Protecting your intellectual property in Scotland

There is often a perception that IP disputes with any UK element need to be litigated in London, whether in the High Court or in the revamped Patents County Court. While this perception is understandable, it is not correct, as there are, in fact, many cases where there may be a Scottish option for dealing with IP disputes, which can offer commercial and tactical advantages to IP and brand owners.

This article will set the general scene by highlighting the importance of taking action against infringers. It will then explain where Scotland fits within the UK relative to IP enforcement and, in particular, in relation to...
infringement and validity issues, bearing in mind that Scotland has an independent legal system with
different enforcement practices and procedures to those in the rest of the UK. Lastly, it will highlight some
potential advantages of using the Scottish option. The Scottish courts may not offer the optimum solution for
all cases but this author believes that it is important for IP owners and their representatives to at least have
the Scottish option on their radar. If Scotland is considered as a potential forum, this should help to ensure
that any dispute is resolved in the most appropriate manner.

THE VALUE OF IP AND THE NEED TO ENFORCE IT

Businesses and organisations of all shapes and sizes increasingly recognise that intangible assets, including
brands, patented technology or confidential know-how, or business processes are often not only core to their
identity but also form a very valuable part of the assets on their balance sheet. The current UK government
made it clear when launching the recent Hargreaves Review of Intellectual Property and Growth that it was
committed to ensuring that the UK provided the best possible opportunities to develop and protect IP and
create an environment that fosters successful companies in the digital age. Recommendations have been
set out in the Hargreaves Review to alter certain parts of the UK legal framework to protect IP. Interesting
statistics in that review show that in 2008, UK businesses invested £137bn in intangible assets in the UK,
compared to £104bn in fixed assets.

Accordingly, it is clear that a successful IP protection strategy should not only allow intangible assets to be
identified, appropriately protected and commercially exploited, but also enforced. To ensure that intellectual
property remains cutting edge and competitive, it is vital that swift and effective steps are taken against
infringement of such key assets to prevent commercial or reputational damage and to act as a high-profile
deterrent by making an example of blatant or large-scale infringers.

WHERE DOES SCOTLAND FIT IN THE UK IP REGIME?

Readers may wonder why this article focuses specifically on IP dispute resolution in Scotland, especially
where the UK legislation and common law dealing with IP is essentially the same throughout the country and
the same legal remedies are available north of the border to deal with infringement. Indeed, it is fair to say
that while Scotland is itself a famous brand throughout the world, it is much more likely to be associated
with whisky, stunning scenery and golf as opposed to a forum of choice for successfully resolving IP
disputes. However, for those with businesses or operations in Scotland it is vital that they are aware that
Scotland has an independent legal system and that there are differences in procedure and practice in
Scotland both for the purpose of pursuing and defending intellectual property disputes. When focus is often
on forum shopping internationally, the ‘local’ option can be overlooked all too easily. It is not possible in this
high-level briefing article to explore issues such as Scottish jurisdiction and court procedures in depth, but it
will assist in highlighting and assessing the Scottish option.

THE SCOTTISH COURTS

Court of Session

The Court of Session in Edinburgh deals with the vast majority of IP disputes and over the years has built up
considerable experience in handling all types of them. Its jurisdiction covers all of Scotland and, in
appropriate circumstances, the whole of the UK (where the infringer is a Scottish-based company) and
potentially the whole of Europe in cases involving Community trade marks and Community design rights.

The Court of Session is competent to deal with all types of IP disputes and is often the exclusive court in
Scotland to rule upon infringement and validity issues. For example, it is the exclusive designated court in
Scotland for UK and European (UK) patent infringement and validity matters, the infringement and validity of
Community trade marks and Community design rights as well as infringement of UK trade marks. Although local sheriff courts (broadly similar to county courts in England and thus with more limited jurisdictional scope) can deal with other types of IP disputes such as passing off and copyright, in this author’s experience the Court of Session has the most expertise and experience in dealing with all types of IP disputes.

The increasing volume of IP disputes being dealt with in Scotland is demonstrated by the fact that the Court of Session currently has six IP judges and specific IP court rules that focus on hands-on judge-led case management early on in the action after defences and any counterclaim have been filed. The aim is to determine how an action should proceed in court until final determination and may deal with matters such as ordering a product description, agreeing a protocol for conducting experiments, setting the time frame for exchanging expert reports and ordering the production of more detailed written pleadings on specific factual issues or, indeed, legal points in dispute. The recent introduction of earlier case management will hopefully facilitate the streamlining of actions by focusing the issues in dispute at an early stage and allowing them to proceed to trial faster and more cost effectively.

**JURISDICTION IN SCOTLAND**

Jurisdiction is a wide topic and clearly it is vital to ensure before commencing any litigation that the forum is competent to deal with the dispute and/or potentially offers the optimum remedies.

**INFRINGEMENT**

In summary, the Court of Session has jurisdiction to deal with IP infringement if:

- the defender’s (Scottish term for defendant) registered office is in Scotland;
- the defender has a place of business in Scotland; or
- the infringing activity and/or harm/damage caused is taking place in, or threatens to take place in, Scotland.

A key point and potential jurisdictional advantage to note is that if the infringer is a Scottish-registered company then any order or judgment of the Court of Session will have UK-wide effect and, possibly in the case of Community-wide registered rights, even pan-European effect. In addition, if the main hub of the operation or activity is in Scotland then a Scottish court order may be sufficient to shut down or at least significantly hamper the infringer’s business.

**VALIDITY: SCOTTISH JURISDICTION**

In relation to validity challenges of any registered intellectual property, the Court of Session has concurrent jurisdiction alongside the UK Intellectual Property Office and other designated UK courts. Thus any validity challenges can be dealt with in Scotland, even if none of the parties has any connection with Scotland.

**ADDITIONAL FACTORS TO WEIGH UP WHEN CONSIDERING THE SCOTTISH OPTION**

Clearly, jurisdiction will be a fundamental consideration when deciding whether Scotland is a possible and/or attractive forum, however some additional key points and differences can be highlighted.

**INTERIM REMEDIES**

Essentially, the remedies available for IP infringement are the same UK wide – covering interdict (Scottish term for injunction), damages or an accounting of profits and delivery up/destruction of infringing items.
Unlike in England, however, there is no formal equivalent to Civil Procedure Rules (CPR) in Scotland. Therefore, there is no formal need for pre-action correspondence. As a result, it may be possible in certain urgent circumstances to apply for an interim interdict without giving notice to the alleged infringer and without them being present at the hearing. Increasingly, however, notice of an application will be provided to the alleged infringer but, even after notice, generally it is still possible to proceed to an interim interdict hearing within a short time frame.

In IP disputes, an interim remedy is a powerful weapon and a very cost-effective tool, which often nips infringement in the bud, leading to a swift resolution of the dispute. Broadly speaking, in Scotland there is no need to prepare and file witness statements and no formal requirement to provide a cross-undertaking in damages or to file any security or bond (albeit an interim order is always obtained at the risk of the party seeking it). This can provide a considerable psychological, as well as financial, benefit.

**FILE A CAVEAT**

For parties carrying on business in Scotland, it is also worth highlighting that a legal tool known as a caveat can be filed with the appropriate court (for IP disputes essentially the Court of Session) to ensure that some warning of any ex parte interim interdict application is provided. These are low cost and renewable on an annual basis. Caveats are an important part of IP and brand protection in Scotland.

**PUBLICITY**

While Scotland is associated with IP-rich industries such as oil, gas and renewables, as well as computer games and life sciences, generally IP actions do not attract significant press coverage. Depending on the dispute in hand, less publicity often coupled with taking an infringer by surprise with the Scottish option can offer real tactical and practical advantages.

**NO AUTOMATIC DISCOVERY**

This author understands that the scope and, accordingly, the cost of the discovery exercise carried out in jurisdictions such as England and Wales and further afield in the United States can be very extensive and thus involve considerable time and expense. While an IP judge can, and often will, focus on ensuring that appropriate material is disclosed in support of a case or defence, there is no automatic disclosure in Scotland, either before the start of an action or during the action itself. Parties need to seek the approval of the court to recover specific types of materials, which they have to show are relevant to the dispute and, specifically, the case set out in the written pleadings. The use of tailored and specific disclosure as opposed to automatic disclosure (particularly in the electronic age) can offer significant advantages.

**CONCLUSION**

No court system is perfect and Scotland may not always offer the optimum forum for all IP disputes. However, for IP and brand owners and those advising them, it is certainly worth bearing in mind that there can be both commercial and tactical advantages in considering using the Scottish court to resolve IP disputes, or at least open up further options for consideration within the United Kingdom.

On a light-hearted note, advisors may also wish to be aware that the more traditional Scottish attractions of fantastic food and drink are all located very close to the Court of Session!