

Do you feel threatened?

1. Introduction

1.1 In many jurisdictions, a forceful letter alleging patent or trade mark infringement is simply part of the normal cut and thrust. However, in the UK such actions may constitute a threat of infringement proceedings, and if the threat is unjustified (or found to be so), the sender may have exposed both themselves and their client to a legal action for making “unjustified threats”. One of the pitfalls for the unwary is that allegations of certain acts of infringement are included in these provisions, while others are not.

1.2 Further, it is not the intent of the writer, but the impression made on the recipient that matters¹. Thus a letter alleging, say, infringement of a patent by manufacture, sent to a firm known only to distribute would fall foul of the provisions, as while an allegation of manufacture is normally acceptable, the recipient company, knowing they do not manufacture, could, nevertheless, think this a threat of infringement proceedings against themselves.² Recently, we wrote highlighting how these provisions may affect an unwary Patentee based outside of the UK, when writing to a UK based entity.³

2. The “Without Prejudice” Rule

2.1 Nevertheless, in certain circumstances, letters which would otherwise be actionable may be covered by the “Without Prejudice” rule in which threats, if made, cannot be put into evidence.

2.2 This rule is intended to allow parties to a potential dispute to negotiate without fear that the negotiations will become public during litigation, and allow each party robustly to put its case. The key part of the rule is whether the correspondence forms part of that negotiation. A threat of litigation not forming part of negotiations will not be protected if marked “Without Prejudice”. A threat cannot be protected after the fact by subsequent correspondence. However, a letter forming

¹ *Prince v Prince Sports Group Inc*

² *Brain v Ingledew, Brown, Bennison & Garrett (No. 3)*

³ [Litigants beware – groundless threats provisions rear their face again](#)

part of settlement negotiations will be “without prejudice” whether or not so marked (though such marking will form part of the environment in which the effect of the correspondence is judged)⁴.

3. In Practice

3.1 A recent UK case⁵ commented on this interrelationship in the context of a unitary EU right – a Community Trade Mark - in dealings between a US corporation (and its UK Subsidiary) and a Spanish company.

3.2 There were opposition and revocation proceedings ongoing between the parties. As part of the correspondence, those representing the Spanish firm wrote a letter indicating that the activities of the US corporation could represent a “conflict with the Intellectual Property rights duly registered by my client in Spain and Europe which would entitle it to take the appropriate legal action to defend its interests” concluding with a demand for undertakings “in order to ensure that my client is able to protect its rights in a proper fashion”. While the threat of litigation may have been conditional, it was nonetheless a threat.

3.3 So how did correspondence between the US and Spain lead to proceedings in the UK? Simply put, because the Spanish company had a range of options which included litigating in the UK, if the UK subsidiary were to launch in the UK, the general threat included within its scope a threat of UK proceedings.

3.4 In seeking to defend the action, the Spanish company contended that as only services would be being provided in the UK, the threat was one they were permitted to make. However, as the letter in question also made reference to a registration for goods, the general nature of the threat went beyond the supply of services and so this defence was not available.

3.5 Having fallen at a number of hurdles, the Spanish company were ultimately able to defeat the unjustified threats action –

⁴ *Chocoladefabriken Lindt & Sprüngli v Nestlé*

⁵ [Best Buy Co Inc & Anor v Worldwide Sales Corp. Espana SL \[2010\] EWHC 1666 \(Ch\) \(08 July 2010\)](#)

notwithstanding that the letter in question was not marked without prejudice. The Court was clear the letter fell to be considered as part of a bona fide negotiating process. Previous correspondence, as well as the letter in question, contained offers to negotiate and a concession, "albeit a limited one" was offered to the US corporation. In summary, "viewed as a whole, and in the context of what preceded it, it was a comprehensive negotiating response".

4. Practice Tips/Advice

4.1 In the context of EU wide rights, and in particular between multi-national parties, this case again emphasises the need for care in setting out the rights of each party to be relied upon and in how each party seeks to manoeuvre the other into negotiations.

4.2 While this judgment is unlikely to affect disputes between parties having no presence in the United Kingdom, care needs to be taken (and advice sought) when writing on behalf of a rights holder having a pan European right if the intended recipient includes within its structure a business operating in the United Kingdom. We repeat our counsel that it is prudent to seek advice from a firm of UK Patent and Trade Mark Attorneys before initiating such correspondence.

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