

## **CITY OF LONDON LAW SOCIETY**

### **Response to the Law Commission Consultation on Patents, Trade Marks and Design Rights: Groundless Threats**

**The City of London Law Society (“CLLS”)** represents approximately 15,000 City lawyers through individual and corporate membership including some of the largest international law firms in the world. These law firms advise a variety of clients from multinational companies and financial institutions to Government departments, often in relation to complex, multi-jurisdictional legal issues.

The CLLS responds to a variety of consultations on issues of importance to its members through its 19 specialist committees. This response in respect of the Law Commission Consultation on Groundless Threats has been prepared by the CLLS Intellectual Property Law Committee.

The CLLS is pleased to have the opportunity to comment on this consultation. We have responded where we believe that the CLLS may contribute or express an informed opinion.

#### **Response**

We have reviewed the draft response of the Intellectual Property Lawyers’ Association (**IPLA**) and are broadly in agreement with it, subject to the two specific points set out below. Like the IPLA, we consider that provisions to seek to restrain unjustified threats in IP cases are important, but the current regime needs reform.

The two areas where we diverge from the IPLA are in the area of passing off/copyright and evolutionary or revolutionary reform.

#### Passing off/Copyright

Whilst we understand the need to put potential infringers on notice under copyright legislation, this can be done without sending a threatening letter. In our view, the “chilling effect” of an unjustified threats letter to a retailer is the same whether or not a registered or an unregistered right is invoked. The retailer will either pull the product off the shelf or

demand wide indemnities from his supplier, both of which can damage suppliers (especially if they are SMEs).

For that reason, our view is that these IP rights should also be subject to unjustified threats provisions. In any event, it seems to us illogical that the UK unregistered design right has such provisions when copyright does not, given the close interaction between the two rights in cases such as footwear or jewellery. Similarly, passing off and trade mark rights often overlap. If passing off and copyright are to remain outside the provisions, then other unregistered rights should as well.

### Evolution/Revolution

Our view is that a “revolutionary” approach is to be preferred, along the lines of the Canadian tort of making false or misleading allegations, or a wider tort of unfair competition based on Article 10bis of the Paris Convention. The current law on unjustified threats is somewhat of a hotch-potch and a trap for the unwary. Even with reform, it will remain a complex legal area, which will catch out the unwary or ill advised in circumstances where no real damage may be done. Those who are well advised can still get around it.

In practice, a new tort such as that suggested will be easier to understand so far as the “lay” person is concerned and the courts are well able to decide the kinds of issues that will arise. Whilst there could be a short period of some uncertainty (although we do feel that most lawyers will know if something “wrong” has been done), this would be off-set by the longer term benefits of a tort that is easier to understand and less prone to “clever lawyering”.

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