



Delphi

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Sanctions in IP infringement cases – does the current regime contribute to sustainable solutions?

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The EU enforcement directive and sustainability issues

1. The EU enforcement directive (2004) closely resembles TRIPs (1994).
2. When the TRIPs and the EU enforcement directive were enacted sustainability were not that strongly on the agenda.
3. The enforcement directive and the CJEU:s constitutionalized view on IP sanctions may give room to make sustainability considerations

Overview of the sanctions and measures available under the Enforcement Directive (2004/48/EG)

1. Final injunctions (article 11)
2. Preliminary injunctions and injunctions directed against intermediaries (article 9.1 a)
3. Interlocutory seizure and delivery up (article 9.1 b)
4. Publication orders (article 15)
5. Recall orders (article 10 a)
6. Definitive removal from channels of distribution (article 10 b)
7. Destruction (article 10 c)

General principles applicable to the sanctions and measures (article 3)

Article 3

General obligation

1. Member States shall provide for the measures, procedures and remedies necessary to ensure the enforcement of the intellectual property rights covered by this Directive. Those measures, procedures and remedies shall be fair and equitable and shall not be unnecessarily complicated or costly, or entail unreasonable time-limits or unwarranted delays.
2. Those measures, procedures and remedies shall also be effective, proportionate and dissuasive and shall be applied in such a manner as to avoid the creation of barriers to legitimate trade and to provide for safeguards against their abuse.

General principles applicable to the sanctions and measures (article 3)

CJEU Case no C-275-06 (Promusicae)

“However, Community law requires that, when transposing those directives, the Member States take care to rely on an interpretation of them which allows a fair balance to be struck between the various fundamental rights protected by the Community legal order. Further, when implementing the measures transposing those directives, the authorities and courts of the Member States must not only interpret their national law in a manner consistent with those directives but also make sure that they do not rely on an interpretation of them which would be in conflict with those fundamental rights or with the other general principles of Community law, such as the principle of proportionality.”

Case C-324/09 (L'Oréal)	Injunction against third parties / online platform
Case C-70/10 (Scarlet Extended)	Filtering injunction
Case C-360/10 (SABAM)	Filtering injunction
Case C-312/12 (UPC Telekabel)	Blocking injunctions against ISP
Case C-494/15 (Hilfigher)	Injunction against a provider of market halls
Case C-484/14, (McFadden)	Injunction against provider of wifi network
Case C-557/07 (LSG),	Right to information from ISP
Case C-461/10 (Bonnier)	Right to information from ISP
Case C-427/15 (New Wave)	Right to information regarding infringing goods sold
Case C-149/17 (Bastei Lübbe)	Right to information from ISP
Case C-580/13 (Coty)	Right to information from a bank
Case C-597/19 (Mircom)	Abuse of rights and proportionality
Case C-264/19 (Constantin Film Verleih)	Right to information from ISP

The principle of proportionality and the balancing of fundamental rights

Different rights in the balance – infringer injunctions

Pro injunction:

- The right to intellectual property (Art 1 of Protocol 1 ECHR, Art 17.2 Charter)
- The right to effective remedies (Art 6 ECHR, Art 47 Charter)

Contra injunction:

- The freedom to conduct business (Art 16 Charter)
- The right to life (Article 2 ECHR, Article 2 Charter)
- The right to preventive care (Article 35 Charter)
- The right to creative expressions (Article 10 ECHR, Article 13 Charter)
- The right not to be discriminated (Article 21 Charter)
- The freedom of information / expression (Article 10 ECHR, Article 11 Charter)

Article 37 - Environmental protection

A high level of environmental protection and the improvement of the quality of the environment must be integrated into the policies of the Union and ensured in accordance with the principle of sustainable development.

Effective, dissuasive and proportional measures and sanctions

The principle of effectiveness:

There must be an *available sanction* which is intended to be applied. A violation shall be met with an *adequate sanction*. There must not be procedural impediments to apply sanctions. Measures and sanctions are intended to protect the injured party.

The principle of dissuasiveness

Sanctions shall have a general and individual *preventive effect*, *neutralize the effects* of the violation and *encourage adherence to rules*.

The principle of proportionality

Sanctions shall be appropriate to *achieve the intended purpose*. The *least intrusive sanction* shall be issued. Sanctions shall be *proportional strictu sensu*.

The Member States' facultative right to introduce alternative compensation measures (article 12)

Article 12

Alternative measures

Member States may provide that, in appropriate cases and at the request of the person liable to be subject to the measures provided for in this Section, the competent judicial authorities may order pecuniary compensation to be paid to the injured party instead of applying the measures provided for in this Section if that person acted unintentionally and without negligence, if execution of the measures in question would cause him disproportionate harm and if pecuniary compensation to the injured party appears reasonably satisfactory.

General principle applicable specifically to corrective measures (article 10.3)

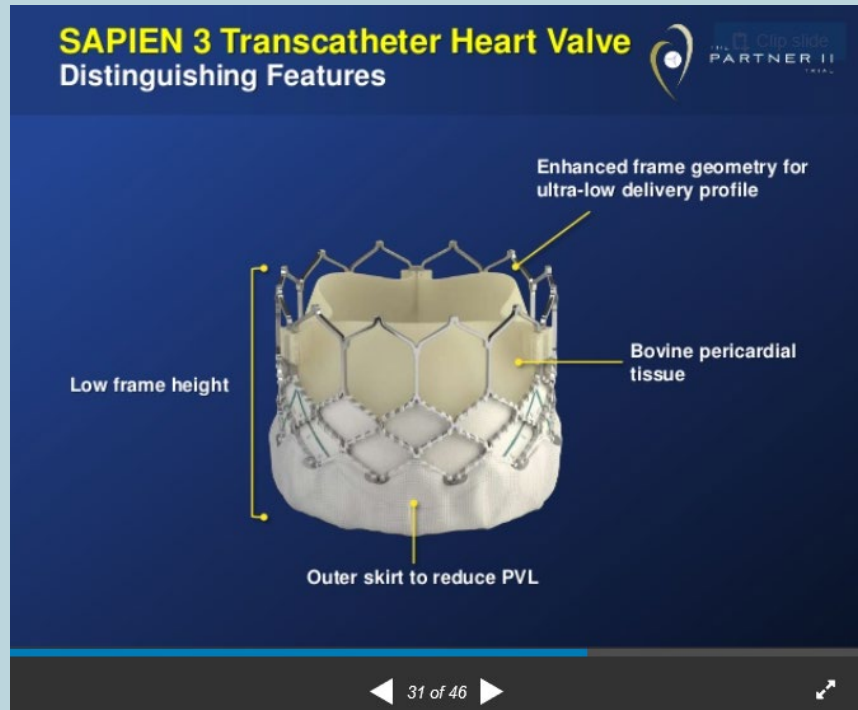
3. In considering a request for corrective measures, the need for proportionality between the seriousness of the infringement and the remedies ordered as well as the interests of third parties shall be taken into account.

Proportionality in the Trade Secrets Directive (2016/943/EU), article 11.2

2. Member States shall ensure that in deciding on the granting or rejection of the application and assessing its proportionality, the competent judicial authorities shall be required to take into account the specific circumstances of the case, including, where appropriate:

- (a) the value and other specific features of the trade secret;
- (b) the measures taken to protect the trade secret;
- (c) the conduct of the respondent in acquiring, using or disclosing the trade secret;
- (d) the impact of the unlawful use or disclosure of the trade secret;
- (e) the legitimate interests of the parties and the impact which the granting or rejection of the measures could have on the parties;
- (f) the legitimate interests of third parties;
- (g) the public interest; and
- (h) the safeguard of fundamental rights.

Diverse application of the principle of proportionality in the Member States



UK: Edwards Lifesciences LLC v Boston Scientific Scimed Inc [2018] EWHC 1256

Tailored injunction with certain exceptions

Germany: Landgericht Düsseldorf, mål nr 4a O 137/15 respektive mål nr 4c O 53/18

Automatic injunction

The US perspective on final injunctions

eBay v. MerckExchange, LLC, 126 S.Ct 1837 (U.S. 2006)

A plaintiff will only be granted injunctive relief if it can show

- (1) that it has suffered an irreparable injury;
- (2) that remedies available at law, such as monetary damages, *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.*

Different room for discretion when courts issue final IP injunctions

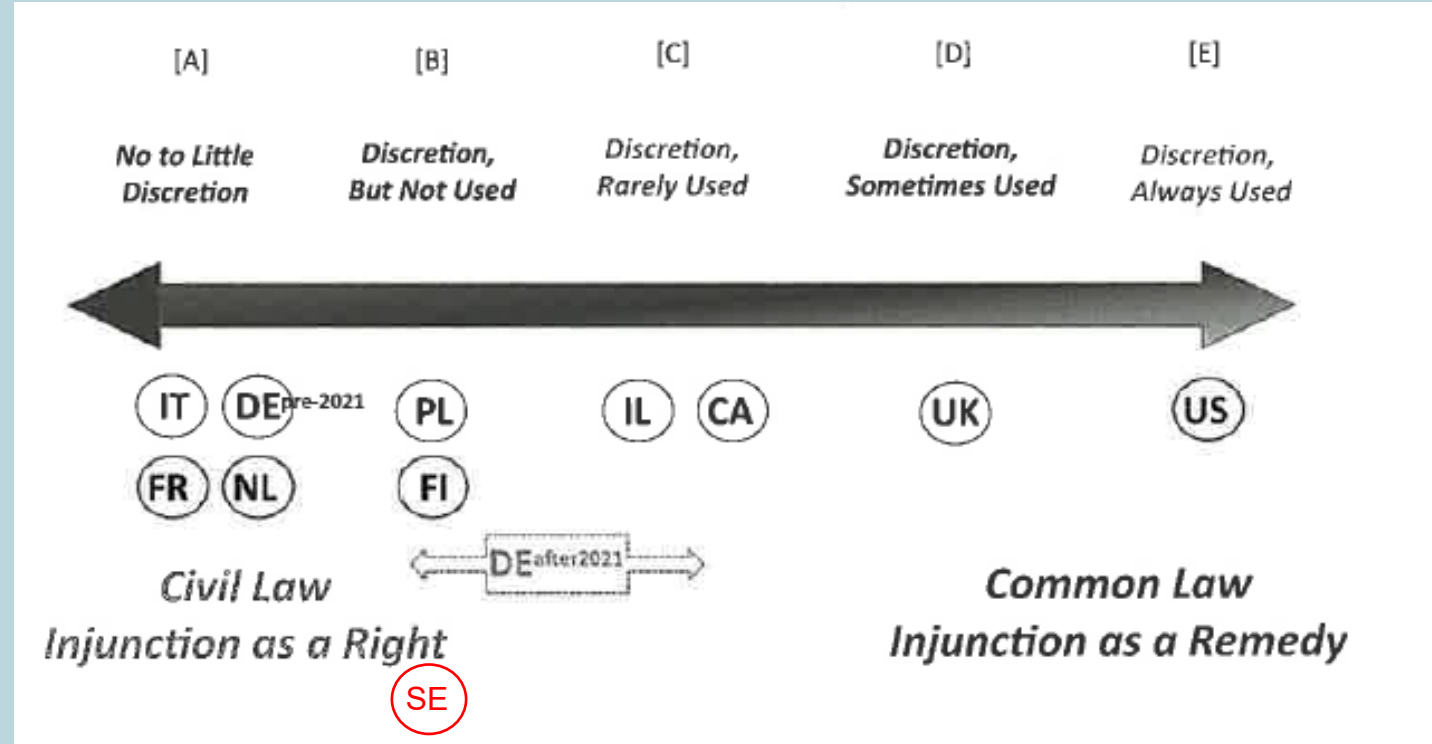


Injunctions in Patent Law

Trans-Atlantic Dialogues on Flexibility and Tailoring

Edited by Jorge L. Contreras and Martin Husovec

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Strong or weak enforcement traditions?

How could the national court's room for discretion possibly be used to consider sustainability angles when sanctions and measures are issued?

1. The wording of a court measure or sanction is subject to the principle of proportionality. Court orders shall be *tailored* and *observe the least intrusive means principle*.
2. Courts can construe *specific caveats* to a measure or sanction.
3. Courts can issue *grace periods* or order the *delay into force* of a measure or sanction.
4. Can a court order that goods seized are altered or destroyed in a sustainable manner - probably?