

United Kingdom National Report – LIDC Congress, Paris 2019

Should there be legal restrictions on the ability of persons who claim, without sufficient justification, to hold IP rights that have been infringed to bring, or to threaten to bring, legal proceedings based on such claims against their competitors or others?

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1. OVERVIEW

1.1.1 This report has been prepared to assist the International Rapporteur in reporting to the LIDC Congress in Paris in November 2019. It follows the structure of the questions for National Reporters that were published in February 2019 which have been included in the Appendix to this report. This report reflects the views expressed by members of the Competition Law Association (*CLA*) at a meeting held on 29 May 2019 to discuss a draft of this report.

2. SCOPE OF LEGAL PROTECTION

2.1.1 The main types of IP rights in the UK are patents, trade marks (including the protection provided by the tort of passing off), designs, copyright and confidential information (protected through breach of confidence).

2.2 Patents

2.2.1 Patents are governed by the Patents Act 1977 (*PA 1977*). They have a duration of 20 years from the filing date, subject to the payment of renewal fees and invalidation.

2.2.2 Patent infringement is a tort defined in at section 77 PA 1977 and applies to both UK and European patents for the UK, which are treated identically in the context of infringement.² A person infringes a patent for an invention if, while the patent is in force, that person does any of a number of acts in the United Kingdom in relation to the invention without the consent of the proprietor of the patent. The acts include making, disposing, offering to dispose of, using or importing an invention; knowingly offering a patented process for use in the UK; and disposing or offering to dispose of, using or importing any product obtained directly by means of the infringed patented process.³

2.2.3 An action for patent infringement can be brought by a patent proprietor,⁴ a patent co-proprietor provided that the other co-owner(s) are joined to the proceedings⁵ or the holder of an exclusive licensor of the patent.⁶

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² PA 1977, s. 77

³ PA 1977, s. 60

⁴ PA 1977, s. 61(1)

⁵ PA 1977, s. 66(2)

⁶ PA 1977, s. 67

2.3 Trade marks and passing off

- 2.3.1 Trade marks can be registered in the UK or EU-wide. Registered UK trade marks are governed by the Trade Marks Act 1994 (*TMA*) which implements the Trade Marks Directive (2015/2436)⁷ through The Trade Marks Regulations 2018 (SI 2018/825). The law relating to European Union Trade Marks is contained in Regulation (EU) 2017/1001 on the European Union trade mark.⁸
- 2.3.2 The requirements for the infringement of a registered trade mark are set out at section 10(1-3) TMA. The main infringing acts include:
- (a) where a person uses in the course of trade a sign which is identical with the trade mark in relation to goods or services which are identical with those for which it is registered;⁹
 - (b) there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the trade marks, because the sign is identical with the trade mark and is used in relation to goods or services similar to those for which the trade mark is registered, or the sign is similar to the trade mark and is used in relation to goods or services identical with or similar to those for which the trade mark is registered;¹⁰
 - (c) where a person uses in the course of trade, in relation to goods or services, a sign which is identical with or similar to the trade mark, where the trade mark has a reputation in the United Kingdom and the use of the sign, being without due cause, takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.¹¹
- 2.3.3 An action for trade mark infringement can be brought by the trade mark proprietor,¹² or, if co-owned, any of the co-proprietors can bring an action provided that all other co-proprietors are joined to the proceedings.¹³
- 2.3.4 An exclusive licensee of a UK registered trade mark is able to bring infringement proceeding as if they were the proprietor (if not excluded by express provision in the license), if the exclusive licensee has asked the proprietor to bring an action but the proprietor has either refused or not done so within two months¹⁴ or the licence contains confers on the licensee the same rights and remedies as if it had been an assignment.¹⁵ In addition, from 14 January 2019 new section 30(1A) TMA provides that a non-exclusive licensee may bring infringement proceedings with

⁷ OJ 2015, L 336, p. 1-26

⁸ OJ 2017, L 154, p.1

⁹ Trade Marks Act 1994, s. 10(1)

¹⁰ TMA, s. 10(2)

¹¹ TMA, s. 10(3)

¹² TMA, s. 14

¹³ TMA, s. 23

¹⁴ TMA, s. 30

¹⁵ TMA, s. 31

the consent of the proprietor, subject to any contrary provision in the license.¹⁶ Similarly, in respect of EU trade marks, and subject to any contrary provisions of the licence, any licensee may bring an action with the consent of the proprietor¹⁷ and an exclusive licensee may also do so if the proprietor is given formal notice and does not bring infringement proceedings within an "appropriate period".¹⁸

- 2.3.5 The tort of passing off may provide similar protection, even in the absence of registration. The classic formulation of the law was expressed by Lord Oliver in the Jif Lemon case as goodwill, misrepresentation and damage (emphasis added):¹⁹

*The law of passing off can be summarised in one short general proposition - no man may pass off his goods as those of another. More specifically, it may be expressed in terms of the elements which the plaintiff in such an action has to prove in order to succeed. These are three in number. **First**, he must establish a **goodwill or reputation** attached to the goods or services which he supplies in the mind of the purchasing public by association with the identifying "get-up" (whether it consists simply of a brand name or a trade description, or the individual features of labelling or packaging) under which his particular goods or services are offered to the public, such that the get-up is recognised by the public as distinctive specifically of the plaintiff's goods or services. **Secondly**, he must demonstrate a **misrepresentation** by the defendant to the public (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by him are the goods or services of the plaintiff. Whether the public is aware of the plaintiff's identity as the manufacturer or supplier of the goods or services is immaterial, as long as they are identified with a particular source which is in fact the plaintiff. For example, if the public is accustomed to rely upon a particular brand name in purchasing goods of a particular description, it matters not at all that there is little or no public awareness of the identity of the proprietor of the brand name. **Thirdly**, he must demonstrate that he suffers or, in a quia timet action, that he is likely to suffer **damage** by reason of the erroneous belief engendered by the defendant's misrepresentation that the source of the defendant's goods or services is the same as the source of those offered by the plaintiff.*

2.4 Copyright

- 2.4.1 The law of copyright is set out in the Copyright, Designs and Patents Act 1988 (**CDPA**). For a work to receive copyright protection no formalities are required to be observed as protection applies automatically to all works recorded in any form as long as they meet certain requirements. Copyright lasts for a set period, usually the life of the author plus 70 years from the end of the calendar year of his death.²⁰

¹⁶ TMA, s. 30(1A)

¹⁷ Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trade mark, codifying Council Regulation (EC) 207/2009 on the Community trade mark [2017] OJ L154/1, Article 25(3).

¹⁸ Ibid.

¹⁹ *Reckitt and Colman v Borden* ("Jif Lemon") [1990] RPC 341.

²⁰ Copyright, Designs and Patents Act 1988, s. 12

2.4.2 The following restricted acts, if done by any person without the consent or licence of the copyright owner, constitute primary acts of copyright infringement:

- (a) copying a copyright work;
- (b) issuing copies of the copyright work to the public;
- (c) renting or lending the work to the public;
- (d) performing,
- (e) showing or playing a copyright work in public;
- (f) communicating the work to the public; and
- (g) making an adaptation of a copyright work or doing any of the acts listed above in relation to an adaptation.²¹

2.4.3 Copyright infringement is actionable by the copyright proprietor,²² an exclusive licensee²³ or a non-exclusive licensee (provided that, among other requirements, the non-exclusive licensee is explicitly granted a right of action under section 101A CDPA)²⁴.

2.5 Design right

2.5.1 The European Designs Directive (Directive 98/71/EC)²⁵ harmonised national requirements for registered design protection in EU member states and was brought into UK law through amendments made to the Registered Designs Act 1949. The European Community Designs Regulation (Council Regulation (EC) 6/2002)²⁶ created Community registered and unregistered design rights from 1 April 2003 with EU-wide coverage. As with trade marks, design owners can thus apply for a UK registered design or a registered Community design that covers the whole of the EU. Unregistered Community design rights are also governed by the Community Design Regulations 2005 (SI 2005/2339). The duration of protection varies depending on the nature of the right, but can be between three and 25 years.

2.5.2 In addition, there is a separate UK unregistered design right under the CDPA.²⁷ This provides protection for up to fifteen years for “the design in the shape or configuration (whether internal or external) of the whole or part of an article”, excluding surface decoration, methods or principles of construction and must-fit/must-match features. If the design right owner has granted an exclusive licence then they will share concurrent rights with the exclusive licensee²⁸, neither

²¹ CDPA, s. 12

²² CDPA, s. 96(1)

²³ CDPA, s. 101(1)

²⁴ CDPA, s. 101A

²⁵ [1998] OJ L289/28.

²⁶ [2002] OJ L3/1.

²⁷ CDPA, ss. 213-252.

²⁸ CDPA, ss. 243(1-2)

of whom may proceed with an action unless the other party is joined to the proceedings or the court gives leave to proceed.²⁹

2.6 Confidential information

2.6.1 The common law duty of confidence may arise in situation where a person holds information from another party which is confidential in nature having the "necessary quality of confidence"³⁰ and was disclosed in circumstances importing an obligation of confidence. The duty of confidentiality can arise in contract, be implied through the circumstances of a particular disclosure, or implied because of the relationship between the parties. The Trade Secrets (Enforcement, etc.) Regulations 2018 (SI 2018/597), implementing Directive (EU) 2016/943 of the European Parliament and of the Council on the protection of undisclosed know-how and business information (trade secrets) against their unlawful acquisition, use and disclosure came into force on 9 June 2018.³¹ These regulations introduced a statutory tort in addition to the common law tort of breach of confidence.

3. RESTRICTIONS AND REMEDIES UNDER IP LAWS

3.1 General restrictions and remedies

3.1.1 There are various limitations on obtaining IP rights and a range of defences available, including one of "crown use" by the state in the case of some rights. There are also provisions for compulsory licensing of patents, which are rarely used. Although injunctions are discretionary, it is extremely unusual for them to be refused if an IP right is found valid and infringed. The principle of exhaustion of rights in most cases derives from EU law, and extends to products put on the market by or with the consent of the rightholder in the EEA, although for patents this remains a question of national law and is determined on the basis of an "implied licence".³²

3.1.2 None of these general restrictions and remedies are of particular relevance to unjustified claims. More relevant are (a) ready standing to "clear the way"; (b) the "loser pays" principle; (c) the rules on interim injunctions and "cross-undertakings", and (d) the specific statutory provisions on unjustified threats.

3.2 "Clear the way"

3.2.1 The English courts exercise a broad discretion to grant declaratory relief, both as part of their inherent discretion and in some cases bolstered by statutory provisions (eg the rights to seek declarations of non-infringement or revocations of patents under the Patents Act 1977, ss.71 and 72). Although the courts will not grant hypothetical relief, they will grant declaratory relief where there is a commercial disagreement including novel forms of relief such as "declarations of non-essentiality"³³ (that a patent is not essential to eg a telecommunications standard) or "Arrow declarations"³⁴ (that a product or process was obvious at the date of priority of a patent

²⁹ CPDA, s. 351(1)

³⁰ *Saltman Engineering Co Ltd v Campbell Engineering Co Ltd* [1948] 65 RPC 203, para 215

³¹ [2016] OJ L157/1.

³² See *United Wire v Screen Repair Services* [2000] UKHL 42 (obiter, per Lord Hoffmann); *Schutz v Werit* [2013] UKSC 16, para 66.

³³ *Nokia v InterDigital* [2005] EWCA Civ 614.

³⁴ *Arrow v Merck* [2007] EWHC 1900 (Pat).

application, such that any granted patent would either be invalid or not infringed by that product or process).

3.2.2 As a consequence of the availability of this relief, the courts will expect parties to “clear the way” in good time and will take this into account when considering interim injunctions and/or expedition of trial.³⁵

3.2.3 The English courts will similarly expect parties to take sensible steps to resolve their dispute, including responding to letters before action (from either side). Failure to do so is likely to influence discretionary decisions and/or decisions on costs.³⁶ Accordingly, parties will often seek to resolve the position in the UK at an early stage in correspondence.

3.2.4 The combination of these options provide parties concerned by the risk of unjustified claims the opportunity to “clear the way” at an early stage, by correspondence and failing that by litigation.

3.3 “Loser pays”

3.3.1 In litigation in England & Wales, the winning party is generally entitled to recover its reasonable legal costs (and in exceptional cases may be able to recover all its costs on the “indemnity basis”). This is often known as the “loser pays” principle and is not limited to IP enforcement. Typically, a large proportion of these are ordered to be paid shortly after judgment “on account”, with the remainder to be settled by the court at a later date if not agreed.

3.3.2 This approach not only discourages unmeritorious infringement claims but also encourages “clearing the way” as discussed above.

3.4 Interim injunctions

3.4.1 The UK courts will grant interim injunctions (interim interdicts in Scotland) to stop infringement of an IP right pending trial. The approach was set out by the House of Lords in *American Cyanamid*,³⁷ and seeks to avoid a mini-trial on the merits. Provided that both parties provide a real prospect of success at trial, the court goes on to consider whether they would both be adequately compensated if the interim decision turns out to be different to that at trial and, if not, where the “balance of convenience” lies. If it is evenly balanced, the court will tend to prefer the status quo (preventing launch, but not forcing withdrawal from the market).

3.4.2 Whether such relief is granted will typically turn on the “balance of convenience”. As part of that, the Court will look at preserving the status quo and eg the risk of an irreversible price reduction if there is a launch (frequently the case for generic pharmaceuticals).

3.4.3 As part of that balancing, thought, the Court will also expect the party seeking an injunction to provide an undertaking that it will pay any damage caused by a wrongful interim injunction (a “cross-undertaking as to damages”), supported by a guarantee if necessary. The court may also require the undertaking to be extended to third parties who may be affected, such as the National Health Service in pharmaceutical patent cases. Like litigation costs, those undertakings will be taken seriously and allow significant recovery of damages if a right enforced by an interim injunction turns out to be invalid or not infringed.

³⁵ *Smithkline Beecham v Generics* [2001] EWHC 562 (Pat).

³⁶ For instance, *Merck Sharp Dohme v Teva* [2012] EWHC 627 (Pat).

³⁷ *American Cyanamid Co (No 1) v Ethicon Ltd* [1975] UKHL 1

3.5 Unjustified Threats

- 3.5.1 The UK also has specific statutory provisions which typically apply when unjustified threats are brought against someone other than a manufacturer or importer of the product in question. They apply to patents, registered trade marks (UK and EU), unregistered design right and registered designs (UK and Community), and seek to discourage such threats against the downstream supply chain/route to market (who may have limited inclinations to defend an IP action rather than ceasing supply of a particular product). They do not apply to copyright, unregistered trade marks, passing off or confidential information (other torts such as malicious falsehood could arise in such cases, but the thresholds are high).
- 3.5.2 The law relating to the UK's unjustified threats regime law was recently updated by the Intellectual Property (Unjustified Threats) Act 2017 (the *Unjustified Threats Act 2017*), which applies to communications made on or after 1 October 2017.³⁸ That followed many years of lobbying and concerns that the previous provisions gave unnecessarily extensive rights to those affected by threats.
- 3.5.3 The two part test to determine whether a communication constitutes an actionable threat, which can be oral or written, express or implied, now requires that:
- (a) 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 [insert relevant right] 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 [insert relevant right] by an act done (or would be done) in the United Kingdom.³⁹
- 3.5.4 The action can be brought by any person aggrieved by the threat (i.e. not just the person threatened), meaning that a manufacturer or importer can bring action for threats to its distribution chain.⁴⁰ As well as permitting threats against manufacturers and importers, though, the new law gives a range of “permitted purposes” which will not be actionable threats. For instance, the provisions relating to patents read:

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 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)(a) to (c) for some examples of necessary information), and

³⁸ Intellectual Property (Unjustified Threats) Act 2017 (Commencement and Transitional Provisions) Regulations 2017/771

³⁹ See, for example: PA 1977, s. 70(1)

⁴⁰ See, for example: PA 1977, s. 70A(1)

- (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 that it is 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) *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” (see subsection (1)(b)(i))—*
- (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.*

3.5.5 The new law also introduced a safe harbour provision that means that lawyers, trade mark attorneys and patent attorneys can no longer be held directly liable for threats made on behalf of a client, provided they are acting on instructions and identify who gave those instructions.⁴¹

3.5.6 The claimant in an unjustified threat action can seek a declaration that a threat is unjustified, an injunction to prevent further threats by the IP proprietor, and damages for any loss caused by the threat.⁴² A claimant may also be granted other relief, whether statutory or under the court's inherent jurisdiction, such as a declaration of non-infringement.

⁴¹ See, for example: PA 1977, s. 70D

⁴² PA 1977, s. 70C; TMA, s. 16C; Registered Designs Act 1949, s. 26C; CDPA, s. 253C

4. RESTRICTIONS AND REMEDIES UNDER COMPETITION LAWS

- 4.1.1 The UK does not have specific statutory provision for claims of unfair competition. Instead, there are a number of diverse sources of law including both legislative instruments (such as the Business Protection from Misleading Marketing Regulations 2008 and the Consumer Protection from Unfair Trading Regulations 2008) and the common law, including the torts of passing off and malicious falsehood. Further, guidance on comparative advertising is to be found in the codes of conduct applicable to the relevant sections of the media. The Unjustified Threats Act 2017, described above, is another example of one of these very specific laws. This will not be considered further in this section, which will be limited to competition law (antitrust).
- 4.1.2 Some competition law policy-makers understand IP reasonably well. Others do not. They typically understand the policy behind intellectual property, the importance of enforcement to the economy and that competition law should respect this. IP rights are neither superior to nor subordinate to competition policy concerns. Significant respect is given to the exercise of IP rights, but competition law may step in particularly where such exercise raises competition concerns which are not outweighed by IP policy concerns. Determining that balance can be difficult, but most competition law policy-makers are well aware of the need to consider the balance.
- 4.1.3 On the whole, the law in the UK strikes a good balance between IP rights and competition law. Both the competition authorities and the courts consider IP rights carefully when considering competition law enforcement which could affect them. Bringing IP infringement proceedings in itself will only very exceptionally be regarded as anti-competitive.⁴³
- 4.1.4 The main UK competition law is contained within the Competition Act 1998 (the *Competition Act*) which prohibits anticompetitive agreements and abuse of dominance, reflecting articles 101 and 102 of the Treaty on the Functioning of the European Union (*TFEU*). The Competition and Markets Authority (*CMA*) reviews and investigates compliance with competition law and the Competition Appeal Tribunal (*CAT*) hears appeals against the CMA. IP proceedings in the UK courts are heard in the High Court Chancery Division. Follow-on and standalone actions can be heard in the CAT or the High Court. There is no particular difference between how those provisions are exercised before the competition authorities and the courts (and decisions of the authorities are often challenged in the courts)
- 4.1.5 The interface between IP and anticompetitive agreements in the UK is generally determined under EU law, including in relation to the block exemptions and guidelines. Much of the important case law is also at an EU level. However, the CMA has shown particular interest in recent years in the pharmaceutical sector and some of these cases involve the interface between competition and IP.
- 4.1.6 In particular, in February 2016, the CMA investigated a patent settlement agreement between GSK and two generics which included a large payment from GSK to the generics in return for

⁴³ Case T-111/96 *ITT Promedia v Commission* (1998) ECR II-2937

the generics delaying their version of a drug. The CMA issued a fine against all three parties⁴⁴, but this case was appealed to the CAT which referred a number of questions to the CJEU.⁴⁵

- 4.1.7 Similarly, the abuse of dominance provisions are generally provided under EU law with the leading cases at EU level. However, these issues have also arisen in the UK courts, in particular in relation to standard essential patents and FRAND commitments.
- 4.1.8 For instance, in the recent case of *United Planet v Huawei* the trial judge found on the facts of that case that demands for a worldwide rather than a UK licence were not an abuse of United Planet's dominant position and that United Planet had not commenced litigation prematurely. The Court of Appeal agreed.⁴⁶ The case is currently on appeal to the Supreme Court.
- 4.1.9 It is possible that an unjustified threat of IP infringement could breach competition law. However, that could only be the case if there is a related agreement or if the threatening party is in a dominant position. Even if the definition of dominance can sometimes be stretched in such cases, it is not a general remedy which could deal with all cases of unjustified threats but is limited to exceptional cases where these affect the operation of competition on the market.

5. RESTRICTIONS AND REMEDIES UNDER OTHER BRANCHES OF LAW

- 5.1.1 The Law Commission in 2013 summarised the various alternative ways in which unjustified threats could be dealt with. These included malicious falsehood, defamation, abuse of process, contempt of court, economic torts, intentionally causing loss by unlawful means, negative declaratory relief, passing off, misrepresentation and misuse of confidential information.⁴⁷
- 5.1.2 The Law Commission consulted with interested parties seeking their views on the proposed reforms. A number of consultees felt that wider reform was not needed, partly on the basis that "other common law torts, such as unlawful interference with business and trade libel, could do the same job".⁴⁸ However, this was not accepted by the Law Commission and was not taken into account in the Unjustified Threats Act 2017.

⁴⁴ Decision of the Competition and Markets Authority (Paroxetine), Case CE-9531/11 (<https://assets.publishing.service.gov.uk/media/57aaf65be5274a0f6c000054/ce9531-11-paroxetine-decision.pdf>)

⁴⁵ *GlaxoSmithKline PLC v Competition and Markets Authority* 1253/1/12/16 [2018] CAT 4; reference pending as Case C-307/18 [2018] C240/29. See also the ongoing proceedings against Servier, eg *Secretary of State for Health v Servier* [2019] EWHC 1004 (Ch).

⁴⁶ *Unwired Planet International Ltd and another v Huawei Technologies Co Ltd and another* [2018] EWCA Civ 2344, at 128 and 284

⁴⁷ *Patents, Trade Marks and Design Rights: Groundless Threats - Background Papers 1 & 2: the common law torts and other remedies*, The Law Commission, March 2013 (https://s3-eu-west-2.amazonaws.com/lawcom-prod-storage-11jsxou24uy7q/uploads/2015/03/cp212_patents_groundless_threats_background_papers1.pdf)

⁴⁸ *Patents, Trade Marks and Design Rights: Groundless Threats*, The Law Commission (LAW COM No 346), April 2014, section 4.52 (https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/303523/39750_Cm_8851_web_accessible.pdf)

6. CURRENT AND FUTURE POLICY

- 6.1.1 The existing laws and procedures in the area of IP claims generally provide a “level playing field” between large and small parties when it comes to relief and protection. Validity and infringement are considered by the courts at the same time, avoiding the risk of an “injunction gap” which can exist in a bifurcated system.
- 6.1.2 However, the English courts in particular are highly detail orientated and will typically require extensive disclosure of documents and cross-examination at trial, which can increase the costs of litigation in the UK compared to other jurisdictions. That places two burdens on less pecunious parties: the cost of their own lawyers, and the risk exposure to the cost of the other side’s lawyers if they lose. These are not specific to IP. There have been various general policies seeking to redress the balance, such as (a) acceptance of litigation funding; (b) insurance including after-the-event insurance for adverse costs; (c) protective costs orders; (d) the shorter trial scheme; and (e) changes to disclosure rules. In addition, in the IP field, the introduction of the Intellectual Property and Enterprise Court (*IPEC*), including a small claims track, seeks to reduce the costs of proceedings and to cap the levels of recoverable costs, while the Patent Office opinions service (and possibility of subsequent ex officio revocation) provides another low-cost option.
- 6.1.3 Such policies are useful steps and the civil procedure system is relatively adaptable in seeking to ensure access to justice. We have not identified any other specific policy changes we would recommend at this stage although we are always interested to consider new possibilities and to learn from other jurisdictions.
- 6.1.4 There does not seem to be a significant problem with unjustified threats of IP infringement in the UK. In part this is because of the specific protections discussed above. In addition, the UK Courts exercise a broad statutory and inherent jurisdiction under which a party which is concerned about IP risk can seek to have that IP invalidated and/or a declaration of non-infringement, without the need to show a prior threat. There is some evidence of rightholders deciding to drop IP rights in the UK as a consequence, although it is unclear whether this has restricted the legitimate assertion of IP rights.
- 6.1.5 In general we believe the UK system operates relatively effectively, which can be seen in its standing as one of the leading IP jurisdictions in Europe. The statutory provisions on unjustified threats are likely overly complex for those systems with a general prohibition of unfair competition. However, the approach to interim relief is perhaps worthy of further consideration in other jurisdictions. When considering pan-European enforcement strategies, there are many jurisdictions where obtaining an interim injunction (or bifurcated final injunction prior to validity being considered) is still seen as a “no brainer” on the basis that the benefits outweigh any possible damage payable. That does not seem a good policy balance.

Appendix: Questions to rational rapporteurs and where answered

Scope of Legal Protection

1. Please provide a brief overview of the main types of IP right in your jurisdiction, including whether these are either harmonised by international treaty or “national” and not widely replicated in other jurisdictions. Where are these rights defined?

See section 2 (Scope of Legal Protection).

2. What are the main infringing acts in respect of these IP types?

See section 2 (Scope of Legal Protection).

3. Who may bring an action for infringement – is it limited to the IP owner or may others bring claims, e.g. a licensee?

See section 2 (Scope of Legal Protection).

Restrictions and remedies under IP laws

4. What are the main restrictions on obtaining or exercising rights in respect of these IP types, that form part of the IP laws themselves (rather than other areas of law such as antitrust law)? For example (but don't feel constrained by these examples if other situations are relevant):

- a) Restrictions on obtaining the right
- b) Restrictions on asserting the right generally, or against particular categories of person
- c) Compulsory licensing provisions
- d) Exhaustion of rights under IP or general property laws, as against a licensee, their customer or others (however the legal principle is described, e.g. it may be called implied licence)

See section 3 (Restrictions and Remedies Under IP Laws).

5. What remedies are available under IP laws to someone who is a recipient of unjustified claims – e.g. a right to sue for making unjustified threats? Are these remedies different in the case of:

- a) A primary infringer such as a manufacturer or importer
- b) Others in the supply chain, e.g. a retailer or customer
- c) The lawyer or other adviser of the person making the claim?

See section 3.5 (Unjustified Threats).

Restrictions and remedies under competition laws

6. Do you think that competition law policy-makers understand IP? Are they sympathetic or suspicious toward it? Do they recognise the importance of IP enforcement to national and international economies? Do they consider that IP rights are superior or subordinate to competition policy considerations?

See section 4.1.2.

7. Do you think that the law in your jurisdiction strikes the right balance between safeguarding the rights of IP holders (on the one hand) and maintaining free competition (on the other hand)? Please support your answer with reference to relevant case law if possible.

See section 4.1.3.

8. What are the main restrictions on exercising IP rights under applicable competition laws (including antitrust and unfair competition, where relevant)? Is there any difference in the way in which competition laws treat the exercise of rights by an IP holder in a court as compared to when they intervene (e.g. by way of complaint or submission), before a regulatory body?

See section 4 (Restrictions and Remedies Under Competition Laws).

9. What remedies are available under competition laws for the recipient of an unjustified claim of IP infringement against the maker of the claim? Are these remedies different in the case of:
- A primary infringer such as a manufacturer or importer
 - Others in the supply chain, e.g. a retailer or customer
 - The lawyer or other adviser of the person making the claim?

See section 3.5 (Unjustified Threats).

Restrictions and remedies under other branches of law

10. Are there any legal restrictions on exercising IP rights under other branches of law, not mentioned above (e.g. tort/delict, consumer protection)?

See section 5 (Restrictions and Remedies Under Other Branches of Law).

11. What remedies are available under these other branches of law for the recipient of an unjustified claim of IP infringement against the maker of the claim? Are these remedies different in the case of:
- A primary infringer such as a manufacturer or importer
 - Others in the supply chain, e.g. a retailer or customer
 - The lawyer or other adviser of the person making the claim?

See section 3.5 (Unjustified Threats).

Current and future policy

12. In general, do existing laws and procedures in the area of IP claims provide a “level playing field” for, respectively: (a) large claimants with significant market power, (b) SMEs, universities and other claimants who do not have significant market power, (c) large defendants, and (d) SMEs, universities and other defendants who do not have significant market power? Are there any major policy changes that could be made to level the playing field?

See sections 6.1.1, 6.1.2, 6.1.3.

13. Is there a significant market problem in your jurisdiction with people making unjustified claims of IP infringement? Alternatively, is there a significant problem that IP owners are inhibited in the legitimate assertion of IP rights? Generally, is there a problem of bullying behaviour by

claimants or defendants (which is a separate issue from making unjustified claims)? Are the laws mentioned above a significant factor in such problems? Can you identify any other causes or contributory factors of those problems?

See section 6.1.4.

14. In your jurisdiction, are there any areas of existing law, mentioned above, that you think work particularly well or badly, or which should be reformed? Please consider both whether the laws work well or badly from a policy perspective and from a technical perspective in relation to the detailed provisions of those laws. Has the law been applied uniformly or has there been significant divergence in judicial decisions and/or patchy enforcement? In principle, should any of the laws in your jurisdiction be used as a model for other jurisdictions?

See section 6.1.5.

15. Should the laws of any other jurisdiction on unjustified IP claims be adopted in your jurisdiction?

See section 5 (Current and Future Policy).

16. Given that much IP litigation is international, in the sense of involving actors in different jurisdictions, or claims made in several jurisdictions:

- a) Do differences between the law in different jurisdictions cause problems in the legitimate enforcement of IP rights?

Not to our knowledge.

- b) Please identify any areas where the law in relation to unjustified IP claims is harmonised between your jurisdiction and other jurisdiction(s). Do these areas of harmonisation work well? Is there scope for extending these areas of law to other types of IP or other jurisdictions, and is such an extension desirable?

Not to our knowledge.

- c) Are there any areas where rulings in other countries have affected, or have the potential to affect, the ability of national authorities to intervene in conduct which is contrary to national public policies (e.g. antitrust, consumer protection, IP)?

Not to our knowledge.

17. Are there any other legal or policy initiatives, not mentioned above, that would facilitate the legitimate enforcement of IP rights while restricting the unjustified assertion of IP rights?

See section 6.1.3.