

# **Damages and Injunctions in the enforcement of IPR**

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# Obligations in the TRIPS

The TRIPS Agreement standards for IPR enforcement are in five sections of Part III of the TRIPS, including Articles 41-61.

## PART III Enforcement of Intellectual Property Rights

1. General Obligations
2. Civil and Administrative Procedures and Remedies
3. Provisional Measures
4. Special Requirements Related to Border Measures
5. Criminal Procedures

# TRIPS: Article 44 - Injunctions

1. The judicial authorities shall have the authority to order a party to desist from an infringement, inter alia to prevent the entry into the channels of commerce in their jurisdiction of imported goods that involve the infringement of an intellectual property right, immediately after customs clearance of such goods. Members are not obliged to accord such authority in respect of protected subject matter acquired or ordered by a person prior to knowing or having reasonable grounds to know that dealing in such subject matter would entail the infringement of an intellectual property right.

2. Notwithstanding the other provisions of this Part and provided that the provisions of Part II specifically addressing use by governments, or by third parties authorized by a government, without the authorization of the right holder are complied with, Members may limit the remedies available against such use to payment of remuneration in accordance with subparagraph (h) of Article 31. In other cases, the remedies under this Part shall apply or, where these remedies are inconsistent with a Member's law, declaratory judgments and adequate compensation shall be available.

# TRIPS: Article 45 - Damages

1. The judicial authorities shall have the authority to order the infringer to pay the right holder damages adequate to compensate for the injury the right holder has suffered because of an infringement of that person's intellectual property right by an infringer who knowingly, or with reasonable grounds to know, engaged in infringing activity.
2. The judicial authorities shall also have the authority to order the infringer to pay the right holder expenses, which may include appropriate attorney's fees. In appropriate cases, Members may authorize the judicial authorities to order recovery of profits and/or payment of pre-established damages even where the infringer did not knowingly, or with reasonable grounds to know, engage in infringing activity.

# TRIPS flexibilities in Enforcement

- While most IP experts have focused on TRIPS flexibilities in Parts I and II and VI, the provisions in Part III on enforcement are quite important.
- Exceptions and limitations can be implemented as limitations on remedies to rights, including in particular limits on damages or injunctions.

# Some examples of limits on remedies from the USA:

- Affordable Care Act limits on injunctions and damages for undisclosed patents on biologic drugs
- USDOJ/USPTO compulsory license policy on standards essential patents (Jan 8, 2013)
- US Government use of patents, copyrights, plant breeder rights, etc (28 USC 1498)
- Elimination of remedies for infringement by medical providers
- Elimination of injunctions for patents on nuclear energy
- Proposed limits on remedies for orphaned copyrighted works
- Restrictions on injunctions under the eBay decision

# ***eBay Inc. v. MercExchange, L.L.C.***

Before granting injunction to stop infringement, court must require plaintiff to demonstrate:

1. that it has suffered an irreparable injury;
2. that remedies available at law are inadequate to compensate for that injury;
3. that considering the balance of hardships between the plaintiff and defendant, a remedy in equity is warranted; and
4. that the public interest would not be disserved by a permanent injunction.

# The Anticounterfeiting Trade Agreement (ACTA)

- Negotiations on ACTA began in 2007 weeks after the WIPO Development Agenda was adopted
- Plurilateral agreement designed to be imposed on developing countries
- Agreement changed norms on damages from infringement, and introduces changes in norms for border measures, Internet related infringements, and for other areas of enforcement
- Creates new institution, the ACTA Committee

# ACTA norms on damages

ACTA Article 9 on damages is 500 words organized into 5 paragraphs and one footnote, including this text in Para 9.1

"In determining the amount of damages for infringement of intellectual property rights, a Party's judicial authorities shall have the authority to consider, inter alia, any legitimate measure of value the right holder submits, which may include lost profits, the value of the infringed goods or services measured by the market price, or the suggested retail price."

# ACTA Article 8.2

Retains flexibility of TRIPS 44.2:

"Notwithstanding the other provisions of this Section, a Party may limit the remedies available against use by governments, or by third parties authorized by a government, without the authorization of the right holder, to the payment of remuneration, provided that the Party complies with the provisions of Part II of the TRIPS Agreement specifically addressing such use. In other cases, the remedies under this Section shall apply or, where these remedies are inconsistent with a Party's law, declaratory judgments and adequate compensation shall be available."

# **Future of Enforcement norm setting**

EU rejection of ACTA

ACTA ratified

US says it will implement ACTA Committee

TPP Norms on Enforcement

US/EU trade agreement norms on enforcement

Dozens of new enforcement fora