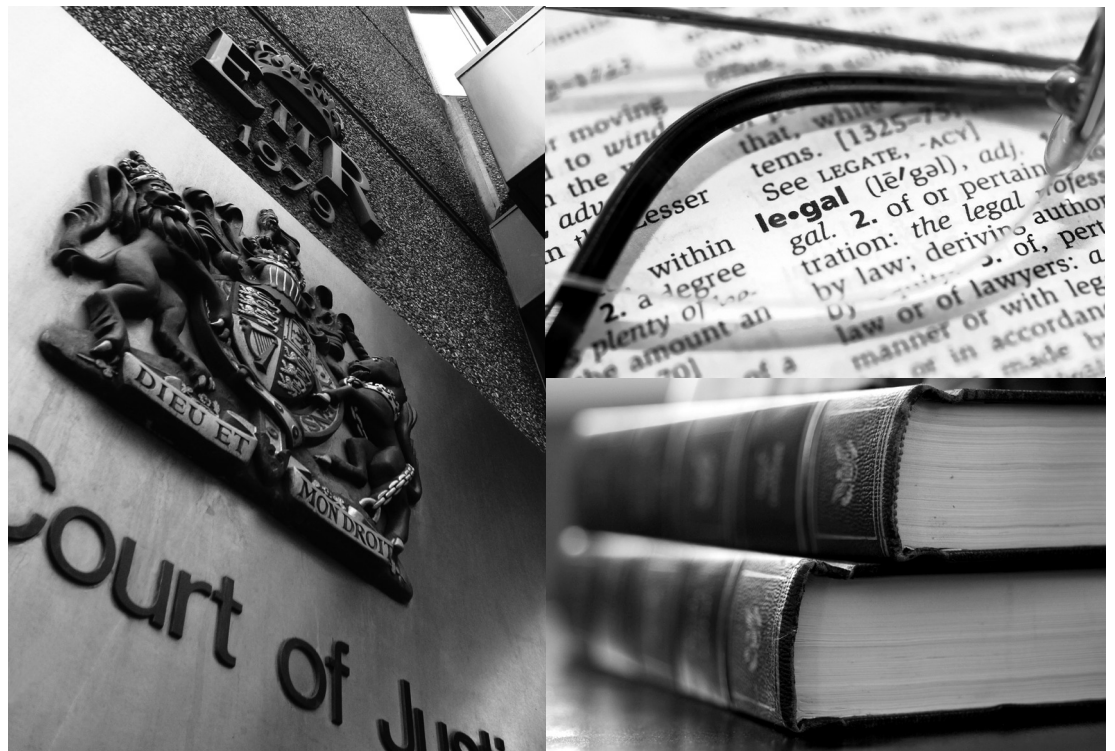


## GUIDE TO INTELLECTUAL PROPERTY DISPUTES IN THE PATENTS COUNTY COURT

A step by step guide to the process of litigation



## Guide to intellectual property disputes in the Patents County Court

This guide contains an overview of the process for intellectual property (IP) cases in the Patents County Court of England and Wales

### 1. INTRODUCTION

#### 1.1 The Patents County Court

The Patents County Court is intended to be a relatively inexpensive forum for litigating IP disputes. It operates under procedural rules that encourage litigants to use judicial determinations on the basis of submissions on paper only and to participate in hearings by telephone, rather than attending at court. The Patents County Court is suitable for small and medium-sized companies (with an annual turnover or a balance sheet not exceeding approximately £35 million), individuals and larger companies with lower value claims. It should be emphasised that the Patents County Court has jurisdiction to hear all types of IP disputes, including patent cases, trademark infringement cases, patent ownership (entitlement) cases and cases involving copyright and design right (both registered and unregistered).

#### 1.2 The Legal Team

Because of the complexity of the law in this area, companies and individuals often prefer to retain specialist solicitors to manage the conduct of IP cases, both in the Patents County Court and in the High Court. A case proceeding in the Patents County Court will usually require the attention of at least one senior solicitor, who may be assisted by another, more junior solicitor. As the case gets close to a hearing, it is usually necessary for the solicitor's firm to use additional administrative staff for certain tasks, such as organising documents and papers for the Judge. Occasionally, during the life of a case in the Patents County Court, it may become necessary to involve a specialist barrister, for example if there is a complicated point of law on which an opinion is required or in the rare cases when a longer trial of 2 days or more is ordered.

#### 1.3 Bifurcated procedure

Legal cases concerning the infringement of IP rights that are heard in the courts of England and Wales (including in the Patents County Court) are divided into two parts (the procedure is said to be "bifurcated"). First, the court will determine the question of liability, i.e. has the IP right been infringed? Second, provided that the answer to the first question is "yes", the court will determine (in a separate procedure) how much the infringer should be required to pay by way of compensation to the IP rights-holder. The procedure set out below would apply to a claim brought in the Patents County Court for determination of liability on the question of infringement. Brief details only of the second step (the enquiry as to damages) are given in section 2.12, below.

### 2. PROCEDURE FOR CLAIMS BROUGHT IN THE PATENTS COUNTY COURT

#### 2.1 Before starting a claim

The English courts expect potential litigants to make initial, genuine efforts to reach a compromise with the opposing party, before issuing a claim. This is usually done by means of exchanges of letters, either between the parties themselves or their solicitors. The parties might for example exchange proposals for settlement of the dispute. Alternatively, the parties might meet for discussions, on a without prejudice basis. There is a detailed *Pre-action Protocol* that describes the principles that the court will expect the parties to observe, before embarking on a claim in the Patents County Court. A claim brought in the Patents County Court must bear a certification as to whether the relevant sections of the Pre-action Protocol have been complied with. If a party does not comply with the protocol, the matter can be brought to the attention of the court (usually at the end of the case) and the court may impose sanctions (by way of a costs award) if it finds that there has been non-compliance.

## 2.2 The timetable to trial in the Patents County Court

If the parties cannot agree to settle the matter, a claim in the Patents County Court may follow the timetable set out below. In some cases (for example, where the parties are content to have their dispute determined on paper), the timeline may be significantly shorter than that outlined below. The timeline indicated here assumes that there will be *disclosure of documents*, *service of witness statements* and *expert reports* and a trial hearing of 1-2 days.

<b>Procedural stage</b>	<b>Timeline</b>
Issue and service of claim	Start
Exchange of statements of case	4-8 weeks
Case Management Conference	8-12 weeks
Disclosure of documents	14-16 weeks
Witness Evidence	16-20 weeks
Expert Evidence	16-20 weeks
Trial	20-26 weeks
Judgment	28 weeks

The timings for exchange of statements of case are prescribed. Extensions of time can only be granted by the court but can be sought by letter. The timings of the other procedural stages will be prescribed by the court in an order made at the Case Management Conference (see section 2.5, below).

## 2.3 Starting a claim

Legal proceedings in the Patents County Court are initiated with a document called a *claim form*. The claim form should state the nature of the claim that is being disputed and specify the remedies that the person pursuing the claim (the *claimant*) seeks from the court. The claim form must be taken to the court and a fee will need to be paid. The claim form must be “*served upon*” the opposing party (usually, the *defendant*) with another document, a *statement of case*.

## 2.4 Statements of case

In the Patents County Court, statements of case are expected to contain a concise statement of *all* of the facts and arguments that a party wishes to rely upon. If a claimant or a defendant wishes to ask the Patents County Court to revoke a patent or a registered trademark, the statement of case will need to contain a summary of the reasons why the relevant IP right is invalid: the *Grounds of Invalidity* of the relevant IP right. Statements of case must be certified by a statement of truth signed by a person at the client with knowledge of the relevant underlying facts. That person may be required to appear as a witness in the case, at the trial. Statements of case are public documents that can be obtained from the court’s records by third parties not directly involved in the litigation.

## 2.5 The Case Management Conference

Following the exchange of statements of case, the *court* will identify the issues and make an order containing a timetable for the rest of the procedural steps, up to the date of the trial. This *may* be done at a hearing, called the Case Management Conference. In the Patents County Court, the Judge may (but is not obliged to) make an order for the *disclosure* of documents (see below) and the *service of evidence* (*product and process descriptions*, *witness statements* and *experts’ reports* – see below). The Judge will usually set the date for the trial at the Case Management Conference.

## 2.6 Interim applications

There are many types of procedural interim applications that can be made to the Judge in the Patents County Court. Descriptions of the kind of applications that can be made are outside the scope of this Guide. However, it should be noted that in the Patents County Court, interim applications are dealt with on paper, unless the court considers it necessary to have a hearing. Costs awards in interim applications will be reserved until after the trial, at the conclusion of the case.

## 2.7 Disclosure of documents

Unlike legal proceedings in the High Court, in the Patents County Court, the Judge should only make an order for *disclosure* of documents if satisfied that the benefit of introducing further documentary material into the case - in terms of assisting to resolve the issues in dispute - will justify the cost of searching for the documents and producing them. If ordered, *disclosure* involves reviewing and collating all of the documents (including electronic documents such as emails) in the possession of a party for their relevance to the specific issue that is the subject of the order for disclosure made at the Case Management Conference. A *List of Documents*, usually in date order, should be compiled. The list must then be certified as to the search that has been carried out and the completeness of the search. On the deadline set out in the court’s timetabling order (see above) the List of Documents is served. It is then usual to request copies of all of the documents on the other side’s list.

## 2.8 Witness statements

Additional facts not set out in the statements of case may be proved at trial by means of evidence from witnesses. This evidence takes the form of written *witness statements* that are exchanged between the parties, usually approximately 1 month before the trial. Unless excused from attendance by the opposing party, a witness who makes a statement must ordinarily attend at the trial and attest formally to the truth of their statement (their “*evidence in chief*”). The witness may then be questioned on their statement by the opposing party’s advocate (“*cross examination*”). Witness statements are supposed to be expressed in the witness’s own words, but because certain formalities must be complied with (in terms of format and style), solicitors usually draft them, following interviews with the witness either face-to-face or on the telephone. The production of witness statements is normally an iterative process, involving the production of a draft, amendments from the witness, the production of a revised draft and eventually a final version that the witness is happy to sign off, with a statement of truth as to the contents.

## 2.9 Other evidence in IP cases in the Patents County Court

### Product and process descriptions in patent cases

In patent infringement cases, the defendant will normally be ordered to produce a document called a *Product and Process Description*. This document is intended to provide the patentee (and the court) with sufficient details of the product and/or process alleged to infringe, so as to narrow the issues in the case and to remove the need for the defendant to disclose documents relevant to the issues of infringement. The Product and Process Description is often an important document that needs to be drafted with great care, with input from the legal team. It is necessary for an individual to be able to attest to the truth of a Product or Process Description and – if requested by the patentee – to attend at the trial as a witness to be asked questions (cross examined) on it.

### Expert evidence - generally

In the Patents County Court, the order made at the Case Management Conference will specify whether expert evidence is to be allowed into the case and if so, how many experts each side may have. It is likely to be the practice of the Patents County Court to try and confine each party to one expert per area of expertise. The expert’s evidence is provided in the form of a written expert report. At trial, the expert may be cross examined on the content of the report by the opposing party’s advocate. Expert reports are usually exchanged between the parties on the date given in the timetabling order (often approximately 1 month before the trial).

### Expert reports

Experts are supposed to write their own expert reports, although (as with witness statements) it is often logistically easier for the solicitors to manage the document and to draft and amend it in accordance with instructions from the expert. There are certain formal requirements in the court’s rules as to the content of an expert’s report. The expert must include a full cv (or details of relevant qualifications) and details of any literature or other material relied upon in making the report. Where an expert has ventured an opinion, reasons for the opinion should be given.

### Overriding duty to the court

The expert is not supposed to be an advocate for the party instructing him; the purpose of expert evidence is to help the court to understand technical or other matters outside the knowledge and experience of the Judge. The expert has an *overriding duty* to the court, i.e. a duty that is supposed to override any obligation that the expert may have to the company that retained him or by whom he has been paid. The expert must certify in his report that the overriding duty to the court has been understood and that the expert has complied with that duty.

### Expert evidence in patent cases

Technical issues are often key to assessing such matters as construction (i.e. the meaning) of patent claims and obviousness in patent cases. Experts’ reports and the cross examination of experts are frequently where patent cases are won or lost. It is good practice to engage a technical expert as early as possible. In the Patents County Court, this is now probably essential in most patent cases, bearing in mind the requirement to set out all of the facts and arguments in the initial statement of case.

### Expert evidence in trademark cases

Trademark cases rarely require input from expert witnesses (such as brand consultants) on issues such as consumer confusion. An application can be made to use such expert evidence in trademark cases, but it is likely to be very difficult to persuade the Patents County Court to allow such evidence into the case.

### Consumer survey evidence in trademark cases

In order to use consumer survey evidence at the trial of a trademark case in the Patents County Court, it will be necessary to seek an order from the court giving permission, by means of an interim application at the Case Management Conference (see section 2.6 above). The application will need to set out the proposed scope and methodology of the survey that a party wishes to conduct.

## 2.10 The trial

Before the start of the trial, the advocate (either a senior solicitor or a barrister) must prepare a skeleton argument, which is a summary of the evidence and the law relied upon. The *skeleton argument* should be submitted to the Judge a few days before the start of the trial, together with the *trial bundles*, which are files containing copies of the documents in the case, including for example the statements of case, important disclosure documents and witness statements. The Judge will often allocate time for *pre-reading* the skeleton arguments and the trial bundles, so that he will be reasonably familiar with the issues by the time the trial starts.

Trials in the Patents County Court are intended to be managed so that they will usually last 1 day or less, but certainly no more than 2 days. At the trial itself, there is no jury. The trial is heard before a single Judge. The parties' advocates take it in turns to present the legal cases of their respective clients to the Judge. Trials generally take place in public, unless confidential documents containing market sensitive information are being discussed, in which case the Judge may order the trial to continue behind closed doors to the exclusion of the general public. Witnesses may be *called to give evidence*. They will be required to take an oath and then answer questions put by the opposing side's advocate in cross examination, although in the Patents County Court, cross examination is not lengthy and will likely be kept under strict control by the Judge, in order to keep the costs down. After the witnesses have given their oral evidence, the advocates may make closing remarks and present further arguments on any legal issues in the case, often with some intervention on the part of the Judge. Once the trial is over, the Judge will adjourn the proceedings and retire to write his judgment.

## 2.11 Judgment

Once the Judge has written the judgment (which may take anything from 2-4 weeks), it may first be issued in draft, as a confidential document, with a request for typographical corrections. A date will then be scheduled for the Judge formally to *hand down* his judgment, which usually involves simply handing out photocopies to anyone who attends on the allotted date. The judgment is then a public document. There may then be a further hearing for the Judge to rule upon the practical consequences of his legal judgment, i.e. if a patent or trademark is found to be invalid, the Judge will issue an order that the relevant IP right should be revoked. If an IP right is ruled to have been infringed, the Judge will have to consider what remedies to award the proprietor. The Judge will also rule upon any award of legal costs.

## 2.12 Damages

There is no financial limit on the damages that can be awarded by the Patents County Court for infringement of

IP rights. Once liability has been determined, the court may order the start of a separate procedure: *an enquiry as to damages*. In the Patents County Court, this procedure will follow a similar set of steps to the case on liability (see above).

## 2.13 Assessment of costs

A proportion of the legal fees spent on a case may be recovered by the winner of a case in the Patents County Court from the losing party, up to a cap that is presently £50,000 for the costs of a case on liability. Costs are assessed according to a pre-determined scale, depending upon which stages of the case have been completed.

## 2.14 Appeals

Appeals from decisions made by Judges sitting in the Patents County Court are heard by the Court of Appeal, which is located on The Strand in central London. Appeal hearings are usually scheduled in the Court of Appeal's diary about 9-12 months after the final order made by the Judge in the Patents County Court. Prior to the hearing, Court of Appeal advocates (usually barristers) will prepare skeleton arguments and submit them to the appeal Judges (*Lords Justices*). An appeal hearing is usually quite short, because the Court of Appeal's function is mainly to examine the correctness of the first instance decision on points of law, not on questions of fact. After the appeal hearing, the Court of Appeal will issue a written judgment, usually within 4-8 weeks. There is a further possibility of an appeal on a point of law to the Supreme Court, although permission must first be sought (and is rarely granted). The legal costs of any appeal (both to the Court of Appeal and the Supreme Court) are awarded to the winning party on the principle of "loser pays". There is no cap (as in the Patents County Court) on the level of costs that the loser of an appeal may be awarded to pay. Legal costs insurance may be available to the winner of a case in the Patents County Court who faces an appeal by an opponent.

## 3. TRANSFERS: PATENTS COUNTY COURT OR THE HIGH COURT?

If you receive a claim that has been issued in the Patents County Court, it is important to decide quickly whether you are content to allow the claim to proceed in the Patents County Court, with its lower cost, abbreviated procedures, or whether you would prefer a transfer of the case to the High Court. Applications to transfer a case from the Patents County Court to the High Court must be brought at an early stage in the life of a case, i.e. before or at the *Case Management Conference* (see section 2.5, above). The Patents County Court will only consider transfer applications later than the Case Management Conference in exceptional circumstances.

## OUR APPROACH

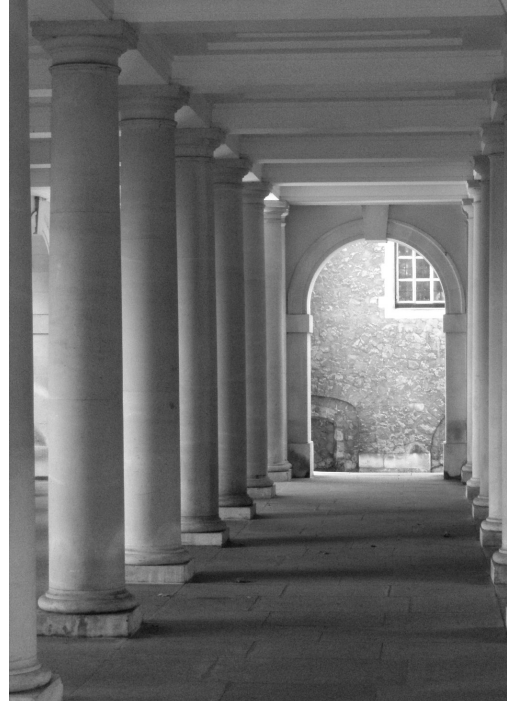
**Innovate Legal is a specialist, 'boutique' law firm with many years of experience of handling IP disputes and litigation.**

An indicative range of our fees for acting in the Patents County Court is from £15,000 (plus VAT) for a simple, paper-based trademark case with no hearings in court to £75,000 (plus VAT) for a more complicated patent case that requires a 2 day trial.

If you wish to arrange a meeting to discuss your specific requirements, please contact our Director, Dr Duncan Curley, by email at [duncancurley@innovatelegal.co.uk](mailto:duncancurley@innovatelegal.co.uk).

*Coverage of the topics highlighted in this Guide is not exhaustive and you are recommended to seek legal advice if you have a specific issue that may lead to a dispute. We are happy to answer any questions that you may have.*

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