EIP

Reform of UK Provisions on Groundless Threats of Patent Infringement

In August 2013, I produced a short commentary regarding the decision of Mr Recorder Meade QC in SDL Hair Ltd v Next Row Ltd & Ors [2013] EWPCC 31, where Mr Meade was faced with the question of whether two letters and one email constituted groundless threats of patent infringement under s.70 of the UK's 1977 Patents Act ("the Act").

In that post, as well as summarising the decision on that issue, I also provided a very short background to the cause of action created by s.70 whereby a person (whether or not the proprietor of, or entitled to any right in, a patent) by circulars, advertisements or otherwise threatens another person with proceedings for any infringement of a patent, a person aggrieved by the threats (whether or not he is the person to whom the threats are made) may, subject to subsection (4) below, bring proceedings in the court against the person making the threats, claiming any relief mentioned in subsection (3) below.

While this is undoubtedly an important right to prevent illegitimate claims of infringement damaging an enterprises' or individual's trade, what is or is not a threat has too regularly troubled the Court and as a result of the ambiguities associated with this particular section of the Act, in 2012 the Law Commission was asked by Department for Business, Innovation and Skills together with the Intellectual Property Office to review this section of the legislation (and the equivalent provisions in relation to trade marks and designs). The Review was published in April 2014, and the UK Government has recently provided its comments on the same (26 February 2015) agreeing with most of the Law Commission's proposals. In summary:

1)The Government agreed that the threats provisions should be replaced with a new UK or EU-wide tort of making unfair allegations. However, they also said that this should be

achieved one step at a time, and the first step was reform of the current threats provisions.

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2)Threats against persons who carry out the following primary acts should not be actionable:

a.the making or importing of a product for disposal, even where the threat refers to any other act in relation to that product; and

b.the use of a process, even where the threat refers to any other act in relation to that process.

3)Certain communications should be expressly excluded from counting as groundless threats including:

a.enquiries for the sole purpose of discovering whether, and by whom, the patent has been infringed; and

b.where a rights holder has a remedy which depends on the infringer being aware of the right, the rights holder may alert a potential infringer of the right.

4)The defences available to secondary actors (e.g. those merely selling a product) may be qualified if the patentee has used "reasonable endeavours" to discover the primary actor and that the patentee must inform the secondary actor of the steps undertaken to locate the primary actor.

5)If and in so far as the patent is ultimately held to be invalid, it shall no longer be a defence for the patentee to show that he/she did not know at the time of making the threats that the patent was invalid (and had no reason to suspect the same).

6)A claim for the delivery up of goods should be considered as "proceedings" for the purposes of a thread.

In the ministerial statement from Mr Edward Vaizey, The Minister for Culture and the Digital Economy, introducing the release of this report, it was noted that the review had been requested because "of concerns that the threats provisions are overly complex and do not work as intended. In particular, there were questions over whether the provisions sit well with the expectation, under the civil procedure rules, that parties in disputes should try to negotiate a settlement before turning to litigation. There were also concerns about inconsistency between the different intellectual property rights." This author certainly agrees with these sentiments and save for the removal of the defence under section (2A)(b) and the ability to rely upon reasonable endeavours to find a primary actor, considers that these proposals should help in this regard. In relation to the section 2A

defence, it seems rather harsh to say that a threat is groundless if at the time that threat was made it was believed that the patent was valid (and infringed). In relation to reasonable endeavours, what amounts to reasonable endeavours is no doubt going to give rise to further judicial consideration of this section of the Act.

This will no doubt take another few years to come into force, and will have been remoulded, re-formulated and bashed about by both sides of the House before we get to see what we have to work with, so I will reserve judgment on whether the remodelling of s.70 of the Act solves current problems or simply generates new ones. However as a final point on this issue, and as an indication that the any amendments will not cure all ills, I note in passing the judgment of HHJ Hacon in Global Flood Defence Systems Ltd & Anor v Van Den Noort Innovations BV & Ors [2015] EWHC 153 (IPEC) of January. Forty nine paragraphs were dedicated to determining whether a patentee has a defence to an action brought under s.70 of the Act in circumstances when the threat is made prior to the grant of the patent - a point not covered by the government response.

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