

**DISCOVERY IN INTELLECTUAL
PROPERTY LITIGATION**

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of the Federal Court of Australia**

Discovery in Intellectual Property Litigation

Synopsis

The aims of the paper are as follows. The first aim is to explain the nature and purpose of discovery in the common law system, both in the United States and elsewhere. This will be done by a description of the process and its comparative position in common law and civilian jurisdictions, and by an outline of the avenues available for transnational production of documents.

The second aim is to discuss the challenge raised by discovery for intellectual property litigation – the costs and delays that it can engender and which can burden litigants, a challenge which faces courts, practitioners and litigants.

The third aim is to seek to identify methods which can be used to mediate the competing interests of litigants to information and to balance the achievement of a just result with the need for expeditious and cost-effective ways of resolving intellectual property disputes.

In this context, particular issues in patent and trade mark litigation in which discovery can play an important role and the procedural and judicial techniques for the better management of discovery and the reduction of costs are discussed.

An index of the paper is as follows:

Introduction

The Nature and Purpose of Discovery

Comparative Discovery

United States

Other Common Law Countries

Civil Law Countries

The Width of Discovery

Pre-Action Discovery

Discovery Against Third Parties

International Discovery and the Place of National Borders.

The Place of Discovery in Patent and Trade Mark Litigation

Controlling the Abuse of Discovery and Increasing its Just Use

Discovery in Intellectual Property Litigation

Introduction

1. The working programme provided the following guidance for this paper:

In many countries, a Court may order discovery of documents. What documents are discoverable? What is the purpose? When is it required and how broad can it be? How does one go about a discovery process? What of national borders? How can one limit the potential damage? Are fishing expeditions possible?
2. It is first necessary to understand the nature of the procedure of discovery or disclosure (as it is now called in some countries) and its place within the overall process of litigation.
3. Different legal systems approach the subject differently. It is common to divide legal systems into “common law” and “civil law” systems. I think a more helpful division is threefold: (1) the United States (2) other common law systems, and (3) civil law systems.
4. By way of caveat, I speak primarily from the perspective of Australia, a common law system referred to in 3(2) above. I will attempt to throw such light as I can upon the comparative position in the United States and Europe in particular.

The Nature Procedure and Purpose of Discovery

5. Discovery or disclosure is the name given to the procedure by means of which one party to civil proceedings obtains compulsory disclosure of documents and information relevant to the proceedings in question from a party, or in some cases non-party, in advance of the trial.
6. Depending upon the system of law and the country involved, the procedure may include:
 - (a) making documents available for inspection and copying;

- (b) answering written questions on oath;
 - (c) answering orally on oath questions that are administered at a deposition hearing;
 - (d) permitting samples and experiments to be undertaken.
7. At the outset, it is important to recognise the huge differences that can be seen in scope and reach of discovery between the procedures of United States courts and elsewhere. A commentator once described United States discovery as the ravenous beast of the jungle, whilst the English form of discovery was a gentle domesticated animal. However, it should be said that recent experience in countries such as England and Australia leads one to conclude that the domesticated animal has become somewhat bloated. With that comment made, it is appropriate to begin by explaining the fundamental underlying differences between common law and civilian models of litigation.
8. Though potentially misleading in an area such as intellectual property, where statute law is overwhelmingly important in all jurisdictions, the expression “common law” jurisdiction is adequate to denote jurisdictions historically rooted in the English legal tradition: the United Kingdom, most of the United States of America, much of Canada, Australia, New Zealand, India, Singapore, Hong Kong, Malaysia and many other places.
9. Common law litigation is both accusatory and adversarial. The parties, largely, define the issues by reference to allegations and answers to allegations. From this structure and approach, one can see the boundaries of the dispute and what documents and information are, or may be, relevant to its resolution and disposition. It is sometimes said (more so in years gone by) that the judge was an umpire in this adversarial dispute. That is almost universally no longer the case in modern commercial litigation. In most common law countries, commercial judges, including patent and trade mark judges, take a close and keen interest in the pre-trial procedures with a view to identifying, narrowing and lessening the number

of issues and to moulding pre-trial procedures to conform with what is necessary. These attempts have seen an attempt to balance a just result with speed and cost effectiveness.

10. Nevertheless, in the common law system, whilst the judge may be able to make or attempt to make the system more efficient and speedier by a measure of control, there is no inquisitorial responsibility to extract information. The role of the judge ultimately at the hearing of the claim is to decide between competing presentations of evidence and law that are tendered by the advocates, and choose between the contentions of law and the versions of facts laid before him or her by the parties.
11. The importance in the common law system of the one single trial, without interruption, makes it important that all necessary preparation be done well before the trial commences.
12. The rationale underpinning discovery in such a system is the view that justice is best served by disclosure of material that illuminates the strengths and weaknesses of the respective cases of the parties. It is part of a process of eliminating, as far as possible, surprise and uncertainty in litigation. This open approach to litigation reflects a view of what the courts are there to do. Courts of whatever system are there to resolve disputes, enforce rights and see justice done between people in society. Speed and cost-effectiveness of court procedures are important, but so is the justice and correctness, according to law, of the result. A very speedy and cheap system which delivers unpredictable and capricious results may be a number of things, but it is not an effectively working system of justice.
13. If there is no controlling inquisitor asking questions and requiring documents, the skilled advisers of the disputants become the agents for identification of information held by the other side.

14. The view is held in common law systems that justice is best served by there being an obligation upon parties to bring forward documentary material in their possession which will assist in the just resolution of the dispute. This underlying assumption of the common law system must be fully grasped: once the public governmental power of the court system is invoked in respect of a dispute, the just resolution of that dispute by the state demands compulsory disclosure of information, not only by the willing participant, the invoker of the power (the plaintiff or applicant), but also by the unwilling participant, the party brought to answer before the power, the (defendant or respondent). If one appreciates the nature of this exercise of governmental or state power, one appreciates the pre-conditions for its operation and the conditions often placed upon its exercise.
15. The first precondition for an entitlement to require the court to require the production (that is presentation or bringing forward for inspection, not creation) of documents is a sufficiently clearly enunciated case such that an identifiable claim with its component issues than be discerned. In many systems, this is stated as the requirement that the claim be sufficiently pleaded and with sufficient particularity to allow one to understand the nature of a known claim at law and the basis of it. Thus, by reference to the allegations in the constituent enunciation of the claim or the pleading and the pleaded answer to it, one can see the issues upon which, or by reference to which, documents or information might be produced.
16. The second precondition for the production of documents is the identification of the nature of the relationship between the claim or some element of the claim or the defence or some element of the defence, on the one hand, and the document, on the other hand. What connection must there be between the issues in the case and the document?
17. The process of discovery in the common law system, if used in a fashion proportionate to the nature of the claim (including its complexity, the

identity and resources of the parties and the value of the claim in issue), can thus be seen to have at least four rationales:

- (a) to prevent surprise at trial, and thereby, amongst other consequences, prevent costly adjournments,
- (b) to bring about procedural equality in litigation, thereby promoting fairness,
- (c) to promote settlement by a knowledge of the strengths and weaknesses of the respective cases, and
- (d) to avoid duplication and uncertainty in preparation, thereby saving costs.

18. On the other hand, the civilian inquisitorial model, in which the parties do not have the defining control by accusatory and defensive pleadings and in which the judge is charged with finding out the truth of the matter, does not lend itself the general notion of disclosure on all relevant matters. The judge performs the critically important function of exploring and sifting evidence. The premise in civil law jurisdictions is entirely different in that the judge is responsible for deciding a case according to the truth of the matter. Judges in civil law countries typically have inquisitorial powers and call for witnesses to be heard at any stage of the proceeding, can put questions to them directly and in some countries such as France and the Netherlands, can order a party to produce relevant documents or other evidence. The judge decides both fact and law and it is assumed that the truth of the matter will be revealed by relevant evidence. The advocates' function is to assist the judge in fulfilment of the judicial responsibility.
19. Once this fundamental difference in the role of the court in the two systems is appreciated, the powers given to parties in the common law systems to demand inspection of the documents of another is somewhat more understandable. The power to enquire is dispersed, in significant respects, to the litigants, though depending upon the jurisdiction, with more or less judicial control.

Comparative Discovery

United States

20. Of all the common law countries, the United States of America has the widest and most comprehensive discovery procedures. In the United States there is production of documents to the opponent, the answering of interrogatories and most startling, not only to civilian lawyers, but to many common lawyers outside the United States, general discovery by oral deposition on oath out of court of a party and of its witnesses, and indeed of independent third parties: see generally *Federal Rules of Civil Procedure* (“*FRCP*”) rules 26-37. (Given the overwhelming relevance of the Federal Courts to intellectual property litigation in the United States, I will restrict my reference to the *FRCP*.)
21. The reach of United States discovery is very broad. The use of depositions, interrogatories and requests for documents enables enquiry to be made about the existence of documents, evidence and witnesses. The information and documents that can be sought are such as appear reasonably calculated to lead to the discovery of admissible evidence. To use an old expression – “fishing” is able to be undertaken.
22. Importantly (especially for obtaining foreign documents) discovery reaches documents and information within a person’s possession, custody or control.
23. Pre-trial discovery is to be distinguished from pre-action discovery.
24. Pre-trial discovery is carried out without court intervention in accordance with the rules, unless one party objects or wishes to obtain some form of protective order.

25. One further startling feature of discovery in the United States for the non-American common lawyer is the need to seek and obtain a protective order from the Court if there is to be any confidentiality or restriction placed on the use of documents or information gained by the discovery process. In other common law systems, there is an implied undertaking to the Court that the documents and information obtained by discovery will only be used for the purpose of the litigation in which they were obtained.
26. Rule 26 of the *FRCP* sets a very broad standard for connection of the discoverable documents or information with the suit: what is relevant is that which appears reasonably calculated to lead to the discovery of admissible evidence.
27. The taking of depositions out of court often, though not necessarily, in the attorney's office is an important tool for the extraction of information. These depositions can extend to foreign witnesses within the jurisdiction. One in-house counsel in an article referred to depositions in some cases being akin to an "open-ended turkey shoot". A non-party witness can be subpoenaed both for deposition testimony and for production of documents.
28. Interrogatories can be employed under rule 33 of the *FRCP*. Production of documents is provided for by rule 34.
29. Discovery may lead to the production of confidential information. Sensitive R&D information may well be discoverable. Protective orders can be sought.
30. Whilst these procedures can strike Europeans (and others) with a mixture of fear and horror, they are procedures very well adapted to rooting out an infringement of a patent hidden in the factory or laboratory processes of the defendant in the secrecy of its own premises.

31. Failure to comply with the discovery process may lead to procedural disadvantages – dismissal of an action, a stay, default judgment. Failure to comply with a court order is contempt.

Other Common Law Countries

32. The procedure of discovery or disclosure in England and most other common law countries is more restricted, and is moving, generally, to become more so. There is no oral deposition, exception in circumstances where it is thought that the witness may not be at the trial, in which case his or her *evidence* is taken prior to trial.
33. In most common law jurisdictions, as the twentieth century advanced and litigation became more complex, longer and more expensive, the process of discovery has come under more scrutiny and more control by the courts.
34. The first manifestation of this greater scrutiny and control was the limiting of the use of interrogatories – the administration of questions in writing requiring the answers to be given on oath. The procedure can still be used, but it generally requires the prior leave of the court. Long, time-consuming questions are generally not permitted. This has helped control what was in many cases a source of a great deal of wasted costs. Nevertheless, in some cases, a small number of well-directed interrogatories can be devastating. Generally, however, one needs to know what is likely to be the answer for effectiveness to be maximised. The procedure is best used in moderation to trouble or confine the opponent, rather than to seek open-ended provision of information.
35. The second manifestation of this greater judicial scrutiny and control has been narrowing of the test of connection between the document and the dispute. Until a few years ago in most common law countries the connection between the document and the issues in the case (as defined by

the pleadings and particulars) was very wide. All documents both helpful and harmful were to be discovered which put the other side upon a train of enquiry about an issue in the proceedings (the “*Peruvian Guano*” test). Thus a very wide class of documents had to be discovered – far broader than could be tendered as evidence in the case. This breadth of connection remains in the United States discovery (see above).

36. The connective relationship has been made more narrow in many common law countries. For instance, the new English Civil Procedure Rules, (*CPR*) introduced in 1999, have a fivefold classification of standard discovery: (a) documents *relied on* by a party; (b) those which *adversely affect* its own case; (c) those which *adversely affect* another’s case; (d) those which *support* another’s case; and (e) any other document required to be disclosed by specific practice direction: see *CPR* 31.5 and 31.6. As we shall see, an even more limited regime applies to patent litigation in England.
37. In the Federal Court of Australia, the process of discovery is not a procedural step as of right – it is entirely within the control of the Court. The criteria for connection between the document and the controversy are similar to the *CPR*. A practice note, the terms of which are annexed, confirms the control of the Court over discovery. Order 15 rules 2 and 3 are also annexed.
38. These changes have been introduced in an attempt to control the cost of litigation. Debate about the best method of achieving this continues.
39. The judicial control of the issues upon which discovery can take place and of the extent to which documents on those issues need to be produced are two of the most important pre-trial judicial procedural functions in common law countries.

40. One of the most important conditions of the exercise of the power in common law countries is the restricted use to which the documents and the information provided by the documents can be put. In many common law countries it is a contempt of court to use the documents or the information provided by them for any purpose other than the conduct of the proceedings in question, without the leave of the court. Obviously, there may be difficulties of enforcement, but nevertheless this is viewed by courts as a serious obligation conformable with the intrusive power of the courts on the affairs and privacy of parties who came or are brought to court.

Civil law countries

41. What might be called the “discovery” characteristics of civil law litigation are:
- (a) the obligation to produce the documents upon which a party will rely,
 - (b) the lack of obligation to produce documents harmful to its case or helpful to an opponent’s case, and
 - (c) the existence of a judicial power to order production to an opponent of documents shown to be in its possession and whose importance to the opponent’s case can be demonstrated.

The Width of Discovery

42. The width of discovery and the extent to which “fishing” is permitted varies from jurisdiction to jurisdiction. The United States, with its wide oral depositions as of right, provides the greatest opportunity for intrusive extraction of information. With one exception, which is dealt with below, the trend of procedural rules in other common law countries has been to limit, not expand, the criteria for connection between the issues and the obligation to produce the document.

43. Thusfar, all that has been said has concerned pre-trial, but post-action discovery – that is discovery after the suit has been commenced, but before a trial or hearing.
44. The traditional rule in common law countries was that discovery was not available to find evidence to establish a case, if without it, the applicant would be unable to plead a cause of action.
45. This is still a pervasive idea. If a claim is begun on one ground, eg. revocation of a patent because a lack of novelty, a pleader cannot simply assert another ground or other grounds without an ability to particularise the claim on these grounds and expect discovery to assist it to find out about or substantiate such additional claims.
46. Nevertheless, in some circumstances, forms of pre-action discovery are available. Such pre-action discovery has been justified by reference to at least the following considerations:
 - (a) if a claim is known but the identity of the prospective defendant is not and a person has documents which reveal the identity of the prospective defendant;
 - (b) where further information is needed to allow a responsible decision to be made about bringing an action;
 - (c) in particular types of action a particular class of document may be determinative as to whether to bring a suit;
 - (d) where some particular standard of prospects of success must be shown early to obtain a governmental permission eg legal aid.(See generally *Black v Sumitomo* [2002] 1 WLR 1562.)
47. Countervailing considerations are obvious – the intrusion on people’s affairs by compulsory process in order to foster litigation not otherwise able to be brought.

48. Public policy questions as to the nature, role and cost of litigation in society intrude at this point.

Pre-Action Discovery

49. There is available in most common law countries a procedure which can be applied for *before commencement* of the substantive proceedings by which documents relating to that future suit can be sought. The procedure has its roots in the “bill of discovery” as a separate action in nineteenth century Chancery practice. The procedure is often referred to by the name of the modern English case dealing with it: a Norwich Pharmacal order (after *Norwich Pharmacal Co v Commissioner of Customs and Excise* [1974] AC 133 (HL)).
50. In *Norwich* a third party who was involved in a wrong was ordered to produce documents revealing the identity of the wrongdoing party, so as to allow the proceedings to be brought against that person. Many jurisdictions have enshrined this purpose in their procedures – allowing discovery to reveal the identity of the prospective defendant.
51. The bill of discovery was not, however, limited to ascertaining the identity of another as the wrongdoer. In the Federal Court of Australia’s Rules there is a procedure in Order 15A by which a prospective defendant or third party can be required to produce documents or attend for examination before the Court in order that the prospective plaintiff be provided with sufficient information as to enable a responsible decision to be made as to whether to commence an action.
52. The new English *CPR* deals with pre-action disclosure. Under the new English rule (*CPR* 31.16) the court may make an order where the respondent is likely to be a party to the action to begun by the applicants,

the type of documents sought are identified and it is just and fair to order disclosure.

Third-Party Discovery

53. Leaving aside the width of depositions in the United States, many jurisdictions have rules that permit documentary discovery from third parties. This is to be distinguished from orders for production or subpoenas for specific documents for a trial. Third party pre-trial discovery may require a third party to search for and produce documents relevant to issues on the pleadings.
54. The traditional rule in England was the “mere witness” rule which prevented such discovery. The intrusion on this principle by *Norwich Pharmacal* was only in respect of a party who had been involved to a degree (perhaps innocently) in the wrong concerned.
55. Some jurisdictions permit this intrusion more widely. See Federal Court of Australia Rules Order 15A rr 3, 6 and 8 (attached).

International Discovery and the Place of National Borders

Introduction

56. It is sometimes possible to obtain documents and information in countries other than the place where the litigation takes place. This will depend on the law of the place of the litigation and the law of the place where the discovery is sought.
57. The first thing to appreciate is that a court will generally not make orders that it cannot enforce. Orders without a method of compulsion tend to have the character of requests; requests can be ignored. Courts do not like being ignored.

58. There is an international convention to which a number of countries are a party dealing with the subject: *The Hague Convention of 1970 on the Taking of Evidence Abroad in Civil or Commercial Matters*.
59. Nearly 40 countries have signed, ratified or acceded to the Convention.
60. There are three parts to the Convention. Chapters I and II contain the most relevant provisions, though Chapter III contains a very important article. Chapter I provides a mechanism by which a court in one country may request a court in another country to obtain evidence for it. Chapter II regulates the circumstances in which evidence for use in one country may be taken in another country by a diplomatic officer or private person, usually without the interaction of the second country's courts.
61. Chapter I provides for a court in a Contracting State requiring the assistance of a foreign court in obtaining evidence for use in civil proceedings to send a "*letter of request*" to the "*central authority*" of the foreign country. Contracting States nominate their central authorities. In France it is the Ministry of Justice; in the United States it is the Department of Justice.
62. The letter of request will provide details of the proceedings and of evidence to be obtained, including the questions or the subject matter of any examination and the documents to be inspected.
63. Examination and cross-examination take place before someone appointed by the court receiving the request. The procedure to compel attendance and compulsion are those of the court receiving the request. Upon request, a judicial officer of the requesting court may be present. A particular procedure or method of examination may be followed, if requested, unless it is incompatible with the law of the state of execution.
64. Privilege against answering is recognised by reference to:

- (a) the law of the state of execution;
 - (b) the law of the requesting state if specified in the letter or otherwise communicated; and
 - (c) if a state so declares, by reference to some other state.
65. Importantly for this discussion on discovery, in chapter III, which contains some general provisions, Article 23 provides:
- A Contracting State may at the time of signature, ratification or accession, declare that it will not execute letters of Request issued for the purpose of obtaining pre-trial discovery of documents as known in Common Law countries.*
66. A number of countries have made a declaration for the purposes of Article 23. It is expressed in terms of pre-trial discovery, though some commentators have expressed the view that it might have perhaps been directed to *pre-action* discovery. In any event, if a declaration is made, the only documents that can be sought in that country are identifiable documents for the purpose of being placed into evidence. This significantly narrows the utility of the Convention in respect of obtaining common law discovery, whether of the “ravenous” United States kind, or the “domesticated” other kind.
67. Chapter II provides for the taking of evidence in a Contracting State by the diplomatic or consular officers or agents, or private persons of another state. This is a method often used in preference to a letter of request. The need for permission from the state in question depends upon its qualifications to adoption of the convention and the nationality of the person to be examined. Only some countries will assist a chapter II examination by making an order for compulsory attendance.
68. The irony about Article 23, which, if adopted, makes the Convention virtually useless for pre-trial discovery, is that the United Kingdom, which promoted article 23, in its declaration only excluded requests which required a party to state what relevant documents he had and which contained general requests for documents rather than specific documents.

69. Even without the Hague Convention courts can and do issue letters of request not to persons but to foreign courts seeking their assistance. Such requests are conveyed by diplomatic channels to the foreign government and thence to the foreign court. Also, there are many bilateral conventions dealing with the taking of evidence.

The United States

70. Extra-territorial discovery under United States law is not reliant upon the Hague Convention.
71. Before the Hague Convention, the application of pre-trial discovery to persons or documents outside the United States turned on whether the United States Court had power to compel and enforce attendance or production. The order had to be complied with, even if it meant bringing documents from overseas or asking a question of an employee overseas.
72. After the Hague Convention, parties in the United States argued that even if the party was within the jurisdiction of the court, the procedure (and limits) of the Hague Convention exclusively governed the obtaining of evidence or documents that were located abroad. The lower courts, with one exception rejected these arguments and continued to order production of documents that were overseas as long as the party the subject of the order was amenable to the jurisdiction.
73. The United States Supreme Court ruled that the Convention was intended as a permissive supplement, not a pre-emptive replacement for other means of obtaining evidence located abroad. There is no requirement that a court should resort to Convention procedures first, but instead district courts should make a case-by-case determination based on country and the facts of the case and interests of foreign sovereigns as to whether the

Convention and not local procedure should be used: *Société Nationale Industrielle Aerospatiale v United States District Court for the Southern District of Iowa*, 482 U.S. 522 (1987).

74. This has led to the marginalising of the Hague Convention in the United States, though some say that it has had a “cultural effect” in narrowing and making more specific the requests.
75. As to obtaining of evidence and documents located in the United States for proceedings abroad, United States law provides that the State Department is authorized to receive letters rogatory or letters of request from foreign tribunals in seeking discovery. Federal district courts can order United States citizens to comply with letters rogatory or foreign discovery requests, and there is some doubt as to whether the court must first determine whether the testimony or information sought would be discoverable in the jurisdiction in which the proceedings is taking place: *In re Trygg-Hansa Ins. Co.*, 896 F. Supp. 624 (D.C. La. 1995); *In re Bayer AG*, 146 F.3d 188 (1998); Charles Wright and Alan Miller, *Federal Practice and Procedure* § 2005.1 (1994).
76. Discovery may be sought in the United States in aid of a foreign suit by making a direct application to the United States Court for the obtaining of evidence under U.S. Statute, Title 28, section 1782, which provides for three requirements:
 - (a) the person from whom the discovery is sought resides (or is found) in the district of the United States district court to which the application is made;
 - (b) that the discovery be for use in a proceeding before a foreign tribunal;
 - (c) that the application be made by a foreign or international tribunal or any interested person.

77. An illustration of the use of 28 USC s 1782 is *In re Bayer AG* in the United States Court of Appeals for the Third Circuit. There Bayer sought discovery from a United States corporation for use in its proceedings against Spanish corporations in Spain. The corporation was the selling agent for the Spanish respondents in the United States. The district court judge rejected the application on the basis that the material would not be discoverable in the Spanish tribunal. The appeal was allowed. The relevant limitation was whether the ordering of discovery would be offensive to the foreign tribunal.
78. The United States has conventions with some countries that allow the taking of depositions by notice. Other countries completely prohibit the taking of testimony via depositions, whilst a large number of countries are willing to assist American litigation if proper procedures are followed. See generally Charles Wright and Alan Miller, *Federal Practice and Procedure* § 2083 (1994); and Moore's *Federal Practice* 3d § 28.12 (2004).
79. Some countries have enacted what are called "blocking statutes". A blocking statute is a law passed by a foreign government imposing a penalty on a national for complying with a foreign court's discovery request. Such laws have been passed, especially in France, because of hostility to the imposition of US style discovery over French interests. Foreign blocking statutes do not deprive an American court of power to order discovery from a party subject to its jurisdiction even if compliance may violate the statute: Moore's *Federal Practice* 3d §28.16 (2204)
80. The House of Lords has held that it is not necessarily improper or unconscionable to bring US proceedings or other foreign civil proceedings to obtain pre-trial disclosure of documents or information for use in pending English proceedings: *South Carolina Insurance Co v Assurantie Maatshappij NV* [1987] AC 24. See also *Omega Group Holdings Ltd v Kozeny* [2002] CLC 132.

The United Kingdom

81. Prior to the Hague Convention, in a series of cases, the English Courts refused to countenance the use of letters rogatory or requests to carry out discovery in England in support of a foreign action. Nineteenth century legislation permitting English courts to aid foreign litigation was restricted to the gathering of evidence, oral and connected documentary, and did not permit pre-trial discovery.
82. The United Kingdom is a party to the Hague Convention, it has declared a limited restriction under Article 23. Other bilateral treaties exist.
83. It is possible by the use of letters of request to obtain disclosure abroad for use in English proceedings so long as it complies with foreign local law, does not invade the other side's rights or amount to unconscionable conduct.
84. The *Evidence (Proceedings in other Jurisdictions) Act 1975* permits the court to order evidence (including documentary evidence) to be gathered for the purposes of legal proceedings pending or contemplated in civil or commercial matters in other jurisdictions. However, the House of Lords has held that it is confined to evidence in the strict sense ("direct" evidence), and does not permit discovery ("indirect" evidence): *Re Westinghouse Uranium Contract* [1978] AC 547. The *Arbitration Act 1996* allows the court to issue a witness summons (whether for oral evidence or the production of documents) in aid of an arbitration or to make an order for the issue of a commission of request for the examination outside the jurisdiction.
85. English Courts have taken a similar approach to that of the United States Supreme Court in *Aerospatiale* in refusing to limit domestic discovery powers against a party subject to the jurisdiction of the Court in respect of

foreign documents or information: *The Heidberg* [1993] 2 Lloyd's Rep 324.

Australia

86. Evidence can be ordered to be taken abroad under the *Foreign Evidence Act 1994* (Cth) and under State Acts.
87. The courts will not issue letters of request merely for the production of documents abroad. Any requests for documents need to be connected with the giving of evidence: see generally *Elna Australia Pty Ltd v International Computers (Aust) Pty Ltd* (1987) 14 FCR 461. This is similar to the approach of the House of Lords in *Re Westinghouse Uranium Contract*.

Discovery by a Member of a Corporate Group

88. Depending upon the issues in a case and the pleaded responsibility for them only one company or a number of companies in a group may be before the court. Other companies – parent, sibling or cousins may be out of the jurisdiction and not parties. Whether or not the documents held by these companies can be compulsorily brought forward depends upon a number of factors.
89. If the entity within the jurisdiction is the parent it may be that it has power or control over the subsidiary's documents overseas. That may be a question to be answered by the law of the place of the domicile of the foreign subsidiary.
90. If the entity within the jurisdiction is a subsidiary, it will be doubtful that it has power or control over its parent's, sibling's or cousin's documents.

Thus, any order requiring it to produce documents held by other companies in the group in a foreign country may not be complied with and may not be able to be enforced. In such circumstances in Australia, the court may order that the company within the jurisdiction take all steps within its power to request the parent or other company in the group to produce the documents. If they are not produced and if a satisfactory explanation is not given of that failure, the court may, depending upon proof of the relationship between the companies and of all relevant circumstances, draw adverse inferences or, in appropriate cases, stay the relevant proceedings.

The Place of Discovery in Patent and Trademark Litigation

91. The precise nature of the issues in patent and trademark litigation depends upon the governing domestic statute. There are, however, issues common to most or all systems in respect of which discovery can be important. Every case is, of course, dependent upon its own factual circumstances.
92. One mechanism used to identify, with precision, the nature and limits of the issues, in respect of which discovery may be relevant, is the provision of detailed and comprehensive particulars of:
 - (a) infringement – including infringing articles and what claims and integers of the patent in suit are, and are not, present;
 - (b) invalidity – including as far as possible all prior art relied upon, the common knowledge providing the foundation of the assertion of a lack of invention or authorship and any other relevant matter.
93. Whilst such particulars may, at times, tend to amount to argument and evidence, they are an essential foundation for understanding what is, or is said to be, required by way of discovery.

Patent litigation

Infringement

94. The patentee often knows of an infringement without any need for discovery. Discovery may be needed to assess damages or an account of profits; but if, as often happens, the hearing determining liability is held prior to a later hearing on monetary relief, there may be little need for discovery on infringement.
95. If infringement is only suspected and has been undertaken surreptitiously, wider discovery may be appropriate, including pre-trial discovery, if available.
96. The court will generally ensure that as far as possible parties agree on the objective facts of the product and process said to infringe. Discovery is often a lazy and expensive alternative to some careful, thoughtful co-operation leading to agreement as to the relevant features of the alleged infringer's article or process.
97. One mechanism that has been employed in the new English *CPR* in Practice Direction (PD) 63 is to eliminate the requirement of discovery on infringement if the defendant serves on the plaintiff full particulars of the product or process said to infringe and drawings or other illustration if necessary. It is to be hoped that other jurisdictions will follow suit. This rule is being considered in the Federal Court of Australia. It is hard to see any hardship, as long as it is open to a party in exceptional or very clear cases, to demonstrate that the due administration of justice demands a wider approach.

Obviousness

98. Whatever may be the degree of invention required by the particular national patent law: whether a mere scintilla, or some more substantial requirement, the concept involved is the same in all systems of patent law. For the state to grant the monopoly there must exist a certain contribution of invention to the society.
99. How one assesses that invention or inventive step or manner of new manufacture will or may be assisted by information in the possession of the parties. The following are examples of areas for discovery discussed in cases of various jurisdictions.
100. Evidence as to the way in which an inventor arrived at an invention may be of considerable assistance to the court in determining whether what is alleged to be inventive was really little more than routine work. The test for whether discovery of the inventor's research should be given is whether there is any way that knowledge of the inventor's researches can assist the case on obviousness in a claim for revocation: *Halcon International Inc v The Shell Transport and Trading Co Ltd and Others (Discovery No 2)* [1979] RPC 459; *SKM SA v Wagner Spraytech (UK) Limited* [1982] RPC 497, 507-8; *Lubrizol Corporation Inc v Imperial Chemical Industries Plc* [2000] FCA 1464 at 22.
101. Evidence of experimental work which shows a failure to make the processes work may be relevant to the issue of obviousness. *Halcon International Inc v The Shell Transport and Trading Co Ltd and Others (Discovery No 2)* [1979] RPC 459.
102. In respect of the issue of obviousness, discovery relating to experiments done by the patentee should, generally, be limited to the period ending at the priority date: *Wellcome Foundation Ltd v VR Laboratories (Aust) Pty Ltd* (1981) 148 CLR 262.

103. Research and development conducted overseas in connection with a product or process patented in one country might, by other evidence, be made relevant to what was obvious in that country at a given time. It may be too restrictive to limit the material discoverable to research or study which led to the invention; a more appropriate wording may be research or studies in “the course of which the inventions was made”: *Dart Industries Inc v Prestige Group (Aust) Pty Ltd* (SC (Vic), Ashley J, 4 November 1991, unreported) at 18; *Gambro Pty Ltd v Fresenius Medical Care Australia Pty Ltd* [2001] FCA 235 at 7.
104. The commercial success of a product may reveal its inventiveness: see *Graham v John Deere Co* 383 US 1, 17-8 (1966); *Carnegie Steel Co v Cambria Iron Co* 185 US 403, 445-46 (1902). If a party wishes to use commercial success as an indicator of inventiveness, that may open up discovery as to other aspects of the party’s business which may tend to explain the commercial success.
105. The alleged infringer’s documents may also be relevant as to obviousness. Did it come to the article or process in question in a routine way without knowledge of the patent in suit, or did it copy the patent after earlier unsuccessful attempts to solve the problem that the patent solves? This may throw light on inventiveness.
106. The above areas of potential discovery in respect of an alleged inventive product or process that may have taken some time to develop and that may have contributed to business success with some subtlety can lead to a great number of documents being produced, at great cost.
107. One method of controlling this is to set clear rules as to time and other limitations. PD 63 in the English Patent Court:

- (a) eliminates discovery on all grounds of invalidity except documents that came into existence between two years before and two years after the earliest claimed priority date;
- (b) eliminates discovery on the issue of commercial success, but requires the patentee which wishes to raise the commercial success of a product or article or process to do the following;

5.2 *Where the issue of commercial success arises, the patentee must, within such time limit as the court may direct, serve a schedule containing –*

- (1) *where the commercial success relates to an article or product*
 - (a) *an identification of the article or product (for example by product code number) which the patentee asserts has been made in accordance with the claims of the patent;*
 - (b) *a summary by convenient periods of sales of any such article or product;*
 - (c) *a summary for the equivalent periods of sales, if any, of any equivalent prior article or product marketed before the article or product in sub-paragraph (a); and*
 - (d) *a summary by convenient periods of any expenditure on advertising and promotion which supported the marketing of the articles or products in sub-paragraphs (a) and (c); or*
- (2) *where the commercial success relates to the use of a process –*
 - (a) *an identification of the process which the patentee asserts has been used in accordance with the claims of the patent;*
 - (b) *a summary by convenient periods of the revenue received from the use of such process;*
 - (c) *a summary for the equivalent periods of the revenues, if any, received from the use of any equivalent prior art process; and*
 - (d) *a summary by convenient periods of any expenditure which supported the use of the process in the subparagraphs (a) and (c).*

108. The scope for discovery should be limited by the provision of detailed particulars, drawings and other precise information:

- (a) of infringement (by the plaintiff),
- (b) of the article or process said to have infringed (by the defendant),
- (c) of invalidity (by the defendant),

(d) of validity, in appropriate cases: such as the identification of the inventive step.

109. Prior use, alleged false suggestion or misleading of the patent office may well give rise to discovery.

Trade Mark Litigation

110. Contentious issues concerning trade mark and related litigation which may involve the need for documentation include the reputation or extent of reputation of the party or product, authorship, the likelihood of confusion and the extent of infringement. These calls for documentation are sometimes enlarged by litigation that proceeds at the same time as the trade mark claim, such as suits for passing off.

111. Where reputation is an issue, it may be necessary to understand how much a company has spent on such things as advertising and promotion, over what period, in what way and with what effect or success. This can lead to very messy and voluminous discovery.

112. To a significant degree this can be kept in check by sensible co-operation between litigants and their legal advisers. For instance, if a party wishes to have discovery from the other as to the other's product's commercial reputation, the first party can identify the kind of evidence it would seek or expect. It may identify the parameters of that evidence, including, for instance, requests for sample advertising and expenditure broken down by category. When provided with such evidence, requirements for discovery may be able to be significantly limited.

113. Such information can be particularly confidential. Access will often be limited to legal advisers of the parties. Sometimes a regime will have to be

put in place as to restricted access to an officer of the party so that coherent instructions can be received.

114. Trade mark and copyright cases sometimes involve defendants who can be expected to show little regard for the rights of the trade mark or copyright owner or for the processes of the court. Open markets and street sellers sometimes display flagrantly pirated goods. Sometimes it can be inferred that the people involved are unlikely to obey the processes and orders of the court by the brazenness and apparent dishonesty of their conduct. In those circumstances, orders will sometimes be made permitting the plaintiff, with the involvement of its lawyers and sometimes accompanied by police, to seize and take into its possession apparently infringing articles. The power is draconian, but often it is not only efficacious, but also the end of the litigation. The defendants may never appear. These are sometimes referred to as “Anton Piller” orders after an early case example (*Anton Piller* [1976] Ch 55).
115. This is a drastic species of preservation order. More mundane examples of preservation orders can be made in patent or other cases where it is thought important to be able to preserve either evidence or the subject matter of the suit.

Controlling the Abuse of Discovery and Increasing its Just Use

116. Much has been said and done in recent years in England and Australia about reforming civil procedure, and relevantly here, the procedures and practice of discovery.
117. Central to much of the reform has been active judicial involvement in case management. There are risks in case management. Judges often forget how much money is involved in coming to court, even for a short time.

Nevertheless, answering to a judge who has knowledge of the issues in the case is, or can be, a useful brake on practitioners.

118. The profession has a role to play. A system that becomes too expensive because of bloated interlocutory procedures is a reflection on the whole system, including the profession. That said, it can be very difficult even for a conscientious member of the profession to look at a client, who is asking him or her to extract maximum discovery out of the other side, and say that the good of the system should be put ahead of the client's instructions. That lawyer may not be retained for very long thereafter.
119. Also, the looser and more discretion based one makes the rules as to discovery, the greater room there is for argument which, of itself, can take up considerable time and resources.
120. For these reasons if the cost and burden of discovery is seen as in need of greater control, there is a powerful argument for "bright line" rules such as those contained in *CPR PD 63*.
121. Another factor relevant to discovery in intellectual property is the specialised skill of the judge. A judge with specialised skill in patent and trade mark litigation is more likely to swiftly and accurately cut through unmeritorious or dubious submissions about the need for documents.
122. In all this there is the underlying assumption that discovery in recent years in common law countries has created a burden on litigants that is not justifiable. However, because of the underlying structure of common law litigation it is a procedure that is, quite often, vital.
123. Clear rules, bright lines and experienced skilled judges to assess the exception from the usual rule are probably the answers to the problem. Practitioners must play their part. They not only need to behave

responsibility, but also participate in drawing up the clear rules and bright lines for the just disposal of litigation.

124. Another technique capable of resolving procedural problems and reducing cost is the use of mediation , not just in resolving the whole dispute, but in limiting issues and resolving disputes about procedural matters.

October 2004

Practice Notes issued by the Chief Justice

14. Discovery

Practice Note No. 14 issued on 12 February 1999 is revoked and the following Practice Note No. 14 is substituted.

1. Practitioners should expect that, with a view to eliminating or reducing the burden of discovery, the Court:

- a. will not order general discovery as a matter of course, even where a consent direction to that effect is submitted;
- b. will mould any order for discovery to suit the facts of a particular case; and
- c. will expect the following questions to be answered:

- i. is discovery necessary at all, and if so for what purposes?

- ii. can those purposes be achieved:

- by a means less expensive than discovery?
- by discovery only in relation to particular issues?
- by discovery (at least in the first instance - see (iii)) only of defined categories of documents?

- iii. particularly in cases where there are many documents, should discovery be given in stages, eg initially on a limited basis, with liberty to apply later for particular discovery or discovery on a broader basis?

- iv. should discovery be given in the list of documents by general description rather than by identification of individual documents?

2. In determining whether to order discovery, the Court will have regard to the issues in the case and the order in which they are likely to be resolved, the resources and circumstances of the parties, the likely cost of the discovery and its likely benefit.

3. To prevent orders for discovery requiring production of more documents than are necessary for the fair conduct of the case, orders for discovery will ordinarily be limited to the documents required to be disclosed by Order 15, rule 2(3).

M E J BLACK
Chief Justice
3 December 1999

FEDERAL COURT RULES
- ORDER 15 RULE 2
Discovery on notice

- (1) A party required to give discovery must do so within the time specified in the notice of discovery (not being less than 14 days after service of the notice of discovery on the party), or within such time as the Court or a Judge directs.
- (2) Unless the Court or a Judge orders otherwise, a party must give discovery by serving:
 - (a) a list of documents required to be disclosed; and
 - (b) an affidavit verifying the list.
- (3) Without limiting rule 3 or 7, the documents required to be disclosed are any of the following documents of which the party giving discovery is, after a reasonable search, aware at the time discovery is given:
 - (a) documents on which the party relies; and
 - (b) documents that adversely affect the party's own case; and
 - (c) documents that adversely affect another party's case; and
 - (d) documents that support another party's case; and
 - (e) documents that the party is required by a relevant practice direction to disclose.
- (4) However, a document is not required to be disclosed if the party giving discovery reasonably believes that the document is already in the possession, custody or control of the party to whom discovery is given.
- (5) For subrule (3), in making a reasonable search, a party may take into account:
 - (a) the nature and complexity of the proceedings; and
 - (b) the number of documents involved; and
 - (c) the ease and cost of retrieving a document; and
 - (d) the significance of any document likely to be found; and
 - (e) any other relevant matter.
- (6) If the party does not search for a category or class of document, the party must include in the list of documents a statement of the category or class of document not searched for and the reason why.

FEDERAL COURT RULES
- ORDER 15 RULE 3
Limitation of discovery on notice

- (1) The Court may, before or after any party has been required under rule 1 to give discovery, order that discovery under rule 2 by any party shall not be required or shall be limited to such documents or classes of documents, or to such of the matters in question in the proceeding, as may be specified in the order.
- (2) The Court may make such orders under subrule (1) as are necessary to prevent unnecessary discovery.

FEDERAL COURT RULES
- ORDER 15A RULE 3
Discovery to identify a respondent

- (1) Where an applicant, having made reasonable inquiries, is unable to ascertain the description of a person sufficiently for the purpose of commencing a proceeding in the Court against that person (in this rule called *the person concerned*) and it appears that some person has or is likely to have knowledge of facts, or has or is likely to have or has had or is likely to have had possession of any document or thing, tending to assist in such ascertainment, the Court may make an order under subrule (2).
- (2) The Court may order that the person, and in the case of a corporation, the corporation by an appropriate officer, shall:
 - (a) attend before the Court to be examined in relation to the description of the person concerned;
 - (b) make discovery to the applicant of all documents which are or have been in the person's or its possession relating to the description of the person concerned.
- (3) Where the Court makes an order under paragraph (2) (a), it may:
 - (a) order that the person or corporation against whom or which the order is made shall produce to the Court on the examination any document or thing in the person's or its possession relating to the description of the person concerned;
 - (b) direct that the examination be held before a Registrar.

FEDERAL COURT RULES
- ORDER 15A RULE 6
Discovery from prospective respondent

Where:

- (a) there is reasonable cause to believe that the applicant has or may have the right to obtain relief in the Court from a person whose description has been ascertained;
- (b) after making all reasonable inquiries, the applicant has not sufficient information to enable a decision to be made whether to commence a proceeding in the Court to obtain that relief; and
- (c) there is reasonable cause to believe that that person has or is likely to have or has had or is likely to have had possession of any document relating to the question whether the applicant has the right to obtain the relief and that inspection of the document by the applicant would assist in making the decision;

the Court may order that that person shall make discovery to the applicant of any document of the kind described in paragraph (c).

FEDERAL COURT RULES
- ORDER 15A RULE 8
Discovery from non-party

The Court may order that a person who is not a party and in respect of whom it appears that the person has or is likely to have or has had or is likely to have had in the person's possession any document which relates to any question in the proceeding shall make discovery to the applicant of any such document.

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