

Comments on Jackson Final Report

Intellectual Property Lawyers' Association

RESPONSE TO THE JACKSON REPORT ON COSTS IN CIVIL PROCEEDINGS

Introduction

The Intellectual Property Lawyers' Association ("IPLA") acts as a representative body for law firms in England and Wales with intellectual property practices who wish to lobby for improvements to IP law. Over 50 firms are members of IPLA, and the vast majority of patent and other litigation and transactional work relating to intellectual property rights in England and Wales is conducted by these member firms. Because of the international nature of IP, member firms are also familiar with how things operate in many other countries across Europe and in the United States of America. Members act for a wide range of clients, from major multi-national groups of companies to SMEs and technology start-up companies, as well as universities and private inventors and investors. As a group, IPLA probably has unparalleled experience of how existing IP systems work in practice in the UK.

RESPONSE

The stated purpose of the review (Jackson) is to propose a coherent package of interlocking reforms designed to control costs and promote access to justice. The IPLA comments submitted to the Jackson Review on the procedure and costs in the Patents Court and the Patents County Court have broadly been adopted by the Jackson Report. Where the IPLA proposals have been adopted we do not comment further. However, there is a small number of specific points raised by Jackson which will affect a significant number of IP cases and which the Jackson Report, in its breadth, has not specifically addressed.

CFA and ATE

The proposed general abolition of recoverability of success fees in conditional fee arrangements and abolition of recoverability of the premium for 'after the event' insurance policies (ATE Premiums) will have a significant effect on some IP cases.

IP litigation is unusual in civil proceedings in that a number of commercially important cases are not concerned, or not primarily concerned, with a financial remedy.

Firstly, interim injunctive relief may be sought, for example, before any (or any significant) sales have been made by an alleged infringer.

Secondly, many litigants seek declaratory relief – for example, a declaration of non-infringement and/or a declaration of invalidity of a patent.

In none of these cases is a financial remedy a part, or at least a significant part, of the claim.

At present some litigants use CFA's to limit their legal costs and ATE insurance to protect themselves from the risk of losing such litigation. The possibility of recovering the CFA uplift and any ATE premium if successful make these routes significantly more commercially

attractive to such litigants. It also significantly increases the likelihood of finding a lawyer to represent them on a CFA.

It is expected that if these possibilities are removed, some IP litigants (claimant or defendant), who believe they have a good case for commercially valuable relief (interim injunction, or a declaration which clears the way for intended commercial activities), but where no damages will be available will be less inclined to assert their rights. In some cases this will make the litigation uneconomic and the litigant will thus have been denied a currently available route for access to justice. This is likely to be especially the case for some SME's which need to consider carefully whether a particular litigation strategy is affordable in light of their limited resources.

Equally there are parties to such litigation who consider that the risk of having to pay the uplifted fees and/or an insurance premium places them at a disadvantage in the litigation as they risk paying much greater costs than their opponent if they lose, which they view as unfair.

The IPLA recognises that whether CFA success fees and ATE premiums are recoverable should be a matter of public policy and does not comment on this aspect further.

The Report proposes contingency fees (and at least in some cases additional awards on damages) to compensate and ensure continued access to justice. These proposals are irrelevant to the cases outlined above where there will be no "pot" of damages available to fund any contingency fee or to offset the loss of the opportunity to recover from an opponent a CFA uplift or ATE premium.

Some of these parties may resolve their disputes in the reformed Patents County Court. However, not all parties will 'fit' within the PCC limits.

The IPO should be aware that currently the Jackson Report does not identify any alternative proposals to deal with the irrecoverability of CFA uplifts and ATE premiums which would otherwise be used by parties in (for example) declaratory IP actions.

Pre-action Protocol

The IPLA does not favour a formal IP pre-action protocol. Wherever possible most practitioners comply with the general duty on litigants to set out in correspondence as early as possible the case the other side must answer. At present the law against groundless threats inhibits or complicates such candour and may cause confusion where any pre-action protocol is implemented.

A formal pre-action protocol is unlikely to save costs and in many cases will increase them by duplication. Current rules in 'protocol' cases elsewhere in civil justice still require formal pleadings which often replicate information in the pre-action correspondence.

For the avoidance of doubt an IP pre-action protocol was written by some solicitors supported by a former member of the judiciary but it has never been formally adopted. Some solicitors still refer to it but most refrain from using it because of the threats provision.

Miscellaneous

The IPLA agrees with the suggestion that statements of case in patent cases should contain more information, particularly to plead the common general knowledge alleged.

We approve the proposals for cost management hearings.

As indicated above, it also agrees with the proposals for the reform of the Patents County Court and has previously made suggestions similar to those in the Report.

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