

Summary Report

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Question Q219

The availability of injunctions in cases of infringement of IPRs

Introduction

The power of a Court to grant an injunction which prohibits an infringer from committing further infringing acts is fundamental to the protection of IPRs as exclusive rights. Due to the nature of IPRs, injunctions are generally considered to be the primary remedy for infringement. Other remedies, such as damages for loss or an account of profits, serve the secondary or ancillary purpose of appropriately compensating an IPR holder for infringement or its rights.

The availability of injunctions to act as a deterrent to infringement of IPRs or to prevent further infringement is critical to the effective operation of IP systems. As such it is desirable that there be a level of consistency in the approach to injunctions at an international level. AIPPI has not previously studied, as a dedicated question, the specific circumstances in which an injunction is or should be available for infringement of an IPR.

The 2006 decision of the United States (**US**) Supreme Court in *eBay v Merc-Exchange* demonstrated that, at least with regard to permanent injunctions, there is no general rule in the US that an injunction will be granted as a matter of course once findings of both infringement and validity have been made. Whether an injunction is granted following a finding of infringement of an IPR is within the discretion of the Court irrespective of any finding of infringement. This is the case in many common law jurisdictions.

This question examined the conditions upon which both permanent and provisional injunctions are available to protect patents, trade marks, copyright and designs. Trade secrets, trade names and domain names were outside the scope of this question. Further, this question was not concerned with statutory or common law alternatives (eg compulsory licences) to the grant of an injunction.

A total of 40 reports were received by the Reporter General. Reports were received from the national groups of Argentina, Australia, Austria, Belgium, Brazil, Bulgaria, Canada, China, Check Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Indonesia, Ireland, Israel, Italy, Japan, Korea, Latvia, Mexico, New Zealand, Norway, Panama, Philippines, Poland, Portugal, Romania, South Africa, Spain, Sweden, Switzerland, Thailand, Turkey, Ukraine, United Kingdom (**UK**) and the US.

A summary of the responses follows below in parts I) and II). In part III), an attempt has been made to draw some conclusions and provide guidance to the Working Committee.

I) Analysis of current legislation and case law

1. *Are injunctions for infringement of an IPR available on a provisional/preliminary basis?*

All groups reported that injunctions for infringement of an IPR are available on a basis that is variously termed a 'provisional' or 'preliminary' injunction or the like, although the terminology differs between jurisdictions. For example, in Australia and Canada, the terms used are 'interim' to describe an injunction for a very short term usually measured in days, and 'interlocutory', to describe an injunction granted until a final determination on the merits can be made. In South Africa, a preliminary injunction is usually referred to as a 'temporary interdict' or 'interlocutory interdict'.

For convenience, this summary report uses the term 'preliminary injunctions' to refer to injunctions of an interim, provisional or preliminary nature, ie short of a 'permanent injunction' determined ultimately at a trial of the merits of the case. The term 'preliminary injunction' as used in this report does not include reference to *ex parte* injunctions, which are beyond the scope of this question.

The groups report that the power to grant provisional/preliminary injunctions derives either from the inherent jurisdiction of the court or from statute, or both. By way of exception to the foregoing, the Indonesian group reported that the Indonesian Supreme Court is soon expected to enact a regulation regarding injunctions for IPR infringement in Indonesia.

In addition to the power of various US courts to grant preliminary injunctions, the US group reported that the United States International Trade Commission (*ITC*), a quasi-judicial federal agency, may also grant preliminary injunctions, although this remedy is relatively infrequently utilised.

2. *Are injunctions for infringement of an IPR available on a permanent basis?*

Almost all groups reported that injunctions for infringement of an IPR are available on a permanent basis in their respective jurisdictions.

The Portuguese group reported that the injunction proceedings are by their nature provisional proceedings according to Portuguese law. While permanent injunctions as such are not part of Portuguese law, the decision in the main action can encompass measures which can be considered equivalent to a permanent injunction. The Bulgarian group noted that injunctions are not the primary remedy against IPR infringement in Bulgaria. Rather, the primary remedies are civil claims for damages and penal liability.

3. *If yes to question 1, what are the criteria for the grant of an injunction on a provisional/ preliminary basis?*

A number of groups made the point that a provisional/preliminary injunction is always discretionary. For those groups that did not expressly address this issue, descriptions of the criteria for grant are premised on the underlying assumption that provisional/ preliminary injunctions will not be granted as of right and require a careful consideration of the rights of both the applicant and the alleged infringer.

The extent to which the applicable criteria have to be demonstrated varies from the relevant evidence having to be 'strong' or 'compelling', to a requirement that the criteria be established at a 'prima facie' level or such as to 'render it likely' that the criteria be met.

In general, the standard for grant of a preliminary injunction is relatively high. A number of groups report that their courts rarely grant preliminary injunctions.

Austria may be an exception – the Austrian group reporting that the requirements for issuing a preliminary injunction are low in Austria.

While terminology as to the criteria for grant of a preliminary injunction differs between jurisdictions, the following concepts are broadly encompassed in the majority of responses. These are not necessarily separate and distinct criteria, and in some cases there is considerable overlap.

(i) A prima facie case or a serious question to be tried in relation to infringement.

Many of the groups reported a criterion in the above terms, for example, Australia, Belgium, Canada, China, Czech Republic, Finland, Germany, Ireland, Israel, Italy, Japan, Korea, Latvia, Mexico, New Zealand, Norway, Panama, Philippines, Poland, Portugal, South Africa, Spain, Sweden, Switzerland, Turkey, United Kingdom and the United States.

The precise articulation of this criterion may differ. For example, in Australia, the requirement is that there is a sufficient likelihood of success so as to justify, in all the circumstances, the preservation of the status quo pending trial.

A number of groups reported that this criterion is satisfied by proving the existence (to varying levels of proof) of a valid IPR and prima facie evidence of actual or imminent infringement. The level of proof varies between a 'likelihood of success on the merits' to 'somewhat more likely that the right in question is infringed than the opposite'. Where a 'serious question to be tried' test is applied, it may be that the test can be satisfied provided the claim is not frivolous or vexatious, or is otherwise simply shown to have merit.

The degree to which the validity of the IPR in question affects the assessment of whether there is a prima facie case or a serious question seems to vary between jurisdictions. For example, the Belgian group reports that Belgian courts generally presume registered IPRs are prima facie valid, whereas the Swedish group reports that validity is frequently challenged in patent cases and the court's assessment of that challenge is comprehensive. In Germany, the court must conclude there are strong arguments in favour of the validity of the IPR.

(ii) Irreparable harm

Most groups report a requirement to demonstrate irreparable harm. Some describe this requirement in terms of 'periculum in mora' or danger in delay. That is, the harm occasioned by the alleged infringing activity continuing will prejudice the ability to secure an effective remedy at trial, or otherwise prevent grave injury to the plaintiff. Austria is again an exception where a preliminary injunction may be granted irrespective of whether the plaintiff can show it would suffer irreparable harm without immediate relief and there is no need to demonstrate any urgency (no 'periculum in mora').

Some groups report that an element of the assessment as to whether the harm is 'irreparable' is determined by reference to whether damages would be an adequate remedy, eg Australia, Canada, Denmark (where a determination that criminal sanctions are appropriate will also determine that a preliminary injunction will not be granted) Ireland, Korea, New Zealand, Norway, South Africa, Thailand, United Kingdom. If damages would be adequate remedy, no preliminary injunction will be granted.

Examples provided include damage to goodwill and reputation (not quantifiable in monetary terms, so grant of preliminary injunction) and damage to a pharmaceutical patent holder's rights by the launch of a competing generic product. In Ireland, the courts traditionally hold that the latter is quantifiable in monetary terms, so damages will be an adequate remedy. This was also the case in Australia until changes to government subsidies of pharmaceuticals made quantification of loss in pharmaceutical cases more difficult to calculate.

The question of irreparable harm, whether that be expressed in terms of 'periculum in mora' or an assessment as to whether damages would be an adequate remedy, is also or alternatively considered in the context of balance of convenience considerations (see (iii) immediately below).

(iii) Balance of convenience

The majority of groups report a criterion that encompasses the notion of a balancing exercise, sometimes referred to as the balance of equities or the balance of hardship. It is submitted that the concept of proportionality as described by a number of groups also represents what can be broadly characterised as a balancing exercise. Where no such criteria is expressly articulated, it is submitted that the general discretionary nature of a provisional/preliminary nature of the grant of an interlocutory injunction implies some balance exercise, whether expressly articulated or not.

The balancing exercise involves consideration of who will suffer greater harm – the plaintiff, if the alleged infringing activity is permitted to continue until all substantive issues are determined at trial; or the alleged infringer, if permitted to continue the alleged infringing activity until all issues of infringement and validity have been finally determined.

In some jurisdictions, this consideration extends to the interests of all potential stakeholders, including third parties and the public. As reported by the Chinese group, the public interest is the only interest considered in this context. By contrast, the Swiss group reports the predominant view of Swiss courts that the balance of respective hardship should be as between the plaintiff and the defendant, and not take into consideration the public interest.

(iv) Urgency/delay

The focus of consideration of this criterion is not that of 'periculum in mora', ie danger to the plaintiff if the injunction is not granted; but rather whether the plaintiff has delayed in seeking relief. Arguably an assessment of 'periculum in mora' may also encompass the concept of the plaintiff's delay.

About one quarter of the groups specifically referenced delay on the part of the applicant for a preliminary injunction as being a factor their courts will take into account in deciding to grant a preliminary injunction. However, it seems that any requirement to undertake the balancing exercise as between the plaintiff and the defendant will provide scope for consideration as to whether undue delay in seeking the relief by the plaintiff should be a factor mitigating against the grant of a preliminary injunction.

(v) Bond/security/undertaking

About half of the groups noted that some form of bond or security is payable by, or an undertaking as to damages required from, the plaintiff to secure a preliminary injunction. Noting that there was no question directed

specifically to this issue, it may be that this requirement exists in more jurisdictions than actually reported it. Where discussed, provision of a bond, security or undertaking is generally a compulsory prerequisite rather than being at the court's discretion (although the amount of any bond or security may be discretionary).

In most cases, the bond, security or undertaking is to compensate those who have suffered loss by the grant of a preliminary injunction which is not upheld at trial. In Australia, while it is sufficient for the plaintiff to provide an undertaking to the court to pay damages, should the preliminary injunction be ultimately deemed unwarranted on the merits, the benefit of that undertaking can extend to any party affected by the grant of the preliminary injunction (not just named defendants). However, in Sweden, preliminary injunctions are granted under penalty of a fine which is payable to the Swedish state, rather than to any party.

The ITC will consider motions for temporary relief, applying the standards of the US Court of Appeals for the Federal Circuit in determining whether to affirm lower court decisions granting preliminary injunctions. As one element of that standard, reasonable likelihood of success on the merits includes demonstrating that a valid and enforceable IPR has been infringed and that a domestic industry exists or is in the process of being established.

4. *If yes to question 2, what are the criteria for the grant of an injunction on a permanent basis?*

The groups generally answered this question in the context of whether a permanent injunction automatically follows a finding of infringement of an IPR. Answers ranged from a permanent injunction being granted as of right in such circumstances (slightly less than one third of responses) to a grant of permanent injunction generally following such a finding (a little over one third), to the grant of a permanent injunction always being a matter of discretion for the court (slightly less than one third).

Irrespective of where they sat in the spectrum noted above, a number of the groups noted that the evidentiary standard for the grant of a permanent injunction is higher than that of a preliminary injunction.

The groups who reported the right to obtain a permanent injunction upon the finding of infringement were by and large European groups, with the exception of Thailand. Some, but not all, of these groups reported that the plaintiff must also succeed in any challenge to the validity of the IPR in question. Of those who did not, it may be that such requirement is implicit, or alternatively, it may be that a strong presumption of validity operates in the relevant jurisdiction.

Of those groups who reported that a permanent injunction will generally (as opposed to must) follow a finding of infringement of an IPR, the criteria for the grant of a permanent injunction was reported to be largely the same as the criteria for grant of a preliminary injunction, with the emphasis on the court being satisfied that an infringement has occurred. Once proven to the court's satisfaction, there would seem to be little room for discretion and the court 'should' grant the permanent injunction. But again, see the response to question 12 below. A number of these groups reported that the court must also be satisfied that the infringing activity would continue unless the permanent injunction was granted.

Of those groups that reported that the grant of a permanent injunction will always be discretionary, the factors which the court may take into account to refuse the grant of a permanent injunction include:

- No ongoing threat of infringement.
- Damages are an adequate remedy.
- Public interest mitigating against the grant.
- Equitable considerations such as delay.
- Proportionality.

In the US, the only relief available at the ITC is injunctive relief, so the Complainant must prove that a violation of Section 337 has occurred in order to obtain any form of permanent relief, the elements of which are similar to that described in question 3 above for preliminary relief.

5. *If not addressed in answering questions 3 and 4, does the criteria for the grant of an injunction differ depending on whether the injunction sought is on a provisional/preliminary or permanent basis? If so, how?*

Many groups simply referred to their previous answers under questions 3 and 4 in responding to this question 5. Of those groups that provided a substantive answer, the majority focused on the different standard of proof required for the grant of preliminary injunction versus a permanent injunction. In this context, the general theme was that, for a preliminary injunction, a prima facie case or a serious question to be tried was generally sufficient, whereas for the grant of a permanent injunction, the court had to be satisfied as to the existence of infringement, some groups noting that validity considerations play a greater part in the context of the final determination on the merits.

A number of the groups noted the balance of convenience factors are of greater significance in the application for a preliminary injunction, the Canadian group reporting that interlocutory and interim injunctions are rarely awarded, the most frequent reason for refusal being the failure of the rights holder to establish it will suffer irreparable harm. This is because the Canadian courts consider that most forms of harm are compensable in damages. By contrast, on a finding of infringement at trial, a permanent injunction will rarely be refused. Other groups noted a similar approach in relation to the grant of a permanent injunction. For example, in South Africa and Switzerland, the court need not take into consideration whether or not there is an apprehension of irreparable harm in determining whether to grant a permanent injunction.

A number of groups noted that the courts in their jurisdiction consider preliminary injunctions to be an exceptional or unusual remedy, whereas a permanent injunction once infringement of valid IPR has been established, is considered standard or even a right of an IPR holder.

6. *Are the criteria for the grant of an injunction equally applicable to infringement of all IPRs?*

Two thirds of the groups reported that the criteria for the grant of an injunction is equally applicable to infringement of all IPRs.

A number of the groups who answered this question in the affirmative went on to explain that in practice, the nature and type of IPRs may have a bearing on issue of proof, and thus the likelihood of grant of an injunction. For example, trade mark infringement may generally be easier to prove than patent infringement, whereas the existence of a registered IPR that has undergone examination is more certain than the right arising from an unregistered IPR or a right which proceeds to registration unexamined.

The French group stated that the criteria for the grant of an injunction are in principle the same for all IPRs except for copyrights which are subject to specific rules.

The US group noted that it may be easier for owners of some kinds of IPRs to establish likelihood of irreparable injury (required for a preliminary injunction) or actual irreparable injury (required for a permanent injunction). For example, it may be easier for a trade secret owner to show likelihood of irreparable injury in the absence of a preliminary injunction against disclosure of the trade secret, than for an NPE (Non-Practising Entities) owner of a patent to show irreparable injury absent a preliminary injunction against continuing practice of the patented invention.

To the extent that groups responded that the criteria for the grant of injunction was not equally applicable to infringement of all IPRs, their responses are dealt with under question 7 below.

7. *If no to 6, are there any specific criteria or considerations for the grant of an injunction for particular IPRs? If so, what criteria or considerations apply to what subject matter?*

Where groups reported that there are specific criteria or considerations for the grant of an injunction referable to the type of IPR, patents were most commonly cited.

The Argentinean group reported that domestic Argentinean patent law contains specific provisions regarding injunctions which are more restrictive than those established by Article 50 of TRIPS, with the result that, when seeking an injunction based on patent rights, an election must be made as to which provision should be applied. If proceeding under Argentinean domestic law, a court appointed expert must provide an opinion as to validity and infringement.

The German group reported that, while the criteria for the grant of a preliminary injunction are in principle the same for all IPRs, in practice, it is generally a requirement that the validity of a patent has been confirmed in prior opposition or nullity proceedings. This is in contrast to a design patent where validity is assumed.

In Hungary, the court must take into consideration whether a preliminary injunction based on a patent will 'obviously and considerably' prejudice public interest or the legitimate interest of third parties, and the court must also take into account European decisions on revocation.

In Turkey, a patent applicant whose patent has undergone substantive examination is entitled to demand a preliminary injunction against potential infringement immediately after the publication of its application.

Other specific considerations reported by the groups include:

- In Austria, in order to be eligible for a preliminary injunction based on a registered trade mark, the plaintiff must demonstrate that the trade mark was genuinely used within the previous 5 years.
- In Canada, a higher threshold may be required to satisfy the irreparable harm requirement in trade mark cases; a copyright IPR holder who has established infringement of copyright in one work may be entitled to a 'wide injunction' covering other works in which the copyright owner has an interest (including a licence), if the court is satisfied that the defendant infringer will also likely infringe copyright in those other works.

- In France, a higher threshold may be required to satisfy the requirements for the grant of a preliminary injunction in copyright cases; in the absence of any contractual relationship, notably between author and publisher, a higher threshold may apply to the level of proof regarding entitlement and copyrightable subject matter.
- In the UK, in the last 5 years of the term of an unregistered design right, no injunction may be granted against the defendant in infringement proceedings if the defendant undertakes to take a licence.

8. *Are there any specific criteria or considerations for particular subject matter, for example, pharmaceutical patents? If so, what criteria or considerations apply to what subject matter?*

The great majority of groups reported that the same criteria apply to injunctions relating to all subject matter. A number of those groups went on to report that in the context of pharmaceutical patents, the subject matter may be relevant in various ways, but in particular in relation to the balancing exercise, eg the interest of patients in having continued access to medicines pending outcome of the proceedings, as noted by the Australian, Belgian, UK and US groups.

Another theme specific to pharmaceutical patents relates to the role of marketing authorisation and price reimbursement. In some jurisdictions, regulatory approval of generic pharmaceutical products is linked to the patent system, such that marketing approval may be stayed pending the outcome of infringement proceedings, such stay operating in similar fashion to an interlocutory injunction, eg Canada. In other jurisdictions, it may not be enough to show that a generic manufacturer has obtained marketing authorisation. Rather, the plaintiff must wait until the generic product has been listed for price reimbursement. In France, not even a listing for price reimbursement will suffice for obtaining injunctive relief. Rather, additional circumstances are required, including the announcement of the launch of the pharmaceutical among medical practitioners and a declaration confirming the intent to commercialise a product.

In Australia, mandatory price reduction will occur with generic listing for price reimbursement and the courts have in recent years been more willing to regard mandatory price reductions as losses which are not adequately compensable by damages. This reverses a trend which other groups note as continuing in their jurisdictions, being that it may be difficult to prove in pharmaceutical patent cases that monetary damages are not sufficient to fully compensate the patent holder for infringement.

Another consideration sometimes applicable to pharmaceutical patents is the doctrine of 'clearing the way' which until recently had been applied rigorously in the UK. Companies looking to market generic products of patent and pharmaceuticals were obliged to seek a declaration of non infringement or to revoke any relevant patents before launch. In the absence of 'clearing the way', the court would readily grant an interim injunction to keep the generic product off the market until the matter was decided on the merits. Recent case law suggests this is no longer a rule, but rather part of the balancing test.

The Czech group notes that pharmaceutical patents are those for which in practice preliminary injunctions are sought most frequently, and given the nature of these cases, courts tend to require higher bonds for possible damages than in other cases.

While most of the groups confined their answers to specific matters affecting pharmaceutical patents, the German and Israeli groups noted that, in general, the complexity of the subject matter may affect the courts' willingness to entertain an application for a preliminary injunction. The German group gave the example of electronics patents. The Israeli group included pharmaceutical patents in this consideration, noting that the courts are more inclined to advance to the hearing of the main claim instead of conducting a hearing for a preliminary injunction.

9. *Are there any specific considerations relevant to particular IP holders, for example, NPEs? If so, what considerations are relevant and to what IPR holders?*

Almost all groups reported that there are no specific classes of IPR holders in their jurisdiction to whom the courts will apply different considerations when deciding whether to grant an injunction. However, using the example of NPEs, a number of groups explained how the criteria for grant of an injunction may impact on NPEs. Other than the Bulgarian group no groups reported that the NPE status of an IPR holder would require a court to refuse the grant of an injunction.

Most of the groups discussed the example of NPEs in the context of patent rights.

While the issue is largely untested by national courts, a number of groups reported that NPE status would be a factor taken into account by a court in determining such matters as whether damages would be an adequate remedy in lieu of an injunction.

A court's determination that damages may be an adequate remedy may be on the basis that an NPE's use of its patents is limited to extracting licence fees from third parties, or alternatively that the NPE is not otherwise exercising its patent rights. This possibility was noted by the Australian, Belgian, Brazilian, Danish, German, Irish, New Zealand, Norwegian, South African, Swiss, UK and US groups.

Other factors which domestic courts may take into consideration in the case of an NPE rights holders applying for an injunction may include:

- The inability of an NPE to provide an undertaking as to damages (reported by the Canadian group).
- Demand of an injunction in the case of non-practice being considered an abuse of rights (reported by the Japanese group).
- Possible conflict with competition law (reported by the Swedish group).

Some groups addressed the issue of NPEs more broadly. The Japanese group reported that there have been cases in Japan where the court has restricted the exercise of rights by trade mark NPEs on the ground of abuse of rights. The Norwegian group, by analogy, referred to NPEs in the context of domain name cases where 'domain sharks' have registered domain names with the sole purposes of selling them to trade mark or business name proprietors, in which case the Norwegian courts have considered lack of utilisation of the rights by the 'domain shark' as a ground for refusing to grant a preliminary injunction.

Beyond NPEs, the Swiss group noted that the Swiss courts have denied trade mark protection in the form of an injunction if the alleged infringer has proven that the trade mark was filed without intent of use, the seeking of such protection being considered an abuse of rights. In other jurisdictions, such considerations may go to the validity of the right being asserted, and the role validity considerations have to play in determining whether preliminary and/or final injunctive relief may be ordered.

10. *Is there any element of judicial discretion in relation to the grant of an injunction for infringement of IPRs? If so, how does the discretion apply?*

The answers to this question fell into two broad categories as follows.

- Jurisdictions where any grant of an injunction is inherently discretionary – Australia, Belgium, Bulgaria, Canada, China, Czech Republic, Estonia, Ireland, Israel, Korea, Mexico, New Zealand, Panama, Philippines, Portugal, Romania, Turkey, Ukraine, UK and US (***Inherently Discretionary Jurisdictions***).
- Jurisdictions where the discretion depends upon whether the court is considering a preliminary or a permanent injunction – Argentina, Brazil, Denmark (at least in relation to patents and designs), Finland, Germany, Greece, Hungary, Italy, Japan, Norway, South Africa, Spain, Sweden, Switzerland and Thailand (***Variably Discretionary Jurisdictions***).

In Inherently Discretionary Jurisdictions, there are generally no prescriptive or proscriptive rules having regard to how or when the discretion may be exercised, and the courts are entitled to consider equitable factors when deciding whether or not to grant an injunction. In those jurisdictions, there is a discretion as to whether the injunction is granted at all. The fundamental determinant will be whether it is just and convenient to grant the injunction. The scope of any granted injunction is also subject to the court's discretion.

In Variably Discretionary Jurisdictions, the general theme is that the court has a discretion whether to grant a preliminary injunction, but in proceedings on the merits where a permanent injunction is sought, if the IPR is found to be infringed, there is little or no scope for the court to apply discretion as to whether to grant the injunction, other than in exceptional cases.

Where it is open to the court to exercise some degree of discretion in the circumstances noted above, in addition to broad equitable principles, groups cite some or all of the factors listed below as having a bearing on the outcome. In the Inherently Discretionary Jurisdictions, such factors may be applied in the court's consideration of the grant of either a preliminary or permanent injunction. In the Variably Discretionary Jurisdictions, such factors tend to apply only to the grant of preliminary injunctions.

- Economic significance of the IPR to the IPR holder
- General market conditions
- IPR holder's stance (assertive or passive) in defending its rights
- Timing issues, eg whether the alleged infringing product is on the market and if so, how long it has been on the market
- Imminence of danger of infringement
- Expiry date (if applicable) of the IPR in question
- Validity of the IPR in question
- Nature of the IPR in question
- Lack of exceptional grounds justifying the infringement
- Balancing factors and proportionality
- Sufficiency of any bond, guarantee or undertaking
- Timing of application for an injunction
- Public interest.

In the Japanese group reports an interesting approach by their courts, in the context of seeking to persuade the parties to resolve their differences. A considerable number of cases concerning IPR, particularly patent cases, are resolved in the form a settlement facilitated by the court. The court will provide instructions to the parties aimed at encouraging them to reach agreement and comprehensively resolve their dispute.

The US group reports that Section 337 cases in the ITC are effectively resolved by a combination of tribunal discretion and political discretion. In regards to the former, the ITC must take into account the public interest when determining whether and what type of remedy is appropriate. In regards to the latter, under delegated authority from the President of the US to the US Trade Representative, all Section 337 orders are reviewed, thereby permitting a degree of political discretion even when there has been a violation of Section 337.

11. *Are there any circumstances in which a court must grant an injunction for infringement of an IPR? If so, in what circumstances?*

The groups' answers to this question largely mirrored the answers to question 10 above. Slightly over half the groups reported that, at least in the context of a permanent injunction, once the criteria for the grant are met, an injunction will follow. Whether that is expressly as of right or not varies, with a number of groups reporting that there is no written stipulation that an IPR holder has an unconditional right to be granted an injunction, even if infringement of a valid IPR is proven on the merits at trial. Bulgaria reported an exception, being in cases concerning a health hazard or national security. Other groups noted that the general rule in practice in their jurisdiction is that unless there are very specific circumstances mitigating against the grant of an injunction, establishment of infringement of a valid IPR 'should' dictate the grant of a permanent injunction.

Just under half of the groups responded in similar fashion to their response to question 10 above, in that the grant of an injunction, whether preliminary or permanent, in their jurisdiction is inherently discretionary.

The position between the 2 sets of responses may in practice be one more of form than of substance. A number of the groups who report that injunctions are entirely discretionary in their jurisdictions, also note that it would be unusual for the court to refuse to grant an injunction to prevent continuing infringement of a valid IPR. The same seems to apply in the ITC. The US group reports that if violation of Section 337 is found by the ITC, the ITC will almost always grant some form of injunctive relief, subject to the discretions noted in response to question 10 above.

12. *Are there any circumstances where infringement of an IPR is proved and no permanent injunction is available? If so, in what circumstances?*

It follows that where the grant of an injunction is discretionary, there may be circumstances where infringement of an IPR is proved and no permanent injunction is available. Accordingly, the courts in what is described in the response to question 10 above as 'Inherently Discretionary Jurisdictions' may refuse the grant of such injunction, notwithstanding that they are nonetheless satisfied that infringement of a valid IPR has occurred. Circumstances which might mitigate against the grant of a permanent injunction in the ordinary exercise of the court's discretion (in such jurisdictions where it is empowered to exercise that discretion) include circumstances where the monopoly has expired or otherwise been lost, where there is no ongoing threat of infringement or damages would be an adequate remedy, the effect of the injunction would be unduly oppressive or the claimants motives are considered colourable or in some way an abuse of its rights.

Canada and Israel also have specific copyright provisions which bar the issue of an injunction even though there has been infringement of copyright where the injunction would prevent the completion of a building or structure that has already been commenced when the proceeding was started.

Interestingly, even though slightly more than half of the groups have reported that their courts have little or no discretion to grant a permanent injunction once the infringement of a valid IPR has been established (referred to in the response to question 10 above as 'Variably Discretionary Jurisdictions'), those groups also cited factors which might mitigate against the right to obtain a permanent injunction which are broadly similar to those articulated by the groups in Inherently Discretionary Jurisdictions, such as the expiry of the monopoly right prior to the grant of injunction, failure by the IPR holder to exercise their rights for a long period of time, no ongoing danger of continuance or repetition of the infringing act, abuse of rights or unfair trade practices on the part of the IPR holder. Argentina reports that a permanent injunction may be refused for circumstances of national security or sanitary emergency. Indonesia reports that in the case of pirated media, the appropriate remedy is for the police to collect and destroy that media.

Again, it may be that, despite the articulation of whether or not a permanent injunction is 'as of right' upon proof of infringement of a valid IPR, or whether the court retains a discretion to refuse the grant notwithstanding proof of infringement of a valid IPR, in practice, the difference is not so great. Overall, 2/3 of the groups cited examples in which a permanent injunction may be refused by their courts, notwithstanding that infringement of the IPR is proved.

13. *Is an injunction granted only against named parties to the infringement proceeding, or is an injunction available more broadly against potential infringers such as customers or manufacturers who are not parties to the proceeding?*

Almost all groups report that an injunction may only be granted against named parties in an infringement proceeding. Some jurisdictions make exceptions for particular types of injunctions or subject matter, and a number of groups report that in practice, the wording of an injunction may indirectly extend its scope.

The following limited exceptions to the general proposition an injunction is granted only against named parties were noted.

- Argentina – upon proof, an injunction could be extended to the chain of parties associated with the named infringing party, eg manufacturers, distributors, importers, sellers.
- Canada and the UK (also Australia, although not reported as such) – 'John Doe'/'Jane Doe' type orders – an injunction against an unnamed person, provided person can be identified. These types of orders were traditionally used for unnamed infringers in counterfeit suits. In the UK, the point arose in a case in which, prior to publication, 3 copies of a Harry Potter book were removed from the publishers without authority and offered to the press. The Irish group notes that, while the issue remains untested in Ireland, it may be possible to obtain such an injunction in Ireland should sufficient facts or circumstances arise.
- Czech Republic – a preliminary injunction may be granted against third parties not named in the proceedings (but a permanent injunction may not).
- Greece – in trade mark proceedings, the court may enjoin in third parties not named in the proceedings but who are dealing with products bearing the infringed trade mark.

- Mexico – injunctions may be ordered against infringers and third parties (excluding consumers). If the product or service is on the market, traders or service providers are obliged to abstain from dealing with the product or rendering the service upon notification of the ruling, as are producers, manufacturers and importers. Distributors are under the same obligation, and are further required to recover goods already on the market.
- Romania – injunctions are granted against named parties to the infringement proceedings and against any intermediaries whose services are being used to infringe an IPR.

A number of groups noted, that while an injunction may only be granted against a named party to the infringement proceeding, the wording of the injunction may, in practice, extend the scope of the injunction to those aiding or abetting an act of infringement. This may be limited to officers and agents (eg Ireland and, in limited circumstances, Japan) or may extend more broadly. For example, in the Philippines, injunctive relief may enjoin the named parties, their stockholders, directors, officers, employees, agents, distributors, dealers, sellers, assigns, affiliates, representatives or any persons deriving rights from or under them. In the US, in patent cases, the standard order for a permanent injunction includes named parties, related corporate entities, related individuals and those who act in concert with the named parties or the related entities/individuals. In Estonia, the same is achieved in practice by the defendant being required to refrain from importing, manufacturing, storing, using, distributing, offering for sale and selling of the infringing products by itself and through third parties, effectively broadening the scope to third parties by prohibiting the defendant from using their services. Similar orders may also be made in Australia and New Zealand.

The Swedish and Ukrainian groups report that while injunctions may only be granted against named parties to the infringement proceedings, this may include named parties aiding or abetting an act of infringement.

Some of the groups also note that non-parties with knowledge of the injunction who interfere with its purpose may be held in contempt, eg Canada, Israel.

In addition, the US group noted that in Section 337 cases, injunctive relief is available in 2 forms – a Limited Exclusion Order (**LEO**) or a General Exclusion Order (**GEO**). An LEO is limited to parties who are named respondents in a proceeding, but a GEO may bar all infringing goods regardless of whether the importer is named as a respondent, and is available if the complainant proves the additional elements to that form of remedy, including that a GEO is necessary to prevent circumvention of a LEO, or that there is a pattern of violation of Section 337 and it is difficult to identify the source of the infringing goods. A GEO may extend to unnamed non-respondents, including manufacturers, distributors and customers.

14. *Is there a specific form of words used by your courts to describe the scope of the grant of an injunction? If so, what is the 'formula'?*

More than 3/4 of the groups reported that there is no specific form of words used by their courts to describe the scope of the grant of an injunction, a number of those groups noting that the scope of any granted injunction will depend upon the form requested by the plaintiff, relevant statutes and the specific facts of the case.

The South African group reported that South African courts are prepared to grant orders broader than the subject matter of the infringement proceeding, which has led to disputes as to whether or not the defendant should be held in contempt of court when subsequent acts are alleged to infringe. Presumably for this reason, a

number of groups report that their courts require a degree of specificity such that the defendant can understand the scope of the injunction, which may be by reference to specifying particular acts of infringement that are covered by the injunction, eg Czech Republic, Sweden.

Some groups reported a 'formula' generally used by their courts, being the standard or usual wording, ie Germany, New Zealand, Philippines, UK and US. These are set-out in Annexure A for reference.

15. *Is the grant of an injunction referable to the item(s) alleged to infringe the relevant IPR, or may the grant of an injunction be broader in scope? If it may be broader, what is the permissible scope of the injunction?*

The groups were almost evenly divided as to whether the grant of an injunction is referable to the item(s) alleged to infringe the relevant IPR, or whether the grant of an injunction may be broader in scope.

The German group noted that, in cases of infringement of patent and utility models under the doctrine of equivalence, the court may require a detailed definition of the item in question. The Swiss group reported that the Swiss Federal Supreme Court has repeatedly held that an injunction must describe the prohibited activities so clearly and unambiguously that establishing an injunction has been violated requires only simple factual determinations. In a case of patent infringements, simply repeating the infringed claims will usually be insufficient because most claims contain terms that are not self explanatory, and the meaning of which is disputed between the parties.

Of those jurisdictions where the grant of an injunction must be referable to the item(s) alleged to infringe the relevant IPR, two themes emerged as the rationale for restricting the scope of the injunction. The first is a concern by the courts that expanding the scope of an injunction beyond the item(s) alleged to infringe would be to extend the scope of the injunction to matters which have not been proven before the court. The second theme is the difficulty of compliance with an injunction that is too vague or broad. The second theme manifests in the relevant courts being unwilling to grant an injunction simply prohibiting a party from 'infringing' the relevant IPR.

Of the groups that reported that a broader injunction may be granted, in some cases, the examples cited as supporting the grant of a broader injunction in relation to trade mark cases, in which the defendant may be enjoined from committing any acts relating to signs similar to the trade mark the subject of the proceeding. This may be no more than a statement of the law of infringement in relation to trade marks, noting that Article 16(1) of TRIPS provides that the owner of a registered trade mark shall have the exclusive right to prevent all third parties from using in the course of trade identical or similar signs for goods or services which are identical or similar to those in respect of which the trade mark is registered, where such use would result in a likelihood of confusion. While the likelihood of confusion will be presumed for identical signs for identical goods or services, TRIPS recognises that use of 'similar' signs may also constitute trade mark infringement.

Other groups who responded that the grant of injunction may be broader in scope explained this on the basis that the scope of any injunction ordered will be bound by what is pleaded by the plaintiff. This permits the possibility that the plaintiff may plead for the grant of an injunction broader in scope than that limited to the item(s) alleged to infringe the relevant IPR.

In what may be characterised as a pragmatic and appropriate balance, the UK group reports that injunctions may be referable to the item(s) alleged to infringe the relevant IPR, but may also be granted in broader scope where that is justified. An example was given where the court at first instance in a patent case granted an injunction in a narrow form which was overturned by the Court of Appeal, and the injunction granted in a broader form. The rationale for doing so was that an injunction is granted to prevent apprehended use of the patentee's statutory monopoly as defined by the claims of the patent, and the decision of the court as to the form of the injunction should be taken against the background of the claims having been construed by the court in the course of the proceedings.

The US group notes that an exclusion order at the ITC may include specific infringing goods but also downstream products containing the infringing goods, provided such goods are the named respondent's goods unless the claimant has proved the additional elements of a GEO.

16. *Is there any discernible trend in your country as to the willingness or otherwise of courts to grant or refuse injunctions for particular IPRs or in relation to particular subject matter?*

About 1/3 of the groups reported any discernible trends as to the willingness or otherwise of courts to grant or refuse injunctions in recent years. Responses differed. The Czech group reported a growing willingness to grant such injunctions, but the courts are also increasingly requiring a higher bond. In Panama, there is an ongoing tendency of the courts to encourage the protection of IPRs, including the granting of interim measures. The Indonesian Supreme Court will soon enact a regulation regarding injunction for infringement of IPRs, with the expectation that Customs and the court may unilaterally seize deemed infringing products.

By contrast, the New Zealand group reports that it appears to have become less common for the courts to grant preliminary injunctions in relation to IPRs generally, and especially so where damages are considered likely to adequately compensate the defendant if a preliminary injunction were granted but the plaintiff failed at trial. The Canadian group reports that given the infrequency with which preliminary injunctions are granted, the Canadian Federal Court has recently indicated it may be prepared to reconsider the test for granting injunctions for infringement of IPRs, particularly the requirement for irreparable harm.

The UK group reports a decline in the number of preliminary injunctions in IP cases over the last several years. However, the reasons cited do not seem to relate to a lack of willingness by the courts to grant preliminary injunctions. Factors include that IP cases come to trial more quickly than they used to, the increasing cost of UK litigation (although this is being addressed) and the increased availability of mediation, which is proving very successful.

Of those groups reporting trends, a number relate to patents. Both in Australia and Austria, the courts are seemingly more willing to grant preliminary injunctions. In Australia, this is particularly so in relation to matters concerning pharmaceutical patents. By contrast, the Korean group and the Philippines group report that the threshold for granting preliminary injunctions, particularly in patent cases, seems to have been substantially raised in recent times.

Both the Austrian and Brazilian groups noted an increasing tendency in preliminary injunction applications for expert opinions.

Further, the Brazilian group noted a trend relating to litigation involving trade marks / trade dress, in that courts are increasingly taking into consideration the existence

of the 'fumus boni iuris' (presumption of sufficient legal basis) over the need for proof of 'periculum in mora'.

The Romanian group noted that there is a discernible trend to hear the defendant, rather than the court being prepared to grant an injunction *ex parte*. This has led to an increase in the time required to obtain an injunction.

In relation to final injunctions, the UK group noted that the UK courts have demonstrated an increasing willingness to entertain arguments about whether a successful claimant is in fact entitled to a permanent injunction, and if so, of what scope, or whether the plaintiff should instead be held to an award of damages. The UK group considers this area of jurisprudence will develop in the coming years.

Finally, the Swedish group noted that the implementation of the Enforcement Directive (2004/48/EC) has led to increased availability of information regarding infringement, which in turn leads to potential infringers being more willing to meet IPR holders' requests for comprehensive information concerning potential infringement.

17. *What, if any, has been the impact of the eBay v Merc-Exchange decision or any tendency of the courts in your jurisdiction to treat final injunctions as discretionary? Please explain whether the eBay v Merc-Exchange decision has been relied on or cited by your courts, and in what circumstances. Alternatively, or in addition, has there been any legal commentary on any potential implications of the eBay v Merc-Exchange decision in your jurisdiction?*

Very little impact of the *eBay v Merc-Exchange* decision was reported. Other than in the US, the decision has not been cited by national courts.

Some of the common law jurisdictions reported legal commentary recognising that the decision confirms the approach that a permanent injunction will not be granted as of right following a finding of infringement, or otherwise noted that their jurisdictions were already broadly consistent with the decision, eg Australia, Canada, Ireland, New Zealand and the UK. The UK group noted that the same policy questions considered by the US court have independently prompted the UK court to consider its own approach, although this does not appear to be motivated by a desire to follow the US decision itself.

Israel and Switzerland reported some commentary in their jurisdictions, not so much from the perspective of considering any potential implications of the *eBay v Merc-Exchange* decision in their respective jurisdictions, but simply analysing the decision.

The exception in this regard may be Japan, with the Japanese group noting that, following the decision, there was a discussion at the Japan Patent Office as to whether to create legal provisions for restricting the rights of NPEs to demand an injunction for patent infringement. The Japanese Ministry of Economy Trade and Industry also recently considered the applicability of the doctrine of abuse of rights in cases where NPEs use software patents to seek an injunction. The Japanese group noted that, for a variety of reasons, no provisions regarding NPEs have as yet been enacted.

Obviously enough, the *eBay v Merc-Exchange* decision has been applied in the US. The US group notes that where permanent injunctive relief has been denied, the adjudged infringer has been subjected to post-adjudication royalty, akin to a reasonable royalty.

In Section 337 cases, there has been no shift towards treating exclusion orders as discretionary, because exclusion orders are the only form of remedy as the ITC. However, the *eBay v Merc-Exchange* decision has had the effect of increasing the number of cases filed at the ITC because the cases proceed with relative speed (12-18 months) and, if looking to enforce IPRs with an injunctive remedy, the only remedy at the ITC is an injunctive remedy in the form of an exclusion order.

II) Proposals for harmonisation

18. *Should there be a test or criteria for the grant of a provisional/preliminary injunction for the infringement of an IPR? If yes, what should that test or those criteria be?*

Slightly more than half of the groups opted for a test or criteria for the grant of a preliminary injunction for the infringement of an IPR.

Of those groups who considered that there should not be such a test or criteria, the two most often cited reasons were either that the present test or criteria under their domestic law was sufficient, or otherwise a more broadly expressed concern that flexibility is required in the granting of preliminary injunctions, and it would be unnecessarily restrictive to impose mandatory criteria.

Some groups considered that any need for harmonisation in this area is a relatively low priority.

As noted above, more than half of the groups that responded answered in the affirmative. The list of all criteria proposed is set out below, so as to assist the Working Committee to give consideration to the type of criteria that might be taken into account in formulating a resolution.

- Whether the IPR is infringed or whether it is highly likely that the IPR will be infringed
- Likelihood of imminent or ongoing infringement; urgency
- Whether the IPR is valid
- Irreparable harm if the alleged infringing act is not prevented
- Grant of a preliminary injunction would not harm the public interest
- Weighing of the detriment to the plaintiff without a preliminary injunction vs detriment to the alleged infringer if a preliminary injunction is ordered; proportionality
- Necessity for preservation of rights
- Likelihood of success in the main proceedings
- Surrounding circumstances and claims (eg contractual or anti-trust counterclaims)
- Payment of a deposit on the part of the plaintiff.

A number of the groups advocating some of the criteria above stress the need for the courts to be flexible and for any test to be adapted for the relevant circumstances, and that the ultimate discretion to grant or refuse a preliminary injunction should remain.

19. *If no, what principles should be considered in determining whether to grant a provisional/ preliminary injunction?*

Only about 1/4 of the groups answered this question, the majority either referencing their answer to question 18 above, or otherwise not providing a specific response. Of the groups that answered this question, the general trend was to confirm that the principles which should be considered in determining

whether to grant a preliminary injunction are those which are applicable under their domestic laws. Both Canada and Estonia expressed concern that their respective courts take a very robust approach to granting preliminary injunctions in the context of IPRs. The concern of the Canadian group stems from the approach their courts take to the meaning of irreparable harm, making it difficult to obtain a preliminary injunction. The Estonian group noted that, while preliminary injunctions for infringement of IPRs are available in Estonia, a greater propensity to protect IPRs from infringement is warranted.

An interesting difference of opinion arises between the Israeli group and the Swedish group. The Israeli group proposes that it is desirable that the courts do not assume the registered IPRs are valid, whereas the Swedish group considers that, while the court should assess the validity of an IPR if challenged, a strong presumption of validity should apply in the context of an application for a preliminary injunction.

20. *Should there be a test for the grant of a permanent injunction for the infringement of an IPR? If yes, what should that test be?*

Only 1/4 of the groups favoured a test for the granting of a permanent injunction for infringement of an IPR. This is considerably less than the number of groups who supported a test or criteria for the grant of a preliminary injunction for infringement of an IPR (see response to question 18 above).

Of those groups who opposed a test for a permanent injunction, where a reason was provided, the primary theme was the need for the courts to retain flexibility, depending on the merits of the case.

A number of groups expressed views concerning whether a permanent injunction should be granted as of right, upon a finding of infringement. The South African group considered that once the court has made a final finding in favour of infringement, there should be no discretion as to the grant of a permanent injunction. The rationale is that preventing infringement is the cornerstone of an IPR holder's rights, and damages can be difficult to prove. The Swiss group tended towards this view, but provided that any exemption should be clearly defined, comply with Article 31 of TRIPS and require that the burden of proving the criteria for such exemption lie with the infringer.

The UK group expressed the view that the grant of a final injunction should be one of the usual aspects of relief granted when infringement of an IPR has been proved, but the discretion of the court should be retained, rather than there be any rule compelling the court to grant an injunction simply because infringement has been proved. The UK group expressed concern that a rigid rule of this kind might in some cases lead to injustice to the defendant. It would appear that the Australian and Irish groups would support this proposal, although the Irish group considers there is scope to provide a test for the granting of permanent injunctions as part of an international harmonised approach, in order to bring further certainty for IPR holders. In this context, the Irish group recommends that the four factor test endorsed by the US Supreme Court in the *eBay v Merc-Exchange* decision might provide the basis to formulate a test,¹ provide a degree of judicial discretion be retained to enable each case to be decided on its facts.

¹ The four factor tests set out in *eBay v Merc-Exchange*, pursuant to which open injunction will be granted requires that the IPR holder show the following.

1. It has suffered an irreparable injury

Approaching the issue from the other side, the UK courts have developed some criteria as to the circumstances in which the court may not grant a final injunction, thereby removing some uncertainty for the parties. The criteria which indicate when the court might award damages instead of an injunction are:

- if the injury to the plaintiff's legal right is small;
- and is one which is capable of being estimated in money;
- and is one which can be adequately compensated by a small money payment;
- and it would be oppressive to the defendant to grant an injunction.

21. *If no, what principles should be considered in determining whether to grant a permanent injunction?*

Many of the groups referred to their response to question 20 above.

To the extent that the groups provided substantive responses, principals proposed for the consideration of determining whether to grant a permanent injunction included:

- whether the IPR is infringed;
- validity of the IPR;
- whether there is a risk of the infringing conduct continuing;
- general equitable considerations;
- the principle of proportionality;
- balance of convenience;
- doctrine of abuse of rights (as proposed by the Japanese group, particularly in the case of NPEs);
- public interest, eg maintaining a free market and ensuring fair competition.

22. *In what circumstances, if any, should the grant of an injunction automatically follow a finding of infringement of an IPR?*

Of the groups who answered this question, 12 considered that there should be no circumstances in which the grant of an injunction should automatically follow a finding of infringement of an IPR, maintaining that the court should always have some degree of discretion. 20 groups considered that, to varying degrees, the grant of a permanent injunction should follow the finding of infringement of an IPR on the merits. Some responses tempered the concept that an injunction should 'automatically' follow, eg Denmark proposed that an injunction 'should generally be available', Finland and France proposed that only in exceptional cases should an injunction not be granted. The Ukrainian group agreed, adding that the mere fact that a patent owner does not practice the patent (ie that the patent owner is an NPE) should not be a reason to disallow the injunction.

Of those groups that supported the grant of an injunction following a finding of infringement, Austria, Brazil, the Czech Republic and Romania expressly included that it must be clear that the IPR is valid. Arguably, this is implicit in the responses

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2. Remedies available at law (such as awards of monetary damages) are inadequate to compensate for the injury
 3. Considering the balance of hardships between the IPR holder and the infringer, a remedy in equity is warranted
 4. The public interest will not be disserved by a permanent injunction.
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of the other groups who support an injunction following a finding of infringement of an IPR, having regard to a determination on the merits. Alternatively, it may be that in those jurisdictions there is such a strong presumption of validity that the issue does not generally arise.

23. *In what circumstances, if any, should the grant of an injunction be denied notwithstanding a finding of infringement of an IPR?*

A number of groups considered that there should be no circumstances where the grant of an injunction should be denied notwithstanding infringement of an IPR, including Argentina, Australia, Germany, Ireland, South Africa and the US.

Some groups (Brazil, Canada, Estonia and the UK) stated that the grant of an injunction should be denied notwithstanding a finding of infringement of an IPR only in exceptional cases. Possible examples cited by the Brazilian group were demonstration of irreparable harm arising out of the infringement or circumstances where the damage suffered by the defendant will be 'much higher' than that of the IPR holder if the injunction is granted.

The French group considered that an injunction should be refused in the case of a patent owner who enforces a patent merely for financial motives, notably where the patent owner is not specialised in the respective area of technology, does not exploit the patent, has not himself developed the invention and merely enforces the patent against third parties.

Other groups specifically referenced circumstances where no valid IPR was found to exist or the IPR had expired as circumstances which warranted a court denying an injunction, notwithstanding a finding of infringement of the IPR. It is expected that this consideration would apply in a number of other jurisdictions in addition to those who specifically mentioned it in response to this question. In a variation on that theme, UK group noted that relevant circumstances may be where the defendant is no longer acting in a manner which requires prevention by injunction, ie they had given undertakings in a satisfactory form to the court.

A number of groups considered that an injunction should be refused in the case of an abuse of rights by the IPR holder, irrespective of whether the court was satisfied an infringement had occurred. Such groups included Belgium, France, Greece, Japan, Korea, Switzerland, Ukraine and the UK. The Japanese group gives as examples:

- where there is no practical meaning in granting an injunction to the IPR holder and the IPR holder's purpose can be satisfied by an award of damages;
- where the IPR holder's contribution to the product as a whole is very small, while the impact of prohibition of production or sale of the infringing product is great;
- when the public interest will be substantially impaired by the grant of an injunction.

It will be noted that some of these examples overlap with other circumstances suggested by other groups in response to this question. The Turkish group cites similar circumstances to the Japanese group in suggesting when the grant of injunction should be denied notwithstanding the finding of infringement of an IPR. The Swiss group provided another example, ie the IPR holder, after having learned of infringing use, waits a long time before bringing a claim. Other groups (Estonia, France, Norway, Portugal, Sweden) considered that the application of the principle

of proportionality may dictate that an injunction be denied notwithstanding a finding of infringement.

The Danish group recommends that the ability to obtain an injunction should always generally be subject to other bodies of law, such as competition law, human rights and freedom of speech, plus the availability or otherwise of compulsory licences. The Swiss group (at least in relation to patents) and UK group would also support the possibility of the grant of a compulsory licence as a circumstance in which an injunction might be denied notwithstanding the finding of infringement of an IPR.

The Italian group considers that the grant of an injunction should always be denied notwithstanding the finding of infringement of an IPR in cases of important implications for public health or safety. Imposing a lower threshold, the Mexican group considers that the grant of an injunction should be denied notwithstanding the finding of infringement of an IPR where the IPR holder does not provide means to bring to the notice to the public that the goods or services are protected by a relevant IPR, such as by affixing a ® or © to relevant goods or packaging.

24. *Should the above test/principles apply equally to all IPRs?*

The groups were overwhelmingly in favour of the proposition that, whatever test or principles are applied, such should be applied equally to all IPRs. The only groups who proposed otherwise were Norway and Turkey. As no reasons for responding in the negative were provided, it is not possible to further explore why those two groups did not consider that there should be equal treatment of all IPRs when applying tests or principles to determine the grant of injunctions.

Some groups noted that, while properly formulated principles or a test for the grant of an injunction should apply to all IPRs, in practice the results may differ depending on the nature of IPRs, eg Finland and Spain.

Germany proposed that the availability of preliminary injunctions based on unexamined technical rights, eg utility models, should in general be more restricted.

25. *If no, what should any differences be and why?*

Most groups did not respond to this question, on the basis of the overwhelmingly positive response to question 24 above. The Turkish group expanded on its answer in the negative to question 24, there should be no specific or strict test applied and all infringement cases must be evaluated specific to the facts of the particular case. It is submitted that this does not necessarily preclude applying the general principles of granting a preliminary or permanent injunction to all types of IPRs, but recognising that the outcome may differ depending on the nature of the right and the facts of the case.

26. *Should an injunction be granted only against named parties to infringement proceeding, or should an injunction be available more broadly against potential infringers such as customers or manufacturers who are not parties to the proceeding?*

More than two thirds of the groups considered that an injunction should be granted only against named parties to an infringement proceeding. A number of groups expressed concern that if an injunction was available more broadly against potential infringers, that third party would not have the opportunity to oppose the grant of injunction to contest any allegation of infringement, which is contrary to principles of fairness and justice. Those concerns might in fact be adequately addressed by the proposal of the Finnish group, which suggested that an

injunction should not be issued against potential infringers that are not either parties to the proceedings or parties otherwise being given the opportunity to be heard in the proceedings. This second limb of the Finnish group's proposal might alleviate some of the concerns expressed by those groups who did not otherwise support granting of an injunction against other than named parties.

The UK group proposed that there should be flexibility to the grant of injunctive relief against individuals or bodies who are not expressly named, but who are otherwise identified with sufficient precision to permit them to be served or given notice of the order/injunction. This proposal adopts a similar rationale to the proposal of the Finnish group.

While the Danish and Japanese groups supported the majority view that an injunction should only be granted against named parties to an infringement proceeding, both groups noted the desirability of avoiding repetitive injunction proceedings. The Danish group proposed that to avoid this outcome the IPR holder could instigate proceedings against multiple parties on an aggregated basis.

While the US group considered that an injunction should be available more broadly against potential infringers, it would limit the class against whom an injunction could be available to those in the usual US permanent injunctive relief language as set out in response to question 14 above.

27. *What is the appropriate scope of an injunction prohibiting an infringer from committing further infringing acts? For example, should the injunction relate simply to the IP the subject of the allegation of infringement, or should the injunction be broader in scope? If broader, what is the permissible or desirable scope?*

Of the groups that answered this question directly, 3/4 advocated confining the scope of an injunction to the subject matter of the proceeding and/or the scope of the IPR the subject of the proceeding.

The remaining groups considered that the scope of an injunction could be broader. Canada considered an injunction may, in appropriate circumstances, extend to other IPRs, such as where an infringer has demonstrated a patent of infringing a particular party's IPRs or is threatening to infringe other IPRs of that party. Similarly, the Finnish group considered that the infringer should be enjoined from doing not only those acts which the infringer had been proven to have committed, but acts that will be regarded as infringing if committed, provided there was sufficient risk that the infringer might commit them.

The South African group considered that the drawback of limiting the scope of the injunction to the particular subject matter of litigation would be to place onerous requirements on the IPR holder to continually assert its rights. The Swiss group considered an injunction should relate to the alleged infringing object, and should cover that object and at least the most obvious circumventions.

A number of groups commented that the scope of any injunction must at all times be clear and defined, so as to be enforceable and so that the infringer and any would be infringing third parties would know the exact scope of injunction. This comment came from groups advocating both narrow and broader scope of injunctions. In this context, both the Danish and Japanese groups advocated against granting injunctions which do nothing more than state that the defendant must not infringe the IPR in question. The reason is that once the defendant brings an alternative product on the market, which the defendant does not accept to be an infringement of the IPR in question, it is again up to the IPR holder to prove that the alternative products infringe. The Swiss group would support this contention and would impose a positive obligation on the courts to assist the

parties in finding reasonable wording to achieve this outcome, a requirement which already exists under German law.

III) Conclusions

There will be broad support for the proposition that injunctions be available for infringement of an IPR both on a preliminary and permanent basis, that being the law in most jurisdictions already.

As to the criteria for grant, it is expected that most groups would accept the proposition that the grant of a preliminary injunction should always be discretionary. There is less consensus as to what element of discretion the court retains, if any, to refuse the grant of a permanent injunction, upon a finding of infringement.

As to the criteria or principles which should be applied by a court in determining whether to grant a preliminary injunction, the factors noted in response to question 18 above may provide some guidance. It may be that the Working Group ultimately opts for an inclusive listing of some of the broadly accepted criteria which might be applied. See also the response to question 3 in this regard.

Two issues which may be worth further exploration by the Working Group relate to whether some bond, security or undertaking as to damages should be required, and the degree to which any challenge to the validity of the IPR in question ought to be considered in an application for a preliminary injunction.

In relation to whether a permanent injunction should be granted as of right upon a finding of infringement of a (valid) IPR, it is recommended that this issue be further explored by the Working Group. The Working Group is urged to consider whether, in practice, there is actually such a significant gap between those groups who advocate that any permanent injunction should always be discretionary, and those groups who advocate a permanent injunction as of right following a finding of infringement. The suggestion that there may be less between those two positions than might otherwise first appear derives from themes expressed by a number of groups along the lines that courts must retain flexibility depending of the merits of the case, and that exceptions to the grant of an injunction upon a finding of a valid and infringed IPR may arise, at least in exceptional circumstances. See in particular the response to question 23 above.

It seems reasonably uncontroversial that the nature of the IPR should not, of itself, dictate a different approach by the courts in deciding whether or not to grant an injunction. However, application of the appropriate criteria or principles may have a different outcome, depending upon the IPR in question. Similarly, the particular circumstances of the IPR holder may dictate how the application criteria or principles play out in practice, for example in the case of NPEs.

The Working Group may also wish to explore the room for any consensus around the scope of courts to grant injunctions only against named parties to an infringement proceeding, or whether an injunction may be available more broadly against potential infringers who are not named parties. Perhaps the proposals of the Finnish and UK groups (see the response to question 26 above) might be a starting point for debate within the Working Group in this regard.

Related to the question of the scope of the injunction, there seems to be greater support for confining the scope of any injunction to the subject matter of the proceeding and/or the scope of the IPR, the subject of the proceeding, rather than permitting an injunction to be broader. Notwithstanding different views in this regard, there was general consensus that the scope of any injunction must at all times be clear and defined, so as to be enforceable and its scope (whatever that

may be) understood. That being the case, there may be room for consensus that an injunction which does nothing more than reiterate the defendant must not infringe the relevant IPR may not meet this aim.

Annexure A

See question 14 – is there a specific form of words used by your courts to describe the scope of the grant of injunction? If so, what is the 'formula'?

As noted in the response to question 14 in the body of this Report, the following groups provided examples of a standard formula used in their jurisdiction.

1. Germany

In patent and utility model law, the formula used is in case of an apparatus claim in general as follows:

"Defendant is ordered upon pain of an administrative fine to be determined by the Court of up to € 250,000.00,- for each case of non-compliance – alternatively administrative imprisonment - or administrative imprisonment of up to 6 months, and in the event of repeated non-compliance of up to two years, with administrative imprisonment to be executed on the respective legal representatives of the defendants, to refrain from manufacturing, offering, placing on the market or using, or importing or possessing for the above purposes in the area of the Federal Republic of Germany the [product] comprising [content of the claim of the patent]"

In design right law, the formula used is in general:

"Defendant is ordered upon pain of an administrative fine to be determined by the Court of up to € 250,000.00,- for each case of non-compliance – alternatively administrative imprisonment - or administrative imprisonment of up to 6 months, and in the event of repeated non-compliance of up to two years, with administrative imprisonment to be executed on the respective legal representatives of the defendants, to refrain from offering, placing on the market or using, or importing or possessing for the above purposes in the area of the Federal Republic of Germany the [generic name of the product], in particular as displayed in the following [photograph of the infringing product]."

In trade mark law:

"Defendant is ordered upon pain of an administrative fine to be determined by the Court of up to € 250,000.00,- for each case of non-compliance – alternatively administrative imprisonment - or administrative imprisonment of up to 6 months, and in the event of repeated non-compliance of up to two years, with administrative imprisonment to be executed on the respective legal representatives of the defendants, to refrain from offering, placing on the market, possessing for the above purposes and/or importing and/or exporting as wells as from advertising [generic denomination of product] as displayed in the following [photograph of the infringing product]:"

In copyright law:

"Defendant is ordered upon pain of an administrative fine to be determined by the Court of up to € 250,000.00,- for each case of non-compliance – alternatively administrative imprisonment - or administrative imprisonment of up to 6 months, and in the event of repeated non-compliance of up to two years, with administrative imprisonment to be executed on the respective legal representatives of the defendants, to refrain from distributing the [product] as displayed in the following [photograph of the infringing product]."

2. New Zealand

There is no specific form as the order is discretionary; however, the wording of an order generally follows the following formulae (depending on the type of IPR to be protected):

Example A: *“An injunction restraining the defendants, their servants, contractors, agents, marketers and distributors from using the trade mark “A” or any name or trade mark so nearly resembling “A” as to be likely to cause a misrepresentation.”*

Example B: *“An injunction to restrain the defendant by itself, its directors, servants, agents or otherwise howsoever from importing, manufacturing, offering for sale and selling in New Zealand the product known as “B”, or any product that would infringe the Patent.”*

3. Philippines

The following is the usual wording used by courts in granting an injunctive relief:

Let a writ of preliminary injunction be issued enjoining the defendants, their respective stockholders, directors, officers, employees, agents, distributors, dealers, sellers assigns, affiliates, representatives or any other persons deriving rights from and under them from committing further acts of infringement of plaintiff’s Patent No. ____, validly issued by the Intellectual Property Office of the Philippines and which is valid and effective until ____, consisting in the manufacture, marketing, distribution, dealing in, selling or offering for sale of the ____ products by the defendants.

4. United Kingdom

The normal ‘formula’ in which injunctions are granted is

“the Respondents, by themselves, their employees, or agent be restrained from.....”

The following additional penal clause may also be used:

“It is a contempt of court for any person notified of this order knowingly to assist in or permit a breach of this order. Any person doing so may be imprisoned, fined or have their assets seized.”

5. United States

A typical form of permanent injunction in a patent case will state:

Each Defendant, its officers, agents, servants, employees and attorneys, and those persons in active concert or participation with them who receive actual notice hereof, are hereby restrained and enjoined, pursuant to 35 U.S.C. § 283 and Fed. R. Civ. P. 65(d), from making, using, offering to sell or selling in the United States, the Infringing Products, either alone or in combination with any other product and all other products that are only colorably different therefrom in the context of the Infringed Claims, whether individually or in combination with other products or as a part of another product, and from otherwise infringing or inducing others to infringe the Infringed Claims of the ‘ ____ patent.

Similar forms are employed in trademark and copyright infringement cases.