

# United Kingdom: New “Unjustified Threats” Legislation

## The Intellectual

## Property (Unjustified Threats) Act 2017

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for “unjustified threats” in intellectual property matters in the U.K. [More](#)

### The IntellectualProperty (Unjustified Threats) Act 2017

The new Act on “unjustified threats” came into force in the United Kingdom on October 1, 2017 following a long vetting process and much public commentary by European practitioners. The concept of a remedy for “unjustified threats” in intellectual property matters in the U.K. goes back many years and well prior to the current legislation and its predecessor embodied in Section 21 of the Trademarks Act of 1994. The prior legislation was deemed inconsistent and confusing as to exactly what constituted an “unjustified threat” communication. Basically, the legislation provides a remedy to a party receiving the threat of an infringement proceeding based on a registered trademark claim where the threat is unjustified, and provides remedies to the threatened party in the form of a declaration of non-infringement, an injunction against further threats, and an award of damages. The basic purpose of the legislation is to provide a protective measure against unjustified threats made against a retailer or distributor or other business that does not make or import the allegedly infringing goods since this could damage or destroy the legitimate business of innocent traders who are not responsible for the manufacture or importation of the goods. Unjustified threats provisions are also found in separate U.K. legislation on patents, designs, and copyright (although the provisions have not been consistent

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with each other up to now). Further the unjustified threats legislation applicable to trademarks does not include any claims based on unregistered trademark rights (known as “passing off” in the U.K.).

The new Act covers all registered trademark rights extending to the U.K. (whether U.K. or EU or international registrations designating the U.K. or the EU) and therefore provides a more uniform regime. The definition of a threat has also been broadened to include a threat to bring action outside of the U.K. for an act done or to be done in the U.K., as for example where the right relied on is an EU trademark registration and the threat is of a proceeding in a different EU member state court. The new Act maintains the two-fold test of the prior legislation as to whether a communication (which can be written or oral or otherwise) contains a “threat of infringement proceedings” from which a “reasonable person” will understand that some claim of an intellectual property right was being made against them and that the person sending the message intends to file infringement proceedings in respect of the relevant rights via legal action in the U.K. Notification of the existence of a registered trademark is not considered an actionable threat and therefore writing to a retailer or secondary party selling the goods to inform them of the existence of a registered trademark right and inquiring as to the source of the goods so that action can be taken against the manufacturer or importer (i.e. the primary parties) would not constitute an actionable threat.

The Act also provides a new “safe harbor” for an IP rights holder communicating with a possibly infringing party without incurring liability for an unjustified threat by way of a “permitted communication.” Such a communication is two-fold in nature, namely, (i) for a permitted purpose (such as noting the existence of an IP right) and (ii) limited only to the scope of the threat necessary for the immediate purpose and provided that the person making the claim believes all the information to be true.

Defenses under the Act are also available where the threat was justified because there was in fact an infringement and the threat was sent to a secondary party because the primary party could not be found and the rights holder had taken reasonable steps to first try and identify the primary party.

There is also a new provision protecting professional advisors against an unjustified threat claim provided they are acting on the instructions of their client (who should be specifically identified in the communication). Previously, the recipient of an unjustified threat could sue not only the party claiming the intellectual property right but also their professional counsel or attorney making the claim,

and this had the unfortunate result of encouraging a litigation strategy of “sue first and talk later” in order to avoid a threats claim against the professional advisor which could then drive a wedge between the advisor and their client.

Although the new Act is apparently being welcomed by many U.K. practitioners for providing some clarification and consistency with respect to unjustified threats litigation, it has not been met with universal praise by practitioners in other European jurisdictions, some of whom view the legislation as unnecessarily complicated or cumbersome.

Unjustified threats provisions are limited in the European Community to the United Kingdom and Ireland, but they also extend to other countries with a similar British law tradition including Australia, which has protective measures against unjustified threats (known locally as “groundless threats”) in their legislation on trademarks, patents, and copyrights. There is draft legislation pending in Australia that will harmonize the different types of intellectual property in this area. The current Australian provisions seem to be clearer and simpler in some respects. For example, under the Australian legislation, the “safe harbor” provision for professional advisors simply states:

“This section does not make a lawyer, registered trademarks attorney or patent attorney liable to an action for an act done in a professional capacity on behalf of a client.”

In contrast, the equivalent U.K. provision includes five sub-sections dealing with who may be considered a professional advisor and their capacities which seems unnecessarily complicated.

Prior to the enactment of the new U.K. legislation, the best professional advice was to always seek the opinion of local counsel in the U.K. before sending out a cease and desist or infringement claim letter. In spite of the improvements reflected in the new Act, this is still the best advice. In the past, U.S. and other foreign counsel have in some cases sent out demand letters to local parties in the U.K., only to be faced with a counter attack under the local unjustified threats legislation, resulting in not only an injunction and declaration of non-infringement, but also a substantial award of damages in favor of the threatened party where the infringement claim was overly broad and not justified.

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## Primary Contacts

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