

Det juridiske fakultet

Sanctions in IP infringement cases – sustainable solutions? Looking forward

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Current rules on injunctions and corrective measures

- Legal framework: TRIPS, directives 2004/48 and 2016/943, fundamental rights, national legislation
- Discretionary powers of the courts
- Proportionality
- Third party and public interests
- Conclusion: Sustainability may be a relevant concern for courts when they decide on sanctions, but what solutions does it call for?
- Will we be able to develop some guiding principles?

Injunctions (preliminary and in main actions)

- When does sustainability speak against granting an injunction?
 - If use of the IP promotes sustainability (cleaning technology, renewable energy etc.)?
 - If the injunction will lead to a waste of resources (the infringer has had substantial development costs, infringement of a patent for a small component may close down a whole factory...)?



Some basics

- If we believe technological development will bring us to a more sustainable world, the need for incentives to such a development has not been reduced
- IPs are exclusive rights

«...it is difficult for a court in an infringement case to properly value the right holder's loss. Hence the parties should be left to make their own deal» (Robert Merges)

- Transaction costs vs. problems of insufficient information
- Externalities

The (lack of) possibilities for a compulsory licence

- «By its decision that [the defendant] may avoid the injunction by lodging a guarantee [to ensure the compensation to the rightholder], the Court of Appeal has in reality provided the company with a temporary licence to exploit the invention. But as [the defendant] does not have any basis for exploiting the invention lawfully, the company cannot be given a possibility to avoid an injunction by virtue of Section 266 of the Enforcement Act» (NO Supreme Court, Rt. 1968 p. 1341)
- Too categorical today
- But may the rules on compulsory licences still say something about how the legislators balance the relevant interests?

Relevant compulsory licences

- TRIPS art 31
- Patent Act Section 47
 - «Påkrevd», «viktige allmenne interesser»
- Section 46: Dependent patents
- Clean Air Act (1970)
- Trade mark, copyright, trade secrets?



Example: Use of the IP promotes sustainability (cleaning technology, renewable energy etc.)

- The technology we need
- Transaction costs particularly high?
- Compulsory licence – high threshold
- Injunction should clearly be the main rule
- Time to adjust?
 - *Edwards Lifescience v. Boston Scientific Scimed*

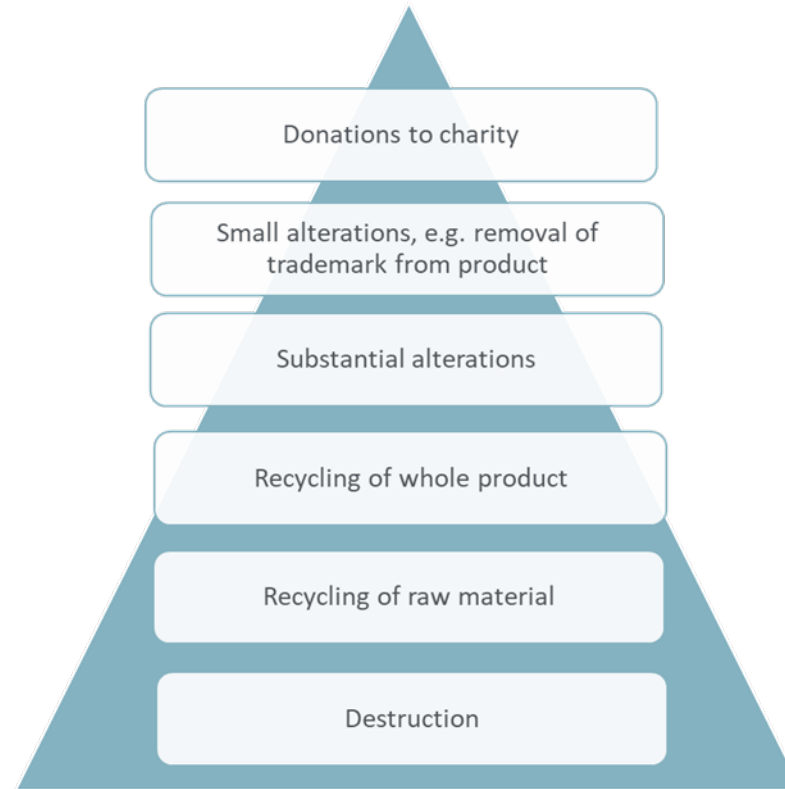
Example: An injunction will lead to a waste of resources...

- Ex: the infringer has had substantial development costs, infringement of a patent for a small component may close down a whole factory...
- Most of these will be costs for the actual infringer, «ordinary» proportionality test will often suffice
 - What if the infringer's alternative is OK for her, but very bad for the environment
- Not to expect a significant decrease in injunctions

Corrective measures (Recall, removal, destruction etc.)

- Discretionary power of the courts
- Ref. Patent Act § 58 (1) (3), 59 a, Trade Mark Act § 59, Directive 2016/943 rec 28
 - «the choice between possible measures shall be made on the basis of an assessment of proportionality. I.a. the gravity of the infringement, the consequences of the measures and third party interests shall be taken into account»
- More weight to considerations in respect of sustainability?

Mikael's shades



- Should courts have to justify a choice down the ladder?
- Destruction may in some cases still be a preferable solution for