



Global discovery: an international comparison

Disclosure is often one of the first steps in any IP dispute, yet the rules across different jurisdictions can be confusing, as a comparison of the regimes in England and Wales, France and the United States demonstrates

IP disputes, by their nature, tend to be complex and technical. This is exacerbated when a dispute takes place in an unfamiliar jurisdiction. Every territory is governed by its own laws and level of court involvement, all of which can vary greatly. This article examines the rules regarding the disclosure of evidence when litigating in England and Wales and how they differ from those in the United States and France. While the different disclosure rules across jurisdictions can be confusing, it is crucial to understand them at the outset of a dispute, particularly as non-compliance can lead to serious consequences such as contempt of court. We also consider the varying disclosure rules when opposing trademark applications in these different jurisdictions.

Though intangible, an IP portfolio is fundamental to a business. While not every IP dispute develops into litigation, when this does happen disclosure is often one of the first steps in the process. In some jurisdictions, disclosure primarily takes place when the initial claim documents are filed and served on the other party. In others, it is an ongoing and extensive process. Therefore, it is vital that each party fully understands the disclosure rules of the jurisdiction where the litigation is taking place, particularly as non-adherence can be costly.

Disclosure (referred to as ‘discovery’ in the United States) is the stage in litigation whereby each party must disclose the existence of relevant documents to the other party and allow it to view and inspect those documents. The most important and relevant documents are submitted with the statements of case. However, some jurisdictions have onerous rules requiring the

disclosure of additional documents in prescribed stages. Such processes can mean that businesses must invest significant time and resources into undertaking searches for documents and then preserving them. This may be an important element to consider when deciding whether to pursue or defend a dispute.

While the definition of ‘document’ can vary, in most territories it refers to physical documentation such as letters, notes of telephone calls or meetings and agreements, together with electronically recorded information (eg, emails, videos, text messages, pictures and social media activity). A document can also include any article on which information is recorded – for example, a t-shirt, poster artwork or publication.

England and Wales

England and Wales has arguably some of the strictest rules on disclosure. Each party must make itself aware of any documents in its possession or control which may have a bearing on the case. Parties to litigation must ensure that they take steps to preserve all relevant documents in order to disclose them later. Even documents which might adversely affect that party’s case must be preserved and disclosed; failure to do so could lead to a charge of contempt of court, including a fine or prison sentence. These rules sit between the extensive and expensive discovery procedures required in the United States and the considerably narrower civil law disclosure requirements in countries such as France, where parties disclose the limited documents on which they wish to rely only.

The rules differ depending on the court presiding over the case. In England and Wales there is a separate court, the Intellectual Property Enterprise Court (IPEC), which deals with lower-value and straightforward IP disputes only. However, in most courts in England and Wales, the standard disclosure rule is the default. This requires parties to disclose all documents which are relied upon, plus those which might adversely affect both parties’ cases and those which support the opposition’s case. In short, all

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documents relevant to the dispute must be disclosed; it is not permitted to withhold potentially harmful documents.

The process of searching for relevant documents can be tedious, but each party is under a legal obligation to complete a reasonable search for relevant documents. This duty often falls on clients, as only they know where documents may be stored and how to retrieve them. If there is a large volume of documents, it is possible to agree limited search terms or categories for disclosure, to prevent searches from becoming disproportionate. However, in particularly high-value and commercially important disputes, extensive searches can be necessary to ensure that all important evidence is uncovered. It is highly recommended that parties seek legal representation at an early stage, and that all documents are sent to the appointed lawyers in the matter for review.

The duty to disclose applies throughout the proceedings until they are concluded, including the last day of trial. Disclosing documents shortly before or even during trial can be a tactic used to distract a party from trial preparations or to blindsides a party with new information.

In England and Wales, following the search, the next step is to produce a list of all relevant documents in chronological order. This is usually completed by the appointed lawyers and can be extremely time consuming. These lists are exchanged on a pre-ordered date, together with a statement signed by the party confirming that it

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has complied with all of the rules and detailing the scope of the search it has undertaken. All documents in the list must be made available to the other side for its review and inspection, unless they are privileged or not under the party's control. If one party suspects that the other has withheld or failed to undertake an appropriate search of certain categories of documents, it may apply for specific disclosure or for a further search.

The importance of disclosing the existence of all relevant documents cannot be underestimated. There is a duty to disclose the existence of any documents which might have been lost, destroyed or deleted even before proceedings began; this includes anything relevant, not only on business software but also on personal software.

Parties are strongly advised not to create new disclosable documents once the dispute has begun, as these could be disclosable. This does not include correspondence with legal advisers instructed on a case, but it can include board minutes discussing the litigation or annotations on privileged documents. It is important to limit the distribution of documents concerning a case to key individuals internally and to limit discussions to oral conversations without notes. Otherwise, a party can end up in the embarrassing situation of being ordered to disclose documents which detail its litigation strategy and merit assessment, which may weaken its position considerably.

Parties are often misinformed about the seriousness of breaching these procedural rules and the signing of incorrect disclosure statements. In England and Wales, prison sentences and hefty fines (although rare) can be issued if documents relating to the dispute in hand are destroyed or hidden, or have not been disclosed.

IPEC in England and Wales

If proceedings take place in the IPEC, standard disclosure is not the automatic starting point and there is no automatic right to disclosure in any form. The forum is designed to provide a streamlined, cost-effective and proportionate litigation process; therefore, the IPEC carefully controls the parties' ability to submit evidence.

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It will undertake a cost-benefit analysis when considering whether disclosure is necessary and it will usually order the parties to disclose documents limited to specific issues only if a party can convince a judge that it is necessary to resolve the issue and is proportionate.

However, the parties remain under a duty to preserve documents relevant to the dispute, in the same way as if they were involved in litigation in a county court or high court. This includes taking steps to halt any automatic document destruction processes. If a party fails to do so, it faces sanctions, such as the case being struck out.

In registered trademark cases in the IPEC, the court may order specific disclosure in cases where the validity of a mark is challenged on the basis of 'bad faith', which is described in English law as "the intentional dishonest act by not fulfilling legal or contractual obligations, misleading another, entering into an agreement without the intention or means to fulfil it, or violating basic standards of honesty in dealing with others".

The disclosure of documents relating to bad faith may be relevant in trademark infringement cases, such as *Dyno Holdings Ltd v Dial a Rod Homecover Ltd*. In this case, the claimant alleged that trademark infringement was taking place and that the defendant's own trademark registration was invalid because it had been registered in bad faith. The defendant argued that the claimant had acquiesced in its use of the mark over a five-year period. The court refused to award summary judgment to the claimant, as it felt that it did not have sufficient evidence relating to the defendant's alleged bad faith. The case proceeded to trial; but had disclosure been requested and ordered at an earlier stage, the costs may have been lower as a summary judgment may have been issued.

Claimants may also wish to seek disclosure if they have reason to believe that a defendant may be in possession of documents showing that there have been instances of actual confusion between respective trademarks. The notion of confusion is an important element of most trademark infringement cases and parties involved in such cases should consider whether to make a specific disclosure application to obtain evidence of confusion.

Specific disclosure may also be important in cases of passing off – for example, if a party believes that evidence of confusion may be in the other party's possession. Passing off applies when a mark has not been registered, but has acquired goodwill and reputation through use. It prevents others from taking advantage of this reputation and misleading the public with regard to the origin of goods. Evidence of misrepresentations made to the public and instances of confusion can be vital in passing-off cases.

If a claimant establishes entitlement to financial relief, but has insufficient information to choose between a damages inquiry or an account of profits, the IPEC has the same power as any other high court to order the unsuccessful defendant to give full disclosure in order to provide the claimant with the necessary information to make an informed decision.

While the IPEC is reluctant to grant disclosure, it will do so in cases in which it feels that this is merited. This reluctance is largely due to a desire to ensure that costs are kept proportionate and timeframes stay on track in this streamlined process.

United States

Before we discuss general rules in relation to disclosure duties in the United States, it is worth noting that each state may have its own interpretation and practical application of the rules. While this article focuses on the general rules, nuances in state law and their application should be considered when litigating in the United States.

US courts have less involvement in the discovery process, although there is an automatic duty on parties to disclose (unprivileged) documents which can be reasonably calculated to lead to the discovery of admissible evidence. This extends to the consideration of evidence which 'might' be relevant. This is a compulsory duty with which parties must comply; otherwise, there will potentially be sanctions, including contempt of court. Parties have numerous avenues available to attempt to obtain more documents throughout the litigation process, including subpoenas, requests for the production of documents and answers to interrogatories (written questions).

The duty of discovery continues to apply throughout the duration of the case, including at trial, but also afterwards. Controversially, this allows the court to reconsider the case if any new evidence is uncovered.

The focus of the discovery process is to promote fairness and justice, in addition to aiding settlement between the parties – although this can make the litigation process more costly than in jurisdictions with more restrictive disclosure requirements. The criticism has been raised that wealthier parties can use persistent discovery requests to drain the other party's resources until they are unable to afford to fight on.

Further evidence can be gathered through depositions – sworn out-of-court testimony which is used in order to gather information as part of the discovery process. The court is not involved in this process. In some circumstances, this evidence may be used at trial – for example, if trial evidence contradicts deposition testimony. This differs greatly from England and Wales, where parties submit written evidence by way of a witness statement based on the disclosure documents, which stands as their evidence at trial.

Further, the rules regarding privilege in the United States are more wide reaching than those in England and Wales, providing additional arguments to use against disclosure of potentially harmful documents. They include discussions between married couples and even with religious advisers.

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France

Disclosure rules in France not only are interesting in themselves, but also differ radically from those in England and Wales and the United States. In France, judicial sovereignty is paramount, so the courts and trial judge take an active role in the litigation process, including disclosure. French litigants are not bound by any formal disclosure or discovery procedures, unlike those in England and Wales or the United States.

Parties litigating in France must disclose a limited amount of evidence only. Disclosure is often limited to the documents appended to the original court proceedings and additional evidence is often disclosed only if ordered by a court. Any requests for disclosure must be highly specific and the gathering of evidence can be controlled by the appointed trial judge in the case. While no party can withhold documents unreasonably, it is difficult to compel a party to disclose documents. Witness evidence in France is also accepted in written form only; there is no oral witness evidence, save for in exceptional circumstances.

This means that parties are in control of the evidence which they put forward and how to present their case. This can be frustrating if you are aware that the other party is potentially in possession of a so-called 'smoking gun' document which would help you to win your case.

Unlike in England and Wales, where there is a duty to disclose all relevant documents even if these might have an adverse effect on a party's case, in France parties are not required to disclose evidence which might harm their case. Further than this, while lawyers and attorneys in England and Wales may be found to be in contempt of court if they are complicit in hiding harmful documentation, the opposite is true for legal representatives in France, where disclosing harmful information may actually lead to disbarment.

Further, the sending of information or documents relating to data subjects in the course of litigation abroad from France is actually a criminal act under its blocking statute. Penalties can include up to six months in prison and fines of up to €18,000. These penalties are imposed more frequently than contempt of court is found in England and Wales, which can make cross-border litigation with French entities or companies extremely difficult.

Disclosure in oppositions

If a third party applies to register a trademark which is identical or similar to yours for identical or similar goods, you may wish to oppose that application. This is not a court process, but is rather undertaken by the relevant national IP office. These also have differing rules on the disclosure requirements throughout the opposition process.

In the United Kingdom, an opponent to a trademark application need not file evidence in support, unless the mark on which the opposition is based has been registered for five years or more (or the opponent relies on other grounds, such as passing off). In such cases, the opponent must file evidence to prove that it has genuinely used the mark for the registered goods and services. This may include the following:

- financial turnover from sales of goods and services under the trademark;
- sales records, including invoices;

- advertisements or social media account information; and
- photographs of the trademark in use, such as on goods or labels.

The UK Intellectual Property Office has powers to require parties to file evidence on particular issues. Parties can also apply for specific disclosure of relevant documents if their reasoning is clear. Any disclosure ordered will be restricted to specific classes of documents.

In the United States, the discovery process is mandatory and extensive, and can increase costs substantially. The process is more akin to the litigation discovery process: it can take around six months and there can be severe penalties if parties do not comply. There are numerous stages, such as a discovery conference, where the parties are required to discuss the strengths of the relevant claims and the possibility of settlement. There are also written interrogatories (where written questions are answered), requests for the production of documents and witness depositions.

At an early stage, the parties must consider a discovery plan in the United States, including listing the witnesses who may have relevant documents and the potential categories of document. The types of relevant document include similar information to that in the United Kingdom when proving genuine use – for example, advertising materials, sales figures, evidence of the mark's fame and likelihood of confusion. An unlimited number of requests can be made for the production of evidence, which includes electronic documents. A party can file a motion to compel a party to file evidence.

By comparison, in the EU opposition process, there are limited disclosure requirements in such proceedings. The regulation allows a trademark applicant to request proof of use of the opponent's prior registered trademark if it has been registered for more than five years – the type of evidence is similar to that required in the United Kingdom and the United States. If the opponent is required to file such evidence, but fails to do so, its opposition will be rejected.

Apart from that, in the EU Intellectual Property Office, it is generally up to a party to an opposition to decide what evidence it wishes to file in support of its opposition. There is no possibility to require disclosure of documents by the other party.

Conclusion

While disclosure and discovery rules are merely one of many procedural steps in the litigation process, it is vital that they be understood and complied with. In some jurisdictions, the sanctions for non-compliance are severe. Additionally, failure to use this step strategically and ensure that the other party is in full compliance with the rules can affect the success of a case.

Navigating these vastly differing rules and their exclusions can be confusing. It is essential to employ the right professional advisers in different jurisdictions to ensure that you comply with the rules, your position is protected and you are taking full advantage of any strategic opportunities that might otherwise be missed. **WTR**



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