



Protective Letters at the UPC

The UPC agreement provides for those who wish to enforce a patent via the UPC to apply for various provisional measures, including preliminary (or “interim”) injunctions. These may take effect before the start of a full infringement action.

By their nature, preliminary injunctions are decided upon before the court has heard the full facts and arguments of the parties in order to conclude whether or not the accused party is actually infringing. The point of these measures is to put a quick halt to infringements, where it seems critical to do so, without waiting for the end of a lengthy trial. The UPC agreement even gives the court the discretionary ability to grant preliminary injunctions *ex parte* - that is, without hearing the accused infringer at all on the issue of whether or not a preliminary injunction would be justified.

For instance, if a party is believed to be infringing a Unitary Patent, the first that party may hear about the issue could be the arrival of a court order requiring that they cease operations in all UPC member states. Even if they successfully appeal the decision to grant the measure, and/or the subsequent trial finds that they were not infringing after all, any financial compensation awarded to them for the wrongly-granted preliminary injunction may not be enough to recover their former market position and reputation.

Parties who wish to avoid such scenarios may lodge “a pre-emptive statement of defence” against a patent of concern, in the form of a **protective letter**.

A protective letter is filed in relation to a specific patent, and should set out facts, evidence and arguments of law to pre-emptively challenge any future application for provisional measures against the filing party. The protective letter may, therefore, include a challenge to the facts expected to be relied on by the presumed applicant for provisional measures (i.e. arguments that the party is not infringing), arguments against the validity of the patent, and arguments that the grant of a provisional measure before the full trial is anyway not justified.

If and when an application for a preliminary injunction (or other provisional measure) is made against a party, and that party has already filed with the UPC a protective letter referring to the patent being enforced, the court is required to consider the content of the letter before deciding whether to invite the accused infringer to be heard on the matter. Thus, the point of a protective letter is not to set out a party’s full defence to infringement, or even a full defence on the subject of the preliminary injunction. The goal is for the letter to cast enough doubt on the case for the grant of a preliminary injunction, that the court considers it worthwhile to schedule an *inter partes* hearing rather than granting the preliminary injunction *ex parte*.

A hearing is likely to be held if the letter raises arguments that appear relevant and well-reasoned. Conversely, a letter put

together in a hurry with incomplete or poorly-reasoned points, or points that have been addressed and dismissed by another court, might work against the filer of the letter. An early decision of the UPC’s Düsseldorf local division (*myStromer AG v Revolt Cycling AG*) has shown that merely having a protective letter on file does not guarantee the defendant will be heard. In that case, the arguments in the letter concerning infringement were not deemed relevant, the arguments concerning exhaustion of rights had already been rejected by a Swiss national court, and the letter did not address validity of the patent at all. The lack of any prima facie relevant points contributed to the court’s decision to grant a preliminary injunction *ex parte*, in spite of the protective letter. This shows us that the contents of a protective letter - perhaps unsurprisingly - should be well-thought-out to maximise the likelihood of the letter fulfilling its purpose. As case law of the UPC develops, so will our understanding of where the threshold lies.

Furthermore, due to the pre-emptive nature of protective letters, filing even the most carefully drafted letter still carries a risk of asserting something that the filer later comes to regret. The filer might take a position as to interpretation of the patent, for example, which when the full facts of infringement and validity are revealed, they rather wish they had not committed to. In this way, even where a protective letter successfully avoids a preliminary injunction, the contents of the letter might later restrict the defendant’s ability to adapt their arguments in reaction to new facts uncovered at a full trial. This risk should be borne in mind when deciding whether or not to file a protective letter at all.

When a protective letter has been filed against a patent, neither the letter itself nor the fact that it has been filed is made public until an application for provisional measures is made. This means that parties can file protective letters without drawing unwanted attention to themselves.

Filing a protective letter requires payment of a nominal filing fee at the UPC, and an even lower official fee every six months thereafter to keep the protective letter on file. Therefore, the cost of a protective letter is largely dictated by the cost of preparing the arguments. As has been seen, the points set forth in the letter should be as complete as they can be at the time of filing and will, therefore, require time and careful thought to be put into their preparation. It is envisioned that cost savings could nonetheless be made by substantial re-use of arguments and analysis already performed in any previous opposition or freedom-to-operate work.

While the UPC may make it simpler for patentees to enforce their rights, the ability to file protective letters at the UPC provides an additional means for mitigating infringement litigation risk in many of the UPC countries. In competitive fields where the

consequences of a sudden loss of business in all the UPC member states are catastrophic, the setting up of a pre-emptive defence may be a worthwhile investment, provided there are convincing points to be made to challenge the grant of a preliminary injunction.

As the UPC develops and grows in popularity as a forum for patent

litigation, the filing of protective letters is likely to become a routine consideration for businesses in Europe, particularly in the more litigious sectors. Now, with the UPC having jurisdiction to enforce patents in a major portion of the European market, those wishing to protect their operations in any of the UPC states will need to get used to the new set of strategic considerations that come along with it.

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