



Emerging Professional Liability Risks for IP Professionals

Redvers Cunningham
Chief Executive of PAMIA

How is PAMIA doing?

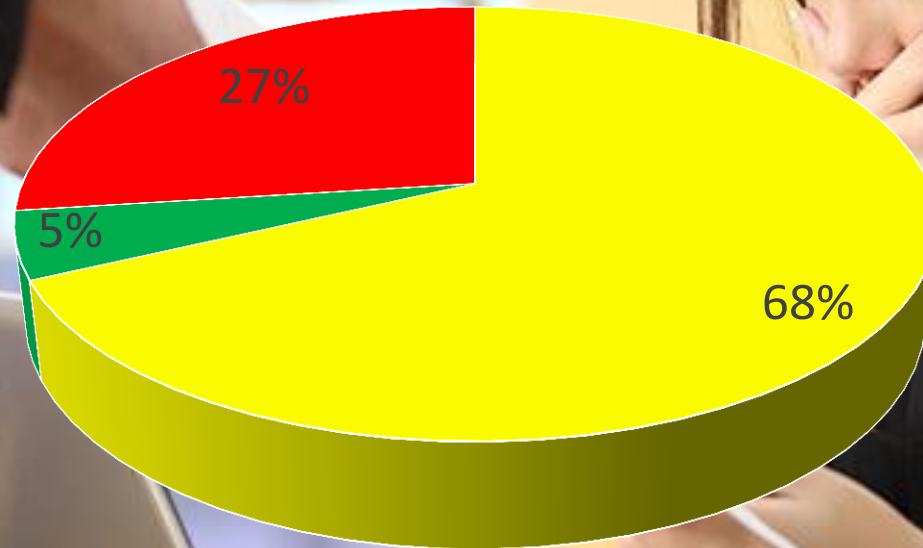
- Assets of £28m
- Claims Provisions of £10m
- Regulatory Capital of £15m
- Solvency Requirement of £5m

Claims Statistics

- 9000 Notifications
- 360 Claims
- £20m Claims Payments
- £3.5m Largest Loss
- Only 6 Trials

Claims By Practice Area

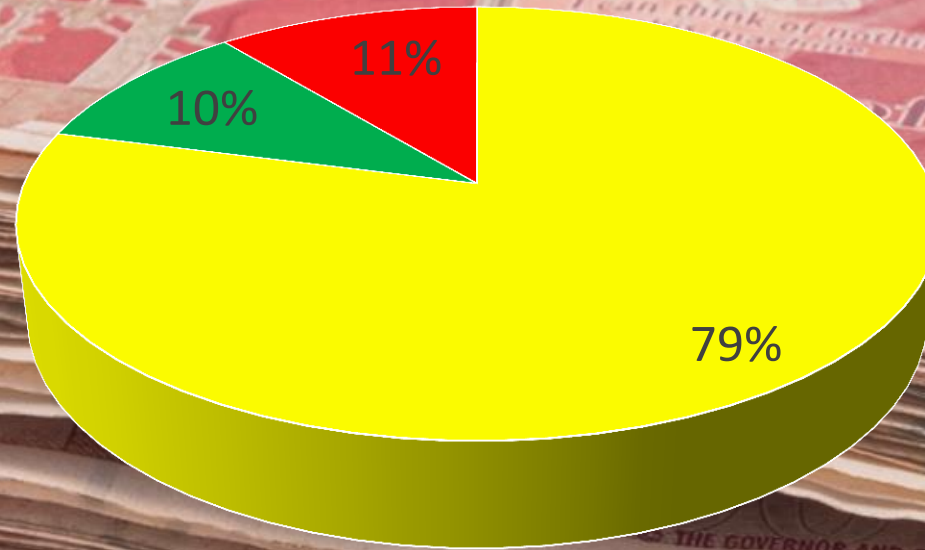
Percentage of Notifications



■ Patents ■ Designs ■ Trade Marks

Claims By Practice Area

Value of Claim Payments



■ Patents

■ Designs

■ Trade Marks

Patent Claims by Type of Work

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

Design Claims by Type of Work

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

TM Claims by Type of Work

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



Some Horror Stories

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 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

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3. A Desktop Calamity

- Client wanted to launch a range of office furniture
- Approached the firm for trade mark protection
- Firm advised that marks were available
- Firm instructed to file
- Client ordered stock and launched products
- Trade mark search report cited identical mark
- Mark was in use, so client decided to change brand
- PAMIA met associated costs

4. A Very Large Bar Bill

- Client wanted to launch a new bar concept
- Member advised that the mark was available
- Member missed identical mark in identical class
- Conflicting mark belonged to a large chain
- Conflicting mark was not in use, but could not be cancelled
- Client could not take the risk
- Client shut down to re-brand
- PAMIA paid business interruption costs

5. 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

6. A Sauce of Inspiration

- Client wanted to launch a new brand of sauces
- Client was aware major manufacturer used a sequence of words to describe a similar product
- The firm advised this sequence of words was not protected
- Advice was based on a disclaimer in original trade mark
- Advice overlooked separate mark for sequence of words
- Major manufacturer took action and client settled
- PAMIA contributed to the cost of settling

7. 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

8. Deal Or No Deal

- Firm acting for client in a trade mark dispute
- Client instructed firm to accept a settlement offer
- Firm failed to accept the offer
- Other side withdrew the offer
- Following protracted negotiations client had to settle on worse terms than previously available
- PAMIA paid additional costs

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 a restoration application would have been successful if it had been filed in time
- Case turning on whether the firm selected a competent overseas attorney to file an application

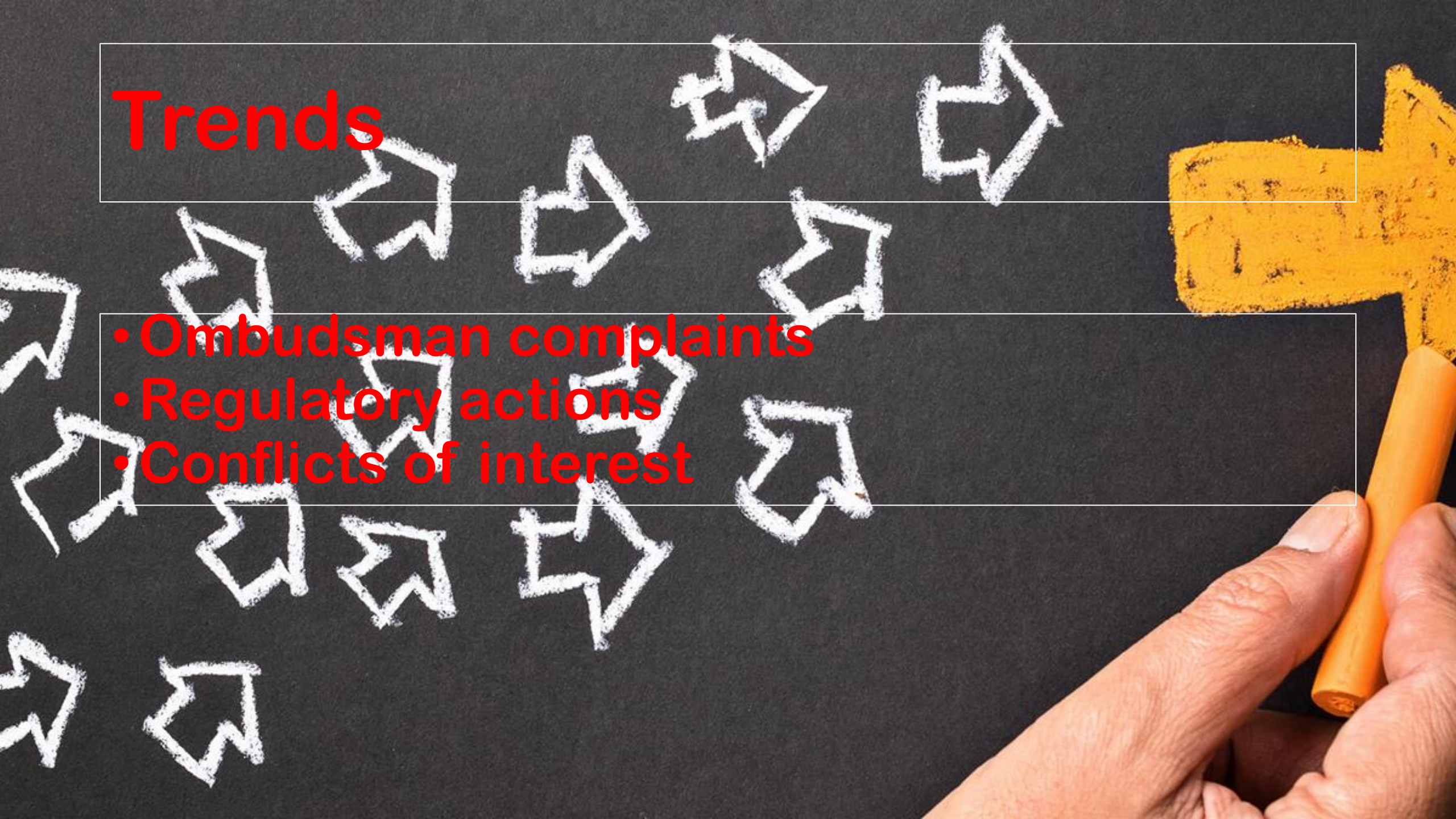
Risk Mitigation Tips



- 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
- Conflicts of interest





"That's all Folks!"