SHOOSMITHS

Resolving your intellectual property disputes

FOR WHAT MATTERS

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Introduction

Thank you for choosing Shoosmiths to help in relation to your intellectual property (IP) dispute.

Being involved in a legal dispute can be a time consuming, expensive and stressful experience and we aim to lessen that burden as much as we can.

This guide is intended to cover the basic topics you need to know for the litigation of IP disputes in England & Wales in order to make informed decisions about how to approach, manage and ultimately resolve your dispute. Further detail on any of the topics covered can be provided.

If you do not have time to read this guide fully, the key points to take away at the outset of any dispute are:

- Consider what you are hoping to achieve, whether it is a realistic outcome and how much you are willing to spend on pursuing it
- Put a halt on any document destruction processes and take steps to preserve any documents which may be relevant to the dispute. Do not create documents about the dispute other than those to be communicated to your legal advisers
- Settle on a core team of people within your organisation to manage the instructions given to your legal advisors.
  Only those people in the core team should then communicate with your legal advisers in relation to the dispute.
  Mark all correspondence relating to the dispute “Privileged & Confidential”
- Consider whether you are prepared to try and settle the dispute right from the outset and keep your position under review throughout.

An overview of the intellectual property judicial processes in England and Wales

Claims in the courts and the UK Intellectual Property Office

In England & Wales intellectual property disputes are broadly divided between the High Court and the UK Intellectual Property Office (UKIPO).

In the High Court the courts that hear intellectual property cases form part of the Business & Property Courts of England & Wales. There are three specialist "lists" for intellectual property cases: the Patents Court, the General Intellectual Property List and the Intellectual Property Enterprise Court (IPEC). Cases in the Patents Court and the General Intellectual Property List generally follow a procedure for civil claims called the "multi-track" but appropriate cases can also be run under a Shorter Trials Scheme or Flexible Trials Scheme. The Intellectual Property Enterprise Court runs two tracks, the multi-track and the small claims track. Each list, scheme and track relate to different rights, have different procedures and are suited to different types of parties and claims.

In the UK Intellectual Property Office, there are bespoke procedures depending on the right, including:

- Patents: third party observations; opinions; infringement actions (only by agreement); invalidity proceedings; entitlement proceedings
- Trade marks: oppositions; revocation actions (in particular, for non-use); invalidity proceedings
- Registered designs: invalidity proceedings (designs registered on or after 9 December 2001); cancellation proceedings (designs registered before 9 December 2001)

In practice, claims for infringement of intellectual property rights are invariably heard by the courts and in many of these the alleged infringer will file a counterclaim challenging the subsistence or validity of the asserted rights.

Appeals from the High Court are heard in the Court of Appeal (Civil Division) and from there to the Supreme Court.

Appeals from the Intellectual Property Office can be to the High Court or to an Appointed Person.

Bifurcation

It is important to note that, with the exception of the Intellectual Property Enterprise Court (Small Claims Track), the High Court typically bifurcates proceedings between liability and quantum, with each addressed consecutively. This note primarily addresses liability proceedings, as the majority of cases settle either before or following the determination of liability.

Allocation

Which court or tribunal is best suited for your issue will depend on a combination of factors, including:

- the rights in issue
- the nature of the dispute
- the complexity of the technology and dispute
- the size of the parties
- the evidence required
- the damages/account of profits recoverable
- the costs recoverable

Generally speaking, higher value and more complex proceedings are likely to be heard in the Patents Court or in the General Intellectual Property List in the High Court. Lower value and simpler cases tend to be brought in the Intellectual Property Enterprise Court. The Intellectual Property Office is responsible for Opinions, oppositions and trade mark cancellation proceedings.

Table 1 below sets out the principal features of each of the courts/tribunal and their respective lists, schemes and tracks:

Table 1

	Parties	Rights	Type of dispute	Evidence	Length of trial	Damages / Account of Profits	Costs Recovery
Patents Court	Typically larger enterprises	Patents and Supplementary Protection Certificates Registered Designs Semiconductor topography rights Plant varieties Crown use	Any dispute concerning patents or registered designs, typically infringement and/ or validity.	Documentary disclosure Product and Process Description (PPD) Witness statements Expert reports Experiments (all subject to the Court's directions)	Typically one week or longer in some complex cases	Uncapped	Usually uncapped
General Intellectual Property List	Typically larger enterprises	All other intellectual property rights, including: Trade Marks Passing off Design rights Copyright Database rights Confidential Information	Any (most often infringement and/ or invalidity)	As above, save for Product and Process Descriptions (PPDs)	Typically one week or longer in some complex cases	Uncapped	Usually uncapped
Patents Court or General Intellectual Property List: Shorter Trials Scheme	Typically medium to larger enterprises)	All IP cases, including: Patents Registered designs Trade Marks Passing off Design rights Copyright Database rights Confidential Information	As above	As above but likely to be more limited.	3 days (assuming 1 day pre-reading)	Uncapped	Capped in patent cases (£500,000) Usually uncapped in other cases
Intellectual Property Enterprise Court (Multi Track)	Typically small to medium enterprises	Any IP cases, including: Patents Registered designs Trade Marks Passing off Design rights Copyright Database rights Confidential Information	Any (typically infringement and/ or invalidity)	As above, with permission from the Court (Court will scrutinize)	Two days (excluding pre-reading)	Capped (£500,000)	Capped on both a stage and overall basis (up to £60,000)
Intellectual Property Enterprise Court (Small Claims Track)	Typically micro to small enterprises	As above	Any (typically infringement)	Witness statements Expert report	One day or less (excluding pre-reading)	Capped (£10,000)	Capped (~£260-£500)
Intellectual Property Office	Any	Patents; Registered Designs; Trade Marks;	Various, including: Opinions (Patents) Validity (Patents) Oppositions (Trade Marks) Invalidity/ Cancellation (Trade Marks; Registered Designs)	Witness statements Expert report	One day or less (excluding pre-reading)	Uncapped	Capped (scale basis up to ~£7,250)

Cost shifting

English courts operate on a 'loser pays' basis. Broadly, this means that if you lose at trial, you are likely to be ordered to pay a portion of the other side's legal costs as well as your own. Likewise, if you win at trial, you will usually receive a portion of your own costs from the other side. The amount of costs recoverable will depend on whether you are in the High Court (and then on the list, scheme and track) or Intellectual Property Office and whether, as applicable, a Costs Management Order has been made. For uncapped claims in the High Court, the recoverable costs can be very substantial. At the other end of the scale, recoverable costs for claims on the small claims track are minimal. Further detail on the costs and expenses that can be recovered for the various types of claims are contained in the appendix at the end of this note.

Where there are caps, the position is broadly summarized below (please note that this does not cover court fees):

Table 2

Patents Court (Shorter Trials Scheme) (Patents)

Liability total:	**£500,000**
Quantum total:	**£250,000**

Table 3

Intellectual Property Enterprise Court (Multi Track)

Liability total:	**£60,000**
Particulars of claim	**£9,000**
Defence and counterclaim	**£8,000**
Reply and defence to counterclaim	**£7,000**
Reply to defence to counterclaim	**£3,500**
Attendance at a case management conference	**£6,000**
Making or responding to an application	**£4,000**
Providing or inspecting disclosure or product/ process description	**£6,000**
Performing or inspecting experiments	**£3,000**
Preparing witness statements	**£8,000**
Preparing experts' report	**£9,000**
Preparing for and attending trial and judgment	**£20,000**
Preparing for determination on the papers	**£5,500**
Quantum total:	**£30,000**
Points of claim	**£4,000**
Points of defence	**£4,000**
Attendance at a case management conference	**£5,000**
Making or responding to an application	**£3,000**
Providing or inspecting disclosure	**£3,000**
Preparing witness statements	**£6,000**
Preparing experts' report	**£7,000**
Preparing for and attending trial and judgment	**£10,000**
Preparing for determination on the papers	**£3,000**

Table 4

Intellectual Property Enterprise Court (Small Claim Track)

Issuing claim	**~£60-£110**
Legal advice (for an injunction)	**£260**
Expert	**£750**
Loss of earnings (attendance)	**£95 per day**
Witness expenses (travel)	

Table 5

Intellectual Property Office

Preparing a statement and considering the other side's statement	From £250 to £750 depending on the nature of the statements, for example their complexity and relevance
Preparing evidence and considering and commenting on the other side's evidence	From £600 if the evidence is light to £2600 if the evidence is substantial. The award could go above this range in exceptionally large cases but will be cut down if the successful party had filed a significant amount of unnecessary evidence
Preparing for and attending a hearing (including procedural hearings) or submissions-in-lieu	Up to £1900 per day of hearing, capped at £3900 for the full hearing unless one side has behaved unreasonably. From £350 to £650 for preparation of submissions, depending on their substance, if there is no oral hearing
Expenses	(a) Official fees arising from the action and paid by the successful party (other than fees for extensions of time) (b) The reasonable travel and accommodation expenses for any witnesses of the successful party required to attend a hearing for cross examination
The costs awarded in trade mark fast-track opposition proceedings will be capped at £600, excluding official fees, made up of: • £250 for filing a notice of opposition or considering a notice of opposition and filing a counterstatement • up to £350 for filing written submissions As with any cap, this does not mean that costs will automatically be awarded at this level. Most awards will be less. The cap does not apply where a party is found to have acted unreasonably in their conduct of the proceedings	

The procedure

The Civil Procedure Rules

The Civil Procedure Rules (CPR) set out detailed rules and guidance governing the litigation process in the High Court. These rules require that all cases are dealt with in a way that enables the court to deal with cases justly. This includes:

- ensuring parties are on an equal footing
- dealing with the case in ways which are proportionate to the amount of money involved, the importance of the case, the complexity of the issues and the financial position of each party
- ensuring that the case is dealt with expeditiously and fairly

This is known as the "overriding objective" of the CPR.

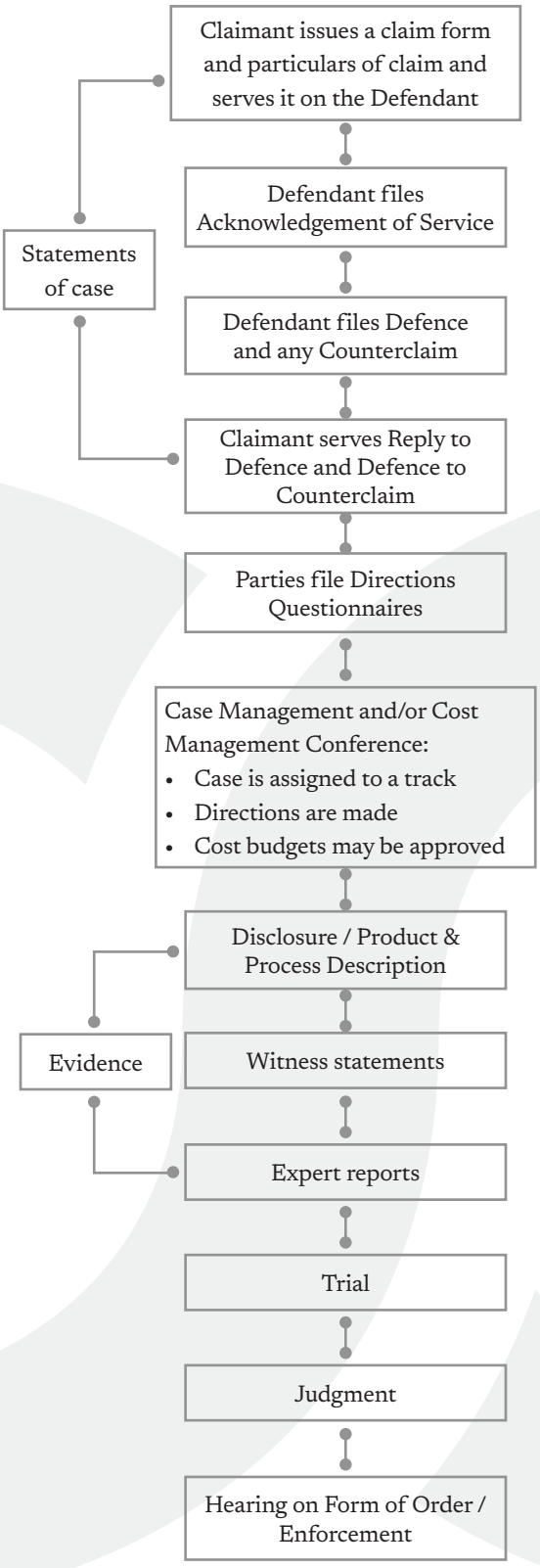
The Patent Practice Manual, Trade Marks Practice Manual and the Registered Designs Examination Practice set out the rules and guidance governing the process before the Intellectual Property Office.

Open Justice

The English court system operates on the principle of 'open justice', meaning that, subject to few exceptions, the public can access court documents and attend hearings. Confidential information may therefore become public knowledge. If this could cause issues, there are some steps that can be taken, such as asking the court to restrict access to court files, hold hearings in private and entering into confidentiality agreements to protect confidential information. However, there is no guarantee that the court will impose confidentiality restrictions and, even if it does, they can later be lifted should, for example, the Court decide that the arguments in favour of confidentiality can no longer be justified.

The main steps

Except for the Intellectual Property Enterprise Court (Small Claims Track), the usual steps in an intellectual property claim before the High Court to determine liability are as follows. We will go into more detail about these below.



Pre-action

Given that litigation should be seen as a last resort, parties are expected to take pre-action steps to try and resolve their differences before proceedings are issued. There are various pre-action 'protocols' within the CPR which set out what parties are expected to do for certain types of claim. For intellectual property disputes, the parties are expected to behave reasonably and to exchange sufficient information before proceedings are commenced so that they each know the basis for the claim and the defence; a 'cards on the table' approach. If appropriate, the court will also expect parties to attempt settlement. The court has the power to penalise a party (usually by way of costs) where they have not complied with the pre-action rules or have acted unreasonably before the commencement of proceedings.

The decision to start proceedings

Court proceedings are started when the claimant issues a Claim Form and Particulars of Claim at court, setting out the basis of their claim. From this point on, set timescales apply for the next steps. A court fee is payable for issuing the claim.

Before issuing proceedings, it is important to carefully consider whether the cost of pursuing court proceedings is worth it and whether the potential defendant is 'good for the money' i.e. if you win your claim, will the defendant actually have the money to pay any damages ordered together with a substantial part of your legal costs?

We recommend a cost/benefit analysis is undertaken in every dispute and that the following questions are considered in conjunction with your legal advisors:

- What is your desired outcome? Is it sufficient to stop someone from using your intellectual property or do you require damages/an account of profits? Would a commercial settlement, such as a licence or co-existence agreement, be preferable?
- Is this outcome practically achievable i.e. is it something that can actually be awarded by the court? If not, it may be best to consider a form of ADR.
- How much will it cost to see court proceedings through to the end? How does this cost compare to the outcome you are likely to achieve?
- Are you willing to risk your intellectual property rights being held to be invalid or not to subsist?

Whilst your legal advisors will endeavour to provide you with a phased estimate for the likely cost of any proceedings, this will necessarily be based on assumptions. Often the actual amount of cost incurred depends on the co-operation and understanding (or lack of it) of the other side and this is something that cannot be predicted with accuracy.

As above, the courts expect parties to have tried to resolve their disputes before litigating and so it is important to consider ADR before issuing proceedings.

Limitation

Claimants need to mindful of the limitation date that applies to their case i.e. the date on which a cause of action expires, provided for by the Limitation Act 1980. Any action issued after the expiry of the limitation date will be time-barred, meaning it cannot be brought. For contract and tort (meaning civil wrong) claims the limitation date is generally 6 years from the date on which a cause of action accrued. With IP disputes, this means that compensation can usually be sought for infringements that have taken place in the six years before the date on which the Claim Form was in issue, provided the relevant intellectual property rights were in force during that time.

Starting the proceedings

Once issued, the claimant has to serve the Claim Form on the defendant, as well as the more detailed Particulars of Claim (which set out the facts of the case and the remedy sought from the court). This has to be done within four months or six months, depending on whether the defendant is served in or outside England and Wales.

Service outside England and Wales (service out of the jurisdiction) can be time- consuming and difficult.

Once the claim has been served, the defendant must serve an Acknowledgement of Service, confirming whether it intends to admit or defend the claim (and if it intends to challenge jurisdiction). If defended, the defendant has to serve its Defence and details of any Counterclaim within a short period. If the defendant fails to acknowledge the Claim Form and Particulars of Service, or serve a Defence, the claimant is entitled to enter a 'default judgment' against the defendant.

If a Defence is served, the claimant will usually respond by serving a Reply, and must serve a Defence to any Counterclaim, if there is one. Once the Defence is served, the court will provisionally allocate it to a track.

Collectively, these documents are the 'statements of case' and are usually served together with the key documents upon which the parties rely or that are necessary for the other party to understand the case. If the claim is defended, the next stage may be the court ordering both parties to complete a Directions Questionnaire (depending on the Court). This requires detailed information about where the parties want the case to be held, how many witnesses they wish to call (which will in part determine how much court time needs to be set aside) and whether there is a need for expert evidence.

Case management

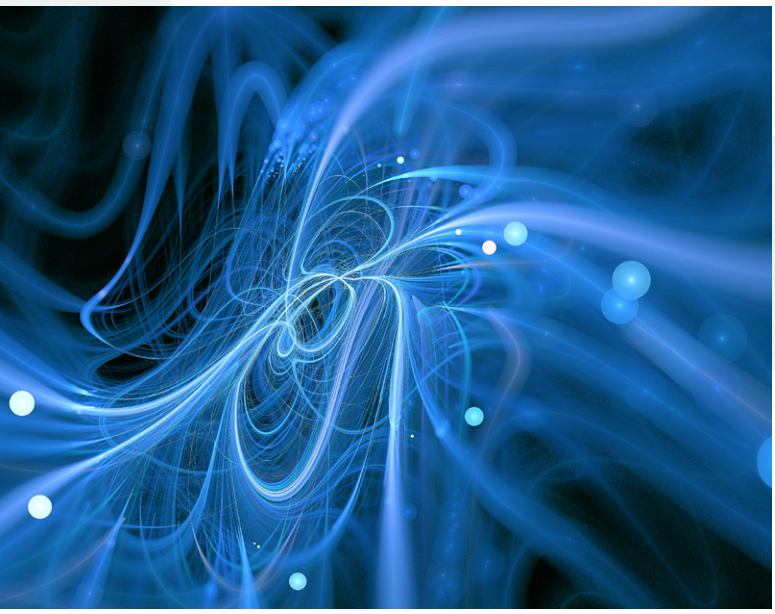
The judge will then give a list of things to be done with time limits (known as "directions") as to how the case should proceed to trial, or hold a hearing called a 'Case Management Conference' or 'CMC' to determine the issues in the case and set the directions. The parties are encouraged to try and agree a draft set of directions in advance of such a hearing. These will usually cover disclosure, experts, witnesses, length and time of trial and other likely applications.

A CMC might be needed if there is disagreement between the parties as to timings or whether, for example, expert evidence is necessary, or if it is, how it should be progressed. The court may also make a direction for the claim to be 'stayed' (put on hold for a time) to allow the parties to try and reach settlement.

Generally, judges are expected to be pro-active in managing cases. The court will want to see that progress is being made and so is unlikely, without good reason, to agree to protracted timescales for implementing the various directions or to lengthy stays. The court is keen to make sure that the parties remain on track, particularly once the case gets closer to trial. The court adopts a strict approach to non-compliance with court rules and court orders. Consequently, a failure to meet a court-imposed deadline could result in severe penalties, such as a claim being struck out, evidence being disallowed, or costs penalties.

Costs management

In the High Court (but not Shorter Trials Scheme or Intellectual Property Enterprise Court) for claims valued at less than £10 million, both parties will be required to prepare an estimate of the legal costs that will be incurred in taking the matter to trial, called a 'costs budget'.



The parties are required to file their budget at court and exchange budgets with the other side in advance of the CMC, in the hope that they can agree each other's budgets. If they cannot agree, the court will decide the extent to which their budgets are approved. The court may order a hearing at which the judge can fix a budget for the claim, called a 'Costs Management Hearing'.

It is very important, where the costs management regime applies, to file a budget within the set time limit. Any party that fails to file a budget when required to do so will be treated as having filed a budget comprising only the applicable court fees (unless the court otherwise orders).

Once budgets have been approved, the court will manage the case so that it proceeds within the approved budgets. Parties can only revise their budgeted costs upwards or downwards if there are significant developments in the litigation that warrant such revisions.

Notably, litigants in person do not have to file costs budgets and are not subject to costs management unless the court orders otherwise. However, if you are legally represented with a litigant in person on the other side, you still have to file a costs budget and try to agree it with the litigant in person.

The costs management regime does not apply to appeals.

At the end of the litigation, the recoverable costs of the winning party are assessed in accordance with the approved budget and the court will not depart from it unless satisfied there is good reason to do so.

Evidence

A party proves its case by producing evidence of its claim. This is generally done by the three steps of disclosure, witness statements and, if applicable, expert reports. Other forms of evidence, such as experiments or survey evidence, may be permitted in appropriate cases.

Disclosure

The general principle in civil litigation in England and Wales is that all parties involved are obliged to show each other and the court any documents in their control which are relevant to the case. This process is called disclosure. A 'cards face up on the table' approach should be taken and the process is designed to ensure that all evidence is available, however damaging to a party's case that evidence might be.

Depending on the track and venue to which your case is allocated, the rules on disclosure may differ. For example, for claims proceeding in the small claims track the parties are usually only required to disclose the documents on which they rely. For cases in the IPEC, the court will decide what disclosure is appropriate for the case at the case management conference. What follows is general guidance applicable to all civil cases.

A 'document' includes any record of any description which contains information. It may take any form and is not limited to paper or electronic documents. It may be held on computers or on portable devices such as memory sticks or mobile phones or within databases. It includes email and other electronic communications such as text messages, webmail, social media and voicemail, and visual or audio recordings.

In addition to information that is readily accessible from computer systems and other electronic devices and media, the term 'document' extends to information that is stored on servers and back-up systems and electronic information that has been 'deleted'. It also extends to metadata and other embedded data which is not typically visible on screen or a printout.

Parties are required to disclose documents which are or have been in their 'control'. This covers documents not only in their direct physical control but also where a party has the right to possess, inspect, or to take copies of such documents. It also covers documents which a party used to control but may no longer control.

If large volumes of documents are involved, the parties may prefer (and the court may order them) to use electronic disclosure platforms to search for data within relevant documents. It is also now increasingly common for artificial intelligence tools to be used to further speed up the process and reduce the cost.

Privilege

Certain types of documents are not permitted to be seen by the other party/parties. Such documents are "privileged" and include:

- documents passing between a party and their legal advisors for the main purpose of seeking/giving legal advice (legal advice privilege);
- certain communications made when litigation is likely or has begun, passing between a party and their legal advisor/third parties where the main purpose of the communication is to seek or obtain evidence for use in the litigation or to provide advice on the litigation (litigation privilege); and
- correspondence and other communications generated in a genuine attempt to settle an existing dispute (without prejudice privilege).

Where documents are privileged, it is important to ensure that any such privilege is not waived. You should therefore discuss with us the potential creation, receipt or circulation in or out of the business of any documents relevant to the dispute to ensure that any privilege that may be attached to such documents is not inadvertently lost. A good first step is to create a core team to manage the instructions given to your legal advisors. Only those people in the core team should then communicate with your legal advisers in relation to the dispute.

You should mark correspondence relating to the dispute "Privileged and Confidential". Do not create documents about the dispute other than those to be communicated to your legal advisers. If you need to communicate any advice given outside of the core team, do this via a verbal summary.

Particular care should be taken when reporting to your Board of Directors, or equivalent group, on privileged advice as there is a risk that privilege could be waived. You should ensure that any discussions regarding the dispute, and the legal advice which is given, are minuted separately from the main minutes of the meeting, and the circulation of those separate minutes is restricted to the core team.

Consequences of losing Privilege

If you cannot retain privilege over a document, you run the risk of losing privilege over not only that document, but also the category to which the document relates. As a result, the related documents could be disclosable to the other side.

You can decide to waive privilege. However, if you choose to do that, you may need to disclose other documents, so the court and other side have the full picture.

If you are in any doubt, discuss the creation, receipt or circulation of documents (internal and external) with your legal advisers in advance.

Preservation of documents

As soon as there is a possibility that a claim will be either brought against you or issued by you, you are obliged to preserve documents relevant to that claim, for the duration of that claim. To preserve a document is to keep it and prevent it from being destroyed or lost.

You should ensure that any routine document destruction processes are suspended (such as emails being deleted after a certain amount of time) and that the requirement to retain all potentially relevant documentation is communicated to all relevant employees and other individuals relevant to the dispute. This is sometimes referred to as putting a 'legal hold' on documents.

Failure to preserve documents may result in adverse inferences being drawn and cost sanctions. You will need to explain and justify what has happened to any documents that have been lost or destroyed.

It is equally important to ensure that no new documents are created that might be relevant and would therefore need to be disclosed. All electronic copies of documents should be retained in their original format and not amended in any way.

Finally, do not ask third parties to send you documents until the content of those documents has been considered. If you do not have the document in your possession or control and you do not have the legal right to possess, inspect or copy it, such documents will not be disclosable – unless or until they come into your possession or control.

Disclosure can be a costly exercise and the court will look to manage the exercise to facilitate a just, reasonable and proportionate outcome. Careful thought will need to be given about which issues are likely to be determined by documents, and what kind of searches will be needed to find relevant documents. The parties will need to co-operate with each other in seeking to agree the scope of disclosure needed in the particular case, and what search methods will be used.

Witness evidence

After the disclosure of documents, written witness statements are prepared setting out the evidence of the witnesses who have knowledge of the relevant facts in the case and on whose evidence the parties intend to rely at trial. The parties 'exchange' these statements by serving them on each other at the same time. It is important that witnesses understand that they can be called to attend trial to be cross- examined on their statement. Witness statements must contain a statement of truth recognising that proceedings for contempt of court may be brought against anyone who makes, or causes to be made, a false statement in a document verified by a statement of truth without an honest belief in its truth.

Witness Statements can be very revealing and often lead to some reappraisal of the strength of either or both parties' positions.

Expert evidence

Where there are issues which require technical evidence or expert opinion, expert evidence will be required. Although appointed and paid for by the parties, experts have a duty to give independent evidence to the court. It is not their role to put forward the instructing party's case. As with witness statements, expert reports are 'exchanged'.

The court may order a meeting of experts with a view to narrowing down the issues (although this is rare). As for witnesses of fact, experts must expect to be called to attend trial and to be cross-examined on their reports.

Pre-trial

In High Court cases (except Patents Court and Intellectual Property Enterprise Court cases) there is usually a Listing Questionnaire/Pre-trial Checklist stage which is similar to the Directions Questionnaire, asking for confirmation as to whether all directions have been complied with, what the likely time estimate for trial is, and how many witnesses will be called etc. In other cases, a final hearing date is set without reference to any further questionnaire. The claimant will need to pay a Hearing Fee in advance of the trial.

The parties will normally agree and create a bundle of relevant documents (the trial bundle), which is lodged at court before the trial for the Judge to read. Sometimes the court will require the parties to attend a Pre-Trial Review, to enable the trial Judge to check that the timetable has been complied with, and also to agree how the trial will be run, and evidence presented.

Trial

The trial is the final hearing of the case before the court makes a decision on the claim. Only a small percentage of cases end up with a trial, with most cases settling at an earlier stage, both to avoid the continuing cost of proceedings as well as the risk of an unfavourable outcome.

Juries are not used in civil trials of intellectual property disputes. Instead, a single judge will hear evidence and argument from both sides and then decide the outcome.

Often parties choose to instruct 'counsel' (a barrister) to represent them at trial as they are specialists in advocacy. Solicitors can also appear in court if they have higher rights of audience (solicitor-advocates). However, it is common practice in English litigation for counsel to be instructed to assist with preparing statements of case, advising on the merits of the case and to conduct any oral advocacy at hearings. Senior Barristers recognised as experts in their field can be appointed "King's Counsel" (KC). All barristers (however experienced) who are not KCs are called 'Juniors'. Barristers incur a 'brief fee' for attending trial, and daily 'refresher fees' in multi-day trials, the cost of which can be a factor in considering settlement prior to trial.

The trial begins with opening submissions from the advocates. The factual and expert witnesses will then give evidence and be cross-examined. Finally, the advocates will give closing submissions on the evidence and the law. The judge will then decide the outcome.

Who has 'won' or 'lost' is not always straightforward, one party may win on some issues and the other party on others and there may be no clear winner. This can have an impact on any costs award made.

Judgment

The Judge will give a "Judgment" which is a formal statement of the outcome of the claim.

The judgment may be given orally ("ex tempore") immediately after the trial but is usually "reserved" to a later date, which can sometimes be several months later, particularly in complex matters. This means that the parties will not know the Judge's decision until sometime after the end of the trial. Settlement discussions may well continue during this period. It is common for the Judge to provide a copy of the judgment to the parties' legal representatives a day or two before the judgment is "handed down" in open court but distribution of the draft judgment is strictly controlled, and no public announcement of steps can be taken in respect of it.

Once judgment has been handed down, the parties can seek any consequential orders, such as the imposition of injunctions, costs orders and permission to appeal.

Appeals

In the High Court, an unsuccessful party can only appeal with permission from the court or the Court of Appeal and on the basis that the first instance judgment contained an error of law or was unjust due to a serious procedural or other irregularity in the proceedings. In the Intellectual Property Office, the ability to appeal is of right.

The general rule is that notice of an appeal must be filed within 21 days of the judgment or court order. An appeal to the Court of Appeal can take many months to be listed for hearing.

The Supreme Court is the final court of appeal in the UK for civil cases. It hears cases of the greatest public or constitutional importance affecting the general population. Appeals to the Supreme Court are only possible with permission.

Where "exceptional circumstances" exist, a case can be 'leapfrogged' from the High Court straight to the Supreme Court instead of first going to the Court of Appeal.

Enquiry as to damages / Account of profits

As part of the judgment, the losing party (now the 'judgment debtor') will be ordered to pay any damages and costs awarded within a set timeframe. If payment is not made, the winning party (the 'judgment creditor') will need to look at enforcing the judgment and several methods of enforcement are available, including:

- seizure of goods owned by the judgment debtor which are sold at auction;
- a 'third party debt order', under which someone who owes the judgment debtor money is ordered to pay it directly to the judgment creditor;
- an 'attachment of earnings order' whereby the debt is deducted from the judgment debtor's wages; and
- a charging order over property owned by the judgment debtor.

The appropriate procedure will depend on the nature and location of the judgment debtor's assets. Freezing orders are also available to prevent the judgment debtor from dissipating their assets in an attempt to avoid payment of the damages awarded.

Where the judgment debtor has assets outside the jurisdiction, whether the judgment can be enforced overseas will depend on what arrangements are in place between England and the jurisdiction in which enforcement is sought, and where there are none, the local law of the jurisdiction in which enforcement is sought.

In most intellectual property claims, the questions of liability and compensation are split. The judge first determines whether the asserted intellectual property rights have been infringed and, if put in issue by the alleged infringer, whether they are valid or subsist. If they are held to be infringed, the compensation due to the claimant is assessed in a second stage of the proceedings.

The infringer will be required to provide a summary of the infringing activities and the revenues received and costs incurred in respect of them. The claimant must then make a formal election, choosing whether compensation should be assessed by means of an inquiry as to damages or an account of profits. The former assesses compensation by reference to the harm caused to the claimant. This could, for example, include lost profits where the claimant would have made its own sales, were it not for the infringements, or damages assessed by way of a notional royalty, i.e. the royalty that would have been paid had the infringer obtained a licence from the claimant to do the acts found to infringe. The latter assesses compensation by reference to the actual profits made by the infringer from the infringements, which are then paid over to the claimant.

Inquiries as to damages and accounts of profits can be lengthy and costly procedures, with further evidence from the parties and a hearing before a judge. However, in the majority of cases the parties reach a settlement, and a full inquiry or account becomes unnecessary.

Timescales

Each case will differ in terms of its complexity, the number of parties, witnesses and evidence involved and how the parties conduct themselves throughout. But the following table gives an idea of the time involved in a 'smooth running' multi-track case with two parties, less than five witnesses, one expert on each side and limited disclosure, up to the trial on liability:

Table 6

Pre-action	1-2 months
Statements of case	2-3 months
Case management and allocation	2 months
Evidence	6 months
Pre-trial and trial	2-3 months
TOTAL	**13-16 months**

Settlement

The parties can try and reach settlement (a negotiated agreement to end the dispute) at any time during a dispute, both before and during proceedings and even during a trial, although the further the case progresses, the more costs that are incurred. The parties should therefore keep the strength of their case and ability/willingness to settle under constant review.

Offers of settlement can take one of two forms: a 'Calderbank' offer, which is an offer (usually contained in a letter) written 'without prejudice save as to costs', or a 'Part 36' Offer', which is a formal offer made pursuant to Part 36 of the CPR. In both cases there can be financial consequences for a party that does not accept a settlement offer but fails to secure a better result at trial. We can provide full advice as to the potential consequences of a particular settlement offer, whether offered or received, during the resolution of your dispute. Due to the potential consequences, a well-judged settlement offer can put the other side under great pressure to settle. Any outstanding settlement offers, and the question of whether to make any new or alternative offers, must kept under constant review, as the perceived benefits of making or accepting an offer will change as the dispute progresses.

Alternative Dispute Resolution (ADR)

The ethos of the court system in the 21st century is that litigation should be a last resort when other methods of dispute resolution have failed. As legal advisors we therefore have a duty to advise you about alternative methods of resolving your dispute and this should be considered before you look at issuing court proceedings.

ADR is the name used for different ways of solving a dispute aside from court or tribunal proceedings. For example, mediation, arbitration, and adjudication are all types of ADR.

Why use ADR?

Whilst the use of ADR is not compulsory, if you want to bring a claim in the courts of England and Wales you are required under the Civil Procedure Rules (which govern civil litigation) to consider whether the matter could be resolved by ADR. This is throughout the matter, not just at the commencement. If you consider that it cannot be resolved using ADR, you have to be able to state your reasons.

The following sanctions can be imposed by the court if you unreasonably refuse to consider (or are silent in response to an offer to consider) ADR prior to issuing proceedings:

- the proceedings can be stayed (put on hold) until steps have been taken to consider ADR
- you can be ordered to pay all/part of the costs of the other side to the dispute
- you can be ordered to pay those costs on an indemnity basis, meaning the court will resolve any doubt which it may have as to whether costs were reasonably incurred or were reasonable in amount in favour of the other side
- if you are the claimant and you 'win' the proceedings and are awarded a sum of money, an order can be made that you will not receive interest on all/part of that sum and/or the interest that you will receive is at a lower rate than would otherwise have been awarded
- if you are the defendant and the claimant 'wins' the proceedings and is awarded a sum of money, you can be ordered to pay interest on all/part of the sum at a higher rate than would otherwise have been awarded (not exceeding 10% above base rate).

What forms of ADR are available?

There are numerous forms of ADR available and which one is appropriate will depend on the type, value and complexity of your particular dispute. Table 7 outlines the main forms of ADR you are likely to come across in general civil litigation, but we can advise as to which would be most suitable for your case.

Regardless of the form of ADR you would like to use, it is best to obtain informed legal advice before proceeding so that you are aware of all of your options and choose the best forum for your dispute.

Table 7

Adjudication	An independent third party – the adjudicator – considers the claims of both sides and makes a decision. This is usually done on paper. Both sides send in written details of their argument, with copies of supporting evidence. The adjudicator then makes a decision based on this information, and on what is generally considered to be good practice in the business concerned. The adjudicator is usually an expert in the subject matter in dispute. Typically, the decision is binding pending agreement of the parties altering its effect or referring the dispute to arbitration or litigation for final determination.
Arbitration	An independent and impartial third party acting in a judicial fashion considers both sides in a dispute and makes a decision that resolves the dispute. In most cases the arbitrator's decision is legally binding on both sides, so it is not possible to go to court if you are unhappy with the decision. The Arbitration Act 1996 governs the process and there is a vast body of caselaw applicable to it.
Conciliation	An independent impartial person (the conciliator) tries to help the parties to resolve their problem. They will actively assist the parties to settle e.g. by making suggestions as to settlement options. The parties in dispute are responsible for deciding how to resolve the dispute, not the conciliator.
Early Neutral Evaluation	An independent third party considers the claims made by each side and gives an opinion or evaluation. The opinion can be about the likely outcome of the case, or about a particular point of law. The third party can either be an expert in the subject of the dispute, or an expert in law (such as a barrister or a judge). The same opinion is given to both sides in the dispute. The opinion is not legally binding. The rationale is that, once armed with the opinion, the parties will be able to negotiate an outcome or settle the dispute on the basis of the evaluation.
Executive Tribunal (or mini trial)	A representative of each party makes a formal presentation of their best case to a panel of senior executives for the disputing parties and an independent chairperson. The panel discusses the dispute with the chairperson acting as mediator and reaches a decision with the chairperson's assistance.
Expert Determination	An independent third party considers the claims made by each side and issues a binding decision. The third party is usually an expert in the subject of the dispute and is chosen by the parties, who agree at the outset to be bound by the expert's decision. It can be most suitable for determining technical aspects of a complex dispute.
Mediation	An independent third party (the mediator) helps the parties to try to reach an agreement. The parties, not the mediator, decide whether they can resolve things and what the outcome should be. Not confined by legal rules, mediation allows more creativity and flexibility over settlement terms than litigation or arbitration. This means more commercial, practical solutions can be found than would otherwise be the case. Once settlement is reached, your advisors can document the terms.
Negotiation	This is the most flexible and informal ADR method. You can negotiate directly with someone you are in dispute with, or you can have someone negotiate for you, such as an adviser or solicitor. Discussions are usually on a without prejudice, and possibly subject to contract, basis.

Positives and negatives of using ADR

Table 8

Positives	Negatives
When it ends in settlement it can be quicker and cheaper than going to trial at court and there are no court fees payable.	If it does not result in settlement, it can add time and costs to the process of resolving the dispute through litigation. Some forms of ADR such as arbitration are of a comparable expense to litigation and can be more expensive with the cost of the arbitrator and venue to pay for.
It can be quicker, depending on the type of ADR used and the co-operation of the other party.	It may not be quicker for urgent disputes or if it does not result in settlement. If you have to agree terms of appointment before the process can begin and the other party is uncooperative, this will slow the process down and may mean litigation is more suitable.
It is not adversarial, allowing you to maintain an ongoing relationship with the other side	If there is an imbalance of power between the parties, face to face ADR may not be appropriate e.g. where an individual has a dispute with a large organisation. It may also not work if one or both sides is uncooperative and unwilling to explore settlement. It can lead to parties becoming more entrenched in their respective positions.
There is a much wider range of outcomes with ADR than with courts so it can achieve more practical commercial solutions suiting both parties. As such, it can be long lasting as well.	If there is an urgent need for a legal remedy, such as an injunction, ADR is unlikely to be appropriate. If there are time limits for legal action, you may not be able to explore ADR before pursuing litigation (although you could seek to stay the litigation to allow you to do so).
You can receive a binding decision in some types of ADR such as arbitration, giving you certainty in the resolution.	You cannot reject the decision if you don't like it, and you can't take the claim to court instead. ADR processes do not usually set precedents – if you need to establish a legal point that you and others can rely on in the future, you may need to go to court.
It is confidential and carried out in private and therefore can protect reputations and commercial concerns.	Some aspects of an arbitration dispute may become public if the award is appealed and with adjudication if the decision is enforced through the courts. There are no consistent quality standards or regulations for ADR providers, but we can advise as to which services are recommended.

Litigation funding and insurance

Litigation can be expensive. Your legal advisors will be able to give you an estimate of the likely costs involved and you will need to carefully consider whether and how this can be funded. There are a number of options available. This list is not exhaustive, but the main options are:

- Self-funding
- Conditional Fee Agreement (CFA)
- Damages Based Agreement (DBA)
- Before the Event (BTE) Insurance
- After the Event (ATE) Insurance
- Third party funding

Depending on the type of dispute, other types of external funding may also be available, such as crowdfunding.

Taking each of these in turn:

Self-funding

You pay your legal advisors for the time spent conducting your case, usually at an agreed hourly rate ('self-funding'). It is a private arrangement between you and your solicitor which has little or no impact on the other side. These arrangements do not need to be disclosed to the other side or the court. In appropriate cases, fixed or capped costs can be agreed, either for specific stages of the litigation, or for all the proceedings up to trial.

Conditional Fee Agreement (CFA)

Sometimes referred to as a 'no win, no fee' agreement, a CFA is an agreement between you and your solicitor where, generally, if you lose your case you will not be liable to pay your legal advisors' fees and expenses incurred in the case.

If you succeed in your case, you will be liable to pay all of your legal advisors' fees and expenses, and your legal advisors are entitled to charge you an additional uplift or 'success fee' if this is provided for (that uplift can be up to 100% and will not usually be recoverable from the losing party). The success fee will not be deducted from any damages you receive from the other side (unlike DBAs, see below) but is payable by you separately.

Common variations of CFAs include:

- A "discounted CFA" where your solicitor receives a lower percentage of their fee (say 75%) if you lose your case but receives their fee at the full rate plus a success fee if you win; and
- A "CFA Lite" where your solicitor operates on a no-win no-fee or discounted CFA basis, but the additional fee and any success fee payable on you winning your case is capped at the amount of costs awarded to you or agreed with the other side.

CFAs are available to everyone (including companies), whether claimant or defendant and irrespective of means. They are available for the provision of "litigation services" which includes (in England) court litigation, arbitration and any sort of proceedings used for resolving disputes, whether commenced or contemplated. Although typically used by claimants, they can be used by defendants in relation to their defence and/or counterclaim.

Given the risk involved to your legal advisors of their bearing your costs if you lose your case, your legal advisors will want to thoroughly assess the strength of your case at the outset of their being instructed and many IP cases are not suitable for CFAs.

Damages Based Agreement ('DBA')

Like a CFA, a DBA is a 'no win, no fee' arrangement, but here, if you are successful in your case, your legal advisors receive a percentage of the damages you recover. If you lose, your legal advisors receive nothing. They are rare in IP cases, especially given the bifurcated nature of many IP actions, where liability is determined before a separate assessment of compensation.

If you lose, although you will not be liable for your own legal advisors' costs (because they have been acting on the basis of a DBA), you are likely to be liable for the winning party's costs. Insurance cover (see ATE below) is sometimes available after a dispute has arisen to meet that potential liability, but the premium is not usually recoverable.

There is no requirement for you to tell the other side or court that you have entered into a DBA. However, there may be tactical reasons for doing so as the fact that your solicitor is prepared to act under a DBA is indicative of their belief in the merits of your case and could therefore assist in persuading the other side to settle.

Before the Event (BTE) insurance
This insurance is often available before a dispute arises and usually covers legal fees and expenses up to a certain specified limit, regardless of whether you win or lose your case.

After the Event (ATE) Insurance
ATE insurance is a type of legal expenses insurance, purchased after a legal dispute has arisen, that provides cover for the legal costs incurred in the pursuit or defence of litigation and arbitration.

ATE insurers offer a variety of cover, tailored to your specific needs. Generally, they cover your legal advisors' expenses and those of the other side in the event that they win. For example, if you have a discounted CFA and an ATE policy and you lose your case, you will only be liable for your own legal advisors' fees at an agreed discounted rate (unless your own legal fees are also insured).

Subject to limited circumstances, the ATE premium will not be recoverable from the other side. Where the premium is not recoverable, there is no obligation to disclose the existence of the ATE to the other side.

While the terms of the premiums offered vary from provider to provider, there are four main types:

- One-off premiums: These are payable up-front and do not cater for the fact that your case may settle early. If it does settle early, the premium already paid could potentially be higher than any costs liability.
- Staged premiums: The premium payable increases as the matter progresses and so remains proportionate to the costs incurred.
- Deferred premiums: You only pay the premium at the conclusion of your case.
- Contingent premiums: The premium is only payable if your win your case. If you lose, it is not payable. However, the cost of these premiums is usually much higher than the standard premium.

Not all cases will be appropriate for ATE insurance. Unlike third party funding, ATE insurance is not reliant on a damages outcome; ATE insurers are more concerned with recoverability of the premium from the insured.

ATE insurance is therefore:

- available to claimants and defendants (although more frequently used by claimants as it is commonly included as part of a funding package where a damages outcome is required);
- generally available only for multi-track cases, i.e. cases where there is no fixed costs recovery rate; and
- unlikely to be provided where the case involves novel issues (and, if offered, premiums are likely to be very high given the additional risk).

Attitudes to risk among insurers will vary but, generally speaking, they will expect an assessment of the chances of success (usually by counsel's opinion) of a minimum of 60% before they will offer cover. In this respect, they operate on a similar basis to third party funders.

Third party funding

There are times when you need support to fund a dispute and, without it, you may not be able to pursue the dispute at all. Alternatively, it may suit your business risk strategy to share the risk of pursuing a claim or it may be commercially convenient to remove the cost of pursuing the dispute from the company balance sheet.

Third party funding is where a third party (without a prior connection to the dispute) agrees to provide funding for all or part of the legal costs of it. In return, they ask you to pay a fee out of the damages you recover (whether by judgment or settlement).

Typically, the funding will cover your legal fees and expenses. The funder may also agree to pay the other side's costs (if this is ordered) and provide security for costs. Its application can extend beyond litigation and arbitration to all forms of dispute resolution, and it is available for a variety of commercial disputes.

Funders need to receive a return on their investment. Generally, a case requires a very good chance of success for a funder to consider it. If you are defending a claim, funders may consider your case if you have a sizeable counterclaim from which they can extract a return.

Cases which are attractive to funders are those:

- with good prospects of success, typically 60% or higher
- where the risk is shared between you, your legal advisers and the funder themselves
- where the judgment obtained can be enforced against your opponent. Therefore funders will consider the credit worthiness of your opponent as well as their assets
- which are large enough to ensure they will receive a return, get their money back and ensure there is enough left over for you – usually a damages outcome of at least £10 million
- where you can give a realistic estimate as to when they will see a return on their investment and recover the money they put in.

There are a number of options available to you to achieve the funding you need. However, litigation funding must be looked at on a case by case basis.

You can use third party funding in conjunction with a CFA, a DBA or BTE/ATE insurance.

An application for funding will need to include the funder's own application form and key documentation. It is important that you are entirely transparent as to the nature of your case to maximise your chances of being successful with your application. Once submitted, the funder will assess the proposal, complete its own background due diligence and, if appropriate, make an offer of funding. Although a decision in principle can be relatively quick, the offer itself can take between 4-6 weeks to come through.

If you decide to apply for litigation funding, we can work with you to put together a proposal and guide you through the process.

DISCLAIMER

This information is for educational purposes only and does not constitute legal advice. It is recommended that specific professional advice is sought before acting on any of the information given.

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