

Enforcing Intellectual Property Rights

A Concise Guide for Businesses, Innovative
and Creative Individuals

JANE LAMBERT

GOWER

4 *Dispute Resolution Options*

Essentially an intellectual property right is a right to sue. Except for the very few intellectual property infringements that are also crimes,¹ it is up to the intellectual property owner to take proceedings in the civil courts if his or her right is infringed.

Court proceedings

Court proceedings fall into two phases:

1. determining the rights and remedies of the parties; and
2. enforcing any remedies that the court may grant.

While it is possible for parties to agree alternatives to a court's determination of their rights and remedies (many of which are faster and less formal and expensive than the court's procedures), there is no lawful substitute in a civilized society for the court's powers of enforcement. Only a state can lawfully imprison citizens or deprive them of their property and, even then, only in accordance with generally accepted rules. The courts are the agents by which states exercise those coercive powers.

Determining rights and remedies

In most civilized societies this procedure takes the following course:

- The court satisfies itself that the complainant (usually called a '*claimant*' in England and Wales, '*pursuer*' in Scotland and '*plaintiff*' in most other countries) has a right to sue and the person sued (the '*defendant*', or '*defender*' in Scotland) is answerable before it.
- If it is satisfied thus, the court then decides whether the right(s) claimed by the claimant subsist(s) and if so whether such right(s) has or have been infringed.
- If it finds that one or more rights have been infringed, the court then determines the remedy for such infringement. That may take place in several stages. For instance, the court may decide on one occasion that the defendant is liable in principle to compensate the claimant in damages and then go on to decide the precise amount of compensation on another occasion.
- The court's decisions may be subject to appeal or review.

¹ These are listed on the UK-IPO website at <http://www.ipso.gov.uk/crime/crime-what-is/crime-what-is-offenceguide.htm>.

Remedies and enforcement

If an intellectual property right is infringed, the following remedies may be available to the owner:

- **Declarations:** a formal statement of the rights or obligations of the parties;
- **Injunctions:**² an order of the court to do or refrain from doing a specified act;
- **Damages:** an order to pay the injured party a sum of money by way of reparation for the harm done;
- **Account of Profits:** an order to account for and surrender any profits that a wrongdoer has gained from his or her wrongdoing;
- **Costs:** an order to contribute to the successful party's expenses of bringing or defending the claim.

The court can compel obedience to its injunctions by punishing disobedience with a fine, seizure of assets or even imprisonment. It can compel payment of a monetary award by authorizing seizure of funds or other assets, deduction of some or all of an income stream, a charge over property or the bankruptcy of an individual or the administration or winding up of a company. Injunctions can be interim (that is to say, temporary) or perpetual (permanent). A court will grant a perpetual injunction after it has determined the rights and liabilities of the parties. It may grant an interim injunction before that determination if it believes that a party could suffer irreparable harm before it has completed its processes.

Civil and common law systems

Most modern industrial countries have legal systems that fall into one or other of the following categories:

- **Common law systems:** judge-made laws and practices based on or influenced by English law; and
- **Civil law systems:** codifications of general legal principle that originate in imperial Rome and have been developed by legal scholars over many centuries.

An important difference between the two is that the parties choose the issues and the evidence to be presented in common law systems while the judge acts as referee while in civil law systems the court leads the investigation and calls the evidence.

The significance of the difference between those two systems from the point of view of litigants is that the cost of litigation in common law countries such as England and the USA is much higher than in civil law countries such as France, Germany and the Netherlands. In a report published in November 2003³ the UK government's high level Intellectual advisory on intellectual property (IPAC) compared patent litigation in England and Wales, France, Germany, the Netherlands and the USA. It found the average cost of a patent infringement claim to be:

- £1 million in England if brought in the High Court and between £150,000 and £250,000 if brought in the Patents County Court;

² Called 'interdicts' in Scotland and certain other countries.

³ IPAC 'The Enforcement of Patent Rights' November 2003, which may be downloaded from Mandy Haberman's website at <http://www.mandyhaberman.com/media/IPAC-18-11.pdf>.

- €30,000 to €50,000 in France;
- €25,000 to €50,000 in Germany;
- €10,000 to €20,000 in the Netherlands for summary proceedings or €40,000 for a simple action;
- between US\$2 and 4 million in the USA.

It was not hard to see why. The report found that trials average half a day in France and the Netherlands and a day in Germany compared to 1 to 5 in England and Wales and 2 weeks and upwards in the USA. Teams consisting of an advocate and a patent attorney are typical in the civil law countries. In England, on the other hand it is not unusual to instruct leading and junior advocates, two litigators and a patent attorney in the High Court. Even in the USA where there is no formal distinction between advocates, litigators and patent attorneys, patent litigation is conducted by teams of 4.

The UK legal systems

The first point to note is that there is no such thing as the 'UK legal system'. There are separate legal systems for England and Wales, Scotland and Northern Ireland. Each legal system has its own courts that have developed their own bodies of case or judge-made law over the years. The legal systems of England and Wales and Northern Ireland are very similar. The structures, jurisdictions and even the names of some of the courts are the same and decisions of one jurisdiction's courts tend to be followed by those of the other. However, the legal system of Scotland remains very different despite sharing a common legislature and the House of Lords as final court of appeal with the rest of the UK. It should also be noted in passing that the Isle of Man and Channel Islands are not part of the UK though they are British territory. Each of those islands has its own legislature, executive and court system which has developed its own case law albeit that much of it is modelled on or influenced by UK statutes and English case law.

England and Wales

There are separate courts for civil and criminal proceedings in England and Wales. 'Civil' in this context includes 'family' as well as civil and commercial. The civil courts consist of the *Senior Courts* of England and Wales and a nationwide network of local county courts. The Senior Courts (which used to be called the Supreme Court of England and Wales)⁴ consist of the *Court of Appeal*, the *High Court of Justice* and the *Crown Court*. The High Court was formed by the merger in 1873 of several ancient courts that had developed parallel rules and practices known as '*common law*' and '*equity*'. The common law courts awarded damages for breach of contract and other wrongdoing. The courts of equity – also called chancery because the principles of equity were first developed by the Lord Chancellor – granted injunctions and other orders to prevent or undo wrongdoing but they had no power to compensate. The merged court applied both common law and equity but in order to preserve expertise and continuity the judges of that court were organized in separate chancery and common law divisions. Cases that had previously been heard by the chancery courts such as claims for an injunction for

4 Renamed by S.59 (1) of the Constitutional Reform Act 2005.

the infringement of an IPR were usually heard by a judge of the Chancery Division whereas claims for damages for injuries suffered in an accident or moneys due under a contract were heard by the common law or Queen's Bench Division. The High Court continues to sit in three Divisions – namely, the Chancery, Queen's Bench and Family Division. Intellectual property cases are now allocated to the Chancery Division by statute⁵ and patent and registered design cases assigned to a special panel of judges within the Chancery Division known as the '*Patents Court*'.⁶ The county courts are a network of local courts with very wide civil jurisdiction. Intellectual property infringement claims other than patent and design cases are heard in the Preston, Manchester, Mold, Liverpool, Leeds, Newcastle, Bristol, Birmingham, Cardiff and Caernarfon County Courts. Patent and registered design cases as well as other intellectual property claims may be heard in the Central London County Court which is sometimes called '*The Patents County Court*'. In both the High Court and the country courts, intellectual property cases are tried by a judge sitting alone while appeals are heard by panels of three judges (or '*Lord Justices*') of the Court of Appeal.

Scotland

There are three sets of courts in Scotland:

1. The *Court of Session* and the *High Court of Justiciary* which are superior courts of record exercising respectively civil and criminal jurisdiction throughout Scotland;
2. *Sheriffs Courts* having wide civil and criminal jurisdiction within districts known as sheriffdoms; and
3. *District Courts* having local criminal jurisdiction.

The Court of Session sits in two divisions known respectively as the *Inner House* and the *Outer House*. The Inner House is an appellate court and the Outer House is a court of first instance. Intellectual property claims are brought in the Outer House and are handled by a judge appointed by the Lord President, known as '*the Intellectual Property Judge*'.⁷

Northern Ireland

The Northern Irish courts are organized very much like those of England and Wales. The equivalent of the Senior Courts of England and Wales is the *Court of Judicature of Northern Ireland* consisting of the Court of Appeal, High Court and Crown Court of Northern Ireland.⁸ There is also a network of county courts. The High Court sits in three Divisions also known as the Queens Bench, Chancery and Family Division. Intellectual property cases are brought in the Chancery Division. There is no special patents court for Northern Ireland. Appeal lies from the High Court and county courts to the Court of Appeal.

5 S.61 (1) and Sched.1 para. 1 (h) Senior Courts Act 1981.

6 S.62 (1) Senior Courts Act 1981.

7 Rule 55.2 of the Rules of the Court of Session 1994 (<http://www.scotcourts.gov.uk/session/rules/chapter55.asp>).

8 Formerly known as the Supreme Court of Judicature and renamed by S.59 (2) of the Constitutional Reform Act 2005.

Law lords

The House of Lords is the upper house of the UK legislature. It consists of individuals who have distinguished themselves in various activities including the law. Members who are appointed to the House in recognition of their judicial service are known as '*the law lords*'. They hear appeals from the highest courts of England and Wales, Scotland and Northern Ireland. This is the last remnant of an obsolete constitutional role in which Parliament was a court as well as part of the legislature. The law lords are also members of another ancient institution known as the *Privy Council*. There they form the Judicial Committee which hears appeals from the highest courts of the Isle of Man and Channel Islands, the last remaining British overseas territories, some of the independent members of the Commonwealth, the Scottish courts in devolution issues (including those involving human rights) and a few other British domestic tribunals. As the exercise of judicial functions by part of the legislature is now regarded as anomalous, the House of Lords is about to be replaced⁹ by a new *Supreme Court for the United Kingdom*. This new court will perform the same functions as the House of Lords and will have similar but not quite identical jurisdiction. The law lords will become the first members of the new court.¹⁰

UK Intellectual Property Office

The Comptroller or chief executive of the UK-IPO has jurisdiction to hear and determine a number of intellectual property disputes. These include disputes over title to a patent or patent application,¹¹ amendment,¹² non-infringement,¹³ compulsory licences¹⁴ and revocation¹⁵ of patents, opposition to trade mark applications¹⁶ and invalidity¹⁷ and revocation¹⁸ of trade marks, invalidity of design registrations and licences of right for designs. This jurisdiction is exercised by officials known as hearing officers. Proceedings before a hearing officer are similar to court proceedings except in two important respects. The costs that may be awarded against a party are limited to a few thousand pounds unless a party behaves unreasonably and many proceedings are resolved without a hearing.

European courts and tribunals

The UK is party to several very important European treaties including the Treaty of Rome,¹⁹ the European patent Convention²⁰ and the European Convention on Human Rights.²¹

9 According to a press release from the Ministry of Justice dated 14 June 2007, work had already started on the renovation of the Middlesex Guildhall to house the new Supreme Court and Privy Council and the work is expected to be completed by October 2009 (see <http://www.justice.gov.uk/newsrelease140607a.htm>).

10 S.24 Constitutional Reform Act 2005.

11 S.8, 12 and 37 Patents Act 1977.

12 S.27 and S.75 Ibid.

13 S.71 Ibid.

14 S.48 Ibid.

15 S.72 Ibid.

16 S.38 Trade Marks Act 1994.

17 S.47 Ibid.

18 S.46 Ibid.

19 http://europa.eu.int/eur-lex/en/treaties/dat/EC_consol.html.

20 <http://www.european-patent-office.org/legal/epc/e/ma1.html>.

21 Convention for the Protection of Human Rights and Fundamental Freedoms as amended by Protocol No. 11 (<http://conventions.coe.int/Treaty/en/Treaties/Html/005.htm>).

The Treaty of Rome established a body of law governing relations which applies uniformly throughout the member states of the European Union. These laws govern not only relations between the EU and its member states but also many matters relating to businesses and individuals. As I mentioned above these laws can take the form of 'directives' or instructions to member states to enact legislation or take other measures to bring their laws in line with a common standard and 'regulations' which take effect in each of the states of the EU as though they were national legislation. The ultimate authority for the construction and enforcement of these laws is the European Court of Justice.²² The Court will hear cases brought before it by the European institutions, national governments and others and also give interpretations on questions of European law that are referred to it by the UK and other national courts under art. 234 of the Treaty of Rome.²³ So far as intellectual property is concerned there are two kinds of cases likely to be of interest: first, actions to annul or amend decisions of the Board of Appeals of OHIM under art 63 of the Community trade mark regulation and the corresponding provision of the Community design regulation and, secondly, references from national courts under art 234 on various provisions of EC intellectual property, competition and trade law. The UK-IPO maintains an up to date table of decided and pending intellectual property cases before the European Court since 1999.²⁴

Appeals against decisions of the departments of the European Patent Office lie to Boards of Appeal which are tribunals of legally and technically qualified members under art 21 (1) of the EPC. The precise composition of a Board will vary according to the nature of the appeal. Appeals from the Receiving Section or Legal Division, for example, will be heard by three legally qualified members²⁵ whereas two technically qualified members and one legally qualified member will hear appeals from the Opposition Division.²⁶ An Enlarged Board of Appeal will hear questions referred to it by the Boards of Appeal²⁷ or the President of the Office.²⁸ There is no court above the Boards of Appeal in matters relating to the EPC. The Boards' decisions cannot be reviewed by the European Court because the EPC is not part of EU Law. Nor, in practice, can they be reviewed by any national court.²⁹ Considerable work has been done on a European Patent Litigation Agreement³⁰ which would establish a European patents court but there is not yet any suggestion that such a court should hear appeals from the Boards of Appeal.

The European Convention on Human Rights has now been incorporated into the laws of the United Kingdom by the Human Rights Act 1998.³¹ This Convention is construed and

22 <http://www.curia.europa.eu>.

23 The Court of Justice shall have jurisdiction to give preliminary rulings concerning:

(a) the interpretation of this Treaty;

(b) the validity and interpretation of acts of the institutions of the Community and of the ECB;

(c) the interpretation of the statutes of bodies established by an act of the Council, where those statutes so provide.

Where such a question is raised before any court or tribunal of a Member State, that court or tribunal may, if it considers that a decision on the question is necessary to enable it to give judgment, request the Court of Justice to give a ruling thereon.

Where any such question is raised in a case pending before a court or tribunal of a Member State against whose decisions there is no judicial remedy under national law, that court or tribunal shall bring the matter before the Court of Justice.

(http://europa.eu.int/eur-lex/en/treaties/dat/C_2002325EN.003301.html.)

24 <http://www.ipo.gov.uk/about/about-consult/about-ecj/about-ecj-refs.htm>.

25 Art 21 (2) EPC.

26 Art 21 (4) (a) EPC.

27 Art 22 (1) (a) EPC.

28 Art 22 (1) (b) EPC.

29 See *R v Comptroller-General of Patents, Designs and Trade Marks, ex parte Lenzing AG* [1996] EWHC Admin 390 at <http://www.bailii.org/ew/cases/EWHC/Admin/1996/390.html>.

30 <http://www.epo.org/patents/law/legislative-initiatives/epl.html>.

31 http://www.opsi.gov.uk/acts/acts1998/ukpga_19980042_en_3#sch1-pt1.

enforced by the European Court of Human Rights (ECHR) and S.2 (1) of the Act requires courts and tribunals in the UK to take account of that Court's judgments, decisions, declarations or advisory opinions when applying the Act. Very occasionally the ECHR is asked to rule on an intellectual property right. One such occasion was in *Anheuser-Busch Inc. v. Portugal*³² which was part of the long running struggle between the Czech and American Budweiser brewers over the right to call their beer 'Budweiser' or 'Bud'. Another was *Chappell v UK*³³ when the Court upheld the compatibility of Anton Piller or search orders with the Convention.

The TRIPS obligation

TRIPS requires every WTO member contracting state to provide effective means of enforcing intellectual property rights.³⁴ Those means must include the right to bring civil proceedings for orders to prevent infringement of those rights and to recover compensation for any loss or damage arising that may result from such infringement.³⁵ Remedies must be expeditious and sanctions sufficient to deter infringement.³⁶ Procedures for obtaining civil remedies must be fair and equitable.³⁷ They should not be unnecessarily complicated or costly. They should not entail unreasonable time limits or unwarranted delay. They may not to be applied in such a manner as to impede legitimate trade. There should be safeguards against abuse of the processes described above.³⁸

Commonwealth countries with legal systems modelled on England

The legal systems of Australia, Canada, Hong Kong, India, Ireland, Jamaica, Malaysia, New Zealand, Nigeria and Singapore are modelled on that of England and Wales. As in England, a single judge considers evidence called by one party and challenged by the other. Appeals lie to a three judge bench and thereafter to a local supreme court or to the Privy Council in London. One significant difference is that there are separate federal and state or provincial courts in Australia, Canada and other federations. In such countries, cases concerning federal legislation, such as patent, trade mark and copyright claims, tend to proceed in the federal courts while breach of confidence and passing off cases proceed in the state or provincial courts.

USA

There are also separate state and federal courts in the USA. The federal courts consist of *District Courts* with wide civil and criminal jurisdiction, 11 regional or *Circuit Courts of Appeals* and one national *Supreme Court*. As in Australia and Canada, the federal courts hear patent, copyright

32 73049/01 [2007] ECHR 40 (11 January 2007) URL: <http://www.bailii.org/eu/cases/ECHR/2007/40.html>.

33 10461/83 [1989] ECHR 4 (30 March 1989) URL: <http://www.bailii.org/eu/cases/ECHR/1989/4.html>.

34 Art 41 (1) TRIPS (http://www.wto.org/english/docs_e/legal_e/27-trips_05_e.htm#1).

35 Art 42 TRIPS.

36 Art 41 (1) TRIPS.

37 Art 41 (2) TRIPS.

38 See the 'Index of Disputes Issues' on the WTO website at http://www.wto.org/english/tratop_e/dispu_e/dispu_subjects_index_e.htm#patents.

and trade mark cases. The procedure of the District Courts is similar to that of the English High Court with the important difference that it is not uncommon for civil claims, including intellectual property infringement cases, to be tried by jury. There is no patents court as such but the judges of the District Court for the District of Columbia, the District of Columbia Circuit Court and the Court of Appeals for the Federal Circuit have developed considerable expertise in intellectual property. The US Supreme Court hears appeals from federal circuit courts and petitions for the review of decisions of the state courts on issues of public importance.

Common law jurisdictions influenced by England

The court structures of South Africa, its English speaking neighbours, Mauritius and Sri Lanka are similar to those of Commonwealth countries with legal systems modelled on that of England, but the substantive laws, legal terminology and procedure are often derived elsewhere.

France

At first sight the French legal system resembles that of England and Wales in structure and even in nomenclature. There is a supreme court known as the *Cour de Cassation*, regional courts of appeal (*Cours d'Appel*), superior courts of first instance (*Tribunaux de Grande Instance*) having civil jurisdiction and assize courts (*Cours d'Assises*) in the main cities as well as lower courts of civil and criminal jurisdiction; but closer examination quickly reveals some important differences. First there are separate systems of public and private law. Public law governs relations between citizens and the state while private law governs relations between citizens. Secondly, the administration of justice is decentralized. There are courts of appeal in each of the main regions which hear appeals from the courts of first instance in their area. The *Cour de Cassation* operates very differently from the House of Lords. It gives rulings on points of law which can be sought at any stage. Most importantly, evidence and legal submissions are usually presented in writing and cases are decided by benches of three judges. There is rarely anything like a common law trial. Hearings are brief and costs low. Patent and other intellectual property infringement claims may be brought in any one of several regional specialist superior courts of first instance where there are specialist patent judges but in practice most claims are brought in Paris.

Germany

Germany is a federal state with a federal supreme court (*Bundesgerichtshof*), regional courts of appeal (*Oberlandesgericht*) and district courts of general civil and criminal jurisdiction (*Landsgerichte*). The distinctions between public and private law and between commercial and civil law mentioned above also exist in Germany. One of the consequences is that the validity and subsistence of an IPR is a public law issue which is determined by the Patent Court in Munich while infringement is private law for determination by the *Landsgericht*. The upshot is that the invalidity of a patent cannot be pleaded as a defence to infringement in Germany. All that can be done is to launch a revocation action in Munich. Claims may be brought in a number of designated *Landsgerichte* though in practice most cases are brought in Dusseldorf

and Munich. As in France, there is no trial in the English sense. Hearings are very short, evidence and submissions are usually in writing and costs are recovered on a sliding scale.

Japan

Japan modelled its legal system on Germany's and the structure of its courts, substantive law and civil procedure are very similar. As in Germany, claims are brought in the district court. Most actions are brought in Tokyo though some are brought in Osaka. Invalidity is not a defence. Applications for revocation may be brought only in the Patent Office. Evidence tends to be in writing. Appeal lies to a regional court of appeal and a Supreme Court. One distinguishing characteristic of Japanese litigation is that there is so little of it. Japanese society discourages confrontation. Thus a very high proportion of disputes are resolved without recourse to litigation.

China

Contrary to popular prejudice, China takes intellectual property infringement very seriously and provides criminal sanctions and inexpensive administrative as well as civil remedies. Criminal proceedings can be initiated by a complaint to the police, procurator or court. Regional state intellectual property offices have power to restrain an infringement but not order compensation. Claims for monetary relief have to be brought in the civil courts. Chinese procedure resembles that of Japan in that invalidity is no defence and in the encouragement of conciliation. As in Japan and Germany, revocation proceedings have to be brought by separate action. Claims are brought in a district court of general jurisdiction known as the Intermediate Peoples' Court. As in other civil law countries there is no trial in the English sense. Evidence and submissions are mainly in writing. Appeal from the Intermediate Peoples' Court lies to a regional appeal court known as a Higher Peoples' Court.

Alternatives to litigation

Although the courts underpin all other ways of resolving dispute in that they alone have power to compel compliance with a settlement, parties are free to resolve their differences in other ways. They may do so through negotiation, either face to face or facilitated by a mediator. If that is not possible, they can refer their dispute to arbitration or some form of expert determination. The UK-IPO encourages both methods of dispute resolution. It offers mediation by its own officials and also lets out space in its offices for mediation by other mediators. It also provides expert opinions on whether patents are valid or whether they have been infringed. Probably the most successful method of dispute resolution is domain name dispute resolution offered by the WIPO, Nominet and other service providers.³⁹

39 These are discussed in detail in Chapter 13.