PATENT LITIGATION IN ENGLAND - THE LAST 20 YEARS

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Introduction

England as a forum for patent litigation in Europe has many natural advantages, such as speed, the experience and expertise of judges and practitioners, the availability of discovery, the control by the parties of the procedure and the detailed scrutiny which the Court will give to all the issues raised by the parties. However, England is at risk of failing to capitalise on such benefits, as the record since 1980 demonstrates, at least in terms of the unsophisticated statistic of numbers of writs issued in patent matters over this period [1]. Small scale procedural tinkering, and the introduction of an alternative forum in the Patents County Court have in practice had little real effect.

The complaint made about the English system is one of cost. English lawyers are no less efficient, and their hourly rates are no higher, than those in other European jurisdictions, but the English legal system permits (and thereby in practice, if one is to do one's best for one's client, demands) them to dedicate very much more of their time to a case than do other systems.

It was not always so. 20 years ago, when the writer was first exposed to English patent litigation, interlocutory injunction applications were common and were often determinative of disputes, and when these were inappropriate or not granted, discovery in the subsequent proceedings was of limited scope. Both these factors had the effect of limiting the costs in the majority of cases. There are many factors at work, including those found also in other fields of litigation, but in the writer's view what went wrong with patent litigation can largely be laid at the door of two decision, *American Cyanamid -v- Ethicon* and *Halcon -v- Shell*. Although largely unexceptionable in themselves on their facts, these have come in the longer term to have untoward and to some extent unexpected adverse consequences when more widely applied.

Interlocutory injunctions

The first of these decisions was *American Cyanamid -v- Ethicon* [2]. Although the principles expressed in the judgement of the House of Lords were applied in that case to support the grant of an interlocutory injunction [3], the practical effect of such principles, when

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[1] See Appendix, derived (as to the High Court) from Judicial Statistics 1981-1993 (Lord Chancellor's Department) and as to the Patents County Court, from the Patents County Court cause list.

[2] [1975] RPC 513

[3] On what one must now presumably assume to be the rather naive basis that the grant of a patent is good *prima facie* reason for considering it to be valid.

rigorously applied, is that it has come to be virtually impossible in most patent cases to secure an interlocutory injunction as damages will virtually always be regarded as an adequate remedy [4]. Of no less importance however, the vast majority of the evidence in applications for interlocutory injunctions in patent cases is now, as a consequence of this decision, directed towards commercial matters, as it is a rare case in which there is a real issue as to whether or not there is a serious case to be tried, and indeed the matter is usually conceded. Accordingly the parties receive no independent preliminary indication as to the merits of the case.

The former practice, on an application for an interlocutory injunction, of looking also at the merits of the case as a whole (discussed and in effect applied by the Court of Appeal in *Hubbard -v- Vosper*[5], but impliedly criticised in *American Cyanamid*) served the interests of litigants very well. This was because the Court was prepared to express a view, albeit a preliminary one, on the merits of the case, whereas to do so is now otiose in most cases. Thus not only is much cost now incurred in developing commercial evidence (generally inevitably of a speculative character) which is of no value to the ultimate determination of the merits, but the litigants are deprived of an initial view of the Court as to such merits.

Obtaining such a view from the Court is a considerable advantage. It is indeed the aim of most alternative dispute resolution procedures to develop such a view and to force reality on disputants without a final adjudication on the rights and wrongs of a situation [6]. The recollection of those who litigated before *American Cyanamid* is that such views expressed on the hearing of interlocutory injunction applications were often treated by the parties as determinative. They had, at reasonable costs, a hearing of sorts and the benefit of a view from the Court and could then go away and rely on that or, if they so wished, could take it further. Something of this remains today with passing off and trade mark cases, where interlocutory injunctions are commonly granted and where a view has to be taken by the Court as to the overall merits of the case as damages will only rarely be an adequate remedy. Very few passing off and trade mark cases ever get to final hearing.

Since *American Cyanamid*, attempts at first instance to use summary procedures to strike out what appear to be hopeless cases on the facts have been discouraged by the Court of Appeal, who held it "inappropriate for the Court to hold a mini-trial on the documents" in *Strix -v- Otter*[7].

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[4] Only cases such as *Monsanto -v- Stauffer* ([1984] FSR 574), where there is a very special type of irreparable harm, seem now to provide a real exception.

[5] [1972] 2 QB 84

[6] In the USA for this reason some Judges will also, as a standard practice, give to the parties an informal preliminary indication of their view of a case scheduled to come before them, on the basis solely of the papers, which indication litigants are unwise to disregard.

[7] [1991] FSR 354

A pre-*American Cyanamid* interlocutory injunction procedure exists in the Netherlands, which has a rapidly growing infringement patent jurisdiction and is now seen as attracting work from both Germany and the UK. The "pan European injunctions" granted by Dutch Courts [8] which have recently received wide publicity have been granted in cases in which interlocutory injunctions have been sought [9]. When asked why such actions do not often then proceed further the usual answer from Dutch lawyers is that the parties are free to do so, but that there is no great purpose served in doing so because there is rarely any reason to suppose that the outcome at the end of the day will be any different.

Neither would such an approach be alien to these shores. Thus it would appear that the Scots still apply pre-*American Cyanamid* principles. The difference between English and Scots law and the approach of the latter was explained by Lord Fraser in *NWL -v- Woods* [10]:

> "The relevant difference between English law on interlocutory injunctions and Scots law on the very similar remedy of interim interdict can be appreciated by reference to the decision of this House in *American Cyanamid Co v Ethicon Ltd*, a decision which does not apply to Scotland. In that case this House laid down that the court in exercising its discretion as to granting or refusing an interlocutory injunction ought not to weigh up the relative strengths of the parties cases on the evidence (necessarily incomplete) available at the interlocutory stage. Lord Diplock with whose speech the other four noble and learned Lords agreed, said:
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> > "The Court no doubt must be satisfied that the claim is not frivolous or vexatious; in other words, that there is a serious question to be tried. It is no part of the Court's function at this stage of the litigation to try to resolve conflicts of evidence on affidavit as to facts on which the claims of either party may ultimately depend nor to decide difficult questions of law which call for detailed argument and mature considerations. These are matters to be dealt with at the trial".
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> In Scotland the practice is otherwise and the Court is in use to have regard to the relative strength of the cases put forward in averment and argument by each party at the interlocutory stage as one of the many factors that may go to make up the balance of convenience. That is certainly in accordance with my own experience as Lord Ordinary, and I believe the practice of other judges in the Court of Session was the same. Whether the likelihood of success should be regarded as one of the elements of the balance of

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[8] Which the English Courts would, on the authorities in trade mark and copyright cases consider themselves, in relation to national rights such as patents (but not in relation to generalised tortious rights such as those in passing off), unable to grant in the light of the "double actionability" rule of English private international law. This rule was established in general tort cases but has never been properly considered by an appellate court in relation to intellectual property. Over the years the rule has become subject to an increasing number of significant exceptions, the most recent of which, in *Red Sea Insurance v Bouygues* ([1994] 3 WLR 927) suggests that it has little if any continued application.

[9] Indeed the relative difficulty of obtaining interlocutory injunctions in other jurisdictions is argued in such cases to be a reason in itself for the Dutch courts to grant interlocutory injunctions of pan-european scope.

[10] [1979] 3 AER 504

convenience or as a separate matter seems to me an academic question of no real importance, but my inclination is in favour of the former alternative. It seems to make good sense; if the Pursuer or Petitioner appears very likely to succeed at the end of the day, it will tend to be convenient to grant interim interdict and thus prevent the defender or respondent from infringing his rights, but if the Defender or Respondent appears very likely to succeed at the end of the day it will tend to be convenient to refuse interim interdict because an interim interdict would probably only delay the exercise of the defender's legal activities. Reported cases on this matter are not easy to find, because applications for interim interdict are usually disposed of quickly without full opinions being given, but the view of the law that I have expressed is I think vouched by some authority. In General Assembly of the *Free Church of Scotland v Johnston* the Lord Ordinary (Lord Pearson), whose opinion was approved by the Second Division on appeal, said:

> "Of course on this question of interim interdict, I can only deal with the matter provisionally; but it is certainly according to the practice of the Court in such cases to consider how the rights of parties appear on a prima facie aspect".

In *Edinburgh Magistrates v Edinburgh etc Railway Co* Lord Justice Clerk Hope said that, in a case where the respondent relied on an asserted right -

> "there surely can be no better ground for an interim interdict than that the Court, which is itself to decide the question of right, think that question so difficult, and the onus of establishing the power claimed so weighty against the respondent, that, in their opinion, until he obtains judgment he ought not to be allowed to interfere with the interests, or rights and privileges of others, although in regard to property to which he has a title".

As an example of the modern practice, though without any full statement of principle, I refer to *Chill Foods (Scotland) Ltd v Cool Foods Ltd* where in the first petition the Lord Ordinary (Lord Maxwell) refused interim interdict because the petitioner's case was based on averments that there was a contract between the parties, but he was unable to produce any document setting out the contract, and the existence of the contract was denied by the respondent".

If such an approach is still considered to be appropriate, or even preferable, in Scotland, then why should not similar considerations apply also in England? A response addressing the adverse consequences for English law of *American Cyanamid*, other than a statutory one, is difficult to formulate, but a more general recognition of the problem would be a necessary and useful first step.

Discovery

The availability of discovery can be a major advantage of English litigation when compared with that in other European jurisdictions. The *saisi* procedure in Belgium, France and Italy and the reversal of the burden of proof in some types of case provides a certain compensation in relation to infringement issues but rarely an entirely adequate one, and certainly not one that has any bearing on validity.

However discovery, if not strictly controlled, can become a burden and not a benefit, as

was recognised by Mr Justice Aldous early in 1993 in an interlocutory hearing in the *Chiron* litigation, refusing an order for specific discovery, when he observed:

> "Discovery in patent actions has, over recent years, become particularly burdensome. It imposes a very great burden upon litigants. That has to be seen in the light of the practice in Europe where no discovery takes place. In those countries, they manage to come to a conclusion - normally the correct conclusion - as to the validity of a patent. No doubt discovery helps to come to a proper result; but there is a need to keep the bounds of discovery within careful limits. In fact, that is the law as laid down in the Rules of the Supreme Court. Specific discovery should only be ordered, if it is necessary."

Before *Halcon -v- Shell*[11], followed by the Court of Appeal in *SKM -v- Wagner Spraytech*[12], established that where obviousness was in issue the patentees should give discovery as to how they came to make the invention, the practice had been for the patentee to give no discovery of this nature [13].

Indeed the typical list of documents in many patent infringement actions used to be no more than the patent itself, the cited prior art and any documents the parties had relating to the alleged infringement. *Halcon* changed that. It made the provision of extensive discovery as to the development of the invention *de rigueur* and automatic in all patent litigation involving obviousness, which is to say virtually all of it. Such discovery extends not only to the proximate inventors' notebooks, but to all the surrounding circumstances and the whole history of the invention in the hands of the inventors and their employer. As inventions become increasingly the product of ever larger teams of workers, the volume of such documentation, much of it handwritten, terse and not readily comprehensible, becomes ever larger. To this must be added the documentation showing what the defendants were doing, which may be no less voluminous, and as to which the practice has quietly developed of disclosing, in parallel with the development of giving discovery as to the making of the invention.

The old idea that nothing that the inventor did could be relevant to the issue of obviousness because the inventor was *ex hypothesi* special, and not representative of the objective standard against which obviousness has to be tested, has been lost, with the consequence that in many cases roomfuls of discovery on the issue of obviousness are now disclosed, and must be read, understood and managed by all parties to the case. Sometimes some of this material proves to be of real relevance, and in one or two cases one or two pages of it may be decisive, but all too often in retrospect it really adds little to the view that one forms on first sight of the patent and prior art and to the final view on the merits, and adds only to the cost. The Court in *SKM* were alive to the issue when

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[11] [1979] RPC 459

[12] [1982] RPC 497

[13] This was consistent with the position as stated in the then current version of *Terrell* , based on the very old case of *Crane -v- Price* (1842) 1 WPC 393, that "in considering whether or not an invention is obvious, the way in which the inventor arrived at it is of no importance". This observation was itself also consistent with the judgments in *Re IG Farbenindustrie AG's Patent* (1930) 47 RPC 289, *ASEA -v- Burntisland* (1952) 69 RPC 63.

they found no basis on which to disturb the Judge's order yet observed:

> "...the practice of ordering this type of discovery in patent cases can lead to delay, expense and a substantial addition to the documentation in actions which already tend to be overburdened with paper."

Against this entirely accurate prediction, an order for discovery based on the vague possibility that some of the documents so disclosed may be of assistance to the defendants is a luxury which English law can no longer afford.

It is all too easy for the Bar and for the Judges to lay the blame for this situation at the feet of the Solicitors, and to suggest that they ought to be more selective in undertaking discovery. But the very act of selecting can itself be even more time consuming, and is invariably subsequently open to criticism as having been undertaken on an incorrect basis in applications for specific discovery - indeed the issue in relation to one class of documents in *Halcon*.

One response would be a Practice Direction to the effect that discovery by the parties as to their own activities or those of others leading up to the priority date will not in future regarded as appropriate in most cases where obviousness is in issue, and indeed will only be ordered in the most special cases, and only as to the most carefully specified classes of documents, in response to an application for specific discovery[14].

Perhaps one or two cases might be decided differently in the absence of such material, but this would be a small price to pay in an inevitably imperfect system for a substantial reduction in a major source of expense.

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[14] A proposed rule change to provide for a four year "window"for obviousness discovery is currently under discussion, and whilst this would be a step in the right direction, as will be apparent from this paper the writer does not believe that it goes far enough.