

Litigation

U.K. Law on Unjustified IP Threats Passed In Preparation for EU Patent Court

The U.K. has revised a law that regulates when intellectual property owners can threaten to sue for infringement beyond its borders in preparation for a new European-wide patent court.

The updated law, which is expected to take effect in October, bars certain threats to initiate legal proceedings either within or outside the U.K. Previously, the law only covered threats to bring legal action within the U.K.

The update expands the law in preparation for the start of the Unified Patent Court (UPC), the patent court that will have coverage throughout most of Europe, including the U.K. The court is expected to go live later this year.

The change also helps to clarify the law relating to threats against suspected secondary infringers, by codifying specific types of communications that do not run afoul of the ban, Dafydd Bevan, an IP partner at Marks & Clerk in London, told Bloomberg BNA. These laws were designed to prevent unscrupulous IP owners from using threats of litigation to pressure retailers to abandon a competitor's product, but there were concerns that uncertainties about the law were hampering legitimate enforcement activities.

The Intellectual Property (Unjustified Threats) Act 2017 also harmonizes existing laws on threats involving patents, trademarks and industrial designs. These forms of IP previously had similar but different laws on what constitutes an unjustified threat.

Secondary Infringers Only The law restricts only threats made to suspected secondary infringers, not primary infringers. For patents, primary infringers are those that make or import an infringing product, or use a patented process. The trademark and industrial design provisions describe primary infringers using similar language.

The law defines a threat as a communication that would lead a reasonable person to believe that an IP right exists and that the rights holder intends to bring infringement proceedings in the U.K. or elsewhere for an act or future act committed in the U.K. Previously, the unjustified threats provision in the patent law only covered threats to sue in a U.K. court. Since the planned UPC will have jurisdiction over some patent rights in force in the U.K., this change was needed to cover threats to sue at the new court.

Permitted Purpose The new law lists several permitted purposes in communications to suspected secondary infringers that do not qualify as an unjustified threat. This includes giving notice that an IP right exists and communications to discover whether an IP right is being infringed, and who that infringer may be. The court may also decide that another purpose is permitted, if it serves the interest of justice.

The communication must also only contain information, if it relates to a threat, if it is necessary for the permitted purpose.

This means that rights holders must be very careful with their language even when making a communication for a permitted purpose, Zarah Rasool, an IP senior associate at Baker Botts LLP in London, told Bloomberg BNA. Even boilerplate language, such as a reservation of rights and a statement that a company takes its IP very seriously and will actively pursue infringers, can make a communication an unjustified threat in certain contexts, she said.

Even though the law brings some welcomed clarity, it's still a bit of a "minefield," Bevan said.

No Wedge Another change is that an action for making unjustified threats can only be brought against the rights holders. Previously, lawyers representing the threat maker could also be liable, and Rasool said that defendants could use this to drive a wedge between the lawyer and client.

To qualify for this protection, the lawyer must say in the potentially threatening communication that it is representing another party, and who that party is.

Harmonization The harmonization of the unjustified threats provisions in the patent, trademark and industrial designs laws is also helpful, Rasool said. The differences made it difficult for rights holders to understand what sorts of communications were permitted in what situations,

"This area of law was always surprising to clients," she said. It was always difficult to explain and justify the different treatment, so this harmonization makes it easier to give clear advice to businesses as to what they can do.

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