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Earth Closet Orders flushed down the pan

Brian Cordery (Bristows) · Monday, November 21st, 2011

On 8 November 2011, in the case of *Fresenius v Carefusion*, the English Court of Appeal declared that "*the Earth Closet order should be consigned to the place that bears its name*."

The "Earth Closet" or *See v Scott Paine* Order was an idiosyncratic but potentially very important principle of English patent law. The Order originally obtained its name from the 1876 case of *Baird v Moule's Patent Earth Closet*. The Earth Closet was then set in firmer foundations by the later case of *See v Scott Paine* in 1933. Both cases provided that if a party challenging a patent brought in a new ground of objection to the validity of that patent late in the proceedings, and the patentee consented to the revocation of the patent in light of the new ground, the challenger could be ordered to pay the costs of the proceedings from the date of service of the original grounds of objections onwards. The Earth Closet Order quickly became established practice. The threat of a party succeeding in its objective but nevertheless having to pay the bulk of the costs could act as major incentive to challengers to investigate at the earliest opportunity the possible objections to the validity of a patent and not to hold any challenges back. However, to quote Laddie J. in GEC Alsthom's Patent [1996] it could act as a '*gift from heaven*' to a patent holder who could lose its patent, and hence the case, yet still be awarded the majority of its costs.

Earth Closet Orders have always been discretionary, and, in the author's opinion, have been more honoured in the breach than the observance of late. Nevertheless, the standard Order of Directions contained in the Patents Court Guide provides for such an Order and the leading practitioners' textbook, Terrell on Patents (17th Edition 2010), suggests that they are "*almost invariably followed*" (although it is worth mentioning that the 16th and 15th Editions (dated 2005 and 2000 respectively) contain identical wording suggesting perhaps that this section of the book has not kept pace with changing practice).

The facts of the *Fresenius v Carefusion* case and the precise issues the Court of Appeal was asked to determine are complex, concerning the interpretation of a Court Order made by Norris J. and correspondence between the parties' solicitors. However, the most important point to note is that the Court of Appeal has held that Earth Closet Orders should no longer be made. Instead, it was determined that the Court should follow the standard procedures for civil litigation in the Court Procedure Rules and allow parties to discontinue claims in the normal way pursuant to CPR Part 38.6. The usual order for costs will be that the discontinuing party will bear the costs of the proceedings but the Court always has a wide discretion to award costs pursuant to CPR Part 44. If a party has acted in a reprehensible manner, for example, by holding back a prior art citation thereby causing the other side unnecessary expense, it could be penalised in costs.

Thus, a century and a quarter of peculiar and periodically unjust practice has been brought to end and a further step has been taken to integrate patent procedure with other forms of civil litigation.

The decision is also noteworthy as it is one of the first decisions from Lewison LJ who, together with another Judge empowered to hear patent cases, Kitchin LJ, was recently promoted to the Court of Appeal. Lewison LJ's judgments are nearly always colourful and make for an interesting read. The *Fresenius* judgment is no exception, including within it the much quoted and deeply cherished comment from Lord Esher MR in *Ungar v Sugg* (1892): "*A man had better have his patent infringed, or have anything happen to him in this world, short of losing all his family by influenza, than have a dispute about a patent. His patent is swallowed up, and he is ruined. Whose fault is it? It is really not the fault of the law; it is the fault of the mode of conducting the law in a patent case. That is what causes all this mischief*."

As we approach 2012, with the active case management of the Patents Court and the stream-lined procedures of the Patents County Court in full swing, such pessimistic observations would now be considered out of place, although no doubt there is still room for further streamlining in appropriate cases.

This entry was posted on Monday, November 21st, 2011 at 12:17 pm and is filed under Procedure, United Kingdom, Validity
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