

# INTELLECTUAL PROPERTY (UNJUSTIFIED THREATS) BILL [HL]

## EXPLANATORY NOTES

### What these notes do

These Explanatory Notes relate to the Intellectual Property (Unjustified Threats) Bill [HL] as introduced in the House of Lords on 19 May 2016 (HL Bill 4).

- These Explanatory Notes have been produced by the Department for Business, Innovation and Skills in order to assist the reader of the Bill and to help inform debate on it. They do not form part of the Bill and have not been endorsed by Parliament.
- These Explanatory Notes explain what each part of the Bill will mean in practice; provide background information on the development of policy and provide additional information on how the Bill will amend the existing legislation.
- These Explanatory Notes are best read alongside the Bill. They are not, and are not intended to be, a comprehensive description of the Bill. So where a provision of the Bill does not seem to require any explanation or comment, the Notes simply say in relation to it that the provision is self-explanatory.

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## Overview of the Bill

- 1 The Intellectual Property (Unjustified Threats) Bill (the Bill) sets out reforms to the law of unjustified, or groundless, threats as it applies to patents, trade marks and designs. The law in this area provides a remedy for those who are affected by unjustified threats. Threats to sue for infringement are unjustified where they are made in respect of an invalid right or where there has been no infringement.
- 2 Intellectual property (IP) litigation is commonly perceived as being expensive, complicated and commercially disruptive. There is some basis to this belief as IP disputes may involve specialist courts, judges, advisers and experts. Therefore, the risk of becoming embroiled in IP litigation is a formidable prospect. As a result, a mere threat to sue for infringement of a patent, trade mark or design can be enough to damage a trade rival. This tactic is particularly effective where the threat is made to the rival's suppliers or customers who may take their custom elsewhere as a result.
- 3 If enacted, this Bill would, in the Government's view:
  - Produce a clearer law of unjustified threats, in particular by introducing consistency between the threats provisions for patents, trade marks and designs.
  - Strike an appropriate balance which allows rights holders to protect their valuable IP assets but not to misuse threats in order to distort competition or stifle innovation.
  - Distinguish clearly those threats made legitimately and those used to damage a commercial rival.
  - Support disputing parties in reaching a negotiated settlement, thereby avoiding litigation.
  - Prevent threats being brought against professional advisers where the adviser is acting in a professional capacity and on the instructions of their client.
  - Make necessary changes to the law so that the protection against unjustified threats can apply to European patents that will come within the jurisdiction of the Unified Patent Court.

## Policy background

- 4 In 2012 the Department for Business, Innovation and Skills and the Intellectual Property Office asked the Law Commission to review the law of unjustified threats. The Law Commission consulted in 2013 and made recommendations for reform in 2014 and 2015. This Bill reflects those recommendations.
- 5 The full policy background to this Bill can be found in the following Law Commission publications (for links to these documents see Related Documents at paragraph 70 below):
  - Patents, Trade Marks and Design Rights: Groundless Threats (2013) Law Commission Consultation Paper No 212.
  - Patents, Trade Marks and Design Rights: Groundless Threats (2014) Law Commission Report No 346.

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- Patents, Trade Marks and Designs: Unjustified Threats (2015) Law Commission Report No 360.

## Legal background

- 6 The first threats provisions were introduced for patents in 1883.<sup>1</sup> Similar provisions were eventually enacted for trade marks and designs, and the protection was ultimately extended to Community trade marks and designs and to European patents (UK).
- 7 The current threats provisions are:
  - The Patents Act 1977, section 70, which also applies to European patents (UK).<sup>2</sup>
  - The Trade Marks Act 1994, section 21, which also applies to European Union Trade Marks.<sup>3</sup>
  - The Registered Designs Act 1949, section 26.
  - The Copyright, Designs and Patents Act 1988, section 253.
  - The Community Designs Regulations 2005, regulation 2.<sup>4</sup>

## Territorial extent and application

- 8 This Bill extends to England and Wales, Scotland and Northern Ireland.
- 9 Clauses 1 (patents) other than subsections (3) and (8), 2 (trade marks) and 4 (registered designs) also extend to the Isle of Man. By virtue of clause 7(3) (extent), subsections (3) and (8) of clause 1 may be extended by Order in Council to the Isle of Man (see paragraphs 64 and 65 below for what these subsections do).
- 10 Clause 5 (design right) may, by virtue of clause 7 (extent) and section 255 of the Copyright, Designs and Patents Act 1988, be extended by Order in Council to the Isle of Man, the Channel Islands and British overseas territories.

## Commentary on provisions of the Bill

- 11 The Bill is made up of nine clauses of which the first six set out the substance of the threats provisions for each of the national, Community or European rights concerned. Each of the substantive clauses follows the same structure and uses the same language in almost all material respects. For that reason, the commentary that follows focuses on clause 1 which will make the changes to the law for patents. The equivalent provisions for trade marks and designs are cited in footnotes and the small number of differences between the various provisions are dealt with as they arise.
- 12 The substantive clauses of the Bill substitute or amend the current provisions as follows:

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<sup>1</sup> Section 32, Patents, Designs, and Trade Marks Act 1883.

<sup>2</sup> Section 77, Patents Act 1977.

<sup>3</sup> Paragraph 6 of the Community Trade Mark Regulations 2006 (SI 2006 No 1027).

<sup>4</sup> SI 2005/2339.

- Clause 1 concerns UK and European patents. It substitutes sections 70 to 70F for section 70, Patents Act 1977. The clause will also (at a later date) amend section 70F and Schedule A3 (once Schedule A3 has been inserted into the 1977 Act by the Patents (European patent with Unitary Effect and Unified Patent Court) Order 2016).<sup>5</sup>
- Clause 2 concerns UK trade marks. It substitutes sections 21 to 21F for section 21, Trade Marks Act 1994.
- Clause 3 concerns European Union trade marks. It amends Regulation 6, Community Trade Mark Regulations 2006.<sup>6</sup>
- Clause 4 concerns UK registered designs. It substitutes sections 26 to 26F for section 26, Registered Designs Act 1949.
- Clause 5 concerns UK design right. It substitutes sections 253 to 253E for section 253, Copyright, Designs and Patents Act 1988.<sup>7</sup>
- Clause 6 concerns Community designs. It substitutes Regulations 2 to 2F for Regulation 2, Community Design Regulations 2005.<sup>8</sup>

13 The final three clauses of the Bill deal with technical matters such as territorial extent and commencement - their meaning is self-explanatory.

## Definitions

14 Some terms are used throughout this commentary; their meaning is explained below.

### Primary acts and primary actors

15 Primary acts tend to be those that can cause the greatest commercial damage. For example, (for patents) the primary acts are the importation or manufacture of a patented product or the use of a patented process. A claim under these provisions may not be brought where a threat refers to any of the primary acts or where the threat is made to a primary actor (a person who has carried out these acts or intends to do so). This is because primary actors are usually the source of the infringement and are more likely to be in a position to challenge a threat if it appears to be unjustified.

### Secondary acts and secondary actors

16 Any act of infringement other than a primary act is referred to as a secondary act. Secondary acts are those less likely to cause serious commercial damage. For example, where someone supplies or retails an infringing product made or imported by someone else. An aim of the threats provisions is to direct threats away from secondary actors. Communication with secondary actors about issues of infringement should only take place in exceptional circumstances. This is because they may be unaware that they are infringing or may have little

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<sup>5</sup> Schedule A3 will apply certain provisions of the Patents Act 1977 to the European Patent with unitary effect – a new, single patent right which extends across many EU countries. The schedule will be inserted into the 1977 Act when the Patents (European patent with Unitary Effect and Unified Patent Court) Order 2016 (SI 2016/388) comes into force. SI 2016/388 will come into force when the Unified Patent Court Agreement comes into effect.

<sup>6</sup> SI 2006/1027.

<sup>7</sup> There is one less section for design right as it is not a registered right.

<sup>8</sup> SI 2005/2339.

incentive to continue supplying or selling a product when threatened.

## The Unified Patent Court

- 17 The UK is a signatory to the Unified Patent Court Agreement. This Agreement establishes the Unified Patent Court, a court common to the participating states which will deal with disputes relating to European Patents and European patents with unitary effect – the latter being a new single patent right that protects an invention across all states which have signed the Unified Patent Court Agreement.

## Amendments to the Patents Act 1977

### Section 70: the threat

#### The test for a threat

- 18 New section 70 sets out the test for whether a communication contains a threat to sue for infringement of a patent. There are equivalent sections for the other rights.<sup>9</sup>
- 19 The new test has two parts. The first part, taken from the common law, is whether the communication would be understood by a reasonable person in the position of a recipient to mean that a right exists. The second part is whether the communication would be understood by such a person to mean that someone intends to bring infringement proceedings in respect of that right for an act done in the UK. This is also based on the current common law but has been modified so that the test can apply to European patents with unitary effect.
- 20 The second part of the test had to be modified because of the decision of the Court of Appeal in *Best Buy Co Inc v Worldwide Sales Corp España SL* (Best Buy), a case about Community Trade Marks.<sup>10</sup> In *Best Buy* the court interpreted the second part of the test to mean that - in cases where it is possible to sue for infringement in the UK national courts and other states' courts - the threat should include a reference to suing in a UK court.<sup>11</sup> The court was concerned that there must be some link to the UK in order to avoid the effect of the threats provisions being exported abroad. This interpretation has subsequently been applied for patents and designs.
- 21 European patents with unitary effect will come within the jurisdiction of the Unified Patent Court, as will European Patents (UK) that have not opted out of the jurisdiction of the Unified Patent Court, together with supplementary protection certificates based on either of those rights. Although part of the Unified Patent Court will be located in the UK, in legal terms it will not be a UK court. Therefore, the *Best Buy* interpretation of the test could not be satisfied in respect of these rights. The modification of the test, so that the threat should be understood to relate to an act done in the UK (or which if done would be done in the UK) provides the necessary link to the UK for the threats provisions to apply.
- 22 Threats may take many forms; they may be written or oral, implied or express. As is currently the case, the intention of the threatener when making the threat does not matter. Whether a communication contains a threat is decided from the point of view of a reasonable person in the position of a recipient.

## Mass communications

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<sup>9</sup> Section 21 for trade marks, section 26 for registered designs, section 253 for design right, and regulation 2 for Community designs.

<sup>10</sup> [2010] EWHC 1666 (Ch); [2011] EWCA Civ 618.

<sup>11</sup> The threat need not exclusively relate to suing in UK courts.

- 23 Threats need not be made directly to an identified individual; a threat can be made more generally. However, it must be more than a general warning.<sup>12</sup> Section 70(2) applies where a threat is made in a mass communication. It provides that, in such cases, the understanding of the reasonable person will be that of a recipient who is a member of the public, or a member of the section of the public to which the communication was directed. This replicates the current law which can be explained with an example:

A notice on Y Co's webpage is read by potential purchasers of a particular product. The notice advises that products of that type, made by X Co, infringe Y Co's patent. It also states that Y Co will take steps to prevent any further infringement of the patent.

- 24 The inference is that a purchaser of X Co's product might be committing an infringement by buying it. The test for a threat would be whether a reasonable person in the position of a potential purchaser of that type of product would understand the webpage text to contain a threat to sue them. Recent case law indicates that in the circumstances described, the test would be satisfied.<sup>13</sup>

## Section 70A: an actionable threat

### The exceptions

- 25 A communication that satisfies the test at section 70, and equivalents, will be a threat and the threats provisions will be engaged in respect of it. However, not all threats to sue for infringement will give rise to a right to sue under these provisions. The next stage is to determine whether the threat is an actionable one.
- 26 Section 70A, and equivalents, provide that any person aggrieved by a threat may sue under these provisions unless one or more of the exceptions contained in section 70A applies.<sup>14</sup>
- 27 It is important to note that a person aggrieved need not be the recipient of the threat. Anyone whose commercial interests have, or might be, affected by the threat in a real rather than fanciful way may sue.<sup>15</sup> To return to the example above, X Co may lose business because of the threat made to its customers, therefore it could sue under these provisions as a person aggrieved.
- 28 It is also immaterial whether the person who made the threat is the owner, or has an interest in the right which is the subject of the threat. Returning again to the example above, Y Co might also be liable for making threats if it was alleged that the products also infringed someone else's patent in which Y Co had no interest at all.
- 29 There are three exceptions which, if applicable, prevent a person aggrieved from suing the threatener.

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12 See *Challender v Royle* (1887) 4 RPC 362 at 375.

13 In *Global Flood Defence Systems Ltd v Van den Noort Innovations BV* [2015] EWHC 153 (IPEC), the allegation put up on a webpage was that a product, similar to one the threatener was retailing, infringed its patent. The court held the test to be how this would be understood by a reasonable person in the position of a member of the flood prevention industry looking to buy such a product.

14 The equivalents are section 21A for trade marks, section 26A for registered designs, section 253A for design right, and regulation 2A for Community designs.

15 See *Brain v Ingledew Brown Bennison and Garrett (No 3)* [1997-98] Info TLR 329, [1997] FSR 511 at 520 by Laddie J.



## Not actionable because of the subject matter of the threat

- 30 Section 70A(2) and equivalents replicate the existing exception for patents, trade marks and designs whereby a person aggrieved cannot sue if the threat refers to the specified primary acts for the particular right.<sup>16</sup> The Bill does not alter the existing law save in one respect. Section 70A(3) and equivalents extend the exception to threats that refer to intended primary acts.
- 31 There is one other change made for trade marks only. Section 21A(2)(a) refers to the primary act of applying or causing another person to apply, a sign to goods or their packaging. The words “or causing another person to apply” enact the recommendation that it should also be a primary act to commission that work to be done.

## Not actionable because of person to whom the threat is made

- 32 Section 70A(4) replicates the current primary actor exclusion introduced for patents in 2004. The equivalent sections for trade marks and designs extend the exclusion to those rights.
- 33 The primary actor exclusion was introduced in 2004 to deal with a problem highlighted in the case of *Cavity Trays Ltd v RMC Panel Products Ltd*.<sup>17</sup> In *Cavity Trays* a threat that referred to the manufacture of a product, a primary act, also referred to secondary acts such as the promotion and sale of that product. The court held that the threat was actionable because of the reference to those other secondary acts. The primary actor exclusion deals with this by excluding a threat according to the person to whom it is made, rather than the acts to which it refers. So, for example, where the threat is made to a manufacturer of a product (a primary actor) it does not matter if it also refers to secondary acts done by that primary actor.
- 34 Section 70A(4) and equivalents provide that a threat made to a primary actor will not be actionable, even where the threat refers to anything else done in relation to the patented invention and the products for which they are a primary actor.
- 35 The primary actor does not lose all protection where they are only a secondary actor in respect of a patent, for example, where someone else used the process and they merely sell the product that is produced. This is a subtle but important distinction. The following example demonstrates the point:

X Co manufactures a patented product, and sells what it produces. X Co is also selling the same products manufactured by Z Co. Y Co writes to X Co claiming that X Co infringe Y Co's patent by manufacturing the products. Y Co also claims that X Co has infringed by retailing both the products it has made and those supplied by Z Co that it merely sells.

- 36 Only the retail of the products manufactured by X Co count as “doing anything else in relation to the product” for the purposes of section 70A(4)(b). The retail of the products manufactured by Z Co does not fall within the meaning of this subsection. Therefore, unless any other exclusion applies, the threat will be actionable.

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<sup>16</sup> The existing exceptions are Patents Act 1977, section 70(4); Trade Marks Act 1994, sections 21(1)(a),(b) and (c); Registered Designs Act 1949, section 26(2A); Copyright, Designs and Patents Act 1988, section 253(3) and Community Design Regulations 2005, rule 2(5).

<sup>17</sup> [1996] RPC 361.

37 The same principle applies where the invention is a process as this example shows:

X Co uses a patented process to produce a product which it then offers for sale. X Co is also selling products that are a direct result of Z Co using the process. Y Co writes to X Co claiming that the use of the process and the sale of the products that result from that use infringe Y Co's patent. Y Co also makes the same claims about the products that resulted from Z Co's use.

38 Only the sale of the products that directly result from X Co's use of the process will qualify as "doing anything else in relation to the process". Again, unless some other exception applies, the threat is actionable.

### Not actionable because it is contained in a permitted communication

39 Under section 70A(5) and equivalents, a threat made to a secondary actor will not give rise to a claim under these provisions if it is contained in a permitted communication. The provisions relating to permitted communications are then set out in section 70B and equivalents.

## Section 70B: permitted communications

### Safe harbour

40 Section 70B, and equivalents,<sup>18</sup> provide the framework for a "safe harbour" to allow a rights holder (or someone acting on its behalf) to communicate with someone who might otherwise be entitled to sue because a threat has been made.

41 What the threatener intended by the communication is not relevant, what matters is how it would be understood by a reasonable person in the position of a recipient. For that reason, communication with a third party can be fraught with difficulty. Even the most innocuous communication, made with the best of intentions, can be interpreted as being an implied threat and trigger legal action. The permitted communication exception addresses this and provides a means by which information can be exchanged to resolve disputes and to comply with the requirements of the Civil Procedure Rules.

### No express threats

42 Section 70A(5) and equivalents make it clear that the opportunity to communicate safely with those who would otherwise be protected must not be used to make express threats to sue.

### The conditions

43 The conditions that must be met are set out at section 70B(1) and equivalents. These conditions only apply to the part of the communication that constitutes the threat. Other material in the communication will be subject to the test for a threat under section 70 and equivalents. If the extraneous material does not satisfy the test for a threat, then the provisions are not engaged in respect of that part. The process is best explained with an example:

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<sup>18</sup> Section 21B for trade marks, section 26B for registered designs, section 253B for design right, and regulation 2B for Community designs.

X Co sends a communication to Y shop as Y shop is retailing a product that X Co believes infringes its patent. The communication covers three issues. The first is an opening paragraph introducing the writer and asking the reader if they would like to be added to X Co's Christmas catalogue list for a fantastic new range of products. The second notifies the reader of a patent it owns and asks the recipient to give details about the manufacturer or importer of the product mentioned. The final piece of the communication is the transcript of a case brought by X Co for the infringement of an entirely different product. X Co states that it has been included "just so you know". Y shop takes legal action under the threats provisions.

- 44 The first part of the communication would not satisfy the permitted communication conditions as it is not made for any of the permitted purposes and would, in any event, be unnecessary. However, it is not a threat within the meaning of section 70 and the threats provisions are not engaged by reason of its inclusion. The second part could be taken to mean that Y shop might be retailing infringing products and therefore is at risk of being sued. However, whether X Co intended it or not, it is made for the permitted purpose of tracking down the primary actor and the information given is necessary for that purpose. Provided the communicator can show they reasonably believe the information relayed to be true, the threat is permitted.
- 45 The final part of the communication provides information that is not necessary for that permitted purpose and does not come within any other permitted purpose. Applying section 70 it is an implied threat and unless some other exclusion applies it is actionable.

## Guidance

- 46 Section 70B, and equivalents, provide a list of permitted purposes at subsection (2). Subsection (4) states what cannot be a permitted purpose and subsection (5) contains examples of the types of information that may be regarded as necessary for a purpose.
- 47 The list of information that may be regarded as necessary for a purpose differs slightly according to the right in question. Different information may be necessary for different rights. Whatever information is given it must be accurate and not mislead, for example, by the omission of details causing the right to appear to be of wider scope than it actually is.

## New permitted purposes

- 48 The court is given a power at subsection (3) to add to the list of permitted purposes under subsection (2). This is to ensure that the permitted purposes exception provides sufficient guidance as to what may be said and when, without falling into the trap of being overly prescriptive and inflexible. It also means that the law can develop over time to better reflect surrounding circumstances as they change. Any new purpose must be similar in nature to those already listed and must be necessary in the interests of justice. We expect that any enlargement of the list will be incremental and will continue to reflect the principle that communication with a secondary actor is exceptional.

# Section 70C: remedies and defences

## Remedies

*These Explanatory Notes relate to the Intellectual Property (Unjustified Threats) Bill [HL] as introduced in the House of Lords on 19 May 2016 (HL Bill 4)*

- 49 The remedies, as set out at section 70C(1) and equivalents remain the same as under the current law.<sup>19</sup>
- 50 An injunction to stop the threats may be obtained as an interim remedy (before the court makes a final decision in the case) or final remedy (when the proceedings are concluded). Damages are awarded for the damage caused by the threat and which are the natural and reasonable consequences of the defendant's acts.<sup>20</sup> The successful claimant may also apply for a declaration that the threats were unjustified.

## Defences

- 51 Section 70C(3) and (4) set out the two statutory defences available to the defendant.

### The justification defence

- 52 Section 70C(3) and equivalents,<sup>21</sup> replicate the current justification defence with one change. A threat is justified, and the threatener therefore has a defence, where it can be shown that the acts in respect of which the threat was made were, or would be, infringing. However, in its current form, the defence provides that the person aggrieved may still obtain a remedy if it is shown that the right in question is invalid in a relevant respect. This part is omitted in the new subsections. An invalid right cannot be infringed; therefore a threat made in respect of it cannot be justified.<sup>22</sup> Where a justification defence is raised it is common practice to challenge the validity of the right in issue where that is in doubt. Therefore, stating the principle is unnecessary.

### Defence where no primary actor can be found

- 53 Section 70C(4) replicates a defence introduced by the 2004 reforms for patents. The equivalent sections extend the defence to trade marks and designs.<sup>23</sup>
- 54 An established principle behind the threats provisions is that where threats to sue become necessary they should be directed to the primary actor. In certain circumstances, someone who threatens a secondary actor may have a defence where no primary actor can be identified in respect of the right in question.
- 55 Provided that either before or at the time the threat is made the recipient has been informed of the steps taken to find the primary actor, the threatener may rely on the defence. Where appropriate, one such step is the use of the permitted communications exception to discover whether a primary act has been committed and by whom. For example, a supplier may be asked for information about the importer of the products it supplies.
- 56 The defence currently provides that the threatener must have used "best endeavours" to identify the primary actor. This has led to confusion about what must be done before the defence is available. Section 70C(4) and the equivalents use simpler language. For the defence to apply, the threatener must have taken "all reasonable steps" but failed to find anyone who has carried out, or intends to carry out, a primary act. If there are several possible lines of enquiry all must be pursued. Returning to the example, where no importer of the product can be identified after taking all reasonable steps, the supplier may be threatened. However, if the

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19 The equivalents are section 21C(1) for trade marks, section 26C(1) for registered designs, section 253C(1) for design right, and regulation 2C(1) for Community designs.

20 See *Ungar v Sugg* (1892) 9 RPC 114.

21 Section 21C(2) for trade marks, section 26C(2) for registered designs, section 253C(2) for design right, and regulation 2C(2) for Community designs.

22 See *Oragon Teknika v Hoffmann – La Roche* [1996] FSR 383.

23 Section 21C(3) for trade marks, section 26C(3) for registered designs, section 253C(3) for design right, and regulation 2C(3) for Community designs.

steps taken identify one primary actor the defence is no longer available. This is the case even where it may appear likely that there is more than one importer of the product.

## Section 70D: professional advisers

### Protection

- 57 Taking legal action against professional advisers under the threats provisions - when used as a tactic to disrupt relations between adviser and client - represents a significant and potentially damaging misuse of the current provisions. Professional advisers are at risk of incurring personal liability because any person can be sued for making a threat (not just the rights holder) and communication with a secondary actor is often made through a professional adviser.
- 58 Section 70D and the equivalents introduce a new protection for professional advisers not present in the current law. The sections do not affect the liability for threats attaching to the client on whose instructions the adviser acts, nor do they alter the underlying position that anyone (not just the rights holder) is capable of making a threat.
- 59 The sections provide a shield for professional advisers where they satisfy the necessary conditions. The party claiming the protection of the section must come within the definition of “professional adviser” at section 70D(2) and equivalents. They must also satisfy the conditions set out at section 70D(3) and equivalents. Where a party cannot do this, the protection is not available.
- 60 The requirement that an adviser is regulated in the provision of services by a regulatory body ensures that any misconduct by the adviser can be dealt with as a professional conduct matter. Some advisers may choose not to join a regulatory body, in which case the protection is not available. It is for the adviser claiming the protection to show that the necessary conditions are satisfied.

### Not limited to UK advisers

- 61 The protection for professional advisers is not restricted to UK or EU advisers but applies to those advisers as defined by the section and where the necessary conditions are met.

## Sections 70E and 70F: supplementary

### Registered rights pending grant

- 62 For patents, the law is clear that where a threat to sue for an infringement is made before the patent has been granted (and in respect of an infringement that occurred before grant) the threat is understood to mean that proceedings will be brought after grant.<sup>24</sup> This principle is reflected at section 70E. Under the current law, the position as regards trade marks and registered designs is less clear and this is rectified by the equivalent sections for those rights.
- 63 Although strictly there is little need to spell this out for patents, the Bill does so for the sake of consistency and to rule out any inference that the law for patents has been changed or applies differently to the law for the other rights.

### Delivery up and orders for disposal

- 64 Section 70F, and the equivalent sections for trade marks and designs extend the meaning of

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<sup>24</sup> *Brain v Ingledew Brown Bennison & Garrett* [1995] FSR 552; [1996] FSR 341; [1997] FSR 271 and [1997] FSR 511.

infringement proceedings to include threats to bring proceedings asking for an order for delivery up (handing over the infringing products, goods or articles) and/or disposal (destruction of the infringing products, goods or articles). Section 70F will be amended by clause 1(3) so that the section can apply to European patents that come within the jurisdiction of the Unified Patent Court.

## Amendments to Schedule A3 to the Patents Act 1977

- 65 Schedule A3 will be inserted into the 1977 Act by the Patents (European Patent with Unitary Effect and Unified Patent Court) Order 2016.<sup>25</sup> Clause 1(8) amends the Schedule to apply sections 70 to 70F to the European patent with unitary effect.

## Commencement

- 66 Clause 8 makes provision about the coming into force of the Bill. Some provisions will come into effect on the day on which the Act is passed. Other provisions will come into force on such day or days as the Secretary of State may by regulations made by statutory instrument appoint. The regulations may appoint different days for different purposes or make transitional, transitory or saving provision.

## Financial implications of the Bill

- 67 It is estimated that ongoing benefits will result in total savings to businesses of around £1.66 million per annum. This is due to a reduction in the number of cases in which this area of the law will be engaged (best estimate of savings around £1 million per year), as well as a reduction in the level of advice required even in cases in which it is engaged (savings of £659,500 per year).
- 68 The financial implications have been assessed, as per the Impact Assessment that is published on the Law Commission's website.

## Compatibility with the European Convention on Human Rights

- 69 Section 19 of the Human Rights Act 1998 requires the Minister in charge of a Bill in either House of Parliament to make a statement before Second Reading about the compatibility of the provisions of the Bill with the Convention rights (as defined by section 1 of that Act). The Minister for Intellectual Property, Baroness Neville-Rolfe DBE CMG, has made the following statement: "In my view the provisions of the Intellectual Property (Unjustified Threats) Bill are compatible with the Convention rights."

## Related documents

- 70 The following documents are relevant to the Bill and can be read at the stated locations:

- Patents, Trade Marks and Design Rights: Groundless Threats (2013) Law

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<sup>25</sup> The schedule will be inserted into the 1977 Act when the Patents (European patent with Unitary Effect and Unified Patent Court) Order 2016 (SI 2016/388) comes into force. SI 2016/388 will come into force when the Unified Patent Court Agreement comes into effect.

Commission Consultation Paper No 212 [http://www.lawcom.gov.uk/wp-content/uploads/2015/03/cp212\\_patents\\_groundless\\_threats.pdf](http://www.lawcom.gov.uk/wp-content/uploads/2015/03/cp212_patents_groundless_threats.pdf)

- Patents, Trade Marks and Design Rights: Groundless Threats (2014) Law Commission Report No 346 [http://www.lawcom.gov.uk/wp-content/uploads/2015/03/lc346\\_patents\\_groundless\\_threats.pdf](http://www.lawcom.gov.uk/wp-content/uploads/2015/03/lc346_patents_groundless_threats.pdf)
- Government Response to Law Commission Report No 346 [http://www.lawcom.gov.uk/wp-content/uploads/2015/12/Gov\\_Response\\_to\\_LC346.pdf](http://www.lawcom.gov.uk/wp-content/uploads/2015/12/Gov_Response_to_LC346.pdf)
- Patents, Trade Marks and Designs: Unjustified Threats (2015) Law Commission Report No 360 [http://www.lawcom.gov.uk/wp-content/uploads/2015/04/lc360\\_patents\\_unjustified\\_threats.pdf](http://www.lawcom.gov.uk/wp-content/uploads/2015/04/lc360_patents_unjustified_threats.pdf)
- Government Response to Law Commission Report No 360 [http://www.lawcom.gov.uk/wp-content/uploads/2015/12/Gov\\_Response\\_to\\_LC360.pdf](http://www.lawcom.gov.uk/wp-content/uploads/2015/12/Gov_Response_to_LC360.pdf)
- Impact Assessment: Intellectual Property (Unjustified Threats) [http://www.lawcom.gov.uk/wp-content/uploads/2015/12/lc360\\_patents\\_unjustified\\_threats\\_impact.pdf](http://www.lawcom.gov.uk/wp-content/uploads/2015/12/lc360_patents_unjustified_threats_impact.pdf)