TMPDF
TRADE MARKS, PATENTS & DESIGNS FEDERATION

Advancing Industry's View On Intellectual Property Since 1920

Ref: PP09/07

DCA (now Department of Justice) Consultation paper CP 8/07 - Case Track Limits and the claims process for personal injury claims

[As part of its review of case management track limits, the consultation paper addresses recommendation 54 of the Gowers Review of Intellectual Property (IP), which asked DCA to review the issues in relation to IP cases and the fast track.]

TMPDF Response

Introduction

This Federation welcomes the opportunity to comment on the issue of case track limits as they might apply in intellectual property (IP) litigation in the UK.

Most of the consultation paper concerns the appropriateness of the present case track limits for differentiating between small claims, fast track claims and multi-track claims, whether the lower small claims limits for personal injury and housing disrepair should be increased and whether the claims process for personal injury could be improved. These matters do not directly concern this Federation and therefore no comments will be offered on the related questions 1-4 and 9 - 21.

In the IP field, track limits based on the past activity of a defendant who is alleged to have infringed an IP right will very often have little relevance to the value and importance of the litigation. It is often a complex matter to assess the real value of an IP case, which may turn more on the securing (or not) of an injunction rather than damages based on past activity. Moreover, a claimant's valuation may not necessarily reflect the true commercial value of an IP dispute, to either party. The result of the litigation will in most cases impact on business activities for several years to come, with a corresponding value that will by no means be simply reflected in damages based on past activity.

The financial consequence to business of an IP dispute is commensurate with that of other major commercial disputes and thus, unfortunately, the cost of IP litigation is unlikely to be significantly different from the cost of other complex and significant commercial litigation in the UK.

We recognise that some disputes may be suitable for fast track, especially but not perhaps exclusively in the areas of design rights, copyright and trade marks. However, the courts should treat with great sympathy any reasonable argument that the total commercial value or complexity of the issues justifies multi-track treatment.

Small claims

In paragraph 46 of the consultation paper, the view is expressed that IP cases are not suitable for the small claims track. We agree with this view. Even if the £5000 limit for small claims were to be significantly increased, it would be unlikely to cover the great majority of IP cases, since rights owners normally contemplate action only when infringement is on a commercial scale and large sums are involved. As pointed out in the introduction above, the true value of a case is likely to be much greater than damages relating to past activity.

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Moreover, by their nature, IP cases are unsuited to the small claims track. Cases turn on the determination of the scope of the IP owner's rights and whether or not alleged infringements fall within these rights. Resolving these issues is difficult and usually involves the careful assessment of conflicting evidence by a judge with IP expertise. In addition, rights owners normally seek an injunction to prevent further infringement. They may seek other specialised remedies, such as a declaration that the right has been infringed. The small claims court would not be an appropriate forum for handling such matters.

Q5: Do you agree that the fast track limit should be increased to £25,000?

Paragraph 48 of the consultation paper suggests that there is no evidence to support a higher fast track limit for IP cases as compared with other types of case and we accept this. Equally, there is no reason for the limit to be lower than for other cases. We do not object to a £25,000 limit, provided that, as indicated in paragraph 40 of the paper (and as borne out by experience with the Patents County Court), there will be effective case management to ensure that cases unsuited to the fast track are transferred to the multi-track. In relation to the assessment of the suitability or otherwise of cases for fast track treatment, note our comments in the introduction above.

Q6: Are there any measures that would make the handling of intellectual property claims more efficient and effective?

We consider that robust case management is the way forward. By their nature, IP cases are difficult and there is a great deal of opportunity for parties to obscure the issues by elaborating on matters not in dispute, making tactical amendments to the definitions of the rights involved, introducing superfluous evidence, etc. It is necessary that judges dealing with IP cases are IP expert and technically orientated so as to clear much of this away by pre-trial management and to exercise tight control over what is produced in court, including by witnesses. We are pleased to say that by and large, UK judges in the IP field achieve good case management. It is noteworthy that in a recent case substantial costs were awarded to a losing party to compensate for unnecessary difficulties created by the eventual winner.

Q7: If the difficulty of dealing with intellectual property cases is not the court process, what are the difficulties and how could they be resolved?

IP cases are, generally, difficult; otherwise they would not come to court. While the underlying principles of IP laws are generally no more complex that those of other areas of the law, the determination of the scope of individual IP rights and whether they are infringed can often be complex. This is true in relation not only to patents but also to other rights, and proper adjudication can require considerable technical understanding of the relevant technical field.

Q8: {rephrased}: Would different measures be appropriate for different kinds of intellectual property?

While patent cases can often involve technically complex facts which impact on the determination of the scope of the rights concerned, the other kinds of IP can also give rise to substantial problems concerning the scope and interpretation of rights and whether alleged infringements fall within them. We do not consider that the different kinds of IP should be treated differently from each other.

NOTE: TMPDF represents the views of UK industry in both IPR policy and practice matters within the EU, the UK and internationally. This paper represents the views of the innovative and influential companies which are members of this well-established trade association; see list of members below.

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