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New unjustified threats legislation should make enforcement of rights easier for IP owners

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An unjustified threat is a threat to sue for intellectual property (“IP”) infringement where it is later decided that no infringement took place, or the IP right in question is invalid, but the recipient of the threat suffers loss as a result of the wrongful allegation. Under current law, the recipient of an unjustified threat of infringement proceedings in a UK court may bring a claim against the person who makes the threat, and against professional advisers (e.g. solicitors) that may have issued the communication on their client’s behalf.

Historically, the focus of the threats provisions was patents, and the law in relation to trade marks and designs was inconsistent and unclear. The new IP (Unjustified Threats) Act 2017 (“Act”) brings the threats regime on trade marks and designs in line with that on patents, and is to come into force in the UK in October 2017.

The Act makes some key changes to existing law that are intended to make it easier for IP rights owners to enforce their rights and for parties to resolve disputes relating to IP out of court without the concern of an unjustified threats action being brought. We highlight the key changes below:

- The Act clarifies what amounts to a “threat”. If the communication would be understood by a reasonable person in the position of a recipient to mean that a) an IP right exists; and b) someone intends to bring infringement proceedings in respect of that IP right, this constitutes a threat. Previously, the threat had to be understood by the recipient as being a threat to bring proceedings in a UK court. Under the Act, the threat to bring proceedings is not limited to UK courts. A threat will be actionable if it relates to proceedings for infringement caused by an act done, or threatened to be done, in the UK. This clarification is to ensure that the provisions of the Act will apply to European patents that come within the jurisdiction of the anticipated EU Unified Patent Court.
- The Act allows IP owners to threaten recipients with proceedings for specified acts of primary infringement (e.g. manufacture), and secondary infringement (e.g. distribution) without the risk of unjustified threats action being brought.
- The Act creates a “safe harbour” by making a provision for “permitted communications”. Permitted communications occur where the threat is not express and the communication is made for a “permitted purpose” such as putting a party on notice that a registered trade mark exists. However, the Act clarifies that requesting a party to cease using a sign in relation to goods or services in the course of trade may not be a “permitted purpose”. As such, cease and desist letters are unlikely to

be regarded as “permitted communications”. The rationale of the “permitted communication” safe harbour is to promote the early exchange of information between parties and mitigate premature commencement of proceedings.

- The Act introduces protection for professional advisers including lawyers. Professionals will no longer be liable for unjustified threats if they are acting on the instructions of their client and identify the client when they make the communication.
- The Act provides a defence for threats made to a secondary infringer where no primary infringer can be found. Secondary infringers can be asked for details of primary infringers, where such primary infringers cannot be found, despite reasonable steps having been taken to identify them.
- The Act specifies that threats can be made in mass communications. Threats do not have to be made to a particular identified individual.

Whilst the Act brings the threats regime on trade mark and designs in line with that on patents, the Act is silent in respect of copyright and passing off. Recipients of threats relating to copyright and passing off remain unable to bring a claim for unjustified threats.

As the Act makes it easier for an IP owner to enforce their rights against primary infringers (and in certain circumstances, secondary infringers) we anticipate that brand owners will be more likely, and will have more appetite, to send robust cease and desist letters in instances of clear cut infringement of registered IP rights. In less clear cut scenarios, the permitted communications safe harbour will enable IP owners to engage with infringers in order to resolve any issues without the worry of a threats actions being brought. Careful and thoughtful drafting of such communications will be required to ensure that IP owners are able to take advantage of the safe harbour.

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