
CIVIL PROCEDURE NEWS

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Service of claim form – agreement varying time for service specified by rule

CPR rr.2.11, 6.15, 6.16, 7.4 & 7.5. After pre-action correspondence over several years, on February 22, 2007, company (C) (within relevant limitation period), issuing claim form against accountants (D) seeking damages for professional negligence relating to the accounts for companies within group of which C member for audit years 2000 and 2011. Both C and D represented by solicitors. On March 9, claim form provided by C to D, but expressly “not by way of service”. Parties agreeing that time limits fixed by CPR for service of claim form and particulars should be extended until terminated by one party giving 14 days written notice to the other. On June 3, 2008 (after expiry of limitation period), under erroneous impression that claim form had been served and that the parties had agreed an extension of time for serving particulars of claim, judge giving directions as to disclosure and other matters. On October 14, 2010, having still not served the claim form, with covering letter C serving particulars of claim confined to the 2001 audit. In letter to C of October 22, D referring to determination of stay agreement and on November 16 informing C that time for service had expired. On November 18, C applying for order that the claim form should be treated as validly served or, alternatively, that service should be dispensed with. On December 6, D applying for declaration that the court no longer had any jurisdiction to hear the claim because the claim form was not served in time. In extempore judgment, judge finding that D’s letter of October 22 had effectively ended the stay agreement before November 16 and holding (1) that the claim form had not been served within the period of its validity as extended by the extension agreement, (2) that D were not estopped from denying that the claim form had been validly served, (3) that the claim form had not been served by an alternative method within r.6.15, and (4) that, in the circumstances, it would be an impermissible exercise of the court’s power under r.6.16 to dispense with service of the claim form. Court of Appeal granting C permission to appeal. On appeal, C submitting (amongst other things) that upon receipt of C’s letter of October 14, a duty arose on D to correct C’s mistaken belief that the claim form had been previously duly served. **Held**, dismissing appeal, (1) there is no general duty owed by one party to proceedings to correct the mistakes of the other, but each case depends on its facts, (2) D’s letter of October 22 did not constitute a positive representation that D accepted that the claim form had been duly served or amount to a waiver of their entitlement to require its proper service, (3) for the reasons given by the judge, the claim form had not been served by an alternative method under r.6.15, and service should not be dispensed with under r.6.16. **Mannai Investment Co Ltd v Eagle Star Life Assurance Co Ltd** [1997] A.C. 749, HL, **The Stolt Loyalty** [1993] 2 Lloyd’s Rep. 281 (Clarke J.) ref’d to. (See further “In Detail” section of this issue of CP News.) (See **Civil Procedure 2011** Vol.1 paras 2.11.2, 6.15.1, 6.16.1 & 7.6.7.)

- **FRESENIUS KABI DEUTSCHLAND GMBH v CAREFUSION 303 INC** [2011] EWCA Civ 1288, November 8, 2011, CA, unrep. (Lord Neuberger MR, Aikens & Lewison L.JJ.)

Amendment of patent claim – discontinuance of infringement counterclaim – costs

CPR rr.17.3, 38.6, 52.3 & 63.6. Company (C) claimant bringing claim for revocation of patent owned by another company (D) on grounds of invalidity. D entering defence and counterclaiming for infringement. C initially relying on a number of pieces of prior art. C applying to amend pleadings by introducing an allegation of prior public use. On September 26, judge (1) granting C’s application, (2) giving directions for trial, and (3) making Earth Closet order containing usual term that, in the event of D (in the light of the amendment) electing to withdraw their defence and counterclaim and consenting to the revocation of the patent, they should be entitled to costs incurred after the election ([2011] EWHC 2052 (Pat)). On September 30, before amended pleadings served by C, D purporting to elect to withdraw etc. On C’s application for an order debarring D from relying upon any evidence at the trial of their (C’s) claim for revocation, on October 12, judge (1) holding (a) that D had not exercised their election in a manner that triggered the judge’s order, and (b) that their claim was still continuing, and (2) granting D permission to appeal ([2011] EWHC 2663 (Pat)). D appealing against the order of October 12, and C applying for permission to appeal against the Earth Closet order of September 26. **Held**, (1) allowing D’s appeal (a) the time for the making by D of their election ran from September 26, (b) D’s election was valid and their claim effectively discontinued, and (2)(a) although C did not oppose the Earth Closet order, in the circumstances permission to appeal should be granted, and (b) the appeal should be allowed because (i) the normal rules as to discontinuance and the costs implications thereof as provided by Pt 38 applied to patent claims, accordingly (ii) Earth Closet orders should not be made. **Williamson v Moldline Ltd** [1986] R.P.C. 556, CA, **Brookes v HSBC Bank Plc** [2011] EWCA Civ 354, March 29, 2011, CA, unrep., **Allen v Bloomsbury Publishing Ltd** [2011] EWCA Civ 943, July 14, 2011, CA, ref’d to. (See further, “In Detail” section of this issue of CP News.) (See **Civil Procedure 2011** Vol.1 paras 38.6.1 & 52.3.7, and Vol.2, paras 2F-7.13 & 2F-148.)

- **JSC BTA BANK v SOLODCHENKO & KYTHREOTIS** [2011] EWCA Civ 1241, October 28, 2011, CA, unrep. (Lord Neuberger M.R., Carnwath & Jackson L.JJ.)

Committal for contempt for breach of freezing order – sentence

CPR Sch.1 RSC Ord.52, r.1, Contempt of Court Act 1981 s.14. Foreign bank (C) bringing claim for misappropriation of assets against several corporate and individual defendants, including businessman (D) resident abroad and alleged to have been involved in certain transactions. C obtaining worldwide freezing order against D with disclosure provisions. C applying to commit D for contempt for non-compliance with those provisions. At hearing of this application on September 22, (1) D admitting contempt and offering to purge his contempt by September 28, and (2) judge finding (a) that D had acted in intentional disregard of the court's order and was in contempt, and (b) adjourning sentencing until September 29, subsequently further adjourned to October 19. In interim periods, D serving affidavits and documents. C disputing that D's disclosure was complete and accurate. On the basis that the contempt had been purged, in reserved judgment delivered on November 2, judge imposing no sentence ([2011] EWHC 2843 (Ch), [2011] 1 W.L.R. 906). Throughout, D not appearing in person but represented by counsel. Court of Appeal granting C's applications for permission to appeal and for permission to introduce additional evidence (which C submitted proved that D had presented false evidence to the judge and had not purged his contempt). In advance of hearing, D filing affidavit asserting that he had been subject to threats and admitting that he made false statements. **Held**, allowing appeal, (1) in the circumstances the judge's sentencing, based on the assumption that D had purged his contempt, could not stand, (2) the proper course was for the Court of Appeal to determine sentence as the facts stood on November 2, and not to remit the matter to the judge, (3) this was a case of deliberate refusal to comply with a court order and the suggestion that D's false evidence and withholding of documents was induced by duress had to be rejected, (4) the proper sentence was 21 months imprisonment, (5) the punitive element of the sentence for D's past non-compliance should be nine months imprisonment. Principles of sentencing for contempt for breach of freezing orders explained. *Lightfoot v Lightfoot* [1989] 1 F.L.R. 414, CA, *Daltel Europe Ltd v Makki* [2006] EWCA Civ 94, [2006] 1 W.L.R. 2704, CA, *Lexi Holdings Plc v Luqman* [2010] EWCA Civ 1116, August 6, 2010, CA, unrep., ref'd to. (See *Civil Procedure 2011* Vol.1 para.sc52.1.39, and Vol.2 para.3C-40.)

- **NEW CAP REINSURANCE CORPORATION LTD v GRANT** [2011] EWCA Civ 971, August 9, 2011, CA, unrep. (Mummery, Lloyd & McFarlane L.JJ.)

Registration of foreign judgment given in insolvency proceedings

CPR r.74.3. Foreign Judgments (Reciprocal Enforcement) Act 1933 ss.4, 6 & 11, Reciprocal Enforcement of Foreign Judgments (Australia) Order 1994 art.4(a), Insolvency Act 1986 s.426. Lloyds' syndicate (D) placing reinsurance with Australian company (X Co). X Co paying sums to D by way of commutation of its liabilities. Liquidator of X Co (C) bringing claim against D in New South Wales court to set aside and recover the payments as being a preference. C alleging that X Co was insolvent when the payments were made. In those proceedings, which D did not contest, court giving judgment for C and ordering that letter of request be sent to the English court seeking assistance. C then commencing proceedings against D in English Companies Court seeking the relief indicated in that letter, including (amongst other things) request that the court should exercise its jurisdiction under s.426. Judge holding (1) that it was not open to C to enforce the NSW order under the 1933 Act, because that Act did not apply to insolvency proceedings, but (2) exercising jurisdiction under s.426 and making orders for enforcement accordingly ([2011] EWHC 677 (Ch)). **Held**, dismissing D's appeal, (1) the 1933 Act does apply to judgments under which a sum of money is payable made in insolvency proceedings by a recognised court, subject to the terms of the Order by which the court is recognised, (2) the 1994 Order recognised the relevant Australian courts in terms such that any judgment of such court which falls within the definition of s.1(1) is a judgment to which Pt I of the 1933 Act applies, (3) the use of the phrase "civil or commercial matter" in art.4(a) of that Order does not limit the class so as to exclude money judgments granted in insolvency proceedings, (4) s.426 can also be used to seek assistance with a view to enforcement of a money judgment granted in foreign insolvency proceedings, as that is not excluded by s.6 and, in this case, the judge's exercise of discretion under s.426 was not at fault. Observations on circumstances in which registration of a foreign judgment may be set aside under s.4 of the 1933 Act. *Rubin v Eurofinance SA* [2010] EWCA Civ 895. [2011] Bus L.R. 84, CA, ref'd to. (See *Civil Procedure 2011* Vol.1 paras 74.6.1 & 74.6.4.)

- **PAPA JOHNS (GB) LTD v DOYLEY** [2011] EWHC 2621 (QB), October 5, 2011, unrep. (John Leighton Williams Q.C.)

Permission to call witness – witness statement not served according to directions

CPR rr.1.1, 3.8, 3.9, 32.4 & 32.10. Company (C) entering into a lease and franchise agreement with another company (X). Upon X's failure to fulfil its obligations under the agreement, C bringing claim against a director (D) of X as guarantor. D making counterclaim alleging misrepresentation, which C defended. Master making

usual order for pre-trial exchange of statements of all witnesses of fact upon whom the parties intended to rely. By agreement, trial opened by D and, when D's evidence completed, adjourned part-heard over the long vacation. Before reconvened trial, C serving statements of additional witnesses (former employees), and making an application under r.32.10 (opposed by D) for permission to rely on their evidence. **Held**, granting applications in part, (1) r.32.10 states that, where a statement is not served in respect of an intended witness within the time specified by the court, then the witness may not be called to give oral evidence unless the court gives permission, (2) the wording of that rule amounts to a "sanction" in the terms of r.3.8(1), taking effect for failure to comply with a rule, (3) consequently, in determining whether permission should be granted, the court should consider all the circumstances, including the specific matters listed in r.3.9(1). Judge explaining that, when r.3.9 is considered, the application of each of the various sub-paragraphs should first be considered, and then the court should stand back and assess the overall effect of compliance or non-compliance, rather than consider how many sub-paragraphs have been complied with or not complied with as the case may be (para.95). **Beachley Property Ltd v Edgar** [1997] P.N.L.R. 197, CA, **Primus Telecommunications Netherlands BV v Pan European Ltd** [2005] EWCA Civil 273, February 23, 2005, CA, unrep., **Nottinghamshire & City of Nottingham Fire Authority v Nottingham County Council** [2011] EWHC 1918, April 20, 2011, unrep. (Peter Smith J.), ref'd to. (See **Civil Procedure 2011** Vol.1 paras 3.9.1 & 32.10.2.)

- **R. (SIMMONS) v BOLTON METROPOLITAN BOROUGH COUNCIL** [2011] EWHC 2729 (Admin), September 23, 2011, unrep. (Judge Pelling Q.C.)

Variation of prospective costs order – procedure for in judicial review claim

CPR rr.3.9, 23.3 & 54.12. Judge granting application of individual (C) acting in a representative capacity for permission to proceed in a claim for judicial review against local authority (D) and giving directions. Judge also making protective costs order limiting to £20,000 costs recoverable by C up to and including the substantive hearing with liberty to apply within seven days of service of the order to vary or discharge and giving directions to take effect in the event of such application being made. Very shortly after expiry of the seven day period, by letter received by the court on July 8, 2011, C applying for a variation of the PCO. Subsequently, by application notices dated July 27 and September 14, C making further applications in the proceedings, including applications to extend time for filing evidence and to vacate the date for the substantive hearing. D opposing these applications. In particular, D submitting that C's application to vary the PCO was not validly made by the letter to the court but was only made, if at all, by one or other of the application notices and thus was substantially out of time and should be dismissed. **Held**, granting C's applications, (1) judicial review claims are governed procedurally by CPR Pt 54 but also by the other provisions of the CPR, save where those provisions have been excluded or modified, (2) CPR Pt 23 applies to any application for, or to vary, a court order, (3) r.23.3 requires a person making an application to first file an application notice unless the application may be made without such a notice by operation of a rule or practice direction, or the court dispenses with the requirement for an application notice, (4) in this case, as none of the exceptions applied, any application for a variation of the PCO granted by the judge's order had to be made by an application notice, (5) accordingly, C's letter to the court did not constitute a valid application, however (6) it was appropriate to regard C's application notice of July 27 as being in substance an application to vary the PCO, albeit one made significantly out of time, and (7) in the circumstances, and applying the r.3.9 criteria, time for making the application should be extended down to the date of issue of that application notice. Judge explaining that the proper course to adopt in relation to C's application to extend time was to approach it by reference to all the circumstances of the case and, in particular, those identified in r.3.9, either because the judge's order was to be regarded as imposing a sanction that no application to vary was to be permitted unless it was made within the time limit identified in his order, or because the application was closely analogous to an application for relief from sanction (para.26). (See **Civil Procedure 2011** Vol.1 paras 3.9.1, 23.0.3, 23.3.2 & 54.0.2.)

- **SIMPSON v NORFOLK & NORWICH UNIVERSITY HOSPITAL NHS TRUST** [2011] EWCA Civ 1149, October 12, 2011, CA, unrep. (Maurice Kay & Moore-Bick L.JJ. and Dame Janet Smith)

Assignment of claim – whether claim purely personal – champerty

CPR r.3.4, Law of Property Act 1925 s.136, Human Rights Act 1998 Sch.1 Pt II art.1. In January 2009, former patient (X) commencing personal injury claim against hospital (D) alleging that they failed to exercise proper infection control. Before proceedings concluded, X purporting by deed to assign his claim to an individual (C). C and her husband (now deceased), whilst patients at D had both acquired the same infection as that which afflicted X. After the assignment, C pursuing the claim in her own name and for her own benefit, and doing so believing that she had a legitimate interest in forcing D to confront its failure to implement adequate procedures to control infection. On D's application under r.3.4 to strike out the claim, circuit judge holding (1) because

the claim was essentially personal in nature it was incapable of assignment, (2) even if the claim was capable of assignment, C did not have an interest in it of a kind necessary to support a valid assignment. On C's appeal, **held**, dismissing the appeal, (1) subject to some exceptions, choses in action are capable of assignment, (2) the exceptions include choses in action that are considered to be essentially personal in nature, (3) in determining whether a chose in action falls within this exception, the critical question is whether the identity of the person to whom the obligation is owed is an essential aspect of it, (4) in principle there is no reason why a claim for damages for personal injury, even where no claim for loss of earnings is made, should not be regarded as a chose in action capable of assignment, (5) although the right to recover damages for personal injury depends on proof of a wrongful act or omission causing harm to the person of the claimant, the obligation to pay compensation, which arises by operation of law, is not of a purely personal nature, (6) accordingly, the claim in this case was not a chose in action rendered incapable of assignment by reason of falling within the "essentially personal" exception, however, (7) the law will not recognise on the grounds of public policy an assignment of a bare right to litigate, that is, a right to litigate unsupported by an interest of a kind sufficient to justify the assignee's pursuit of proceedings for his own benefit, further (8) the assignment of a cause of action for the purposes of enabling the assignee or a third party to make a profit out of the litigation will generally be void as savouring of champerty, (9) despite her honourable motives, C did not have an interest in X's claim of a kind that the law should or does recognise as sufficient to support an assignment of what would otherwise be a bare right of action, further (10) the assignment plainly savoured of champerty, given that it involved the outright purchase by C of a claim which, if it were successful, would lead to her recovering damages in respect of an injury that she had not suffered, (11) these rules of law, having the effect of refusing X's assignment of his claim, did not involve an unlawful interference with X's right to protection of property under art.1 of the First Protocol. **Trendtex Trading Corporation v Credit Suisse** [1982] A.C. 679, HL, **Giles v Thompson** [1994] 1 A.C. 142, H.L., **Ord v Upton** [2000] Ch. 352, CA, **R. (Factortame) v Secretary of State for Transport, Local Government and the Regions (No. 8)** [2003] Q.B. 381, CA, **Sibthorpe v London Borough of Southwark** [2011] EWCA Civ 25, [2011] 1 W.L.R. 2111, CA, *ref'd to*. (See **Civil Procedure 2011** Vol.2, paras 3D-87 & 7A-72.)

■ **STANDARD CHARTERED BANK v CEYLON PETROLEUM CORPORATION** [2011] EWHC 2094 (Comm), August 1, 2011, unrep. (Hamblen J.)

Interest on judgment sum – claim in foreign currency – deferred interest on costs

CPR r.40.8, Senior Courts Act 1980 s.35A, Judgments Act 1838 ss.17 & 18, Administration of Justice Act 1970 s.44A. Importer of petroleum products (C) bringing action for US\$161m (plus interest) claimed under derivative transactions entered into under an ISDA Master Agreement with a foreign state-owned oil company (D). D defending claim on grounds of lack of authority etc. On July 11, 2011, trial judge giving judgment for C with costs, dismissing D's counterclaim, and ordering them to pay C US\$166,476,281 (the "judgment sum") by August 8, 2011 ([2011] EWHC 1785 (Comm)). Subsequently, parties disagreeing as to (1) the calculation of post-judgment interest on the judgment sum, and (2) the date from which interest on costs payable by D to C should run. In particular, D contending (a) that a clause in the Master Agreement, providing that a party in default liable to pay interest, before as well as after judgment, on amounts overdue at a contractual, had the effect of restricting interest to that rate, or (b) that the appropriate rate was US Prime Rate (3.25 per cent) and not the statutory rate of interest fixed by s.17 (8 per cent). **Held** (1) the effect of the clause was to preserve an innocent party's right to claim contractual interest following judgment, and not to cap the rate of interest to which it is entitled, (2) accordingly it was not to be construed as an agreement that C would not be entitled to interest at the statutory rate, (3) where a judgment is expressed in a currency other than sterling the court has a discretion under s.44A to vary the statutory rate, (4) the inclusion of an English jurisdiction clause is not sufficient reason for the court to refuse to exercise that discretion, (5) however, in the circumstances, it was appropriate for the court to exercise the discretion and to award interest at a rate suitable for the currency of the judgment, that was at the US Prime Rate, (6) the costs payable by D was a sterling judgment debt and interest thereon was payable at the statutory rate from the date of the judgment, subject to any exercise by the court of its discretion under r.40.8(1) to order such interest from a later date (with interest at a lower rate in the meantime), (7) such an order should not be made routinely and it was necessary to justify any departure from the usual rule, (8) the exercise of the discretion may be justified where the court considers that there are real issues of proportionality and reasonableness on taxation, particularly if large amounts of costs are involved, (9) in the circumstances it was appropriate to order a postponement of four months. **Schlumberger Holdings Ltd v Electromagnetic Geoservices** [2009] EWHC 733 (Pat), February 23, 2009, unrep., **Colour Quest Ltd v Total Downstream UK Plc** [2009] 2 Lloyd's Rep. 1, **D Pride & Partners v Institute for Animal Health** [2009] EWHC 1617 (QB), [2009] 5 Costs L.R. 803, **Cranway Ltd v Playtech Ltd** [2009] EWHC 2008 (Pat), July 27, 2009, unrep., **London Tara Hotel Ltd v Kensington Close Hotel Ltd** [2011] EWHC 29 (Ch), January 14, 2011, unrep., **Fiona Trust Holdings v Privalov** [2011] EWHC 1312 (Comm), May 25, 2011, unrep., *ref'd to*. (See **Civil Procedure 2011** Vol.1 paras 40.8.3 & 40.8.4, and Vol.2, para.9B-49+.)

- **VTB CAPITAL PLC v MALOFEEV** [2011] EWCA Civ 1252, October 4, 2011, CA, unrep. (Carnwath & Jackson L.JJ.)

Application to discharge freezing order pending – whether ancillary asset disclosure order should be suspended

CPR r.25.1(1)(g). In claim for deceit and conspiracy to defraud, bank (C) serving claim form on individual (D) and other defendants (X) out of the jurisdiction. As against D, C obtaining worldwide freezing order and disclosure of assets order. X making applications challenging the court's jurisdiction under r.11. At inter partes hearing, where D (upon whom service was delayed) intimated a r.11 challenge to jurisdiction, judge (1) continuing freezing order, and (2) ordering (a) that D comply with the disclosure order by September 26, and (b) that the several r.11 applications be heard together on October 31. On September 22 and 23, D applying to discharge the freezing order and offering undertakings in lieu, and (if necessary) for an extension of time for complying with the disclosure order. Vacation judge (1) adjourning first application to early October date, (2) extending by one day date for compliance with disclosure order, and (3) ordering that, in the event of D's not being able to make complete or fully accurate disclosure, he should by October 3 serve an explanatory affidavit. Single lord justice granting D permission to appeal. D accepting that the forthcoming challenge to jurisdiction was not a ground for suspending the disclosure order, but submitting that the judge ought to have extended time for compliance with that order until the discharge application could be resolved. **Held**, dismissing the appeal, (1) no distinction was to be drawn between the jurisdictional challenge and the discharge application, as both in effect were applications to discharge the freezing order, (2) the former was made on the basis that the original order should never have been made and the latter on the basis that, even if properly made initially, it was no longer necessary, (3) the judge was exercising a discretion on the narrow question of whether any, and if so what, extension of time should be granted in relation to the order for disclosure of assets, (4) the issue was whether the judge made an error of such a character that the Court of Appeal should interfere, (5) the judge reached a perfectly sensible and reasonable decision on the basis of the material before him with which the appeal court should not interfere. **Motorola Credit Corp v Uzan** [2002] EWCA Civ 989, [2002] 2 All ER (Comm) 945, CA; **JSC BTA Bank v Ablyazov** [2009] EWCA Civ 1125, [2010] 1 All ER 1029 (Comm), CA, *ref'd to*. (See **Civil Procedure 2011** Vol.1, para.25.1.26, and Vol.2, para.15-74.)

Practice Directions

Supreme Court of the United Kingdom Practice Directions. Revisions have been made to Practice Direction 5 (Papers for the Appeal Hearing) para.5.1.2 (General note), making stipulations as to font size and script for all documents placed before the Court, to Practice Direction 6 (The Appeal Hearing) para.6.5.2 (Form and content of authorities volumes) requiring that materials in the first volume should be those that will actually be turned up and looked at most often during the hearing, and to Practice Direction 14 (Filing Documents in the Registry of the Supreme Court by Electronic Means) para.14.5.2 (Format of electronic documents) for purpose of achieving consistency and uniformity as to pagination and display view size (*ibid* para.4A-194). (See **Civil Procedure 2011** Vol.2 paras 4A-93, 4A-102 & 4A-194.)

Statutory Instruments

COURT OF PROTECTION (AMENDMENT) RULES 2011 (SI 2011/2753)

Court of Protection Rules 2007. Insert r.7A enabling the Senior Judge or the President to authorise a court officer to exercise the jurisdiction of the Court in circumstances as set out in the relevant practice direction. In force December 12, 2011. (See **Civil Procedure 2011** Vol.2 para.6B-112+)

In Detail

AGREEMENT TO EXTEND TIME FOR SERVICE OF CLAIM FORM

In the run-up to the enactment and bringing into effect of the CPR, practitioners were led to believe that, once a claim was commenced, it would proceed according to a strict and tight timetable imposed by a mixture of rules of court and court orders, that the court would monitor case progress (presumably using the sophisticated IT technology that Lord Woolf warned would be necessary for this purpose), and that variations from the timetable would be controlled by the court and not readily permitted. Under the RSC, the period of initial validity of a writ for service was 12 months. Applications to extend time for service were readily granted. (In the RSC there was a rule which enabled a defendant to take steps to force service, but claimant solicitors were rarely troubled by that. With the imposition of shorter time limits and with the expectation that courts would monitor case progress effectively, it was not thought necessary to include that rule in the CPR.)

However, in the interest of reducing delays, under the CPR the period of initial validity for service was reduced to (generally) four months (see now r.7.5(1)) and it was further provided that particulars of claim had to be served within 14 days after service of the claim form (if not served with the claim form) (see now r.7.4(1)) and that a defence had to be served 14 or 28 days after that (depending on whether an acknowledgment of service was served) (see now r.15.4(1)). That was bad news for practitioners, whether acting for claimants or defendants. But the good news was that those time limits were among the time limits "specified" by CPR provisions that could be "varied by the written agreement of the parties" (r.2.11). The form of such agreements was examined by the Court of Appeal in *Thomas v Home Office* [2006] EWCA Civ 1355, [2007] 1 W.L.R. 230, C.A. (see White Book 2011 Vol.1 para.2.11.2).

Where parties take advantage of r.2.11 and agree that the time limits referred to above should be "varied" there is no restriction imposed by that rule on the terms of the variation, or on the variation of an agreement by subsequent agreements. Further, it seems that it is not the case that the variation should be to a date fixed. (It may be noted that r.2.9(2) states that where the date by which an act must be done is inserted "in any document", that date must "wherever practicable" be expressed as a calendar date.) Presumably, where a time limit fixed by a rule is varied by party agreement, it remains a time limit imposed by the rule, and therefore remains a time limit which the court itself may vary on application (but this point did not arise in the case mentioned immediately below).

In the recent case of *Bethell Construction Ltd v Deloitte & Touche* [2011] EWCA Civ 1321, November 18, 2010, C.A., unrep., with the expiry of the relevant limitation period looming, the claim form was issued on February 22, 2007, and on March 9, a copy of it was provided by the claimant (C) to the defendant (D), but expressly "not by way of service". Shortly before the expiry of the four month period of initial validity for service, the parties agreed "extensions of time" for service by C of the claim form and particulars. The agreement extended time "to 2nd August or 14 days after written notice is given by one party to the other (such notice to be given after 2nd August) whichever is the later". In the event the documents were not served by August 2, 2007, with the result that the time within which they should be served had been extended, not to a particular date, but to within a date as to be determined by the notice of one party or the other. In effect, time was extended indefinitely.

On October 14, 2010, under a covering letter, C served particulars of claim. Apparently C had forgotten that the claim form had not been served and had overlooked the effect of the agreement (made in June 2007) varying the date specified by r.7.5(1) for such service. By letter of October 22, D did not remind C that the claim form had not been served within time as extended by the agreement, but did remind C of the existence of the agreement and exercised their right under it to "give the requisite 14 days formal notice of determination of the stay". On November 16, D wrote again to C stating that, in accordance with the agreement, the period of validity for service of the claim form had by then ended and no claim form had been served within that period. C sought to retrieve the situation by seeking to serve a re-sealed version of the original claim form and by issuing and serving a further claim form in like terms.

On November 18, C applied for an order that the claim form should be treated as validly served or, alternatively, that service should be dispensed with. On December 6, D applied for a declaration that the court no longer had any jurisdiction to hear the claim because the claim form was not served in time. One argument put by C was that there should be implied in their covering letter of October 14 a statement to the effect that the copy of the claim form sent to D on March 9, 2007, but "not by way of service", should now be treated as served. The judge and the Court of Appeal rejected that "constructive service" submission on the ground that a party is not entitled unilaterally to determine on a method of service of the claim form not authorised by the rules. As is explained in the summary of this case in the "In Brief" section of this issue of CP News, other submissions made by C were also rejected, with the result D's application succeeded and C's failed.

COSTS ON DISCONTINUANCE OF PATENT INFRINGEMENT CLAIM

The specimen minute of order for directions annexed to the Patents Court and Patents County Court Guide contains directions designed to cover “most normal eventualities” (White Book 2011 Vol. 2, para. 2F-147). One of the eventualities dealt with (in para. 3) is the costs consequences that should follow where patent infringement proceedings come to an end in the following circumstances; that is to say where (1) a patentee, having brought a claim for infringement, and (2) the defendant (a) having served a defence and brought a counterclaim for revocation of the patent (alleging grounds of invalidity), and (b) having been given permission to amend the counterclaim (e.g. to add further examples of prior use), (3) the claimant (a) withdraws his defence to the amended counterclaim and (b) discontinues his claim. The specimen order states that, in these circumstances, (1) the claimant shall pay the defendant’s costs of the claim and counterclaim up to and including the date of service of the defendant’s original defence and counterclaim, and (2) the defendant shall pay the claimant’s costs of the claim and counterclaim incurred thereafter. The interesting thing about the order is that it is made, not when the claimant discontinues, but when the court gives the defendant permission to amend, creating for the claimant the dilemma of either electing to continue with his claim or to abandon it. It is, in effect, a prospective costs order stating what the costs consequences shall be in the event of the claimant electing to discontinue.

This order (the last part of which is striking) is based on long-standing authority, in particular on an order made by Sir George Jessel M.R. in *Baird v Moule’s Patent Earth Closet Co Ltd (Note)* (1881) L.R. 17 Ch. 139, and adapted by Eve J. in *See v Scott-Paine*, (1933) 50 R.P.C. 56. The order is generally known as an “Earth Closet order”, because such a sobriquet is much more fun, though it is really the order made by Eve J. which became established in patent proceedings practice. In *Williamson v Moldline Ltd* [1986] R.P.C. 556, C.A., the history and function of Earth Closet orders were examined by Slade L.J. His lordship said (p 563) that, although the practice of making such orders had survived the test of time for over a century, it would not be right for a judge blindly to follow it, wholly without regard to the particular facts of the case before him. However, it seems that departures from the practice were not common. (For further explanation, see White Book Vol.2, para.2F-7.13, and authorities referred to there.)

In civil proceedings to which the CPR apply, if the court decides to make an order about costs, the general rule is that the unsuccessful party will be ordered to pay the costs of the successful party, but the court may make a different order (CPR r.44.3(2)). Clearly, an Earth Closet order, by requiring the defendant to pay the claimant’s costs incurred after the date of service of the original defence and counterclaim, runs counter to that general rule. Further, a claimant who discontinues a claim is liable for the costs which a defendant against whom the claimant discontinues incurred on or before the date on which notice of discontinuance was served, but the court may order otherwise (CPR r.38.6(1)). Clearly, an Earth Closet order runs counter to that general rule also.

In more modern times, both before and after the enactment of the CPR, experienced patent court judges sitting at first instance have doubted whether Earth Closet orders should be made at all. In *GEC Alsthom Limited’s Patent*, [1996] F.S.R. 415, Laddie J. pointed out the injustices that could arise. In *Baxter Health Care Corporation v Abbott Laboratories*, [2006] EWHC 2693 (Pat), October 25, 2006, unrep., Pumfrey J. confessed to having never really understood the rationale for such orders.

In the recent case of *Fresenius Kabi Deutschland GmbH v Carefusion 303 Inc* [2011] EWCA Civ 1288, November 8, 2011, C.A., unrep., the Court of Appeal (Lord Neuberger M.R., Aikens & Lewison L.JJ.) held that, henceforward, Earth Closet orders should not be made. The Court stated that the specimen order annexed to the Patents Court and Patents County Court Guide should be amended accordingly, and the order “should be consigned to the place that bears its name” (para.16). The Court’s principal justification for so holding was that it saw no reason why the normal rules as to costs orders on discontinuance as provided by CPR r.38.6 should not apply to those circumstances where traditionally Earth Closet orders have been made. The Court noted that, although special rules of court for patent claims are found in CPR Pt 63, no provision therein modifies or disapplies r.38.6. The Court referred to *Brooke v HSBC Bank Plc* [2011] EWCA Civ 354, March 29, 2011, C.A., unrep., where the principles to be applied in determining whether the usual costs consequences of discontinuance should prevail were stated (at para.6), approving the principles stated by Judge Waksman Q.C. in the court below (see *Teasdale v HSBC Bank Plc* [2010] EWHC 612 (QB), [2010] 4 All E.R. 630, at para.7). Doubtless, in the future cases will arise where claimants elect to discontinue patent infringement proceedings in the light of late amendments to points of invalidity asserted in revocation counterclaims will submit that there is, consistent with those principles, good reason for departing from the presumption that the defendant should recover all of his costs.

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