

Courtroom Alert

The first half of this edition is given over to three frequently asked questions.

A Claim Form has arrived - do I need to do anything?

A Court claim is started by service of a Claim Form. This document is ordinarily sent by first class post to the Defendant's home address (in the case of an individual) or registered office (in the case of a Company). The Claim Form sets out brief details of the claim and has to be sealed by the Court before it can be served.

If a Claim Form arrives through the post, it should be accompanied by explanatory notes which set out the relevant options. Whatever option is taken, a Claim Form should not be ignored in the hope that the matter will go away. If nothing is done, it is quite possible that things will go quiet for some weeks while the Claimant enters judgment in default. If this happens, a visit by a bailiff might soon follow so beware and take steps early on!

1. How much time do I have?

The first thing to check on receipt of a Claim Form is whether it has Particulars of Claim ("Particulars") either attached to it or included within it.

The Particulars set out the facts of the dispute, the allegations of the Claimant and the relief sought:

- If the Particulars are not received and the Claim Form states that these are "to follow" then there is nothing to be done until they arrive. The Particulars should arrive

within 14 days of the "deemed date of service" of the Claim Form. This date can be ascertained by contacting the relevant Court. Once the Particulars arrive the time to respond starts to run.

- If the Claim Form and Particulars arrive at the same time (they are most commonly sent together) the time to respond starts to run from the "deemed date of service".

There are then two options (in the case of a claim for a liquidated sum of money):

- Admit the claim (or part of the claim); or
- Dispute the claim.

If the claim is admitted payment must be sent to the Claimant within 14 days. If more time to pay is required, the Admission Form must be returned within 14 days.

As a general word of caution, a claim should only be admitted if there is no defence or challenge to jurisdiction. If in any doubt, legal advice should be sought at the earliest opportunity and certainly before completion of the Court forms. Once a claim has been admitted it is almost impossible to retract.

If the claim is disputed, 14 days are allowed to either produce the Defence (and Counterclaim if any) or to contest the jurisdiction of the Court. If longer than 14 days is needed to prepare the Defence, then by completing and returning the Acknowledgement of Service form to the Court, the time to



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respond is automatically extended to 28 days from the “deemed date of service”. This route must not be followed if jurisdiction is to be contested. In such cases, it is best to seek legal advice before completing any of the Court documentation. Finally, if the claim set out in the Claim Form and Particulars is hopeless, it is possible to apply to the Court to strike it out altogether without having to put in a Defence first.

2. I was away when the Claim Form arrived!

Occasionally a Claim Form will arrive in the post while the Defendant is away. As the timetable to respond is very short (14 days) this can mean that before a Defendant has been able to consider the claim properly, judgment in default of a response may have already been obtained by the Claimant. If this happens all is not lost as it is possible to apply to the Court to have the judgment in default set aside.

Any application to set aside default judgment must be made promptly and supported by evidence which establishes that either a real prospect (not just an arguable prospect) of successfully defending the claim exists, or that there is some other good reason why the claim should be allowed to be defended. The Court has a discretion to set aside judgment and will be concerned to avoid injustice when hearing a set aside application.

If the default judgment is set aside, the Court will often give the Defendant further time in which to submit a defence and after that the claim will proceed in the usual way. If the default judgment is not set aside, the Defendant will most likely be given a further short period in which to pay, failing which the Claimant will be free to take steps to enforce the judgment.

I have received a Witness Summons - what do I do?

If a witness summons arrives through the post, you must not ignore it. This document is issued by the Court and will require you to attend a specific Court on a particular day and time to do the following:

- Give oral evidence; and/or
- Produce documents.

If you ignore the summons, you risk being held in contempt of Court, the penalty for which is a maximum of two years imprisonment and/or a fine. Furthermore, you may also be ordered by the Court to pay compensation to the parties in dispute if they incur wasted costs as a result of you ignoring the summons.

If you are unsure what to do or what is required by the summons, you should contact the party which has issued it against you - their contact details ought to appear on the summons. If you think you will have difficulty in attending the Court on the stated date and time you should also let the party who has issued the summons know as soon as possible as they may be able to make alternative arrangements to accommodate your availability. It is possible to have a summons set aside or varied by the Court, but in practice such applications are only likely to succeed where a summons has been issued speculatively or oppressively.

It would be unusual for a witness summons to arrive in the post without your having previously been contacted by the party concerned to see if you would be willing to attend Court voluntarily. In fact witness summons are often issued against witnesses who are quite happy to attend Court but who need to present the summons to their employer to obtain the necessary time off work. In every case, a witness must be offered a sum of money to cover reasonable travelling expenses to and from the Court and financial compensation for lost time and inconvenience as a result of the Court appearance. However, the compensation allowed to a witness is very small: for example the award is up to a mere £33.50 in respect of up to 4 hours lost time.

I am in a dispute, but I want to avoid having to issue a claim - what options do I have?

Today there are plenty of alternative means by which disputes may be resolved without resort to the Courts. While it has always been possible to resolve



disputes by direct negotiation, the popularity of more formal alternative dispute resolution ("ADR") mechanisms have increased in recent years. Greater emphasis is now placed on the early resolution of disputes without the involvement of the Courts. The Court rules have also put in place various "pre-action protocols" which are designed to help the parties avoid the need for litigation by fostering an early exchange of information and a requirement to consider the suitability of ADR: all this is an attempt by the Courts to make litigation a last resort.

The main ADR variants are as follows:

1. **Mediation:** this is a structured negotiation whereby an independent third party (normally a lawyer) is invited by all parties to try and help them reach a mutually acceptable compromise. The mediator imposes no decisions, but will try to learn more about each party's position and hold it up to scrutiny. Often the parties sit in separate rooms while the mediator shuttles back and forth between them trying to broker a deal. If agreement is reached, it will bind the parties. If no agreement is reached, the parties can resume their dispute where they left off. However in that case the detail of the mediation will remain 'without prejudice' and will not be capable of being referred to or relied upon in any subsequent Court proceedings.
2. **Arbitration:** this process begins with the parties' appointment of an arbitrator who will act according to a pre-defined procedure by which he or she will determine the dispute. The arbitrator will often call for the parties to submit their case and evidence for evaluation and the decision reached by the arbitrator is binding on both parties.
3. **Expert Determination:** this process is very similar to arbitration, but instead the expert (who is nominated by the parties and will normally have expertise in the particular subject matter of the dispute) will determine the dispute by reference to his or her own knowledge rather than calling for submissions or evidence from the parties. The expert will often establish his own ground rules for determining a dispute as the process is designed

to be flexible. The parties will agree to be bound by the expert's decision.

Whether a particular dispute will be capable of resolution by ADR will depend upon numerous factors, including:

- whether there is an effective referral to ADR within any governing contract;
- whether all parties to the dispute agree to use an ADR process; and
- knowledge of ADR options and past experience of ADR.

ADR is popular as it is often cheaper and quicker than the Court process as well as being flexible enough to adapt to the type of dispute which has arisen. However, ADR does not always lead to a conclusion of the dispute and it can become just another step before embarking upon litigation which can mean that the costs of resolving the dispute increase. In addition, ADR is not always as rigorous as the adversarial Court system. Overall however, its popularity is a reflection of its potential effectiveness to resolve all sorts of disputes.

Trademark Law under examination

Effective as of 1 October 2007, the UK Intellectual Property Office (UKIPO) has introduced what it claims to be "a new simplified trademark registration system" following amendment to s.5 of the Trademarks Act 1994. The changes, although they appear at first glance to be innocuous, are likely to have significant impact.

Under the previous regime, any application to register a new trademark was subject to considerable scrutiny through a rigorous examination procedure. Where an earlier conflicting trademark was located, UKIPO had the unilateral ability to simply refuse to register any new trademark if it were considered to be either identical or too confusingly similar to any pre-existing mark. This meant that UKIPO offered a first line of protection to existing trademark owners by effectively policing and thus avoiding any potential

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clash with existing marks already located on the Trademark Register. The former procedure also dictated that the onus would then fall on the applicant faced with a refusal to overcome UKIPO's concerns in order for an application to proceed. This increased the possibility that applicants simply "chancing their hand" might be dissuaded or would certainly think twice before proceeding with their application.

The examination process has now been significantly overhauled as a result of the new changes. From 1 October 2007 UKIPO will no longer object to applications on the basis of any third party's prior rights. This is a major change in policy. UKIPO has not abandoned the examination procedure entirely as it will still search the relevant registers and send the applicant the results. However, instead of forming its own view, UKIPO will leave it completely up to the applicant to consider any potential conflicting marks already on the register and to decide whether to continue with its application. This is of little comfort to existing trademark owners faced with unscrupulous and/or irresponsible applicants who are not prepared to undertake their own due diligence and who might be minded to continue with their application regardless of the risk of potential infringement.

The owners of existing trademarks will at least be relieved to note that UKIPO will continue to notify them of any potentially conflicting trademark application and at that stage, they will have the right themselves to oppose an application if they think that the use of the new mark will infringe an earlier right.

However, if unsuccessful in opposing a new trademark application, an existing owner could be found liable for costs. The owners of existing EU trademarks also need to tread very carefully. They are not covered by the new notification procedure unless they specifically opt in.

The new streamlined examination procedure is aimed at simplifying the trademark registration system in order to ensure that UK trademark procedures are in line with the EC community trademark system. However, it cannot be overlooked that the amendments which have now come into force have eroded a level of protection formerly available to existing trademark owners. The old rules allowed registered trademark holders to sit back and enjoy the protection afforded to them by having a registered mark. The new regime now puts the onus on the registered mark's owner to take action if they want to continue to protect their trademark.

The full effects of this change remain to be seen but one point is clear: if you receive a letter from UKIPO about a third party's application to register a mark similar to your own, do not ignore it!

If you would like further information about the issues raised in this newsletter, or any other aspect of dispute resolution, please contact Tim Langton, Head of the Litigation Team, or any other member of Goodman Derrick LLP's litigation department.

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