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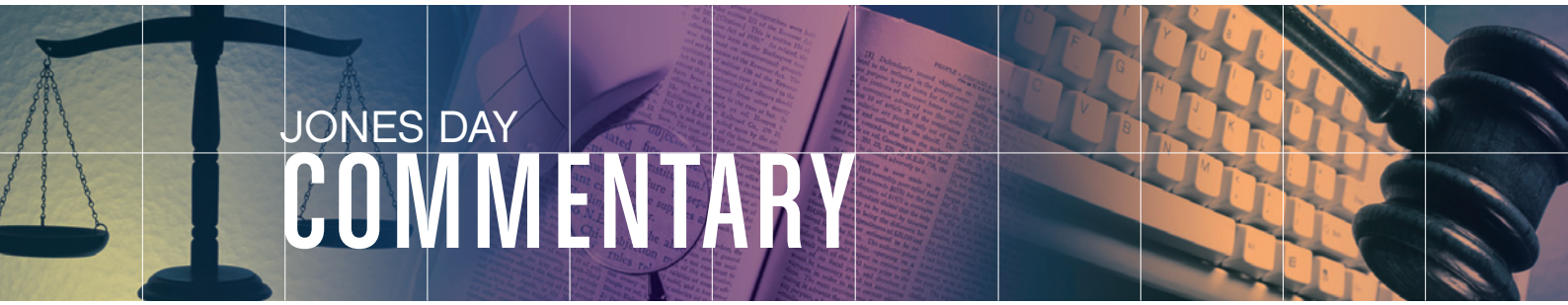

EFFECTIVE USE OF DISCOVERY OBTAINED PURSUANT TO 28 U.S.C § 1782 IN PROCEEDINGS BEFORE THE ENGLISH COURTS

In proceedings before the English courts, there are specific rules of civil procedure which can be used to obtain discovery from US-based persons who are not directly involved in the litigation. However, it is often the case that a direct application to the US courts for discovery pursuant to 28 USC § 1782 will be quicker and may give rise to a wider scope of disclosure.[1]

PARTY DISCOVERY OBLIGATIONS IN ENGLISH PROCEEDINGS

All parties to civil court proceedings in England and Wales must give disclosure of relevant documents, subject to some very narrow exceptions. Disclosure means formally declaring that documents or classes of documents exist or have existed (akin to discovery in US proceedings). However, the scope of documents which fall to be disclosed in English proceedings on the standard order is more limited than the broader general US standard, in that a party is required to disclose documents which adversely affect its own case or which support or adversely affect another party's case. The opposing party has a right of inspection of any disclosed documents which are not privileged.

The obligation to disclose documents extends to documents which are within a party's "possession, custody or power," so if you or your opponent has the power to call for relevant documents (*e.g.*, as a parent company, from a subsidiary company located in the US) then an application under § 1782 should not be necessary.

Importantly, English rules of procedure do not permit the use of depositions for witnesses and experts. Witnesses file sworn statements of evidence (which are taken as evidence in chief) and then are

1 In a companion article, Robert W. Gaffey and Bridget A. Crawford of Jones Day New York examine Developments in U.S. Law Regarding a More Liberal Approach to Discovery Requests Made by Foreign Litigants Under 28 U.S.C. § 1782 (hereinafter "Developments under Section 1782").

cross-examined at trial. A similar process is used for expert testimony. It is also relevant to note that almost all civil proceedings are determined by a judge or panel of judges, rather than before a jury. Juries are now primarily used in certain types of criminal proceedings in the UK.

ROUTES TO OBTAINING THIRD PARTY DISCLOSURE IN ENGLISH PROCEEDINGS

As noted above, an application under § 1782 should only be needed where documents are held by third parties to the proceedings (assuming that the parties to the English proceedings themselves comply with their disclosure obligations).

Section 1782 states that an application for a discovery order can be made in two ways, either:

- indirectly—"pursuant to a letter rogatory issued, or request made, by a foreign or international tribunal"; or
- directly—"upon the application of any interested person."

In *South Carolina Insurance Co v Assurantie Maatschappij "de Zeven Provincien" NV* [1986] 3 All ER 487 (HL), the House of Lords confirmed that either mode could be used in English civil proceedings. Lord Brandon noted that § 1782 "allows an application to be made either indirectly by the foreign court concerned or directly by an interested party, and I can see no good reason why the defendants should not have chosen whichever of these two alternatives they preferred."

However, there can be a small tactical advantage in making an application under § 1782 directly to the US court, given the broader scope of discovery in the US than English law allows. As a matter of English law, the types of documents which non-parties can be compelled to produce to litigation proceedings are strictly limited. In the case of *Panayiotou et al v Sony Music Entertainment et al* [1994] 1 All ER 755 (Ch D), the English court confirmed that the only obligation which can be placed on non-parties is to "produce documents directly material to the issues in the case."

As a result, if a party uses the "indirect," letters rogatory route, the English court will apply the English standard and need to be satisfied (before making the relevant order for a letter of request) that the requested documents:

- have been identified with particularity;
- are of a type which is admissible in evidence before the English court; and
- are directly material to an issue in the action.

In addition, the court must be satisfied that the documents exist or existed and that they are likely to be in the possession of the person from whom production was being sought.

In contrast, the scope of available discovery under the US Federal Rules of Civil Procedures is somewhat broader. The US Federal Rules of Civil Procedures provide:

> . . . Unless otherwise limited by court order Parties may obtain discovery regarding any nonprivileged matter that is relevant to any party's claim or defenses—including the existence, description, nature, custody, condition and location of any documents or other tangible things and the identity and location of persons who know of any discoverable matter. For good cause, the court may order discovery of any matter relevant to the subject matter involved in the action. Relevant information need not be admissible at the trial if the discovery appears reasonably calculated to lead to the discovery of admissible evidence.

Fed. R. Civ. P. 26(b)(1). This rule has routinely been interpreted by the US courts to cover a much wider range of discovery than English law would normally allow.

In consequence, the practical outcome of a direct application to a US court under § 1782 might be that a wider scope of discovery is ordered, unless the federal court in question has adopted a relevant "discoverability" requirement, *i.e.*, that no § 1782 order can be issued unless the material sought would also be discoverable in the jurisdiction in which it is to be used.[2]

2 As our colleagues note in Developments Under Section 1782, however, the US Supreme Court's decision in *Intel Corp. v. Advanced Micro Devices*, 542 U.S. 241, 259-60 (2004) appears to have rejected the notion, previously followed by some lower US courts, that section 1782 has such a "foreign discoverability requirement." Since the *Intel* decision, the lower US courts do not appear to be imposing a discoverability requirement when considering applications under § 1782.

In the *Panayiotou* case, the plaintiff opted for the indirect route, although it seems reasonably clear that a direct application would have produced a wider scope of disclosure. This may have been as a result of a lack of familiarity with the wide-ranging scope of § 1782 or how to manage the process before a US court.

The English courts will also give appropriate support to the direct application process under § 1782. In hard-fought patent revocation proceedings (*Nokia Corporation v Interdigital Technology Corporation* [2004] EWHC 2920 (Pat)), InterDigital applied for an injunction to prevent Nokia from applying to the US courts under § 1782 or a declaration that such evidence (if the application succeeded) would not be considered as relevant by the English courts. The English court refused to give the injunction sought, noting that it could only do so if InterDigital could show the request was not merely of doubtful utility but an abuse of process. The English court noted that any US court was required to exercise proper judicial consideration on a direct application under § 1782, and any issues regarding relevance of documents or whether the request constituted oppression would be fairly dealt with at that stage.

Nokia v Interdigital also touched on the issue of what use can fairly be made of depositions in the context of English proceedings. Per *In re High Court of Justice, Chancery Div, England, 147 FRD 223* (CD Cal 1993), where a federal court has adopted a discoverability requirement, this will prevent the taking of a deposition of a United States resident for use in English proceedings, because England does not permit depositions as part of its pre-trial discovery procedure. In *Nokia*, disclosure was sought of depositions which had already been taken in other, related proceedings. The English court questioned whether such evidence was likely to be helpful, given that it would be unusual for deposition evidence which was not properly focused on the issues in the English case to be of much practical utility. Nevertheless, the English court concluded that, if the US court granted the application under § 1782, such evidence could be made available in the English proceedings, if it satisfied the more limited scope of disclosure requirements under English law.

Finally, parties should keep in mind that the English judge may be unfamiliar with the deposition process and this, in turn, may impact on the weight which the judge gives to that evidence when presented. English judges are ordinarily used to being able to observe a witness during presentation of evidence and able to ask questions of that witness. That said, an English judge will understand that a deposition under § 1782 may turn out to be the only way of adducing vital evidence from a third party witness who is not able or prepared to assist a litigant voluntarily and cannot be compelled to do so because they live outside the UK.

COSTS

One other practical difference between applying for discovery under § 1782 and using the indirect route may be the level of cost recovery available. In English court proceedings, costs "follow the event" (*i.e.*, the loser pays the winner's reasonable costs of the proceedings). The rules are complex, but as a general proposition, a party will be able to recover the costs of successful "indirect" application to the English court for letters rogatory assuming that it is ultimately successful in the overall action, but the position regarding recoverability of costs of the subsequent proceedings in the US is less clear. If costs recovery is a particular concern, then the indirect route may be preferable. This assumes that the costs incurred before the relevant US court on an indirect application under § 1782 by way of letters rogatory will be less than if there is a direct approach, given the analysis the English court will already have conducted on the issues.

ARBITRATION PROCEEDINGS

Most of the main sets of arbitral rules provide for disclosure of documents and the London court of International Arbitration rules are no exception. Article 22 of the LCIA rules gives the tribunal wide powers over disclosure and discovery. By Article 22.1(d) the tribunal may order a party to make "any property, site or thing under its control," which relates to the subject of the arbitration, available for inspection by the tribunal, the other parties and any expert.

Article 22.1(e) allows the tribunal to order any party to produce "any documents or classes of documents in their possession, custody or power," which the tribunal considers relevant. However, there are doubts as to whether § 1782 can be used to obtain discovery for non-US privately constituted arbitrations (on the basis that some US courts may not consider this as falling within the requirement of a "request from a foreign or international tribunal"), It should be noted that in May 2010, a New York court acceded to Chevron's application under § 1782 in its dispute with Ecuador under the ICSID Convention, although ICSID proceedings are a distinct form of arbitration when compared to the more usual private commercial arbitration.

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