

## The Chartered Institute of Patent Attorneys

### Response to the IPO's Discussion paper on proposed reform to the law relating to unjustified threats on intellectual property rights

Contact: **Lee Davies**  
**Chief Executive**  
[lee@cipa.org.uk](mailto:lee@cipa.org.uk)  
**020 7450 9450**

# INTRODUCTION - CIPA

The Chartered Institute of Patent Attorneys (CIPA) is the professional and examining body for patent attorneys in the United Kingdom. The Institute was founded in 1882 and was incorporated by Royal Charter in 1891. The total membership of CIPA comprises over 3300 professionals based in UK, Europe and other parts of the world. It includes nearly all UK registered patent attorneys (over 1800 in number), as well as other professionals with patent expertise (for example, European patent attorneys, solicitors, barristers and overseas attorneys). Some of CIPA's members work in private practice and others work in in-house departments.

The work involves advising clients on intellectual property rights, including patents, trade marks and designs, assisting clients with obtaining such rights and advising in relation to enforcement.

Most registered patent attorneys have the right to represent their clients in proceedings before the Patents County Court, which can include cases for patent infringement and revocation. Those registered patent attorneys with a further litigation qualification can also represent their clients in the High Court on intellectual property matters and on appeal.

Consequently, CIPA members deal with the threats provisions as part of their work in advising clients on enforcement of the IP rights obtained for them, or as part of their work in advising clients on responding to enforcement letters received from rights owners.

# RESPONSE to QUESTIONS ASKED

## **1. Do you agree that reform of the law in this area is required?**

Yes, CIPA does agree that reform of the law in this area is required, as we have set out in our previous responses.

In particular there is great need for harmonisation of this provision across the various rights, and a safe harbour provision for advisors acting on instruction from their clients.

## **2. Do you support the general approach to reform, as recommend by the Law Commission?**

Yes, CIPA does broadly support the general approach to reform, as recommend by the Law Commission, as we have set out in our previous responses.

In particular we support the recommended harmonisation of this provision across the various rights, and a safe harbour provision for advisors acting on instruction from their clients.

However, we have some reservations that, as worded, the provisions do not completely fulfil their objectives. We have set out some comments in relation to this in the next section of this report.

## **3. Do you consider the Bill suitable for a Parliamentary procedure design for uncontroversial Law Commission Bills?**

Yes, CIPA, does consider the Bill suitable for a Parliamentary procedure design for uncontroversial Law Commission Bills, as we have set out in our previous responses. However, we wish to see the amendments suggested below, made to the bill before it is presented.

We are aware of criticism that these provisions are still wordy and complex. Further case law will be required to clarify how these will apply in practice and we continue to consider that it would be better to replace these provisions with a new unfair competition law.

However, if these are the provisions to be introduced, then CIPA cannot see that harmonisation of this provision across the various rights to the same standard should be controversial. Furthermore, the proposed safe harbour provision for advisors acting on instruction from their clients, prevents frivolous threats of unjustified threats, which are simply being used as the latest litigation tactic and do not serve in the interests of justice. We have already noted in our prior response that there is no definition as to what “regulation” means in this context. So this may need review in due course.

# PROPOSED AMENDMENT TO s70A(4) - PATENTS

The general approach is that a threat made to a manufacturer or importer is not actionable. This is reflected in amended section 70A(4) to be inserted into the Patents Act 1977 which provides:

- (4) A threat of infringement proceedings is not actionable if the threat—
  - (a) is made to a person who has done, or intends to do, an act mentioned in subsection (2)(a) or (b) in relation to a product or process [*subsections (2) (a) and (2)(b) address “(a) where the invention is a product, making a product for disposal or importing a product for disposal, or (b) where the invention is a process, using a process”*], **and**
  - (b) is a threat of proceedings for an infringement alleged to consist of doing anything else in relation to that product or process.

*(Emphasis added)*

We suggest that this section be amended as follows, for the reasons set out below:

- (4) A threat of infringement proceedings is not actionable if the threat—
  - (a) is made to a person who has done, or intends to do, an act mentioned in subsection (2)(a) or (b) in relation to a product or process, or purports to do so and
  - (b) is a threat of proceedings for an infringement alleged to consist of doing anything else in relation to ~~that~~ any product or process having, [so far as material [to the alleged infringement]] the same features of such product or process.

Alternative wording might be

- “that product or process or any equivalent product or process” or
- “that product or process whether or not so made or imported or so used”

## REASONS FOR THE PROPOSED CHANGE:

With regard to ss 70A(4)(a), we have the following comparison:

Company A makes/imports product	Company B makes/imports product and sells to Company A
Company A states to the public that it imports the product	Company A states to the public that it imports the product
Patent owner threatens Company A	Patent owner threatens Company A
No actionable threat	Actionable threat

The person who issues the threat would only find that Company A was not a primary infringer after the letter had been sent, if Company A then drew back from its public statements that it was an importer.

With regard to ss 70A(4)(ab), the effect of the current draft is that a threat to a manufacturer or importer in respect of manufacture or import or sale, supply or anything else in relation to the product which has been manufactured or imported is not actionable.

In practice however, this does not reflect the way in which a communication is likely to be made to the manufacturer or importer. That communication is most likely to refer:

- (1) *to the manufacture or import as an infringement; and*
- (2) *to sale or supply of any products having the relevant character (and analogously in relation to a process)*

For example it would be normal (for good reasons explained below) to outline the infringement and then seek undertakings from the addressee that the addressee:

- A. *will not manufacture or import any product of description XXX;*
- B. *will not sell, supply or otherwise deal in any product of description XXX or otherwise infringe the patent,*

and this would reflect the form of order that they would get if the matter were to go to court.

Even if this is only included in the undertakings (while the letter is more narrowly drawn) this may be interpreted as a threat. There is case law to this effect which we can find, if required.

The wording of the amended section as proposed by the Law Commission would not protect such a letter and undertakings from being a threat, even though the target of the communication is a manufacturer or importer.

In order to fall within the scope of the safe harbour, the person writing the letter would have to limit by seeking the equivalent of the following from the addressee, namely that the addressee:

- C. *will not manufacture or import any product of description XXX;*
- D. *will not sell, supply or otherwise deal in any product of description XXX manufactured or otherwise imported by the addressee*

This is unsatisfactory in that the undertaking is then effectively narrower than an order the Court would give. However it is significantly worse than that, as it specifically highlights the lacuna: if the addressee subsequently only purchases from a third party manufacturer or importer, then they will escape the undertaking they have just given.

Accordingly we recommend that the subsection provide a safe harbour for **all** relevant communications to a manufacturer or importer. If the safe harbour applies in relation to product they manufacture, there is no practical reason why it should not apply to the same product which they purchase from a third party. They already have to address the infringement issue in relation to their own manufacture so that there is no

reason for them to act differently in respect of products they purchase from a third party.

## PROPOSED AMENDMENT TO s21A(2) and s21A(4)– TRADE MARKS

We suggest that changes are made to s21A(4) Trade Marks Act 1994, corresponding to the changes referred to above in relation to patents in section 70A(4) Patents Act.

One of the common areas of difficulty in relation to trade mark infringements is that the real act of concern are one carried on or through the medium of the internet. If a trade mark owner discovers a product being offered for sale over the internet, it will frequently be at that stage that the trade mark owner needs to take action.

The safe harbour for a communication alleging trade mark infringement is drawn to the an act

*“alleged to consist of (a) applying, or causing another to apply, a sign to goods or their packaging”.*

Subsection (b) is similar in relation to goods which are imported.

We suggest that this section be clarified by including a provision in the proposed clause 21A, for the reasons set out below:

*“In relation to subsection (2)(a) and (2)(b) the term apply or applying shall include the first use of a trade mark in or on any media, including use on a website or in a domain name in reference to goods. First use means use where the sign in question has not been applied directly to the goods or their packaging [referred to by such use].”*

Alternatively, 21(A)(2) could be amended as shown below:

- (2) *A threat of infringement proceedings is not actionable if the infringement is alleged to consist of—*
- (a) *applying, or causing another person to apply, a sign to goods or their packaging, or first using or causing to first use in any other form a sign in respect of goods [to which such sign is not applied to the goods or their packaging]*
  - (b) *importing, for disposal, goods to which, or to the packaging of which, a sign has been applied, or first using or causing to first use in any other form a sign in respect of goods [goods so imported to which such sign is not applied to the goods or their packaging], or*
  - (c) *supplying services under a sign.*

By way of explanation, the intention is that “first use” is that the sign is used in circumstances where it has not already been applied to the goods. It might seem that

this need not apply to subsection 2(b); however it is envisaged that invoices etc. might refer to the goods under the sign, when the goods themselves were not so marked.

#### REASONS FOR THE CHANGE:

A specific problem arises if an addressee of a communication, rather than physically applying to sign to the goods or their packaging, refers to them or labels them as such on their website, or in the name of the domain used to access the web site. This may arise for example where a party acquires unbranded goods and is selling them under or by reference to the name of the brand owner so that the principal economic player is the person using the trade mark on their website for goods under or by reference to the name of the brand owner, and the sign is not used on the goods or packaging itself.

It is unclear in this case whether the use of the trade mark on the website is “*applying the sign*” to the goods and there is authority in the criminal field that this is not the case. Consequently there is always a risk that when a cease and desist letter is sent to an internet trader trading in goods and using the sign on their website, that that can be actionable as a threat.

## PROPOSED AMENDMENT TO s26A(4), s253A(4) and s2A(4) – REGISTERED AND UNREGISTERED DESIGNS

We suggest that changes are made to proposed s26A(4) Registered Designs Act 1949, s253A(4) CDPA 1988 and s2A(4) Community Design Regulations 2005, corresponding to the changes referred to above in relation to patents in section 70A(4).