

**Intellectual Property Litigation Certificate- Module 1 Written Paper
Mark Scheme**

Note:

Marks are to be awarded when a candidate makes the same substantive point as the Mark Scheme. Identity of language is not necessary.

Question 1

Explain what is meant by 'theory of the case' in the context of case analysis and preparation.

1 mark

Answer (any one of the following or equivalent explanation)

The theory of the case in a legal case is the reason why your client should win his/her case.

Or

Theory of the case: that paragraph of one to three sentences which summarises the facts, and legal basis for why your client should win.

Or

The theory of the case is a convincing and logical account of why and how the events in the case are likely to have come about based on: the principles of law that are likely to be used at trial; what has to be proved and/or disproved; and the inferences that can be made.

Question 2

You are having your first meeting with the owner of a patent for an innovative garden hose design (having carried out conflict checks and money laundering). The owner is very concerned about a large wealthy company infringing his patent. He says that he has very little money to pursue litigation and is concerned that the large company will 'get away' with the infringement because of that. Upon reading the patent and documents relating to the company's garden hoses, you consider that the owner has a strong case for patent infringement. Furthermore, from what the owner says, it would appear that the intended defendant company has been selling a substantial number of infringing garden hoses for three years.

Set out what the owner's options are with regards to financing any litigation against the company

4 marks

Answer

The options available are: (i) conditional fee agreements (no win, no fee); (ii) damages based agreements (DBAS) whereby the patent attorney agrees to act for free in return for a percentage of recovered damages or (iii) a third party funder agrees to finance the patent attorney fees in return for a percentage of the damages (iv) the patent attorney firm could agree to do the case for reduced rate; (v) discussion of insurance (BTE/ATE)

1 mark per mention of any of the options.

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Question 3

You are representing a client at the IPEC in an action in which your client alleges infringement of its patent. A Case Management Conference (CMC) has already taken place. The trial is scheduled in ten days' time.

In addition to the trial bundle (which will include statement of cases, witness statements and disclosure) which other documents would you normally expect to lodge at the court between now and the scheduled trial?

4 marks

Answer (1 mark for each document up to a maximum of 4)

The documents to be lodged at the Court are:

- a trial timetable
- reading list of essential documents
- a chronology of events
- a dramatis personae of those involved in the case
- a skeleton argument if ordered.

Question 4

Identify the three conditions to be satisfied by a previous decided case for it to constitute binding precedent for the Patents Court.

3 marks

Answer (1 Mark for each of the following)

- The facts of the decided case and the case before the court have been sufficiently analogous to justify the imposition of the same legal principle
AND
- The decided case must have been heard in a court which is more senior in the hierarchy
AND
- The part of the previous decision must be the ratio decidendi of the case rather than obiter dicta

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Question 5

a) Section 97 of the *Patents Act 1977* provides a statutory right of appeal from the Comptroller General of Patents to which Court?

1 mark

b) What is the destination of an appeal from the multi-track in the IPEC?

2 marks

Total: 3 marks

Answer

a) There is a statutory right of appeal from the Comptroller General of Patents **to the High Court** under s 97 Patents Act 1977 (some exceptions specified in cases)
(1 mark specifically for the bold section; the mark will also be awarded if the candidate's answer is **the Patents Court**)

b) Depending on the nature of the order being appealed, the destination of an appeal from the multi-track in the IPEC is either the Court of Appeal or the High Court. **Final orders are appealed to the Court of Appeal whereas interim orders are appealed to the High Court.**

(1 mark for destination for final order and 1 mark for destination for interim order)

Question 6

You act for the claimant, a small limited company, in an action brought in IPEC in which your client alleges infringement of its patent. The defendant counterclaims that the patent was invalid by reason of three pieces of prior art alleging lack of novelty, inventive step and insufficiency. Following the trial, judgment has been handed down. It found that the patent was valid but not infringed. Accordingly, the judge dismisses both the claim and the counterclaim. Furthermore, in the judgment, the judge found that the prior art attacks were hopeless and that they would have appeared to be included for tactical reasons, namely to cause your client to incur substantial costs and that in the judge's view, this was an abuse of the court's process. To this end, it worked because your client has incurred £120,000 in fighting the case, which included £60,000 on the counterclaim. The judge has now asked for written submissions from both parties on what is the appropriate costs order.

(a) **What are the legal principles that the judge will have in mind when considering what is the appropriate costs order (you do not have to explain how costs are assessed)?**

2 marks

(b) **With those legal principles in mind, set out briefly what your core submissions will be as to the appropriate costs order.**

3 marks

Total: 5 marks

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Answer

(a)

1. The general rule is that the unsuccessful party will be ordered to pay the costs of the successful party;
2. a successful party can be ordered to pay costs on an issue on which it has been unsuccessful (issue-based costs order).
3. costs can be ordered off-scale for IPEC where there has been an abuse of the court's process.

(Part 45.30(2)(a)). **2 Marks – 1 per principle identified above.**

(b) The Claimant should pay the costs of the Defendant on the issue of infringement in accordance with the IPEC scale of costs but **the Defendant should pay the costs on the counterclaim of validity on an off-scale indemnity basis because such amounted to an abuse of the court's process** and accordingly, **on the counterclaim, should pay £60,000 to your client in relation to its costs on fighting the validity of the patent to be netted off against any costs order made against the Claimant in relation to the Defendant's costs incurred on the issue of infringement**

3 marks

(Here one is looking at submissions that show an ability to apply the principles identified in paragraph 1 rather than necessarily submissions which closely match the proposed answer).

Question 7

Your client is the owner of a granted UK Patent. An infringing product has recently come to her attention but she has been unable to identify the defendant against whom a claim can be issued. The client has identified a third party who has information which would assist in identifying the defendant.

a) What action could you take to identify the defendant in this situation?

1 mark

b) Identify the legal basis for that action

1 mark

Total: 2 marks

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Answer

If it is known that a third party has information which would assist in identifying the defendant, an application may be made against that third party before the issue of the substantive claim, seeking disclosure of information or documents which will assist in that identification

(1 mark)

Norwich Pharmacal Co v Customs and Excise Commissioners. (1 mark)

Question 8

You are representing BEZ Limited, the claimant in patent infringement proceedings in the High Court. The patent relates to meningitis vaccines. You consider that expert evidence will be required on particular issues relating to development of meningitis vaccines, which are issues not faced during the development of other vaccines such as influenza vaccines. You have identified Dr Mac Martin as a potential expert witness with relevant expertise relating to the field of the patent. You contact Dr Martin by telephone to enquire about his suitability, availability and willingness to act as an expert witness in the patent infringement action. You do not provide any details of the case or your client at this stage. Dr Martin states that he is an expert on influenza vaccines, will be very happy to act as an expert witness for a specified fee and will carry out his duty in the matter by doing all he can to help the party paying his bills. Dr Martin also states that, as the instructing lawyer, you can include your preferred stance on the issues he needs to consider in your instructions, and he will take that into account when writing his expert report to the Court. He also states that he has previously been told that lawyer's instructions to expert witnesses are not disclosed during court proceedings.

Comment on the following:

- a) **Dr Martin's suitability as an expert witness in the matter in which you are representing BEZ Limited.**

1 mark

- b) **Dr Martin's understanding of the duty of an expert witness.**

2 marks

- c) **Dr Martin's understanding regarding disclosure of instructions to expert witnesses.**

2 marks

Total: 5 marks

Answer

- a) The expert is only able to give evidence as an expert if what is being said falls within the expert's special expertise. **In this case, Dr. Martin is not suitable since he is an expert on influenza vaccine and not meningitis vaccines.** (We are told that the issues relating to Meningitis vaccines are different from those facing development of other vaccines such as influenza vaccines)

(1 Mark)

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- b) The duty of the expert
CPR 35.3 imposes on the **expert the duty “to help the court” and specifies that this duty “overrides any obligation to” the person instructing them and/or paying their fee.** Thus the expert is to be independent, objective and unbiased. **Thus an expert whose opinions are partisan is in breach of the duty to the court.**
(2 Marks)
- c) Dr. Martin’s understanding is not correct. CPR 35.10(3) provides that the expert’s report must state the substance of all material instructions, whether written or oral, on the basis of which the report was written.
(2 marks)

Question 9

Your client, ABC Limited, owns a patent and has licensed the right of manufacture the product covered by this patent to CBA Limited. Your client believes that CBA Limited is in breach of the terms of the licence and asks you whether he can bring proceedings against CBA Limited in the IPEC.

- a) **Answer your client’s question.**
1 mark
- b) **Irrespective of the forum in which proceedings are brought, what is the relevant cause of action, apart from patent infringement?**
1 mark
- c) **What are three of the essential elements of the cause of action which will need to be set out in the claimant’s statement of case?**
3 marks

Total: 5 marks

Answer

- a) Yes (Proceedings may be brought in the IPEC where there has been a breach of the terms of a licence to use certain intellectual property rights such as a licence to manufacture a patented product.) (1 mark)
- b) The cause of action will be breach of contract (breach of licence also awarded a mark) (1 mark)

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- c) The essential elements which will need to be set out in the claimant's statement of case will be (3 marks for any three of the following):
- ☐ the contract
 - ☐ the relevant contract terms
 - ☐ the breach and its consequences for the claimant
 - ☐ the loss and damage suffered as a result and their causation by the defendant's breach
 - ☐ remedy claimed.

Question 10

Briefly explain three forms of ADR which involve appointment of a third party as part of the ADR process.

3 marks

Answer

(1 mark each for any three of the following)

Mediation – This involves the appointment of a trained mediator to see whether a legally binding agreement can be negotiated.

Arbitration – This involves the appointment of an arbitrator or private decision maker, under a set of procedural rules. The arbitrator will then make a binding decision on the case.

Early Neutral Evaluation – This involves the appointment of an expert to give an opinion about one or more issues in a dispute. Such opinions are not binding but assist the parties in reaching a settlement of the case.

Binding expert determination – This involves the appointment of an expert to make a decision about one or more issues in a dispute. Such decisions can be legally binding, by agreement between the parties.

IPO Opinions – The UK IPO runs a scheme to give non-binding opinions on patent Infringement and patent validity. The opinion is given on the basis of written papers provided by the party applying for the opinion. The other party has the right to file observations, but does not become a party to proceedings before the IPO. The parties can agree to be bound by the outcome of any such opinion.

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Question 11

You are instructed by the defendant in a contested infringement case which is approaching trial. Your client is adamant that there has been no infringement and intends to defend the matter vigorously. The claimant has made an offer under Part 36 of the *Civil Procedure Rules* which, in your opinion, your client should consider very carefully. Your client does not see that the offer makes any difference to his position.

Explain the possible consequences for your client if, at trial, your client does not obtain a judgment more advantageous to him than the Part 36 offer.

5 marks

Answer

- The answer should identify that the claimant could be awarded interest on the whole or part of any sum awarded to him at a rate not exceeding 10% per annum above the Bank of England's base rate for some or all of the period starting with the date on which the relevant period expired. (2 Marks)
- Claimant can recover its costs on an indemnity basis, explanation of what indemnity basis is (2 Marks)
- Can be awarded interest on those indemnity costs from the date each item was incurred (1 Mark) **OR**
- Can be awarded an additional amount of 10% of the amount awarded or costs, up to £75,000. (1 Mark)

Total 5 marks

Question 12

You have recently been asked by a client to act for him. He is the claimant in ongoing proceedings for infringement of a bathroom tap patent. The client has dis-instructed his previous firm of patent attorneys. It is a mechanical patent action and from a perusal of the papers, the only issue is a fairly straightforward one as to whether the defendant's product falls within the claims of the patent. Whilst preparing the paperwork for the client to sign, you suddenly remember that eight years ago, you acted for the defendant in applying and obtaining a Community Registered Design for a shower head. You can barely recall anything about the defendant other than a remark that the CEO made once that generally, they prefer to settle actions rather than fight, believing that the only winners in litigation are lawyers.

Should you accept the instructions? Set out your reasons and the relevant applicable principles. Your reasoning should include any steps that you can take to ensure that you can accept the instructions.

5 marks

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Answer

The Rules governing conduct (IPReg 7) prevent a patent attorney from accepting instructions where his interests conflict with those of a client or of a former client or where he knows or has reasonable grounds for suspecting that the interests of any partner of his firm conflict with those of a client or of a former client.

Here it could well be said that the fact that patent attorney remembers that his former client prefers to settle actions than fight then puts him in a conflict of interest in advising his current client on litigation strategy against his former client.

The attorney could consider asking his former client for informed consent in writing to act for the current client but the attorney is still in difficulties because of his duty not to disclose confidential information of one client to another (IPReg 8) and the obligation to act with integrity (IPReg 5).

The attorney should thus refuse the instructions. **5 marks**
(It is not necessary that the examinee says that the attorney should refuse the instructions for full marks as there is room for difference of opinion here. The important thing is that the examinee identifies the above principles and gives a reasoned answer to what he would do based on those principles which can be considered a reasonable view.)

Question 13

You are asked to be a commissioner for oaths in connection with proceedings being conducted by another firm. Mr Samir Dhani attends before you to swear an affidavit and you confirm his identity. The affidavit includes three items of correspondence as separate exhibits. Mr Dhani does not appear to have a good standard of spoken English and declines to swear on the Bible as he is a practising Hindu.

What action should you take in carrying out your duties as a commissioner for oaths?
5 marks

Answer

In answer to this the candidate should say that they will ensure that Mr Dhani fully understood the contents of the affidavit (1mark) and that Mr Dhani understands that he will be swearing to the truth of what is written in the affidavit (1 mark)

He also needs to confirm that the documents produced as exhibits are those that are referred to in the affidavit (1mark)

As Mr. Dhani is a practising Hindu, he should be given the opportunity to swear in accordance with that faith which will mean that he swears by Hindu holy book. (allow 1 mark out of 2 for mentioning affirmation) (2 marks)

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Question 14

You are instructed by the claimant in a case which is listed for trial next week. One of the allegations contained in your client's claim is that of fraud. This allegation is supported by your client's witness statement and an affidavit from an overseas witness who cannot be present at trial. Your client has confidentially advised you today that the content of the affidavit is not true, was concocted by an associate of the client and in fact there is no fraud, but he considers that the defendant has behaved so badly that he "wants to make him suffer in the witness box".

What action should you take now and why?

5 marks

Answer

The answer should identify that the attorney's overriding duty is to the court and an attorney should not mislead the court or allow the court to be misled. (2 marks)

An attorney cannot make allegations of fraud which he considers it is not supported by credible evidence, he has just been told that the evidence is not true and therefore cannot be credible. (1 marks)

The client should be advised to drop the allegation of fraud and withdraw the affidavit. If the client will not do so, the attorney must withdraw from the case. (2 mark)

Question 15

A new client contacts you to seek a second opinion on a matter. She has been working with another firm of patent attorneys who she instructed to file an application under the Patent Cooperation Treaty with the UKIPO (PCT 1). Around ten weeks ago, the Comptroller issued a decision refusing to treat the date of receipt of the PCT 1 as its filing date. All informal and formal appeal procedures at the Intellectual Property Office have been exhausted. Fortunately, PCT 1 was filed early in the priority year and a new PCT application claiming the same priority date can still be filed. Your client has been advised by her previous patent attorneys to give up PCT 1 and file a new PCT application but wants your advice on whether she should seek judicial review of the Comptroller's decision on PCT 1.

(a) What is the deadline for requesting judicial review?

1 mark

(b) What will an application for judicial review have to establish for it to be successful?

3 marks

(c) What will be your practical advice to the client in this situation?

1 mark

Total: 5 marks

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Answer

- (a) Any application for judicial review must be made within three months of the date of the decision to be reviewed.

(1 mark)

- (b) The application will have to show one or more of the following:

the decision was irrational or unreasonable
the Comptroller did not apply the law correctly
the Comptroller did not follow the correct procedure
the decision did not comply with the requirements of the HRA 1998.
(3 marks for any three of the above)

- (c) Judicial review is very limited. File new PCT application as still within the priority period.

(1 mark)

Total Marks [60]