

UK IP litigation

The purpose of this handout is to give a background picture of UK intellectual property litigation. It is not intended to be exhaustive since the subject is very complex. Please do not hesitate to contact your usual Barker Brettell attorney for more tailored advice.

The United Kingdom

The United Kingdom is made up of four nations: England, Wales, Scotland and Northern Ireland. Most UK IP legislation extends also to the Isle of Man (a Crown Territory in the Irish Sea). Scotland, Northern Ireland and the Isle of Man have their own judicial systems; whilst the rest of this handout concentrates on the situation in England and Wales, please do not hesitate to contact us should you be interested in litigation in any other of the other jurisdictions.

We would also note that the UK courts generally do not have jurisdiction over actions outside of the UK.

Venues

For most IP disputes, there are two or three possible venues in England and Wales. These are the High Court; the Intellectual Property Enterprise Court (previously the Patents County Court); and, for some disputes, the UK Intellectual Property Office.

At the top of the scale is the **High Court**. Intellectual property cases are dealt with in the Chancery Division, either in the aptly named Patents Court for patent or registered design disputes, or the wider Chancery Division for other IP disputes. Cases are tried before a single High Court judge who, particularly in patent cases, is likely to have extensive experience in Intellectual Property. Several of the judges who sit in the Patents Court have a technical background, and a system exists of allocating cases to judges based on the technical complexity. The IP judges were all previously very experienced advocates in the courts in which they now sit.

The jurisdiction of the High Court is unlimited; it can award damages or an account of profits in any sum it feels just, and multi-million pound awards happen frequently.

It can also award injunctions forcing infringement to cease (either in interim fashion pending trial or in final form after trial), require an infringer to destroy infringing goods or to deliver them up to the rights holder and various other remedies.

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Because of the complexity of the High Court procedure, it is easily possible to incur £100,000-£1,000,000+ of costs in taking a case to trial, depending on the complexity of the subject matter involved. A typical trade mark case might cost in the region of £150,000-£300,000. A typical patent case could be double that, or more. Cases are generally managed by solicitors, with barristers providing advice and carrying out advocacy in court.

The losing party at trial can expect to be ordered to pay the winner's legal costs; the usual order results in around 60% of the winner's costs being recovered. However, if a party has been badly behaved, for example by running an entirely hopeless case or abusing the litigation in some way, or if they fail to accept reasonable offers of settlement, they can be forced to pay costs on the "indemnity" basis, which means that much closer to 100% of the winner's costs would be paid.

The next venue down in scale is the **Intellectual Property Enterprise Court (IPEC)**. This presents a much more streamlined procedure and is meant for simpler, less complex cases. It can hear any intellectual property case. There is a limit on the damages recoverable of £500,000, and the complexity of the case must be such that it could be heard in a maximum of two days (or, in exceptional circumstances, three days). The purpose of the court, and its relatively new streamlined procedure, was to improve access to justice for small and medium enterprises (SMEs), but we have found that it has enabled parties of all sizes to litigate disputes that would previously have been uneconomical.

The IPEC has an assigned judge, presently His Honour Judge Hacon. Having a single assigned judge who hears the majority of cases in the court means that the attitude of the court, certainly on procedural matters, is more predictable than otherwise would be the case. We have found both HHJ Hacon and his predecessor HHJ Birss (now Mr Justice Birss of the Patents Court) to be very reasonable judges, who will strictly manage cases so that they are dealt with quickly, efficiently and fairly.

Whilst the IPEC has the same powers as the High Court, except for the limit on recoverable damages at £500,000, the procedure is quite different. Notable features of the IPEC procedure are:

- **Predictable cost recovery:** There is an overall cap on the recovery of costs from the losing side of £60,000, with caps on each stage of the procedure. Whilst this can mean that the percentage cost recovery can be lower than in the High Court, it means that a party considering litigation can predict their maximum liability for the other side's costs should they decide to proceed, rather than the liability being open ended as in the High Court.
- **Managed procedure:** There is a general timescale for actions. It is expected that more of the procedure will be carried out in writing, and that the parties will set out their cases at the outset in much more detail than in the High Court. The Court will identify those matters that are genuinely in dispute between the parties and will generally force the parties to concentrate on those matters. There will be a hearing early on in the procedure – a case management conference – which will set a tight timetable leading up to trial, which the parties are expected to keep to.
- **No disclosure (aka discovery):** The general rule in the High Court is that each party will have to search for its own documents that might be harmful to its case or support the other side's case and disclose those to the other side. However, the general rule in IPEC is that there will be no disclosure, apart from in specifically delimited areas where a party can show that this is both needed and worth the cost or where a party is already aware of any 'known' adverse documents.' This alone can represent a significant cost saving on High Court proceedings.

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- **Speed:** Generally, the trial of a contested action will be approximately a year after the issuing of proceedings, as opposed to 18 months to two years for the High Court.
- **Representation:** UK patent attorneys and trade mark attorneys can represent parties before the court. We have found this to be particularly cost effective, particularly where we have been involved in obtaining the IP rights in question.

Because the procedure is streamlined, the costs of an IPEC case are generally lower than in the High Court; typically, to run a case to trial, the cost could range from £20,000+VAT for a simple copyright case to £100,000 plus +VAT for a patent infringement matter on the cusp of the IPEC complexity limit.

Of course, these costs are for a case that runs to trial; because all of the issues are set out at the start of the proceedings, it is hoped that more cases will settle earlier on.

From both the High Court and IPEC there is the possibility of appeal to the Court of Appeal and then onto the Supreme Court. However, in both cases, it is necessary to seek permission to appeal, which will generally only be given if there is a suggestion that the judge has analysed or applied the law incorrectly; it is not usually possible to simply appeal because the Judge assessed the facts incorrectly.

Cases are decided by a single judge with no jury in both the High Court and IPEC.

There is also the **UK Intellectual Property Office (IPO)**. This has jurisdiction in some areas; generally the revocation of registered rights and entitlement to patents and patent applications. It can also hear patent infringement actions, although there is no recorded case of anyone actually using it to do so (because it can only award damages, not an injunction, and can only be used if the parties agree).

There is also an opinion process which produces non-binding opinions on infringement and validity of patents; whilst not binding, the opinions can be useful in negotiation with third parties.

Costs are generally lower than in IPEC or the High Court, and token costs are recoverable. However, the timescales on such actions can stretch to two years or so. IPO decisions can be appealed to the Appointed Person, who is a senior IP lawyer independent of the IPO, or to the High Court, and then on to the Court of Appeal and the Supreme Court with permission. If a decision is appealed to the Appointed Person, the decision of the Appointed Person will be final and it cannot be appealed to any higher body.

Which court should I choose?

For complex cases, most notably complicated patent infringement cases or other cases which cannot be fitted into the IPEC's two-day trial limit, or where damages are likely to be more than £500,000, then the High Court is the clear choice.

For less complex cases, such as simple mechanical patent infringement cases, most registered design and many copyright and trade mark infringement cases, IPEC can be an efficient, cost-effective and relatively quick choice.

The powers of the IPO are limited, but the revocation procedures available can be useful for clearing the path for new products, and the opinion procedures can be useful negotiation tools.

Whilst the UK IPO

procedures are relatively cheap, the IPO is not very quick at processing them.

Whatever your circumstances, we can advise on the best option for you.

What next?

If you would like more information then please get in touch with your usual Barker Brettell contact.

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