



INTELLECTUAL
PROPERTY OFFICE

Introducing a small claims track into the Patents County Court

Contents

1.	Introduction	3
2.	Call for Evidence	5
3.	Responding to this call for evidence	6
4.	Context	8
5.	The small claims track for IP claims	8
6.	Purpose of the call for evidence	12
7.	What we are looking for	13
8.	What we will do next	13
9.	Annex A	14
10.	Annex B	15

INTRODUCTION

- 1.1. The UK Government is committed to putting in place the right legal framework to deal with intellectual property (IP) infringements. We have implemented three proposals from the Intellectual Property Court Users Committee (IPCUC¹) which were endorsed by the *Review of Civil Litigation Costs* ('the Jackson Review') on 14 January 2010². We are now considering the evidence to assist in implementing two further recommendations arising from the Jackson Review and the IPCUC proposals to reform the Patents County Court (PCC); – a small claims track for IP claims and to change the name of the Patents County Court.
- 1.2. The IPCUC proposals included amendments to PCC procedures, a new costs regime and a limit on the value of claims heard in the court. As well as more clearly differentiating the PCC from the High Court, these changes are expected to reduce the cost of lower value IP litigation and will help to ensure that such litigation falls within the jurisdiction of the PCC from the outset.
- 1.3. The Government has now implemented these three key proposals: the streamlined procedures and costs regime through changes to the Civil Procedure Rules on 1 October 2010³ and the limit to the value of claims which may be heard in the Court through two Patents County Court (Financial Limits) Orders⁴. The Government considers this has brought the PCC closer to achieving the purpose for which it was created – to provide a cost-effective forum in which small and medium enterprises (SMEs) could resolve their IP disputes.

¹ Membership of the IPCUC committee includes the judges of the Patents (High) Court and the Patents County Court, a representative of each of the Intellectual Property Bar Association, the Intellectual Property Lawyers Association, the Chartered Institute of Patent Attorneys, the Institute of Trade Mark Attorneys and the Trade Marks, Patents and Designs Federation. The IPCUC considers the problems and concerns of intellectual property litigators.

² <http://www.judiciary.gov.uk/NR/rdonlyres/8EB9F3F3-9C4A-4139-8A93-56F09672EB6A/0/jacksonfinalreport140110.pdf>

³ <http://www.justice.gov.uk/guidance/courts-and-tribunals/courts/procedure-rules/civil/contents/frontmatter/notes53.htm>

⁴ <http://www.legislation.gov.uk/ukdsi/2011/9780111507155/article/3> and <http://www.legislation.gov.uk/ukdsi/2011/2222/contents/made>

- 1.4. Lord Justice Jackson was appointed to lead a fundamental review of the rules and principles governing the costs of civil litigation but also to make recommendations in order to promote access to justice at proportionate cost. He further recommended that “There should be a small claims track in the PCC for IP claims with a monetary value of less than £5,000 ...” (page 257). He observed that “all IP litigation is assigned to the multi-track: see Civil Procedure Rule (CPR) 63.1 (3)” and so there “is no small claims track for litigation in the PCC” (page 255).
- 1.5. Jackson LJ continued: “In my view there is an unmet need for justice in this regard. One can cite many other examples beyond those mentioned by the Federation of Small Businesses (FSB). For example, a journalist whose articles have been reprinted without permission might have a claim for a few hundred pounds. A photographer whose photographs have been downloaded from the internet and reproduced without permission might have a claim for a few hundred pounds” (page 255).
- 1.6. Similarly, Professor Ian Hargreaves in the Final Report in his ‘Review of Intellectual Property and Growth’⁵ outlined the steps taken to reform the PCC but observed that “one issue not currently addressed by these reforms, but which both the Jackson Review and submissions to this Review have advocated is a ‘small claims’ track for low value IP claims”. He goes on to recommend that this is introduced to the PCC.
- 1.7. Finally, Lord Justice Jackson endorsed the IPCUC proposal to rename the PCC as the “Intellectual Property County Court” to better reflect its jurisdiction, a recommendation which Professor Hargreaves also supported.

⁵ <http://www.ipo.gov.uk/ipreview-finalreport.pdf>

CALL FOR EVIDENCE

- 2.1. The Reviews lead by Lord Justice Jackson and Professor Ian Hargreaves have identified that there is broad support from judges, legal practitioners, court users, industry and business to provide for a small claims track in the PCC. As a result, and given the recent value for money assessment, the Government intends to introduce a small claims track in the PCC in October 2012 and to examine the evidence and options to re-name the court.

- 2.2. The purpose of this call for evidence is to seek evidence and comments from key stakeholders and IP right holders on the detail of how the existing small claims track should work in relation to resolving the lowest value IP disputes as well as to further gauge support for changing the name of the PCC to better reflect its jurisdiction.

RESPONDING TO THIS CALL FOR EVIDENCE

How and when to respond:

2.3. The Intellectual Property Office (IPO) welcomes comments from those with an interest in the issues raised in this document, and is seeking responses to the specific questions.

PLEASE NOTE:

This call for evidence is taking place over a 4 week period and closes on

16 February 2012

2.4. It follows previous opportunities for interested parties to comment. The Government considers this four week informal call for evidence proportionate.

Please send responses in writing by post, email or fax and no later than
16 February 2012 to:

PCC Small Claims Track Call for Evidence,
Copyright and IP Enforcement Directorate,
Room 3B49,
UK Intellectual Property Office,
Concept House,
Cardiff Road,
Newport,
Gwent,
South Wales
NP10 8QQ
Email: ipenforcement@ipo.gov.uk
Fax: 0044 (0) 1633 814922

How will your responses be used?

- 2.5. The Government will use the responses and supporting evidence to further refine its policy on how the small claims track will work in the PCC and how best to amend the Civil Procedure Rules [CPR].

Openness/Confidentiality

- 2.6. Information provided in response to this call for evidence will be dealt with in accordance with the access to information regimes. These are primarily the Freedom of Information Act 2000, the Data Protection Act 1998 and the Environmental Information Regulations 2004.
- 2.7. According to the requirements of the Freedom of Information Act 2000, all information contained in the responses including personal information may be subject to publication or disclosure. Where respondents request that information given in response to the consultation be kept confidential, this will only be possible if it is consistent with freedom of information obligations. A request for confidentiality from a respondent will not be enough to guarantee confidentiality. Where respondents specifically request confidentiality, this can only be agreed if it is consistent with freedom of information obligations.

Who's views are being sought?

- 2.6. Organisations that have been notified of this call for evidence include those listed at Annex A.

For copies in alternative formats please contact our Information Centre

Tel: 0300 300 2000

or

Email: information@ipo.gov.uk

CONTEXT: IP ENFORCEMENT FOR BUSINESS AND INDUSTRY

- 3.1. In seeking to enforce IP rights or resolve disputes, litigation is only one of numerous options available. The Government has taken action on a number of fronts particularly in relation to alternatives to court action. The low-cost services available to SMEs at the IPO - the Opinion Service, Tribunals and Mediation Service - all offer advantages, in terms of costs, over full litigation. If it is not possible to resolve the dispute through these, or a combination of them, then litigation may be unavoidable.
- 3.2. The small claims track will act as a complement to existing IP enforcement options for business and industry. How the existing small claims track works currently is described in Annex B and referenced by Roman numerals in the following paragraphs.

THE SMALL CLAIMS TRACK FOR IP CLAIMS

- 3.3. In relation to mediation (paragraph vi-vii), court hearings (viii-ix), legal representation (xii) and appeals (xvi), it is anticipated that the small claims track for IP claims will generally work in the same way as the existing small claims track. Similarly, it will follow small claims rules on procedures rather than the streamlined ones introduced into the PCC in October 2010. This will ensure that those small claims which do come to court are able to do so more quickly. In addition, the limited costs which may be recovered will be assessed under the small claims regime (x-xi), rather than on the PCC fixed capped scale, ensuring that they remain proportionate. We would also expect that any future changes to the 'general' small claims track would apply to IP claims on that track.

It is worthwhile highlighting a few of the key components of the proposal such as the scope of the track and size of claims.

Scope of the track for IP claims

- 3.4. The value of the claim will be one aspect the court will consider in deciding to allocate a claim to a particular track. It will also consider other important questions. These will include: the likely complexity of the facts, law or evidence; the amount of oral evidence which may be required and the views expressed by the parties.

Given this, plus the nature of the small claims track and the need to preserve the balance between costs and damages, it is possible that the small claims track may not be suitable for resolving all types of IP disputes. As is the case in the existing small claims track (Annex B paragraph ix), the judge may also deal with a claim without a hearing i.e. 'on paper'. It is likely that patent disputes and some registered design issues, in particular given their complexity, may not sit well within a small claims track. However, it should be noted that the PCC now has streamlined procedures and a fixed capped scale of recoverable costs which could offer access to justice at proportionate costs in these circumstances.

- 3.5. Lowest value copyright disputes may be best suited to a small claims track in the PCC, for instance in cases of direct copying. Certain design disputes possibly in relation to unregistered designs, may also fit well into the track. Some trade mark disputes could also be resolved here for example; continued use of a body's accreditation mark after membership of that body has lapsed/ceased or been withdrawn. It is therefore suggested that the small claims track covers appropriate copyright, trade mark and unregistered design cases.

Size of the claims

- 3.6. It is proposed that the size of claims will be the same as the size of claims for the general small claims track. The limit is currently set at £5,000, but, as noted in paragraph iii Annex B, the Ministry of Justice has consulted on raising

the limit to £10,000, £15,000 or £25,000. We would expect any change to the limit to be applicable to IP claims.

Injunctions – Final and Interim

- 3.7. In line with the general small claims track, the court should have the jurisdiction to grant any final remedy (including final injunctions) for a small claims track in relation to IP claims. Paragraph xv (Annex B) outlines the serious legal issues which must be considered in relation to securing interim injunctions for disputes heard under any track. With regard to IP claims specifically, interim injunctions are often complex and highly contentious matters which would significantly increase cost for litigants. This would seem to defeat the purpose which is to improve access to justice at proportionate cost. It is believed that with a small claims track running expeditiously there would seem to be relatively little need for interim injunctions. That need is further reduced in light of the new cost-capped streamlined procedures in the PCC, under which interim injunctions and, importantly, other interim remedies are available.

Allocation of claims

- 3.8. As noted in paragraph 3.11, at present all intellectual property claims are automatically allocated to the multi-track. In order to make best use of resources it is proposed that claimants will need to request that the claim is allocated to the small claims track. The defendant will need to be content with this, in that they do not object in their defence to the claim being allocated to the small claims track. Only in cases where there is a dispute will the court determine allocation.

Practical Considerations

- 3.9. Under the Copyright, Designs and Patents Act 1988, s. 287(1)⁶ the Lord Chancellor may designate any county court as a patents county court. The Central London County Court is currently the designated Patents County

⁶ <http://www.legislation.gov.uk/ukpga/1988/48/part/VI/crossheading/patents-county-courts>

Court⁷. The PCC is now physically located in the Rolls Building, Fetter Lane, London, part of the Royal Courts of Justice.

- 3.10. It is anticipated that most IP small claims, like those in the general track, will be resolved without the need for a hearing, either through small claims mediation or through the judge deciding the issue on paper.

PROPOSED CHANGE OF NAME FOR THE PATENTS COUNTY COURT

- 3.11. The Patents County Court has the jurisdiction to resolve not only patent disputes but also designs (within its special jurisdiction) and a wide range of other IP disputes including in relation to copyright and trade marks⁸. It therefore appears confusing that the name of the court only refers to patents. We would like to change the name to better reflect its jurisdiction, notwithstanding changes to County Courts currently being considered by the Government⁹, and will seek to find a suitable legislative vehicle to make this change, if this call for evidence supports the change.

⁷ <http://www.legislation.gov.uk/uksi/1994/1609/article/2/made>

⁸ See para 16.1 http://www.justice.gov.uk/guidance/courts-and-tribunals/courts/procedure-rules/civil/contents/practice_directions/pd_part63.htm#IDA3ZVJC

⁹ <http://www.justice.gov.uk/consultations/consultation-cp6-2011.htm>

PURPOSE OF THE CALL FOR EVIDENCE

- 3.12. The Government is proposing that existing procedures for resolving the lowest value claims, as currently available under the small claims track, could also largely be used to resolve the lowest value IP claims. In doing so it believes this will further improve access to justice at proportionate cost.
- 3.13. The purpose of this call for evidence is therefore to seek evidence and comments from key stakeholders, right holders and members of the public as to the detail of how this might work, as well as to gauge support for changing the name of the PCC to better reflect its jurisdiction. Such evidence will also assist in developing the guidance necessary to ensure that the track works effectively.
- 3.14. The Government is particularly keen to receive any evidence in relation to interim injunctions (bearing in mind the outline background information in Annex B – paragraph xv) and which specific types of IP disputes might best be resolved in a small claims track.
- 3.15. The small claims track will be introduced through amendments to the Civil Procedure Rules, bringing IP disputes more into line with other areas of civil litigation. Such changes are necessarily outside the scope of deregulatory mechanisms.

WHAT WE ARE LOOKING FOR

- 4.1. In helping the Government to develop the procedures and guidance for a small claims track in the PCC as well as the name of the court please consider the following questions:
- a. **Do you agree that the small claims track for IP claims should work largely the same as the general small claims track? Please provide supporting evidence.**
 - b. **Do you agree with the type of IP claims that can be brought before the small claims track?**
 - c. **Would you find increasing the upper damages limit for the small claims track from £5,000 to be beneficial? If so – please provide details why this would affect how certain IP disputes are resolved?**
 - d. **Taking into account the rules governing interim injunctions, do you consider that the small claims track for IP claims should provide for these? If so – please detail why.**
 - e. **Do you think the Patents County Court should be renamed to better reflect the range of intellectual property cases it considers?**
- 4.2. Any evidence received will be of particular importance in informing the case for change.

WHAT WE WILL DO NEXT

- 5.1. Following the conclusion of the call for evidence, the Government will consider the comments submitted and in due course will publish a response via the IPO website www.ipo.gov.uk

ANNEX A

Organisations/bodies

Alliance Against IP Theft	Federation of Small Businesses
Anti Copying in Design	Film Distributors' Association
Association for UK Interactive Entertainment	Filmbank
Association of Learned and Professional Society Publishers	Independent Film & Television Alliance
Authors' Licensing and Collecting Society	Institute of Practitioners in Advertising
Bar Council	Institute of Trade Mark Attorneys
Bridgeman	Intellect UK
British Brands Group	Intellectual Property Court Users Committee
British Copyright Council	Internet Services Providers' Association
British Film Institute	IP Federation
British Generics Manufacturers Association	IP Institute
British Geological Society	Law Society
British Hospitality Association	Law Society of Scotland
British Interactive Media Association	Managing IP
British Library	Motion Picture Association of America
British Pharmaceutical Industry	Motion Picture Licensing Corporation
British Recorded Music Industry	Music Publishers Association
British Retail Consortium	Musicians Union
British Video Association	National Archives
Broadcasting, Entertainment, Cinematograph and Theatre Union	Newspaper Licensing Agency
Chartered Institute of Patent Attorneys	Phonographic Performance Limited
Chartered Society of Designers	Producers Alliance for Cinema and Television
Chemical Industries Association	PRSforMusic
Christian Copyright Licensing International	Publishers Licensing Society
Confederation of British Industry	Royal National Institute of Blind People
Consumer Electronics Association	SME Innovation Alliance
Consumer Focus	Society of College, National and University Libraries
Copyright Licensing Agency	Sports Rights Owners Coalition
Crafts Council	The Anti-Counterfeiting Group
Design and Artists Copyright Society	Trade Marks Patents and Designs Federation
Design Council	Trading Standards Institute
Educational Recording Agency	UK Electronics Alliance
Equity	UK Film Council
Federation Against Copyright Theft	UK Music
Federation Against Software Theft – Investors in Software	Universities UK

ANNEX B

Rules in relation to court proceedings

- i. The Civil Procedure Rules 1998 (CPR) provide a code of procedure for the civil courts, including the civil division of the Court of Appeal, the High Court and county courts, in England and Wales. They are subject to twice-yearly updates (at least) by the Civil Procedure Rule Committee. The introduction of a small claims track to resolve IP disputes will be achieved through amendments to these rules. The rules set out the general principles, and the supporting practice directions give practical guidance on how the rules are to be implemented.

THE EXISTING SMALL CLAIMS TRACK.

Tracks

- ii. For non-IP issues there are three tracks for resolving disputes – small claims track (where typically the value of the claim is not more than £5,000); fast track (where the value of the claim is not more than £25,000); and the multi-track which is the appropriate track where the claim is more than £25,000 and neither the small claims or nor fast track are the normal tracks.

Limit on Damages

- iii. The small claims track is the normal track for resolving disputes where the claim is for not more than £5,000. However, the Ministry of Justice has recently consulted on whether to raise this upper limit from £5,000 to £10,000, £15,000 or £25,000¹⁰.

Allocation process

- iv. How does the claim arrive at the small claims track? If it has not been possible to resolve the dispute without the need for court proceedings then it will be necessary for one of the parties to file a claim with the court (CPR

¹⁰ <http://www.justice.gov.uk/downloads/consultations/solving-disputes-county-courts.pdf> [para 25]

7.2)¹¹. If a defendant files a defence the court will send an allocation questionnaire to each party (CPR 26.3)¹². When the court receives the completed questionnaire(s) it will then allocate the claim to a 'track'. At this stage any party may include with the questionnaire a written request to the court for the case to be temporarily halted while the parties try to settle the case through alternative dispute resolution or other means.

- v. However, it should be noted that currently under CPR 63.1(3)¹³ all intellectual property claims are automatically allocated to the multi-track.

Mediation in the small claims track

- vi. The allocation questionnaire asks whether the party would like to use the free small claims mediation service provided by Her Majesty's Courts Service, to help to settle the claim with the other party/parties. However, since mediation is a voluntary process, it should be noted that mediation will only take place if both (all) parties agree.
- vii. Booklet Ex 307¹⁴ provided by HM Courts and Tribunal Service outlines the process as follows:

'Mediation is less formal than a hearing before a judge. It is confidential, can be quicker, and can reduce the build up of costs, and if you are in an ongoing relationship with the other party or parties, a mediation agreement can provide for a more positive relationship in the future.

Mediation also gives you and the other party the opportunity to concentrate on the real issues of the case, which may be in addition to, or even different from, the legal issues. You may come to an agreement, which may include an explanation or an apology, which is something that a court could not order.

¹¹ <http://www.justice.gov.uk/guidance/courts-and-tribunals/courts/procedure-rules/civil/contents/parts/part07.htm>

¹² <http://www.justice.gov.uk/guidance/courts-and-tribunals/courts/procedure-rules/civil/contents/parts/part26.htm#IDAYB0HC>

¹³ <http://www.justice.gov.uk/guidance/courts-and-tribunals/courts/procedure-rules/civil/contents/parts/part63.htm#IDA1JLCC>

¹⁴ http://www.smallclaims.me.uk/smallclaims_forms/ex307.pdf

The Small Claims Mediator is able to settle the majority of disputes over the telephone without the need for either party to attend court. Alternatively, if you prefer, a face-to-face mediation may be able to be arranged on court premises. If you feel uneasy about meeting or speaking to the other side in the dispute, the mediator can make special arrangements to prevent this happening' (page 2).

Court Hearings

viii. Part 27 of the CPR sets out the special procedure for dealing with claims which have been allocated to the small claims track and limits the amount of costs that can be recovered in respect of a claim which has been allocated to that track. CPR 27.4 sets out the time scales for procedures in preparation for the court hearing and rule 27.5 asserts that no expert may give written or oral evidence at a hearing without the permission of the court.

ix. The CPR include details on the conduct of a small claims track hearing which highlights its accessibility:

'(1) The court may adopt any method of proceeding at a hearing that it considers to be fair.

(2) Hearings will be informal.

(3) The strict rules of evidence do not apply.

(4) The court need not take evidence on oath.

(5) The court may limit cross-examination.

(6) The court must give reasons for its decision (Rule 27.8)'.
In addition the court may, if all parties agree, deal with the claim without a hearing i.e. 'on paper' (Rule 27.10).

Costs recovery

x. Under UK law the general principle is that the unsuccessful party will pay the legal costs of the successful party. In the case of the small claims track, claims are subject to severe costs restrictions. The sums that the successful party may recover are strictly controlled ensuring that the costs remain proportionate to, for instance, the damages which are being claimed.

- xi. Therefore, the rules state (27.14) that 'The court may not order a party to pay a sum to another party in respect of that other party's costs, fees and expenses, including those relating to an appeal, except....' and goes on to outline the circumstances in which the court may award sums including: fixed sums in relation to issuing the claim; court fees; certain expenses relating to attending the hearing etc. Further, Practice Direction (PD) 27 (section 7.1-7.3) sets out the maximum sums which the court may order a party to pay e.g. 'for the loss of earnings or loss of leave of each party or witness due to attending a hearing or staying away from home for the purpose of attending a hearing, a sum not exceeding £90 per day for each person'.

Legal Representation

- xii. A further way that costs on the small claims track are kept proportionate to what is at stake is that any party may present his/her own case at a hearing, although a lawyer or lay representative (anyone other than a barrister, a solicitor or a legal executive employed by a solicitor) may present it for him/her. A corporate party (business) may be represented by any of its officers or employees. (See PD 27 3.1 and 3.2). Only in the circumstance that the proceedings includes a claim for an injunction can the court order a party to pay (limited) sums relating to legal advice and assistance for that claim.

Injunctions

- xiii. An injunction is a court order that requires a party to do or refrain from doing certain acts. An interim injunction is sought before the court has had an opportunity to consider the main issue(s) e.g. infringement. In contrast, a successful party may ask the court to make a final injunction/order only after it has considered the issues and reached a decision.
- xiv. There are a number of interim remedies available in the fast track and multi – track (see Part 25). Of these the small claims track only permits interim injunctions (27.2). However, the court may grant any final remedy (including

final injunctions) for a small claim which it could grant if the proceedings were on the fast track or the multi-track (27.3). Both interim and final injunctions are therefore available in relation to claims allocated to the small claims track.

- xv. However, it should be noted that in determining whether to grant an interim injunction the court must consider certain principles. These are intended to protect all parties, since when seeking an interim injunction, a party is asking the court to take action before it has considered the issues. Therefore, the court would have to weigh the claimants need for protection from the potential damage caused (for which financial recompense may not be adequate), against the defendants need to be compensated when he/she is prevented from going about his/her business but is then successful at the end of the trial. The court will ask that the applicant gives an undertaking to pay the damage caused to the defendant arising from the grant of the interim injunction, if it comes about when the court reaches its decision that the injunction should not have been ordered in the first place.

Appeals

- xvi. Any person wishing to appeal requires permission to appeal where the appeal is from a decision of a judge in a county court (CPR 52.3) e.g. including for a claim heard under the small claims track. Claims allocated to the small claims track are heard by a District Judge (or Deputy District Judge). In the case where permission to appeal is granted by them, then that appeal will be heard by the Circuit Judge in the County Court.

Concept House
Cardiff Road
Newport
NP10 8QQ

Tel: 0300 300 2000
Minicom: 0300 0200 015
Fax: 01633 817 777

www.ipo.gov.uk

For copies in alternative formats please
contact our Information Centre.

**When you no longer need this booklet,
please recycle it.**

Revised: Jan 2012