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Pre-action Disclosure: Transparency is a virtue

Brian Cordery (Bristows) · Friday, May 1st, 2015

On 28 April 2015, Mr Justice Arnold handed down judgment in relation to an unprecedented application for Pre-Action Disclosure from a patentee. The applicant, The Big Bus Company Limited ("Big Bus") had applied for disclosure of all licence agreements which the respondent, Ticketogo Limited ("Ticketogo"), had granted under patent UK 2 391 101 ("the Patent"). The Patent claims a method of issuing a ticket over the internet which contains a barcode as an image file. Big Bus made the application following several years of sporadic correspondence with Ticketogo, in which Ticketogo outlined that it considered Big Bus required a licence under the Patent. The latest correspondence indentified no fewer than 44 companies which had taken a licence under the Patent and suggested, as previous correspondence had, that Big Bus did the same. Big Bus did not consider it needed a licence because its ticketing system did not fall within the claims of the Patent.

Big Bus made the application to enable it to quantify the value of the potential infringement claim which Ticketogo may bring against it. In its submissions, Big Bus stated that it was desirable for the parties to make a realistic estimate of the value of a claim at an early stage and that as the key information relating to the value of the potential claim was held by Ticketogo, Pre-Action Disclosure was a helpful way to obtain that information and put the parties on an equal footing. It was said this could help in settling the dispute without the need for proceedings.

In his decision Mr Justice Arnold granted to application in respect of all licences in the transport sector. In doing so he considered the test for Pre-Action Disclosure prescribed the Civil Procedure Rules (CPR 31.16) was satisfied and that the previous case law on Pre-Action Disclosure showed that the courts had been willing to grant some (but not full) disclosure as to quantum at an early stage. In exercising his discretion to grant the application, Mr Justice Arnold was not impressed by the submissions of Ticketogo that providing disclosure of its licences to Big Bus would "unjustifiably infringe Ticketogo's "freedom of negotiation"". He said that transparency was a virtue and the availability of pricing information was important in the marketplace. Patent licences were not an exception to that.

The decision is of importance particularly to companies whose business it is to licence patents. It seems that it could now be open to potential (and current) licencees to seek details of commercial agreements entered into by a patentee with other licencees outside of proceedings. This could be used in order to seek a better position from which to negotiate terms of a licence. While this may result in fairer licence terms for all and save litigation costs, it may come at different kind of cost to patentees who may find themselves curtailed when trying to negotiate different licence fees with

different companies.

by Katie Hutchinson and Brian Cordery

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