

BRITISH COPYRIGHT COUNCIL

Response to the IPO consultation on Introducing a small claims track into the Patents County Court

The British Copyright Council represents those who create, hold interests or manage rights in literary, dramatic, musical and artistic works, performances, films, sound recordings, broadcasts and other material in which there are rights of copyright and related rights. The British Copyright Council ("BCC") was founded in 1965 and incorporated in 2007 and is a national consultative and advisory body.

As a liaison committee and pressure group for change in copyright law at UK, European and international level, the BCC provides its members with a forum for the discussion of copyright matters. Our members include professional associations, industry bodies and trade unions which together represent hundreds of thousands of authors, creators, performers, publishers and producers. These right holders include many individual freelancers, sole traders and SMEs as well as larger corporations within the Creative and Cultural Industries. Our members also include agents and managers and the collecting societies which represent right holders and which enable access to works of creativity. A list of the BCC's members is attached at Annex A.

In producing this response we have consulted representatives of members of the BCC, a number of whom are solicitors and one of whom is a Deputy District Judge, and have made informal enquiries of a number of other interested parties including barristers and solicitors specialising in IP law and District Judges.

GENERAL

The BCC strongly welcomes the proposed introduction of a small claims track for IP claims. Evidence from our members suggests that there are a significant number of IP claims, mostly minor infringements of copyright or Unregistered Community Design Right which are not currently pursued; being too low in value for the multi-track jurisdiction of the Patents County Court and unsuitable for the general Small Claims Track.

In its response to BIS Digital and Creative Industries Growth Review 2010 - BCC said:-

" Enforcement accessible to all right owners - The current copyright enforcement system does not provide a viable means for individual creators and performers, that is, freelancers, sole traders and small companies, to enforce their rights either in the existing market place, or against digital and online infringers. Enforcement of rights is frequently too expensive and too complicated to be worthwhile for individuals and small companies to pursue in a practical way."

and in its response to the Hargreaves Review 040311 – BCC commented:-

"Enforcement of rights cannot be considered in isolation from the rest of the IP framework, or apart from growth and investment in new markets. Rights only have value if they can be enforced."

The purpose of copyright enforcement is to encourage and support legitimate markets, products and services by providing right holders with access to justice. Failure to provide

appropriate support, for example, by delaying implementation of Section 17 of the Digital Economy Act, to the enforcement of rights is a major inhibitor to growth in relation to the ability of creative content providers to develop and exploit new markets and discourages investment in the digital economy. At grass roots level the cost and complexity of enforcing rights, affects the willingness of individual creators and performers and other smaller right holders to participate in new market.

Effectiveness and Cost

Case Study 10

A friend writes to the 1709 Blog with the following little tale of woe, hoping for some advice in return:

"A friend of mine who has a sideline licensing use of her photographs recently came to me with a plea for help. An organisation has used one of her pictures and has refused to agree to, or even acknowledge, her request for her usual fee of around £50. Having sought advice from [Own-It](#) she was told that her course of action was to bring a claim for copyright infringement. However, she can only do this in the Patents County Court, and absent a Small Claims procedure for IP disputes (as proposed in the Jackson Report) this will be an expensive option. On her behalf I contacted a specialist IP litigator; they expressed interest and sympathy but noted that their normal costs regime meant that even writing a Cease-and-Desist letter would probably be disproportionately expensive given the low value of the dispute. Is there any credible route to redress for my friend? It seems manifestly unjust that flagrant copyright infringement should go without remedy, but the current system for IP litigation does (and this is, I know, not news) seem to ignore the small-scale creators who are supposed to be the bedrock of innovation and our creative economy. Are we likely to see reform to address this, and in the mean time is there anything my friend can do that won't involve outlay an order of magnitude larger than the sum she wants to claim?"

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Currently, the copyright enforcement system does not provide a viable means for individual creators and performers, that is, freelancers, sole traders and small companies, to enforce their rights in either traditional or digital markets, particularly in relation to low value infringement of rights.

"The current UK framework is costly, unwieldy to use and time-consuming. The move of copyright cases from Small Claims and County Courts to the Patents County Court has made this even more so for individual and micro-business creators, for whom the expense and disruption of pursuing the typical photographic rights infringement value of £50 - £350 represents a significant burden on their businesses, loss of revenue, loss of business confidence and consequent reduction in overall economic activity, growth and HMG tax receipts."

Paul Ellis, Stop 43

The cost of litigation is prohibitive for individual or small scale right holders, even in the most blatant cases, the most which such right holders can afford is a cease and desist letter. In many cases, enforcement is also far too complicated for such right holders. We welcomed recent changes to Patents County Court rules but we were very disappointed that Lord Justice Jackson's recommendation for a fast track and small claims track has not been carried forward and remains no more than a good idea. While the cost of cases before the Patents County Court are now capped at £50,000 and damages/profits at £500,000, this is still way

out of line with the value of the infringement in very many cases, which may be little more than a few hundred pounds.

"The vast majority of infringements are low value and there is no procedure that is economical to pursue. This will also have to apply to MR breaches. It is vital that an infringer should find an unlawful route to publication significantly more expensive than an unlawful route. By way of example I have already this month found around a dozen infringing repros by large organisations. All but one are below £100 and that one is under £300. I will pursue them but will probably make a loss on doing so."

David Hoffman, David Hoffman Photo Library

The introduction of exemplary damages into the Copyright Act would greatly assist right holders, particularly for infringements of a low monetary value. The absence of such damages means there is no disincentive for potential infringers, who when caught pay only what they would have done if they had obtained a licence."

Potential claimants are usually individual creators or performers who do not have the funds to instruct lawyers for low value claims and the type of claim is often evidentially straightforward. Evidence of the likely numbers of these claims is inevitably hard to find but comments from BCC members suggest that creators' and performers' rights organisations would advise small but significant numbers of creators and performers each year to use the new Small Claims Track. Responses to the questions:

"1) How many copyright-related cases you and your members have taken to County Court; and

2) How many members have contacted you about cases that you would we have taken, were you able to..."

elicited the following responses:

Organisation A

"We certainly have members dealing with these issues, but even when we have advised them re copyright cases we do not get feedback from them, or even know if they have followed their claim up.

We'd estimate around 5 per year might have taken their issue to court. Although many more are confronted with copyright issues. So: 1) None that we know of recently. 2) 5 per year. 25 for 5 years."

Organisation B

"As you can imagine I spend too much of my time chasing payments for IP and related services on behalf of our clients and sometimes resort to Moneyclaim Online –with some success. However if a producer or publisher has failed to account I don't have a quick and easy way to chase the money. To give another example I had a frustrating breach of contract claim where we were suing for an

actress's fee but the small claims procedure didn't accommodate the complexities of the evidence and we had to abandon the claim.

I suppose it is only a few times a year that I find myself thinking about court proceedings and often a client backs off at that stage because of the prospect of bringing in outside lawyers and of running up substantial costs.

So at the moment irresponsible producers and publishers get off very lightly –it is only when I can scare them with cheap and simple proceedings that we have success in recovering fees and royalties from them."

Organisation C

"I'm afraid I don't have numbers. But we do have to explain to a number of members each year that there is no possibility of pursuing a claim. I would say it's in double figures each year."

Organisation D

"We virtually never take cases to the County Court on behalf of members. We do offer legal advice in suitable cases, but it is up to the member whether to pursue a case as we do not have the resources for this.

Very occasionally – maybe once a year or less – we help a member to pursue a straightforward debt using the small claims, or nowadays more usually the Money Claim Online procedures. We find that if we do this almost invariably the debt is paid or at least a settlement is offered.

We sometimes get inquiries from members who have entered unsatisfactory contracts such as option agreements or film writing contracts. They find that the producer loses interest in the project, but they are unable to get out of the option/contract and take it elsewhere. Similarly, writers are sometimes commissioned to write for the theatre and at an early stage they get dumped, sometimes without having been paid at all, perhaps on the grounds that their work was unsatisfactory. If there were a small claims-type procedure to deal with this kind of situation we would point members in this direction – probably a handful of cases, no more than half a dozen a year."

It can be seen that each organisation predicted a small but not negligible number of cases each year. Assuming five per representative organisation in the BCC this would represent over 150 cases per year taken by BCC members and reported to the BCC. There may be many more of which we know nothing.

QUESTIONS

- a. Do you agree that the small claims track for IP claims should work largely the same as the general small claims track? Please provide supporting evidence.

We agree that the small claims track for IP claims should work largely the same as the general small claims track. As we stated above it seems likely that most of the claims from our members would be factually simple copyright or unregistered design cases.

Commencement of claims The Court will need to produce clear guidelines to ensure that cases are correctly started in the PCC rather than the general county courts and that there is an appropriate mechanism for transfer. Our enquiries suggest that at present a number of cases which are strictly excluded from the general county court regime under CPR 63.1 do end up in the small claims track. Often they are "disguised" as breach of contract claims because the copyright owner frequently sends an invoice for the use and then sues on it. The District Judges we consulted said that they see a small number of such claims, probably under one each per year (though that is still significant when you consider the number of District Judges). However they may not actually recognise them and, further, rights organisations report that each organisation encounters several cases each year which are taken under MCOL (money claims online). If these are expressed as being liquidated claims and are not defended they will never be seen by a Judge. In one case an illustrator noted that some of his cartoons had been used by a magazine without his permission. He wrote to the magazine as follows:

"Dear Editor

It has been brought to my attention that, in issue [] of [] magazine, you published three of my cartoon illustrations, which were originally drawn for my clients, []. At no time was permission to use these cartoons sought from either myself or my client, though had I been approached, I would have been happy to allow their use subject to my client's agreement and my normal reprint charge of £[] per cartoon.

Should you wish to reprint any of my work in the future, I would be obliged if you would contact me initially, since, in some cases, exclusive rights may have been granted to my client. In this particular instance, since the cartoons have already been published in your magazine, I am enclosing my invoice for the total amount due, of £[] plus VAT.

My normal terms are 30 days but in this case, given the time that has elapsed since you used the cartoons, I would ask you to remit within the next seven days.

Yours sincerely"

When no response was received the illustrator made a successful claim for the invoice amount using MCOL even though he should not have issued an invoice or used this process. Obviously BCC would not advise members that this course be followed, so would not have definitive figures but anecdotal evidence suggests that it is used reasonably frequently. UK Creative Industries add £60bn to the economy every year, constitute 8% of GDP and employ over 1.7 million people so it would not be surprising if there were several hundred such cases every year. The advent of the Small Claims Track in the PCC would not change that initially as many of these claims will be brought by people who do not know that they are not entitled to bring IP claims under MCOL.

Education and guidance notes should therefore be issued with the advent of the track to ensure that Claimants, Court staff and judges know where to direct claims.

Allocation We note (3.8) that it is proposed that claimants will need to request that the claim is allocated to the small claims track. The defendant will need to be content with this, in that they do not object in their defence to the claim being allocated to the small claims track. Only in cases where there is a dispute will the court determine allocation. We would suggest that such disputes be decided in accordance with normal CPR procedures as set out in Part 26 including the likely complexity of the facts, law or evidence; the amount of oral evidence which may be required and the views expressed by the parties. The court should look unfavourably on attempts by Defendants to remove claims of small monetary value from the Small Claims Track if it seems that it is just being done to exert economic pressure on the Claimant.

Directions We also note that under 3.10. it is anticipated that most IP small claims, like those in the general track, will be resolved without the need for a hearing, either through small claims mediation or through the judge deciding the issue on paper. We understand that it is not intended in most cases that there will be an allocation hearing. It seems to us that it will be critically important to the success of the small Claims Track that parties are given appropriate and detailed directions setting out what they will need to prove to succeed in their claims: it is likely that many claimants will be litigants in person, copyright and design right claims are legally complex, particularly in relation to calculation of damages and if hearings (and even mediation) are to be effective, appropriate directions must be given and complied with.

The Code of Practice for pre-action conduct in intellectual property disputes contained very useful appendices setting out the type of information that parties should give one another before embarking on litigation (see Annex B on pages 12 to 22 of this response). These should perhaps be brought to the attention of parties and the appendices suitably adapted to provide detailed directions to be sent to all parties in small claims track claims.

Mediation Should be available for the PCC Small Claims Track. However we would suggest that these cases be directed to mediators familiar with copyright law and particularly the principles on which damages will be assessed.

Court hearings, legal representation and appeals We agree that the small claims track for IP claims should generally work in the same way as the existing small claims track and that they should follow small claims rules on procedures rather than the streamlined ones introduced into the PCC in October 2010.

Venue We understand that all hearings will be at the PCC, currently based in Fetter Lane, Central London. This should be kept under review to ensure that it does not inhibit access to justice to impecunious claimants. Consideration should be given to holding any necessary directions or allocation hearings on paper or by way of telephone, video or other electronic hearings.

Costs We agree that the limited costs which may be recovered should be assessed under the small claims regime rather than on the PCC fixed capped scale, ensuring that they remain proportionate.

b. Do you agree with the type of IP claims that can be brought before the small claims track?

We agree that low value copyright disputes may be best suited to a small claims track in the PCC, for instance in cases of direct copying. Certain design disputes, possibly in relation to unregistered designs, may also fit well into the track. Some trade mark disputes could also be resolved here for

example; continued use of a body's accreditation mark after membership of that body has lapsed/ceased or been withdrawn. We believe that it may also be suitable for straightforward and low value passing off cases. Moral rights claims and simple privacy claims (eg in relation to unauthorised publication of photographs) could also be heard in the Small Claims Track. Patent disputes are unlikely to be suitable for the Small Claims Track.

It is therefore suggested that the small claims track covers appropriate copyright, trade mark, passing off, moral rights, privacy and unregistered design cases.

- c. Would you find increasing the upper damages limit for the small claims track from £5,000 to be beneficial? If so – please provide details why this would affect how certain IP disputes are resolved?

We believe that, initially, the limit on claims should be the same as the size of claims for the general small claims track i.e. currently £5,000. This should be kept under review, particularly as there is no proposal for a Fast Track type regime for slightly larger claims. Consideration should be given later to raising the limit to £10,000. Any change to the general limits should be applicable to IP claims.

- d. Taking into account the rules governing interim injunctions, do you consider that the small claims track for IP claims should provide for these? If so – please detail why.

We believe that the small claims track should have jurisdiction to grant interim injunctions. Interim injunctions may be very useful in cases of clear cut breach and the threat of them may be a useful deterrent. It seems a mistake to take this potential threat away from claimants and although few, there will be a handful of cases where the power to give interim injunctions will be exercisable by the Court without much difficulty and, indeed, where they may resolve issues in a fast and proportionate way. A particular example may be moral rights cases which we recommend are covered in the SCT and where damages may not be a satisfactory remedy.

The court should also have the jurisdiction to grant any final remedy (including final injunctions) for a small claims track in relation to IP claims.

- e. Do you think the Patents County Court should be renamed to better reflect the range of intellectual property cases it considers?

We believe that it is essential that the Patents County Court be renamed if the Small Claims track is to work effectively. The Patents County Court has the jurisdiction to resolve not only patent disputes but also designs (within its special jurisdiction) and a wide range of other IP disputes including in relation to copyright and trade marks. It therefore appears confusing that the name of the court only refers to patents. We have found that this name is confusing to many Court staff and judges who are unsure where to transfer appropriate claims. As we have said above, it is likely that many Claimants will be litigants in person and they will need clear guidance if they are to bring claims in the appropriate venue.

16th February 2012
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www.britishcopyright.org

Annex A

Members of the British Copyright Council.

We recommend that you go to our members' websites for information about copyright and professional practice in each sector.

Artists' Collecting Society (ACS)

www.artistscollectingsociety.org.uk

Artists' Collecting Society (ACS) was set up in June 2006 to collect resale royalties (Droit de Suite) on behalf of artists in the UK. ACS was set up in response to requests from artists and from their dealers via The British Art Market Federation (BAMF) and The Society of London Art Dealers (SLAD) for artists to be provided with a choice of collecting society for the management of Artist's Resale Right.

Association of Authors' Agents (AAA)

www.agentsassoc.co.uk

A voluntary body to provide a forum for member agencies to discuss industry matters, to uphold a code of good practice, and to provide a vehicle for representing the interests of agents and authors.

Association of Illustrators (AOI)

www.theaoi.com

Established in 1973 to advance and protect illustrator's rights and encourage professional standards. It is a non-profit making trade association dedicated to its members' professional interests and the promotion of illustration.

Association of Learned and Professional Society Publishers (ALPSP)

www.alpsp.org

The world's largest association for scholarly and professional publishers and is the only international trade association that represents scholarly and professional publishers across all disciplines of academic endeavour.

Association of Photographers (AOP)

www.the-aop.org

Formed in 1968 by a small group of photographers the AOP brings together professional photographers, to protect their rights and promote photography.

Authors' Licensing and Collecting Society (ALCS)

www.alcs.co.uk

Represents the interests of all UK writers and aims to ensure writers are fairly compensated for any works that are copied, broadcast or recorded.

BCS, the Chartered Institute for IT (BCS)

www.bcs.org.uk

Its objects are to promote the study and practice of computing

and to advance knowledge of and education in IT for the benefit of the public.

BPI (The British Recorded Music Industry)

www.bpi.co.uk

A representative voice of the UK recorded music business. A trade organisation funded by their members.

British Academy of Songwriters, Composers and Authors (BACS)

www.basca.org.uk

Support and protect the artistic, professional, commercial and copyright interests of songwriters, lyricists and composers of all genres of music and to celebrate and encourage excellence in British music writing.

British Association of Picture Libraries and Agencies (BAPLA)

www.bapla.org.uk

Trade association for picture libraries in the UK.

British Equity Collecting Society Ltd (BECS)

www.equitycollecting.org.uk

The only UK based collective management organisation for audiovisual performers. It represents the interests of its members in the negotiation and administration of performers' remuneration.

British Institute of Professional Photography (BIPP)

www.bipp.com

Run by photographers, for photographers, they provide advice and support, along with a programme of training courses, the most respected professional photographic qualifications in the country and a host of regional and national events and seminars.

Broadcasting Entertainment Cinematograph and Theatre Union (BECTU)

www.bectu.org.uk

BECTU have about 27,000 members working in tv, film, theatre and new media, freelance and directly employed in jobs apart from acting and journalism.

Chartered Institute of Journalists (CIOJ)

www.cioj.co.uk

Both an independently certified trade union and professional association, the CIOJ was formed in 1884 and granted a Royal Charter in 1890 by Queen Victoria. It has been serving and protecting the best interests of journalism and journalists ever since.

Copyright Licensing Agency (CLA)

www.cla.co.uk

CLA license organisations to copy from books, journals, magazines and on-line/digital publications on behalf of the authors, publishers and visual creators it represents.

Design and Artists' Copyright Society (DACS)

www.dacs.co.uk

The UK's copyright and collecting society for artists and visual

creators.

Directors UK (DPRS)

www.directors.uk.com

The single voice for British film and television directors. As a collecting society and campaigning body Directors UK represents the creative, economic and contractual rights of their 4,000 members.

Educational Recording Agency Ltd (ERA)

www.era.org.uk

A copyright collecting society. It was set up under the laws of England and Wales in 1989 with a view to operating a copyright licensing scheme for non-commercial educational use of copyright protected material.

Equity

www.equity.org.uk

The main function of Equity is to negotiate minimum terms and conditions of employment throughout the entire world of entertainment and to endeavour to ensure these take account of social and economic changes.

Incorporated Society of Musicians (ISM)

www.ism.org

The Incorporated Society of musicians is a UK professional body for musicians. They champion the importance of music and protect the rights of those working within music services, campaigns, support and practical advice. The ISM offers peace of mind with their high quality legal expertise, casework and comprehensive insurance; it is proud of the support it has given to its members since 1882.

Music Publishers Association (MPA)

www.mpaonline.org.uk

The MPA exists to safeguard the interests of music publishers and the writers signed to them. It provides them with a forum and a collective voice, offers them a range of practical services, represents their interests to the wider music industry, the media and the public and works to inform and to educate the wider public in the importance and value of copyright.

Musicians' Union (MU)

www.musiciansunion.org.uk

Represents over 30,000 musicians working in all sectors of the music business. As well as negotiating on behalf of its members with all the major employers in the industry, the MU offers a range of services for self-employed professionals and student musicians of all ages.

National Union of Journalists (NUJ)

www.nuj.org.uk

The voice for journalists and journalism. An active campaigning organisation seeking to improve the pay and conditions of their members and working to protect and promote media freedom, professionalism and ethical standards in all media.

Phonographic Performance Ltd (PPL)

www.ppluk.com

The London based music licensing company which licenses recorded music on behalf of 3,400 record companies and 39,500 performers in the UK.

Professional Publishers Association (PPA)

www.ppa.co.uk

The trade association for publishers and providers of consumer, customer and business media in the UK.

PRS for Music

www.prsformusic.com

Home to the world's best music writers, composers and publishers. They collect and pay royalties to their members when their music is exploited in one of a number of ways - when it is recorded onto any format & distributed to the public, performed or played in public, broadcast or made publicly available on line.

Publishers' Association (PA)

www.publishers.org.uk

The leading trade organisation serving book, journal, audio and electronic publishers in the UK.

Publishers' Licensing Society (PLS)

www.pls.org.uk

Sole objective is to serve the UK publishing industry by working to protect publishers' rights, and to lead on industry-wide initiatives involving rights management and collective licensing.

The Royal Photographic Society (RPS)

www.rps.org

The Royal Photographic Society was founded in 1853 to 'promote the Art and Science of Photography', a mission it continues to this day.

The Society of Authors

www.societyofauthors.org

An independent trade union, representing writers' interests in all aspects of the writing profession, particularly publishing, but also broadcasting, television and film, theatre and translation.

The Writers' Guild of Great Britain

www.writersguild.org.uk

The Writers' Guild of Great Britain is the trade union representing writers in TV, radio, theatre, books, poetry, film, online and video games

ANNEX B 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 sending 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 are 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.

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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.

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- 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.

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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 upon or 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 to 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.

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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.

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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.

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- 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;
 - (k) 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;
 - (l) 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;
 - (m) where the defendant disputes the validity of the registered mark, identify any grounds for invalidity and/or revocation that the defendant is aware of;
 - (n) state whether the defendant is prepared to enter into a licence agreement;
 - (o) inform the claimant, in accordance with this Code including Appendix F, if the defendant intends to make a claim for unjustified threats.

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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.

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