

New law on unjustified threats: greater clarity

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New legislation to clarify and harmonise the law on unjustified threats in respect of intellectual property infringement has come into force. The Intellectual Property (Unjustified Threats) Act 2017 (2017 Act) brings long-awaited consistency to the rules applicable to registered intellectual property rights (IPR), but there remain some areas of ambiguity.

Previous regime

For many years there has been provision under English law that a threat to enforce registered IPR (that is, registered trade marks, registered designs and patents) through infringement proceedings may itself be actionable. The aim of this legislation was to deter owners of IPRs from making unjustified threats of proceedings that could put unwarranted pressure on traders. The provisions (which continue to apply to any threats made prior to the commencement of the 2017 Act) give any aggrieved person, such as a manufacturer, importer, distributor, customer or user, the right to bring an action against the person making the threat. If not followed carefully, the provisions produce serious consequences with the following remedies available to a claimant where the allegation is found to be unjustified:

- an injunction against further threats
- damages for any loss caused
- a declaration that the threats are unjustifiable.

However, the provisions on what constitutes an unjustified threat have, for many years, been criticised for being unclear and inconsistent across the various IPR, making it complicated for rights holders to safely allege the infringement of a broad range of IPR. In 2013, the Law Commission reviewed the law in this area, and in 2015 produced draft legislation which led to the 2017 Act ([see our earlier article](#)).

Harmonised regime

The 2017 Act, which came into force on 1 October and which will apply only to communications made on or after this date, introduces a more consistent set of rules, bringing the threats provisions in relation to registered trade marks and designs into line with those relating to patents. It also seeks to redress the balance between rights holders and potential infringers.

Under the 2017 Act, the test of what amounts to a threat is conformed across patents, designs and trade marks. A communication is deemed to contain a threat of infringement proceedings where a reasonable person in the position of the recipient would understand that:

- an IPR exists
- a person intends to bring infringement proceedings in respect of that IPR for an act done in the UK.

Whether or not a threat is actionable will depend on a number of factors.

Communications with primary actors

Previously, a threat was not generally actionable where it was limited to primary acts, such as making or importing a potentially infringing product. This position is retained under the 2017 Act. However, the harmonised regime means that holders of registered trade marks and designs can also take advantage of the more permissive regime that has been available to patent holders since the law was reformed in 2004, which allows communications to primary actors also to refer to secondary acts.

Consequently, a threat to a primary actor will not be actionable even where the threat also refers to other secondary acts that the primary actor might be engaged in, such as selling or supplying the products that it manufactures. This means that a claim can only be brought in respect of a threat made directly to secondary actors performing secondary acts.

Permitted communications

The 2017 Act also introduces a new concept of “permitted communications” across all three registered IPR. A threat is not actionable, including if made to a secondary actor, if it is not an express threat to sue and is contained within a permitted communication. A communication is a permitted communication where:

- It is made for a permitted purpose (see box “*Permitted purposes*”)
- All the information that relates to the threat is necessary for that permitted purpose

- The person making the communication reasonably believes it to be true.

Defences

Under the previous regime, one of the biggest challenges for rights holders was in identifying the primary actor. The 2017 Act addresses this issue by making special provision for the person who can show that he has taken reasonable steps to try to identify the primary actor. If this person concludes his search without finding anyone who could be classed as a primary actor, and notifies the recipient (who is likely to be a secondary actor) before or at the time of making the threat that he has taken these steps, he has a defence to a claim brought under the 2017 Act.

Under the 2017 Act, it is also still a defence for the person making the threat to show that it was in fact justified; in other words, that the person receiving the threat was infringing the relevant valid IPR.

Professional advisers

Prior to the 2017 Act, any person making a threat could be liable and so professional advisers could potentially be sued for making communications on behalf of a client which amounted to an unjustified threat. The 2017 Act grants some protection to professional advisers in respect of unjustified threat claims, provided that the adviser is acting on the instructions of a client, who must be identified in the communication. A professional adviser is someone acting in a professional capacity to provide legal services or the services of a patent or trade mark attorney, and who is regulated in the provision of those services.

Other changes

The 2017 Act mirrors current patent case law in stipulating that threats can be actionable even if they are not directed specifically at a person, but instead are made in mass communications directed to the public or a section of the public, such as press releases.

The 2017 Act also makes it clear that the threats provisions will apply to unitary patents.

Practical impact

It is hoped that the 2017 Act will provide a greater balance between rights holders and primary and secondary actors. By giving some clarity to what can be said before initiating litigation, the 2017 Act is a practical step toward encouraging more widespread engagement with pre-action conduct, which is consistent with the spirit of the wider Jackson reforms in civil litigation.

However, there remain some areas of ambiguity that are likely to require judicial comment, such as the scope of permitted purposes and the reasonable steps that a rights holder has to take to find the primary actor. Consequently, rights holders will still need to exercise care when making threats of infringement.

In addition, although the 2017 Act provides welcome harmonisation between the registered IPR, it still does not cover unregistered rights such as copyright and passing off. It therefore remains the case that allegations of passing off, as an alternative to trade mark infringement, are not covered by the threats regime.

Permitted purposes

Where a person makes a threat reasonably believing it to be true, it will not be actionable (except if it is an express threat to sue) if made for a permitted purpose.

The 2017 Act gives some guidance on what permitted purposes are and what information is necessary. For example, it is possible to:

- provide notification that an intellectual property rights (IPR) exists. This includes making a statement that the IPR exists and is in force, as well as giving accurate details of the IPR
- give notice that a person has a right in or under that IPR where a third party's awareness of the IPR is relevant to any proceedings brought in respect of it.
- seek information to identify an infringer. However, it is expressly not permitted to ask a person to cease doing an act, deliver up or destroy products, or give undertakings in respect of an act.

Importantly, the court has wide jurisdiction to treat other purposes as permitted purposes, leaving some uncertainty for the time being as to the true scope of the permitted communications exception.



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