

A recent decision of the Court of Appeal, *Nichia Corp v Argos*,¹ was notable for several reasons:

- 1 The decision of the most experienced judge in the Patents Court, Pumfrey J, was overturned (albeit in a qualified manner);
- 1 The appellate court decided this despite the intellectual property specialist Lord Justice (Jacob LJ) agreeing with the judge at first instance (in other words, the two ‘non-specialist Lords Justice overruled Jacob LJ);
- 1 The case reaffirmed the need to consider disclosure of the inventor’s documents to be considered in patent cases where only obviousness was in issue; and
- 1 There was a recognition that certain so-called ‘work-up’ experiments relating to infringement issues are not covered by blanket litigation privilege.

The third point provides the focus for this editorial comment.

Given the potential significance of the decision to patent litigants in the United Kingdom, the case itself involves a relatively low profile dispute: Argos is being sued for importing and selling Christmas lights that allegedly infringe the Nichia’s patents for LEDs. The damages at stake in this case are probably not huge, no evidence was presented by the parties as to the value of the dispute, but Jacob LJ estimated the value at certainly less than £1million. This was a factor that seemed to influence both Pumfrey J and Jacob LJ as they tried to balance the likely costs of the disclosure Argos sought with the potential value of the matter to the parties in monetary terms.

When analysing this case one has to focus on the dissenting judgment of Jacob LJ, as it is in his judgment that the background to the legal principles involved are to be found. Jacob LJ’s findings were relatively straightforward. He reasoned that standard disclosure in patent cases no longer required the extensive search for documents that might lead one on a train of enquiry as was once required under the test of Brett LJ in the Peruvian Guano case². Rather, Jacob LJ suggested that lawyers have been slow to recognise that the introduction of the standard disclosure regime was a sea change in the disclosure regime in patent cases. Jacob LJ continued that he thought that the requirements of the standard disclosure test should now all be viewed with proportionality in mind. Core to this concern is the undoubted fact that disclosure in patent cases can escalate costs significantly. This, said Jacob LJ, militated against giving anything but strictly controlled standard disclosure in all but the most commercially important of patent cases.

In particular, the disclosure sought by Argos in this case is widely recognised in patent cases as secondary to the issue of determining obviousness. The question to be answered when considering the obviousness of the invention at hand is an objective one: does the court consider that the invention would have been obvious to the person skilled in the art in the light of the common general knowledge and/or the cited prior art? Jacob LJ again questioned the use to the court of using the inventor’s own contemporaneous papers in answering this question. Such documents are, by their nature, the subjective account of how the invention was made. If these documents reveal whether the inventor thought that invention obvious or inventive, this is not evidence that bears on the obviousness question that the court has to answer, as it is the inventor’s own account, not that of the skilled person.

Pill and Rix LJ gave dissenting judgments on this point. Theirs was also a straightforward point. They agreed that the test for standard disclosure was now more limited than the old Peruvian Guano ‘train of enquiry’ test. However, they were concerned that to agree with Jacob LJ would be to place a de facto judicial bar on the provision of standard disclosure in circumstances comparable to the present case except in the most commercially important patent cases. They also commented that the judge at first

OPINION

LAST STOP FOR THE PERUVIAN GUANO TRAIN: DISCLOSURE IN PATENT CASES – WHERE LESS CAN BE MORE

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1) [2007] EWCA Civ 741.

2) *Compagnie Financiere du Pacifique v Peruvian Guano Company* (1882) 11 QBD 55.

instance had failed even to entertain the possibility of such disclosure in principle and had clearly been keen to change this practice in patents cases (he was quoted as saying when refusing leave to appeal 'I have waited nine years actually to do this'). Rix LJ was concerned that a better balance should be achieved during the process of assessing standard disclosure in each case. Parties should tailor their searches according to the value of the case: if it is not proportionate to search for documents only relevant in a secondary manner (like the inventor's records in this case) then the search should not include them. Rix LJ suggested that if Argos could focus its disclosure request in a more proportionate manner, for example by restricting it in time or by reference to the type of documents it wanted, such as management reports detailing the making of the invention, then it may meet with approval from the court. It was because that exercise had not been conducted at first instance that Rix and Pill LJ did not agree with Jacob LJ. The suggested review of the scope of the searches to be performed and documents sought, said Rix LJ, was the proper way to case manage Argos' disclosure requests, not the removal of a presumption that inventor's records are included in the standard disclosure exercise in cases such as this. Pill LJ agreed with Rix LJ and further stated that patent cases were no different to other large commercial cases where extensive disclosure might be an issue. However, he found that the best way to proceed would be through the court actively managing the case within the bounds of the current rules on standard disclosure and not through applying different rules of disclosure to different cases. Hence the appeal was allowed to the limited extent that the parties will now need to reconvene before Pumfrey J, and Argos, having been encouraged to limit the scope of its application, may well get a limited form of the disclosure it initially sought.

Both Pill and Rix LJ considered that the mischief caused in requiring the court to undertake this exercise and actively to manage disclosure under the CPR was far better than providing a blanket exclusion of such disclosure, if only to keep patentees 'honest'. The rules as they stand are already patentee friendly. Consider a situation where a patent claims products that are identified by certain results returned in complex and time-consuming tests. The patentee is also aware that certain test results of which he is in possession, but which lie outside the standard disclosure window, suggest that the claims have been framed incorrectly and that the patent claims too broad a class of compounds, or even that the test simply does not work. This patentee is already in a strong position under the CPR, the damaging documents are outside the window for standard disclosure and need not be given. If the tests are too complex and/or lengthy, a defendant may well be deterred from attempting to repeat them. There is also little chance of the defendant in the case putting together evidence that is likely to convince a court that an application to widen the disclosure window is anything more than a general fishing expedition. Add to this the 'front loading' of the CPR giving a claimant time to prepare his case, perhaps by lining up expert witnesses or running preliminary experiments, and it is perhaps the case that the current system does not need any further stacking in a claimant patentee's favour. With the dice already somewhat loaded in the patentee's favour as regards disclosure in the United Kingdom, Rix and Pill LJ are therefore to be credited for preventing further concealment of documents that could influence invalidity cases.

More fundamentally, the comments of the court clearly suggest that lawyers in the United Kingdom have yet to comprehend the shift away from the Peruvian Guano style disclosure exercise that standard disclosure now embodies. If this is correct, and it is a view held throughout the judiciary, we should expect to see far more active case management of disclosure exercises in patent cases in the future. Hence, it seems likely

that in the future practitioners may have their requests for standard disclosure scrutinised closely at case management conferences and they should be prepared to justify both the disclosure window and document type that is sought. Such an approach could dramatically reduce the cost of patent litigation in the UK in all but the most complex of cases. Anything less than this approach from the courts will perpetuate the current conservative approach to standard disclosure that holds sway with large quantities of mainly irrelevant material being disclosed, usually for no better reason than that it is dated within the disclosure window set out in the CPR.