

LITIGATION: INTELLECTUAL PROPERTY ENTERPRISE COURT

The UK Intellectual Property Enterprise Court (IPEC) was created as a specialist list within the Chancery Division of the High Court. It replaced the Patents County Court from 1 October 2013.

WHAT IS THE IPEC?

The primary aim of the UK Intellectual Property Enterprise Court (IPEC) is to encourage SMEs to protect/safeguard their IP rights by providing a venue where court proceedings are quick, less complex and less expensive.

There are two 'tracks' for cases in the IPEC:

- The **multi-track** hears disputes regarding all forms of IP up to a value of £500,000.
- The **small claims track** hears disputes relating to copyright, trade marks, passing off and unregistered designs, with a value of less than £10,000. The small claims track is designed to be even more streamlined and cost-effective with drastically reduced trial process formalities and minimal pre-hearing preparation

Starting your case in the IPEC does not bar you from transferring to the Patents Court (a part of the High Court within the Chancery Division) if necessary. Applications for transfer should be made at the Case Management Conference (CMC).

The Patents Court deals with cases outside the remit of IPEC – i.e. where the case value exceeds £500,000 or where the value may be less than £500,000 but the case is too complex to be heard by IPEC.

FINANCIAL CAPS

Awards (damages and account of profits)

The IPEC multi-track can make damages and account of profit awards of up to £500,000 whereas the small claims track is capped at £10,000.

Costs (litigation-related expenses)

The general principle in English litigation is that the unsuccessful party pays the successful party's costs in relation to the dispute (i.e. legal costs, court fees, witness expenses). However, on the IPEC multi-track awards for costs are kept proportionate to the value of the claim and, in any event, capped at £50,000 for a determination of liability.



On the small claims track the general principal of cost recovery does not apply and costs awards to the successful party are rarely made. Having said that, the IPEC has the discretion to make exceptions in the event of unreasonable behaviour by either of the parties.

These caps ensure that the parties are kept on an equal footing with regards to their legal counsel (as there is no benefit to racking up enormous legal fees). This level of financial certainty is also beneficial for budgeting and insurance purposes.

A typical timetable for an IPEC case for a determination of liability for patent infringement (with costs cap indications) is shown below:

TIMETABLE FOR IPEC CASE (WITH COSTS CAP INDICATIONS)

PROCEDURAL STAGE	TIME LINE	MAX COSTS
<p>Issuing Proceedings</p> <p>Consists of:</p> <p>(a) Filing the Claim Form with the court (requesting issue of the Claim Form by the court); and</p> <p>(b) Service of the Claim Form by the Claimant on the Defendant.</p> <p>The Particulars of Claim is the Claimant's statement of case and it <u>can</u> accompany the Claim Form or alternatively it can be sent to the Defendant later (but within 14 days of serving the Claim Form).</p>	Day 0	£7,000 (Claimant's Particulars)
<p>Exchange of statements of case</p> <p>Claimant provides its Particulars of Claim (either with Claim Form or 14 days from service of Claim Form).</p> <p>Defendant provides either:</p> <p>(a) Defence; or</p> <p>(b) Defence and Counterclaim.</p> <p>If Defendant provides a Defence only, the Claimant will provide a Reply to Defence.</p> <p>However, if the Defendant provides a Defence and Counterclaim, the Claimant will provide a Reply and Defence to Counterclaim.</p> <p>If appropriate, the Defendant will then provide a Reply to Claimant's Defence to Counterclaim.</p>	Weeks 4-8	£7,000 (Defendant's Defence) £7,000 (Claimant's Reply and Defence to Counterclaim) £3,500 (Defendant: Reply to Claimant's Defence to Counterclaim)
<p>Case Management Conference</p> <p>A feature of the IPEC is the degree to which the cases are Judge-led and managed</p> <p>At the CMC, the Judge will give explicit and detailed instructions and guidance on what needs to be done before the hearing. Such instructions will include time-lines for filing and sharing documents and calling witnesses. The judge will also put together a streamlined timetable for the case.</p> <p>This is of great benefit to the parties as it means costs are kept to a minimum and the entire case can be processed efficiently and quickly.</p>	Weeks 8-12	£3,000

<p>Applications</p> <p>Making an application for interim remedies such as search and freezing orders, delivery up and/or destruction orders (usually of infringing items) and disclosure orders.</p> <p>Note: the small claims track of the IPEC cannot order <u>interim</u> injunctions (though most are available as <u>final injunctions</u>). If your dispute is likely to require interim injunctions, it will need to be allocated to the multi-track.</p>	Weeks 8-12	£3,000
<p>Disclosure and Inspection of documents</p> <p>Carrying out internal document searches and preparing the Document Disclosure List which sets out the <u>existence</u> of various documents relevant to the dispute (this is known as Disclosure).</p> <p>Reviewing and requesting specific items disclosed on the Document Disclosure List (prepared by the other party) for inspection.</p> <p>Providing and/or inspecting requested disclosure documents (this is known as Inspection).</p> <p>Performing or inspecting experiments based on the documents disclosed and inspected.</p> <p>Note: The court will often order <u>no disclosure</u> for cases in the IPEC as this cuts down on time and costs for the proceedings.</p>	Weeks 14-16	£6,000 £3,000
<p>Witness Evidence</p> <p>Preparing witness statements (interviewing witnesses and drafting statements).</p>	Weeks 16-20	£6,000
<p>Expert Evidence</p> <p>Instructing experts, preparing and reviewing expert reports based on interviews or original draft report.</p>	Weeks 16-20	£8,000
<p>Trial</p> <p>If the trial is held as a hearing, it will usually be at the Thomas More Building at the Royal Courts of Justice in London.</p> <p>If the trial is to be 'determined on the papers' the judge will review submitted bundles containing statements of case, witness statements, expert witness statements and expert reports and other evidence and produce their judgment based on this material.</p> <p>Preparing for and attending trial and judgment (the trial itself will last for a maximum of 2 days).</p> <p>OR</p> <p>Preparing for determination on the papers</p>	Weeks 20-26	£16,000 OR £5,000
<p>Judgment</p> <p>The Judge will rarely give their judgment at the end of the hearing, rather they will prepare a written judgment which they will then serve on the parties up to 2 weeks following the hearing.</p>	Weeks 28	

PROS & CONS OF CHOOSING IPEC FOR YOUR CASE

Pros

Speed – The IPEC’s streamlined proceedings, which are heavily Judge-led and managed, enable the parties to a dispute to get back to business sooner. In contrast, litigation in the High Court is a substantially more time-consuming exercise, during which large numbers of personnel of the parties involved may be unable to carry out their usual duties. This expense, resulting from a loss of man-hours, is often overlooked when considering the costs associated with High Court litigation.

The streamlined approach taken by the IPEC means that from start to finish, you can receive the judgment on your dispute within 7 months. This is in contrast to the Patents Court where an entire case can take up to 18 months or longer. (Which is still relatively fast, when considered compared to IP litigation in other countries).

Reduced expense – Costs and damages caps provide for a greater level of certainty regarding the potential expenses of litigation so that the financial risk can be more accurately assessed.

Access to the justice system for SMEs – A review and report on the IPEC (Evaluation of the Reforms of the IPEC 2010-2013) published 22 June 2015 found that filings by SMEs and private individuals have increased substantially since the introduction of the IPEC with 45% of cases being filed by SMEs and 22% by private individuals in 2013.

Survey evidence identified that the most influential reforms were capped costs and the Judge-led case management of proceedings.

Cons

Limited scope – If your dispute has a value of more than £500,000, then the High Court may be a more appropriate venue as the IPEC will not make an award in excess of this amount. However, it is possible to start proceedings in the IPEC and then transfer to the High Court at a later date (usually the CMC) if you become aware that this would more suitable, e.g. due to value or complexity reasons.

CONTACT US

For more information on Mewburn Ellis LLP and other intellectual property matters, please visit our website at www.mewburn.com; email firstname.lastname@mewburn.com or mail@mewburn.com