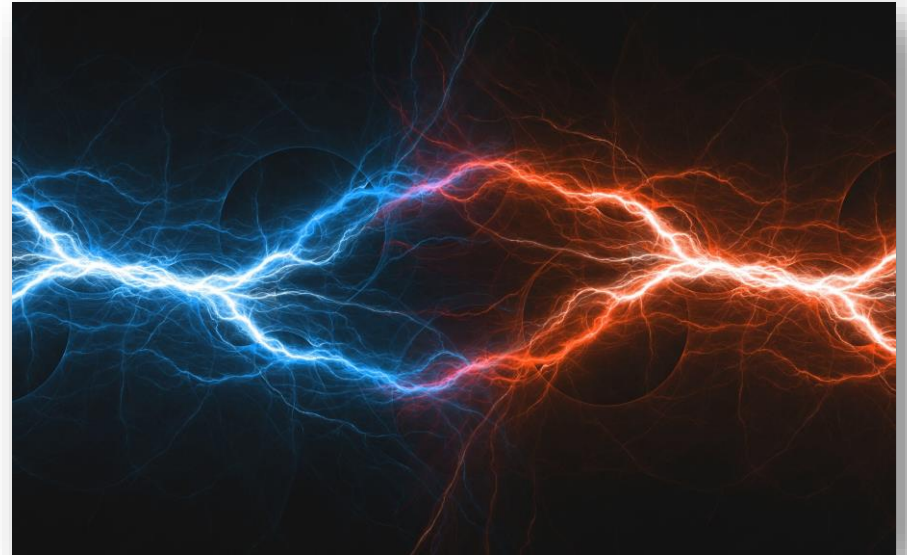


# Lessons Learned: A review of claims against IP Professionals

Redvers Cunningham, PAMIA Chief Executive

## How is PAMIA doing?

- Assets of £28m
- Claims Provisions of £10m
- Regulatory Capital of £15m
- Solvency Requirement of £5m
- 95% Market Share
- Possible expansion into Canada



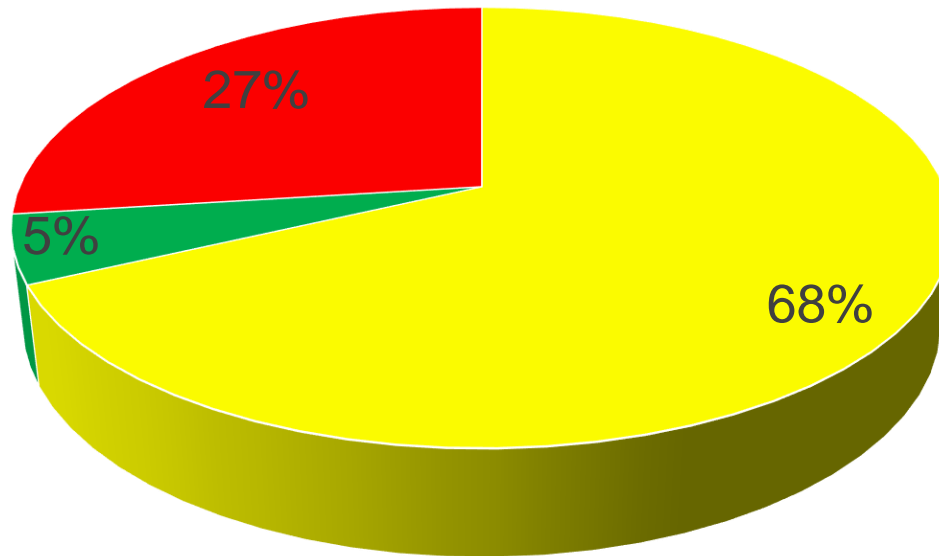
**How are claims handled?**

- Notification to PAMIA
- Claims Committee
- In-house legal team
- Focus on mitigation/settlement
- External lawyers for litigation
- No claims loading applied to premiums



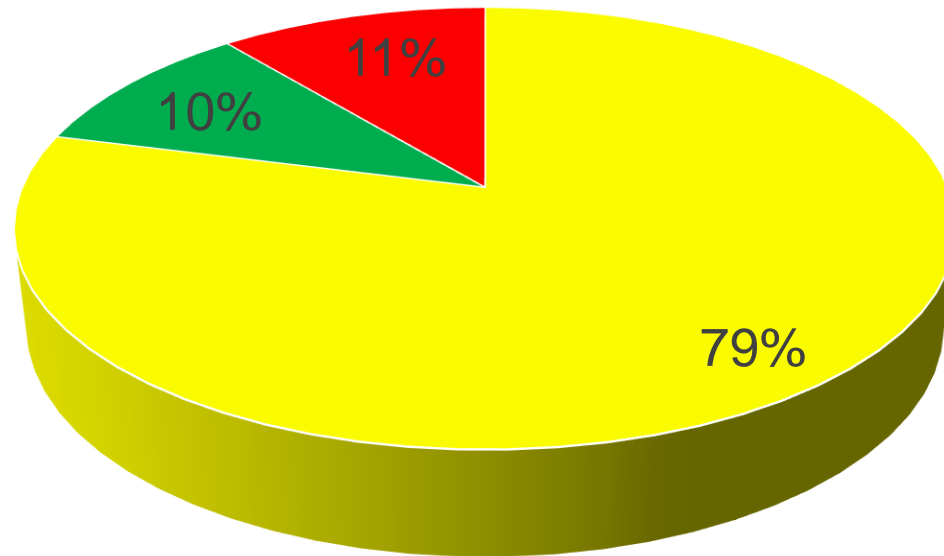


Percentage of Notifications



■ Patents   ■ Designs   ■ Trade Marks

Value of Claim Payments



■ Patents   ■ Designs   ■ Trade Marks

| <b>Work Type</b>    | <b>Percentage of Number of Notifications</b> | <b>Percentage of Value of Claims Payments</b> |
|---------------------|--|---|
| Fee Payments        | 40%  | 12%   |
| Infringement Advice | 2%   | 10%   |
| Prosecution Errors  | 54%  | 72%   |
| Opposition Errors   | 2%   | 3%  |
| General Advice      | 1%   | 1%  |
| Transaction Errors  | 1%   | 2%  |

| <b>Work Type</b>    | <b>Percentage of Number of Notifications</b> | <b>Percentage of Value of Claims Payments</b> |
|---------------------|--|---|
| Fee Payments        | 44%  | 0%  |
| Infringement Advice | 5%   | 3%  |
| Prosecution Errors  | 48%  | 95%   |
| Opposition Errors   | 0%   | 0%  |
| General Advice      | 2%   | 2%  |
| Transaction Errors  | 1%   | 0%  |



| <b>Work Type</b>    | <b>Percentage of Number of Notifications</b> | <b>Percentage of Value of Claims Payments</b> |
|---------------------|--|---|
| Fee Payments        | 40%  | 1%  |
| Infringement Advice | 10%  | 29%   |
| Prosecution Errors  | 35%  | 48%   |
| Opposition Errors   | 14%  | 7%  |
| General Advice      | 1%   | 9%  |
| Transaction Errors  | 1%   | 9%  |

## 1. A hair raising mistake

- Firm took over responsibility for a CTM for hair products
- Firm failed to notify OHIM
- Revocation application sent to former attorneys
- Forwarded to old address for client in Australia
- Revocation application not defended and lost
- Competitor took action against the client
- Client forced to negotiate to recover its rights
- PAMIA met some of the cost of acquiring trade marks



## 2. A catalogue of errors

- Client wanted to launch new range of clothes for a catalogue
- Sought advice from firm on availability of trade mark
- Insisted that advice was short and cheap
- Firm obliged, advising “should be OK”
- Firm did not advise about risks associated with a similar trade mark
- Owner of similar trade mark took action following launch
- Client decided to settle and pursued firm
- PAMIA settled claim because risks not explained to client



### **3. Incomplete transmission**

- EP Application
- Last day of priority period
- Invention published
- Faxed to EPO
- Only 1 page sent instead of 32
- EPO responded next day
- Rights lost
- PAMIA paid compensation for loss of licensing agreement
- PAMIA's 3 largest claim payments relate to loss of priority claims



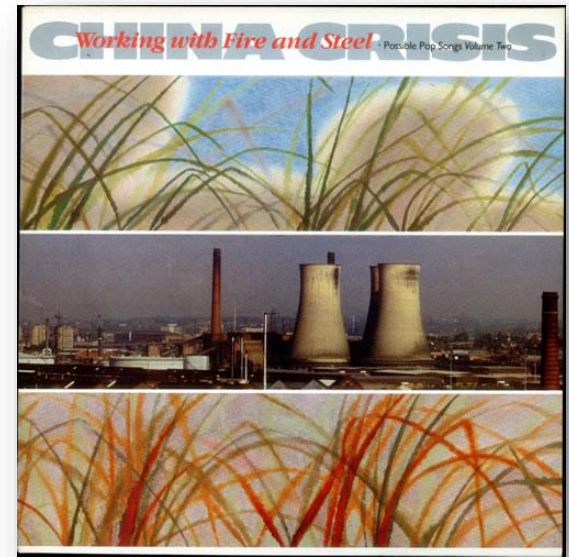
## 4. Not a withdrawal agreement

- Member acting for client in trade mark opposition
- By a settlement the opponent agreed to withdraw opposition
- Technical assistant misunderstood agreement
- Technical assistant drafted letter withdrawing client's application
- The responsible partner signed the letter
- Client spent four years and a lot of money re-establishing its rights
- PAMIA made a substantial contribution to the associated costs



## 5. China crisis

- Firm was instructed to file an international registration designating China
- Firm failed to tick box for China
- A Chinese local filed a Chinese trade mark application for the client's mark
- The client's plans to launch its high end product in China were thrown into disarray
- Opposition was filed, but prospects were uncertain
- PAMIA contributed to cost of purchasing local's application



## 6. Lost opportunity

- Client wanted to sell jukebox in USA
- Aware of patent it would infringe
- Asked firm if in force
- Firm sought advice from local searchers
- They advised the patent had been renewed
- Firm advised that the patent was in force
- Client subsequently learned that the patent had, in fact, not been renewed
- Sought damages for lost opportunity
- Successfully defended to Court of Appeal





## 7. An unnecessary restriction

- Client filed US patent application
- Examiner indicated patent would be granted if a specific limiting amendment were agreed
- Firm agreed the amendment
- Equivalent EP granted without restriction
- Competitor launched product in USA which did not infringe solely because of the limitation
- Risk firm was negligent in accepting the amendment and damages paid for loss of opportunity to take action





## Current disputes

- Case turning on whether the firm was instructed to file an application
- Case turning on whether the client suffered any loss as a result of the firm failing to file an appeal in time against the refusal of a patent application
- Case turning on whether the firm selected a competent overseas attorney to file an application



## **Risk mitigation tips**

- Do not succumb to cost cutting pressures
- Do not allow clients to run up large debts
- Make clients aware of the need for timely instructions
- Avoid communication failures
- Keep good records of instructions



## Trends

- Ombudsman complaints
- Regulatory actions
- Druckexemplars issued with errors
- Foreign filing licences



**PAMIA™**

**Thank you**  
**Any questions?**

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