

CARPMAELS & RANSFORD

# Patent Enforcement

## *UK perspectives*

Options for Patentees and Potential Defendants

Ian Kirby | Partner

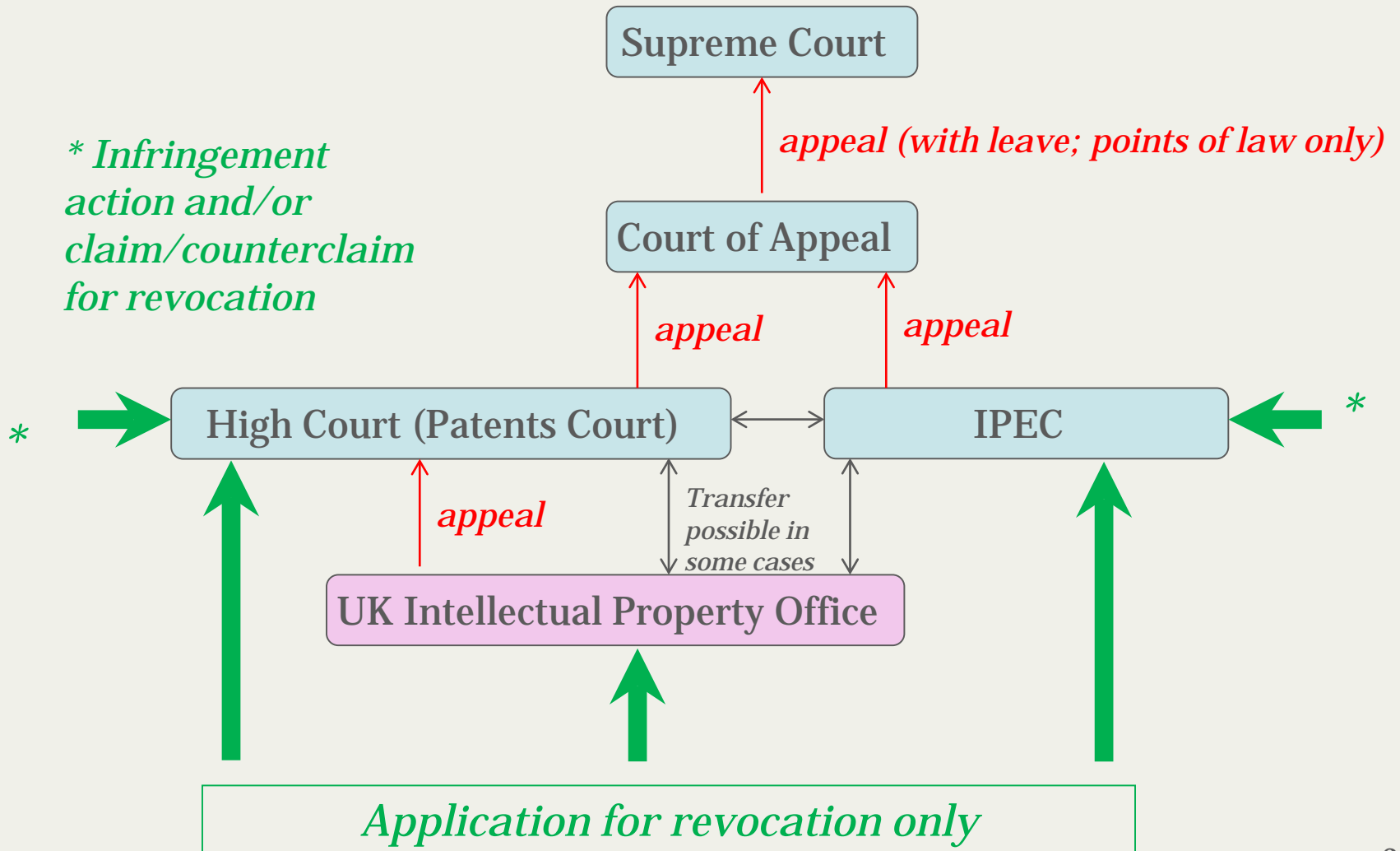
FICPI | St. Petersburg | 6 October 2016



## UK: Key Factors

- 1) Choice of court
- 2) Types of patent claim
- 3) Preliminary remedies and/or applications
- 4) Documentary evidence
- 5) Expert evidence
- 6) Final remedies
- 7) Appeals

## UK: Court structure



# Patent Enforcement

## I – The Patentee's perspective



## (1) Choice of court: IPEC or High Court

- IPEC (Intellectual Property Enterprise Court)
  - Recoverable costs capped at £50,000 for the liability phase and £25,000 for the damages phase
  - Damages awards are capped at £500,000 per action
  - Pro-active case management
  - Two day trial maximum
- High Court (Patents Court)
  - Unlimited damages
  - Pro-active case management (increasingly)
  - Costs recovery for successful party (~70%)

## (2) Types of patent claim

- Infringement claims
  - particulars of infringing activity
  - evidence or sufficient inference to shift burden of proof
- Be aware of:
  - Declaration of **non-infringement** (can be pan- EU)
  - invalidity/**revocation counterclaims**
  - **threats**

### NB. No bifurcation

- infringement claims and invalidity counterclaims will be heard together at trial

### (3) Preliminary remedies

- Preliminary injunctions rare in patent cases
  - except for certain pharma cases
- Test:
  - **serious** issue to be tried
  - irreparable **harm**
  - balance of **justice** (is King/Queen)
    - **cross-undertaking** in damages
- Speedy trial options
- Seizure orders

## (4) Documentary evidence

- Cards face up on the table
  - an ongoing obligation to conduct a **reasonable and proportionate** search for documents
  - if relevant, document **must** be disclosed, even if damaging to own case
- Can be expensive
  - not as burdensome as US, but more so than elsewhere in EU (exception is Ireland)
- Disclosure generally limited
  - **two years** either side of the **priority date**
- Documents for use in the UK only, but
  - *DuPont (formerly Danisco) v. Novozymes* [2013] EWHC 155



## (5) Expert evidence

- Finding the expert
  - critical to get the right expertise
  - who is the skilled person or team?
- Manner of **instruction** of experts
  - increasingly scrutinised by opponents and the court
- **Duty of experts** to help the court
  - on matters within their expertise
- Detailed written reports stand as **direct testimony**
- Oral **cross-examination** during trial
  - contrast with the EPO

## (6) Final remedies

- **Injunctions** – usually granted, but discretionary
- **Damages** (compensate patentee for its loss)
  - lost profits (sales the patentee would have made)
    - lost sales (primary and ancillary)
    - price depression
    - springboard and post-expiry sales
  - reasonable royalty (sales patentee would not have made)
- **Account of profits** (infringer's profit)
  - rare (infringer may deduct a proportion of its overheads in addition to direct costs)
- **Delivery up/destruction**
- Limited **punitive damages**

# Patent Enforcement

## II – The Defendant's perspective



## (1) Choice of court: a 3<sup>rd</sup> tribunal - IPO

- Normally **validity-only** cases
  - can hear infringement if both parties agree, but very unusual
- **Primarily** a **written** procedure, but hearings available
  - hearings in 1 day, but no more than 2 days
- **Disclosure** requests possible, but unusual
  - “**specific**” most likely; “**standard**” inappropriate
- **Cross-examination** available
  - prior request required; normally allowed
- 6-12 months from initial claim to trial
  - costs: £50-£150K for revocation only
  - recoverable costs are small, per fixed scale
  - but off-scale costs (“approaching full compensation”) awardable proportionately for breaches of rules, delaying tactics, unreasonable conduct, etc.

## (2) Types of patent claim

- Declaration of **non-infringement**
  - must apply first in writing with “full particulars” of the act
  - can be pan- EU, but rarely is
    - *Actavis UK Ltd and others v Eli Lilly & Co* [2014] EWHC 1511
- **Defence** of non infringement
  - how to prove non infringement
- Declaration of **obviousness**
  - *Fujifilm v AbbVie* [2016] EWHC 425
- **Threats** actions
- Declaration of **invalidity** (claim or counterclaim)
  - anyone can commence revocation action

## (3) Preliminary remedies

### - Clearing the way

“Where litigation is bound to ensue if the defendant introduces his product, he can avoid all the problems of an interim injunction if he clears the way first. That is what the procedures for revocation and declaration of non-infringement are for”

*SmithKline Beecham v Apotex Europe* [2002] EWCA Civ 137

### - Stays

If a patent is opposed at the EPO, will the UK courts stay its parallel proceedings?

- in general, no

- but see *Actavis v Pharmacia* [2014] EWHC 2265

## (4) Documentary evidence

- **Defence** of non-infringement
  - how to prove non infringement
  - burden of proof, e.g., process patents
- Declaration of **invalidity**
  - how strong is your revocation case?
    - as the applicant for revocation, you are likely to disclose few documents
    - but if you introduce a non-infringement case your obligation will be heavier
- **Threats** actions
  - evidence of extent and effect of threats

## (5) Expert evidence

- The existence of oral **cross-examination** during trial is a significant issue
- Compare **EPO** approach v UK patents court:
  - EPO likes documents, and relies far less on witness testimony
  - testing of a witness' evidence in EPO is relatively light: cross-examination is very rare
  - as a result, the quality of expert evidence can be lower than evidence prepared *with the knowledge* that the witness will be cross examined at trial
  - in addition, an expert witness is better able to explain what was the **common general knowledge** at the time of the invention: documents alone do this job less well



## (6) Final remedies

- **Declarations**
  - defendant does not infringe
  - patent invalid, in whole or part
  - defendant's product obvious at priority date
- **Final injunctions**
  - usually granted, but discretionary
  - is one appropriate, e.g. FRAND cases?
- **Damages/Account of profits**
  - separate hearing (up to 1 year from liability decision)
  - complex: forensic accountants opinions and other evidence
- **Threats actions**
  - final injunction, damages

## Both Parties: Appeals

- IPO ⇒ appeal to High Court (Patents Court) (about 1 year)
- IPEC ⇒ appeal directly to Court of Appeal (about 1 year)
  - permission to appeal is regularly given.
- Patents Court ⇒ appeal to Court of Appeal (about 1 year)
- Court of Appeal ⇒ appeal to Supreme Court (1-2 years)
  - points of law only
  - rare for permission to appeal to be granted in patent cases
- Review rather than re-hearing
  - rare that new evidence considered on appeal
  - court considers written evidence already filed, transcripts of trial evidence, and fresh oral argument
- Appeal does not suspend the decision of the court below
  - must ask for stay or suspension and have good reason to do so