CASE LAW, INFRINGEMENT, TURKEY

Warning Letters: More trouble, less solution!

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Sending a warning letter is not a pre-condition to enforce patent rights as per Turkish Law. However, considering it is a cost-effective and fast way to solve disputes, patent owners may choose to send warning letters to perceived infringers.

In 2014, a global pharmaceutical company filed a patent infringement action against a Gx company asking the IP Court to request and examine the related evidence; namely, the marketing authorisation dossier of the Gx drug filed before the Ministry of Health ("MoH"), and to stop and prevent the infringement if so determined. Before filing the action, the patent owner requested the Gx company to provide the relevant characteristics of the Gx product to assess patent infringement. The Gx company did not comply with the request, and the patent owner requested the IP Court to examine the MA dossiers of the Gx product and assess the possible infringement. The patent infringement action against the Gx Company was rejected after the court expert panel examined the MA dossiers and concluded that the patent was not infringed upon.

While the patent infringement action was ongoing, the patent owner sent a warning letter to the company manufacturing the potentially infringing products, i.e. another company than the Gx company, for the sole purpose of informing it of the ongoing legal action. As the act of manufacturing infringing products also constitutes patent infringement the patent owner explained the scope of protection of its patent, and why there may be a risk of patent infringement. After referring to the ongoing patent enforcement action against the Gx company, the patent owner requested the manufacturing company only "to watch out for the patent rights." It is important to underline that the manufacturing company was not threatened, and it was not stated in the letter that there may be a court action if the patent rights are infringed upon. As well, the manufacturing company was not requested to cease manufacturing activities, nor to take any other action concerning the potentially infringing products.

Upon receipt of the warning letter, the manufacturing company contacted the Gx company and requested information proving that the patent holder's right was infringed. However, the Gx company did not respond to the manufacturing company. T Therefore the manufacturing company suspended its manufacturing process.

After the finalization of the infringement action, in 2016, the Gx company filed an unfair competition action before the Commercial Court claiming moral and material damages against the patent owner, alleging that the manufacturing company ceased the production process due to the letter sent by the patent owner as the patent owner is also one of the customers of the manufacturing company and alleged that the patent owner *implicitly* caused the fact that the manufacturing company decided not to conduct business with it anymore unless the manufacturing of the Gx products ceased.

In its defence, the patent owner stated that the tone of the letter was appropriate and objective. The letter was limited to informing the manufacturing company of its patent rights, the risk of patent infringement, and the ongoing action, without any kind of threat. More importantly, the patent owner was driven by the Gx company to file a patent infringement action by the Gx company not informing it of the perceived infringing characteristics of the Gx product when requested, and the manufacturing company was driven to cease the manufacture of the Gx products by the Gx company, as no information was provided to them about the supposed infringement of the patent.

Referring to case law from the European Courts, the patent owner explained to the Court that it was not negligent in the aspects of the wording, scope of recipients, and time of delivery when sending the letter. The patent owner emphasized the case law of the Madrid Courts that even if there is a threat in the warning letter that a lawsuit may be filed against the recipients, it cannot justify actions of unfair competition when the content of the letter is accurate.

The Commercial Court examined the evidence and determined that the content of the letter reflected the facts and, as of the date of the letter, it was not known if the Gx company was infringing upon the patent or not. The Commercial Court acknowledged that the tone and wording of the letter was accurate, and the Gx company did not provide any information to the manufacturing company about non-infringement actions; thus, the manufacturing company halted manufacturing pending the outcome of the court action.

Quite surprisingly, and at conflict with these determinations, the Court evaluated that the patent owner made the manufacturing company believe that there was a patent infringement and, thus, the Gx company was acting contrary to the law, which led the manufacturing company to halt the production of the Gx products. Additionally, the Court considered that the patent owner filed a patent infringement action, although it should have known that the patent was not infringed upon. Consequently, the patent owner, in informing the manufacturing company of the ongoing action, should be deemed to have acted against the principle of integrity.

Consequently, the Court decided that the act of sending a letter to the manufacturing company constitutes unfair competition and, therefore, the Gx company's moral damages should be compensated. The court rejected the material damage claim of the Gx company, since it had not been solidified and proven.

In our view the Commercial Court's decision is quite problematic since it was the Gx company that did not explain to the manufacturing company why it was not infringing upon the patent and, therefore, this led the manufacturing company to believe that it might be committing an illegal act. It is erroneous to blame the patent owner with creating a pejorative environment against the Gx company by filing a patent infringement action and informing relevant third parties of this action, as the patent owner had no other choice but to file a court action to have the patent infringement risk assessed. As well, there were no grounds to argue that the patent owner "should have known" of the (non-)infringement, as the characteristics of the Gx product may only be known by the Gx company.

The decision of the Commercial Court has been appealed before the District Court by both parties, and the appeal is ongoing.

Gün + Partners represented the patent owner in this matter.
