The Intellectual Property (Unjustified Threats) Act 2017 (the "Act") entered into force on 1 October 2017, introducing changes to the law in the UK regarding threats of intellectual property proceedings.

Summary

The Act seeks to harmonise what can and cannot be said without falling foul of the provisions restricting the making of unjustified threats of infringement proceedings. Before 1 October 2017, what constituted a threat depended upon the type of intellectual property right involved, which was highly unsatisfactory.

The most significant changes are in respect of registered trademarks (UK and EU) and registered and unregistered designs (UK and "Community" (EU)). This is because the threats regimes for these rights have been brought into line with that for patents. Accordingly, for all such rights, more can be said to a 'primary actor' than to a 'secondary actor' without the communication amounting to a 'threat'.

Some adjustments have also been made to the regime previously applicable to patents. The most notable of these is to change the definition of a "threat"; now, it is defined by reference to the location of the alleged infringement (which must be in the UK) rather than by the location of the threatened proceedings. The reason for the change is to ensure that the UK regime remains fit for purpose after the Unified Patent Court becomes operational. It is not expected to have an impact in most other cases.

Additional protection has been provided for professional advisers. Provided legal advisers comply with the requirements of the Act, their communications are now much less likely to
be capable of amounting to a threat. This removes a tactical weapon which has at times been deployed by an alleged infringer to drive a wedge between a proposed claimant and its legal team.

There is no change to the fact that the threats regime only applies to patents, supplementary protection certificates, registered trademarks (UK and EU) and registered and unregistered designs (UK and "Community" (EU)) - referred to collectively here as "IP Rights". There is no threats regime in the UK in respect of copyright, passing off, trade secrets or other types of intellectual property rights not listed above.

**The definition of a threat**

For each IP Right, the Act amends the structure and wording of the relevant legislative threats provision so that it is aligned to provide (in short) that:

"A communication contains a "threat of infringement proceedings" if a reasonable person in the position of a recipient would understand from the communication that a right (or published application) exists, and a person intends to bring proceedings (in a court in the UK or elsewhere) against another person for infringement of the right by an act done (or proposed to be done) in the UK."

The proposals therefore change the definition of a 'threat'. Instead of the restriction being concerned with threats to sue in a UK court, it is concerned with threats of proceedings for infringement in the UK of the relevant IP Right. This enables the UK’s threats regime to apply, as it did before October 2017, to European patents (so-called 'classical' UK designations of European patents, as are currently granted). Importantly, the change enables the UK's threats regime also to apply to new 'Unitary Patents', when the Unified Patents Court and Unitary Patent regime come into force.

A threat of infringement proceedings falling within the above definition is actionable by any person "aggrieved" by the threat, unless it falls within a "not actionable" exception or is contained in a "permitted communication". Pursuant to Brain v Ingledew [1997] FSR 511, a person is "aggrieved" if they can show that their commercial interests are likely to be affected in a real, as opposed to a fanciful, way. A person aggrieved need not be the recipient of the threat. For example, a manufacturer might bring proceedings for threats made to one of its retailers, as the manufacturer may lose trade as a result of the threat and so be a person aggrieved.

Legal advisers across Europe and beyond should therefore note that, provided the alleged
act of infringement occurs in the UK, the UK threats regime could apply irrespective of the location of the sender or receiver of the communication. This might happen, for example, where a German trademark attorney, based in Munich, writes to the Bulgarian headquarters of an alleged infringer in relation to pan-European acts including the import or sale of a product in the UK.

Exceptions from actionable threats

Primary acts of infringement and primary actors

As was previously the case, an exception is made for threats in respect of a so-called 'primary' act of infringement. (In trademark law this is extended to acts of 'causing' another to apply a sign). The primary act exception will therefore cover:

- making or importing a (patented) product
- using a (patented) process
- applying or causing another to apply a sign to goods or their packaging, or importing such for disposal (trademarks)
- supplying services under a sign (trademarks)
- making or importing a (design protected) product or article for disposal.

In addition, an exception is made for threats in respect of 'secondary' acts of infringement (e.g. selling) made to a 'primary' infringer (i.e. a person or legal entity who has done, or intends to do, a 'primary' act). Essentially, this extends the exception in patent law for threats made to a primary actor to trademarks and designs.

Permitted communications

Pursuant to the Act, a communication containing a threat of infringement proceedings benefits from a "permitted communication" exception if (in short):

a. the communication is made solely for a permitted purpose; and
b. all of the information that relates to the threat is information (i) that is necessary for that purpose and (ii) which the person making the communication reasonably believes to be true.

The definition of "permitted purpose" provided by the Act is stated as not being exclusive, but includes the following:
i. giving notice that an IP right exists;
ii. discovering whether, or by whom, an IP right has been infringed by a 'primary' act;
iii. giving notice that a person has a right in or under an IP right, where another person's awareness of the right is relevant to any proceedings which may be brought in respect of the IP right.

If any of the following information is included in a communication made for a permitted purpose, it is information that is "necessary for that purpose":

i. a statement that an IP right exists and is in force or that an application for an IP right has been made;
ii. details of the IP right, or of a right in or under the IP right, which-
   a. are accurate in all material respects, and
   b. are not misleading in any material respect; and
iii. information enabling the identification of the products or processes in respect of which it is alleged that acts infringing the patent have been carried out.

The Act also provides that the following requests may not be treated as a "permitted purpose":

i. requesting a person to cease -
   o doing, for commercial purposes, anything in relation to a product or process
   o using, in the course of trade, a sign in relation to goods or services
   o doing, for commercial purposes, anything in relation to a product in which a design is incorporated or to which it is applied, or anything in relation to an article made to a design
ii. requesting a person to deliver up or destroy such product/goods/product or article;
iii. requesting a person to give an undertaking relating to a product or process/goods or services/product or article.

Despite an expressed aim of the proposals being to permit disputing parties to comply more easily with the Civil Procedure Rules (CPR), there is still a clear strain between the provisions of the CPR which encourage the settlement of disputes before proceedings are issued, and the UK law prohibiting threats. For example, at what point would a request that, as a part of a compromise, a potential secondary infringer refrain from sale of an allegedly infringing or counterfeit product not fall foul of the threats regime?

IP right holders might yet consider it necessary to issue proceedings (and to pay value-based court fees) in order to act first in the event that negotiations do not result in
settlement and a threats claim appears likely.

**Remedies for breach of the threats provisions**

The Act entails no change to the remedies available for breach of the threats provisions, being: (a) a declaration that the threat is unjustified; (b) an injunction against continuance of the threat; (c) damages in respect of loss sustained by the aggrieved person by reason of the threat. An account of profits is not available as a remedy for the making of an unjustified threat.

**Defences**

For all the IP rights concerned, the defence of justification continues. In other words, it is a defence for the person who made the threat to show that the act in respect of which proceedings were threatened constitutes (or if done would constitute) infringement of the (valid) IP right.

In addition, it is a defence for the person who made the threat to show that, despite having taken reasonable steps, they have not identified any person who has done a 'primary' act, and they have notified the recipient, before or at the time of making the threat, of the steps taken.

For patent law, this entails a subtle adjustment from the existing requirement for 'best endeavours' for the defence to apply. For the other IP Rights within the threats regime, this is a new defence.

**Protection for professional advisers**

The threats regime does not just apply to communications by the owner of an IP Right; anyone making a threat can be liable, including lawyers and other intellectual property practitioners acting on their client's instructions. After years of consultation and review, the Law Commission made recommendations for reform of the law in 2014, and it identified actions against professional advisers as representing a "significant and potentially damaging misuse of the current threats provisions".

The Act (section 70D) therefore introduces some protection for professional advisers, where they are acting in a professional capacity and on a client's instructions.

A "professional adviser" means a person who, in relation to the making of the
communication containing the treat, is (a) acting in a professional capacity in providing legal services or the services of a trademark attorney or a patent attorney and (b) regulated in the provision of legal services, or the services of a trademark attorney or a patent attorney, by one or more regulatory bodies (whether through membership of a regulatory body, the issue of a licence to practise or any other means).

The protection of section 70D applies to both UK and non-UK professionals meeting the above criteria.

However, in order for a professional adviser to benefit from the protection of section 70D, the following conditions must also be satisfied:

i. in making the communication the professional adviser is acting on the instructions of another person, and

ii. when the communication is made the professional adviser identifies the person on whose instructions the adviser is acting.

It is for a person seeking to rely on the professional adviser defence to prove that it applies.

Legislation amended by the Act

The following legislation is amended by the Act:

- Patents Act 1977
- Trade Marks Act 1944
- Community Trade Mark Regulations 2006 (SI 2006/1027)
- Registered Designs Act 1949
- Copyright Designs and Patents Act 1988
- Community Design Regulations 2005 (SI 2005/2339)

What does the UK's new IP threats regime mean for you?

These changes to the UK threats regime are welcome, as they introduce long-awaited consistency across the different IP Rights. Any letter to a primary actor (manufacturer or importer) is now unlikely to constitute a threat, regardless of the act committed by that actor. Also, letters written by legal advisers are now much less likely to fall within the regime, thereby removing a tactical weapon sometimes deployed by alleged infringers to
drive a wedge between a proposed claimant and its legal team. However, the regime is still complicated, and a real understanding of the detail is required before writing any letter threatening legal proceedings expressly or otherwise.

Reach of UK threats law beyond UK shores

International and UK-based IP right holders should take note of shape of threats law in the UK.

A cause of action may be founded in the UK by the communication of a threat to bring infringement proceedings concerning an act of infringement in the UK, irrespective of the country in which the communication was made or received, or in which proceedings are proposed to be commenced.

The Unified Patent Court

In addition to bringing into force long-awaited harmonisation of the UK’s threats regimes across the IP rights concerned, the Act is a further step in the UK’s preparation for ratification of the Unified Patent Court Agreement and the entry into force of the new court.

There are questions about the inter-relationship between the UK threats provisions and the operation of the UPC system. For example, could a national court in the UK always hear an action for threats founded upon a Unitary patent, or upon an UK designation of a classical European patent, when the IP right holder relied upon a defence of justification? The justification defence would entail consideration of whether the right was infringed, and possibly also of whether it was valid, but these matters would, subject to any opt-out filed by the patent owner, be within the exclusive competence of the UPC.

In the context of far wider uncertainty regarding the operation of the Recast Brussels Regulation in the context of the new court, in particular during the seven-year (and possibly longer) transitional period at the start of its operation, guidance from the CJEU and/or the UPC’s Court of Appeal may become available relatively soon following the opening of the new court which may assist in resolving such UK-centric questions.

The intellectual property rights the subject of the UK's
threats regime

The UK’s threats regime prohibits and provides remedy for unjustified threats in respect of the IP Rights identified above (patents, supplementary protection certificates, registered UK and EU trademarks, registered UK and Community (EU) designs and unregistered UK and Community designs). The regime does not prohibit the making of threats of proceedings in respect of copyright, passing off, breach of confidence or other intellectual property rights. However, anyone involved in communications regarding any intellectual property right covering the UK should be aware of and ensure compliance with UK law more generally, including, for example, the law of malicious falsehood and the antitrust regime.

The Intellectual Property (Unjustified Threats) Act 2017 is brought into force almost entirely by The Intellectual Property (Unjustified Threats) Act 2017 (Commencement and Transitional Provisions) Regulations 2017. The remaining provisions (section 1, paragraphs (3) and (8)) are effectively legislative tidying provisions that will come into force when the Agreement on a Unified Patent Court comes into force.

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