

What to Do When Someone Is Infringing Your IP Right

Do Not Immediately Contact the Infringer!

You may discover or suspect that someone is infringing one or more of your IP (intellectual property) rights. It could be a patent at the core of your business, a trade mark protecting your main brand or an important product design. When you become aware of the situation, you may be tempted to go straight into battle and take immediate action. Your first instinct may be to contact the infringer straight away and tell them to stop infringing.

You may think that by doing so you are drawing a useful line in the sand that limits the damage to your business and buys you time to plan your next move. But your action may have exactly the opposite effect - it may actually increase the risk to your business.

For example, tipping off the infringer that you are aware of what they are doing may enable them to take the initiative. They could cause further damage before you have had a chance to assess the overall situation and formulate a plan. Under some circumstances, the infringer may even be able to sue you for making unwarranted IP-related threats.

Matters to Consider when Assessing your Response

To determine a strategy to address the infringement, it will be necessary to consider carefully the issues set out below. A professional IP adviser, typically a patent or trade mark attorney, who understands your business, your commercial objectives and the wider context of the threat to your IP can assist with assessing the situation.

- What IP Rights are being Infringed and by Whom?

Your IP adviser will ask what IP rights (such as patents, trade marks or designs) you think are being infringed and by whom. There may be more than one party involved in the infringement, for example an importer and a seller.

- What Evidence is there of Infringement?

Your IP adviser will ask how you know that an IP right is being infringed, what proof you have of infringement and how you know who is involved.

- What Information do you have about the Infringer(s)?

Your IP adviser will ask for any background information relating to each infringer. Have you had any dealings with them? What is their business culture? Are you aware of any previous litigation that they have been involved in? Is there anything distinctive about the way in which they operate?

- What is your commercial objective?

Your IP adviser will ask you how you envisage the matter being resolved. Would you like the infringer to take a license and pay royalties, or would you prefer to keep it off the market entirely?

Equipping your IP adviser with as much information as possible on any infringer(s) will put the adviser in the best possible position to assess your options.

How to Decide on the Best Strategy?

1. Establishing the Strength of your Case

First your IP adviser will establish the strength of your potential case against the infringer(s). There are two main questions to address.

1.1 Is the Relevant IP Right Valid?

The validity of the IP rights in question is vital to the strength of a potential case against an infringer. Your IP adviser will first check that the IP right is actually in force. You should bear in mind that in any Court case which might ensue, an alleged infringer is likely to challenge the validity of your IP right. In some situations it may be preferable not to pursue the infringer at all, in order to avoid the possibility of your IP right being invalidated as a consequence of resulting legal action. You may, for example, have a weak patent that is supporting your business more generally by deterring others from working in the same field. Pursuing an infringer may have the unintended consequence of the patent being invalidated and leaving you with no deterrent.

1.2 Is the Relevant IP Right really being Infringed?

Your IP adviser will assess the evidence you have to prove infringement.

2. Selecting which Infringer(s) to Pursue

Once you have established the strength of your case, you may be faced with a choice of which infringer(s) (if any) you should pursue (i.e. manufacturer, importer, distributor, retailer). Your IP adviser will be able to explain and advise on the pros and cons of pursuing any particular infringer.

3. Assessing the Options

There are typically three main options to choose from:

- Make contact with the infringer
- Issue proceedings against the infringer
- Take no action

The viability and attractiveness of each option will depend on several factors including the type of infringement, your circumstances and resources, your commercial objectives and the strength of your case. Each of the three options is discussed below.

3.1 Option 1: Making Contact

Sending a letter to the infringer

A possible approach is to make direct contact with an infringer in the hope that they will stop infringing your IP right without any further action. If you adopt this approach, you might send a letter to the infringer with the sole aim of making them aware that you actually own the IP right in question. If your case is a strong one, this simple action may make them stop infringing your right. Sometimes they will claim that they are not infringing your right or query its validity (or both). How you should then proceed will depend on the strength of your respective arguments.

Following the "Pre-action Protocol"

In general, the litigation process in the UK encourages attempts to resolve disputes before litigation. The pre-action protocol is in place which provides a code of conduct that can be followed prior to issuing proceedings against another party to start a Court case. This is an alternative to the simple action of sending a letter to the infringer. If you contact them in accordance with the pre-action protocol, you will be indicating that you are willing to issue proceedings and thereby initiate a Court case. This action will also indicate that you are trying to resolve the matter before issuing proceedings against the infringer. The pre-action protocol involves an exchange of correspondence, disclosure of key documents and consideration of avenues for settling the dispute, such as Alternative Dispute Resolution. More detailed guidance is available on the protocol in Annex A on the following website:

http://www.justice.gov.uk/courts/procedure-rules/civil/rules/pd_pre-action_conduct#A

You need to take into account the potential disadvantages of using the pre-action protocol and your IP advisor can help you with that.

Making contact in either way warns the infringer that a case may be made against them. This may give them time to prepare a defence against any allegations. It may also enable them to take the initiative by, for example, starting an action themselves to invalidate the IP right in question, or even by starting an action against you for unjustified threats, as discussed further below.

3.2 Option 2: Issuing Proceedings

It may be to your advantage to issue proceedings to start a Court case immediately against an infringer without making prior contact. If, for example, you are aware that the infringer is planning to take action in the near future which could negatively impact your business, it may be appropriate to issue proceedings as soon as possible and request an injunction to prevent further action. If the infringer is known to be particularly litigious it may be advisable to commence proceedings immediately in order to seize the initiative in the legal process.

Issuing proceedings without contacting an infringer beforehand also prevents a threats action being issued against you.

3.3 Option 3: Taking No Action

In some situations, it may be best to take no action.

If the IP right in question is very weak, there may be a risk of the IP right being invalidated as a result of any action that you take. It may be preferable to have a weak IP right which may deter others than no IP right at all.

Taking action may give rise to an invalidity action against your IP rights, or an action against you in relation to groundless threats. Any Court case will divert a lot of time, effort and financial resources from pursuing your commercial aims. Therefore some situations it may be best to focus on your own business and monitor the activity of the infringer(s) over a period of time to determine whether any engagement is really necessary.

4. Threats

Statutory provisions are in place in the UK to protect parties from unjustified threats being made against them. Making contact with an infringer, for example, by sending a letter to the infringer or by following the pre-action protocol can leave you exposed. A party can bring a claim before the Courts if they have been threatened with litigation for infringement of a patent, trade mark, UK Registered Design or UK Design Right.

A threat can be made through any form of communication, not just through direct contact by letter, email or telephone call. A reference in a circular, advertisement or other medium for general consumption may constitute a threat. The Court may decide that a threat has been made to parties that have not been contacted directly at all, and the threat to sue does not have to be explicit. You must therefore consider the consequences very carefully before issuing any communication that could possibly be considered a threat to any party.

Contact with an infringer, however unthreatening it may seem, can potentially fall foul of the UK threats provisions and lead to an unwanted Court case, loss of control of the situation and the risk of an award of damages against you. Before making any contact at all, you therefore need to consider the possible consequences very carefully.

Professional advice can greatly reduce the risk of falling foul of the threats provisions. In some situations, provided that the contact is made in an appropriate manner, it is possible to contact an infringer without risk of a threatening action being indicated, for example you are simply providing factual information about an IP right in your capacity as the owner of that right. There are various particular exceptions to claims being brought for threats of infringement.

The possibility of a threats claim absent appropriate precautions being taken in correspondence with an infringer brings the following risks.

4.1 Loss of Control

Although you may wish to bring your IP right to the attention of an infringer, you may not actually wish to sue them. Contacting them in a way that could be construed as a threat means that they can initiate Court proceedings. It is then no longer within your control to decide whether an action is brought before the Courts.

4.2 Loss of Advantage in Legal Proceedings

The claimant may have the right to open and close the oral arguments in legal proceedings. They may also be able to choose which Court is to hear the case. This can affect the proceedings in various ways: some Courts are quicker than others and some have a limit on the costs and/or damages that can be awarded. The claimant in a case can use all these factors to their advantage. By risking a threats claim you also risk the possibility that the infringer - rather than you - will be the claimant in any Court case that ensues.

4.3 Invalidation of your IP Right

To counter the groundless threats claim you can initiate infringement proceedings to prove that the threat was not “groundless” but the response to this will likely be that the infringer will apply to invalidate your IP right.

4.4 Consequences of an “Unjustified Threat” Ruling

A claimant may also be entitled to relief if they prove to the Court that an unjustified threat has been made against them. Relief can include a declaration that the threat was unjustified, an injunction against the continuation of any threats and damages to compensate for any losses due the threat.

You can defend yourself against a claim that you made an unjustified threat by showing that no actionable threat was made or by showing that the threat was justified. However, the best way to avoid a groundless threats claim being made against you is

simply to ensure that you do not send anything that could be construed as a threat. Advice from your IP adviser on any contact with an infringer can greatly reduce the risk of falling foul of the UK threats provisions.

Conclusions

Never act in haste against an infringer. Seek professional advice and provide your IP adviser with as much information as possible about the infringed right(s), the infringer(s) and the evidence of infringement. Consider carefully the strength of your case and which infringers, if any, should be targeted if action is to be taken. Weigh carefully the merits of making an approach by letter or via the pre-action protocol, issuing proceedings or taking no action at all. Take into account the UK threats legislation before making any approach.

If you have any queries about the topic covered in this Briefing, or you have reason to suspect that your IP rights are being infringed, feel free to contact us.

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