

IP Centre, St Peter s College, Oxford

The Work of the Patents County Court

By

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A SYNOPSIS

Introduction

1.1 The Patents County Court (PCC) was founded 10 years ago after extensive consultation with industry, the professions and the Patent Office, to cater for the needs principally of medium and small size firms in litigating patents, registered designs and certain other cases involving similar rights. In short time it became the forum of choice for the litigation of all IP (and not just patent) cases at County Court level - which is what it remains to day. Cases are transferred to it from all over the jurisdiction. In addition, the PCC judge has a peripatetic jurisdiction at the request of both parties to sit in Civil Litigation Centres elsewhere in England and Wales such as Manchester, Birmingham, Cardiff etc. It has no jurisdiction for Scotland.

1.2 The role and practice of the PCC has however changed considerably since its foundation.

Jurisdiction

2. The pre-Woolf position At the County Court level, Patent and Registered Design disputes (and disputes involving other IP rights associated with these) *must* be heard in the PCC by the appointed judge or by his deputy¹. Formerly there was a limit as to the level of damages recoverable which is in any event always approximate in IP cases because the claimant seeks an inquiry as to damages or an account of profits in separate proceedings after liability has been established. The PCC had many of its own rules which were simpler than the High Court rules. From the start, costs were awarded on the High Court scale. Then came the so-called *Woolf reforms* of the procedure of the courts

3.1 The Woolf Reforms did away with much of this. Now all the Courts in England and Wales work to the same rules of procedure. There is no limit to the level of damages after

¹ There are two at present, both QC s in practice at the Patent bar

which the case must be heard by a higher court-usually by a judge of the Patents Court. There is also no limitation on the jurisdiction of the PCC by virtue of the complexity of the law or facts. Cases are sent from the Patents Court quite frequently and on occasion, cases are also sent to the Patents Court from the PCC as well.

3.2 The judge of the PCC usually has specific and additional jurisdiction to sit in the Patents Court (s. 9 judges).

Patent attorneys in the PCC

4. A unique aspect of PCC jurisdiction and the only aspect which truly distinguishes it from the work of the Patents Court, is that Patent Agents (who in the United Kingdom are usually not qualified lawyers) can initiate and prosecute cases in the PCC. Moreover they can plead and argue cases as well and even draft notices of appeal to the Court of Appeal. They cannot however take cases to the Court of Appeal, which like that for the Patents Court, is the next stage of appeal. In both courts, appeal to the Court of Appeal is only with leave. In practice, the appearance of patent attorneys has proved to be a real cost-saving event but as yet this hard-won privilege is grossly under-utilised. In principle the same process could usefully be extended to trade mark agents and proposals are now before the Lord Chancellor's Dept to secure this —and to effect certain minor changes to the Trade Marks Act so as to make the PCC fully equivalent to that of the High Court in regard to trade mark jurisdiction. I have some hope that this can be done before next summer.

The PCC Judge and his Work

5.1 There is one PCC judge who in addition to being a lawyer is expected to be scientifically qualified (I am ex -chemist). The court would rarely (if ever) sit with the assistance of an expert or scientific assessor. I hear cases ranging in length from two weeks or more to a mere half hour.

5.2 I have widened and extended the use of **case management conferences** and pre-trial reviews which were inaugurated by the Woolf reforms. These CMC s establish the future conduct of a case and their efficacy is strengthened by incorporation of the procedural results in a court order. This has proved to be extremely useful where litigants in person are concerned. It is also the occasion at which the judge in a pro-active way is able to explain the difficulties of IP litigation to litigants and to advise them of the mediation procedures which exist at the Central London County Court (see below).

5.3 The PCC entertains more applications for **interlocutory relief** than does the Patents Court. This often has the salutary effect of disposing of many cases where the parties want to avoid the high cost and burden of full trial — even if early trial is on offer. Though the court still adheres to *American Cyanamid* principles, litigants nevertheless look for a view from the court on the prospects of success (or failure) in the case.

5.4 Another task which befalls the PCC judge is to advise the legal authorities in other jurisdictions about the benefits (and pitfalls) of having an IP court at a level below that of the High Court.

Costs

6. Since taking up my appointment over a year ago, I have been struck by a number of things which may be explored in the discussion which will follow my talk. The most important I believe, is that of costs. It is notorious that IP litigation and patent litigation in particular has become prohibitively costly. This is to some extent an inherent problem because of

(i) The nature of patent law itself, its complexities and in the common law system, its reliance on the binding authority of higher courts. Litigants in person (and sometimes qualified representatives as well), find research in the substantial corpus of UK, European and often Commonwealth authority particularly difficult.

(ii) The trial of infringement and validity within the same action and the central role of the construction of claims to both aspects,

(iii) Procedural complications. These arise

(a) First because of the impact of the common law system (disclosure, interrogatories etc) in the field of IP litigation. This can lead for example to mammoth exercises in disclosure which in my experience are to the benefit principally of solicitors and suppliers of photocopier paper. The US experience in my view is a bad example in this regard.

(b) Secondly (and potentially even worse, particularly in pharmaceutical cases), the frequent use of experiments and counter-experiments to prove fact, These often take place overseas and usually involve substantial delays, and

(c) Thirdly, the need to cross-examine (usually) all witnesses, whether of fact or experts.

(iv) The trial of damages issues (enquiry as to damages/account of profits, interest on accrued damages) after the adjudication of validity. This usually involves the use of particularly costly services of litigation accountants .

These matters inevitably pose a real challenge to the requirements of fair and effective administration of justice in a court which was after all, set up to cater for the small and medium enterprise companies — and not to be forgotten, the ever more frequent litigant in person.

7. It should be remembered however that the PCC works to the same rules as the Patents Court and that the small claims track is not available where IP litigation (Specialist Proceedings in CPR language) is concerned: see Part 49 and Part 26PD 10.2(2). These

are multi-track proceedings. This is often forgotten when the Allocation Questionnaires are filled out at an earlier stage of the proceedings, particularly by litigants in person. This also has costs consequences.

Mediation and ADR

8.1 ADR, mediation, advance neutral assessment and arbitration facilities are of course already available within the PCC set-up a. These were pioneered by my predecessor Judge Ford who was much influenced by the Continental model in this respect. Several members of the Patent Bar have been trained to act as mediators and have acted as such.

8.2 It must be said however that these valuable facilities are little used save for disputes involving such matters as licensing agreements or the ownership of patents. The difficulty seems to be that IP litigants are little interested in anything but injunctions (most often interlocutory injunctions) -and of course their costs and often (but not always) damages. I have been exploring ways in which the ADR regime could nonetheless be both encouraged and extended. In particular, I believe that regular IP litigants and their advisers have become aware of the enhanced flexibility which the courts now possess with regards to very realistic costs orders: see CPR, Part 36 [Offers to Settle and Payments into Court] Part 44 [General Rules about Costs]. These days the courts usually remind the parties about the costs consequences of ignoring these factors at the Case Management stage.

9. Many patent litigation cases involve overseas litigants and witnesses. I am at present trying to encourage and expand the use of video-linking facilities for the purpose of cross-examination of overseas witnesses of fact and in a recent case some five witnesses of fact two from Australia and three from various parts of the USA were very successfully cross-examined in this way. Hopefully this will also be extended to experts evidence as well.

Looking to the Future

10. The work on the **EPLA** continues offering litigants the possibility of a centralised court. It has the backing of the EPO but not at present the Commission. It would apply a uniform jurisdiction to decide questions of infringement and validity on a sheaf of European patents in a single action. This is not the occasion perhaps to open a debate on the EPLA but I fear that when eventually we get a court of first instance for the litigation of **Community Patents**, and it will happen, the cost of litigation may become so high that none but the great and mighty will be able to afford to litigate in this field. Under current proposals, I cannot see an answer to this. In which case there seems to be some merit in pressing for a junior of first chamber court to be set up for this purpose. I have raised this on several occasions at conferences but have experienced no enthusiasm for it whatever — no doubt because those who attend such conferences do not have many small clients.

11. I am also concerned with the position of **litigants in person** who are coming to the PCC in ever larger numbers now that Civil Legal Aid (Public Funding) has become so sparingly given for IP cases. Litigants in person are usually exempt from having to pay court fees and are also immune from applications for security for costs. Though there are numerous meritorious cases in this category, the opportunity for flagrant abuse of the system by eccentric and vindictive litigants has come my way on numerous occasions.

12. These and other problems are currently under review being within the remit of the revived **Patents County Court Users Committee**. The latter meets every quarter and consists of members of the three professions, industry, the Trade Mark Agents, representatives of the Patent Office and Counsel s Clerks. I should be glad to receive the views of those to whom this talk is addressed as to how inexpensive resolution of infringement disputes can best be affected.

Enhanced Patent Office jurisdiction?

13. A **Patents Act (Amendment) Bill** is projected based upon the results of the consultation document presently in circulation². Among the proposals is removing the requirement that both sides should agree before the Comptroller can hear infringement proceedings. The Patent Office court will apparently have no power to grant injunctions (though this is unclear) and, being a Tribunal, there will be an appeal to the Patents Court by way of re-hearing³. Validity and amendment issues may be heard within the infringement proceedings and one would suppose that the CPR will apply as it does everywhere else. These proposals have been presented as being a significant way forward in helping small businesses and individual inventors with the costs of post-grant proceedings. However there seems to be a need for very much more thought to be given to this proposal before these aims can be realised by this route.

Procedure

14. In collaboration with the judges of the High Court (i.e. principally the Patents Court on which Users Committee I sit) and within the framework of the Woolf reforms, the Patents County Court is attempting to forge a new and less expensive procedure. At present, consideration is being given to introducing a streamlined procedure for certain IP cases. This proposal has not yet reached its final form and in any event must be given approval from the High Court Procedure Committee. Any ideas in this regard would also be most welcome.

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² See policy@patent.gov.uk

³ As many IP cases go to appeal, this would therefore prove to be a more expensive tactic than using the existing courts.