

IP LITIGATION IN ENGLAND & WALES: GENERAL PRINCIPLES

The route to resolving a dispute depends on its specific circumstances and your desired commercial outcome. Although it is often assumed that intellectual property (IP) infringement inevitably means litigation and court action, this is often the last resort. IP litigation is often only used when alternative tactics, approaches and avenues of resolution have failed.

The dispute resolution team at Mewburn Ellis advise on a wide range of IP disputes and assist in facilitating appropriate outcomes.

STARTING LITIGATION

All litigation in the courts of England and Wales is governed by the Civil Procedure Rules (CPR). It is formally started by the Claimant (a) completing a Claim Form and (b) requesting that the court formally issues it. But the Claimant has 4 months before they must serve the Claim Form on the Defendant.

In addition to the Claim Form, the Claimant must also serve their Statement of Case (known as the Particulars of Claim) on the Defendant. However, this does not have to be served at the same time as the Claim Form. The Particulars of Claim can be delayed for up to 14 days following service of the Claim Form on the Defendant.

Proceedings begin in a practical sense, and time limits start to run, following service of the Particulars of Claim on the Defendant.

DEFENCE

Once the Defendant has been served with the Claimant's Particulars of Claim they must respond to the allegations in their own Statement of Case (known as the Defence, or Defence and Counterclaim). The Defence must set out which of the Claimant's allegations they deny, which they admit and those they will require the Claimant to prove. It is also an opportunity for the Defendant to make any Counterclaims, such as a Counterclaim for revocation of a registered IP right.

INTERIM RELIEF

As a Claimant you may consider that allowing the Defendant to continue their infringing activity during the time before trial could or will result in substantial damage to your business. In this case it may be appropriate to apply to the court for an interim injunction. The aim of such an injunction is to prevent the Defendant from continuing with specific activities, such as 'manufacturing Product X' or 'selling Product X'.

The court is often reluctant to grant an injunction ahead of the Judge's decision on the case. But if the court agrees to do so, it is common for the Claimant to be required to give a 'cross-undertaking in damages' promising to indemnify the financial losses and damages suffered by the Defendant as a result of the interim injunction if the trial establishes; (a) that the Defendant's actions did not infringe, or (b) that the Claimant's IP was in fact invalid.



CASE MANAGEMENT CONFERENCE (CMC)

Once each side has set out its case in the Claim, Defence and any Counterclaim, a CMC is held. The CMC is chaired by a Judge allocated to the case. It is designed to help the court monitor and manage the progress of the case and to identify the most important issues to be decided in the dispute. At the CMC the Judge will assess the general scope of the dispute and set a timetable for the remaining steps in the litigation, including document disclosure, obtaining witness statements and expert reports. The Judge will also set the date of the full trial.

DISCLOSURE AND INSPECTION

Each party to the proceedings must carry out an internal discovery exercise and produce a list of all existing documents in their control which are relevant to the dispute. This process is known as Disclosure and it generates the Document Disclosure List. Unless a document on the Document Disclosure List is privileged (see below) or is not under their control, then it must be supplied to the other side for their review. This is known as Inspection. Disclosure in UK IP litigation is generally limited in scope in comparison to some other jurisdictions, such as the United States.

PRIVILEGE

Certain documents may be subject to Legal Advice Privilege or Litigation Privilege. The existence of such documents must still be disclosed on the Document Disclosure List, but they will be exempt from Inspection by the other party. A document will be protected by:

- **Legal Advice Privilege** if it consists of confidential communications for the sole or dominant purpose of legal advice between a party and their lawyer, patent attorney or trade mark attorney.
- **Litigation Privilege** if it consists of confidential communications between a client and their lawyer, patent attorney or trade mark attorney or the client and a third party, or is a document created by or on behalf of the client or their lawyer, patent attorney or trade mark attorney, for the dominant purpose of litigation at a time when litigation was pending, reasonably contemplated or existing.

EVIDENCE

Evidence can come in a range of different forms. In IP litigation the most common form is witness and expert evidence.

- **Witness Statements** contain the witness's statements of fact. They are supported by a statement of truth. Witness Statements will be exchanged by the parties prior to the trial, usually at a date set by the Judge at the CMC. A Witness Statement will act as the witness's evidence in chief at the trial, where it may be cross-examined if its content is challenged by the other side.
- **Expert evidence** is frequently used (subject to court approval and permission) in IP litigation, and in particular patent litigation. Expert evidence usually consists of a pre-prepared expert report.

SKELETON ARGUMENTS

The aim of a skeleton argument is to help the court to identify the key facts, issues, and legal points of the dispute in advance of a hearing on the case. These documents are usually prepared by the barristers instructed by the Claimant and the Defendant and supplied to the court.

TRIAL

There are a number of strictly enforced court practices and procedures in relation to the trial.

Specialist advocates (known as barristers) will usually be instructed by the Claimants and Defendants to represent them in court. The Claimant's barrister will:

- deliver the Claimant's opening speech;
- present the Claimant's evidence (witness and expert evidence) to the court;
- carry out the examination in chief of the Claimant's witnesses, which involves drawing out key elements of the Claimant's witness statements;
- carry out the cross-examination of the Defendant's witnesses, which involves identifying issues, inconsistencies and weaknesses in the Defendant's witness statements; and
- the re-examination of the Claimant's witnesses following the Defendant barrister's cross examination. This is an opportunity to repair any damage done by the Defendant barrister's questioning.

Similarly, the Defendant's barrister will:

- carry out the cross examination of the Claimant's witnesses;
- carry out the examination in chief of the Defendant's witnesses; and
- re-examine the Defendant's witnesses following the Claimant barrister's cross examination.

The barristers for both the Claimant and Defendant then deliver their closing speeches on behalf of their respective clients, summarising the events of the trial.

Note that there are no juries in UK IP litigation. Responsibility for deciding the outcome of the case lies only with the Judge.

JUDGMENT

The Judge rarely hands down their judgment immediately on conclusion of the trial. It is more common for them to provide a detailed written judgment to the parties up to 2 months following the trial. A judgment will detail the Judge's consideration of the arguments presented by the Claimant and Defendant and their final decision (the judgment).

It is also possible for the Judge to decide to split the trial. At the first hearing the court decides the liability regarding the dispute e.g. to decide whether there is infringement of an IP right. At the second, the damages awards are decided. However, the second hearing is normally unnecessary if the parties settle once liability has been determined.

REMEDIES

There are a number of different civil remedies available in IP litigation in the UK. The most common remedy, if the Claimant proves their case, is referred to as damages – i.e. an award of money to the Claimant. The purpose of damages is to reimburse the losses suffered by the Claimant which were a foreseeable result of the Defendant's actions.

Other remedies include injunctions (to stop the Defendant from doing a specific thing) and specific performance (to make the Defendant do a specific thing).

COSTS

The general principle regarding costs is similar to that of damages. The unsuccessful party to a dispute will be ordered to pay some or all of the legal costs and expenses of the successful party. It is, however, unusual to recover more than 70% of total legal costs, because the court has a wide discretion as to the costs award and takes a number of factors into consideration, including:

- the extent to which the parties followed any relevant Pre-Action Protocol;
- the general conduct of the parties; and
- whether any admissible settlement offers were made including a CPR Part 36 offer- (see below).

APPEALS

If you are not satisfied with a judgment or a court order, it may be possible to make an application to a higher court to overturn the judgment or order. The general procedure of an appeal is broadly similar to that of the original case. Both parties have to produce their Statements of Case, submit evidence and attempt to prove their case in court.

In order to launch an appeal it is necessary to obtain permission or leave to appeal. To do this you must be able to demonstrate (a) that the appeal has a real prospect of success, or (b) that there is some other compelling reason as to why the appeal should be heard.

An appeal will usually be allowed where it is found that the lower court's decision was either:

- **wrong** on an error of application of law, or an error in the exercise of the court's discretion, or, in extreme circumstances - for example where the lower court was 'plainly wrong' - on an error of fact; or
- **unjust**, because of a serious irregularity in the proceedings in the lower court (for example, the appealing party was denied the opportunity to make their submissions at trial).

SETTLEMENT

The courts actively encourage the parties to settle their dispute. It is common for settlement negotiations to run alongside the court case. The parties can settle the dispute on agreed terms at any point in the dispute. Communications regarding possible settlement are usually indicated as being "without prejudice save as to costs". This means that the existence and content of the possible settlement cannot be shown to the court. The exception is that the court can be shown the settlement offer when deciding on awarding costs.

The CPR provides for a specific type of settlement offer known as a Part 36 offer which can have tactical advantages. Where, for example a Defendant makes a Part 36 offer and the Claimant secures a less advantageous judgment, the Claimant will be subject to financial penalties in their costs award.

FURTHER INFORMATION

IP litigation is a complex area of law. This information sheet only sets out some general principles and an outline of the procedure. For more detailed advice specific to your circumstances please contact us.

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