

Advisory Committee on Enforcement

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ADJUDICATION OF IP INFRINGEMENT CASES

Contributions prepared by India, the International Association for the Protection of Intellectual Property (AIPPI) and the International Trademark Association (INTA)

1. At the fourteenth session of the Advisory Committee on Enforcement (ACE), held from September 2 to 4, 2019, the Committee agreed to consider, at its fifteenth session, among other topics, the “exchange of information on national experiences relating to institutional arrangements concerning IP enforcement policies and regimes, including mechanisms to resolve IP disputes in a balanced, holistic and effective manner”. Within this framework, this document introduces the contributions of one Member State (India) and two Observers (the International Association for the Protection of Intellectual Property (AIPPI) and the International Trademark Association (INTA)) on certain aspects in the adjudication of intellectual property (IP) infringement cases.
2. The contributions by India and INTA both address preliminary injunctions. The Indian contribution provides an overview of the advent and development of dynamic injunctions in India. The contribution considers the unique challenges posed by cases involving IP infringement online, and how dynamic injunctions are often necessary to meet these challenges. Recent case law in the area is drawn upon to illustrate the development of the comprehensive system of dynamic injunctions in India.
3. The contribution by INTA lays out the results of a survey on preliminary injunctive relief that the INTA Enforcement Committee conducted in 47 jurisdictions. Finding that the conditions for injunctive relief varied considerably from one national legal system to another, the results laid the foundation for the adoption of a 2020 INTA Board Resolution on minimum standards that INTA believes should guide future legislative harmonization of requirements and processes for injunctive relief. The contribution also provides concrete examples of various national standards and identifies areas for further harmonization.

4. The contribution by the AIPPI complements its 2018 contribution, which focused on the study *Quantification of Monetary Relief*, and summarizes the main findings of two additional recent studies: *IP Damages for Acts Other than Sales* and *Reasonable Awareness in Compensation for Infringement of IP Rights*. The discussions address the principles applicable to quantifying and recovering damages despite there being no infringing sale, and on the effect of knowledge in assessing compensation for infringement of registered and unregistered IP rights.

5. The contributions are in the following order:

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DYNAMIC INJUNCTIONS AND OTHER INJUNCTIVE RELIEFS IN INDIA

*Contribution prepared by Ms. Justice Prathiba M. Singh, Intellectual Property Division, High Court of Delhi, New Delhi, India**

ABSTRACT

This contribution delineates the advent and development of dynamic injunctions in India. The contribution begins by providing an introduction to the various types of injunctions that have historically been available in India. Next, the contribution focuses on the particular challenges presented in cases involving intellectual property (IP) infringements, especially in the Internet era. Finally, the advent and development of a comprehensive system of dynamic injunctions in India is discussed through examples of recent case-law on the subject.

I. INTRODUCTION

1. The importance of granting injunctions in cases of intellectual property rights (IPR) infringements was emphasized in the year 2001 by Justice R.C. Lahoti (who went on to become Chief Justice of India), in words that have turned out to be immutable:

“A refusal to grant an injunction in spite of availability of facts, which are prima facie established by overwhelming evidence and material on record, occasions a failure of justice, and such injury to the Plaintiff would not be capable of being undone”.¹

2. India has always been an injunction-friendly jurisdiction for IPR owners. Interim injunctions are governed primarily by the Code of Civil Procedure, which provides for various types of injunctions:

- *ex-parte* injunction: usually granted on the first date of listing if there is a sufficient ground to hold that issuance of notice would jeopardize the IPR owners claim;
- interim injunction: granted during the pendency of the suit; and
- permanent injunction: granted at the final stage.

3. The various classes of injunctions and other types of relief that have been granted, and are recognized, include:

- Anton Piller Order: this type of injunction loosely resembles a search warrant, and derives its name from *Anton Piller KG v. Manufacturing Process Ltd.* It is usually granted when there is a chance that the defendant may destroy important evidence. To prevent such a scenario, the plaintiff, without any notice being given to the defendant, can approach the Court to survey the premises of the defendant for the purpose of securing the said evidence;

* The opinions expressed in this document are those of the authors and do not necessarily reflect the views of the Secretariat or the Member States of WIPO.

¹ (2001) SCC OnLine SC 1416.

- Mareva Injunction: the said injunction derives its name from *Mareva Compania Naviera SA v. International Bulkcarriers*². It is usually granted for the purpose of restraining the defendant from disposing of or moving assets beyond the jurisdiction of the concerned Court so as to render the execution of the decree in favor of the plaintiff futile or *brutum fulmen*:
- Norwich Pharmacal Order: deriving its name from *Norwich Pharmacal Co. v. Customs and Excise Commissioners*³, this type of injunction is usually granted against third parties, which have been innocently or mistakenly involved in the issue at hand. This injunction forces the disclosure of relevant documents and information required to assist the Applicant in bringing legal proceedings against those individuals who are central to the matter; and
- John Doe Order: such injunctions are *ex-parte* in nature, and issued in those matters wherein the defendant is unidentifiable. The idea is to protect IPR holders in scenarios where the defendants may not be traceable, which is especially rampant in cases of digital piracy.

II. NEW CHALLENGES POSED BY THE INTERNET

4. The above types and categories of injunctions are by now well entrenched as part of the adjudicatory process in IPR disputes.

5. The advent of the Internet, however, completely altered the IP adjudicatory and enforcement system. Initial challenges faced by courts related to domain names and misuse of trademarks as part of domain names. These were comfortably dealt with by granting injunction orders that were enforceable and binding on the registrars and registrants, based largely on to the provisions of the Uniform Domain-Name Dispute-Resolution Policy⁴. Thus, it was very usual for Indian courts to recognize rights in trademarks and thereby, issue injunctions, or block those domain names that infringe trademarks.

6. However, with the introduction of social media platforms, e-commerce sites, listing platforms, online directories and other websites, the nature of intellectual property (IP) violations multiplied in form and in content. Courts had to grapple with the challenges that the Internet posed for passing effective orders and even in the implementation of such orders, once passed. The sale of counterfeit products on the Internet, the role of intermediaries, global injunctions and geo-blocking are examples of such challenges. A large number of newly enacted laws and regulations also provided varying remedies for IP owners.

III. DYNAMIC INJUNCTIONS IN INDIA

7. It is in this context that the concept of Dynamic Injunctions came to be introduced in India. There was a proliferation of websites which were primarily streaming infringing content. Initially, Courts would grant orders blocking the infringing content with reference to the specific URLs. However, over time, it became apparent that although specific URLs were being blocked, due to technological capabilities, the same content could easily be moved to a new URL in a matter of seconds. This led to IP owners seeking stronger and more coercive remedies, such as blocking of entire websites. The Court would then look at whether the predominant content on a website was pirated or otherwise illegal, and, if so, would issue a website blocking order. For a few

² (1975) 2 Lloyd's Rep 509.

³ (1973) UKHL 6.

⁴ <https://www.icann.org/resources/pages/help/dndr/udrp-en>.

years, orders blocking websites were effective in curbing infringement. However, some courts have expressed words of caution.

8. With the further advancement of technology, just as URLs could be multiplied and infringing content could be easily moved, mirror websites began being created with the same content of an otherwise blocked site. In the 2019 landmark judgment of *UTV Software Communications Ltd. v 1337X.to*⁵, the Delhi High Court dealt with a copyright infringement case in which a dynamic injunction was granted in order to safeguard the plaintiff's rights in several cinematograph films. The High Court considered the judgment of the Singapore High Court in *Disney Enterprises Inc. v. MI Limited*⁶ and decided to adopt the concept of dynamic injunctions recognized therein. The Court invoked its inherent powers to permit the copyright owner to seek extension of an already granted injunction to block further mirror websites and redirect websites that had the same or similar content of the primary infringing website. The Court held that the plaintiff could not be burdened with the responsibility of seeking separate injunctions repeatedly against multiple, related websites. The Joint Registrar⁷ could, merely upon an application submitted by the plaintiff in the pending suit, extend the injunction to the mirror website as well. A dynamic injunction is, thus, not static or frozen with the parent website, but dynamically extended to future websites.

9. In the case of website blocking orders and dynamic injunctions, concerns have been expressed to the effect that the principle of proportionality has to be applied when implementing dynamic injunctions and granting relief, both of which should not be too broad. Some courts in India, such as the Bombay High Court, have held that, while on the one hand the plaintiff's rights to intellectual property needed to be preserved, the right to trade and freedom of expression of the defendant also needed to be protected. However, while recognizing the proportionality requirement, a safeguard that was imposed was requiring the intervention of the Registrar in order to extend the injunction, thereby disallowing the automatic extension of the injunction limitlessly.

10. In order to determine whether a particular website was rogue or not, various factors could be considered, including the following:

- whether the website primarily contains illegal or infringing content;
- whether the website hides the details of the registrant;
- whether the website refuses to implement take-down orders;
- whether the identification of URLs would be burdensome to the plaintiff;
- whether the website facilitates infringement in any manner by providing details of other infringing websites, directories, etc.;
- Whether the website, or the operator of the online platform, demonstrates negligence or disregard toward copyright, or infringement laws. This can become apparent upon assessing the content available on the said websites or platforms;
- whether the same website has been repeatedly subjected to court orders due to infringing content being found;
- whether the website promotes anti-circumvention measures;
- the volume of traffic or frequency of access to the website; and
- the flagrancy of the infringement.

⁵ (2019) 78 PTC 375 (Del).

⁶ (2018) SGHC 206.

⁷ Joint Registrars are judicial officers from the District Courts attached to the High Court, who primarily deal with procedural compliances and procedures.

11. On the basis of the above factors, the Court could grant an injunction for blocking of the website or a dynamic injunction.

12. Dynamic injunctions are now well recognized since 2019, especially in the post- pandemic era where almost all businesses rely upon online platforms. As a further extension of dynamic injunctions, recent litigations have shown that newer forms of injunctions and other forms of relief are required to be passed in other circumstances as well. Some such cases where injunctions have been molded, include the following:

- *Snapdeal Private Limited v. Snapdeallucky-draws.org.in & Ors.* CS (COMM) No. 264/2020, decided on 20th July, 2020, is a matter involving a website that was running a fraudulent price scheme, lottery or a lucky draw. Fifty rogue websites using a well-known trademark as part of their domain name were enjoined by the Court.
- Dynamic injunctions have been granted against websites that were violating rights in cricketing events, which were being illegally streamed by 54 mirror/redirect/alpha numeric websites in *Sony Pictures Network India Pvt. Ltd. v. www.b1.mylivecricket.biz and Others*⁸, decided on November 24, 2020.
- A well-known mark used by a media company and its variants and derivatives were also protected against misuse by unknown URLs, websites, domain names and web platforms in *Living Media limited & Anr v. www.news-aahtak .co.in& Others*⁹, decision dated September 6, 2021. The plaintiff in this case was allowed to provide a list of all such platforms to Google so that access could be disabled.
- In two cases, *Dabur India Limited v. Ashok Kumar and Others*¹⁰ and *Gujarat Cooperative Milk Marketing Federation Ltd & Anr v. Amul-Franchise.in & Others*¹¹, unknown persons had registered domain names in order to offer franchises and distributorships. They had collected large sums of money from vulnerable consumers. Accordingly, in order to ensure that gullible customers are not duped into paying monies to these websites who were using the names of well-known companies (such as Dabur and Amul), registration of domain name with the said marks was itself prohibited by the Court. This is, however, being challenged and the matter is currently *sub judice*.
- *In HT Media & Anr v. Hindustantimes.tech & Anr.*¹², the masking of registrant's details under the privacy protection feature was called into question. The Government had been asked to file an affidavit to disclose its stand and also to whether the Registrars offering their services in India could be brought under some process by which they are asked to disclose the names of the registrants of illegally registered domain names which contain well-known trademarks.
- In *Warner Brothers Entertainment v. http.otorrents.com & Others*¹³, a permanent injunction was granted against rogue torrent websites that were distributing, broadcasting and transmitting the content belonging to Warner Brothers.

13. While the above case laws elucidate the various scenarios in which the Court has passed dynamic injunctions, recently in *Snapdeal Private Limited v. GoDaddy.com LLC & Others*¹⁴, the court held that the plaintiff has to petition the court against each domain name that it finds to be infringing, even if the process is cumbersome. In the said matter, the Court did not grant a wide

⁸ CS (COMM) 519/2020.
⁹ CS(COMM) 395/2020.
¹⁰ CS(COMM) 135/2022.
¹¹ CS (COMM) 350/2020.
¹² CS(COMM) 352/2022.
¹³ CS (COMM) 367/2019.
¹⁴ CS(COMM) 176/2021.

injunction. However, the Court does say that in such cases, the Domain Name Registrars are infringers themselves, and therefore recommends that such Registrars modulate their algorithms in such a way as not to make available potentially infringing domain names.

IV. CONCLUSION

14. The above discussion shows that as technology progresses, remedies must also adapt and be dynamic in order to effectively safeguard IPRs. While doing so, however, basic freedoms also ought to be recognized and the test of proportionality must to be borne in mind in each and every case. Concerns over right to privacy, freedom of speech, free trade, etc. would also have to be addressed while safeguarding IP rights. While IP owners and IP rights face challenges in the progressing online environment, what cannot be lost sight of is the fact that the internet has promoted easy access to information and knowledge to the masses. Thus, the smaller problem of misuse should be curbed and curtailed, while ensuring that the larger purpose of the internet is also not jeopardized or harmed.

[End of contribution]

RECENT WORK CARRIED OUT BY THE INTERNATIONAL ASSOCIATION FOR THE PROTECTION OF INTELLECTUAL PROPERTY (AIPPI) ON THE COMPENSATION FOR IP INFRINGEMENTS

Contribution prepared by Ms. Linda Lecomte, Assistant Reporter General, Association for the Protection of Intellectual Property (AIPPI), Zurich, Switzerland

ABSTRACT

This paper summarizes the main issues highlighted by National and Regional Groups of the International Association for the Protection of Intellectual Property (AIPPI) during the Study on Intellectual Property (IP) Damages for Acts Other Than Sales that AIPPI concluded in September 2019 (2019 Study) and the Study on Reasonable Awareness in Compensation for Infringement of IP Rights that AIPPI concluded in October 2021 (2021 Study). In the 2019 Study, the discussions focused on the quantification of damages for acts of infringement that do not include a sale, such as importing, warehousing, manufacturing, using and offering. The discussions addressed the principles applicable to recovering and quantifying damages despite there being no infringing sale to serve as a benchmark, and the issue of “franking”¹. In the 2021 Study, the discussions focused on the role of awareness, i.e., knowledge, in assessing compensation for infringement of registered and unregistered IP rights.

I. ABOUT THE INTERNATIONAL ASSOCIATION FOR THE PROTECTION OF INTELLECTUAL PROPERTY

1. The International Association for the Protection of Intellectual Property, generally known as the abbreviated name AIPPI, is the world’s leading international non-governmental organization dedicated to the development and improvement of legal regimes for the protection of intellectual property (IP).
2. AIPPI is a politically neutral, non-profit organization, established in Switzerland, which currently has over 8,000 members representing more than 130 countries. The objective of AIPPI is to improve and promote the protection of IP at both national and international levels. It pursues this objective by working for the development, expansion and improvement of international and regional IP treaties and agreements and national IP laws. It operates by conducting studies of existing national laws and proposing measures to achieve harmonization of these laws on an international basis, working with both government and non-government organizations. Where appropriate, AIPPI intervenes with submissions before major courts and legislative bodies to advocate for strengthened IP protection.

¹ The term “franking” means that there should be no further liability for infringement in relation to dealings in specific products found to infringe, once damages have been awarded in respect of those goods, and such goods are considered to have been “franked”.

II. STUDY ON INTELLECTUAL PROPERTY DAMAGES FOR ACTS OTHER THAN SALES

3. In response to a questionnaire prepared by the AIPPI's Reporter General on IP Damages for Acts Other Than Sales², 37 reports were received from AIPPI's National and Regional Groups providing detailed information and analysis regarding national and regional laws. These reports were reviewed by the Reporter General of AIPPI and distilled into a Summary Report³. At the 2019 AIPPI World Congress in London, the AIPPI Executive Committee adopted a Resolution on the issue, following discussions within a dedicated Study Committee and in a full Plenary Session⁴.

4. This portion of the paper summarizes certain main issues highlighted by AIPPI's National and Regional Groups as relevant to the quantification of damages for non-sales infringements⁵. Such non-sales infringements may be infringing acts⁶ that are global offers or advertisements made on a website to supply infringing products in one or more jurisdictions, but no sales. Other non-sales infringements may involve manufacturing, importing, and warehousing. This portion also includes consideration of franking, for example, where if damages have been paid with respect to goods that have been manufactured, the infringer or an acquirer of the goods are no longer liable for additional damages due to the subsequent sale of those goods. This study did not include issues in relation to FRAND (fair, reasonable, and non-discriminatory) royalties in the context of SEPs (standards essential patents), statutory damages, or accounts of profit or other relief in which the unlawful profits of the infringer are rendered to the right holder.

A. DAMAGES FOR NON-SALES INFRINGEMENTS

5. All Groups strongly support the establishment of a causal nexus between the infringing act(s) and the damage, for the recovery of damages. Further, there was a strong consensus among the Groups that damages for each of the different types of non-sales infringements (e.g., manufacturing, importing, warehousing, etc.) should be determined using the same principles. In determining how to assess the damages, without the use of sales data, the Groups varied in their thoughts. The fundamental difficulty with non-sales infringement is assessing damages, e.g., a reasonable royalty assessment, without the benefit of the sales price. The prevailing view of the Groups is to conduct the damages assessment on the basis that a *potential sale* might be made. There was some support to include both the potential sales *and* actual sales of the goods in another jurisdiction, if any, in the assessment of damages, provided that a sufficient causal nexus between the non-sales infringing acts within the jurisdiction and the damage from the sale is shown.

6. Some ways of addressing the damages calculations for infringement of patented processes, as proposed by the Groups, include using:

- the price of the product made using the infringed process;

² <https://aippi.soutron.net/Portal/DownloadImageFile.ashx?fieldValueId=3126>.

³ <https://aippi.soutron.net/Portal/DownloadImageFile.ashx?fieldValueId=3133>.

⁴ <https://aippi.soutron.net/Portal/DownloadImageFile.ashx?fieldValueId=2929>.

⁵ A study, and subsequent resolution, concerning the quantification of monetary relief (Sydney, 2017), with a focus on the consequences of infringing sales, was conducted previously by AIPPI's National and Regional Groups.

⁶ This study concerns the infringement of IP rights including patents and supplementary protection certificates, petty patents and utility models, trade marks, rights to prevent unfair competition or passing off, copyrights, semiconductor topography rights, database rights and design rights, and excluding trade secrets, rights of confidence and rights in the know-how.

- the margin lost by the IP right holder, assuming that the IP right holder exploits its process patent;
- the lost royalty, possibly increased to take the infringement into account, assuming the latter does not itself exploit its patent;
- compensation for the moral damage suffered by the right holder;
- a reasonable royalty levied on the turnover associated with the use of the method, based on the frequency of use;
- the scale of production;
- the cost of production;
- the demand for the patented product;
- the impact of the potential distribution on demand for the patented product;
- the number/value of the goods manufactured, and the impact or their *potential* distribution;
- loss of the IP right holder's potential market share or a reduction of the right holder's market reputation;
- loss of the availability of raw materials used in the infringing manufacturing;
- any price depression resulting from the use of the patented process by the infringer, and suffered by the right holder;
- amounts invested in designing and obtaining the process which was later patented;
- actual value of the infringed patent on the market;
- the financial losses of the IP right holder;
- the quantity of infringing products warehoused or imported; and
- the costs of the whole procedure of importing, taxes and warehousing.

7. There was substantial consensus among Groups that the court should be able to reduce the damages awarded by any sums shown to have been previously awarded in other proceedings, if the inclusion of those sums amount to double recovery. The Groups uniformly proposed efforts against double recovery, e.g., using a reasonable royalties assessment with a "cap" at "full satisfaction". That is, the IP right holder should be able to recover damages, provided that total recovery does not outweigh the total loss suffered.

8. Consideration of all parties, including, e.g., *bona fide* or good faith purchasers, who purchase an infringing article for value and without notice of infringement should be made when determining recovery of damages. In spite of this, there was significant consensus among the Groups that a right holder who suffers further damage (e.g., loss of further sales) due to the circulation of infringing products for which damages have been paid, should be able to recover further damages. The remaining Groups appeared to propose a basic policy that "franking" should never apply.

B. DAMAGES IN VIEW OF MULTIPLE INFRINGEMENTS

9. A clear majority of the Groups propose that damages should be recoverable for each individual infringing act. If all acts are performed by the same person, it is likely that the economic impact of previous manufacturing and warehousing is consummated by the economic impact of the sale. This raises an issue as to whether double recovery ought to be prevented by ensuring that damages are not recovered twice or more for each infringing product and/or each infringing act. That being said, according to the general principle in Article 45 of the Agreement on Trade-Related Aspects of Intellectual Property Rights states that damages should be

“adequate to compensate for the injury the right holder has suffered” and does not appear to limit damages by act or product.

C. CONCLUDING THOUGHTS

10. While damages are considered recoverable for all types of infringement, the process by which the damages should be calculated differs greatly not only in the present laws, but also in current thought. Further, the amount differs, some proposing a limitation of “full satisfaction”, and others proposing opportunities for additional litigious efforts.

11. During the course of the study, two constructive methods for assessing damages appeared to have support:

- When assessing damages in relation to a method of use, the court should take into account (i) whether the use of the process by the infringer produces an economic advantage to the infringer or a disadvantage to the right holder, (ii) the turnover associated with the use of the process, based on the frequency of use, (iii) any price advantage given to the infringer through the use of the process, and possibly other factors.
- When assessing damages in relation to a method of manufacturing products, the court should take into account (i) potential sales to be made by the infringer of any products manufactured using the process, (ii) whether the product of the process is protected by the patent in question, (iii) whether that product competes with products not produced using the patented process, (iv) any price advantage given to the infringer through the use of the process, (v) any timing advantage given to the infringer through the use of the process (i.e., a springboard advantage), and possibly other factors.

III. STUDY ON REASONABLE AWARENESS IN COMPENSATION FOR INFRINGEMENT OF INTELLECTUAL PROPERTY RIGHTS

12. In response to a questionnaire prepared by the AIPPI’s Reporter General on Reasonable Awareness in Compensation for Infringement of IP Rights⁷, 41 reports were received from AIPPI’s National and Regional Groups providing detailed information and analysis regarding national and regional laws. These reports were reviewed by the Reporter General of AIPPI and distilled into a Summary Report⁸. At the AIPPI World Congress in October 2021, the AIPPI Executive Committee adopted a Resolution on the issue, following discussions within a dedicated Study Committee and in a full Plenary Session⁹.

13. This portion of the paper summarizes certain main issues highlighted by AIPPI’s National and Regional Groups as relevant to reasonable awareness, i.e., knowledge, in compensation for infringement of IP rights damages. This study did not include issues in relation to criminal law, the role of knowledge in compensation calculated by reference to the unlawful profits of the infringer and the reimbursement of litigation costs.

⁷ <https://aippi.soutron.net/Portal/DownloadImageFile.ashx?fieldValueId=4904>.

⁸ <https://aippi.soutron.net/Portal/DownloadImageFile.ashx?fieldValueId=5182>.

⁹ <https://aippi.soutron.net/Portal/DownloadImageFile.ashx?fieldValueId=5207>.

A. THRESHOLD OF KNOWLEDGE

14. Current laws differ greatly on the relevancy of knowledge – objective and/or subjective – in the recovery of damages in infringement proceedings. Objective knowledge refers to knowledge for which there were reasonable grounds for a person to have, e.g., a patent published in the infringer’s jurisdiction. Subjective knowledge refers to knowledge for which a person actually has.

15. A clear majority of the Groups agree that knowledge should be relevant in some way in the recovery of damages. However, the Groups differed in whether the required knowledge should be objective and/or subjective, and what would constitute objective knowledge. The most relevant factor for evidencing knowledge are the circumstances of the infringement. Some proposed that if the infringer had a certain threshold level of knowledge, then the damages recoverable should be greater.

16. Establishing knowledge – objective or subjective – held by an infringer can be difficult, especially in jurisdictions lacking necessary means for discovering information held by the infringer.

B. ENHANCED DAMAGES

17. The majority of the Groups believe that to further deter potential infringers of an IP right, elevating damages – whether on the basis of knowledge or otherwise – is not the answer. The prevailing trend of thought supported the use of injunctions as an effective deterrent. The view of using enhanced damage recovery as a deterrent received some support from the Groups. However, it was noted that the actuality of higher damages awards for infringers with subjective knowledge of the IP right being infringed may only serve as a deterrent to infringement if such court decisions were published. Other Groups proposed that those in certain occupations, e.g., traders, should be required to be more diligent of IP rights, and thus any infringement by such occupations should pay higher damages than others.

18. While the use of enhanced damages is not considered by the majority of the Groups to be the most effective deterrent, there is a desire to de-incentivize persons from infringing, especially those who conduct a business analysis to determine whether a profit can be made beyond any expected compensatory damage award for infringing an IP right. At the same time, establishing such knowledge can be difficult and can lengthen the course of a litigation, thus becoming even more time-consuming and costly, and possibly unsuccessful, for an IP right holder.

19. Some Groups suggest that it would be more desirable by companies to exploit, if at all, technologies through an appropriate distribution of profits, instead of through an extraordinarily powerful exclusive right involving punitive or enhanced damages.

C. DUTY OF KNOWLEDGE

20. A number of Groups reported that an element of negligence or fault must be present for there to be liability for infringement for damages, and if there is no negligence or fault then liability for infringement may instead result in liability for compensation for unjust enrichment. Such negligence or fault might be found if sufficient freedom to operate (FTO) searches have not been carried out. However, there is a concern of increased costs and duty to conduct FTO searches and obtain analyses in each jurisdiction. While a proposal for use of one analysis in one jurisdiction might be usable in other jurisdictions, at present, this does not appear feasible

given the vast differences in the laws of the various jurisdictions. On the other hand, there is concern that the mere existence of an FTO search and analysis may serve as a *carte blanche* for an IP infringement to reduce or stop enhanced recovery of damages.

21. Various views on what is considered objective knowledge are proposed, including whether the IP right was published in the jurisdiction itself, in the official language of the jurisdiction or in a prevalent language of use, e.g., English.

D. CONCLUDING THOUGHTS

22. The encompassing view is that damages should be recoverable even if there is no objective or subjective knowledge. That being said, should objective or subjective knowledge be utilized in the recovery of damages, there will need to be established means for discovering and/or proving such knowledge in various jurisdictions.

[End of contribution]

THE WORK OF THE INTERNATIONAL TRADEMARK ASSOCIATION ON THE HARMONIZATION OF PRELIMINARY INJUNCTION LEGISLATION

*Contribution prepared by Ms. Iris Gunther, Director, Brand Enforcement and Sustainability, International Trademark Association (INTA), New York, United States of America; Ms. Mayya Pak, Associate, Petošević, Luxembourg City, Luxembourg; Mr. Nicolás Schmitz, Partner, Grünecker, Munich, Germany; Paula Passarelli, IP Attorney, Palomo Abogados, Guatemala City, Guatemala**

ABSTRACT

Based on the survey conducted by the Enforcement Committee of the International Trademark Association (INTA) in 47 countries identifying varying standards of preliminary injunctive relief, the Board of Directors of INTA adopted a resolution in 2020 laying down minimum standards that INTA believes are necessary to harmonize the basic requirements and process for injunctive relief worldwide, to create an effective enforcement regime. The paper summarizes critical survey findings, the main areas where harmonization is called for and direction in which the need for advocacy is felt.

I. INTRODUCTION

1. The International Trademark Association's (INTA's) Enforcement Committee (EC) is in charge of reviewing enforcement-related topics, advocating best practices and harmonizing such practices worldwide. Since injunctive relief is one of the most important tools for right holders when enforcing intellectual property (IP) rights, the Preliminary Injunctions Task Force of the EC conducted a study – initially focused on the European Union (EU) and later expanded to other jurisdictions worldwide – of standards and practices in injunctive proceedings to establish the level of harmonization and the shortcomings that might be addressed by INTA's policy advocacy initiatives. The study¹ focused on 47 countries identified as valuable for IP right holders and on basic requirements and standards considered most relevant to ensure effective protective measures, including:

- conditions for obtaining *ex parte* preliminary injunctions;
- ability and likelihood of obtaining an *ex parte* injunction in practice;
- competent courts;
- evidentiary demands;
- timeliness and deadlines;
- possibility of requesting the seizure of goods;
- specific hearing requirements of the defendant;
- availability of penalties or fines when violations occur and cost and damage awards; and
- security deposits.

* The views expressed in this document are those of the author and not necessarily those of the Secretariat or of the Member States of WIPO.

¹ <https://www.inta.org/wp-content/uploads/public-files/advocacy/testimony-submissions/Preliminary-Injunctions-Report-2020.pdf>.

II. SURVEY FINDINGS

2. *Deadline to file a preliminary injunction.* In some countries deadlines are set by statute, while in others the deadlines have been established by jurisprudence. Yet in others (e.g., Argentina, Brazil, China, Norway and Russian Federation) no such deadlines are strictly set.
3. *Differences in requirements for obtaining an injunction.* The level of evidence required for obtaining a preliminary injunction is similar in many legal systems, yet some countries (e.g., Mexico and Turkey) have set a higher threshold, including requiring that a claimant proves the presence of an actual infringement. In China, for example, the claimant has to prove that the situation is sufficiently close to actual infringement to obtain a preliminary injunction. In the Russian Federation, preliminary injunctions are granted only when the claimant is highly likely to win the case on merit; and in Republic of Korea, proving a mere possibility of infringement would not be sufficient to justify the request for a preliminary injunction.
4. *Security deposit.* Some countries require the applicant to submit a security deposit or surety bond, although the Task Force was unable to reach an agreed policy position on this point.
5. *Requirement of oral hearing.* Most countries require that a Defendant is given an opportunity of an oral hearing at some stage of the process. However, in some countries an oral hearing is the rule that is excused in a broad range of circumstances. For instance, Belgium, Cyprus, Latvia and Portugal require that a Defendant is heard at some point of the proceedings; while Croatia, Denmark, Finland, France, Greece, Italy, Malta, Netherlands, Spain allow for the process without any initial involvement of the defendant, in cases where there is evidence of urgency, non-effectiveness of provisional measures or irreparable harm to the claimant. In some jurisdictions, however, the decision whether or not to hear the defendant is at solely the court's discretion, such as in Indonesia, Estonia, and some countries do not require an oral hearing at all, such as Lithuania, Poland, Slovakia and Bulgaria.
6. *Review of validity of rights.* In half the European countries (including Austria, Cyprus, Hungary, Malta and Portugal), the competent courts or tribunals conduct a detailed review of the plaintiff's rights for validity, which may contribute to legal security but may also cause significant delays to the process. In INTA's view, proceedings for obtaining a preliminary injunction, by their nature, should be swift and unencumbered with in-depth analysis on the merits of the case or adjudication on validity of trademark rights, as converting preliminary injunction proceedings into a "mini-trial" defeats the purpose of such an injunction.
7. *Timeliness of motions and decisions.* Some countries have more or less strict time limits for both the filing of motions for a preliminary injunction and the issuance of the court order. Others do not subscribe to strict time limits; Australia and Brazil do not restrict the time period for filing for a preliminary injunction, while China and Japan require filing of a motion within three years after learning about the infringement. Both Hong Kong SAR and Latvia allow the claimant a period of three months to file a motion for a preliminary injunction, and other countries apply similar deadlines for such injunctions, including Hungary and Spain (two months). At the same time, the courts of Canada and Nigeria expect the claimant to file a motion as soon as they learn about the infringement.
8. *Time limits.* The time limits for courts to grant the injunction also vary significantly from country to country. Austria, Belgium, China, Croatia, France and Germany do not stipulate any deadline by which the courts should issue the decision on a preliminary injunction. In Brazil and Canada, proceedings can take from a few days to months. In Hungary and Nigeria, decisions are issued within 14 to 15 days from receipt of the application. In Hong Kong SAR and a

number of European countries, such as Bulgaria, Greece, Lithuania and Romania, the injunction should be issued within a few days of the application (1 to 3 days).

9. *Defendant's rights.* Some jurisdictions allow for the possibility for a defendant to oppose a preliminary injunction before it is issued, unless the court issues a preliminary injunction *ex-parte*, while others do not allow for such a possibility at all. In China and Republic of Korea, however, injunctions are never rendered without prior notice to the alleged offender. Further, in some jurisdictions, the defendant does not have the option of requesting an oral hearing or challenging the preliminary injunction until a final and binding decision has been reached in the main proceedings.

10. *Competent courts.* The survey revealed that trademark infringement disputes in some countries are handled by general or commercial courts that do not necessarily have the required expertise in IP matters, whereas others have created specialized IP courts or divisions.

11. *Main action.* The majority of countries require the main action to be initiated within certain deadlines after a preliminary injunction has been obtained. There are exceptions where such a requirement is not imposed (e.g., Japan, Germany and Republic of Korea).

III. MINIMUM STANDARDS THAT MIGHT HARMONIZE THE BASIC REQUIREMENTS AND PROCESS FOR INJUNCTIVE RELIEF WORLDWIDE

12. The differences in processes around the world have a significant impact on the function and effectiveness of injunctive relief, and, in turn, also affect general trust in the protection of IP rights in a specific jurisdiction. As a consequence of the survey conclusions, the EC created and presented a resolution² to the INTA Board of Directors to establish minimum standards that might harmonize the basic requirements and process for injunctive relief worldwide.

13. The main points in this resolution as adopted in 2020 were:

- Proceedings for preliminary injunctive relief should be expedited with short procedural deadlines, including for the issuance of the judgment or order sought.
- As required by Article 50(2) of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement), preliminary injunctive relief should be available *ex parte* in appropriate circumstances.
- The applicant for a preliminary injunction should be able to assert the claimed trademark rights and submit documentary evidence to show that, *prima facie*, the applicant is likely to succeed on the merits of the claim, and that the balance of inconvenience favors the applicant. Provided the applicant's burden on these counts has been met, an irreparable harm should be presumed.
- Except in cases of obvious invalidity or fraudulent registrations, the court should not be burdened with re-examining the validity of the asserted trademark right. However, this should not preclude the court from considering any defenses and supporting evidence of the defendant in assessing whether the applicant is likely to succeed on the merits.
- As required by Article 50(4) of the TRIPS Agreement, defendants should be notified of *ex parte* preliminary injunctions without delay and given the opportunity to challenge the injunction and request an oral hearing or otherwise have their counterarguments considered.

² https://www.inta.org/wp-content/uploads/public-files/advocacy/board-resolutions/PrelimInjunctionsResolutionOct26Clean_Final.pdf.

- Counterclaims of the defendant contesting the validity of the trademark rights asserted should be adjudicated in the main action or a separate action for cancellation or invalidation.
- Injunctive orders should provide for defendants to pay penalties for violations of said orders.

IV. TRANSPARENCY REGARDING TRIPS-EXCEEDING STANDARDS

A. AGREEMENT ON TRADE-RELATED ASPECTS OF INTELLECTUAL PROPERTY RIGHTS

14. Article 50 of the TRIPS Agreement lays out the following requirements regarding provisional measures:

- promptness of proceedings (50.1);
- *ex parte* and without notice to defendant (50.2);
- evidence for right ownership required but no review of validity (50.3);
- notification and option to appeal for defendant (50.4);
- requirement to file main action within certain deadline (50.6);
- defendant's right to compensation (50.7).

15. It should be noted that the INTA resolution points 3, 4, 6 and 7 exceed these basic requirements of the TRIPS Agreement.

V. CONCLUSIONS ON MAIN POINTS LACKING HARMONIZATION / REQUIRING ADVOCACY OUTREACH

16. The following are the most important deficiencies identified in some of the countries that INTA looks to address in its advocacy outreach to ensure efficient preliminary injunctive relief and enforcement of IP rights:

- Countries that do not presume irreparable harm in any circumstances.
- Countries that allow for validity of claimed rights to be open to a full review by the injunction court.
- Countries that allow counterclaims for invalidity to be raised and addressed in the interim proceedings.
- Countries where authorities require immoderate amount/type of evidence of the brand owners for the preliminary injunction to be granted. In some cases, even proof of damages have to be demonstrated at this very early stage of the action to obtain a preliminary injunction.
- Countries where proceedings take excessive time to grant a preliminary injunction. Practical measures in Courts/administrative offices should be taken towards reducing such term.

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