



The Critical Role of Judges in the Enforcement of IP Rights: Legal Remedies – Choice of Measures; Computation of Damages; Confiscation

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Legal Remedies – Choice of Remedies



Effective, proportionate
and dissuasive

Without prejudice to
other legislation

Safeguards against
abuse

**Civil Enforcement
Directive 48/2004**

Fair and equitable

No barriers to
legitimate trade

No unreasonable time-limits
or unwarranted delays

Not unnecessary
complicated/costly

Measures for
preserving
evidence

Procedure for right
of information

Provisional and
precautionary measures:
Interlocutory injunction
and seizure

Corrective measures:
Recall, removal and
destruction

**Civil Enforcement
Directive 48/2004**

Damages and
legal costs

Procedural presumption
of authorship or
ownership of copyright

Injunctions

Publicity measures

Calculation of Damages



Calculation of Damages

Purpose of Awarding Damages

As a general principle, damages for IPR infringements are intended to accomplish two ends:

- Compensation: damage awards should put the right holder in the position he or she would have been in had the infringement not taken place; and
- Deterrence: damage awards should serve to discourage both repeat and would-be infringers



Calculation of Damages

Purpose of Awarding Damages

- In most legal systems a wide discretion has been given to the court in assessing damages
- Courts often face difficulty in calculating and awarding compensation comprehensively
 - Beside lost profits, calculation of other negative economic consequences resulting from an infringement, is difficult
 - Non-economic harm is almost impossible to assess
 - The cost of investigation, taking legal action and rectifying infringement is difficult to calculate
 - It is challenging to award damages when infringers profits has been higher than the loss for the right holder



Calculation of Damages

IPRED Art. 13(1)

- MS shall make an order against infringer who knowingly, or with reasonable grounds to know, engaged in an infringing activity, to pay the rightholder damages appropriate to the actual prejudice suffered by him as a result of the infringement

When the judicial authorities set the damages:

- (a) they shall take into account all appropriate aspects, such as the negative economic consequences, including lost profits, which the injured party has suffered, any unfair profits made by the infringer and, in appropriate cases, elements other than economic factors, such as the moral prejudice caused to the rightholder by the infringement;

or

- (b) as an alternative to (a), they may, in appropriate cases, set the damages as a lump sum on the basis of elements such as at least the amount of royalties or fees which would have been due if the infringer had requested authorisation to use the intellectual property right in question



Calculation of Damages

Three distinct typical market situations

- (1) The claimant and the defendant are competing
 - a direct loss can be calculated on basis of 1-1 substitution of lost sales
- (2) The claimant and the defendant are not competing
 - a direct loss cannot be calculated
- (3) The claimant and the defendant are partly competing
 - a direct loss can be calculated on basis of a substitution rate of lost sales of less than 1



Legal Costs



Legal Costs

C-406/09, CJEU ruling 18 October 2011

Costs relating to an exequatur procedure fell within IPRED Article 14



Legal Costs

C-406/09, CJEU ruling 18 October 2011

Costs relating to an exequatur procedure fell within IPRED Article 14

C-681/13, CJEU ruling 16 July 2015

IPRED Article 14 applies to legal costs incurred by an action for damages, brought in a MS, to compensate for the injury caused as a result of a seizure carried out in another MS, which was intended to prevent an IPR infringement, when, in connection with that action, a question arises concerning the recognition of a judgment given in that other MS declaring that seizure to be unjustified.



Legal Costs

C-57/15, CJEU ruling 28 July 2016

- Generally a **flat-rate scheme** for the reimbursement of costs for the assistance of a lawyer is allowed. BUT those rates must ensure that the costs to be borne by the unsuccessful party are reasonable. Not allowed such flat-rates which, owing to the maximum amounts that it contains being too low, do not ensure that, at the very least, a significant and appropriate part of the reasonable costs incurred by the successful party are borne by the unsuccessful party.
- Not allowed national rules providing that reimbursement of the **costs of a technical adviser** are provided for only in the event of fault on the part of the unsuccessful party, given that those costs are directly and closely linked to a judicial action seeking to have such an IPR upheld.



Confiscation



Confiscation

The Criminal Procedure Remedy of Confiscation

- Subject: Convicted and sometimes unconvicted person or legal entities
- Object: Criminal proceeds and sometimes surrogates, infringing goods, implements, production equipment and other assets
- Aim: Take profits from infringers and sometimes others and prevent future infringements
- International cooperation: Often execution in other countries
- Closely linked to money laundering legislation





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