

**CODE OF PRACTICE
FOR PRE-ACTION CONDUCT IN
INTELLECTUAL PROPERTY DISPUTES**



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INTRODUCTION BY THE CHAIR OF THE COMMITTEE

A couple of years ago, I was asked by The Law Society to assemble a Committee to draft pre-action protocols for intellectual property which were then intended to form part of the Civil Procedure Rules. I was fortunate to be able to press into service a Committee comprised of many of the leading practitioners in the field, a list of whom appears below.

The Committee worked very hard to produce pre-action protocols that would help to ensure that the pre-action behaviour of those involved in intellectual property disputes complied with the spirit of the overriding objective and that practitioners and intellectual property owners knew what would be required of them. First drafts of the “protocols” were put out for consultation and we received very helpful comments from a wide range of interested groups and individuals. The Committee would like to extend their thanks to all those who took the trouble to respond to the consultation.

After the consultation had ended, the Committee updated the draft “protocols” but prior to the publication of the new drafts, the Committee was told that, in order to avoid a proliferation of protocols, a decision had been made by the judiciary not now to introduce the intellectual property pre-action protocols into the Civil Procedure Rules. Since that decision, we have continued to receive queries about the protocols and their progress.

Many people have indicated to us that they are using them and finding them helpful. The Committee has therefore decided (with the support of Sir Hugh Laddie, who is one of the Committee members) to publish the drafts that were produced after the consultation process in the form of a Code of Practice so as to ensure that the most up to date version of the drafts is available to those who have found them useful and to assist and guide those who are dealing with intellectual property law disputes. The Code of Practice takes into account the comments received during the course of the consultation process and recent changes in the law. It is not, of course, binding. However, it does represent the Committee’s assessment of what is reasonable pre-action behaviour in intellectual property law disputes.

I would like to thank the Committee members and all those who have supported this project including, in particular, Richard Ashmead of Kilburn & Strode and Jeff Watson of the Patent Office.

The law changes. This Code of Practice is intended as a living document. If you have any suggestions about it, we hope that you will tell us.

Michael Skrein
London
June, 2004

THE COMMITTEE MEMBERS

David Attfield, BBC

Geoff Bayliss, Boulton Wade Tennant

Liz Coleman, The Patent Office

Marcus Dalton, SmithKline Beecham

Susan Davey, BBC (who replaced Elizabeth Gibson of the BBC)

Bridget Doherty, Department of Constitutional Affairs (who replaced Pat Reed)

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Clive Thorne, Denton Wilde Sapte

Jeff Watson, The Patent Office

Carolyn Jones, Richards Butler (Clerk)

Michael Skrein, Richards Butler (Chair)

CODE OF PRACTICE FOR PRE-ACTION CONDUCT IN INTELLECTUAL PROPERTY DISPUTES

1. AIMS OF THE CODE

- 1.1 This Code sets out the steps which parties should follow where litigation is being considered, subject to paragraphs 2.2 and 2.4 below.
- 1.2 Its aim is to encourage the parties to exchange information with each other prior to issuing proceedings to ascertain whether proceedings can be avoided and, if not, to ensure that the parties understand the issues sufficiently to ensure that any litigation is dealt with proportionately and in keeping with the overriding objective. In following the Code, the parties should behave reasonably at all times.

2. SCOPE OF THE CODE

- 2.1 This Code relates to intellectual property disputes. It should be read in conjunction with the Civil Procedure Rules and any relevant practice directions. It is intended to apply to all intellectual property claims. Where a claim is a mixed claim (for example, for copyright infringement and breach of contract) the parties should follow all of the requirements of any applicable pre-action protocols and/or codes as far as possible. In more complex claims it may be reasonable to extend the time limits suggested by this Code.
- 2.2 There may be circumstances where parties consider that a departure from the Code, whether in whole or in part, is justified including, for example:
 - where it is reasonable for the claimant to apply for an interim injunction within a time scale or in a manner which does not reasonably allow full compliance with this Code;
 - where there is a reasonable and urgent need to issue proceedings to found jurisdiction;
 - where the limitation period is about to expire;

- where a claim for unjustified threats might arise (see paragraph 2.4 below);
 - where it would clearly be unreasonable to expect a party to comply with the Code as a result of matters arising from the parties' previous dealings.
- 2.3 The letters of claim and response suggested by this Code are not intended to have the same status as a statement of case. They should be sufficiently detailed so that each party may understand the case of the other. However, their preparation should not place an unreasonable or disproportionate burden on either party in terms of cost.
- 2.4 Attention is specifically drawn to the following provisions:
section 253 of the Copyright, Designs and Patents Act 1988;
section 70 of the Patents Act 1977;
section 26 of the Registered Designs Act 1949;
section 21 of the Trade Marks Act 1994;
paragraph 4 of the Community Trade Mark Regulations 1996
paragraph 4(6) of the Trade Marks (International Registrations) Order 1996

These provisions create liability in tort for making unjustified threats of infringement of a design right, patent, registered design and registered trade mark respectively. Claimants and their advisers should be aware that unless their letter of claim falls within the exceptions set out in the above sections, by following the provisions of this Code they may make themselves liable for the tort of unjustified threats. There is a possibility that relief (including a declaration, damages and an injunction to prevent further threats) will be granted against them by the court as a result of a claim or counterclaim for unjustified threats. Accordingly, there may be cases where a claimant can reasonably justify not having sent a letter of claim on the grounds that to do so was likely to lead to a claim or counterclaim for unjustified threats.

3. LETTER OF CLAIM

- 3.1 An intended claimant (hereafter referred to as “the claimant”) should generally send the intended defendant (hereafter referred to as “the defendant”) a letter of claim as soon as is reasonably possible after coming into possession of the relevant facts complained about.
- 3.2 The letter of claim should:
- (a) state that the letter follows this Code and that the defendant should also do so;
 - (b) unless the letter is being sent to the legal advisors of the defendant, enclose a copy of this Code;
 - (c) identify the claimant;
 - (d) list the remedies that the claimant seeks;
 - (e) give details of any funding arrangements entered into.
- 3.3 For the particular causes of action identified in the appendices to this Code, the letter of claim should, where appropriate, contain the additional matters set out in those appendices.

4. LETTER OF RESPONSE

- 4.1 The defendant should provide a full written response to the letter of claim as soon as reasonably possible. If the defendant is unable to respond within 14 days or, if the letter of claim specifies a shorter period of time, within that time period, the defendant should contact the claimant, explaining why and giving a date by which the defendant will be in a position to respond. In almost all cases a defendant will be expected to have provided a substantive response within 28 days of receipt of the letter of claim.

4.2 The response should:

- (a) state whether, or to what extent, the claim is accepted or rejected;
- (b) if the claim is accepted in whole or in part, state which parts of it are accepted and which are rejected and indicate which remedies the defendant is willing to offer. This should include whether the defendant is prepared to cease all or any of the activities complained of (and if so, which) and whether the defendant is prepared to give undertakings not to repeat them;
- (c) if the defendant is willing to offer a financial remedy, provide the claimant with relevant information to enable the claimant to determine the basis upon which the sum has been calculated. In such circumstances it may be reasonable for the defendant to require such information to be kept confidential by the claimant or its advisors;
- (d) if more information is required, specify precisely what information is needed to enable the claim to be dealt with and why;
- (e) if the claim is rejected, explain the reasons for that rejection, giving a sufficient indication of any facts on which the defendant currently relies in support of any substantive defence;
- (f) where the defendant is considering making a counterclaim, give such details of the counterclaim as would be required to be given by a claimant intending to bring such a claim;
- (g) give details of any funding arrangements entered into.

4.3 For the particular causes of action identified in the appendices to this Code, the letter of response should, where appropriate, contain the additional matters set out in those appendices.

5. ISSUE OF PROCEEDINGS

Unless there are circumstances that render it inappropriate to follow this Code, for example, for one of the reasons set out in paragraph 2.2 above, the claimant should not issue proceedings against a defendant until either the claimant has received a letter of response from that defendant or 14 days have elapsed since the letter of claim was sent and the defendant has not responded nor given a reasonable explanation for a failure to provide a substantive response.

6. ALTERNATIVE DISPUTE RESOLUTION

In all cases the parties should consider alternative means of settling their dispute and, where appropriate, attempt to resolve the dispute without resorting to litigation. Examples of such means of alternative dispute resolution include:

- 6.1 dialogue which expressly or by its nature is without prejudice;
- 6.2 determination by an independent expert (such as a lawyer experienced in intellectual property matters or an individual experienced in the subject matter of the claim) whose name and fees, along with the precise issues to be determined, will have been agreed by the parties in advance;
- 6.3 mediation;
- 6.4 arbitration (which carries statutory obligations).

APPENDIX A

Breach of Confidence

- 3.2.A In addition to those matters set out in paragraph 3.2 above, the letter of claim should, where appropriate:
- (f) identify the nature of the confidential information, including why it is confidential. Sufficient information must be given to enable the defendant to understand the complaint being made. However, the confidential nature of that information may make it difficult for the claimant to disclose details in the absence of a formal confidentiality regime. In those circumstances, the claimant should attempt to establish a suitable formal confidentiality regime with the defendant;
 - (g) state how the confidential information came into existence;
 - (h) provide details of the claimant's ownership of the confidential information;
 - (i) provide details of how the defendant came into possession of the confidential information;
 - (j) provide details of why the information was communicated to the defendant in circumstances which impose a duty of confidence on the defendant, including the details of any contractual provisions on which the claimant wishes to rely;
 - (k) provide details of how the defendant has breached, or will breach the duty of confidence including, if known, to whom it is believed that the defendant has disclosed, or will disclose the information and in what form.

4.2.A In addition to those matters set out in paragraph 4.2 above, the letter of response should, where appropriate:

- (h) explain why the defendant was or is entitled to use or disclose the information. This should include, where appropriate, an explanation as to why the defendant disputes that the information is confidential, is owned by the claimant and has been or will be disclosed to or by the defendant.

APPENDIX B

Copyright, Moral Right, Database Right and Unregistered Design Right

N.B. This Appendix should be read in conjunction with paragraph 2.4

- 3.2.B In addition to those matters set out in paragraph 3.2 above, the letter of claim should, where appropriate:
- (f) provide sufficient information to identify the work or design (“the claimant’s work”) in which copyright, moral right, database right or unregistered design right subsists and where possible include a copy of the claimant’s work, and, in the case of a copyright work, identify the type of work according to the descriptions set out in sections 1(1) and 3-8 inclusive of the Copyright, Designs and Patents Act 1988;
 - (g) in the case of a UK unregistered design right, identify the year of first marketing, in the case of a Community unregistered design right, identify the year the design was first made available to the public in the Community and, in the case of copyright, the date the claimant’s work was created;
 - (h) explain how the claimant’s work was created and by whom and, in the case of assertion of a moral right, identify the author/director (as appropriate) and how the paternity right, where relevant, was asserted;
 - (i) provide details of the claimant’s ownership of the claimant’s work;
 - (j) if anyone other than the claimant has a relevant interest in the claimant’s work, give details of that interest and identify the person or organisation concerned;
 - (k) list the actions the defendant has taken or is threatening to take which have infringed or will infringe the claimant’s copyright, moral, database or design right, stating why the activity in question has infringed or will infringe;

- (l) where the activity which is, or will be, an infringement involves making a copy of the claimant's work, provide sufficient details to enable the defendant to identify the work ("the infringing work") which is, or would, constitute a copy of the claimant's work;
- (m) identify as clearly as possible the relevant part(s) of the infringing work which are copied or will be copied from the claimant's work;
- (n) identify as clearly as possible the relevant part(s) of the claimant's work which have been or will be copied;
- (o) state how the defendant had access to the claimant's work;
- (p) if the claimant intends to claim additional damages under section 97(2) or 229 (3) of the Copyright Designs and Patents Act 1988, make that clear and identify the acts relied upon.

4.2.B In addition to those matters set out in paragraph 4.2 above, the letter of response should, where appropriate:

- (h) give an explanation as to why the defendant disputes that the right in issue subsists in the claimant's work, that the claimant's work is original, is owned by the claimant or has been copied, and why the work which is claimed to be an infringement is not an infringement;
- (i) state whether the defendant is prepared to enter into a licence agreement;
- (j) inform the claimant, in accordance with this Code including Appendix F, if the defendant intends to make a claim for unjustified threats.

APPENDIX C

Passing Off

- 3.2.C In addition to those matters set out in paragraph 3.2 above, the letter of claim should, where appropriate:
- (f) provide sufficient details to identify the mark or get-up of the claimant relied upon and enclose a copy of the mark or get-up where practicable;
 - (g) provide sufficient details to identify the goods or services associated with the mark or get-up relied upon and how the mark or get up relied upon has been used in respect of those goods or services;
 - (h) provide details of the date upon which the claimant started to use the mark or get-up in respect of the goods or services relied upon;
 - (i) in relation to the goods or services relied upon, provide sufficient details to identify the size and geographical extent of the reputation or goodwill associated with the mark or get-up relied upon and how long that reputation or goodwill has been in existence;
 - (j) identify the mark or get-up of the defendant complained of, including the goods or services to or in respect of which the mark or get-up is applied or in respect of which the mark or get up will be applied;
 - (k) identify the activities of the defendant complained of;
 - (l) identify the confusion that these activities have caused or are likely to cause;
 - (m) set out examples of any instances of confusion currently relied upon by the claimant.

4.2.C In addition to those matters set out in paragraph 4.2 above, the letter of response should, where appropriate:

- (h) where the defendant does not agree with the claimant's description of the claimant's reputation or goodwill in the mark or get-up or goods or services relied upon, state the defendant's reasons for disagreeing;
- (i) where the defendant does not agree with the claimant's description of the defendant's mark or get-up or goods or services complained of, give sufficient details to identify the defendant's mark or get-up or goods or services;
- (j) identify the date upon which the defendant commenced use of its mark or get-up upon its goods or services and give sufficient details to identify the size and geographical extent of any reputation or goodwill associated with the defendant's mark or get-up or goods or services and how long that reputation or goodwill has been in existence;
- (k) state whether the defendant is prepared to enter into a licence agreement.

APPENDIX D

Patent and Registered Design

N.B. This Appendix should be read in conjunction with paragraph 2.4

- 3.2.D In addition to those matters set out in paragraph 3.2 above, the letter of claim should, where appropriate:
- (f) provide sufficient details to identify the patent or registered design (“the registered right”) in issue and enclose a copy of the registered right;
 - (g) provide details as to the registered owner of the registered right;
 - (h) if anyone other than the claimant has a relevant interest in the registered right, give details of that interest and identify the person or organisation concerned;
 - (i) in the case of infringement of the registered right, identify the activities of the defendant complained of, stating why those actions have infringed or will infringe the claimant’s registered right;
 - (j) in the case of patent infringement, identify the claims of the patent which are infringed or will be infringed;
 - (k) where the claimant wishes to revoke a registered right, identify the grounds for invalidity and/or revocation relied upon and, where possible, specify any relevant prior art of which the claimant is aware;
 - (l) where the claimant is seeking an assurance from the defendant that certain activities do not infringe the registered right, set out those activities in sufficient detail for the defendant to understand them;
 - (m) where the claimant says that it is the rightful owner of the registered right, explain the reasons for making such a claim.

4.2.D In addition to those matters set out in paragraph 4.2 above, the letter of response should, where appropriate:

- (h) where the defendant has grounds for disputing the validity of the registered right, identify the grounds for invalidity and/or revocation relied upon and, where possible, specify any relevant prior art of which the defendant is aware;
- (i) state whether the defendant is prepared to enter into a licence agreement;
- (j) inform the claimant, in accordance with this Code including Appendix F, if the defendant intends to make a claim for unjustified threats.

APPENDIX E

Registered Trade Marks

N.B. This Appendix should be read in conjunction with paragraph 2.4

- 3.2.E In addition to those matters set out in paragraph 3.2 above, the letter of claim should, where appropriate:
- (f) provide sufficient details to identify the registered trade mark (“the registered mark”) relied upon, including the number, class and date of registration and the relevant part of the specification relied upon, and enclose a copy of the registration;
 - (g) provide details as to the registered owner of the registered mark;
 - (h) if anyone other than the claimant has a relevant interest in the registered mark, give details of that interest and identify the person or organisation concerned;
 - (i) in a claim for infringement, if more than 5 years has passed since the registered mark was entered onto the register, provide sufficient details to identify the goods or services in respect of which the registered mark has been used;
 - (j) where the claimant intends to rely on the existence of goodwill and reputation in relation to the goods or services in respect of which the registered mark has been used, provide sufficient details to identify the size and geographical extent of the reputation or goodwill associated with the registered mark and how long that reputation or goodwill has been in existence;
 - (k) identify the mark or get-up of the defendant complained of and the goods or services to which the mark or get-up is applied or it is believed will be applied, and identify which subsection(s) of section 10 of the Trade Marks Act 1994 the claimant relies upon;

- (l) identify the activities of the defendant complained of;
- (m) identify any confusion that these activities have caused or are likely to cause;
- (n) set out examples of any instances of confusion currently relied upon by the claimant;
- (o) where the claimant wishes to revoke a registered mark, identify the grounds for invalidity and/or revocation relied upon;
- (p) where the claimant is seeking an assurance from the defendant that certain activities do not infringe the registered mark, set out those activities in sufficient detail for the defendant to understand them;
- (q) where the claimant says that it is the rightful owner of the registered mark, explain the reasons for making such a claim.

4.2.E In addition to those matters set out in paragraph 4.2 above, the letter of response should, where appropriate:

- (h) where the defendant does not agree with the claimant's description of any reputation or goodwill in the registered mark relied upon, state the defendant's reasons for disagreeing;
- (i) where the defendant does not agree with the claimant's description of the defendant's mark or get-up or goods or services complained of, give sufficient details to identify the defendant's mark or get-up or goods or services;
- (j) where the defendant relies upon any of the defences set out in sections 10, 11 or 12 of the Trade Marks Act 1994, state the defence(s) relied upon;

- (k) where the defendant relies upon another registered trade mark pursuant to section 11(1) of the Trade Marks Act 1994, provide sufficient details to identify that registered trade mark, including the number, class and date of registration, and enclose a copy of the registration;
- (l) where the defendant disputes the validity of the registered mark, identify any grounds for invalidity and/or revocation that the defendant is aware of;
- (m) state whether the defendant is prepared to enter into a licence agreement;
- (n) inform the claimant, in accordance with this Code including Appendix F, if the defendant intends to make a claim for unjustified threats.

APPENDIX F

Unjustified Threats

(For the purposes of this Appendix, the claimant is the person who complains of unjustified threats and the defendant is the person complained of as making such threats)

3.2.F In addition to those matters set out in paragraph 3.2 above, the letter of claim should, where appropriate:

- (f) identify the correspondence or other activities of the defendant complained of, where possible enclosing copies of any correspondence from the defendant upon which the claimant intends to rely;
- (g) identify which section and/or subsection listed in paragraph 2.4 above the claimant relies upon.

4.2.F In addition to those matters set out in paragraph 4.2 above, the letter of response should, where appropriate:

- (h) where the defendant does not agree with the claimant's characterisation of the meaning of any words complained of, state the defendant's reasons for disagreeing.