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“Damned if you do and damned if you don’t”? – Ex parte PIs at the UPC: how effective are protective letters?

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In June 2023, the UPC – at the Düsseldorf Local Division – granted its first *ex parte* provisional injunction (“PI”) in *myStromer AG v Revolt Zycling AG* (“*myStromer v Revolt*”), despite the defendant having previously filed a protective letter. A year on from that decision, and with only one other *ex parte* PI decision having been handed down, this article considers the correct approach for potential infringers to take in relation to protective letters at the UPC and provides guidance for patentees likely to face such letters.

Protective letters under the UPC Rules of Procedure

Patentees may, in principle, be granted various forms of *ex parte* provisional relief at the UPC, including PIs. To counterbalance this risk, potential infringers are permitted to file a protective letter setting out why a product or process does not infringe any given patent or patents, and containing arguments as to why these rights are invalid. If the patentee then files an *ex parte* PI application, the Court has discretion over how to proceed but it will take the protective letter into account, which may encourage it to summon the parties to an oral hearing. As such, a protective letter can be an effective tool for a potential infringer to pre-emptively argue and provide evidence as to why an application for an *ex parte* PI should be rejected, or at least persuade the Court that the matter should be considered at an *inter partes* hearing.

A protective letter may be filed with the UPC at any time by any person, though it is of course advisable to file one before taking any step that may trigger a UPC PI. At the very latest, this would be before the launch of a potentially infringing product onto the European market, but in many instances it may be advisable to file earlier. For example, in the case of pharmaceutical products, the current law in some contracting member states suggests that the trigger for a PI may be marketing activities, an application for (or the grant of) pricing and/or reimbursement, or even the grant of a marketing authorisation. It has yet to be determined what that trigger will be in the UPC – with decisions only confirming that an action must be brought urgently following the receipt of all information enabling the patentee to bring a claim. Crucially, protective letters are not made public, so the patentee will not be aware of its existence unless and until it makes a PI application.

If the patentee does not make a PI application within six months of the UPC’s receipt of the protective letter, an extension must be requested (along with payment of a fee) otherwise the letter will be removed from the UPC register. The fee for filing a protective letter with the UPC is a mere

€200 and the six-month extension fee is just €100. In light of the uncertainty surrounding trigger points and the low cost of protective letters, parties might be well advised to submit a protective letter at an early stage as a defence measure. However, as demonstrated in *myStromer v Revolt*, a poorly substantiated protective letter can in fact *decrease* the chances of a prospective infringer being heard at an *inter partes* hearing. Thus, potential infringers must carefully consider whether to file a protective letter in the first place and, if so, how much detail to include.

myStromer v Revolt

In *myStromer v Revolt*, myStromer applied for an *ex parte* PI to prevent Revolt from allegedly infringing its European patent to part of an e-bike. Revolt had already filed a protective letter arguing non-infringement and exhaustion of rights; though, crucially, it did not challenge the validity of myStromer's patent. After considering Revolt's letter, the Düsseldorf Local Division nevertheless granted myStromer a PI that same day without summoning the parties to an oral hearing. The Court noted that there were no invalidity arguments in the protective letter, found that the non-infringement argument was not convincing, and disregarded the exhaustion of rights argument on the basis this had already been heard and dismissed by a Swiss court.

Although the judge may have responded differently had Revolt challenged the validity of the patent in its protective letter, *myStromer v Revolt* clearly demonstrates that if the Court does not consider a protective letter to be persuasive, it may still exercise its discretion and order a PI without first inviting the accused infringer to be heard further on the matter. Far from guaranteeing an *inter partes* hearing, an incomplete or weak protective letter may in fact support the Court's decision to grant an *ex parte* PI.

Ortovox v Mammuth

The UPC also considered the role of protective letters in *Ortovox Sportartikel GmbH v Mammuth Sports Group AG, Mammuth Sports Group GmbH* ("*Ortovox v Mammuth*"). In November 2023, Ortovox sent a warning letter to Mammuth alleging that it was infringing Ortovox' patent for a search device and method for locating avalanche victims, to which Mammuth responded. Mammuth displayed an allegedly infringing device at a trade fair and made it available for pre-order business-to-business, but it did not file a protective letter. In December 2023, Ortovox applied to the Düsseldorf Local Division for an *ex parte* PI, which was granted ten days later without a hearing.

In reaching a decision, the Court had to consider the validity and infringement of Ortovox' patent. The Court criticised Mammuth for failing to file a protective letter, in particular given the ample time that passed between Ortovox's warning letter and the PI application. The Court also noted that this meant Mammuth had missed the opportunity to strengthen their defence in response to Ortovox' accusations. In the absence of a protective letter, the Court predicted which validity and infringement arguments Mammuth would likely have put forward, based on the arguments it raised in co-pending Swiss nullity proceedings and its (legally represented) response to Ortovox's warning letter, which the Court considered an "important source of information". The Court concluded on a summary examination that those arguments did not give rise to any justified doubts as to the legal validity of the patent and that there was no reason to expect that Mammuth would be able to significantly deny infringement.

When should a potential infringer file a protective letter?

While *myStromer v Revolt* poses a warning against weakly argued protective letters, *Ortovox v*

Mammut suggests that the UPC – or at least the Düsseldorf Local Division – takes a dim view of alleged infringers not taking up the opportunity to present their arguments and evidence in a protective letter once provisional measures are foreseeable and may simply rely on other documents (including both co-pending proceedings and pre-action correspondence) to anticipate the likely arguments that a party would run were they given the opportunity to be heard.

Although the UPC case law is very limited, it is clear that a potential infringer should carefully consider in each individual case whether to file a protective letter. If a potential infringer is minded to file a protective letter, they would be well advised to do so early and to include all arguments and evidence. However, a potential infringer must balance the benefits of a comprehensive protective letter against the risk of restricting their ability to adapt their arguments in response to any new facts that may arise prior to any PI application being filed. If they choose not to file one, care must be taken to ensure a thorough review of any statements of its position on infringement or validity and to ensure that any inter-solicitor correspondence aligns with this approach of non-engagement.

Considerations for patentees

Case law to date has suggested that there will be a detailed consideration of validity at the PI stage, which may lead some patentees with European Patents to consider opting out, or to commence national proceedings rather than withdrawing opt outs. Patentees filing *ex parte* PIs in the UPC should prepare their applications with the likelihood of facing a robust protective letter in mind. The most informative indication of how the UPC will address the urgency requirement comes from the Düsseldorf Local Division's suggestion that the applicant must file its PI application within one month of having all the knowledge and documents that reliably enable a promising legal action. However, it is unclear what act will trigger a PI in the UPC, and as such it is challenging to identify when a patentee would be considered to have sufficient documents to reliably enable a promising legal action. Patentees would be well advised to carefully consider the timing of their PI application alongside their chosen forum (including within the UPC), and in any event file a full application, early, as there is always the possibility of re-filing a further application if the PI trigger has not yet been met, rather than timing out due to lack of urgency.

Forum shopping

The uncertainty surrounding the role of protective letters and the grant of *ex parte* PIs before the UPC can in part be explained by the significant variation in the approaches of the national European courts on which the rules were originally based. In some jurisdictions, such as in the UK, *ex parte* PIs are only granted in rare circumstances and protective letters are not permitted. By contrast, in countries such as Germany, protective letters are regularly filed by potential infringers as a means of increasing the likelihood of a hearing being held if a patentee attempts to seek *ex parte* relief, and *ex parte* relief is not uncommon.

It may be foreseen that judges across the various UPC local divisions will deal with protective letters and *ex parte* PIs differently depending on their experience in their respective national courts. Although we would expect the local divisions to become increasingly harmonised over time and as cases are taken to the Court of Appeal, at least initially we might expect some level of forum shopping. For instance, some patentees may well continue to consider that they have a greater chance of being granted an *ex parte* PI at the Local Divisions in Germany, given the legal traditions in the national courts and the early decisions from the German local divisions of the UPC

in favour of *ex parte* relief. Others may favour seeking preliminary relief in UPC local divisions in jurisdictions that are traditionally less inclined to take such a detailed look at validity at the preliminary stage, and particularly *ex parte*, for example in Austria or Belgium. However, with no cases outside the Düsseldorf Local Division thus far addressing protective letters and *ex parte* relief, the UPC's position is far from settled.

Conclusion

Given the lack of case law outside the Düsseldorf Local Division and the limited number of UPC decisions on *ex parte* relief, it is still too early to conclusively state the UPC-specific approach to protective letters. In the meantime, potential infringers should carefully consider whether to file a comprehensive protective letter or none at all, and if not whether to engage in any pre-action correspondence; while patentees should rigorously appraise where and when to file *ex parte* relief, in such a way that anticipates facing detailed arguments at an early stage.

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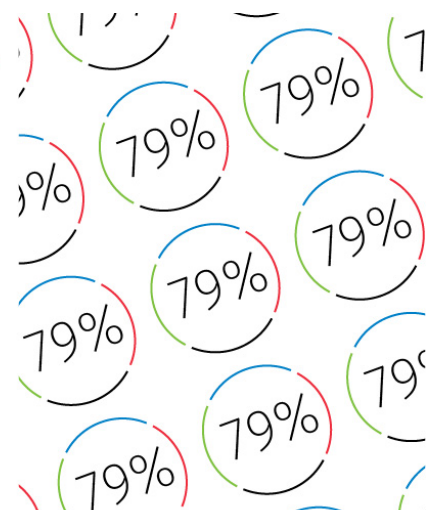
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