

**EXPLANATORY MEMORANDUM TO  
THE RULES OF THE SUPREME COURT (NORTHERN IRELAND) (AMENDMENT  
No. 3) 2006**

**Statutory Rule 2006 No. 486**

1. This explanatory memorandum has been prepared by the Department for Constitutional Affairs (Northern Ireland Court Service) and is laid before Parliament by Command of Her Majesty.

**2. Description**

- 2.1 These Rules amend the Rules of the Supreme Court (Northern Ireland) 1980 (S.R. 1980 No. 346) (“the principal Rules”) so as to:

- implement fully United Kingdom obligations under Directive 2004/48/EC, the European Directive on Intellectual Property, and remove a small number of references to repealed intellectual property legislation from the principal Rules;
- take account of amendments made to the Damages Act 1996 by the Courts Act 2003 to provide that payments of damages awarded for future loss and care costs in respect of personal injury may in appropriate cases be made by periodical payments;
- provide for additional information to be included in an originating summons for a return application under the Hague Convention in consequence of Council Regulation (EC) No. 2201/2003 (“the Brussels IIa Regulation”);
- ensure that a register of decisions registered under section 16 of the Child Abduction and Custody Act 1985 (“the 1985 Act”) shall be kept;
- take account of amendments to the 1985 Act made as a consequence of the Child Abduction and Custody Act (Jersey) Order 2006;
- provide that on the commencement of a Commercial action the Plaintiff’s solicitor must request that the action be entered in the Commercial List; and
- designate securities in which the Accountant General may invest funds in Court.

**3. Matters of special interest to the Joint Committee on Statutory Instruments or the Select Committee on Statutory Instruments.**

- 3.1 None

**4. Legislative Background**

*The European Directive on Intellectual Property*

- 4.1 The aim of Directive 2004/48/EC (“the Directive”) is to harmonise civil enforcement of intellectual property rights across the European Community. It sets out a common framework covering elements including evidence, injunctions, protection of evidence and damages. The Directive was implemented by the Intellectual Property (Enforcement, etc.) Regulations 2006 (S.I.2006/1028) (“the Intellectual Property

Regulations”). The amendments to primary legislation made by the Intellectual Property Regulations extend to Northern Ireland. The additional amendments and clarifications to court rules required to ensure full implementation of the Directive in England and Wales were given effect by amendments made in the 41<sup>st</sup> update to the Civil Procedure Rules. This instrument will make similar amendments to the principal Rules to clarify and where necessary amend procedure so as to ensure that the same remedies are available in Northern Ireland as are available in other parts of the United Kingdom.

- 4.2 A transposition note was prepared in respect of the Directive and appended to the Intellectual Property Regulations. Relevant excerpts from the transposition note are appended to this memorandum, while the full note is available at [http://www.opsi.gov.uk/si/em2006/uksiem\\_20061028\\_en.pdf](http://www.opsi.gov.uk/si/em2006/uksiem_20061028_en.pdf). The instrument implements the changes and clarifications required in Northern Ireland as a consequence of Articles 9, 10, and 15 of the Directive and set out in the transposition note.

#### *The Damages Act 1996*

- 4.3 Section 2 of the Damages Act 1996 (“the 1996 Act”) gave courts in England, Wales and Northern Ireland the power to order that damages for future pecuniary loss in respect of personal injury are paid wholly or partly in the form of periodical payments rather than in a lump sum provided that the parties consent. The power did not extend to making such an order should the parties not both consent, or to varying the orders subsequently.
- 4.4 Section 100 of the Courts Act 2003 (together with section 101, which makes provision for the enhanced protection of periodical payments) amends the 1996 Act to replace section 2 of the 1996 Act with three new sections. The new sections includes power for the court to order that damages for future pecuniary loss in respect of personal injury shall take the form wholly or partly of periodical payments without requiring the parties consent; and provide that the Lord Chancellor may by Order enable a court to vary an order or settlement providing for periodical payments in specified circumstances.

#### *Council Regulation (EC) 2201/2003 (Brussels IIa)*

- 4.5 The Brussels IIa Regulation repeals and replaces Council Regulation (EC) No. 1347/2000 of 29<sup>th</sup> May 2000, extending it to include matters of parental responsibility where there are no matrimonial proceedings. The Brussels IIa Regulation impacts on jurisdiction in parental responsibility matters and recognition and enforcement of orders relating to such matters. It includes provisions which supplement and strengthen provisions of the Hague Convention on the Civil Aspects of International Child Abduction (1980) (“the Hague Convention”) and the earlier European Convention on Recognition and Enforcement of Decisions Concerning Custody of Children (1980) (“the European Convention”) relating to child abduction, parental responsibility and contact.
- 4.6 Article 11 of the Brussels IIa Regulation aims to ensure the prompt return of a child to his or her Member State of origin, by restricting the exceptions to return set out at

Article 13(b) of the Hague Convention (which provides that the court is not obliged to make a return order if it would expose the child to physical or psychological harm or put him/her in an intolerable situation). Article 11(4) of the Brussels IIa Regulation obliges the Court to order the return of the child to cases where a return could expose the child to such harm, but it is established that the authorities in the Member State of origin have made or are prepared to make adequate arrangements to secure the protection of the child after the return.

#### *Child Abduction and Custody Act 1985*

- 4.7 The 1985 Act gives effect in the United Kingdom to the Hague Convention and the European Convention. Section 16 of the 1985 Act allows a person on whom rights are conferred by a decision on custody made by an authority in another State which is a party to the Convention (a Contracting State) to apply for the registration of that decision in the United Kingdom. An application to register a decision is treated as a request for enforcement for the purposes of Article 10 and 13 of the Hague Convention. Section 17 of the 1985 Act makes provision in relation to the variation and revocation of registered decisions. Provision for a register of decisions registered under section 16 of the 1985 Act was made in England and Wales by the Family Proceedings (Amendment) Rules 2005 (S.I. 2005/264) (“the 2005 Rules”).

#### *The Child Abduction and Custody Act 1985 (Jersey) Order 2006*

- 4.8 When the United Kingdom ratified the Hague Convention and the European Convention, Jersey was excepted from the provisions. Jersey subsequently enacted the Child Abduction and Custody (Jersey) Law 2005 to give effect to the two conventions. The Child Abduction and Custody Act 1985 (Jersey) Order 2006 (“the Jersey Order”) modifies the 1985 Act so as to extend to Jersey the provisions applying between the United Kingdom jurisdictions in respect of the transmission of Convention applications, suspension of jurisdiction and transfer of applications between courts.

#### *Listing of Commercial Actions*

- 4.9 Order 72 of the principal Rules provides for the practice and procedure governing the conduct of commercial actions. A commercial action is defined at Order 72, rule 1 and may include, for example, actions involving banking, engineering, construction or mercantile matters. Commercial actions are subject to distinct listing and administrative actions and there is a greater degree of judicial case management than in other Queen’s Bench actions.
- 4.10 The principal Rules provide that on commencement of proceedings in a commercial action, the Plaintiff’s solicitor *may* request the Registrar in charge of the Commercial List to enter the action on that List. Consequently, a Plaintiff’s solicitor may opt to begin an action, even if it is clearly a commercial action, in the general list

#### *Power to Designate Securities*

- 4.11 Funds in Court consist generally of awards granted to or settlements made in favour of minors or patients who are incapable of looking after their own affairs. In such cases, the Court will retain and invest funds on behalf of those persons. Section 81 of the Judicature (Northern Ireland) Act 1978 (“the Judicature Act”) provides that funds in Court may be invested in a number of ways subject to the Court’s power to order by way of exception that they may be invested by alternative means. One of the prescribed investment options under section 81 is for the Accountant General of the Supreme Court of Judicature to invest in securities designated by rules of court.
- 4.12 Order 80 of the principal Rules includes provisions relating to actions involving minors and persons under disability, and this instrument inserts two additional rules for the purpose of designating securities in which the Accountant General may invest in accordance with his powers under section 81(a)(iii) of the Judicature Act.

## **5. Territorial Extent and Application**

- 5.1 This instrument applies to Northern Ireland only.

## **6. European Convention on Human Rights**

- 6.1 As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

## **7. Policy background**

### *The European Intellectual Property Directive*

- 7.1 Order 29 of the principal Rules includes provisions for interlocutory injunctions and interim payments. This instrument amends Order 29 to provide that the Court may also grant an interim order under Article 9 of Directive 2004/48/EC (the Directive) to make continued infringement of an alleged right subject to guarantees. While such an order is not dissimilar to an order for damages in lieu of an injunction, an order currently provided for under the principal Rules, it is uncommon to exercise this discretion to sanction future infringements: such an order would be unfamiliar to Courts in Northern Ireland. This instrument will therefore insert a provision into Order 29 of the principal Rules clarifying the power to make such an order.
- 7.2 Article 9 of the Directive further requires that interim orders should be available before the issue of proceedings but that any interim order should be made conditional on the matter being brought before the court in a reasonable time. The principal Rules currently provide that when a Court makes an interim order, it **may** make such an order conditional on the issue of proceedings. The instrument will provide that where the Court makes an order before the issue of a writ or summons in an action under the Directive, the order **shall** be granted only on terms providing for the issue of the writ or summons

- 7.3 Orders 93, 100 and 104 of the principal Rules govern practice and procedure relating to alleged infringement of Trade Marks, Patents and other Intellectual Property Rights, and this instrument inserts a new rule into each of these orders providing for the costs of forfeiture and destruction to be borne by the Defendant. This instrument also provides that the costs of dissemination of judgements in proceedings under those Orders are to be borne by the Defendant, and removes references to repealed legislation from the Orders.
- 7.4 The principal Rules currently provide a wide discretion to the Court in considering costs and damages. The Directive requires that measures, including the recalling or removing the goods from the channels of commerce, or destroying the goods or related material, may be carried out at the expense of the infringer (Article 10). The Defendant should be responsible for these costs unless the Court orders otherwise. This instrument amends Orders 93, 100 and 104 to clarify this power.
- 7.5 The Directive also requires that the Court has power to order, on application, and at the expense of the infringing party, appropriate measures for the dissemination of information concerning the decision, including displaying the decision and publishing it in whole or in part (Article 15). Requiring a defendant to bear the costs of disseminating a judgment is uncommon in Courts in Northern Ireland, and this instrument amends Orders 100 and 104 to clarify this power.
- 7.6 This instrument also makes minor amendments to Orders 100 and 104 to reflect the repeal of earlier Intellectual Property legislation by the Trade Marks Act 1994.

#### *The Damages Act 1996*

- 7.7 In March 2002, the Lord Chancellor published a consultation paper, “Damages for Future Loss: Giving Courts the Power to Order Periodical Payments for Future Loss and Care Costs in Personal Injury Cases”, which sought views on the use of periodical payments in personal injury cases. A considerable majority of responses to the consultation paper agreed that the courts should have the power to order periodical payments without the consent of the parties. The report can be accessed at <http://www.dca.gov.uk/consult/general/periodpayresp.htm>. The proposals contained in the consultation paper were implemented by sections 100 and 101 of the Courts Act 2003.

#### *Council Regulation (EC) 2201/2003 (Brussels IIa)*

- 7.8 Order 90 of the principal Rules already makes provision prescribing the content of an originating summons used to bring an application under the Hague Convention and the European Convention. The instrument will amend Order 90 to prescribe the additional information required in an originating summons in cases where the Brussels IIa Regulation applies. In these cases, the originating summonses will be required to detail: any measures taken by courts or authorities to ensure the protection of the child after its

return to the Member State of habitual residence of which the applicant is aware; and any details of any person with parental responsibility who is not already in accordance with existing requirements provisions of the principal Rules.

#### *The Child Abduction and Custody Act 1985*

- 7.9 Sections 16 and 17 of the 1985 Act provide for the registration in the United Kingdom of decisions relating to custody made by an authority in another Contracting State for the purposes of enforcement and for the variation or revocation of this registration. The 2005 Rules in England and Wales already make provision for a register of decisions registered under section 16. This instrument will amend the principal Rules to ensure that a similar register is kept in the Office of Care and Protection in the Supreme Court of Northern Ireland.

#### *The Child Abduction and Custody Act 1985 (Jersey) Order 2006*

- 7.10 The Jersey Order modifies the 1985 Act in Jersey. As a consequence, this instrument will amend the principal Rules to provide that the existing provisions regarding the transmission of documents and the stay and transfer of proceedings between courts in Northern Ireland and other parts of the United Kingdom extend to Jersey.

#### *Listing of Commercial actions*

- 7.11 This instrument amends the principal Rules so as to make listing commercial actions in the Commercial List mandatory, as it has been noted that some commercial actions have been commenced in the general and not the Commercial List. This will allow these matters to be dealt with more quickly, and will thereby provide a more effective and satisfactory service to the business community.

#### *Investment of funds in court*

- 7.12 Court funds are currently invested in such securities as recommended by court-appointed stockbrokers. The investment is made on foot of an order made by the Court under section 81 of the Judicature Act (“Save as in a case in which it is provided by an order of the court that it shall not be invested as mentioned in the following provision...”) thereby making an exception to or overriding the options for investment otherwise prescribed in that section.
- 7.13 Further to an internal review of policies and procedures, it was considered that, rather than continue regularly to rely on this “exception provision”, it would be preferable to provide in the principal Rules for a list of securities in which investments might be made in accordance with section 81. That section allows for funds to be invested in securities designated by rules of court.
- 7.14 This instrument therefore amends Order 80 of the principal Rules so as to specify those securities in which the Accountant General may invest funds in court when so ordered.

### *Importance*

- 7.15 The Rules are procedural in nature and are therefore of limited public interest. It is not considered that the amendments made by this instrument are politically or legally important.

### **8. Impact**

- 8.1 A Regulatory Impact Assessment in respect of the impact of the implementation of the Directive was prepared by the Patent Office and published in April 2006, at which time the Regulations were enacted. That assessment is of equal application to Northern Ireland, although it is noted that the volume of Intellectual Property actions in Northern Ireland is low. Relevant extracts from that RIA are appended.
- 8.2 A Regulatory Impact Assessment was prepared in respect of the amendments to the Damages Act 1996 and published in September 2004. This document is appended in full.
- 8.3 A Regulatory Impact Assessment has not been prepared for the other provisions set out in this instrument as there is no impact on business, charities or voluntary bodies, save as detailed at 8.1 and 8.2. This instrument has no impact on the public sector, save as detailed at 8.1 and 8.2.

### **9. Contact**

- 9.1 Michael Kelly at the Northern Ireland Court Service (Tel: 028 9041 2394 or e-mail: [michaelkelly@courtsni.gsi.gov.uk](mailto:michaelkelly@courtsni.gsi.gov.uk)) can answer any queries regarding the instrument.

## EXCERPTS FROM TRANSPOSITION NOTE

<b>Directive 2004/48/EC on the Enforcement of Intellectual Property Rights</b>
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Article	Objective	Implementation
9	<i>This sets out a number of provisional and precautionary measures that must be available, including interim injunctions, seizure and delivery up etc.</i>	In England and Wales and Northern Ireland some amendment is necessary to the various rules of court. In England and Wales these changes have been made, but they still need to be made to the Northern Ireland rules of court. In Scotland, no implementation is required as the necessary measures are already available.
10(2)	<i>Article 10(2) provides that the court shall order that such measures be carried out at the expense of the infringer.</i>	In England and Wales and Northern Ireland some amendments are necessary to the rules of court. These have been made in England and Wales and will be made in Northern Ireland. In Scotland no action is necessary.
15	<i>This Article requires that member States must ensure that, in legal proceedings for infringement of intellectual property, the court may order, at the request of the applicant and at the expense of the infringer, appropriate measures for the dissemination of the information concerning</i>	In England and Wales and Northern Ireland the rules of court require amendment to accommodate this requirement. This change has been made in England and Wales, a change to the Northern Ireland rules is anticipated. Regulation 5 of the Regulations implements this obligation in Scotland by creating a new type of court order for the

## **(EXCERPTS FROM) FINAL REGULATORY IMPACT ASSESSMENT**

### **Title of Proposal**

It is intended that Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights will be implemented in the UK by:

- the Intellectual Property (Enforcement, etc.) Regulations 2006;
- [...]
- in Northern Ireland – equivalent changes to the relevant court rules.

The Intellectual Property (Enforcement, etc.) Regulations 2006 include amendments to the Registered Designs Act 1949, the Patents Act 1977, the Copyright, Designs and Patents Act 1988, the Trade Marks Act 1994, the Patents Act 2004 and related secondary legislation.

### **Purpose and Intended Effects of the Measures**

#### **The Objective**

The aim of the Directive is to harmonise civil enforcement of intellectual property rights across the European Community. [...]

The Directive applies to the UK and given the different civil law and procedures that apply in England and Wales, Scotland and Northern Ireland, the changes required to implement the Directive vary within the UK. [...]

#### **Risk Assessment**

During the negotiation of the Directive various views were expressed as to whether the Directive went too far or did not go far enough in terms of enforcing rights. It is believed the adopted Directive reflects an appropriate balance between the various interests as set out in the recitals. [...]

#### **Options**

The UK has a Treaty obligation to implement all EC Directives, failure to implement this Directive would result in infraction proceedings being initiated against the UK by the European Commission. It would also fail to provide consistency and clarity for the enforcement of intellectual property rights across the European Community.

The changes proposed to implement this Directive are relatively minor, and some changes are a clarification of court procedures rather than a change to them. [...]

#### **Compliance Costs**

The changes proposed are relatively minor and likely to give rise to few compliance costs. Essentially they consist of changes or clarifications to court procedures to aid the enforcement of intellectual property rights. However these changes take full account of the established legal framework [...]

#### **Small Firms Impact Test**

This Directive has been discussed with the Small Business Service and other SME interests. By improving the enforcement of intellectual property rights, the Directive should be generally helpful to small businesses.

#### **Competition Assessment**

It is thought that the changes should only have beneficial effects on competition any new measures introduced include appropriate checks and balances to ensure they are not abused. The Directive should ensure that intellectual property rights are enforced consistently across the European Community, and hence reduce unfair commercial practices. [...]

Date: 5th April 2006