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Drawing the line between a threat of infringement proceedings and providing factual information

Robert Lundie Smith (EIP) · Wednesday, August 28th, 2013

Section 70 of the UK's 1977 Patents Act "the Act" (as shown below) creates a cause of action against a party that issues groundless threats of patent infringement:

(1) Where 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.

...

(4) Proceedings may not be brought under this section for—

- (a) a threat to bring proceedings for an infringement alleged to consist of making or importing a product for disposal or of using a process, or
- (b) a threat, made to a person who has made or imported a product for disposal or used a process, to bring proceedings for an infringement alleged to consist of doing anything else in relation to that product or process.

(5) For the purposes of this section a person does not threaten another person with proceedings for infringement of a patent if he merely—

- (a) provides factual information about the patent,
- (b) makes enquiries of the other person for the sole purpose of discovering whether, or by whom, the patent has been infringed as mentioned in subsection (4)(a) above, or
- (c) makes an assertion about the patent for the purpose of any enquiries so made.

Historically, such a cause of action was considered necessary because, for example, a manufacturer could be unduly prejudiced by a patentee threatening its customers with litigation for allegedly infringing a patent. The manufacturer's customers might well cease dealing in that product, but unless the patentee actually started infringement proceedings, it was hard for a manufacturer to show that it was safe to deal in its products.

Nowadays, the result of the provisions for unjustified threats mean that even if a party is confident of an infringement, due to considerations such as the uncertainties of litigation and indeed the potential costs of having to litigate to prove that a threat was indeed justified, great care is taken in

such pre-action correspondence to avoid a letter becoming a threat to sue.

In a case concerning the infringement of heating units for hair rollers, *SDL Hair Ltd v Next Row Ltd & Ors* [2013] EWPC 31, Mr Recorder Meade QC was faced with the question of whether two letters and one email constituted groundless threats under s.70 of the Act.

While this is not the most exciting of legal areas, staying on the right side of s.70 of the Act is an important consideration, and Mr Recorder Meade QC's judgment provides useful practice points in this regard as he scrutinises the correspondence in detail, ruling on what might have been a mere provision of information, and what additional detail caused that mere information to become a threat.

“101: My task, however, is to look at the letter as a whole and to consider whether it conveys a threat. In my view it clearly does. It is an “URGENT” letter from solicitors which says that in their view the products concerned fall within the claims of a patent application, and it contains the subheading “Patent Infringement”. The sense of urgency and that something is intended to follow the letter is strongly reinforced by the last sentence on the first page that steps have been taken to expedite the application process. I think it is obvious that an ordinary reader would understand that the thrust of the letter was that some consequence was intended to follow, and that consequence could really only be proceedings for patent infringement, as the subheading itself said.

...

103: I have to say that I think NRL has only itself to blame for this conclusion. It could safely have sent a letter containing only the first second and last paragraphs of the letter and so remained within the protection of s. 70(5) (although even then I think the last paragraph would be rather artificial since there was no reason to think that the addressee knew the names of the manufacturers or importers). Instead, it included in addition the middle three paragraphs and the subheading to which I have referred, which were quite unnecessary if the object was simply to put the addressee on notice of the patent applicant's rights.”

Some may have sought to avoid s.70 of the Act through use of veiled and vague statements alluding to possible infringement, but not being so bold as to actually assert any positive intention. Such drafting must now be assigned to the past as Mr Recorder Meade QC found that the introduction of legally wooliness into an infringement assertion would not avoid the reach of s.70 of the Act:

“104: This, in my view, is an even clearer threat. I refer in particular to the third sentence: “I would very much like the opportunity to discuss with you this product and our concerns regarding a possible patent infringement.”, the statement that “we intend to defend our intellectual property vigorously”, the reference to “English law”, and the statement that “Selling a product that breaches a patent could make you liable for substantial damages.”

105: The superficially softening sentence “Of course I am saying ‘possible’ and ‘could’ as it is for a judge to decide whether an infringement has occurred.” seems to me rather to emphasise the prospect of infringement proceedings and the final sentence with its reference to a discussion “at a convenient time in a convivial place” is obviously calculated to make the reader think of the likelihood of a discussion in a less convivial place, namely a court of law.”

The guidance this judgment provides shows that the court will look at what the letter was obviously intended to convey, rather than the careful wording that the lawyer thinks will avoid formally asserting a threat. It also helps to show how one can indeed avoid s.70, but the scope of what can be said in such a letter now appears to be quite minimal.

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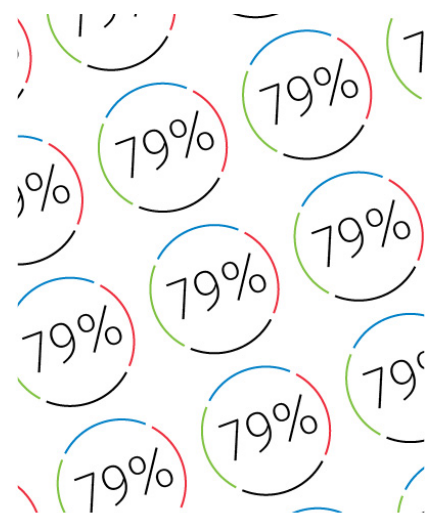
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