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# A short guide to the Intellectual Property Enterprise Court



# The Intellectual Property Enterprise Court

## **What is the Intellectual Property Enterprise Court?**

The Intellectual Property Enterprise Court (IPEC), formerly known as the Patents County Court, is a specialist listing within the Chancery Division of the High Court. It is intended to provide a less costly and less complex alternative to intellectual property litigation in the general Chancery Division of the High Court, particularly for small and medium sized organisations. The Government has implemented a number of reforms in recent years to streamline procedures in the IPEC and to limit the value of claims which may be heard in the IPEC. These changes were designed to ensure the IPEC provides a cost effective forum in which small and medium enterprises, or larger enterprises with smaller matters can resolve their IP disputes.

The court is based on Fetter Lane in central London, although it is possible for the court to sit outside of London. A full-time IPEC judge is expected to be appointed in due course. In the meantime, specialist judges of the High Court, or deputy judges such as QCs, sit as judges of the IPEC as required.

## **How can I expect the IPEC to differ from the High Court?**

The IPEC trial procedure is streamlined to last approximately two days – there should be no lengthy trials. This is achieved through pro-active case management by the judge. For example, case management conferences are held by telephone or video conference and, in the past, the judge has taken telephone applications at short notice, has dealt with applications on paper and has made orders of his own initiative. He also controls the use of evidence, for example, by stating particular issues that the evidence should address. Indeed, by default parties are not allowed to utilise many forms of evidence without the judge's permission, including expert reports, experiments, fact witness evidence and cross-examination.

There is a £500,000 cap on the maximum amount of damages and/or an account of profits that can be claimed, although this can be waived if agreed by the parties. In most cases there will also be a cap on the costs recoverable (by the successful party) for each stage of the proceedings, with total costs normally limited to £50,000. These caps do not apply in the general Chancery Division of the High Court.

## **What intellectual property disputes can it hear?**

The IPEC has jurisdiction in respect of actions and counterclaims for:

- Infringement of patents, designs, trade marks (including Community Trade Marks), copyright and other intellectual property rights.
- Revocation or invalidity of patents, registered designs and trade marks.
- Amendment of patents.
- Declarations of non-infringement.
- Determination of entitlement to a patent, design or any other intellectual property.
- Employee's compensation in respect of a patented invention.
- Unjustified threats of proceedings for infringement of patents, designs or trade marks.

## **When should I issue proceedings in the IPEC rather than the general Chancery Division of the High Court?**

The IPEC is better designed to hear claims of a relatively low value and/or matters which are confined to relatively straightforward issues. The following factors will be relevant to determining whether the IPEC is the appropriate forum:

- The complexity and size of the action – disputes that are likely to require detailed evidence, such as experiments, expert reports and cross-examination, are probably more suited to the general Chancery Division of the High Court.
- The value of the action – if it is particularly valuable, it may be better off in the general Chancery Division of the High Court. In weighing this up, the likely damages / account of profits to be recovered (in an infringement claim) is a key factor, bearing in mind the £500,000 cap applicable in the IPEC.
- The likely cost of the action – the IPEC's £50,000 overall cap on recoverable costs will be a relevant consideration in this.
- Your financial position – if your budget for bringing an action is limited, the cheaper IPEC may be a better option, particularly when considering the cap on costs. Related to this is the size of your organisation – smaller and medium sized enterprises may prefer the simpler, cheaper procedure of the IPEC.
- The nature of the evidence – a dispute that involves substantial complex experimental evidence will be unsuitable for the IPEC.
- The use of witnesses – cross-examination of witnesses will be strictly controlled in the IPEC. If a large number of witnesses are required, the case may be more suited to the general Chancery Division of the High Court.

If either party in the IPEC or the High Court believes that the other court is a more appropriate forum, they can apply for the dispute to be transferred.

## Can I obtain the same remedies as in the general Chancery Division of the High Court?

The usual remedies available in the general Chancery Division of the High Court, including preliminary and final injunctions, damages, accounts of profits, delivery up and disclosure can be requested by claimants in the IPEC (subject, of course, to the cap on damages and accounts of profits already noted above).

## Overall, what are the advantages and disadvantages of the IPEC as compared to the general Chancery Division of the High Court?

Advantages	Disadvantages
— Speedier – so bringing a swifter resolution to the dispute	— Strict time limits – the judge may impose cut-offs if a party exceeds its time estimates for hearings
— Active case management by the judge – mitigates frustrating tactics of the other side (e.g. by curtailing the use of unnecessary complex evidence)	— Maximum cap on damages/accounts of profits – means that simple and non-complex cases are not suitable for the IPEC if damages and/or an account of profits are likely to exceed £500,000
— Maximum cap on recoverable costs – gives both parties comfort as to the extent of its costs liability	— Maximum cap on recoverable costs – may mean the defendant is more likely to defend, irrespective of the merits, as its liability to pay the claimant's costs is limited
— Full time specialist judge – provides consistency of approach	— Maximum cap on recoverable costs – it can be difficult to prepare a case properly within the cost caps, leaving the claimant out of pocket even if successful

## Emerging trends

In 2012, we published a report on emerging trends in the Patents County Court (the former name for the IPEC). Our analysis revealed some interesting results.

A wide variety of intellectual property disputes had been heard at the IPEC to date. Indeed, one of the reasons for now changing the name of the IPEC is to clarify the scope of its jurisdiction, and highlight the fact that it covers all intellectual property disputes, not just patents.

Although the IPEC was initially aimed at individuals and SMEs, large undertakings have appeared as parties in the IPEC several times. In fact, our analysis showed that roughly one in five claimants appearing in the IPEC between 2008 and 2012 were large entities.

To request a copy of our full report, 'Patents County Court – emerging trends', please get in touch with your CMS contact, or use the contact details at the end of this guide.



## Our expertise – how we can help you

- We can use our experience to give you straightforward, context-based and commercially realistic advice as to whether it is sensible to utilise the IPEC in any given matter and whether we are the right firm to assist, depending on your objectives and budget.
- If you decide to proceed in the IPEC, or find yourself defending in the IPEC, we can provide a comprehensive service throughout the procedure, aimed at easing the burden and stresses of litigation.
- We can provide innovative and cost-effective solutions aimed at preventing litigation.
- We can offer training programmes to your in-house staff to raise their awareness of the potentially cheaper and quicker IPEC procedure.

## Our contacts

If you are interested in finding out more about the Intellectual Property Enterprise Court, or about how we can help you, please do not hesitate to contact one of our Intellectual Property Partners below.



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