

## **Intellectual Property Update**

### **Actionable threats**

Imagine the scenario: You own a registered trade mark and believe that another company is using a similar mark. You want them to stop using their mark so you send a letter asking them to stop, and threatening litigation if they don't comply with your request. This seems all very normal, however what you may not know is that if you had no intention of pursuing the threatened litigation, or no grounds for making your threat, you are at risk of becoming the defendant.

In the UK, where a threat of infringement proceedings is made to a specific person or business in respect of a registered trade mark, the recipient may have a claim against whoever is making the threat if that threat is found to be unjustified. The purpose of making such an action available is to protect the recipient from being forced to cease a particular activity in order to avoid the cost of litigation, where the party making the threat had no grounds for its claim, or had no intention to pursue its claim.

#### *What is a threat?*

A threat is deemed to be any verbal or written communication where a recipient would understand it as being a threat of infringement proceedings. Even where no specific threat is made it may be implied, and a court will consider a series of correspondence or communications in deciding whether or not a threat has been made. However, a threat must be made to a specific person or business, meaning that general warnings to the trade will not amount to an actionable threat.

A letter which simply notifies the recipient of the existence or registration of the trade mark will not usually constitute a threat. However, the courts carefully consider such letters and may decide that there is an implied threat where the letter appears to go beyond simply drawing the recipient's attention to the sender's rights.

#### *Who can claim?*

An action for threats is not available only to the person or business to which the threat was directed. Anybody aggrieved by the threat may also have a claim provided that they can show that their commercial interests are, or are likely to be, adversely affected in a real way. This might include manufacturers, importers, distributors, buyers and even the ultimate user.

Action can be brought against the party making the threat, which may be the owner of the registered trade mark, or a licensee, and extends to professional advisors such as lawyers. A company will be responsible for threats made by its employees or agents.

#### *Are there any defences?*

Once it is established that an actionable threat has been made, relief will be granted unless a successful defence of justification is put forward – i.e. that the threatened party did in fact infringe his rights. However, this defence is not available where the registered trade mark is shown to be invalid.

#### *What remedies are available?*

The remedies available under the statute which governs registered trade marks are as follows:

1. a declaration that the threats were unjustified;
2. an injunction against continuance of the threats; and/or
3. damages for loss suffered as a result of the threats.

In order to obtain damages, the party bringing the claim must provide evidence of the damage or loss suffered and that it was caused by the threat. It is worth noting that no damages have been awarded to date on an action for threats.

One further remedy is the granting of a declaration that the threatened party has not infringed any rights.

#### *Exceptions to the rule*

An action for threats cannot be brought where a threat has been made in respect of the following:

1. where the trade mark has been applied to goods or packaging;
2. the importation of goods bearing the trade mark; or
3. the supply of services under the trade mark.

#### *Conclusion*

Before sending a letter before action, or making any other communication relating to infringement of registered trade marks, careful consideration should be given as to your intention to follow up on threats of infringement proceedings, and the merits of your case. Companies should consider taking steps to explain to employees the implications of making threats.

Being the subject of a declaration that unjustified threats have been made is not good publicity, and could open the doors to further claims by recipients of other threats.

**Note:** for the purpose of this update we have considered only registered trade marks, however an action for threats may also be brought in respect of patents, design rights and registered design rights. Therefore, there is no recourse against threats of infringement proceedings for unregistered trade marks or copyright.