

CHAPTER 4: COMMENTARY ON THE BILL

- 4.1 In this Chapter, we comment on the main clauses and sections of the draft Bill. A full version of the Bill appears at Appendix C. We have also included relevant extracts in the main text below where this assists the reader. First, however, we outline policy choices in the way the Bill is structured and explain why we have drafted separate (but similar) provisions for each of the rights in question. We also summarise stakeholders' feedback on earlier drafts of the Bill.

APPROACH TO DRAFTING

- 4.2 We had some policy choices in how to approach the Bill.

Continue to embed provisions within separate Acts?

- 4.3 The first was whether to continue the current approach, which is to embed each groundless threats provision within the Act to which it relates. At present, for example, the patent provisions are to be found within with the Patents Act 1977, the trade mark provisions within the Trade Marks Act 1994 and the provisions on registered designs within the Registered Designs Act 1949. An alternative approach would have been to create a new standalone measure which would apply to patents, trade marks and designs.

- 4.4 In the end, we decided to stay with the current approach. It was felt that this would make it easier for those who are less familiar with IP law and the law of groundless threats. A standalone measure could easily go unnoticed by this group. The current approach also makes sense for those who are experienced in this area of the law. The Acts for patents, trade marks and designs provide something of a one-stop-shop for most of the provisions relevant to that right. We did not want to interfere with this by creating a completely new, standalone, measure. Therefore, the clauses of the Bill insert the new provisions into the various existing Acts as substitutes for the existing provisions.

- 4.5 The result is that the Bill may appear to take longer to read than is the case. The five substantive provisions for each of the rights are written to be as similar as possible.

General principles v detailed answers

- 4.6 The second difficult issue was how far to confine the statutory provisions to broad principle for a court to interpret, and how far to provide more detail on the face of the legislation.

- 4.7 A constant theme from stakeholders was the demand for more guidance about what could and could not be said in pre-litigation correspondence between the parties. To respond to this demand, the current provisions are longer and more detailed than the statutory provisions they replace. However, we have borne in mind the need for judicial flexibility in certain areas and as result we have left some room for the provisions to develop in the courts.

STAKEHOLDER COMMENTS ON THE BILL

- 4.8 In finalising the Bill we have circulated early drafts to our Working Group, the membership of which includes IP practitioners and lawyers, rights holders and specialist IP judges. Early drafts were also circulated to other IP judges including, Lord Justice Kitchin, Lord Justice Floyd and Mr Justice Arnold. We also circulated earlier drafts to other main stakeholders, including the Law Society IP Committee, the Chartered Institute of Patent Attorneys and the Intellectual Property Office. We have been greatly assisted by the feedback received and, as a consequence, the Bill has been through many drafts.
- 4.9 We have also benefited greatly from the assistance of Professor Hector MacQueen of the Scottish Law Commission. Professor MacQueen has helped us to canvass the views of Scottish stakeholders including Lord Glennie, the Law Society of Scotland, and the Faculty of Advocates. Again, this has led to amendments of the drafts.

THE STRUCTURE OF THE DRAFT BILL

- 4.10 The Intellectual Property (Unjustified Threats) Bill is made up of nine clauses of which six set out the substance of the reform for each of the national and Community rights concerned. The later clauses, which we do not address in detail, deal with technical matters such as territorial extent and commencement.¹
- 4.11 The Bill substitutes or amends the current threats provisions as follows:
- (1) Clause 1 substitutes sections 70 to 70F for section 70, Patents Act 1977.
 - (2) Clause 2 substitutes sections 21 to 21F for section 21, Trade Marks Act 1994.
 - (3) Clause 3 amends Regulation 6, Community Trade Mark Regulations 2006.²
 - (4) Clause 4 substitutes sections 26 to 26F for section 26, Registered Designs Act 1949.
 - (5) Clause 5 substitutes section 253 to 253E for section 253, Copyright, Designs and Patents Act 1988.³
 - (6) Clause 6 substitutes Regulations 2 to 2F for Regulation 2, Community Design Regulations 2005.⁴

¹ What is dealt with is clear from the face of the particular clause.

² SI 2006/1027.

³ There is one less subsection for design right as it is not a registered right.

⁴ SI 2005/2339.

AN OVERVIEW OF THE NEW PROVISIONS

- 4.12 A major criticism of the current law is that there are unnecessary and confusing differences in the threat provisions which apply to different rights. The draft Bill removes these differences. Each of the five substantive sections follows the same structure and is the same in almost all material respects.
- 4.13 Therefore, we have taken sections 70 to 70F (for patents) as our example to describe the new law. The equivalent provisions for trade marks and designs are referred to in footnotes. We deal with the small number of differences between the equivalent sections as they arise.
- 4.14 The threats provisions have undergone many re-enactments and amendments since first introduced in 1883 for patents. As a consequence, the current provisions are not necessarily in a logical sequence. The main elements of the tort are tightly packed within subsection (1) of section 70 with later amendments and additions tagged on subsequently. The most significant amendments made for patents in 2004 were inserted as a new subsection (2A) and added to the end of section 70 as new subsections (5) and (6).
- 4.15 The Bill provisions are in a new order. For each right, the substantive clause follows this sequence:
- (1) The first section defines what a threat is for the purposes of the threats provisions. The definition mainly follows the current case law. However, the required link between the threat and the UK changes. The threat must be understood to relate to an act done (or one which would be done) in the UK.⁵
 - (2) Not all threats are actionable; the second section defines which are not. As in the current law, actions may not be brought for threats which refer to primary acts (such as making or importing a product). The section also extends (to trade marks and designs) the current exception in patent cases for threats made to a primary actor. That is someone who does, or intends to do, a primary act. For example, a maker or importer.
 - (3) The third section introduces the concept of “permitted communications”. Where certain conditions are met, a threat made to a secondary actor will not be actionable. This exclusion does not apply to express threats to sue for infringement. The section gives guidance on what may be said and for what purpose thereby resolving the uncertainty of the current law.

⁵ We explain the reasons for this in Chapter 3.

- (4) The fourth section sets out the remedies and defences. The range of remedies is unchanged. The defence whereby a threatener is not liable for threats where efforts to find the primary actor were unsuccessful is extended to trade marks and designs (it is currently available only for patents). Currently the threatener must use “best endeavours” to find the primary actor. This is changed to “all reasonable steps”.⁶
- (5) The fifth section is entirely new. It prevents threats actions from being brought against professional advisers who act on instructions and who identify their client in the communication.

A THREAT

- 4.16 Section 70 sets out the test for whether a communication contains a threat. There are equivalent sections for other rights.⁷

70 Threats of infringement proceedings

(1) 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) a patent exists, and
- (b) a person intends to bring proceedings (whether in a court in the United Kingdom or elsewhere) against another person for infringement of the patent by—
 - (i) an act done in the United Kingdom, or
 - (ii) an act which, if done, would be done in the United Kingdom.

(2) References in this section and in sections 70A to 70C to “a recipient” include, in the case of a communication directed to the public or a section of the public, references to a person to whom the communication is directed.

- 4.17 Threats may take many forms; they may be written or oral, implied or express. As is currently the case, the intention of the threatener is not material. Whether something is a threat is determined from the point of view of a reasonable person in the position of a recipient.
- 4.18 There are two parts to the test. The first part, taken from the common law, is whether the communication would be understood to mean that a right exists and that someone intends to enforce it against someone else for infringement of that right.⁸

⁶ See Chapter 2 at Paragraphs 2.17 to 2.20, where we discuss this change.

⁷ Section 21 for trade marks, section 26 for registered designs, section 253 for design right, and regulation 2 for Community designs.

⁸ See above at Chapter 1, Paragraph 1.16 to 1.18. See further, Patents, Trade Marks and Design Rights: Groundless Threats (2014) Law Commission Report No 346, para 2.27 and following.

- 4.19 As we explained in Chapter 3, the test was recently interpreted by the Court of Appeal in *Best Buy Co Inc v Worldwide Sales Corp España SL*. In *Best Buy* it was held that, in cases where it is possible to sue for infringement in the UK national courts and in the courts of another state, the threat must be understood to relate to proceedings being brought in the UK.⁹ To ensure that the threats provisions can apply to European patents that will come within the jurisdiction of the Unified Patent Court the test has been replaced by section 70(1)(b)(i) and (ii) and equivalents. The threat must be understood to relate to an act done in the UK, or which if done, would be done in the UK. The requirement therefore provides the necessary link to the UK for the threats provisions - which are part of UK domestic law - to apply.
- 4.20 Threats need not be made to an identified individual; they can be made more generally. However, the threat must still be made in relation to a person.¹⁰ 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.
- 4.21 This replicates the current law. For example, a notice on a Y'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's patent. It also states that Y will take steps to prevent this. The inference is that a purchaser of X Co's product might be committing an infringement. The test 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.¹¹

AN ACTIONABLE THREAT

- 4.22 A communication that satisfies the test at section 70 will be a threat and the threats provisions are engaged. However, not all threats to sue for infringement will necessarily allow a person aggrieved to bring a threats action. The next stage is to determine whether the threat is an actionable one.
- 4.23 Section 70A and equivalents¹² provide that a threat is actionable by any person aggrieved unless one or more exception contained in the section applies.

⁹ The threat need not exclusively relate to suing in UK courts.

¹⁰ See *Challender v Royle* (1887) 4 RPC 362 at 375.

¹¹ 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 flood prevention industry looking to buy such a product.

¹² Section 21A for trade marks, section 26A for registered designs, section 253A for design right, and regulation 2A for Community designs.

70A Actionable threats

- (1) Subject to subsections (2) to (5), a threat of infringement proceedings made by any person is actionable by any person aggrieved by the threat.
- (2) A threat of infringement proceedings is not actionable if the infringement is alleged to consist of—
 - (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.
- (3) A threat of infringement proceedings is not actionable if the infringement is alleged to consist of an act which, if done, would constitute an infringement of a kind mentioned in subsection (2)(a) or (b).
- (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, and
 - (b) is a threat of proceedings for an infringement alleged to consist of doing anything else in relation to that product or process.
- (5) A threat of infringement proceedings which is not an express threat is not actionable if it is contained in a permitted communication.

4.24 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 bring a threats action.¹³ To return to the example above, X co may lose business because of the threat, therefore it could bring a threats action as a person aggrieved.

4.25 There are three exceptions, which if applicable, prevent a person aggrieved from bringing a threats action.

Not actionable because of the subject matter of the threat

4.26 Section 70A(2) and equivalents replicate the existing exception for patents, trade marks and designs whereby a threats action cannot be brought if the threat refers to the relevant primary acts for the particular right.¹⁴ The subsections do 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.

¹³ See *Brain v Ingledew Brown Bennison and Garrett (No 3)* [1997-98] Info TLR 329, [1997] FSR 511 at 520 by Laddie J.

¹⁴ See above at Chapter 1, Paragraph 1.52 for the primary acts. The current provisions are PA 1977, s(4); TMA 1994, s 21(1)(a),(b) and (c); RDA 1949, s 26(2A) and CDPA 1988, s 253(3).

4.27 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 in italics enact the recommendation that it should also be a primary act to cause another to apply the sign, for example by commissioning that work to be done.¹⁵

Not actionable because of person to whom the threat is made

4.28 Section 70A(4) and equivalents replicate the current primary actor exclusion introduced for patents only in 2004.¹⁶ That change was made to deal with a problem highlighted in the case of *Cavity Trays Ltd v RMC Panel Products Ltd*.¹⁷ Here a threat made to a manufacturer also referred to other acts, including promoting and selling the product. The court found that the threatener could be sued for making threats because they had referred to those other acts. An amendment was made to the Patents Act 1977, which focuses on the person to whom the threat was made rather than the act to which it refers. So, for example, where the threat is made to a manufacturer of a product it does not matter if it also refers to the manufacturer selling or supplying the product in question. The equivalent sections for trade marks and designs extend the change made for patents to those rights.¹⁸

4.29 There is one further extension of the exclusion which applies to all rights. Under section 70A(3) and its equivalents, a threat is not actionable if it is made to someone who *intends* to carry out a primary act.

Not actionable because it is contained in a permitted communication

4.30 Under section 70A(5) and its equivalents, a threat made to a secondary actor is not actionable if it is contained in a permitted communication. This exclusion does not apply to an express threat.

¹⁵ See the Report, Chapter 5 at Paragraphs 5.32 to 5.33 and 5.94(4).

¹⁶ See above at Chapter 1, Paragraphs 1.20 to 1.23.

¹⁷ [1996] RPC 361.

¹⁸ See the Report, Chapter 5 at Paragraph 5.66.

PERMITTED COMMUNICATIONS

4.31 Section 70(B) and its equivalents¹⁹ define a permitted communication.

70B Permitted communications

- (1) For the purposes of section 70A(5), a communication containing a threat of infringement proceedings is a “permitted communication” if—
 - (a) the communication, so far as it contains information that relates to the threat, is made solely for a permitted purpose,
 - (b) all of the information that relates to the threat is information that—
 - (i) is necessary for that purpose (see subsection (5)), and
 - (ii) the person making the communication reasonably believes is true.
- (2) Each of the following is a “permitted purpose”—
 - (a) giving notice that a patent exists;
 - (b) discovering whether, or by whom, a patent has been infringed by an act mentioned in section 70A(2)(a) or (b);
 - (c) giving notice that a person has a right in or under a patent, where another person’s awareness of the right is relevant to any proceedings that may be brought in respect of the patent.
- (3) The court may, having regard to the nature of the purposes listed in subsection (2)(a) to (c), treat any other purpose as a “permitted purpose” if it considers it necessary in the interests of justice to do so.
- (4) But the following may not be treated as a “permitted purpose”—
 - (a) requesting a person to cease doing, for commercial purposes, anything in relation to a product or process,
 - (b) requesting a person to deliver up or destroy a product, or
 - (c) requesting a person to give an undertaking relating to a product or process.
- (5) Examples of information that may be regarded as necessary for a permitted purpose include—
 - (a) a statement that a patent exists and is in force or that an application for a patent has been made;
 - (b) details of the patent, or of a right in or under the patent, which—
 - (i) are accurate in all material respects, and
 - (ii) are not misleading in any material respect; and
 - (c) 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.

4.32 This section provides a “safe harbour” to allow a rights holder to communicate with someone who might otherwise be entitled to bring a threats action if threatened. Whether or not a communication is a threat is determined by reference to the understanding of a hypothetical recipient. It does not matter what the communicator intended by the threat. For that reason, communication with a third party can be fraught with difficulty. Even the most innocuous communication can be interpreted as being threatening.

¹⁹ Section 21B for trade marks, section 26B for registered designs, section 253B for design right, and regulation 2B for Community designs.

4.33 Communication with an actual or potential secondary infringer should be the exception and not the rule. This is in line with policy, set out in the recommendations of the Banks Committee in 1970, that the law should discourage “proprietors from directing their concerns to retailers and customers”, but leave them “free to approach manufacturers and importers”.²⁰ However, there are occasions when communication between the parties is necessary or could even resolve any dispute.²¹ The permitted communication exception recognises this. It also allows disputing parties to comply more easily with the obligations placed upon them by the Civil Procedure Rules to exchange information in order to avoid litigation.

No express threats

4.34 Section 70A(5) makes 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

4.35 The conditions that must be met are set out at section 70B(1) and equivalents. These apply to the part of the communication that comprises the threat. Other material in the communication (not made solely for a permitted purpose, not necessary for that purpose, or which the communicator may not reasonably believe is true) will be subject to the test for a threat under section 70 and equivalents. If the extraneous material does not satisfy that test, then the provisions are not engaged in respect of it. The process is best explained with an example:

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 introductory passage introducing the writer and asks the recipient if they would like to be placed on the company’s Christmas catalogue list as they have a fantastic new range of products coming out. The second notifies the recipient of a patent it owns and asks the recipient to give details about the supplier of the product in question. The final piece of the communication is the transcript of a case brought by X Co for infringement of an entirely different product. X Co states that it has been included “just so you know”. Y shop brings a threats action.

²⁰ *Report of the Committee to Examine the Patent System and Patent Law* (1970), Cmnd 4407 at p xvii.

²¹ Once proceedings for infringement are issued the threats provisions play no further role.

4.36 The first part of the communication would not satisfy the permitted communication conditions as it is not made solely for a permitted purpose and would, in any event, be unnecessary. However, it is not a threat within the meaning of section 70, it is merely a communication and therefore the provisions are not engaged by reason of its inclusion. The second part carries within it the implication that Y shop may be retailing infringing products and therefore Y shop is at risk of being sued. However, it is made for the permitted purpose of tracking down the primary actor and the information given is necessary for that purpose. Provided the writer can show they reasonably believe it to be true, the threat is permitted.

4.37 The final part of the letter provides information that is not necessary for the permitted purpose and which does not come within any other permitted purpose. It is a threat in its own right as defined and unless some other exclusion applies it is actionable.

Guidance

4.38 Section 70B and equivalents provide guidance by identifying a list of permitted purposes at subsection (2) and by stating what cannot be a permitted purpose at subsection (4). Subsection (5) contains examples of the types of information that may be regarded as necessary for a purpose.

4.39 The list differs slightly according to the right in question, so for example, different information may be necessary depending on whether the right in question is a registered or unregistered right. Whatever information is given it must be accurate and not mislead, for example by the omission of details so that the right appears to be of wider scope than it actually is.

New permitted purposes

4.40 The court is given a power at subsection (3) to add to the list of permitted purposes. 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 infringer is exceptional.

REMEDIES

- 4.41 The remedies, as set out at section 70C(1) and equivalents²² are unchanged from the current law.

70C Remedies and defences

- (1) Proceedings in respect of an actionable threat may be brought against the person who made the threat for—
- (a) a declaration that the threat is unjustified;
 - (b) an injunction against the continuance of the threat;
 - (c) damages in respect of any loss sustained by the aggrieved person by reason of the threat.

- 4.42 An injunction may be obtained as an interim or final remedy. Damages are awarded for the damage caused by the threat and which are the natural and reasonable consequences of the defendant's acts.²³ The successful claimant in a threats action may also apply for a declaration that the threats were unjustified.

DEFENCES

- 4.43 Section 70C(3) and (4) set out the two statutory defences available to the defendant in a threats action.²⁴

- (3) 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) an infringement of the patent.
- (4) It is a defence for the person who made the threat (T) to show—
- (a) that T used all reasonable steps, without success, to discover the identity of a person who has done an act mentioned in section 70A(2)(a) or (b) in relation to the product or the use of a process which is the subject of the threat, and
 - (b) that T notified the recipient, before or at the time of making the threat, of those steps.

- 4.44 The first, the justification defence is part of the current law for patents, trade marks and designs. The second defence currently only applies for patents but is extended to trade marks and designs.

²² 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.

²³ See *Ungar v Sugg* (1892) 9 RPC 114.

²⁴ These are in addition to any other available defence or procedure such as the claimant not proving their case.

The justification defence

- 4.45 Section 70C(3) and equivalents²⁵ replicate the justification defence with one change. The justification defence is available to the threatener where it can be shown that the acts in respect of which the threat was made were, or would be, infringing. Where the threat is “justified” in this way the claimant in the threats action is denied any remedy. However, under the current law, the remedies are still available if the claimant can show that the right in question is invalid in a relevant respect. This last part is spelled out in the current provisions but omitted in the new subsections. An invalid right cannot be infringed; therefore a threat made in respect of it cannot be justified.²⁶ Where a justification defence is raised it is standard practice to challenge the validity of the right in issue if that is material.²⁷ Therefore, stating the principle is unnecessary.²⁸

Defence where the primary actor cannot be found

- 4.46 Section 70C(4) replicates a defence introduced by the 2004 reforms for patents. The equivalent sections extend the defence to trade marks and designs.²⁹
- 4.47 A guiding principle behind the threats provisions is that threats - should they become necessary – are to be directed to the primary actor. This is because the primary actor is, in all likelihood, the source of the infringement or at least closely connected with it.
- 4.48 However, there may be cases in which the primary actor cannot be found. In order to prevent or limit commercial damage caused by the infringement the only course of action left open to the rights holder might be to threaten a secondary actor. It will be a defence for a threatener to show that all reasonable steps were taken to find the primary actor. The current formulation of the defence requires the threatener to have used best endeavours to find the primary actor. This has led to confusion about what must be done before the defence is available. What is now required is that the threatener took “all reasonable steps” to find the primary actor.³⁰

²⁵ 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.

²⁶ See *Oragon Teknika v Hoffmann – La Roche* [1996] FSR 383.

²⁷ We examine procedural issues where the justification defence might be raised in respect of European patents that come within the jurisdiction of the Unified Patent Court at Chapter 3, Paragraphs 3.34 to 3.36.

²⁸ Issues of infringement and validity can be considered separately in some EU jurisdictions. However, that is in the context of infringement proceedings. For a threats action, where a justification defence is raised the issue of validity is subsumed in the issue of infringement.

²⁹ 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.

³⁰ We discuss how this change came about at above at Chapter 2, Paragraphs 2.17 to 2.20.

- 4.49 The threatener must inform the recipient of the threat, either before or at the time it is made, about what steps have been taken. All reasonable steps must have been taken, for example, where the threatener is aware of several possible addresses for the primary actor, all must have been checked and failed to reveal the primary actor.

PROFESSIONAL ADVISERS

- 4.50 Actions against professional advisers represent a significant and potentially damaging misuse of the current threats provisions. Communication with a secondary actor is often made through a professional adviser. Under the current law anyone may make a threat, not just the rights holder. Therefore the professional adviser risks incurring personal liability for making threats. The Bill does not alter this so it remains the case that anyone can issue a threat.
- 4.51 The Bill, however, introduces at section 70D and the equivalents³¹, protection against liability for professional advisers where they are acting in a professional capacity and on client's instructions.³²

70D Professional advisers

- (1) Proceedings in respect of an actionable threat may not be brought against a professional adviser (or any person vicariously liable for the actions of that professional adviser) if the conditions in subsection (3) are met.
- (2) In this section "professional adviser" means a person who, in relation to the making of the communication containing the threat—
 - (a) is acting in a professional capacity in providing legal services or the services of a trade mark attorney or a patent attorney; and
 - (b) is regulated in the provision of legal services, or the services of a trade mark 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).
- (3) The conditions are that—
 - (a) in making the communication the professional adviser is acting on the instructions of another person; and
 - (b) when the communication is made the professional adviser identifies the person on whose instructions the adviser is acting.

- 4.52 The protection is available where the adviser is acting on client instructions and is regulated in the provision of services by a regulatory body. This ensures that any misconduct by the adviser when acting for a client can be dealt with by their professional body. Some advisers may chose not to join a regulatory body, in which case the protection will not be available.

³¹ Section 21D for trade marks, section 26D for registered designs, section 253D for design right, and regulation 2D for Community designs.

³² See Chapter 2, Paragraphs 2.21 to 2.24 where we discuss professional adviser liability in greater detail.

- 4.53 The sections do not affect the underlying liability for threats attaching to the client. This section expressly says that it is for the person asserting the defence to show that the conditions are satisfied.³³

- (4) This section does not affect any liability of the person on whose instructions the professional adviser is acting.
- (5) It is for a person asserting that subsection (1) applies to prove (if required) that at the material time—
- (a) the person concerned was acting as a professional adviser, and
 - (b) the conditions in subsection (3) were met.

Not limited to UK advisers

- 4.54 The sections adopt a broad definition of “professional adviser”. It has been suggested that the definition should be limited in scope, for example to UK or EU advisers. However, in an increasingly global market the definition must capture the many varieties of foreign and domestic IP practitioner who may risk liability for threats in relation to acts done in the UK.
- 4.55 The definition is sufficiently broad to capture foreign as well as domestic advisers, and its focus on the requirement to be regulated will ensure that any adviser who benefits from the immunity will be accountable to their professional body if their conduct is found wanting in any other respect.³⁴

REGISTERED RIGHTS PENDING GRANT

- 4.56 The law is clear for patents that, when a threat is made before grant, it is taken as a threat to sue once the patent has been granted and this is reflected at section 70E.³⁵ The position as regards trade marks and registered designs is clarified by sections 21E, 26E and regulation 2E respectively.

70E Supplementary: pending registration

In sections 70 to 70C references to a patent include an application for a patent that has been published under section 16.

- 4.57 Although strictly there is little need to spell this out for patents, the Bill does so for the sake of consistency.

³³ As we saw at Chapter 2, Paragraph 2.23, the Government (in their response to our 2014 recommendations) requested that we make this expressly clear.

³⁴ It has also been suggested by some stakeholders that some foreign regulators may not be as rigorous as UK regulators. We make no comment on this but in any event, the issue of the quality of a regulator is not a matter for this reform.

³⁵ *Brain v Ingledeu Brown Bennison & Garrett* [1995] FSR 552; [1996] FSR 341; [1997] FSR 271 and [1997] FSR 511.

DELIVERY UP AND ORDERS FOR DISPOSAL

- 4.58 The Bill also addresses the uncertainty of whether the threats provisions apply to threats to bring proceedings for delivery up or for disposal. Sections 70F, 21F, 26F, 253E and 2F make it clear that they do.

70E Supplementary: pending registration

In sections 70 to 70C references to a patent include an application for a patent that has been published under section 16.

70F Supplementary: proceedings for delivery up etc.

- (1) In section 70(1)(b) the reference to proceedings for infringement of a patent includes a reference to proceedings for an order under section 61(1)(b) (proceedings for infringement of patent: order to deliver up or destroy patented products etc).
- (2) References in sections 70A to 70C to “infringement” in relation to proceedings mentioned in subsection (1) are references to the infringement by reason of which the products or articles to which the proceedings relate are products in relation to which the patent is, or is suspected of being, infringed or articles in which such a product is inextricably comprised.”