

Dear Sir, this is not a fishing expedition

Letters warning of patent infringement are increasingly used as a speculative form of enforcement, with patent holders 'fishing' for potential infringers. So how do you avoid misinterpretation? Local lawyers give their views in five different jurisdictions

United States

1 When to send a letter

Only after considering a number of factors, such as the importance of the patent in question to your overall business, the desired outcome (such as licence and business relationship with the alleged infringer), your existing relationship with them, and the existence of good faith for believing there is infringing activity.

As a threshold matter, warning notices can be fraught with danger and are a potential minefield unless carefully considered. The patentee who fires off a warning notice without giving serious consideration to the basis of its claims or consequences may find itself endangering its patent rights rather than protecting them.

2 The possible risks

The most immediate risk to sending a warning notice is that you may escalate events between you and the alleged infringer. If a competitor, the company may bring a declaratory relief action without ever responding to your letter. Plus, the alleged infringer – now plaintiff – can claim in the lawsuit that the asserted patents are invalid. Moreover, the alleged infringer may seek an *ex parte* or *inter partes* reexamination of your patent at the USPTO, resulting in two battles, since reexamination and litigation can exist on parallel tracks.

There are other risks to sending a warning notice. If your notice is not sent in good faith, then you may need to defend claims that you have engaged in unfair competition. Another concern that arises with sending a warning notice is equitable estoppel, which bars any recovery by the patentee, including the denial of an injunction against further infringement. For example, the Federal Circuit has affirmed a grant of summary judgment based on estoppel involving 3.5 years of inaction in bringing suit after the patentee's initial accusation of infringement (*Aspex Eyewear Inc v Clariti Eyewear, Inc* [Fed Cir 2010]).

3 How to draft the letter

This is a difficult area because there is no bright line test in the US for when a notice letter will trigger a declaratory relief action. In 2007, the Federal Circuit abolished its own "reasonable apprehension of suit" test prong of its former two-prong test for declaratory judgment (*SanDisk v STMicroelectronics* [2007]).

Prior to that case, the US Supreme Court in *MedImmune* lowered the bar for bringing declaratory relief actions. Therefore, warning notices must be carefully crafted to avoid triggering them. Clearly, you should not make any explicit threats of a lawsuit, or even direct allegations of infringement. While the patentee should specifically identify the patent at issue and the accused product or conduct (to fulfil any requirement of actual notice), allegations of infringement should be less definite and phrased to express concern rather than to make accusations of infringement. Language indicating the products "may fall within" or "may be covered by" is less problematic.

4 How effective are warning letters?

The efficacy of warning notices really depends on their purpose. They are less effective against a direct competitor or a sophisticated litigant, as a competitor is unlikely to cease its allegedly infringing activity because of a notice. However, if the warning letter does not address a core technology, or is minor to

One-minute read



Patent infringement letters are sent as standard practice by patent holders to infringers, in order to inform them of the patent and avoid any defence on

the basis that the infringement was innocent. But they have also been used recently by patent trolls and others as a form of speculative enforcement of a patent, using vague terms and implicit threats. As a result, particularly in the UK and US, courts have taken a dim view of the way such letters are phrased. Best practice on writing them varies between jurisdictions, so five local lawyers give their recommendations on how to draft a warning letter - and what to do if you receive one.



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the company's business, then the warning notice may serve its purpose because litigating patent cases is expensive and not worth the fight for non-core or non-essential patents.

The notices also tend to be effective against smaller or emerging companies that don't have the stomach or resources for a patent fight. Aggressive companies can effectively use warning notices strategically to protect their market position. Of course, these same companies are prepared to litigate even before they send the warning notice.

A warning notice is not always negative and can be effective in opening up a dialogue between parties that may lead to new business ventures or licensing opportunities. Finally, a warning notice at least allows you to gauge the infringing company's resolve and can inform pre-litigation strategy.

5 Court cases

The importance of these warning letters has been tested in US courts numerous times, although recent cases have shifted the landscape. In a closely watched case, the Federal Circuit found that declaratory judgment jurisdiction existed where the patentee (Accelaron) wrote to "call [HP's] attention to the referenced patent" (*Hewlett-Packard Co v Accelaron* [2009]). HP responded that it "would be willing to agree not to file" a declaratory judgment action for 120 days. Responding, Accelaron suggested that no basis for a declaratory judgment existed, but HP filed a declaratory judgment action rather than negotiate. The district court dismissed the case finding that the potential for litigation was "too speculative a prospect to support summary judgment jurisdiction". The Federal Circuit reversed this ruling and held that Accelaron's actions were sufficient to support a declaratory relief action. The court

Questions

- 1 Under what circumstances do you recommend that clients send out patent infringement warning notices?
- 2 What are the possible risks in sending out these letters?
- 3 What are the important rules to follow when drafting them?
- 4 How effective are warning letters?
- 5 Has their importance ever been tested in any court cases?
- 6 What advice do you have for an accused patent infringer that receives a vaguely-worded warning letter?

noted that its holding "undoubtedly marks a shift from past declaratory judgment cases".

6 Vaguely-worded letters

Advice depends on what was sent and who sent it. For example, if a vaguely-worded letter came from a company with significant litigation experience, the recipient should respond in the time given by seeking more information. Further, if the vaguely-worded letter targeted a recipient's core technology, it should require greater attention. Any warning letter has to be sufficient enough to give notice (if the product is unmarked) so there should be sufficient information that one can conduct a preliminary investigation to determine what type of response is warranted.

If there is insufficient information and the letter does not target a key patent, a recipient could consider ignoring the letter. There is some risk to this approach, but it is not unusual for non-practicing entities to send out waves of letters to see who bites. You could be in a situation where you have received a letter and

nothing further occurs, or you could find yourself in the scenario described above, in which a warning letter was sent and not acted upon, causing an equitable estoppel defence to exist. However, there is always risk in ignoring a letter because a patentee may simply file an action rather than send a follow-up letter. Ultimately, a company that gets many of these letters a year should have an internal process in place for evaluating them.



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