

# Patent litigation in the UK (England and Wales): overview

Susie Middlemiss and Laura Balfour  
Slaughter and May

[global.practicallaw.com/3-623-0277](https://global.practicallaw.com/3-623-0277)

## SOURCES OF LAW

### 1. What are the principal sources of law and regulation relating to patents and patent litigation?

The principal sources of law and regulation relating to patents and patent litigation are legislation and the decisions of the courts interpreting the legislation.

#### National legislation

The principal sources of national legislation in the UK are the:

- Patents Act 1977 (as amended) (Patents Act), which gives effect to the European Patent Convention 1973 (EPC) (as amended) in the UK. The Patents Act sets out the requirements for obtaining a patent, the resulting rights, and governs the remedies for infringement.
- Patents Rules 2007 (as amended), which set out procedures for:
  - filing patent applications with the UK Patent Office (which since 2 April 2007 has operated under the name of the "Intellectual Property Office", but for the purpose of this chapter will be referred to as the "Patent Office" as in UK legislation);
  - opposing the grant of a patent;
  - challenging the validity of a granted patent in the Patent Office;
  - bringing infringement proceedings in the Patent Office, which is possible in limited circumstances; and
  - obtaining opinions on validity and infringement.
- Civil Procedure Rules (CPR), which set out the detailed court procedure for all civil litigation (including patent litigation) in the courts of England and Wales.
- Intellectual Property Act 2014, which allows provision for the UK to implement the Agreement on a Unified Patent Court dated 19 February 2013 (document 16351/12 of 11 January 2013) (UPC Agreement) by way of secondary legislation, which will take effect from the date of entry into force of the UPC Agreement.

This legislation applies to the whole of the UK (that is, England and Wales, Scotland and Northern Ireland), with the exception of the CPR, which only applies to the courts of England and Wales. Procedural rules vary within the UK. England and Wales share common procedural rules and courts, but Scotland and Northern Ireland have separate courts and separate procedural rules.

#### International treaties

The following international treaties are relevant to patent law:

- The Patent Cooperation Treaty 1970 (PCT), which is the centralised application system for patents in 152 countries.

- The EPC, which is the centralised application and grant system and outlines a post-grant opposition procedure for European patents in 38 countries.
- The WTO Agreement on Trade-Related Aspects of Intellectual Property Rights 1994 (TRIPS), which established minimum standards for enforcement and court procedures within the EU.
- The Convention for the Protection of Human Rights and Fundamental Freedoms 1950, which has no direct impact on patent litigation other than the increasing significance of human rights considerations on future legislation and court decisions.
- The UPC Agreement, which contains the framework for the establishment of a new unified patent court of the European Union, which will hear infringement and revocation proceedings for European and unitary patents. The UK was one of the 25 EU member states to sign the agreement on 19 February 2013. To enter into force, the UPC Agreement must be ratified by at least 13 member states, including France, Germany and the UK. As at May 2018, 16 member states including France and the UK have ratified the Agreement. Ratification in Germany is delayed due to a pending case challenging the constitutionality of the Agreement in the German Federal Constitutional Court (see *Question 38*).

The PCT, EPC and TRIPS have been implemented in the UK by the Patents Act. The Republic of Ireland is an independent country with wholly separate substantive and procedural rules, but has implemented the EPC, PCT and TRIPS.

#### Court decisions

England and Wales is a common law jurisdiction. Therefore, non-statutory law and binding precedent judgments from prior cases form part of the law along with legislation.

#### Order of priority

The order of priority of sources of law in the event of a conflict is as follows:

- **Legislation.** While the EPC is not directly part of UK law, the Patents Act provides that certain of its provisions must be interpreted in a manner that is consistent with the EPC. In practice, the courts will look to the wording of the EPC where there is a parallel provision in the Patents Act.
- **Decisions of tribunals.** The decisions of the tribunals have the following priority:
  - the Supreme Court;
  - the Court of Appeal;
  - the Patents Court of the High Court;
  - the Intellectual Property Enterprise Court;



- the Comptroller of Patents, which is an administrative official that has regulatory functions in respect of certain types of IP as well as a judicial role in connection with certain IP disputes.

It should be noted that:

- The courts in England and Wales are not bound to follow a decision of the European Court of Human Rights (ECHR) but they should "take it into account" when applying it. A conflicting Supreme Court decision must still be followed and national primary legislation that conflicts with the ECHR must still be enforced (although efforts will always be made to construe the law in such a way as to be compatible with the ECHR).
- There is no appeal to the European Court of Justice (ECJ), which is merely a referring court for deciding questions of interpretation of EU law. The decisions of the ECJ take precedence over a conflicting provision of national law. However, the ECJ does not have jurisdiction in respect of substantive patent law although some issues of law, such as aspects of enforcement that are the subject of an EU directive, rules on jurisdiction, rules on choice of forum and issues relating to the supplementary protection certificate (SPC) regime may come before it. Following the UK's exit from the EU, the UK will no longer be subject to the jurisdiction of the ECJ (although there is currently uncertainty over when that jurisdiction will end) and the UK will no longer refer questions to the ECJ for clarification of EU law (see *Question 6*).
- The Unified Patent Court (UPC), once in force, will have jurisdiction over all unitary patents and over European patents that have not been opted out of the court's exclusive competence under the transitional provisions. The decisions of the UPC will, in relation to unitary patents, be binding on all contracting member states and, in relation to European patents, on all those contracting member states in which the European patent has effect.

## COURT SYSTEM

### 2. In which courts/government bodies are patents enforced?

Patents are enforced primarily in the Patents Court of the High Court (Patents Court) or the Intellectual Property Enterprise Court (previously the Patents County Court) (IPEC). Both are specialised courts, where cases are only assigned to a small group of judges with appropriate experience. Almost all of these judges have technical qualifications and were formerly specialist IP barristers.

The Patent Office (through the Comptroller of Patents) (see *Question 1, Order of priority*) can also deal with certain issues.

#### Patents Court

The Patents Court is part of the Chancery Division of the High Court and deals with all High Court patent cases.

#### IPEC

The IPEC is also part of the Chancery Division. It typically deals with more straightforward cases of a lower monetary value than those heard by the Patents Court. It is intended to provide a streamlined procedure for more straightforward claims that have a limit of GBP500,000 in value, with cost recovery capped (currently at GBP50,000). A decision to start a case in the IPEC should be made with careful consideration as to whether the value or complexity of a claim would require it to be subsequently transferred to the Patents Court.

#### Patent Office

While not a court, the Patent Office (through its head, the Comptroller of Patents) can also resolve disputes between different

parties on most issues relating to patents, including issues relating to:

- Ownership.
- Compensation (for example, for inventors of patents beneficial to their employers).
- Entitlement disputes.
- Grant of compulsory licences.
- Supplementary protection certificates.
- In certain circumstances, infringement and validity disputes.

In practice, issues relating to infringement rarely come before the Comptroller as the Comptroller does not have the authority to grant injunctions (typically the most important form of relief being sought). However, the Comptroller can award damages. The Comptroller's decision can potentially be appealed to the High Court (and Court of Appeal and Supreme Court (see *Question 36*)). The Patent Office can also issue opinions relating to patent validity and infringement. While these are generally non-binding, the Comptroller has additional powers to revoke a patent on its own volition for lack of novelty and/or inventive step, following the issuing of an opinion under the Patents Opinion Service (see *Question 21*).

#### Unified Patent Court (UPC)

Subject to the UPC coming into force and the UK's future involvement in it post-Brexit, the UK will host in London a local division and a specialist section of the Central Division hearing cases relating to chemistry, including pharmaceuticals and life sciences (patents classified under International Patent Classification classes A and C). Unitary patents and European patents that have not been opted out under the transitional provisions will be enforced in the UPC. Infringement actions will typically be heard by the local division and validity actions in the Central Division. However, during a transitional period of between seven and 14 years, infringement and validity actions in relation to a European patent designating the UK can still be brought before the national courts in the UK. See *Question 38, Unitary patent and Unified Patent Court* for further information on the status of implementation of the UPC. For an overview of patent litigation before the UPC, see *Patent litigation in the Unified Patent Court: overview*.

### 3. Do the courts/government bodies deal with infringement and invalidity simultaneously or must invalidity actions be brought in separate proceedings?

When both infringement and validity are raised, the courts will deal with them together. If the two issues are self-contained (which is unusual), the court may deal with one as a preliminary issue if this would dispose of the case. The validity of a patent is typically raised either as a counterclaim in infringement proceedings or in an action for a declaration of non-infringement.

Although invalidity proceedings can be brought before the Comptroller, if infringement proceedings are already pending before the courts, validity must be dealt with by the court alongside the infringement question. However, the Comptroller may in any event refer cases to the courts if the issues can be dealt with better by the courts.

### 4. Who can represent parties before the court and/or government body?

In litigation before the Patents Court of the High Court, parties must be represented by an advocate (typically a barrister) who presents the case in court. A solicitor will be responsible for all other aspects

of the case, in particular the conduct of the litigation and certain pre-trial hearings. Patent agents can also be involved, usually to assist with technical issues, although some may be qualified to conduct litigation. In cases involving complex technology, scientific advisers may be appointed to assist the court in understanding the expert reports or to answer the judges' questions. However, the court will generally obtain any technical information it requires from the expert witnesses retained by each of the parties (see *Question 25*).

In the Intellectual Property Enterprise Court, solicitors, patent agents and litigants in person can conduct litigation and appear as advocates as well as barristers. A party can appear in person or can appoint anyone to represent them before the Comptroller.

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## 5. What is the language of the proceedings? Is there a choice of language?

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The language of the proceedings in the national courts is English. No other choice is available.

In the UK local division of the Unified Patent Court, English will generally be the language used in proceedings. In the Central Division based in London, the language of the patent will determine the language of proceedings. This is likely to be English in most cases.

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## 6. To what extent are courts willing to consider, or are bound by, the opinions of other national or foreign courts, or other national or international bodies, that have handed down decisions in similar cases?

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English courts are bound by decisions of higher English courts and by decisions of the European Court of Justice (ECJ) (see *Question 1, Order of priority*). Scottish and Northern Irish courts are bound by decisions of higher courts in their own jurisdictions, the Supreme Court and the ECJ. The UK's departure from the EU will alter the status of ECJ jurisprudence. The UK Government has stated that pre-Brexit case law will be given the same precedent value in UK courts as that of the UK Supreme Court. The position following the UK's departure from the EU is less certain. The European Commission has proposed that decisions of the ECJ will apply during the agreed transition period (30 March 2019 to 31 December 2020), but this is yet to be agreed. It is likely that when the direct jurisdiction of the ECJ comes to an end, in some areas, ECJ case law will have persuasive value. However, as substantive patent law is not harmonised at EU level (there is no patent directive), Brexit is not likely to have a significant impact in this area (see *Question 38, Brexit*).

There is a measure of harmonisation that derives from the European Patent Convention 1973 (EPC) (as amended) (see *Question 1*). UK courts are not bound by the decisions of other national courts but do consider and may adopt the reasoning of courts of other countries concerning similar concepts. This is particularly true of the courts of the major EPC patent jurisdictions and of Commonwealth jurisdictions such as Australia and Canada. Their influence and the influence of the European Patent Office (EPO) over UK court decisions has strengthened in recent years. In the case of *Grimme Maschinenfabrik & Co LG v Scott* [2010] EWCA Civ 1110, the Court of Appeal stated that when considering a point of patent law of general importance, such as the interpretation of a provision of the EPC, and this point has been decided by a court (in particular a higher court of another member state), it is important to consider that decision. The English courts have also stressed the importance of following the EPO's case law, especially that of the Enlarged Boards of Appeal. This does not mean that the reasoning in each decision of the Board is binding. However, the Supreme Court has indicated that, where the Board has adopted a very consistent approach to a particular issue, which can be tracked through a number of decisions, very

unusual facts would be needed to justify a national court from not following that approach.

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## SUBSTANTIVE LAW

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### 7. How is patent infringement assessed?

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#### Infringing acts

A patent is infringed if a person does certain acts in the UK, in relation to a patented invention, without the consent of the patent owner.

Potentially infringing acts can be broadly divided into three categories:

- Primary acts, such as making, disposing, using or importing an invention.
- Preparatory acts, such as supplying the means for putting an invention into effect.
- Consequential acts, such as dealing with a product obtained directly from a patented process.

Assessment is objective, so the beliefs or motives of the alleged infringer are disregarded. Although the infringer's knowledge is relevant to some categories of infringement, the infringer cannot escape liability if the facts required to be known would have been obvious to a reasonable person, irrespective of the infringer's actual knowledge.

#### Construction: literal and equivalent infringement

As in other European jurisdictions, patents must be construed in the UK in accordance with Article 69 of the European Patent Convention 1973 (EPC) (as amended) and the Protocol on the Interpretation of Article 69 of the EPC (EPC Protocol). The scope of the patent is determined by the claims, as interpreted by the description and drawings. A balance must be struck to produce a construction that gives:

- Fair protection to the patentee.
- A reasonable degree of certainty to third parties who may wish to avoid infringement.

The EPC Protocol specifically requires that due account is taken of equivalents.

Until recently, the UK followed a "purposive" approach in the construction of claims, which asked: "what would the person skilled in the art, reading the claims in context, have understood the patentee to mean by the language of the claims?" The emphasis was on the wording of the claim and the way the person skilled in the art would understand what was written. Equivalents might be encompassed if construed to be within the scope of the claim as a whole.

However, the Supreme Court recently changed this position in *Actavis UK Ltd and others v Eli Lilly and Company* ([2017] UKSC 48) by introducing a new two-stage test that introduces an explicit doctrine of equivalents. This covers immaterial variants that achieve the same result as the patented invention in substantially the same way. This approach is arguably more in line with the EPC Protocol than the previous approach.

The test draws a clear distinction between literal infringement (in limb one) and infringement that takes account of equivalents (in limb two), as follows:

- Does the variant infringe the claims as a matter of normal interpretation, using accepted principles of claim construction?
- If not, does the variant nonetheless infringe the claims because it varies from the invention in an immaterial way?

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The Supreme Court also re-formulated guidelines to determine whether a variant is immaterial, which involves the Court considering:

- Whether it would be obvious to the person skilled in the art (who is assumed to know that the variant works) that the variant achieves substantially the same result as the invention, and in substantially the same way.
- If this is the case, whether the skilled person would have nonetheless concluded that strict compliance with the literal meaning of the relevant claim was an essential requirement of the invention. If the court finds that such strict compliance was intended, the equivalent will not infringe.

The *Actavis* decision marks a significant shift in the law in the UK. There will now be greater reliance on the inventive concept underlying the patent than on the wording of the claim, and those seeking to avoid infringement face higher risk from this broader scope and some uncertainty until there is a greater body of case law giving guidance on the application of the test. Although it will take some time before the implications of the decision are determined, it is likely to result in greater protection for patentees.

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## 8. What defences are available to an alleged infringer?

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The main defences are that the allegedly infringing act does not fall within the claims and/or that the relevant claims are invalid. Other defences may be available under national law and do not derive from the European Patent Convention. These statutory exceptions to infringement relate to:

- Acts carried out in private and for non-commercial purposes. Even one commercial purpose will negate the defence.
- Acts done simply for experimental purposes, whether or not with an ultimately commercial objective.
- Acts of preparing a medicine for an individual in a pharmacy as prescribed by a doctor or dentist.
- Acts carried out in relation to ships, aircraft and other vehicles that are temporarily or accidentally in the UK territory.
- Use of the product of a harvest for propagation where there has been a sale of plant propagating material to the farmer by a patent owner (or with the patent owner's consent) for agricultural use.
- Use of an animal or animal reproductive material for an agricultural purpose following a sale to the farmer by a patent owner (or with the patent owner's consent) of breeding stock or similar material which constitutes or contains the patented invention.
- Studies, tests or trials relating to medicinal products in the human and animal sphere.
- Uses that began in good faith before the priority date of a patent.
- The right to continue use that began in other circumstances, such as between expiry of a patent for failure to pay the renewal fee and restoration of that patent.

There will be two new exceptions to infringement relating to plant breeding and computer programs to implement the provisions on infringement in the Agreement on a Unified Patent Court (UPC Agreement). These will come into force on entry into force of the UPC Agreement.

Other defences to infringement include:

- Acts done with the consent of the patent owner (absence of the patent owner's consent is a prerequisite for infringement under the infringement provisions of the Patents Act 1977).

- Anti-competitive practices of the patent owner, which can also be raised as a defence in certain patent infringement cases (see *Question 22*).
- Exhaustion of rights. The resale of goods that have been placed on the market in the European Economic Area by or with the consent of the patent owner may not be prevented under Article 34 of the Treaty on the Functioning of the European Union.

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## 9. On what grounds can a patent be invalidated?

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A patent can be invalidated on a number of grounds, most of which reflect equivalent provisions of the European Patent Convention (EPC), and therefore apply throughout Europe. However, the interpretation and application of these grounds may vary between European jurisdictions.

A patent can be invalidated for:

- Lack of novelty (anticipation).
- Lack of inventive step (obviousness).
- Lack of industrial applicability.
- Being in respect of excluded subject matter (which broadly encompasses discoveries, literary, dramatic, musical or artistic works, business methods, computer programs *per se* and presentations of information, and methods of treatment or diagnosis for human or animal bodies).
- Being contrary to public policy or morality.
- Lack of title (where the challenger argues that they, rather than the patent owner, are entitled to the patent).
- Insufficiency (where the specification is not sufficiently clear and complete to enable the invention to be performed).
- Containing added matter (where the specification of the granted patent is wider than that in the application as first published).
- Having had the protection it confers extended by an amendment that should not have been allowed.

In recent years, it has been common for parties to include an attack on the validity of a patent on the grounds that the invention is not plausible. This test does not derive from the EPC or the UK Patents Act 1977, but has been developed and applied by the European Patent Office. It has developed into a threshold test aimed at discouraging patent applications based on speculative assertions, although it really forms part of several of the statutory grounds for invalidity. The test has been regularly applied as a preliminary, albeit low, threshold for insufficiency and obviousness attacks and has also been considered as relevant to industrial applicability, novelty and enablement. Plausibility is currently being considered by the Supreme Court (see *Question 38, Plausibility*).

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## 10. Can a court only partially invalidate a patent or transform it into a utility model?

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A court can find a patent partially invalid. In such cases, the court may require amendment of the specification. Partially valid patents (including those declared partially invalid by the European Patent Office) can still be infringed, but in determining whether to grant relief for infringement the court will take into account the following:

- Whether at the date of infringement the defendant knew or had reasonable grounds to know that it was infringing the patent.
- Whether the initial specification was drawn up in good faith and with reasonable skill and knowledge.



- Whether the proceedings were brought in good faith.

Any relief granted will relate solely to infringement of the remaining valid part of the patent.

There is no concept of protection by utility model in the UK and no equivalent system protecting "minor" inventions. Therefore, there is no option to transform a patent into a utility model.

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## 11. Is it possible to amend patent claims during proceedings?

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Claims can be amended during legal proceedings (for infringement or revocation) at the discretion of the court. The patent owner must follow a prescribed procedure when applying to amend, which involves both:

- Giving particulars of the amendment and on what grounds it is sought.
- Stating whether it contends that the claims before amendment are valid.

Following publication of the amendment, third parties have a period in which to oppose the amendment. Generally, the application to amend is heard at the trial of the action, to avoid any unnecessary duplication of evidence.

The court will consider whether the application is appropriate to the proceedings and necessary and fair from a procedural point of view. In exercising its discretion, the court previously took into account factors such as the conduct of the patentee (for example, good faith and undue delay). However, with the requirement to apply the principles of the European Patent Convention (EPC), this discretion has been limited.

The court also has a discretionary power to impose conditions when allowing an amendment, such as cost penalties. However, again because of EPC principles, this is only likely to occur in exceptional cases.

An abuse of process may be found where a party fails to put forward a case it could have asserted much earlier without any proper justification. Therefore, amendments sought well in advance of the trial are likely to be acceptable but amendments made post-trial where all the claims of the patent have been held to be invalid, but the patent owner wishes to re-write the claims in a form that it hopes will be valid, are likely to be refused.

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## 12. Are there any grounds on which an otherwise valid patent can be deemed unenforceable?

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A patent owner may be unable to enforce its rights if it has previously brought proceedings in which the same issue could and should have been raised. In common with most other torts, proceedings for infringement must be brought within six years of the date on which the infringing acts occur.

Relief may be refused where enforcement of a patent amounts to a breach of competition rules.

## PARTIES TO LITIGATION

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### 13. Who can sue for patent infringement?

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#### Patent holder

A patent owner (who may not necessarily be the owner registered on the patents register) has a right to sue. If a patent is owned by more than one person, each of the co-owners can bring infringement proceedings without the consent of the other co-owner(s). Any co-

owner who is not a claimant must be joined as a party, but will not be liable for costs.

#### Exclusive licensee

An exclusive licensee can sue for infringement occurring after the grant of the exclusive licence (provided the owner is joined as a party). The legislation is silent on whether an exclusive licensee is able to waive or derogate from this right. However, the licence can prohibit the licensee from enforcing its statutory right to sue or constrain the way it is exercised.

There is no requirement that an exclusive licensee be registered as a condition of starting infringement proceedings, although it is sensible to do so. Failure to register an exclusive licence within six months of the date of the licence may affect the licensee's right to recover costs.

#### Non-exclusive licensee

Non-exclusive licensees do not have any right to enforce the patent if the patent owner declines to do so.

#### Distributor

A distributor has no statutory right to bring proceedings.

#### Other

Certain other licensees (essentially those to whom the patent owner must grant licences) can call on the patent owner to sue on their behalf, failing which they can sue in their own name (joining the patent owner as a party).

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## 14. Under what conditions, if any, can an alleged infringer bring proceedings to obtain a declaratory judgment on non-infringement?

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A declaration of non-infringement can be sought through the Patents Court of the High Court, the Intellectual Property Enterprise Court or before the Comptroller, provided that both:

- Written confirmation has first been sought from the patent owner that the alleged infringer's activities do not infringe the patent (including sufficient detail of the activities to enable the patent owner to assess this).
- The patent owner has failed to give such confirmation.

This application can bring certainty and/or choice of forum but also puts the burden of proof (at least initially) on the potential infringer.

The English courts have confirmed jurisdiction to grant other forms of negative declaratory relief. In pharmaceutical cases, it is possible for a claimant who wishes to "clear the way" before launching a biosimilar product (which is particularly important where there is a risk of an interim injunction) to apply to the Court for a declaration (called an Arrow declaration) that their product or process was disclosed or would have been obvious at a given date. The applicant can then rely on this declaration to provide a "Gillette" defence to any later claim for infringement of a granted patent (in other words, to show that the alleged infringement was not new or was obvious over the prior art at the date of the patent and cannot therefore fall within a valid claim of a later patent). The Court of Appeal has recently confirmed the availability of Arrow declarations in appropriate cases, which are granted at the discretion of the court (*Fujifilm v AbbVie* [2017] EWCA Civ 1). The English courts have also confirmed jurisdiction to grant declarations of non-essentiality of patents that had been declared essential to a standard (*Nokia Corp v Interdigital Technology Corp* [2006] EWCA Civ 1618).

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## 15. Who can be sued for patent infringement?

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Any person who has committed an infringing act (whether himself or through an agent) can be sued for patent infringement.

A director can be sued personally for an act of infringement by a company if it is clear that the company's act was that of the director acting through the company as a mere conduit for his own activities. Personal liability will depend on the extent of control and involvement of the director.

Alternatively, a director can be sued jointly with the company if the director authorised the performance of a potentially infringing act knowing that it would be potentially infringing with both company and director acting in concert.

Two or more parties who combine to infringe can be sued as joint tortfeasors.

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## 16. Is it possible to add or remove parties during litigation?

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Parties may be added during litigation if desirable, to resolve issues in dispute. This is subject to the consent of the court and the party being joined as claimant. The new party must be given every opportunity to participate fully in the litigation and cannot be added at a late stage.

Where the court is satisfied that it is no longer desirable for a person or entity to be a party, they may be removed.

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## ENFORCEMENT OPTIONS

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### 17. What options are open to a patent holder when seeking to enforce its rights in your jurisdiction?

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#### Civil proceedings

Patents are enforced in civil proceedings brought by the patent owner or, in some cases, the exclusive licensee (see *Question 13*).

#### Criminal proceedings

In the UK, the infringement of patent rights does not give rise to a criminal liability.

However, it is a criminal offence to make certain false claims in relation to patents, such as falsely claiming that a product is the subject of a patent or patent application.

#### Border measures

Goods (except those for personal use) that infringe patents and supplementary protection certificates are subject to border measures. Customs officials may take action (which may be at the request of the rights owner) by detaining or suspending the release of potentially infringing or suspicious goods to:

- Give the rights owner the opportunity to start legal proceedings for infringement.
- Seek consent from the importer that the goods can be destroyed.

If no response is received from the importer to this request, customs officials can deem consent to have been received and the patent owner may authorise the customs officials to destroy the goods. If consent is refused by the importer, the patent owner must initiate proceedings for infringement. The current system is governed by an EU regulation. It is not yet known what arrangements will be put in place post-Brexit. Progress in negotiations to date indicates that the UK and EU want to preserve the status quo in terms of IP protection,

but their ability to do this will depend on what is agreed in relation to trading more generally.

#### Other

The Comptroller of Patents can decide on infringement disputes but its powers in infringement proceedings are limited. Therefore, civil actions are usually brought in the Patents Court of the High Court or the Intellectual Property Enterprise Court (see *Question 2*).

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### 18. Is it compulsory to send a cease and desist letter to an alleged infringer before commencing patent proceedings?

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It is not compulsory to send a cease and desist letter in advance of commencing proceedings. Patent owners must consider whether to do so in the particular circumstances and take advice on the consequences.

A cease and desist letter can amount to a groundless threat of infringement proceedings, which is in itself actionable (potentially even if made outside the UK but in respect of an act done in the UK). A declaration that threats were made, an injunction to restrain the threats and damages may be available as remedies in a threats action, which can be brought by anyone aggrieved by the threat.

On the other hand, certain liabilities for patent infringement can only accrue if the potential defendant has knowledge of certain matters and in some cases there can be a benefit in raising these issues in correspondence, subject to the threats risk.

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### 19. To what extent are courts willing to grant cross-border or extra-territorial injunctions (preliminary or permanent)?

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It is possible for English courts to hear infringement actions in relation to foreign patents and to grant cross-border injunctions (or a declaration of non-infringement) extending to all designations of a European patent.

In the recent case of *Actavis UK Ltd and others v Eli Lilly and Company* ([2017] UKSC 48), the Supreme Court confirmed the jurisdiction of English courts to hear and determine cross-border patent cases. The court has jurisdiction to try a claim for a declaration of non-infringement of the foreign designations of a European patent, where validity has not been raised. Article 24(4) of Regulation (EU) 1215/2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (Recast Brussels Regulation) (which applies to proceedings commenced after 10 January 2015) provides that regardless of the domicile of parties, the courts of a member state have exclusive jurisdiction in proceedings concerned with the registration or validity of patents registered in that state. Consequently, where validity is raised the courts of the state where the patent is registered will have exclusive jurisdiction for both validity and infringement and the English courts have taken this to prevent the grant of cross-border injunctions. This approach has been endorsed by the European Court of Justice (ECJ). However, this position is subject to a number of further exceptions and nuances.

According to English case law, the exclusive jurisdiction rule under Article 24(4) of the Recast Brussels Regulation can be engaged (and therefore jurisdiction pass to the member state of registration) in the following circumstances:

- Whether validity is raised in subsequent revocation proceedings or by way of claim or counterclaim.
- Whether or not it has been formally pleaded, as long as it is clear that validity is to be put in issue.
- Where there is a threat to challenge the validity of a foreign patent.

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However, Article 24(4) will not be engaged, as was the case in *Actavis*, where an undertaking not to challenge validity is provided. In cases where an undertaking is not offered, the court can, under its case management powers, order that such an undertaking is provided during the pendency of the proceedings. Additionally, a challenge to validity in the European Patent Office will not engage the exclusive jurisdiction rule.

Significantly, the ECJ has held that the exclusive jurisdiction rule does not preclude a court from making a provisional or interim injunction ordering a defendant to stop infringing a foreign patent under Article 31 of the Brussels Regulation (Article 35, *Recast Brussels Regulation*) (*Solvay S.A. v Honeywell Fluorine Products Europe BV and Ors* (Case C-616/10)). Accordingly, an English court can grant a cross-border temporary or interim injunction even if an issue of validity has been raised.

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## 20. To what extent do courts recognise the blocking effect of "torpedo" actions abroad?

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The English courts are subject to the *lis pendens* rules under Article 29 of Regulation (EU) 1215/2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (Recast Brussels Regulation). Article 29 (which applies to proceedings instituted after 10 January 2015) requires the courts to stay a case where another court is first seised to avoid the risk of irreconcilable judgments.

The use of a "torpedo" action (that is, an action where a defendant, by way of an application for a declaration of non-infringement, in relation to multiple foreign patents seeks to bring the matter first in a forum where proceedings are likely to be slow, to stop the claimant from bringing infringement proceedings in another, faster forum) has been considered by the English courts. The courts have stated that a torpedo action is not an abuse of process as such and a party should not be criticised for "elaborate game playing" as it may stand to gain commercially from such a tactic.

With recent improvements in the speed of Italian and Belgian proceedings where "torpedoes" were often launched, this strategy is less common. The Recast Brussels Regulation has also introduced an additional exception to the *lis pendens* rules. Under the Brussels Regulation (the previous legislation), only a court with exclusive jurisdiction had priority over the court first seised. However, under Article 31 of the Recast Brussels Regulation, where the parties have entered into an exclusive jurisdiction agreement, a court seised on the basis of that agreement will also have priority over the court first seised. Therefore, a party will not be able to make use of a "torpedo" action before a court of its own choosing where it has entered into an exclusive jurisdiction agreement in favour of a different court.

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## 21. To what extent are arbitration, and alternative dispute resolution (ADR) methods (such as mediation), available to resolve patent disputes?

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ADR encompasses a range of procedures, including arbitration, mediation, expert determination, early neutral evaluation and mini-trial. The courts do not have the power to force parties to use ADR but do encourage it. They require ADR to be considered at various stages of litigation and failure to engage in ADR can have an adverse impact on costs recovery.

### Arbitration

The Patents Act 1977 provides that validity may only be put in issue in specified proceedings (all heard by the courts or the Comptroller). Validity can be dealt with in arbitration but the arbitral tribunal cannot affect the patent register, so the result could only be effective in the following circumstances:

- The parties agreed that a patent be surrendered or consent be given to its revocation.
- The parties agreed that the patent would not be enforced between them.
- Resulting conclusions and evidence were presented to the Patent Office for consideration in revocation proceedings (although the Patent Office would not necessarily reach the same conclusion).

### ADR

The Patent Office has an ADR service for patent disputes, by which the hearing officer gives a non-binding opinion on validity or infringement that can be useful in negotiations. The High Court has jurisdiction to hear appeals of these opinions in certain circumstances.

Over 150 opinions have been issued since 2005, many being requested by small and medium-sized enterprises. Since October 2014, the Comptroller has additional powers to revoke a patent on its own volition for lack of novelty and/or inventive step following the issuing of an opinion under the Patents Opinion Service.

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## COMPETITION AND ANTI-TRUST

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### 22. Can a patent holder bring proceedings claiming both patent infringement and unfair competition for the same set of facts?

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A patent infringement action may be combined with a number of other claims, including unfair competition (typically in the form of an action for passing off or breach of confidence), anti-competition claims, trade mark infringement and breach of contract, provided they can be heard by the same forum (generally the High Court).

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### 23. To what extent can enforcement of a patent expose the patent holder to liability for an anti-trust violation?

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The patent regime provides a statutory monopoly. However, in certain circumstances that monopoly can be enforced in a way that can be in breach of anti-trust law. Although there are no specific statutory anti-trust related defences, in practice a competition argument may be raised as a defence to a patent action in appropriate circumstances.

The competition issues can either be raised and decided in the litigation itself or by lodging a complaint to the European Commission (or national competition authority), in which case court proceedings may be stayed pending that resolution. If competition issues are raised in the context of proceedings before the High Court, the court has the power to order the competition law aspects to be transferred to the UK's Competition Appeal Tribunal, to be examined by a panel comprising a chairman (either a High Court judge or senior lawyer) and two additional members with economics and other specialist competition experience.

The patent owner's conduct must itself be anti-competitive. Typically, a violation of Article 102 of the Treaty of the Functioning of the European Union (abuse of a dominant position) is alleged, for example, where excessive prices are charged or a new product is kept off the market. In *AstraZeneca v Commission* (Case C-457/10), the European Court of Justice (ECJ) confirmed the General Court's decision that AstraZeneca had abused its dominant position by, among other things, making misleading representations to national patent offices when applying for supplementary protection certificates (to which they were not entitled) for its drug Losec in order to keep generic product manufacturers off the market.

Abuse of dominance issues are particularly likely to arise where the patent owner's rights relate to a *de jure* or *de facto* standard product



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or process, or an invention that is the subject of "pooled" rights. Two Commission decisions (*Case AT.39985-Motorola* and *Case AT.39939-Samsung*) confirmed that, where the owner of a standard essential patent (SEP) has given a commitment to license on fair, reasonable and non-discriminatory (FRAND) terms, seeking an injunction against a willing licensee may constitute abuse of a dominant position. In *Huawei v ZTE (Case C-170/13)*, the ECJ considered the circumstances in which a SEP holder will not abuse its position when seeking injunctive relief. The judgment provided guidance regarding how licence negotiations between a SEP holder and potential licensee should be conducted and confirmed that if no agreement was reached, the parties could, by common agreement, request a third-party determination of the licence terms.

The High Court has taken the case law a step beyond the ECJ position in *Unwired Planet v Huawei ([2017] EWHC 711 (Pat))* (*Unwired Planet*). In this case, which involved a number of competition defences, the High Court gave detailed guidance on how to conclude a FRAND licence and calculate FRAND royalties in respect of a number of *Unwired Planet* patents declared to be essential to a technical standard. In making its FRAND determination (the first time an English court has done so), the court held that the FRAND terms are a contractual commitment between a patent holder and the relevant standard setting organisation which is justiciable in court by third parties. This goes further than *ZTE*, where the ECJ had concluded that the FRAND commitment merely gave the licensee a legitimate expectation of a licence. This contractual right gives patent holders and prospective licensees a basis on which to enforce their legal right to a FRAND licence that is distinct from competition law and which can be argued to a lower legal standard. The case also established that it is possible to seek an injunction without there being abuse of a dominant position. Overall, *Unwired Planet* has given clearer boundaries as to where a licensor will risk abuse of dominance, and has also laid the path for competition law taking a diminished role in future FRAND cases.

## PROCEDURE IN CIVIL COURTS

### 24. What is the format of patent infringement proceedings?

In contrast with other European jurisdictions, the civil court process in England is adversarial rather than inquisitorial and is governed by rules designed to promote an "open" approach, which avoids the possibility of either side surprising the other with an ambush at trial.

Cases in the Patents Court of the High Court (Patents Court) are heard by a single specialist judge who will typically have scientific as well as legal qualifications. Three judges sit in appeal cases and one is a specialist patents judge. Juries are not used.

Patent infringement proceedings in the Patents Court will typically involve the steps outlined below.

#### Pleadings

These are high-level formal statements of each side's case (for example, the claimant must identify specific examples of infringing acts and the claims infringed but need not propose a particular construction of the claims or produce evidence). Typically, pleadings are less detailed than in continental Europe so it is possible to develop and change arguments during the litigation.

#### Case management conference

The case management conference occurs after the close of pleadings. It sets the timetable for the case and addresses issues such as scope of disclosure, use of expert evidence and experiments.

#### Disclosure

"Discovery" is termed "disclosure" in English courts, and typically takes place once all parties have filed their pleadings (see *Question 28*). Disclosure comprises:

- Identification of relevant documents that can help or hinder either side's case.
- Exchange of lists of such documents in the possession or control of each party.
- Inspection of the listed documents, other than privileged documents.

In principle, the parties must make a reasonable search and produce any documents that help or hinder their case. However, disclosure in patent cases is generally very limited and disclosure in relation to infringement will be given by way of a written description of the relevant aspects of the allegedly infringing product or process.

The court may order broader disclosure to deal with specific issues and/or documents. It can also restrict or dispose of disclosure (see *Question 30*).

#### Experiments

Experiments may be used in patent litigation to establish a fact or argument. The other party can inspect a repetition of the experiments and the results of that will become primary evidence in the case. However, care should be taken in conducting experiments, as all relevant experiments must be disclosed.

#### Preparation and exchange of evidence (witness statements and expert reports) and evidence in reply

The witness statements and expert reports set out in detail the "evidence in chief" intended to be given by each witness, including experts (that is, the evidence each witness would give in response to an examination by his own side's barrister in court).

#### Pre-trial review

This is used to set an agenda for the hearing (for trials of more than five days) or to encourage settlement.

#### Skeleton arguments

Shortly before the trial, the parties must file skeleton arguments, which set out their arguments in some detail with reference to the supporting witness statements and disclosure documents.

#### Trial

The trial is an oral hearing typically lasting between a few days and several weeks, at which experts and fact witnesses are heard and oral arguments made. Generally, the court will deal with multiple patents that are at issue between the parties at the same trial. However, if there are a large number in issue and particularly where they involve different technologies and different expert witnesses, the court can split the action into separate trials.

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### 25. What are the rules and practice concerning evidence in patent infringement proceedings in your jurisdiction?

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#### Documents

Witness statements and expert reports are prepared and exchanged with the other parties to the proceedings. These set out in detail the evidence that is intended to be given by each witness/expert at trial.

#### Witness evidence

Witnesses give evidence in writing and orally. Unless a witness wishes to add additional matter (which is permissible only to a limited extent), the written witness statement stands as the witness's evidence in chief and the oral testimony begins with cross-examination by the opposing party. The party who called the witness can then "re-examine" to assist the witness in answering any points raised in cross-examination.



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## Expert evidence

The parties may use expert witnesses with the permission of the court and may use more than one, where there is a need for several different areas of expertise. In theory, a court can appoint a joint expert to act as an adviser, but in practice this is not done in patent proceedings. All experts (despite being paid by one party) have a special duty to the court to be independent and to produce their own report, which gives their opinion on technical matters, explains what alternative views are possible and the reason for adopting the particular view recommended in the report. The experts must seek to agree on what issues they can, and sometimes a technical primer is produced to explain the relevant technology to the court. Experts are cross-examined and re-examined in the same way as other witnesses.

Expert evidence is often crucial to the outcome of a patent dispute. A good expert who gives clear and independent evidence can play an important role in helping the court reach a view on technical issues.

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## 26. Is evidence obtained in criminal proceedings admissible in civil proceedings and vice versa?

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In the UK, the infringement of patent rights does not give rise to criminal liability. However, criminal proceedings can be issued for trade mark, copyright and registered design offences.

Generally, evidence that is given in open court in civil or criminal proceedings (and is therefore not confidential) or recorded in a judgment, may be referred to in other proceedings. Alternatively, permission can be sought from the court to use the material.

Documents that are obtained on disclosure can only be used for the purposes of the particular proceedings (whether criminal or civil), unless either:

- They are read to the court or by the court in a public hearing.
- The court or disclosing party gives permission.

Criminal convictions can be relied on to prove that certain conduct took place, which can be relevant in a civil action.

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## 27. Is evidence obtained in civil proceedings admissible in other civil proceedings?

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See *Question 26*.

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## 28. To what extent is pre-trial disclosure permitted and what other mechanisms are available for obtaining evidence from an adverse party or third parties?

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### Pre-trial discovery

Disclosure may be ordered at the court's discretion at a very early stage in proceedings, or before a claim has been formally commenced, provided various requirements are met.

An example of a successful application for pre-action disclosure was in a case involving a patent owner whose business was to license the patent in question. The potential defendant sought disclosure of licences granted by the patent owner to assess whether it should continue to assert non-infringement and invalidity, which would likely result in proceedings, or whether to settle the action by taking a licence. The High Court held that it was desirable to avoid litigation, the costs of which would be much greater than the sums sought (*The Big Bus Company Ltd v Ticketogo Ltd* [2015] EWHC 1094 (Pat)).

Once proceedings are in prospect, the parties and their legal representatives have strict duties to ensure that potentially disclosable documents are retained (including halting routine destruction programmes). Duties of disclosure continue until proceedings are concluded. A party cannot (without leave of the court) rely on documents that have not been disclosed to or made available for inspection by the other party.

### Other mechanisms

See *Question 31, Search and preservation orders*.

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## 29. What level of proof is required for establishing infringement or invalidity?

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The burden of proving infringement is on the balance of probabilities (that is, that an allegation is more likely to be true than not) and this burden initially lies on the claimant. However, in some circumstances the burden may shift to the defendant if the claimant has made out a *prima facie* case from which it may be inferred that infringement has occurred. The defendant must in all cases prove invalidity on the balance of probabilities.

The claimant must also prove damage (usually after the trial on liability), but the courts are often willing to infer that damage has been caused by the wrongful invasion of a patentee's monopoly and will not be deterred from awarding substantial damages simply because of the difficulty or impossibility of proving precise figures for calculating such damages.

If a declaration of non-infringement is sought, the burden of proof lies on the person seeking that declaration.

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## 30. How long do patent infringement proceedings typically last?

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Patent proceedings typically last around a year. The precise time will depend on the:

- Length and complexity of the case.
- Attitude of the parties.
- Amount of active case management by the court.
- Availability of court time.

If there is an assessment of damages, a further period will be required although most parties deal with damages by agreement.

### Fast-track procedures

Proceedings can be expedited in the following ways:

- **A speedy trial.** Where a degree of urgency can be shown, the court can shorten the timetable. Certain aspects (in particular disclosure) can be limited. However, the procedure is usually the same as normal so cases are very intensive and can come to a full, oral trial within six to nine months of commencement of the case.
- **A streamlined procedure.** Any party may at any time apply to the court for permission that a special streamlined procedure is adopted for all or part of the case. This is intended to cut the costs and time for patent litigation in smaller, straightforward cases. Typically in such a case:
  - evidence (both factual and expert) is given entirely in written form;
  - cross-examination of witnesses is limited or absent;
  - disclosure of documents is either disposed of or severely limited; and

- there are no experiments.

Cases under the streamlined procedure can be expected to come to trial about six months from commencement of proceedings and the hearing usually lasts no more than a day. Given that proceedings in the Patents Court of the High Court generally come to trial within about a year, the streamlined procedure is not commonly used in practice.

The procedure in the Intellectual Property Enterprise Court is effectively a streamlined procedure. There is a greater emphasis on the completeness of a party's initial statement of case and stronger judicial control of the case management procedure (such as a greater focus on written submissions with far less oral argument both pre-trial and at trial and in most cases no disclosure). There is a limit of two days for trials, although in practice between half a day and a day is normal.

- **Shorter and flexible trial schemes.** The UK courts have recently been trialling two schemes, the shorter and flexible trial schemes, which are expected to be adopted permanently. These are aimed at achieving shorter and earlier trials for commercial and business litigation that can be fairly tried on the basis of limited disclosure and oral evidence at a reasonable and proportionate cost. Through strict case management, cases under the shorter trial scheme reach trial within ten months of issue of proceedings and judgment within six weeks, with the maximum trial length being four days. The flexible trial scheme operates as an alternative with an emphasis on flexibility and choice. The process is consensual with parties agreeing a procedure, subject to court control. The shorter trial scheme was recently used successfully in a patent case involving infringement of a patent and two registered designs (*L'Oréal SA and L'Oréal (UK) Ltd v RN Ventures Ltd*) [2018] EWHC 173 (Pat)).
- **Interim injunctions.** In practice, successful interim injunction applications are rare in patent cases. This application introduces an additional step, which can lengthen the overall timetable (see *Question 33*). However, the practical effect is often a speedier resolution because:
  - where an interim injunction is granted, an early remedy is obtained and the parties often then negotiate and settle the matter without further proceedings; and
  - where an interim injunction is refused, the court may acknowledge the urgency of a matter by instead granting a speedy trial.
- **The hearing of a preliminary issue.** If a decision on a particular issue may dispose of an action altogether, the court can hear this issue on its own, before the rest of the case, in the interests of saving time and costs.
- **Summary judgment.** Summary judgment (or the striking out of part of the case) can be given in very clear cases at an early stage of the procedure in favour of the claimant or defendant if:
  - the other party has no real prospect of succeeding on its case; and
  - there is no other compelling reason for the case to be tried.

The case must proceed to trial if either the viability of a claim or defence turns on a factual matter about which there is any doubt, or a complex question of law or fact requires consideration of all the evidence. Given the nature of patent cases, the requirements for summary judgment or strike-out are rarely satisfied.

### Timetable

An initial timetable for proceedings is ordered at the case management conference (see *Question 24*). So far as is possible, the parties will agree the proposed timetable in advance of that conference and will prepare a draft order to be signed by the judge

at the hearing, which sets out the agreed timetable. Most changes to this timetable require the approval of the court.

### Delay

The defendant can introduce some delay (particularly in the early stages before the court has set a timetable) by applying for extensions of time allowed for different steps in the action to be completed. This is more difficult once the court has set the timetable at the case management conference and in particular once a date for trial is set. The pace with which the action proceeds will depend on:

- The attitude of both parties.
- The attitude of the particular judge.
- The availability of court time for hearings.
- Any genuine justification for delay, such as the:
  - complexity of the matter;
  - extent of the factual issues;
  - need for experiments;
  - scale of disclosure; and
  - urgency of the case.

The opportunities for delay are minimal in a speedy trial. In certain circumstances, a defendant can delay by having the action stayed (that is, temporarily halted) pending some development outside the action. For example, an action may be stayed pending a decision on the validity of the patent to suit by the:

- Comptroller of Patents. This outcome is rare and generally both issues would be heard by the High Court.
- European Patent Office (EPO). The court will weigh up all the circumstances of the case such as the:
  - stage reached in the national and EPO hearings;
  - likely time to resolution;
  - harm caused to a party by the delay;
  - impact on the public of the uncertainty over validity of the patent;
  - promotion of settlement.

## PRELIMINARY RELIEF

### 31. Is preliminary relief available, and if so what measures are available and under what conditions?

Preliminary relief is available. The parties must show urgency or that the relief is otherwise necessary in the interests of justice. A variety of preliminary relief is available pending trial.

#### Search and preservation orders

A search and seizure order (formerly known as an Anton Piller order) requires the defendant to admit the claimant's solicitor, together with an independent supervising solicitor, to its premises and to allow a search to be made for infringing items and material that is relevant to the infringement (such as sales records, infringing products and equipment used to make infringing products) and to seize, copy or photograph such material.

This order will be granted if the following conditions are met:

- The claimant provides an extremely strong prima facie case.
- The actual or potential damage to the claimant is very serious.
- There is clear evidence that the defendant has possession of incriminating documents or things and there is a real possibility

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that the material may be destroyed before any *inter partes* application can be made.

Certain safeguards are provided for the defendant (for example, there must be a hearing shortly after the search). The disclosed material must only be used for the purpose of the proper conduct of the action. A court can also make a freezing order (*Mareva* injunction) to retain the defendant's assets that may be needed to satisfy judgment.

### Injunctions

A preliminary or interim injunction is available pending trial. Without notice (*ex parte*) relief (such as an injunction or search and seizure order) is available in exceptional cases either:

- Where the matter is so urgent that the defendant may not be notified.
- Where there is real concern that the defendant may dispose of evidence.

However, the injunction will be granted for a short time, until the matter can come back before the court on an *inter partes* basis, where both parties will be heard. The applicant for a without notice order has special duties to investigate the facts, present the evidence of the case fully and fairly and include the arguments both for and against the application.

To determine whether an interim injunction should be granted, the court looks at the following factors:

- Whether there is a serious question to be tried.
- Whether damages will be an adequate remedy (due to the nature of the infringement or the defendant's financial position).
- Where the balance of convenience lies (that is, what is just and convenient given the position of both parties).
- Whether there has been delay by the claimant in seeking the remedy since it discovered the infringement (the length and nature of the delay that is acceptable will depend on the circumstances).
- Where other factors are evenly balanced, the court will tend to maintain the status quo.

In some cases, the court may also take into account the relative strength of the parties' cases, based on any undisputed evidence available. It can be difficult to satisfy these requirements in a patent matter given the complexity of the technical and legal issues.

Typically, the claimant must give an undertaking to pay damages to the defendant for loss resulting from the injunction if it transpires it ought not to have been granted. It is possible to seek an interim injunction even before an infringement has commenced, based on a clear and imminent threat to infringe. Interim injunctions may be granted in respect of non-UK designations of European patents (see *Question 19*).

The claimant must commence main proceedings when any interim relief is sought and generally before or simultaneously with seeking such relief, except in very urgent cases.

### Other

An order for early disclosure or inspection may be made before commencement of proceedings (see *Question 28*).

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## 32. Can a protective writ be filed at the court at which an *ex parte* application may be filed against that defendant?

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It is not possible to file a protective writ at court in anticipation of a potential application for interim relief. However, without notice relief is rare in patent cases (see *Question 31, Injunctions*) so a defendant would normally expect to have an opportunity to defend itself and

be heard at an early stage. If the defendant wanted certainty, it may be appropriate in some cases to make an application for a declaration of non-infringement or an application to challenge the validity of the patent.

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## 33. What is the format/procedure of preliminary injunction proceedings?

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### General

Proceedings for an interim injunction typically comprise:

- Service of an application notice with details of the order sought and evidence in the form of a witness statement(s).
- A preliminary timetable hearing.
- Service of evidence in reply by the defendant.
- Service of evidence in reply by the claimant.
- Exchange of written arguments.
- An oral hearing at which each party's counsel make submissions but no witnesses are heard.

### Level of proof

The claimant must establish that there is a serious question to be tried. The application is not intended to be a "mini trial" of the issues but an injunction is most likely to be granted when the merits of the claimant's case are demonstrably strong.

### Evidence

Generally, evidence is given in written witness statements in all preliminary applications. The parties can provide documents together with their evidence but there is no provision for disclosure at this stage (except under without notice applications, see *Question 31*) and no oral witness testimony.

### Patent validity

A defendant can raise the issue of validity but it will not be determined at that stage. However, clear evidence may be taken into account (see *Question 31, Injunctions*).

### Length of proceedings

The length of preliminary proceedings will vary depending on the circumstances of the case. If the matter is sufficiently urgent, an *inter partes* injunction hearing can be granted within weeks (or even days). The normal course though is for the parties to exchange evidence and written arguments (see *above, General*) and for an oral hearing to take place within a few months. However, where the court accepts that there is a degree of urgency, a speedy trial may be granted instead (see *Question 30*).

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## 34. If a preliminary injunction is granted and the main infringement action is finally lost, can the defendant claim damages for the unjustified preliminary injunction?

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A defendant who has been wrongly enjoined may claim damages, which are assessed in separate proceedings based on the evidence of the market, its likely sales had the injunction not been granted and the impact of the injunction (generally assessed by expert evidence from an economist or an accountant). At the time the interim injunction is sought, the claimant must present evidence that it would be able to pay the damages if the injunction was later found to be wrongly granted.

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## FINAL REMEDIES

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### 35. What remedies are available against a patent infringer?

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#### Permanent injunction

A permanent injunction is a discretionary remedy but is generally granted in most cases. It relates to goods in the possession and control of the defendant. Therefore, where any injunction would cause great public inconvenience, a declaration of infringement may be granted instead.

The court has discretion to refuse an injunction and award damages in lieu. The exercise of the discretion will depend on the particular circumstances of the case, including:

- The subject matter of the patent.
- The nature of the market.
- Whether the claimant is working the invention or offering licences.

An injunction can sometimes be refused where the infringing acts have ceased and it is normally granted in wide form, restraining the defendant from "infringing" the patent, rather than being limited to specific acts.

The practice of the courts is to phrase an injunction to restrict the defendant, its agents and its servants and it may extend to prevent importation of products from countries where there is no corresponding patent. An injunction will not be directly effective against the infringer's suppliers or customers unless they are specifically joined as parties (on the basis of their own infringing acts) and named on the order. However, aiding or abetting breach of an injunction (with knowledge of the injunction) is (like the breach itself) a contempt of court, punishable by fines and/or imprisonment.

The English courts have jurisdiction to grant cross-border injunctions but only in very limited circumstances (see *Question 19*). The Unified Patent Court will order pan-European injunctions.

#### Monetary remedies

A claimant can be awarded a monetary remedy in respect of infringement and must elect between an account of profits and damages.

The assessment of these amounts can be made by the judge at the time of the decision on liability, but in most cases, the parties will either agree a sum to be paid by way of damages or damages will be assessed in a separate set of proceedings. The claimant must choose between an enquiry as to damages and an account of profits, but the defendant can initially be required to give some financial details to allow the claimant to make an informed choice. There is no punitive element to these monetary remedies. The payment of compensation can be limited (for example, where the patent is only partially valid).

The general principle is that the patent owner must be put in the same position as if the infringement had not happened. This means the patent owner must be compensated for all reasonably foreseeable losses suffered as a result of the infringement. Where the parties compete, damages can include the loss of direct sales, sales of ancillary unpatented products and compensation for erosion of the patent owner's prices. On non-competing sales, compensation will typically be assessed by reference to a reasonable royalty.

In an account of profits, the profits attributable to the unauthorised use of the patent are paid over. Although this remedy has resulted in significant payments, the remedy has been much less commonly used and can be complex, particularly where the invention relates to only part of a product as sold. Principles relating to the apportionment of profit and deduction of overheads were

considered recently by the Court of Appeal in *Design & Display Ltd v Ooo Abbott* [2016] EWCA Civ95.

#### Delivery up or destruction of infringing goods

Delivery up or destruction of any patented product in relation to which the patent is infringed or any article in which that product is inextricably comprised or which can only be used in an infringing manner can be ordered.

#### Publication of the decision

Virtually all decisions are published in law reports. In some cases, the courts will order that wider publicity be given to the decision.

#### Recall order

If a defendant has already released infringing goods from its possession and control, the court will not generally grant an order requiring them to be recalled.

#### Declaration of infringement and validity

A court may grant a declaration that a particular activity amounts to infringement. This generally relates to past infringement, but where the activity has ceased or the patent owner has acquiesced in the defendant's conduct it is possible that a court will grant a declaration in place of an injunction.

A court may also grant a declaration that the patent is valid. Where validity is challenged and upheld, a certificate of contested validity may be issued and if validity is contested by any third party in subsequent proceedings, the second challenger will face substantial costs penalties if the patent is again upheld as valid.

## APPEAL PROCEDURE

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### 36. What avenues of appeal are available for a defeated party and under what conditions?

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A decision of the Comptroller may be appealed to the Patents Court of the High Court (Patents Court).

A decision of the Patents Court may be appealed to the Court of Appeal and appealed further to the Supreme Court on points of law (if the matter is one of general public importance or if the Court of Appeal gives permission). It is rare for permission to appeal to the Supreme Court to be granted in patent cases.

Final orders of the Intellectual Property Enterprise Court are appealed directly to the Court of Appeal and permission to appeal is regularly given. An appeal takes the form of a review rather than a re-hearing, so it is rare that new evidence is considered on appeal. The appeal proceeds only on the written evidence already filed at first instance, transcripts of the first instance proceedings and written and oral arguments. Appeal proceedings in England from the Patents Court to the Court of Appeal typically take about a year. Any further appeal to the Supreme Court is likely to take between one and two years.

## LITIGATION COSTS

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### 37. What level of cost should a party expect to incur to take a case through to a first instance decision, preliminary injunction proceedings and appeal proceedings?

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Costs of patent litigation in England will vary depending on the:

- Complexity of the technology.
- Number of patents involved.
- Number of witnesses and experts.
- Nature of the representation.



- Length of the trial.
- Nature of the issues.

For example, a streamlined procedure in the Intellectual Property Enterprise Court (IPEC) on a single patent would take a day whereas a full High Court trial with multiple parties and patents and complex technology may take up to five weeks. Attorneys' costs in a patent case in the High Court (with a one-week trial) typically range from about GBP500,000 to GBP2 million. They may increase considerably if a number of patents are in issue and will vary depending on the complexity of the technology. Appeal costs are typically significantly less (in the region of a third of the first instance costs). Court fees are a combination of fixed and value-based fees. Claims for money are based on the value of the claim with the maximum fee payable being GBP10,000. Non-money claims (such as a claim for an injunction) have a fixed fee of GBP528.

The general principle is that the loser pays the winner's costs (in practice a proportion of them) incurred in relation to the issues on which the paying party lost. Costs are awarded at the court's discretion and in a way that reflects the extent to which the winner has been successful on particular issues. Generally, a party who was successful on all or most issues would recover between 50% and 70% of its costs. The court will look at all the circumstances of the case (including the conduct of the parties and offers to settle). The precise level of costs will be determined by a detailed assessment procedure. Generally, the courts will allow costs that have been reasonably and proportionately incurred.

In the IPEC, the normal rules on costs do not apply. Recoverable costs for all claims in the IPEC are capped at GBP50,000 for liability and GBP25,000 for an inquiry as to damages or account of profits. The court rules set out the maximum costs that a court will award at each stage of a claim.

## REFORM

### 38. What are the important developing and emerging trends in your country's patent law?

#### Unitary patent and Unified Patent Court

An important issue for patent owners in the UK continues to be the future of the Unified Patent Court (UPC) and the unitary patent. The UPC is a new court system designed to enable businesses to litigate patent cases, particularly those involving patents in multiple jurisdictions, centrally through one set of proceedings. The UPC will give parties a new and different forum in which to litigate both traditional European patents and a new form of patent, the unitary patent. It will enable owners of unitary patents and some European patents to enforce patent rights across Europe by seeking a Europe-wide injunction in proceedings in one jurisdiction. Conversely, third parties will be able to attack the validity of a unitary patent centrally, potentially leading to the loss of the whole patent across Europe. This together with the new unitary patent right will radically alter the way in which patents in Europe are filed and enforced. For more information, see *Patent litigation in the Unified Patent Court: overview*.

The UK, which is due to host a branch of the UPC's Central Division in London to hear life sciences cases, has now ratified the UPC Agreement but the long-term involvement of the UK in this project is in doubt as a result of the UK's vote to leave the EU. Brexit raises difficult political issues. The UPC system is established between EU member states and decisions of the court will be appealed to the ECJ, to which the UK will not be subject post-Brexit. Both the UK and key member states are keen for the UK to participate. It seems this could be achieved by agreement although, as a non-EU member, the UK's participation would need to be subject to a special regime.

Problems in Germany over ratification means that there is limited time for the system to come into force before the UK leaves the EU

on 29 March 2019. If Brexit happens before the system comes into effect, it is likely to delay the UPC further.

Patent owners should monitor developments over the coming months and be ready to consider whether to opt out their European patents from the new system. If the current problems are resolved, a sunrise period for opting out is only likely to be in place for around three months before the court opens. Opting out will avoid the risks of central attack and should be considered especially for important patents. It will also provide opportunities to monitor how the system is performing and the impact of Brexit before deciding whether to opt back in.

#### Brexit

Brexit poses significant issues for IP rights holders, although less so in the field of patents as substantive patent law is not harmonised at EU level. However, supplementary protection certificates (SPCs), which provide a valuable extension of protection beyond the patent term for medical and plant products, derive from an EU regulation. There is uncertainty over what will replace this form of protection in the UK, although agreement has been reached between the EU and the UK that the existing EU regulation will apply to pending SPC applications submitted in the UK before the end of the transition period (31 December 2020).

#### Plausibility

It has become increasingly common in English patent litigation for a party to attack the validity of a patent on the grounds that the invention was not plausible. Although this is not a test found in the Patents Act 1977 or the European Patent Convention, it has developed into a "threshold test" and has been regularly applied in cases concerning insufficiency or obviousness. It has also been considered as relevant to industrial applicability, novelty and enablement.

This is a significant issue for patentees (particularly in the life sciences sector, although not exclusively), as it affects how much data needs to be included in a patent application to make it plausible, and crucially, when a patent should be filed. The English courts have recently sought to lower the threshold for what is considered plausible and limit the scope of this attack such that patents that are speculative and based on mere assertion are excluded. However, the issue is currently being considered by the UK Supreme Court, which has recently heard arguments in the appeal of the case of *Warner Lambert Company LLC v Generics (UK) Limited and others* ([2016] EWCA Civ 1006).

#### Standards and patents

Patent licensing in the context of standard essential patents continues to be an evolving area of patent law and the English courts have taken a lead in identifying what terms will be fair reasonable and non-discriminatory (FRAND) and how FRAND royalties are to be calculated. Following several important European decisions on FRAND licensing, the English court last year made, for the first time, a FRAND determination and set a FRAND royalty rate in the case of *Unwired Planet v Huawei* (see *Question 23*). In a clear and pragmatic judgment, the court confirmed that English courts are able and willing to do both things, as well as clarifying that worldwide portfolio licences can be FRAND. This has paved the way for English courts to hear more global patent licensing disputes (the Patents Court has recently confirmed jurisdiction to hear another global FRAND licensing case). The *Unwired Planet* decision is currently under appeal.

#### Efficient case management of UK litigation

The UK courts' quest to provide thorough and rigorous examination of issues in a dispute in an efficient and tightly managed way is set to continue. The Patents Court has for many years imposed strict case management over the conduct of patent litigation and this has also been achieved in the Intellectual Property Enterprise Court, which adopts a simplified procedure. Pilot schemes for new procedures introduced recently, notably the shorter and flexible trial

schemes, have proved to be successful and popular (see *Question 30*). It has recently been agreed in principle that these should be extended permanently.

## ONLINE RESOURCES

### Intellectual Property Office Website

**W** [www.gov.uk/government/organisations/intellectual-property-office](http://www.gov.uk/government/organisations/intellectual-property-office)

**Description.** Official website maintained by the UK Intellectual Property Office.

### Civil Procedure Rules

**W** [www.justice.gov.uk/courts/procedure-rules/civil/rules](http://www.justice.gov.uk/courts/procedure-rules/civil/rules)

**Description.** Official website maintained by the Ministry of Justice containing the Civil Procedure Rules applicable to all civil proceedings, including patent infringement proceedings. See Part 63 for rules applicable to IP claims in particular.

### Chancery Division Information

**W** [www.justice.gov.uk/courts/rcj-rolls-building/chancery-division](http://www.justice.gov.uk/courts/rcj-rolls-building/chancery-division)

**Description.** Official website maintained by HM Courts and Tribunals Service containing the court guides for the Chancery Division of the High Court of Justice. The procedure in the Patent Court follows broadly that of the Chancery Division with some differences (see *below*).

### Patents Court Guide

**W** [www.gov.uk/government/publications/patents-court-guide](http://www.gov.uk/government/publications/patents-court-guide)

**Description.** Official guide maintained by the HM Courts and Tribunals Service that sets out the court procedure applicable to the Patents Court. This should be read alongside the Chancery Division information and the Civil Procedure Rules (see *above*).

### Intellectual Property Enterprise Court Guide

**W** [www.gov.uk/government/publications/intellectual-property-enterprise-court-guide](http://www.gov.uk/government/publications/intellectual-property-enterprise-court-guide)

**Description.** Official guide maintained by the HM Courts and Tribunals Service that sets out the court procedure applicable to the Intellectual Property Enterprise Court. This should be read alongside the Chancery Division information and the Civil Procedure Rules (see *above*).

### The British Library Collection of Patent Resources

**W** [www.bl.uk/collection-guides/patents](http://www.bl.uk/collection-guides/patents)

**Description.** Official website of the British Library containing a comprehensive collection of British and foreign patent documentation.

### British and Irish Legal Information Institute

**W** [www.bailii.org](http://www.bailii.org)

**Description.** Official website of the British and Irish Legal Information Institute containing a database of British and Irish case law and legislation, EU case law, Law Commission reports, and other law-related British and Irish material.

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## Practical Law Contributor profiles

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### Susie Middlemiss, Partner

Slaughter and May  
T+ 44 (0)20 7090 4038  
F+ 44 (0)20 7090 5000  
E [susie.middlemiss@slaughterandmay.com](mailto:susie.middlemiss@slaughterandmay.com)  
W [www.slaughterandmay.com](http://www.slaughterandmay.com)

**Professional qualifications.** England and Wales, Solicitor; Bachelor of Law

**Areas of practice.** IP; patents; dispute resolution; licensing; IP in commercial agreements and transactions.

**Non-professional qualifications.** Bachelor of Science (Genetics and Biological Sciences), University of Sydney

#### Recent transactions

- Court and Court of Appeal litigation involving Smith & Nephew and ConvaTec concerning multiple patents and a range of other IP rights.
- Acting for a major international healthcare company in High Court proceedings and multijurisdictional patent litigation.

#### Professional associations/memberships

- Member of the IPAC Committee of the BioIndustry Association.
- Member of the Editorial Board of the Bio-Science Law Review.
- City of London Law Society – IP Committee.
- European Patent Reform Consultation Group.

#### Publications

- *Patent licensing and FRAND: a new approach* (Slaughter and May, September 2017).
- *Patent licensing and FRAND: setting the rate and terms* (Slaughter and May, September 2017).
- *The UPC: an important step closer* (PLC Magazine, June 2018).
- *Brexit Essentials: IP rights post-Brexit* (Slaughter and May, March 2018).
- *The UPC: uncertainty ahead* (Slaughter and May, November 2017).
- *Dawn of an English Doctrine of Equivalents: immaterial variants infringe* (Slaughter and May, November 2017).
- *The EU Competition Rules on Intellectual Property Licensing* (Slaughter and May).



### Laura Balfour, Lawyer

Slaughter and May  
T + 44 (0)20 7090 4018  
F + 44 (0)20 7090 5000  
E [laura.balfour@slaughterandmay.com](mailto:laura.balfour@slaughterandmay.com)  
W [www.slaughterandmay.com](http://www.slaughterandmay.com)

**Professional qualifications.** England and Wales, Solicitor; IP Diploma, University of Bristol.

**Areas of practice.** IP; monitoring and writing on new developments in intellectual property law including cross border litigation; consulting and advising on the Unitary Patent and Unified Court System throughout its development.

**Non-professional qualifications.** BA (Hons) Music, Worcester College, Oxford University

#### Publications

- *Patent licensing and FRAND: a new approach* (Slaughter and May, September 2017).
- *Patent licensing and FRAND: setting the rate and terms* (Slaughter and May, September 2017).
- *The UPC: an important step closer* (PLC Magazine, June 2018).
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- *Intellectual Property Act 2014: Changes to Design and Patent Law* (PLC Magazine, July 2014).
- *The Unitary Patent: Central enforcement of patents in Europe* (PLC Magazine, 2013).
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