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Threats based on patent applications may be justified

Brian Cordery (Bristows) · Thursday, August 11th, 2016

by Claire Phipps-Jones

The Patents Court has recently determined two questions relating to groundless threats: first, can a threat made on the basis of a patent application be justified once the patent has granted, and second, if so, when should a trial relating to such a threat be heard? The decision addressing both issues was that of Arnold J. in G*lobal Flood Defence Systems Ltd & others v Johann Van Den Noort Beheer BV & others [2016] EWHC 1851 (Pat)* which was handed down on 26 July 2016. The case was an appeal against the decision of Judge Hacon in the Intellectual Property Enterprise Court.

The law in the UK provides that a patentee may only bring proceedings after the grant of a patent for acts of infringement taking place following the date of publication of the application. It also provides that a person aggrieved by groundless threats of patent infringement may bring an action. In such cases, a defence of justification may be relied upon where the patent is valid (or the patentee can prove that at the time of the threat he had no reason to suspect that the patent was invalid) and infringed.

However, there was no direct authority on whether a threat of infringement made before the patent granted was capable of being justified. In finding that it was, the Court relied on the fact that section 70 Patents Act 1977 provides for strict liability, meaning that there need be no proof of damage in order for a threat to be actionable. Were the court to conclude that such threats could not be justified, it may inhibit commercial freedom of speech and prove an obstacle to settlement negotiations. In addition, in considering justification, the Court must consider whether the threat related to acts which would constitute infringement (which may take place pre-grant) and not whether the terms of the threat were justified.

On the second point, the court considered that Judge Hacon had not erred in principle in exercising his discretion to adjourn the trial pending the grant of the patent, as such grant was imminent. It remains to be seen whether the trial date would be postponed pending grant in circumstances where the date of grant was unclear or distant.

While a new Unjustified Threats Bill was introduced into the House of Lords in May 2016 and is following the special parliamentary procedure for bills which implement Law Commission recommendations, it is clear that some respondents to the Government’s consultation on the Bill suggested that wider reform was desirable, perhaps moving towards a new tort. Until such time, it continues to be the case that care must be taken to avoid making pre-grant and other potentially

actionable threats.

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