

Preliminary Comments on EC draft Rules of Procedure for Unified Patents Court

Intellectual Property Lawyers' Association

Preliminary Comments on the "Preliminary Set of Provisions for the Rules of Procedure of a Unified Patent Court" dated 25 September 2009

Introduction

The Intellectual Property Lawyers' Association (IPLA), the Association of English law firms specialising in intellectual property litigation, has made a number of submissions in relation to the Unified Patent Court project.

This submission addresses the question of the overall structure of proceedings. More detailed comments will be set out in a subsequent submission.

Structure of Proceedings

There is a tension, apparent in the current draft rules of procedure (dated 25 September 2009), between allowing the defendant a sufficient time to prepare its case, on the one hand, and bringing the case to a decision within a year. Under the current rules, the case is effectively at a standstill, so far as the patentee is concerned, for 4 months while the defendant prepares its defence.

The logical structure of a legal action has two main stages: the identification of the matters in issue between the parties; and the gathering of evidence and preparation of arguments on the basis of which the Court will decide on those issues.

The current draft requires the parties' initial pleadings to contain "all written evidence relied on". However, the current draft also provides that the interim conference will, "where necessary, issue orders for experiments, inspections, production of documents or experts". It is impractical and potentially a waste of effort and costs to require parties to prepare their cases fully at the outset before the information gathering stage of the procedure has been completed.

Thus IPLA urges the adoption of a two stage procedure: in the first stage, the plaintiff and defendant, in sequential exchanges of pleadings, identify the matters at issue between them in the litigation. In the second stage, the parties work in parallel on the preparation of the detailed arguments and evidence for consideration by the judges. To prevent late surprises, the rules would confine the detailed arguments and evidence to the matters raised in the original pleadings.

The initial pleadings need to be reasonably detailed, first so that the other party has a clear idea of the case it has to meet, and second, so that the Court can readily determine whether or not arguments raised later in the proceedings have been properly foreshadowed in the initial pleadings. IPLA suggests that the appropriate standard should be that each party articulates its position with sufficient clarity and at a sufficient level of detail to enable the court to determine that the claim or defence (as the case may be) is a proper one to be brought to a full hearing rather than being disposed of summarily. However, there is no significant advantage

to the court or to the parties in a requirement that the parties' cases when first disclosed to their opponent be set out in any greater detail than this.

We set out below certain principles which are important in any litigation system (the first four come from the Second Venice Resolution ("2VR")), with our comments on their relevance to the IPLA proposal:

The procedural steps should be confined to those which are strictly necessary to reach a fair decision (2VR Principle 1). IPLA points out that a party needs to know, at least in outline, what the other party's position is before it starts to prepare detailed written submissions and evidence. Otherwise, it will waste time and money preparing submissions and evidence to deal with matters which are not disputed or, in light of its opponent's pleadings, are irrelevant.

The litigation should be dealt with in ways which are proportionate to its importance and complexity (2VR Principle 2). IPLA points out that parties to a very large case will usually need more time to prepare than parties to a small case. In the existing proposal, a defendant is permitted four months to prepare its case no matter what the size of the case is. If the IPLA proposal were adopted, the first pleadings stage would be fixed in duration, but the Court at the interim conference would then have control over the length of the subsequent detailed argument and evidence stage, and could take account of the complexity of the case when setting the timetable.

The IPLA proposal would also remove the anomaly that, while the defendant has four months in which to prepare its defence, the plaintiff has only two months in which to prepare its reply: but the reply is in essence the defence to the claim for invalidity, which in most cases is the part of the case requiring the most substantial amount of work.

The procedure should ensure that the parties put their best case forward as soon as possible, and amendments and extensions of time shall not be granted without good cause (2VR Principle 3). IPLA points out, in its proposed two-stage procedure, the parties would be obliged to state their case in the first "pleadings" round: rules would prohibit new issues being raised in subsequent detailed arguments without the Court's permission.

A strict "no extensions" regime risks becoming a "one size fits all" system, unless the Court has control over the timetable for the second stage of the procedure (see above): otherwise a system where "good cause" for extensions of time will become common if not the norm.

The procedure should ensure that where possible a first instance decision on the merits will be reached within one year of the commencement of proceedings (2VR, principle 5¹). IPLA points out that if the parties can work on preparing their cases in parallel, the litigation can move forward more rapidly than if one party has to await a submission from the other before it can continue work on the case. In the context of the IPLA proposal, this means that it is desirable that the matters in issue between the parties are identified at an early stage: thereafter, the parties can work in parallel on the preparation of their detailed submissions in chief and supporting evidence, rather than having to await service of the submission from the other side before they can proceed.

The parties should be encouraged to consider settlement. In the context of IPLA's proposal, this makes it desirable that the parties should have an idea what their opponent's case is at an

early stage, before significant costs are incurred.

IPLA is aware of the feeling in certain quarters that a plaintiff should have fully prepared its case at the outset. This is not how things work in practice. In the vast majority of cases, a patentee discovers an infringement, and seeks to begin proceedings and obtain a decision as rapidly as possible. A procedure which assumes that a plaintiff will want to spend a significant time preparing its case before starting proceedings will be catering for only a tiny minority.

In every system across Europe, the parties' most developed statements of their arguments are submitted in the last written submission before the hearing. This is because such systems recognise that the parties' knowledge and understanding of the relevant issues develops as the case progresses. The existing proposal does not take this into account.

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