

MORE FLEXIBILITY TO THREATEN IP PROCEEDINGS UNDER NEW UNJUSTIFIED THREATS LEGISLATION

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Legal Briefings

Threatening proceedings for intellectual property right infringement can sometimes backfire. In relation to patents, trade marks and designs, there is a right to bring an action against the threatener by any person aggrieved by the threat, who may not necessarily be the person directly threatened with proceedings. Not only does this expose the IP rights-holder to the risk of damages, it also turns the potential claimant into a defendant, with the resulting reversal of burden of proof, requiring it to prove the validity of the rights which it originally asserted and their infringement. This in turn creates a tension with the requirements of the Civil Procedure Rules to communicate a litigant's case early before issuing proceedings.

The new Intellectual Property (Unjustified Threats) Act 2017, which has been granted Royal assent but has yet to come into force, confirms what can be a threat whilst providing for "permitted communications" or communications for "permitted purposes" which cannot be threats. It harmonises the position across patent, trade mark and design rights (including providing for unitary patents and European patents under the proposed Unified Patent Court jurisdiction) and allows pursuit of information on primary infringers from secondary parties. It looks likely to come into force in October 2017.

Summary

What amounts to a "threat" will now be defined in statute (although the test is the same as it is in common law currently: if the communication would be understood by a reasonable person in the position of the recipient to mean that a right exists and is intended to be enforced, then it is a threat of proceedings). It will cover threats in respect of acts done in the UK (as opposed to the previous formula of threats of action in the UK courts) which will allow the provisions to cover threats of proceedings in relation to infringements of the new unitary patents, once they become available and European patents under the jurisdiction of the Unified Patent Court, once established.

"Permitted communications" (permitted statements made for permitted purposes) are set out in the new legislation to create a "safe harbour" for communications to secondary infringers which might previously have been interpreted as actionable threats.

Primary infringers of trade marks and designs may now be threatened with proceedings for secondary infringing acts (eg distribution), not just acts of primary infringement (eg manufacture), without the risk of an unjustified threats action being brought, bringing these rights into line with the changes made to the patents regime under the Patent Act 2004. Similarly, secondary infringers of patents, trade marks or designs (eg retailers of infringing products) can now be asked for details of the primary infringers, where "all reasonable steps" have been taken to identify the primary infringer without success (as was already the case with patent rights).

Professional advisers making threats on an IP owner's behalf will no longer be liable for unjustified threats, provided they act on the instructions of their clients and make this clear in the communication.

The Act will come fully into force once the Secretary of State has passed the appropriate Statutory Instruments.

Business Impact

The Act harmonises the threats regime across patents, trade marks and designs. This new consistency will be welcomed by IP owners.

Care should still be taken in relation to threats relating to copyright or passing off, as the Act does not cover such threats and common law torts may still apply. In these areas torts such as unlawful interference with business or trade libel can sometimes be used by aggrieved parties.

The "permitted communications"/"permitted purposes" regime should assist IP rights holders making a threat nevertheless to comply with the requirements of the Civil Procedure Rules, which promote the early exchange of information between parties. It should also minimise the "sue now – discuss later" approach to IP litigation often triggered by the perceived risk of an unjustified threats action, if threats of proceedings were not followed up by actual proceedings.

Litigants should still exercise real care in sending cease and desist letters to third parties where they do not have a genuine intention to follow through on the threat and bring proceedings, should a satisfactory resolution not be possible.

KEY CONTACTS

If you have any questions, or would like to know how this might affect your business, phone, or email these key contacts.



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