

Intellectual Property Dispute Resolution in the UK



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Essentially, there are only two ways of resolving any kind of dispute:

- (1) the parties can *agree* to settle; or
- (2) a third party, such as a judge, arbitrator or hearing officer, *imposes* a settlement on them.

These are not mutually exclusive. Some issues in a dispute may be settled by one method while other issues may be settled by another.

Agreed Settlement

There are two routes to an agreed settlement.

Positional Negotiation: The parties can bargain. One side begins by demanding more than it expects to get while the other offers less than it expects to give. In subsequent exchanges the parties edge towards each other until they strike a deal. In the intellectual property ("IP") context, positional negotiation often resolves money disputes such as royalties payable under a licence or the damages for infringing an IP right ("IPR").

Principled Negotiation: In principled negotiation, the parties explore solutions that satisfy their respective interests rather than their demands. A remarkable example of a successful principled negotiation is where the

parties started on opposite sides of an infringement dispute and emerged with a licence and distribution agreement that has subsisted for many years.

Mediation: As it is not usually easy for opponents to ascertain and understand each other's interests, principled negotiation often needs to be facilitated by a trusted third party known as a mediator. The mediator meets each party separately to discover the factors causing and perpetuating the dispute. He or she considers those factors dispassionately and considers how they may be addressed. Often he or she can see a solution that would never have occurred to the parties. The mediator introduces that solution to each of the parties. If they both accept it outline he or she works with the parties to construct a settlement.

Mediation Services: There are many mediation services that help resolve intellectual property disputes and many of them are listed on a PDF file that can be downloaded from the Intellectual Property Office's website¹. These include services offered by the World Intellectual Property Office ("WIPO")², the UN specialist agency for intellectual property, the Intellectual Property Office's own mediation service³ and NIPC Ltd.'s Mediation Service⁴.

Cost: Positional negotiation need not cost anything because it does not necessarily require representation. Principled negotiation, however, requires representation by advocates or litigators with specialist training and experience. Most lawyers and patent and trade mark agents charge or at least compute their fees by the hour. The least you can expect to pay for professional representation is £250 per hour plus VAT. Mediators charge similarly though their fees are usually shared by the parties. There are usually a few extras such as room hire, copying and refreshments.

Imposed Settlement

¹ See "Mediation Providers" at <http://www.ipo.gov.uk/mediationproviders.pdf>

² See <http://www.wipo.int/amc/en/>

³ See <http://www.ipo.gov.uk/ipenforce/ipenforce-dispute/ipenforce-mediation/ipenforce-mediation-ourservice.htm>

⁴ See <http://www.nipc-mediation.co.uk/>



If a dispute cannot be settled by agreement, it may have to be referred to a third party for determination. The jurisdiction of that third party may be conferred by the state or the parties themselves.

Jurisdiction conferred by the State

In the UK, there are two sets of forums for the resolution of IP disputes that are established by the state in the UK, the courts and a number of administrative tribunals.

The Courts

Court Systems: Each part of the UK has its own court system, procedural, and, on some issues, substantive laws.

In England and Wales, the High Court has unlimited jurisdiction and a number of local courts, known as County Courts, have limited local jurisdiction. Appeals lie from the High Court and county courts to the Court of Appeal.

Northern Ireland has a courts system that is similar to that of England and Wales.

Scotland has a court of unlimited original and appellate jurisdiction known as the Court of Session and a number of local courts known as Sheriffs' Courts.

Appeals lie from the Courts of Appeal in England and Wales and Northern Ireland and from the Court of Session to the Supreme Court of the United Kingdom, the final court of appeal for all parts of the UK. The Court of Justice of the European Union provides guidance to the courts of the UK on points of EU law.

Remedies: The remedies that can be awarded by the courts include:

- **Declarations:** statements of a party's legal rights or obligations;
- **Injunctions:** orders of the court to do or refrain from doing something on pain of punishment for disobedience;
- **Delivery up:** surrender of documents or other items;
- **Damages:** compensation for injury, loss or damage suffered as a result of wrongdoing;

- **Account of Profits:** computation and surrender of the profits or other benefits from wrongdoing; and
- **Costs:** reimbursement of at least some of the legal fees and other expenses incurred by the successful party.

Interim Remedies: If one of their IPR has been infringed, most IP owners want an immediate stop to the infringement. The courts therefore have power to grant injunctions and other orders at any stage of an action. Such injunctions, which are known as interim injunctions, last until the trial or further order in the meantime. As the court does not know which party will win, it requires the party seeking an interim injunction to promise to compensate the other party for any loss or damage that it may suffer if that other party is ultimately successful as a condition for granting the injunction.

Search Orders and Freezing Injunctions:

Two particular kinds of interim injunction are particularly useful in IP litigation:

- **Search Orders:** orders requiring the person in charge of a building or vehicle to admit an independent solicitor together with solicitors, computer or other expert from the applicant's team to search for, and take away, documents, computer files and other evidence that might otherwise be destroyed or hidden; and
- **Freezing Injunctions:** orders preventing a party from transferring, hiding or dissipating assets that could satisfy a judgment.

Venue: Claims relating to any IPR except patents, registered and registered Community designs, semi-conductor topographies and plant varieties may be brought in the High Court, the Central London County Court or a High Court or county court in a number of other towns and cities. Patents, registered and registered Community designs, semi-conductor topographies and plant varieties must be brought before specialist judges of the High Court known as the Patents Court or a specialist judge of the Central London County Court known as the Patents County Court ("PCC").

Costs: Litigation in the High Court and most county courts is expensive. A study by IPAC (Intellectual Property Advisory Committee) in 2003 found that the average cost of a patent



claim in the High Court was over £1 million and between £150,000 and £250,000 in the PCC⁵. Rules adopted for the PCC in October 2010 cap the costs that either party can recover from the other at £50,000 for trials on liability and £25,000 for inquiries as to damages or accounts of profit⁶.

Tribunals

IPO Tribunals: The Chief Executive of the IPO (known as the *Comptroller* in relation to patents and the *Registrar* in respect of registered designs and trade marks) has jurisdiction to hear appeals from examiners and other officials as well as disputes between members of the public relating to patents, registered and unregistered designs and trade marks. The Comptroller exercises that jurisdiction through officials known as hearing officers. Hearing officers sit at the IPO's headquarters in Newport, its London offices or, occasionally, elsewhere. Parties and their advocates may attend hearings from anywhere by video link or telephone. Hearings tend to be short and many disputes are resolved on paper. In most cases awards of costs are limited to a few hundred or at most thousands of pounds.

Copyright Tribunal: Panels consisting of a legally qualified chair or deputy and 2 representatives of the public decide disputes over the terms of block licences to use copyright works and other media.

Company Names Tribunal: A low cost tribunal before IPO hearing officers to determine complaints over the registration of company names.

IPO Opinions: Examiners will give non-binding opinions as to whether a British or European patent is valid and/or whether it has been infringed for £200⁷.

Jurisdiction conferred by the Parties

⁵ "The Enforcement of Patent Rights" Download from Mandy Haberman's website at <http://www.mandyhaberman.com/index.php?cID=7&cType=document>

⁶ See Jane Lambert "New Patents County Court Rules" IP-IT Update 31 Oct 2010 at <http://nipclaw.blogspot.com/2010/10/new-patent-county-court-rules.html>

⁷ <http://www.ipo.gov.uk/pro-types/pro-patent/pro-p-dispute/pro-p-opinion.htm>

It is prudent for parties to a contract to agree a procedure for resolving any dispute that may arise at the time they make their contract. It is, of course, also open to them to agree such procedures after a dispute arises though by that time agreement may be more difficult to achieve. Examples of both types of agreement are to be found on NIPC Ltd's Arbitration site⁸. Such procedures can include mediation, which has already been discussed, as well as arbitration or some other form of alternative dispute resolution ("ADR").

Arbitration: This works very similarly to the courts except that the role of the judge is performed by one or more arbitrators chosen by the parties themselves or appointed under an agreed procedure. The parties can also choose their own procedural rules. The costs of arbitration are often the same as for litigation and there are also the arbitrator's fee and the hire of the venue. The advantages of arbitration are that the arbitrator may have expertise in the subject matter of the dispute, he or she can sit at a time and in a place that is convenient to the parties and the proceedings can be kept secret. Arbitration services are offered by NIPC Ltd.⁹ and the WIPO Arbitration and Mediation Centre.

Domain Name Disputes: The Centre and several other arbitration services accredited by ICANN (the Internet Corporation for Assigned Names and Numbers) offer a speedy and inexpensive documents-only dispute resolution service for trade mark owners and registrants of generic top level domain names known as the "UDRP" (Uniform Domain Name Dispute Resolution Policy). The Centre also provides a similar service for several country code top level domains. The UK domain name authority *Nominet UK* offers a slightly different domain name dispute resolution service for the .uk top level domain.

Further Information

If you want to discuss any point in this article or any IP dispute in which you are involved, do not hesitate to call me on **0800 862 0055** or email me on jane.lambert@nipclaw.com. □

⁸ <http://www.nipcarb.co.uk/home/how-to-use-our-services/sample-clauses>

⁹ <http://www.nipcarb.co.uk>