is that the court is not to make an interim restraint order unless satisfied the applicant's prospects of success at the trial are sufficiently favourable to justify such an order being made in the particular circumstances of the case. As to what degree of likelihood makes the prospects of success 'sufficiently favourable', the general approach should be that courts will be exceedingly slow to make interim restraint orders where the applicant has not satisfied the court he will probably ('more likely than not') succeed at the trial. In general, that should be the threshold an applicant must cross before the court embarks on exercising its discretion, duly taking into account the relevant jurisprudence on article 10 and any countervailing Convention rights. But there will be cases where it is necessary for a court to depart from this general approach and a lesser degree of likelihood will suffice as a prerequisite. Circumstances where this may be so include those mentioned above: where the potential adverse consequences of disclosure are particularly grave, or where a short-lived injunction is needed to enable the court to hear and give proper consideration to an application for interim relief pending the trial or any relevant appeal."

39. AutoStore's argument in the present case is that the effect of the injunction sought would be to require the judge in the ITC proceedings to decide the defence of equitable estoppel without access to evidence which is highly relevant to that issue. AutoStore says that this engages section 12(3) because it would infringe AutoStore's freedom of expression.
40. In support of this, AutoStore relies on the judgment of Henry Carr J in *S v A* [2018] EWHC 2144 (Ch). In that case there was an application for an injunction to restrain the disclosure of information in alleged breach of a non-disclosure agreement. The agreement was governed by English law. The information in question consisted of without prejudice discussions which had taken place in Massachusetts and which, if disclosed to a court in Massachusetts, would found jurisdiction for a claim in Massachusetts for a declaration of non-infringement of patents. The judge held that section 12(3) was engaged.
41. Mr. Maclean submitted that Henry Carr J was wrong in law in so holding.
42. The law on section 12(3) was reviewed by Butcher J in *Awbrey Technical Solutions LLC v Karson Management (Bermuda) Limited* [2019] EWHC 233 (Comm). In that case, the claimant alleged that the defendant was using confidential information relating to a financing scheme in breach of a non-disclosure agreement. The claimant sought an interim injunction for the return of that information and the prohibition of further use of it. Butcher J set out the defendant's argument:

"25. What is submitted on behalf of Karson is that section 12 of the HRA applies here because what Awbury is seeking is to prevent publication by Karson of confidential information. Publication, submitted Mr Gledhill QC for Karson, must mean the same as the meaning which is accorded it in the context of

defamation cases, namely communication to some person other than the claimant himself.

26. As he did not shrink from saying, any case involving an anticipated communication of any confidential material by the defendant to anyone other than the claimant would raise the question of section 12 and section 12(3) would apply."

43. The judge then expressed surprise at the suggestion that section 12(3) should apply on the facts of that case, but continued:

"30. I do not doubt that section 12, including section 12(3), is capable of applying in what may be called a commercial context. The fact that the dispute may be a commercial one does not of itself mean that section 12(3) is inapplicable. So much indeed was stated by Longmore LJ in *Boehringer Ingelheim Ltd v Vetplus Ltd* [2007] Bus LR 1456, para 55.

31. However, the court must consider whether the remedy sought is really one which may affect the right of freedom of expression. I do not consider that what is involved here concerns Karson's freedom of expression.

32. What Awbury is concerned to do is to prevent Karson from using the confidential information about the nature of its CLO insured finance scheme in devising and implementing its own CLO insured finance scheme. Any communication of such information would be to potential participants in such a scheme and would be made in confidence.

33. No authority, whether from this jurisdiction or elsewhere, including from the European Court of Human Rights, was cited to me which supported the suggestion that that type of communication involved the Convention right to freedom of expression.

34. It is well established of course that some forms of commercial speech do involve that right. The press is a clear case. Some other forms of commercial speech do too, in particular some forms of advertising and communications to consumers.

35. However, where the communication is one that is made only for the purposes of furthering the financial interests of the communicator, the communication is made only to a very limited range of other individuals whose interest in it is simply to further their financial interests, and where there is no question of the information which is imparted being of a journalistic, literary or artistic nature I consider that it will not, some extraordinary feature apart, involve the right to freedom of expression."

44. Butcher J underlined the significant features of the threatened publication in the case before him:

"37. Furthermore, I doubt that any publication which would be involved in this case is of the type which is envisaged by section 12(3). Here any communications which Karson may make would (i) be to a very limited number of potential commercial counterparties and (ii) would be made in confidence."

45. The judge then considered earlier authorities:

"39. Karson relied on a number of cases to suggest the applicability of section 12(3) to the present case. With one possible exception, they much more clearly engaged, in the sense that an injunction might have affected, the right to freedom of expression than the present and they involved threatened communications which were much more clearly publications.

40. *Boehringer Ingelheim Ltd v Vetplus Ltd* [2007] Bus LR 1456 concerned comparative advertising. *Interflora Ltd v Marks and Spencer Plc* [2015] FSR 13 concerned internet advertising by the use of adverts. As Birss J put it at paragraph 22:

'What the defendant wishes to do is publish an advertisement and to that extent this injunction could engage its freedom of speech.'

44. *Dar Al Arkan Real Estate Development Co v Refai* [2012] EWHC 3539 (Comm) concerned injunctions to restrain a campaign of the 'wholesale publication of damaging and untrue allegations', in particular via a website: see para 5. In that context, what Andrew Smith J said in the second sentence of paragraph 136, as well as being obiter, was unsurprising.

42. The case of *S v A* [2018] EWHC 2144 (Ch) is rather less clear. There is no analysis in para. 15 as to why the *Cream Holdings Ltd* [2005] 1 AC 253 test was applicable, but even that case involved a proposed disclosure of matters to a court in Massachusetts for the purposes of establishing its jurisdiction.

43. None of those cases appears to me to be similar to the present. Accordingly, I am not persuaded that section 12(3) of the HRA is applicable to the present case."

46. Butcher J was thus of the view that section 12(3) was directed to threatened publications in the sense of being made available to the wider public. Where the communication is made to a limited number of recipients and made in confidence,

section 12(3) does not apply. Butcher J did not disapprove Henry Carr J's ruling in *S v A*.

47. Expanding a little on what Butcher J said about *S v A*, its key feature may have been that the relevant information to be disclosed to the Massachusetts court was apparently not going to be treated as confidential by the court. It would presumably, therefore, have become evidence in a public hearing and to that extent made available to the public.
48. The evidence in the present case indicates that the Document in Issue would be subject to a protective order in the ITC proceedings and, therefore, not available to the public in the wider sense. The Document in Issue is certainly not of a journalistic, literary or artistic nature and so the lack of intended public disclosure is not thereby counter-balanced when considering whether s.12(3) is engaged. I take the view that section 12(3) is not engaged.
49. AutoStore had another argument. Mr. Flynn pointed out that it was neither pleaded nor suggested by Ocado that the implied agreement on which Ocado relies was subject to the exclusive jurisdiction of the English courts. He said this was fatal to Ocado's application since absent such a clause, there was no basis for Ocado insisting that the question of the breach of contract must be decided by this court and may not be decided by the ITC.
50. I do not see that this follows. On the assumption that there is an implied agreement between the parties that the Document in Issue should not be used in litigation, and since there is no exclusive jurisdiction term, the question whether there has been a breach of that agreement could be heard either in this court or in the ITC. In the latter case, it may be necessary for the ITC to hear evidence of English law,



but that is by the way. The point is that this court can decide the question of a breach of contract at trial and, in the meantime, if appropriate, grant an interim injunction.

51. However, Mr. Flynn had a further point. The effect of the interim injunction sought would be decisive in the sense that it would in effect remove from the ITC an issue over which the ITC potentially has jurisdiction. It would amount to an insistence by this court that the question whether there has been a breach of contract, and if so the effect of that on evidence to be submitted before the ITC, must be decided by this court. Mr. Flynn submitted that Ocado's application therefore amounts to an anti-suit injunction. He referred me to this passage of the judgment of Cockerill J DBE in *Times Trading Corporation v National Bank of Fujairah* [2020] EWHC 1078 (Comm) as follows:

"38. As to the general principles governing anti-suit relief, the following statements were essentially common ground:

i) The Court has the power to grant an interim injunction 'in all cases in which it appears to the court to be just and convenient to do so': section 37(1) of the Senior Courts Act 1981 ('SCA 1981'). 'Any such order may be made either unconditionally or on such terms and conditions as the court thinks just': section 37(2).

ii) The touchstone is what the ends of justice require: *Emmott v Michael Wilson & Partners Ltd* [2018] 1 Lloyd's Rep 299 at [36] per Sir Terence Etherton MR.

iii) The Court has jurisdiction under section 37(1) of the Senior Courts Act 1981 to restrain foreign proceedings when brought or threatened to be brought in breach of a binding agreement to refer disputes to arbitration: *Ust-Kamenogorsk Hydropower Plant JSC v AES Kamenogorsk Hydropower Plant LLP* [2013] 1 WLR 1889 (SC).

iv) The jurisdiction to grant an anti-suit injunction must be exercised with caution: *Société Nationale Industrielle Aérospatiale v Lee Kui Jak* [1987] UKPC 12, [1987] AC 871, 892E per Lord Goff.

v) As to the meaning of 'caution' in this context, it has been described thus in *The 'Angelic Grace'* [1995] 1 Lloyd's Rep 87 at 92:1 per Leggatt LJ: 'The exercise of caution does not involve that the Court refrains from taking the action sought, but merely that it does not do so except with circumspection.'

vi) The Claimant must therefore demonstrate such a negative right not to be sued. The standard of proof is 'a high degree of probability that there is an arbitration agreement which governs the dispute in question': *Emmott* at [39]. The test of high degree of probability is one of long standing and boasts an impeccable pedigree going back to Colman J in *Bankers Trust Co v PT Mayora Indah* (unreported) 20 January 1999 and *American International Specialty Lines Insurance Co v Abbott Laboratories* [2003] 1 Lloyd's Rep 267 and has been recently affirmed on the high authority of Christopher Clarke LJ in *Ecobank v Tanoh* [2016] 1 WLR 2231 at 2250.

vii) The Court will ordinarily exercise its discretion to restrain the pursuit of proceedings brought in breach of an arbitration clause unless the Defendant can show strong reasons to refuse the relief: *The Angelic Grace* [1995] 1 Lloyd's Rep 87; *The Jay Bola* [1997] 2 Lloyd's Rep 279 (CA) at page 286 *per* Hobhouse LJ.

viii) The Defendant bears the burden of proving that there are strong reasons to refuse the relief: *Donohue v Armco Inc* [2002] 1 All ER 749 at [24]-[25] *per* Lord Bingham."

52. Mr. Flynn relied in particular on subparagraphs (iv)-(vi).
53. I do not believe the parallel is exact. An injunction in the form sought by Ocado would not restrain proceedings before the ITC. On the other hand, it would have the potential to interfere with the conduct of those proceedings. The question of whether AutoStore is entitled to rely on the Document in Issue is a matter which would come before the ITC judge unless this court grants the injunction sought. The Document in Issue is potentially relevant to an issue which the ITC judge will be required to determine. Therefore, the grant of the injunction sought would, in that sense, interfere with the conduct of foreign proceedings. It seems to me that I must therefore approach Ocado's application with circumspection.

54. Mr. Flynn submitted that circumspection in this instance means that the threshold test for an injunction is not whether there is a serious question to be tried, but whether Ocado has a high probability of succeeding at trial (see para. 38(vi) of *Times Trading*). I think Mr. Flynn is right about this. Especially since the grant of the interim injunction sought would in practice be final in its effect, preventing the ITC from hearing evidence about the Document in Issue, I take the view that I should not grant the injunction unless I am satisfied that there is a high degree of probability that Ocado would succeed at trial, on the hypothesis that there were to be a trial of this issue.

55. As I have said, the first and, for present purposes the only relevant head of Ocado's underlying claim is that the disclosure of the relevant information to the ITC would be in breach of contract. The contract is said to be governed by English law. Ocado sets out how its case is put in paragraphs 7-10 of the draft pleading:

"7. At the start of the first London Meeting, it was expressly agreed between the participants that the London Discussions were confidential in nature and would take place on a without prejudice basis. This agreement was confirmed by the participants at the start of the second and third London Meetings.

8. The email correspondence between the parties' English legal representatives prior to and in the aftermath of the Third London Meeting was marked by both parties' respective representatives 'Confidential and without prejudice'. The [Document in Issue] supplied by the Claimant's English legal representatives in advance of the Third London Meeting [was] marked 'Confidential & without prejudice – provided for the purposes of settlement negotiations only'. The agenda for the Third London Meeting which was provided by Ocado's English legal representatives and agreed by the Claimant's English legal representatives in advance of the Third London Meeting was marked 'Privileged & confidential – without prejudice'. The minutes of the Third London Meeting were marked 'Privileged and Confidential'.

9. Therefore, a contract was made between the Claimant and Ocado with mutual promises to keep the contents of the London Discussions and the documents generated for and about the

London Discussions referred to in paragraph 8 above (the 'London Meeting Documents') confidential and that they would be subject to without prejudice privilege. It was therefore clear to the parties that they should not use the contents of the London Discussions or the London Meeting Documents in any legal proceedings, whether in the United Kingdom or elsewhere.

10. The Claimant and Ocado agreed that the governing law of the contract between the parties was to be English law. As referred to in paragraph 8 above, the parties expressly chose to mark and/or describe the London Meeting Documents as confidential and without prejudice, as those terms are understood under English law. In the alternative, as the contract was entered into by the parties through their English legal representatives in England, in respect of discussions that were to take place in England, primarily relating to settlement of threatened English legal proceedings, it was an implied term of the contract that the contract be governed by English law. The contract was entered into orally by the oral agreement of the participants at each of the London Meetings and/or in writing by the written agreement of the parties' English legal representatives in the London Meeting Documents."

56. The word "therefore" at the start of paragraph 9 is significant. Ocado's argument is that the contents of the London Discussions and the London Meeting Documents were agreed to be without prejudice and that therefore a contract came into being.
57. In support of this, Ocado relies on the judgment of Lloyd J in *David Instance v Denny Bros Printing Ltd* [2000] FSR 869. In that case there was an allegation of patent infringement and there were settlement negotiations in England. A parallel allegation of patent infringement then arose in the United States. The defendant's US attorneys threatened to deploy the contents of the English settlement negotiations as evidence in the US litigation. The defendant argued that it was free to do this because the documents in issue were not without prejudice in relation to the US litigation and in any event their admissibility should be left to the US court to deal with. Lloyd J said (at p.884):

"I will deal later with the ambit of the express agreements, but on the basis that there may be documents and other communications which were without prejudice but which may not be covered by either of those agreements, I will first apply the general law that I have just reviewed to the facts.

The present dispute arises between persons who either were parties to the original communications or have obtained the documents from persons who were such parties, and, to the extent that it be relevant, are commercially and corporately connected with such parties. If there was an implied agreement the persons before me are either bound by it as parties or must be taken to be subject to it by reason of the source of the documents in their hands. In my judgment it is very strongly arguable, and indeed probable, that the without prejudice communications are indeed governed by an implied agreement that they will not be used in the current or any subsequent litigation between the same or related parties. That contract would give way to the circumstances identified in Robert Walker L.J.'s eight exceptions if any were relevant. As I say, none of them are relevant to this application."

58. The reference to the judgment of Robert Walker LJ is to the judgment in *Unilever plc v Proctor & Gamble Company* [2000] FSR 344.

59. Lloyd J continued, at page 888:

"If I am right in the conclusions that I have expressed in relation to the Without Prejudice Material, the Settlement Agreement Material and the Mediation Agreement Material, it would be a breach of contract for the F-A-F parties to use these documents for the purposes of the United States litigation. The two express agreements are clearly governed by English law. It seems to me that the question of whether the without prejudice communications are governed by an agreement limiting their disclosure is also a question of English law. I do not doubt, indeed it is expressly stated by Miss Danilunas, that the negotiations related to issues which had arisen or might arise in relation to patent protection outside the jurisdiction of this court. Since the only actual litigation was in the English courts from 1991 until the moment when the United States proceedings were commenced in July of this year, I can and should proceed on the basis that a major concern, even if not the only or conceivably the primary concern, was the settlement of the English litigation. It must at least be very strongly arguable that the question of whether such negotiations took place under the aegis of a contract such as I have described is a question of English law.

Having come to the conclusion that what the F-A-F companies wish and intend to do is, for the purposes of the interim application,

at least very likely to be found at any eventual trial to be a breach of one or more contractual obligations governed by English law, it seems to me that the right course is indeed to grant an injunction restraining the acts which on that basis would be in breach of contract."

60. Lloyd J's judgment was referred to with approval by the Court of Appeal in *Prudential Insurance Company of America v Prudential Assurance Co Limited*, [2003] EWCA Civ 1154 at paragraphs 14 and 22.

61. I accept Ocado's argument to this extent: in so far as the parties agreed in the meetings of June and July 2018 that their discussions should be without prejudice as governed by English law, it is likely that this created an implied agreement between the parties that neither side could disclose any discussions governed by the without prejudice rule in the present or subsequent litigation between the parties and that this included litigation in the United States. I also agree that the implied agreement is likely to be governed by English law.

62. However, this gives rise to the question of whether it is correct to say that, as orally agreed at the London Discussions, the English without prejudice rule covered matters subject to the US law, including the Document in Issue. In the unlikely event this matter were to go to trial, that would be a central issue.

63. Ocado gave evidence about this aspect of the London Discussions. Lucy Wojcik is the Chief Intellectual Property Counsel of the Ocado Group. She says in her witness statement that she attended all three meetings in 2018. She comments on the Powell Gilbert attendance note (here with paragraph 10 redacted to maintain confidentiality):

"8. I have been asked by Powell Gilbert to comment on the following statement in the minutes for the meeting that took place on 25 July 2018:

*'SA stated that this meeting was a continuation of the confidential and without prejudice discussions between Ocado and AutoStore (AS) and that any US law discussions were to be governed by rule 408 of the rules of evidence. The parties agreed that there was no intention to waive privilege.'*

9. This statement is consistent with my memory of the meeting. The confidential and without prejudice discussions to which Mr Ayrton was referring were the two meetings that had taken place in London the previous month. Mr Ayrton's reference to *'rule 408 of the rules of evidence'* was a reference to rule 408 of the US Federal Rules of Evidence. I asked Mr Ayrton to refer to this rule for the reasons I explain below.
10. One of the topics for discussion at the meeting on 25 July 2018 was [the Document in Issue] ... [which] had been marked *'Confidential and Without Prejudice – Provided for Purposes of Settlement Negotiations Only'*.
11. Ocado was concerned to ensure that, in addition to the English rules of without prejudice privilege, it was important to ensure that whatever was necessary to protect the communications under US law was also clearly agreed. It was for this purpose that it was decided that Ocado should also designate the discussions as being subject to rule 408 of the US Federal Rules of Evidence, in order to seek to ensure maximum protection within the US courts. I do not waive privilege in any aspect of my discussions with Ocado's US legal advisors.
12. I clearly recall that Ocado wanted to ensure that the entirety of the discussions would continue to be without prejudice due to the fact that AutoStore's European and US patents are closely related and it was therefore important that reference to rule 408 of the US Federal Rules of Evidence would not result in waiver of the privilege already established by the agreement to communicate without prejudice. I provided to Mr Ayrton a form of wording that would designate the US law discussions as being (additionally) subject to rule 408 of the US Federal Rules of Evidence whilst maintaining English without prejudice privilege in them. Mr Ayrton read this wording out at the start of the meeting, as reflected in the meeting minutes.
13. As the purpose of the meeting was to achieve a global settlement in respect of related patents in the US and Europe, I viewed it as essential that the entirety of the discussions was without prejudice. If I had thought there was any possibility that any aspect of those discussions would be used by AutoStore in US legal proceedings, I do not believe the

meetings would have gone ahead. The purpose of these meetings was to have an open discussion about the parties' respective patent portfolios in the hope of reaching a global settlement. Such a discussion would not have been possible if there had been a risk that it could be used in subsequent legal proceedings."

64. Ms. Wojcik there says that the passage she quotes from the attendance note is consistent with what was decided at the meeting. Yet on a straightforward reading of that passage it was agreed that US law discussions were to be governed by FRE 408, not that they were to be governed by that rule *and* the English without prejudice rule. I do not at all suggest that Ms. Wojcik is being dishonest, but her witness statement was written with the present highly contested dispute between her employer and AutoStore inevitably in mind. I cannot rule out the possibility that the memory of Ms. Wojcik, and indeed others who attended the meeting, have become coloured by awareness of the issue which has arisen between the parties. If there were a trial, Powell Gilbert's attendance note, written at the time or shortly afterwards, may be regarded by the trial judge as having a greater degree of unspun evidential value.
65. Mr. Maclean submitted that the parties could not have agreed that the US law discussions would only have been governed by rule 408 because it would be unworkable in the event of litigation, particularly in a country outside either England or the US. I do not see why. Taking Mr. Maclean's example, a German court dealing with an issue relating to the US law discussions would have to wrestle only with rule 408 and would be spared the joys of being educated in relevant aspects of the English without prejudice rule. That seems to me to be an arrangement which makes more practical sense.



66. Mr. Maclean also drew my attention to the witness statement of Garrard Beeney, which was signed three days ago. Mr. Beeney is a partner in the firm Sullivan & Cromwell LLP. He says that FRE 408 provides a much more limited scope of protection than the English without prejudice rule. I am not prepared to reach any clear conclusion about that in this judgment. But I do not see that it is of any relevance. None of the attendees of the meeting of 25th July 2018 had any expertise in US law. If Ms. Wojcik is right, the idea was to bind the discussions of US matters with the additional protection of FRE 408, implying that the attendees believed that in some significant measure that rule provided extra protection over and above that afforded by the English without prejudice rule.
67. Mr. Maclean also argued that the Document in Issue was marked "without prejudice" so this could only have meant that it was protected by the English rule. I do not think that follows. The concept "without prejudice" is well-known outside English law, particularly in common law countries such as the United States. It is not in dispute that the Document in Issue is protected by at least one without prejudice rule. The question is which.
68. I have reached the view that if there were to be a trial, the issue as to what was decided at the meeting of 25th July 2018 regarding US matters, including the Document in Issue, is likely to be an open one, by which I mean that as of today there is no clear indication as to which side's assertion will prove to be the more accurate. I am not able to say that there is a high degree of probability that Ocado would succeed at trial. In my view, Ocado's case does not satisfy the threshold requirement for the grant of an interim injunction on the facts of this case and on the evidence before me.

69. Even if the threshold requirement had been satisfied, I would still have to consider the balance of irreparable harm. I can take this together with the balance of convenience.
70. Remarkably, nothing was said about either in oral argument. Ocado's skeleton argument has only the following paragraph, which I will quote:
- "47. Unless restrained pending trial, it is clear that AutoStore intends to use the [Document in Issue] and seek to make submissions arising out of its production in the without prejudice negotiations. Once it does so, the violation of the privilege will be complete. Its effect on the US proceedings is difficult to predict, but AutoStore's determination to use it in itself shows that a potentially damaging effect can be expected."
71. The assertion that if the interim injunction is not granted the violation of privilege will be complete is, in my view, not correct.
72. The first hypothesis I must consider is that I grant the injunction and there is subsequently a trial at which it is found that Ocado fails in its claim of threatened breach of contract and breach of confidence. In that case, the damage to AutoStore would have been done. The ITC trial is due to take place in August 2021 and it would go ahead without relevant evidence regarding AutoStore's defence to the claim of equitable estoppel.
73. The second hypothesis is that I do not grant the injunction and the trial judge finds that the disclosure of the Document in Issue to the ITC was either in breach of contract or in breach of confidence. In the meantime, the ITC trial would have taken place. I must assume that AutoStore would seek to introduce the Document in Issue as part of its case. It was not in dispute that Ocado could challenge its admissibility before the ITC judge. Ocado's willingness to make the entirety of the contents of the London Discussions and the London Meeting Documents

available to the ITC may assist Ocado in such a challenge. The ITC judge would reach a view. He is better placed to decide what evidence should be admitted in his own court than is an English judge in an interim hearing.

74. It may be that if the ITC judge were to admit the Document in Issue, Ocado's case before the ITC would suffer. But in my view, Ocado is not entitled to rely on damage caused to it by the prevention of a procedural injustice. I therefore take the view that the balance of irreparable harm falls clearly in favour of there being no grant of an interim injunction.

75. For the foregoing reasons, the application is dismissed.

*(For continuation proceedings: please see separate transcript)*