England and Wales
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Although the United Kingdom is a single sovereign country consisting of England, Wales, Scotland and Northern Ireland, the legal system does not reflect this. Instead, there are separate systems for England and Wales; Scotland; and Northern Ireland. Each has its own procedures and courts. This chapter deals with the system as it applies in England and Wales – by far the most significant of the UK jurisdictions as far as IP owners are concerned.

The English legal system has always had a strong intellectual property protection tradition and specifically recognises intellectual property assets as protectable personal property. In addition, English law is based on a common law system that is much more similar in law and procedure to the United States than other European countries. However, against this background, one of the problems of the English system (at least until recently) was that litigation in England was perceived as costly, time-consuming and complex.

Reform of the English legal system
As a result of the perceived complexity of the English legal system, not only in IP cases but in litigation cases generally, significant changes to civil law procedure were made in 1999 (what is known as the Woolf Reforms) and were consolidated by new rules and procedures for IP disputes which came into force in April 2003. These significant changes have helped overcome some of the perceived problems by introducing simplified procedures, giving the courts much greater control over, and responsibility for, managing litigation, and providing a more efficient, more cost-effective and faster route for the enforcement of IP rights. This, in combination with the specialist and scientifically-literate IP judges who sit on the English bench, the availability of broad disclosure (including pre-trial disclosure from third parties), the international regard for English judgments, and the six-year limitation period in which proceedings may be commenced, make England a key jurisdiction in which to enforce IP and to include as part of any global IP litigation strategy.
Features of IP litigation in England

IP litigation in England is broadly characterised by the following features:

• **Pre-action protocols.** Before commencing proceedings, parties to potential disputes are required to try to settle their disputes and avoid litigation, including through alternative dispute resolution methods such as mediation. Typically, the claimant (ie plaintiff) must give the potential defendant written details of the claim, wait for the defendant’s acknowledgement and response, and thereafter, try to conduct genuine and reasonable settlement negotiations, all before commencing proceedings.

• **Need to prepare case before filing suit.** When an action is filed, it will proceed rapidly through its various stages and a claimant will be expected to have fully prepared its case when instituting proceedings. This is to avoid frivolous actions or delay tactics. Moreover, care must be taken to ensure that the claimant does not make unjustified threats of litigation in respect of alleged infringement of patents, trademarks, registered designs or design rights, as in such circumstances, the defendant may be entitled to seek damages and other remedies against the claimant for unjustified threats.

• **Specialised IP judiciary.** English IP courts, both at first instance and in the Court of Appeal (first level of appeal), have a specialised IP judiciary who are scientifically literate and practised in the resolution of complex technical matters.

• **Adversarial system.** Civil litigation in England is adversarial with rigorous investigation of facts and argument focused on cross-examination of witnesses’ testimony and submissions to the court.

• **Choice of venue and trial speed.** Although proceedings in the Patents Court of the High Court are automatically allocated to the multi-track procedure for complex matters, English IP courts also provide a simplified fast-track procedure for one-day trials with no disclosure (ie discovery) and limited cross-examination, available either by consent, by application of one party, or by court order where appropriate based on proportionality, the financial position of the parties, the degree of complexity and the importance of the case.

• **Automatic disclosure.** Disclosure is more limited in England than in the United States, but is more extensive than in most other European countries. Litigants are typically obliged to make a reasonable search for and to disclose: (i) documents in support of their case; (ii) documents adversely affecting their case; (iii) documents adversely affecting the other party’s case; and (iv) documents that support the other party’s case.

• **Oral evidence.** Witnesses’ evidence-in-chief is usually presented in written form with witnesses only being cross-examined orally in open court.

• **Availability of emergency relief.** English civil law procedure offers a number of procedures to protect a claimant against the disposal of evidence (search and seizure orders) and/or dispersion of defendant’s assets (freezing orders). Claimants may also apply for an interim (the equivalent of a TRO in the United States) and interlocutory injunction restraining infringement by the defendant pending trial. In deciding whether to award an interim or interlocutory injunction, the court will ascertain the “balance of convenience” between a claimant’s need for protection against infringement and the defendant’s corresponding need to be protected against injury, taking into account whether the parties could be adequately compensated for damages.

• **Single court dealing with both validity and infringement issues.** The same court will consider infringement and any validity arguments raised by the defendant at the same time.

• **Case management.** English courts actively intervene to manage and control the litigation to ensure that cases are dealt with proportionately, expeditiously and fairly, thus ensuring the overriding objective of the court system to deal with cases justly. Case management will force the parties to prepare certain case management documents which will facilitate the progress of the action but, to some extent, increase the costs at the outset of a case.
Perceived weight of judgment. English judgments with their analysis of the factual matrix and rigorous legal reasoning carry weight outside of the United Kingdom and are generally persuasive in other jurisdictions.

Jurisdiction and venue
Proceedings may be commenced in one of two tiers of the English courts: the High Court (Chancery Division), or in the Patents Court (a specialised court within the Chancery Division which deals exclusively with patents, registered designs and semiconductor topographic cases); or the Patents County Court, depending on the type of IP right concerned and the value and complexity of the dispute.

The Patents County Court is generally suitable for IP cases where the issues in dispute are simple and limited disclosure is required. Parties litigating in this venue are obliged to keep the costs of litigation in proportion to the complexity of the proceedings. IP disputes which involve a real dispute as to facts, require significant disclosure or significant experimentation, that are otherwise more complex or where the sums involved are more substantial, should be commenced in the High Court. While it is also possible to bring some infringement proceedings in respect of UK-registered IP before the relevant United Kingdom Registrars (such as the Patent Office), this is rarely done, and, in any event, such registrars have no power to grant injunctive or other equitable relief.

Remedies available to claimants
English IP courts have a variety of remedies available at their disposal to compensate the claimant for damages suffered, including: damages, an account of profits in lieu of damages, injunctive relief, and delivery-up or destruction of infringing articles. Damages are essentially compensatory in nature to put the claimant in the position it would have been in had the infringement not occurred. To obtain an award of damages, claimants must demonstrate on the balance of probabilities that the loss claimed is the natural and direct consequence of the defendant’s acts and that the loss is not excluded from recovery by public policy.

Although English courts do not award punitive damages (other than in certain copyright cases where wilful conduct can be shown), the courts recognise that infringement of IP usually causes damages to the claimant, and generally the courts make a liberal assessment of the damages. The assessment of damages is often complex and subject to multiple variables, however, English law is today guided by the seminal judgment of the Court of Appeal in Gerber Scientific v Lectra Systems. Any loss which was foreseeable as likely to arise from the infringing acts, including damages for secondary loss or parasitic activities, should be compensated. Where a claimant has granted licences in respect of the infringed IP, damages for infringement are usually calculated by the court on a reasonable royalty basis, i.e., the royalty the defendant would have had to pay to the claimant had the defendant had a licence. Where the claimant has not granted any licences and instead manufactures items derived from the relevant IP, damages are usually calculated on the basis of the manufacturer’s loss of profit, together with notional royalties for sales considered lost to the infringer at a rate that a potential licensee not yet in the market would pay (disregarding the fact that the defendant could have made and sold non-infringing items), loss of goodwill, and losses due to the necessity of the claimant reducing prices to meet competition from the infringing product.

Successful claimants may also obtain interest on all sums payable from the date of infringement at a rate that reflects the rate that the claimant would have had to pay, had it borrowed the amount payable by way of damages.

Alternatively, the claimant may be entitled to seek an account of profits, a discretionary remedy whereby the infringer pays its total profits due to the infringement to the claimant. In patent cases, probably as a result of the computation complexities, accounting of profits has only been sought in a limited number of cases. Before an accounting of profits can be awarded, one needs to establish that the invention has been used. This can often be complex. For example, if the infringed patent is directed to a manufacturing process, the infringing products may have been made using a number of methods of manufacture (both patented and unpatented) and therefore, it can prove almost impossible to make an apportionment of the total profits made by the defendant using the invention, as opposed to the other patents or processes involved.

Usually, a claimant in an infringement action will also be granted an injunction. Injunctions are usually granted on
terms broader than merely the act(s) of infringement complained of in the proceedings. Furthermore, to ensure that infringing goods are not placed on the market, claimants may also obtain an order for the destruction or delivery-up of infringing goods in the defendant’s possession. Defendants are not entitled to any compensation for such destruction or delivery-up and may not set-off the value of goods destroyed/delivered-up against an award of damages.

**Costs**

The court has discretion as to whether and when costs are payable. The general English law rule is that the loser pays winner’s costs to an extent that reflects the success of the winner, taking into account the conduct of the parties before and during proceedings and any payment into court or offers to settle. Costs may either be awarded on a standard basis or an indemnity basis. Where costs are awarded on the standard basis, only costs proportional and reasonably incurred will be allowed. Where costs are awarded on an indemnity basis, only unreasonably incurred costs will be disallowed. Typically, assuming that the defendant is not impecunious, a successful claimant can generally expect a costs award to cover between 50% and 70% of its costs.

**Enforcement of judgments**

The United Kingdom is a party to both the Brussels Convention on Jurisdiction in the Enforcement of Judgments in Civil and Commercial Matters, under which (subject to limited exceptions) a judgment in one member state of the European Union is automatically recognised and enforceable in all other member states of the EU, and the Lugano Convention, which extends the principles of the Brussels Convention to the EEA states (Norway, Iceland and Liechtenstein) and Switzerland. Therefore, claimants who have obtained a successful judgment in the United Kingdom can relatively easily enforce the judgment and any award of damages in a country outside of the United Kingdom where the defendant has assets, provided that it is party to one of these conventions. While the United Kingdom and the United States are not party to a bilateral treaty on the enforcement of judgments (previous attempts have failed as a result of lobbying by the English insurance industry which was afraid of US tort judgments being enforced in the United Kingdom), English judgments are usually enforceable in the United States on the basis of comity.

**Are English courts friendly to IP rights owners?**

English courts are generally protective of intellectual property rights. It is, however, difficult to establish with great certainty how English courts compare on a quantitative basis to other European courts or US courts. While being protective of IP rights, English courts will scrutinise in great detail any claim brought before them. In patent cases, the validity of a patent may be challenged, either in a defence to an action for infringement, or directly by way of an action for declaratory judgment. As a result of the English courts scrutinising most claims in great detail most claims, it is clear that on a purely quantitative basis in the last three years, more patents were declared invalid or partially invalid (50.8%) by the English courts, than were held valid (49.2%).

**Recent statistical trends**

The English courts continue to be fairly busy with IP related cases. IP claims issued before the High Court (including the Patents Court) in 2002 represented approximately 20% of all claims issued, with almost an even split between the various subject matters:

The trend to reach settlement before trial (encouraged by the rules of procedure, as well as the desire of most parties to reduce legal costs) continues, as illustrated by the Patents Court statistics for 2002.

While there is a slight improvement on waiting times for trials to be heard, the full impact of the reform of the civil law procedure system has yet to be felt, as illustrated by the 2002 and 2003 figures.

**Conclusion**

The reformed IP litigation procedure has resulted in a simplified process, it does, however, require claimants to do much more case preparation before commencing proceedings than was previously the case. This requirement, together with the procedural reforms for early admissions, identification of the issues in dispute, and case management means that some of the costs of IP litigation in England will be front-loaded for claimants, ie the claimant is required to invest considerable resources prior to commencing proceedings, or at the early stages of
proceedings. Despite this cost disadvantage, the reforms give claimants a better chance of scrutinising the dispute and the defendant’s stance (including the defendant’s defences) earlier in the proceedings, hence in the long-run, probably making the trial much more focused and enabling the parties to consider settlement with a better (and more informed) understanding of their respective cases. England therefore remains a forum of choice for IP litigation.
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Pierre-André Dubois is in charge of the firm’s UK IP Group. He is qualified as a solicitor in England and Wales and as a barrister and solicitor in Canada. His practice covers all aspects of IP and IT law. His work involves commercial matters, including licensing, distribution, supply, joint ventures and outsourcing agreements. He advises on European competition law related issues and handles disputes in all fields of IP, including trademarks, copyright, misappropriation of confidential information, data protection, IT related disputes and patents. He acts for large Fortune 250 companies and smaller UK and US-based enterprises and start-ups, operating in the IT, biotechnology, life sciences, pharmaceuticals, new media, financial services and consumer goods sectors.

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