UPC Defensive Strategy From the Inside: Protective Letters, Preemptive Revocation, and Saisie Preparedness | November 20, 2026

Steven Carlson 00:19
All right. Well, we've got a great panel here, an in-house panel, largely with one ex in-house, ex in-house, so he'll channel with the in-house experience, but starting my far left, Avi Schwartz, in-house counsel, IP counsel at Edwards Lifesciences, who's had a lot of experience in the UPC, and Mark Schildkraut from Stanley Black and Decker, also Chief IP Counsel, and Ari Laakkonen at the Powell Gilbert firm, who will channel his own experience. It is also formerly I know key, is that right?

Ari Laakkonen 00:54
Yep that's right.

Steven Carlson 00:55
So I wanted to start off and just basically get your experiences, so let's start with Avi, I guess a day one litigant in the UPC, is that right, Avi?

Avi Schwartz 01:08
That's right. So, so, so we've had quite a bit of experience at the UPC as a patent owner, so we're coming at it from the patent owner perspective. We haven't been, you know, an accused infringer, at least, not yet at the UPC, so we're coming out from that perspective, and we were there on day one, because actually we had some pre-existing litigation going on with a competitor, and we had filed some of those cases in some national courts, and then when the UPC came online, we thought this was a good opportunity to basically cover more countries, and so we were there on day one.

Steven Carlson 01:45
Yeah, Mark.

Mark Schildkraut 01:45
Yeah, and I bring a different perspective in that I was in medical devices for 18 years at a company called Becton Dickinson, but a few years ago I moved to Consumer Products Company, and I was first at Shark Ninja, Shark vacuums, ninja kitten appliances, and we were involved in a UPC case a couple years ago, and that's when the court was only about a year old, so at least it was a year of experience, more than a day, and then I at Stanley Black and Decker, when I first joined about a year ago, we were also involved as a defendant in a case in the in the North Nordic division, so we I have some experience with the defense side that I want to share as well.

Steven Carlson 02:31
Ari, how about yourself?

Ari Laakkonen 02:36
Well, I think the thing that strikes me most actually is how the predictions of the failure of the UPC didn't come to pass, because two, maybe three years ago, we all thought that the sky was going to fall on our heads when, when the UPC system would come in, there was a whole transitional period set up, and, and people were wondering, you know, should we opt out patents, should we litigate in the national system? And how is this new system going to work? By and large, not only has it worked, but it's really what it's done is it's established a new category or species of law. It's established a new doctrine of European patent law with its own jurisdictional rules, its own substantive legal rules, and this doctrine is now being developed where the, you know, the, you know, the intellectual giants that have done the work there are the Court of Appeal, who have really pushed this new approach? It's separated, it's sort of untethered now from its national law origins, and it started to make progress on its own. And so that's the main, I think, the overriding impression that I've got is that it's suddenly, without anyone noticing, the system has worked, and we're now living with it, and we're, you know, debating about statistics, but ultimately, at the end of the day, it's a workable system.

Steven Carlson 04:07
So, so Avi is a day one litigant and a user of the system throughout the whole time. Here, what's been the big challenge from an in-house perspective as you've got your in-house obligations? What's been the challenge, the surprise that you've had to deal with in this new system.

Avi Schwartz 04:26
So, I guess maybe a little bit more background for our company. I guess also I'll preface this by saying that these are my personal views, not the views of my company. So, we're in the medical device space, right, med tech. Our company, by and large is selling heart valves, and so I guess you know some of the surprises are some of the things that you've already might have, might have heard about, right? You know some of the things, like for example being able to amend patent claims as part of the process, right? You know that's something that may be a surprise, but one thing that was a bit of a surprise. Is that I think is worth sharing, that hasn't really come up so much yet in the, in the discussion so far, is you know, we obviously heard mention of a bifurcated system, famously in Germany, right? You have one court for determining infringement and another court for determining, determining the validity of a patent, and the UPC was, was originally, you know, set up to be a non-bifurcated system, right. By and large, the there was maybe some, a few exceptions, but it was set up to have one court deciding infringement and validity, and so that was to avoid some of the issues with bet that have already been mentioned with regard to the German bifurcated system. We've heard about the injunction gap, right, potentially the validity court, if it's as it is in Germany, goes much more slowly than the infringement courts. You might end up in a situation as a defendant in Germany where you're facing the prospect of an injunction, you know, a year or more before you end up getting your, your decision on, on potentially the invalidity of the patent, and so, and so, the UPC wasn't really supposed to be bifurcated, but our experience there has been that it's actually possible for a defendant to kind of force a validity action in one of the other divisions of, of, of the UPC, so, for example, we filed a case in the Munich Local Division against against the this defendant, and a fully owned subsidiary, fully controlled by the defendant, actually filed a standalone revocation action in the Paris Central Division, and and what ended up happening is, actually, you know, we basically said, "Hey, this should have been

brought in the Munich Local Division, and the Paris Central Division actually decided, "No, this is actually okay, they could actually do this, and so we first basically had to fight about validity in the Paris Central Division before getting a chance to have our fight in the Munich local division about about infringement, and so that's something that obviously you know patent owners should be aware of this possibility, right? And prepare for that, but also if you're, you know, an accused infringer defendant, that's something also that you should also be thinking about, right? Would you rather potentially have validity of the patent decided first in one of the central divisions, rather than in one of the local divisions, where you might have been

Audience 07:24
Does that only happen because of the subsidiary , or everybody has subsidiaries, so

Avi Schwartz 07:31
Yeah, honestly, it seems like you could just create a new subsidiary, right? And do this right. So, essentially, the court is viewing this in a very kind of formal way, whereas here in this, in the United States, for example, when you're dealing with, let's say, the PTAB, right, there's this concept of real parties and interest, right, and they don't have that same sort of concept, at least not yet, until until the Court of Appeals of the UPC decides otherwise, and this is kind of the current law of the land, and I don't think my prediction is, I don't think the Court of Appeal is really going to change that very, very much, and so that will still be an option for for defendants in the UPC.

Steven Carlson 08:19
Let me repeat the question to get it on the record here, so in Germany had a lot of straw man issues where it used to previously in the older old old old system, and now the question is, how does this straw man action work. Is there a real party interest concept here in the UPC?

Avi Schwartz 08:38
So that's a good question. I don't know, right, and maybe one of, one of the European attorneys here can address the straw man issue, but, but we haven't, we haven't had to deal with that straw man issue. We

Mark Schildkraut 08:49
We see the straw man in a lot in oppositions at the EPO, right, but yeah, whether it happens at the UPC or not, sounds like we have somebody here that has some information.

Audience 08:59
Luckily, we have an expert.

Audience 09:02
I think that the reason why the strawman litigation stopped in Germany was because the court fees became higher. You need to find a straw man who is willing to do something like this, but if it's for instance a telecommunication case where the litigation value can easily go up to 30 million, nobody will be willing, you will not find a professor from the university to do something like that, and I think the main reason was that the costs are so extremely different to what you have at the EPO. At EPO is still

possible to file srawman actions because you have not the risk to be in our face then with a reimbursement claim, and I think that's the main reason why it doesn't happen, because it should happen with the federal patent court, because the federal patent court Munich is amazingly really patently unfriendly compared to the EPO, which you can say that this is more a patentee friend, patently friendly forum.

Steven Carlson 10:15
Well, let's move on. Mark, what are you, what have been your surprises?

Mark Schildkraut 10:21
Yeah, I'd say there are probably two challenges that I want to talk about that I think the first one both parties, whether you're a claimant or a defendant, would face, and that is the unpredictability by virtue of having a new court, even though it is. Yes, I would agree with Ari, it is seemingly working out, and you could tell that it's here to stay, but right now the laws, substantive laws, the process, the procedural laws are still developing, and when you're, when you're representing a company, which we all do, whether you're in house or outside, companies want predictability, and it's hard to get predictability with a new court, you know basic cases are starting to go to appeals. I think we're going to see that smooth out over the course of the next few years. So, the good news is it's here to stay. The challenge that I think both claimants and defendants would have is is that unpredictability. And then, from a defense standpoint, I think a unique aspect is the speed, right? I mean, a plaintiff or claimant often has time to prepare their case, not always. They may want to act very quickly, because, because they may want to seek a preliminary injunction, but the defense has a very, very short window to put together their defense if they're not ready for it. So, my counsel to say defense, defend potential defendant, if you're getting a cease and desist letter, or you just maybe know that you have a competitor that maybe you're close to their space, is really think ahead, maybe you want to file what's called the protective letter, we'll get to that later, I think, which is a document you can file with the court, so that if there is a request or pulmonary injunction, your defense is already well baked, and it's actually accessible to the court. It's kept confidential until that PI motion is the permanent injunction motion surfaces. And then the other thing I would say is, you know, consider bringing, if you're a defendant, consider bringing a revocation action, where you've heard you can actually, and we'll talk about this later, I believe, as well, but you can actually make a first strike as a defendant, and by doing that, you can be more prepared and be on the offense. At first, of course, it's going to flip in terms of the posture that you're in, but at least you're ahead of the game in terms of some of the analyzes and defenses that you want to proffer.

Steven Carlson 12:46
I want to season that last point. So, you know, we've been hearing all day that it's such a patentee-friendly jurisdiction, and the plaintiffs are winning at quite a high rate. So, is this creating an incentive now for you to take the offense and take a preemptive strike and go to the central division with basically it's basically their version of the PTAB, and to try to file one of these standalone revocation actions to go on the offense? Is that the playbook now? Yeah,

Mark Schildkraut 13:14
it's a tough decision. I mean, I'm not sure what the statistics are just yet, but, but I know for a company that feels that they might be in litigation might be, it's a tough decision, because if you bring it, you're

pretty much now forcing a litigation, but if you get that cease and desist letter and you feel it's pretty much just a matter of time before you are going to be the defendant in a case, I think it's something that you should consider. It also allows you to choose the jurisdiction that you think might be more favorable

Steven Carlson 13:43
maybe you could cook up a new subsidiary in Slovenia and file through that one, which apparently Avi, right, is a workable strategy.

Avi Schwartz 13:53
Yeah, that's right. And so I mean, of course, to Mark's point, right, if you do kind of launch this first strike revocation action, then you're basically forcing, right, you know, the infringe the countersuit for infringement, right, you know, and so and so, that is a, that is a risk, but if you're, if you think you're going to be getting that, that lawsuit anyway, right, you know, then maybe it is an option, and you, maybe you, you'd prefer to be in the Central Division, as opposed to the Munich Local Division, which is a popular place, obviously, for for patent owner plaintiffs to file

Audience 14:25
so, please put that in US lawyer language. This is the equivalent of a declarative judgment action here in the US, just with corporate shenanigans.

Mark Schildkraut 14:36
Yeah, I mean the technical distinction is you're not bringing a decoratory judgment for non-infringement, but you're right from a posture standpoint. You're getting to choose a jurisdiction, you're getting ahead of it. I would agree.

Audience 14:48
You need standing, can anybody do it, or do you have to be threatened with a CAV letter or something like that?

Mark Schildkraut 14:56
I don't know why you would bring it there if you, if you weren't being threatened or felt an apprehension of harm, I'm not sure what the standard is. I could tell you the times that we consider it is if we feel that there's a real apprehension of harm. So, I say it comes close to the DJ standard, but technically there might be somebody here that knows from Europe whether you actually have to be threatened to do that. I don't think you do.

Ari Laakkonen 15:21
You don't.

Mark Schildkraut 15:23
Okay, we're hearing you don't

Audience 15:35
(Inaudible)

Mark Schildkraut 15:36
So, the question is, how do those play out? We're talking about revocation, invalidating the patent, we're talking about infringement, so, and you've already heard, obviously, that by bringing the revocation action, you're pretty much now necessitating, you record, you're causing an infringement action to now surface, it maybe was happening anyway, but now you're definitely doing that, because no one's gonna want to just take punches and not, and not, and not hit back, and you know, I think a lot of it will come down to it'll follow the same rules in general, but the real, I think, a big question then becomes to what was mentioned before, whether those two issues, invalidity and non-infringement, are going to be, or infringement are going to be bifurcated or not, and again, that is, we're still in the section where we're talking about surprises. I think the fact that there still is a lot of uncertainty about whether those two issues are being bifurcated or not, that's something that's not consistent across the board.

Avi Schwartz 16:35
Yeah, and in my case, right, it didn't really work out for the defendant, right, in our particular case, right, so they, so they, so we filed in the Munich Local Division, we filed an infringement action, then the other side, you know, basically went to the Paris Central Division and filed the revocation action there, and so what ended up happening basically is the Munich Local Division basically decided to wait for the Paris Central division to rule on validity first, so it delayed our case a little bit in Munich, but ultimately the Paris Central Division decided that we had a valid patent, right, and so and so then went up happening is then basically we ended up then prevailing also in the Munich Local Division on infringement and validity, so basically the Munich Local Division also had to basically kind of take a second look at validity, and so it ended up to a certain extent in this particular case backfiring a little bit, because then we basically had a super valid patent that was infringed, right, and so that was helpful in that sense, but it did slow things down, and obviously they did get a shot at potentially knocking out everything first, right, by getting a ruling in the Paris Central Division for invalidity, so, so it didn't work out for them in this instance, but that doesn't mean that that it always won't work out, right? Obviously, you only want to do this, I think, if you feel like you have a pretty good invalidity case, right? If you're an accused infringer, right, if it's a pretty weak invalidity case, it probably doesn't make a whole lot of sense to do that, because it definitely did. Also, by the way, annoy the judges in the Munich local division.

Mark Schildkraut 18:07
I think another reason, I think, and I see there's a question, but I think another reason to think about whether you bifurcate or not. If you're a defendant, you know, having them together, the both invalidity and infringement, you can cause a squeeze play, right? I mean, if a plaintiff tries to make the patent too broad to win on an infringement, then they are running the risk, of course, that the patent will be invalidated. So, if you have the same tribunal and you're having those two issues argued at the same time, I think that could be really good for a defendant as well.

Audience 18:37
I have just one question for Avi, have the cases been combined at the appeal stage, then, or has the case been settled before? Probably.

Avi Schwartz 18:48

So no, it's actually still, still going on right at the appeal stage. And yes, basically the court of appeal decided to hear everything all together in one case. Technically, they're separate cases, right? You know, but they decided to have one hearing to address all of the issues.

Audience 19:08
Thank you. Did the Munich panel and the Paris panel share common judges? Because sometimes I know the UPCs that they're doing, they're putting the same judges, like the third legally qualified judges and the technical judges, they pick the same to be sure that there is some kind of uniformity between these two decisions.

Avi Schwartz 19:26
Yeah, so the technically qualified judge was the same for both, right? So the technically qualified judge in the.. so I guess let's back up. I mean, I think people sort of mentioned this, but basically most of the panels are comprised of legally qualified judges and technically qualified judges, right. And so, yeah, so the technically qualified judge was the same in both the Munich Local Division and in the Paris Central Division, but the legally qualified judges were completely different. There was no overlap in the, in the legally qualified judges.

Steven Carlson 19:58
right. Well, let's talk about the different local divisions, you've got obviously people file in Munich a lot in Germany, you know, there's four divisions there, but you've also got the Baltics, you've got Lisbon, you've got Helsinki, you've got all these places. How do you, from an in-house perspective, perceive this, and you know, obviously you were on the offense, why'd you go to, why'd you go to Munich, and what would you consider about the other jurisdictions?

Steven Carlson 20:24
So, well, what I would say is we didn't just actually go to Munich in the first instance, right? So, when we filed several actions on the on the first day, we actually filed some in the Munich Local Division, and we filed some of the Nordic Baltic Division as well. So, so I have experience now in the Nordic Baltic division, the Munich local division, and obviously now the Paris Central Division as well, and so just some, some, you know, quick high-level thoughts. I mean, at the beginning there was some uncertainty, like we were saying, about, you know, how the different divisions would be handling things, and so that was one of the reasons why we decided to basically go for both the Munich Local Division and the Nordic Baltic Division. I think now, based on the experience, you know, some of the things that people have mentioned about the Munich Local Division are things that I would echo. Right, there's a lot of certainty, I think, on timing that you get with the Munich Local Division. Things are pretty certain as far as how long things are going to take. It moves generally pretty quickly. I will also say, based on my experience, the Munich Local Division has some other things that are that are helpful and nice that you don't get in all the other divisions, which is for example when you're actually going to have the actual hearing the day of the trial. They generally give you an introduction. An introduction is almost like a preliminary opinion. They kind of tell you what they're thinking, where they are, what are some of the questions they have, and they really guide the discussions. I'll say, in contrast, the Paris Central Division has, in my experience, I've been there now a couple of times, has not given the same sort of introduction where they give some of their thoughts as far as a preliminary opinion and guide the

parties. They, the Paris Central Division, generally just lets the parties present their case without providing a whole, a whole lot of guidance. Also, the Munich Local Division had a lot of questions from the judges. The Paris Central Division, maybe a little bit less so as well. And then I'll say, for the Nordic Baltic Division, in my experience, they also did provide an introduction and give some guidance to the parties on the day of the hearing, but I will say one of the key differences, what, at least so far, has been that the Nordic Baltic Division has been pretty slow, right, and so, for example, issuing decisions, right, it's been taking a very long time, and also they don't like Munich, actually will give you a date certain as to when they're actually going to issue their written opinion after the hearing, right? And so you know exactly when you're going to be getting the decision from the court, whereas the North Baltic Division and the Paris Central Division do not do that, right? They don't give you a date where you know you're actually going to be getting the decision. So there's kind of a target, right, the court is targeting in general, I think, about six weeks or so after the date of the hearing to actually issue their kind of determination, but that doesn't always work out in practice, right, depending on how busy the court is and other other factors, and so in my experience the Nordic Baltic Division, for example, has been much slower than that six week sort of ideal time time frame.

Steven Carlson 23:26
Ari, you had some time in Lisbon, I understand.How did that go?

Ari Laakkonen 23:32
Lisbon was fantastic. Someone mentioned food earlier, and I sort of think that was probably, you know, sort of underneath it all, a sort of a big reason, but in fact it was the opponent, our opponent at the time, in that particular case, which was Erickson, who chose Lisbon, and I think it sort of illustrates that probably the big reason for choosing the venue is there is the strategy of the case, because that's been the, you know, we used to have for, for pan European litigation strategy was a big component, and now it's gone up probably to the next level, and now it's an increasingly important part of the puzzle, there's there's there's a number of reasons why strategy is important, and that one of them is there is there is the jurisdictional framework of the UPC. There's only a certain number of ways, literally under the UPC agreement, in which you can start a case. For example, you have an infringement claim, and then later on someone could have a license defense to that, and it would be contractual in nature, and you'd need to determine whether there's, you know, what the contractual position is, but under the UPC agreements, it's unclear whether you can actually start with a contractual issue, or do you need to start with a patent law issue. I think you probably need to start with a patent law issue to be safe, and so the maneuvering that people are doing to try and understand where do they start. What kind of claim do they start with, and in which exactly which forum do they start is key, and the BSH and its long arm logic is part of that. In order to get jurisdiction there, you need to start in the domicile of the defendant, and then that will take you, it might take you to Lisbon or it might take you to the Nordic Baltic Division if you're going after one of the Nordics, and so the, but you know, to answer your question, and I'm sorry about the diversion, but to answer your question properly, Lisbon was the actual hearing, which, which was a PI hearing, involved the Portuguese judge, who was presiding, a judge from Belgium, and a judge from Finland, all in the same hearing. So, you've got a multinational judge panel, and I think an Austrian technical judge addressing the issue. Is it? Yes, it was physically in Lisbon, but it was actually a European hearing, and it had the same quality that you would expect of every single UPC court, and

so it was a perfectly, you know, sort of satisfactory and experience, and that's one of the joys of the new system is that it does allow litigation to be conducted in different forums.

Steven Carlson 26:27
Mark, you've been primarily on the defense there. How do you perceive the different jurisdictions you might pull into?

Mark Schildkraut 26:33
Yes, when you're on the defensive side, I think there's a couple things we talked about, the speed, so we try to oftentimes, if you're not as prepared as the plaintiff at the outset, you want, you would prefer things to go slower than faster. So, I know again we hear that in some of the German jurisdictions things tend to move much more quickly than not much more, but at least more quickly than than say in the Nordic region, and sometimes as a defense defendant, because you never know how the case is going to go, you might be working on a design around, so time, you know, time is your friend when you're a defendant, so if you could choose a jurisdiction, and how do you choose it, really, if you want to bring a revocation, but if you have that opportunity to choose it, then that's one thing that you'd want to look at, if you think you have a very strong case, there is some benefit of going to the central division versus, say, the local division, and that is, you will get a technically qualified judge on your panel if you go to the central division, and you don't necessarily have that at the local division. So, I think those are a couple of things that you'd be thinking about, but again, as a defendant, you're often much less in the position of choosing the jurisdiction that you're in.

Steven Carlson 27:42
Let's talk about preliminary. Oh, we got a question.

Audience 27:59
One thing I still don't understand, though. Sorry, one thing I still don't understand, though, is why, let's say, if you're on the patentee side, and to take your example, if you have - if you're in Lisbon, or if you have a European patent, and you validated it in Portugal, you're concerned about infringement happening in Portugal. Why would a patentee choose the UPC to litigate this instead of just the National Court of, you can place it with any country, Sweden or even Germany or France.

Ari Laakkonen 28:36
Well, one answer to that question is if you look at the average duration of an infringement case in those countries pre upc, I think in Spain, you know, it was, it was quite long, and, and the simple answer, I think Spain, of course, has to be targeted with a long arm action, that's true, but you know, you could look at contracting member states, and they will be contracting member states where patent litigation will take several years, maybe even five or six years, which made litigation economically and sort of commercially impractical, and the UPC will get you there in a year, roughly. So I think it's speed, plus you get an international judge panel that was, I think, installed to recognize the fact that in countries with less patent litigation experience, it's inevitable that the judges are going to be less experienced than in countries with a lot of patent litigation, and so by building in a multinational panel, you kind of spread the experience and you make sure that you improve the quality of the output at the same time as making it faster, and of course, then there's the geographic scope of the injunction, because even

though it may be that there's infringement right now in Lisbon to prevent infringement in the future in other states. Yes, then you want your injunction to be comprehensive and to cover all of the possible, you know, locations where it's granted.

Mark Schildkraut 30:08
Just a question for you, I mean, just to get the concept out there. If invalidity is a concern to you, as the, as the patentee, then you might go more nationally than to the UPC, because are you concerned that you might lose your patent in one stroke? Sure,

Ari Laakkonen 30:25
I mean, that, that I think is the, is there's the life sciences side of the story, because you know, having just invested something like 400 million in the development of a new blockbuster drug, you'd probably prefer not to risk it all with a throw of the dice on a one day hearing somewhere centrally, because maybe you think that maybe you think that it's not worth it as a game to be played, and so the insurance policy in that particular situation is to get national patent coverage. Now, of course, the reality may be that if you get a decision in an influential state, like say Germany, and the German patent office decides to revoke the patent, then it's debatable whether other courts would maintain the patent, but you know that's a fight for another day, and you live to fight another day, so there's, there's a certain sort of, you know, you can, you can choose trench warfare to protect the validity of the patent, if you really want to, but the point is that the option is there, and people can, can sort of decide the level of comfort that they have with the new system. I think the ability to put in amendments to the claim is helps a little bit because it's difficult, you know, when you're at the patent prosecution stage, and I say this with never having filed a single patent application. My firm doesn't do any prosecution, but you know, at the patent prosecution stage, how are you supposed to be able to guess what issues come up during litigation a decade later, and so an amendment to the claim can be helpful in identifying bits of the invention that were critical, and then inserting them later on into the claim.

Steven Carlson 32:11
What preliminary injunctions - we've been hearing that they grant them at a very high rate in Europe, as opposed to the US, where, like, you know, it's Bigfoot, you hear about him, but they really don't see him from the in-house perspective, either on the offense or defense. What do you see him? Is this terrifying for you? And how do you, how do you deal with

Mark Schildkraut 32:32
it? If you can use the word terrifying, I'll take it from the defendant side, of course. Yeah, that is something that business folks do not want to see in a company, of course, so that is something that does terrify us, if you know, if, if we think that that could happen, but there is something you can do to help, help protect yourself from that. I mentioned this at the outset, there's a vehicle called having a protective letter filed with the court, and so, if you are up against an aggressive, say, plaintiff, and you think you have a basis for non-infringement and/or invalidity, and therefore you want to commercialize the technology, there is something that you can do, and before I go on, I mean, in one risk is at least in the German courts, maybe at the UPC as well, you can get what's called an ex parte decision of an injunction, and that's something that really would upset a defendant. So a protective letter is basically a letter or a document that you can file with the court is confidential, so nobody, except for the court,

knows that it's being filed, and it has some or many of your defenses laid out. You don't want it so laid out, laid out in such particular particularity that the court feels like, hey, we don't even need to hear from the defendant, because the arguments are all there, so it really is a, an art and a science, and it's something that, or maybe more of an art than a science, that's something you want to make sure you're working with really, really seasoned European Council to put together, but if you know, if any of your in-house or outside clients are facing that risk, it's something that you want to make sure that you have registered with the court, and then what happens is, if there is an a plaintiff that brings a lawsuit and moves for a pulmonary injunction, and they do that, and the defendant doesn't even know about it, the letter can come out, and the court would know that there are defenses, and they'll at least entertain that, and they might more likely than not, hopefully, would bring in the defendant, so that they can defend themselves and not face a preliminary injunction, unless it's meritorious.

Steven Carlson 34:47
and I'll just add, you know, it obviously is a very powerful tool for a patent owner, a preliminary injunction, and the option to potentially seek a preliminary injunction, but one thing I will just say, which is kind of a. Little bit different, I think, than maybe a lot of us attorneys think about when they think about preliminary injunctions, is this kind of strict urgency requirement that often comes up in Europe, right? And what that means is that you know, oftentimes you need to seek a preliminary injunction within a relatively short period of time, sometimes like 30 days, something like that, right, and if you, and if you don't do it within that kind of, if you don't act quickly enough and meet this urgency requirement, then really a preliminary injunction can be denied on that basis alone, and so and so, that makes it a little bit challenging sometimes from a patent owner perspective to be able to, you know, find out about the infringement and then act quickly enough to basically seek that preliminary injunction and meet that urgency requirement, correct. Essentially, yes, that's right. When you, when you become aware, although the question was, when does the clock start ticking, right, for that urgency requirement? And that's right, it's basically when you become aware of it is my understanding, right. So, if you weren't aware of it, and there had been some infringement out there, then obviously it wouldn't really be fair to kind of count that against you as far as the clock. But yes, once you find out about it, the clock starts ticking, and then you have to act very, very quickly to get everything on file if you, if you want to seek a preliminary injunction.

Steven Carlson 36:20
Well, one other more terrifying aspect of the UPC is the provision, at least exercise in some countries, maybe not all, but these dawn rays, the Seize Contra Fasson, where they will have a bailiff go on an ex parte basis, and you'll storm the other side's facilities and grab stuff, you know, I would love to do one of these one of these days that maybe I will, so my bucket list, but you know, from the in-house perspective, you know, with this out there being a possibility, like, how do you, how do you, how do you deal with this?

Mark Schildkraut 36:55
Yeah, so I can comment on that. So, and this is something that's been quite common in France, even before the UPC and some other countries, but, but basically, yes, there is a capability for a plaintiff to apply for a seizure, they could do it, say, at your place of business, they could do it at a trade show, and, and basically, that could be quite daunting as well, if again you have reason to believe that maybe

you got a cease and desist letter. You have reason to believe that something like this can happen. And let's back up. Why is that? You know, we hear that in most countries in Europe there is really no discovery, right? So this is more of an evidentiary preservation, as well as some very limited discovery in a way that you could take advantage of. So if that is something, as a plaintiff, you could take advantage of you. It could be very powerful. So, what can you do as a defendant, knowing that that might happen to you? One thing, so one thing is to know what is really the scope of what that seizure is. Right, they don't come in and just take out all your computers and take out all your manufacturing capabilities, right? What do they take? They, they, they may be able to get some samples, they might be able to get some, some technical drawings, they might be able to get some financial documents to understand the exposure. So, I mean, it's not a car launch, you know, licenses come in and take whatever you want. So, what can you do as a defendant? Is you can be ready for it, maybe at a trade show or at your place of business, you can have really a box that has a few samples of maybe what the accused product is, have some technical drawings, have some financials ready, ready, and then if the person that the receptionist, whoever it is, that's at the office, or whoever's personing the booth at a trade show, if a bailiff comes in and shows the appropriate documentation, you can be ready for it, and you can make it actually much less disruptive than it could otherwise be.

Ari Laakkonen 38:50
Yes. Thank you. Of course, I speak under the control of the French lawyers present, because this has been an enduring aspect of the French system for decades, and it's one of those sort of little darlings of the French system that I, that is, survived into the, in, in, and made its way into the UPC. The point I would make about it is that privilege is a key issue, because obviously what you'd want to do is to stop privilege documents from being extracted if you're subjected to one of these raids under European law, because, of course, these kinds of dawn raids were available in competition law investigations, and under the Axel Noble decision, privilege was only accorded to EU qualified lawyers, and it was their work product which was exempt from seizure, and we're yet to see what the case law in the UPC is, and whose work product exactly is going to be exempt and immune from it, but I think it would make sense, and it would probably be a very practical and measure to make sure that you do act. Actually, then make sure that where you do have sensitive material, you make sure that your EU lawyers are copied on that, and it's, it comes under the, you know, into that sort of bracket of category of protected work product that you don't want to be disclosing.

Steven Carlson 40:17
All right, we're just done a few minutes. I want to last topic here is money, sweat budgeting. This is not the US, not the massive cases we have here, but still it's a significant expense. So, Avi, what do you think about all this?

Avi Schwartz 40:35
Yeah, so I mean, it compared to US litigation, that's right, it is much, much less expensive compared to US litigation, but because the cases move so quickly, and there has to be so much work done up front, there is kind of a large upfront expense, right, compared to, for example, US litigation, which generally starts pretty slowly, right. As a, as a patent owner, plaintiff, you can usually get a complaint on file relatively easily and cheaply, right. You know, and then kind of things can develop from there, whereas in the UPC, if you're going to file, there's going to be a lot of work that needs to be done up front, and

so you're looking at kind of some, some rather significant, you know, upfront costs in order to actually get a case on file.

Steven Carlson 41:16
Mark?

Mark Schildkraut 41:16
yeah, I, you know, we heard a lot today that the cases are less expensive, and of course they are, but, but you're right, it's all compressed in about a year, a little bit more than a year. So, when you're working with your finance folks, and you're telling them that it's, it's, it's relatively inexpensive, they don't see it that way, but it is, it is all coming out in one year, and, but a lot of times, these cases aren't happening in a vacuum at the UPC, there might be an opposition at the EPO, far less expensive than a UPC case, but even that adds expense, and then sometimes you're fighting in other jurisdictions, you might be fighting in the US as well. So it, from a defense standpoint, we start, you know, telling our business folks it's expensive, even though you hear it's less expensive relative to what the discovery that you see in the UK and the US.

Steven Carlson 42:05
Raj, you have a question.

Audience 42:06
So, another aspect of the UPC versus the US is cost shifting, of course. You have you're liable for the other side's costs if you lose. How do you factor that in? And have you had any experience of security for cost applications, which is another feature of the UPC, where a claimant can be asked to provide security for costs to cover the defendant's evil costs.

Mark Schildkraut 42:30
Maybe I'll talk about the first part of it, and somebody else wants to talk about the bonds of security. I mean, as a defendant, often you're really concerned about the injunction, you're concerned about damages in the US. It could be triple damages, but you know, coming back to the UPC, you know, I'd say that the fees, and especially because they tend to be statutory fees, so at least it's not the fees that a lot of us, a lot of you folks charge in the law firms, you know, it tends, it's not insignificant, it's something that we want to make sure our finance folks are prepared for so they're not surprised, but that's usually not a major factor compared to everything else that is that's going on.

Avi Schwartz 43:10
Yeah, and so similar comment, which is basically it can be a relatively large amount, but it is essentially capped, right, essentially because there is, you know, a kind of limit that is imposed by the court, and so it's not what, what the other side actually spends, it's some subset, usually of that, right. And then, with regard to, you know, potentially security and stuff like that, so, so the defendant in our cases did seek to force us to post a security, and the court actually didn't require us to do that. Their argument essentially was, you know, we're a US company, right? You know, we're not a European company, sort of those sorts of arguments, right? And it really kind of fell flat, you know. Essentially, essentially, we're a big company, right? You know, and, and we're there's no risk of us not being able to kind of, you

know, potentially pay if there was a situation where we were going to lose or something like that, and obviously we do have a relatively large operation in, in Europe as well, and so we didn't actually have to post security, but that doesn't mean that that that's that's always going to be the case.

Steven Carlson 44:15
Ari, any final thoughts on on money finance?

Ari Laakkonen 44:20
Well, in some ways I'm not in the perfect position to comment on that, but what I would say about security for costs is that it is an odd regime to sort of start out with the assumption that a non European company is somehow not going to pay their debts and it's, it's somewhat unrealistic, but I also think that you know, in this first two years of the system, every single possible argument under the sun has been run in the UPC, and oftentimes they've been appealed as well, and so we've ended up with, with hundreds of little points in every single case, and as we go forward, perhaps. The practice will stabilize, so that people will understand when can you go for security for costs, which, in my view, should be when there's a real objective appearance. You know, it starts to smell like, you know, it smells like a case and looks like a case, where actually the other side might run away and not pay their money. So, in that kind of case, yes, but in other situations the party should be less concerned with this, and the court should develop a practice to make sure that cases are more streamlined, because the more we have of little petty squabbling over security for costs at various stages of the case, the longer the case will ultimately take, and we won't hit that 12 month deadline, and so we've got to keep them streamlined, and only raise the issue when really necessary.

Avi Schwartz 45:46
One other point that I'll just - I forgot to mention on the money point is basically there is the potential for damages, but the thing that's a little bit strange compared to the US system is that that that case for damages usually follows the initial case on liability and the injunction, and so there hasn't been, I think, a whole lot of case law on that, because of the fact that that comes later, but there probably will be additional case law with regard to damages for these UPC cases, but, but for those that are used to European litigation already, national courts, I think that's quite similar to the way things work in the national courts, but it is a little bit strange for US attorneys that at the end of the case you don't really have that damage of stuff, you have to have kind of another case just about damages.

Steven Carlson 46:27
All right, well, we're getting the hook, so don't want to stand between you and lunch. So, thank you very much.