Resisting the Transplant: Why the EU Must Preserve IPRED's Rule-Based Proportionality in IP Enforcement.

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1. INTRODUCTION AND RESEARCH OBJECTIVES

This study examines whether Directive 2004/48/EC (IPRED) has effectively established a minimum harmonisation framework for the civil enforcement of intellectual property rights (IPRs) within the European Union. It further explores the rationale and limits of the national divergences that persist in practice, assesses the function and boundaries of the proportionality principle within the enforcement architecture, and contrasts the European model with the United States' post-eBay framework for injunctive relief. Through this comparative analysis, the study aims to evaluate whether a legislative revision of IPRED is normatively and practically desirable.

2. THE INTELLECTUAL PROPERTY RIGHTS ENFORCEMENT DIRECTIVE (IPRED)

Directive 2004/48/EC on the enforcement of intellectual property rights (IPRED) is a cornerstone of the EU *acquis* on intellectual property. Adopted on 29 April 2004, the Directive harmonises key elements of civil enforcement of intellectual property rights (IPRs) across Member States.

IPRED is based on Article 95 EC Treaty[1], which empowers the Union to approximate national laws to ensure the establishment and functioning of the internal market. Its objective was to reduce enforcement disparities that distorted competition and generated legal uncertainty for cross-border trade. The Directive thus complements earlier

[1] Article 95 EC Treaty, now Article 114 TFEU.

substantive harmonisation measures and aligns EU law with the Union's international obligations under the TRIPS Agreement[2].

IPRED rests on a clear economic and regulatory premise: IPRs are instruments designed to support innovation-driven growth, and effective, proportionate and dissuasive remedies are essential for the proper functioning of the internal market. A robust enforcement architecture ensures that innovators and creators can secure adequate returns on their investments, thereby facilitating further research, creativity and technological development[3].

The move towards harmonisation was justified by both normative reasoning and empirical evidence. Prior to IPRED, significant disparities in national enforcement regimes undermined the internal market, increased transaction and compliance costs, deterred investment, and failed to address effectively the rise of cross-border counterfeiting and piracy. Establishing a minimum harmonisation standard was therefore conceived as necessary to restore legal certainty and strengthen the overall effectiveness of IPR enforcement within the Union.

3. From Fragmentation to Harmonisation: Evolution of EU Enforcement

At the macro-economic level, IP-intensive industries contribute substantially to growth and employment within the European Union. Studies by the EPO and EUIPO consistently confirm that such industries account for a significant share of EU GDP and jobs - an empirical foundation that supports the Directive's original policy premise that credible enforcement mechanisms are indispensable to a knowledge-based economy[4].

From the perspective of innovation economics, effective enforcement addresses the under-investment problem arising from the non-excludability of knowledge (Arrow's paradox) by ensuring that innovators can appropriate sufficient returns to justify ex ante investment[5].

[2] TRIPS Agreement, 1994.

[3] Directive 2004/48/EC, Recitals 1–3 (innovation, investment, competitiveness).

[4] IPR-intensive industries and economic performance in the European Union (2022 edition), a joint EPO / EUIPO industry-level analysis, available at EPO website.

[5] Arrow, K. (1962), 'Economic Welfare and the Allocation of Resources for Invention,' in Universities-Bureau Committee for Economic Research, Committee on Economic Growth of the Social Science Research Council (ed.), 'The Rate and Direction of Inventive Activity: Economic and Social Factors', Princeton Univ. Press, pp. 609 ff.

Harmonised and predictable enforcement further reduces transaction costs and enhances legal certainty, particularly in cross-border commercial activities[6].

IPRED thus operationalises a deliberate regulatory compromise: it establishes a common floor of effective, proportionate, and dissuasive remedies that sustain innovation-driven growth and safeguard the internal market, while at the same time preserving a degree of Member-State autonomy to reflect different legal traditions and institutional capacities.

It is also important to emphasise that the need to maintain strong incentives to invest in research and development is particularly pronounced in the European Union, where the industrial fabric is characterised by a markedly higher proportion of small and medium-sized enterprises than in jurisdictions such as the United States or China. Large, vertically integrated firms can often monetise inventions through downstream products (as Apple does through the iPhone) or by leveraging adjacent markets (as Google does through services, such as Google Maps). In contrast, many European firms lack such diversified commercial ecosystems. For these companies, intellectual property rights frequently represent the primary - if not the only - mechanism through which R&D investments can be recovered and competitive positions strengthened in innovation-intensive markets[7].

Before the adoption of IPRED, however, the enforcement landscape in the European Union was characterised by significant procedural heterogeneity that undermined cross-border legal certainty, encouraged forum shopping, and weakened confidence in the internal market framework. Scholars repeatedly observed that such divergences were incompatible with the objectives of the internal market and diminished the credibility of EU IP law[8].

A first area of divergence concerned the preservation of evidence and access to information. Civil-law jurisdictions such as France and Belgium employed the *saisie-contrefaçon,* allowing rightsholders to secure evidence *ex parte*. Common-law jurisdictions, notably the United Kingdom, relied instead on disclosure mechanisms and court-ordered searches (such as Anton Piller orders) subject to different thresholds and safeguards. Germany and Italy maintained functional analogues (e.g.,

[6] Gill, A., Heller, D., (2024), 'Leveraging intellectual property: The value of harmonized enforcement regimes', Journal of Banking & Finance.

[7] Barnett, J. M. (2021). Innovators, Firms, and Markets: The Organizational Logic of Intellectual Property. Oxford University Press.

[8] Cornish, W.R., Drexl, J., Hilty, R., & Kur, A. (2003), 'Procedures and Remedies for Enforcing IPRs: The European Commission's Proposed Directive,' EIPR, pp. 447 ff.

Besichtigungsanspruch, *descrizione*), but their scope, practical availability, and judicial interpretation varied considerably. As widely noted in the literature, forum choice could therefore decisively shape access to proof and litigation strategy[9].

Divergences were equally marked in the area of provisional measures. The Dutch *kort geding* procedure provided extremely swift injunctive relief, sometimes within days, whereas other jurisdictions imposed more demanding requirements - such as stricter showings of irreparable harm or the provision of securities - that significantly limited the availability of interim measures. Therefore, the ability to obtain rapid market exclusion depended heavily on where proceedings were initiated[10].

Corrective measures and final injunctions also varied. Some Member States authorised broad measures - such as recall, removal from commercial channels, and destruction of infringing goods - while others placed greater emphasis on cease-and-desist orders with limited follow-up obligations[11].

Damages were another area of marked divergence. Common-law systems often permitted an account of profits, whereas many civil-law jurisdictions restricted compensation to actual losses. The methodologies employed - actual prejudice, hypothetical royalties, or lump-sum schemes - differed widely. Early academic analyses underscored how this variability weakened legal certainty, impeded efficient licensing, and distorted innovation incentives[12].

Costs and fee-shifting rules further amplified fragmentation. Several Member States imposed low caps or rigid scales on recoverable legal fees, leaving successful litigants undercompensated, while others allowed more extensive cost recovery[13].

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[9] Cumming, Freudenthal & Janal (2008), 'Enforcement of IP Rights in Dutch, English and German Civil Procedure'.

[10] Van Dongen, L. (2018), 'The Enforcement Directive: Judicial Discretion on a Leash?', Master's thesis, Tilburg University, citing Gielen (2005), NTER, pages 6 ff.; see also Cornish et al. (2003), EIPR.

[11] Van Dongen, L. (2018), 'The Enforcement Directive: Judicial Discretion on a Leash?', Master's thesis, Tilburg University, citing Gielen (2005), NTER, pages 6 ff.

[12] Ohly, A., Three Principles of European IP Enforcement Law: Effectiveness, Proportionality, Dissuasiveness, in Technology and Competition, Contributions in Honour of Hanns Ullrich, Josef Drexl, ed., Larcier, pp. 257-274, available online: https://ssrn.com/abstract=1523277

[13] Only after IPRED did the CJEU clarify, in United Video Properties, that the successful party must be reimbursed for a "significant and appropriate share" of reasonable costs; before that judgment, no EU-wide constraint on national cost-recovery rules existed (CJEU, C-57/15, *United Video Properties v. Telenet,* on Art. 14 IPRED).

Finally, the availability and scope of publication orders and injunctions against intermediaries differed substantially across the Union. Obligations placed on intermediaries - such as online marketplaces and internet service providers - were neither harmonised nor applied consistently.

In sum, the pre-IPRED enforcement environment was characterised by profound procedural fragmentation. Through the introduction of a structured catalogue of core remedies and overarching principles - effectiveness, proportionality, and dissuasiveness - while preserving room for national procedural autonomy, IPRED directly addressed the structural obstacles to a functioning internal market that both EU institutions and scholars had identified[14].

Ultimately, IPRED embodies a functional conception of intellectual property rights: enforcement is not an end[15], but a mechanism to secure the conditions necessary for innovation and creative production. This policy orientation is clearly reflected in the Directive's recitals and in contemporaneous Commission communications aligned with the Lisbon Strategy.

4. The Role of Proportionality in EU Law

Article 3 of IPRED requires that enforcement procedures and remedies be "fair and equitable", not unnecessarily complicated or costly, and "proportionate". Article 11 further mandates that judicial authorities must be able to issue permanent injunctions not only against proven infringers but also, where appropriate, against intermediaries whose services are used to commit infringement.

In practice, IPRED strengthened the availability and consistency of powerful enforcement tools - such as injunctions, evidentiary measures, and damages - across the Member States, many of which had previously adopted heterogeneous approaches. In several jurisdictions, especially within continental Europe, injunctions in patent and other IP cases were traditionally granted as a matter of course following a finding of infringement. This

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[14] Cornish, W.R., Drexl, J., Hilty, R., & Kur, A. (2003), 'Procedures and Remedies for Enforcing IPRs: The European Commission's Proposed Directive,' EIPR, pp. 447 ff.; European Commission (2010), Staff Working Document 'Analysis of the application of Directive 2004/48/EC', SEC(2010) 1589 final (available online on EUR-Lex).

[15] Directive 2004/48/EC, Recital 3; Commission, Proposal for a Directive on measures and procedures to ensure the enforcement of intellectual property rights, COM(2003) 46 final, 30 January 2003 (available online at EUR-Lex).

approach largely persisted after IPRED's adoption: German patent law, for instance, provided a statutory entitlement to injunctive relief (Section 139 PatG), and German courts routinely issued injunctions; similarly robust practices existed in France, Italy, and other civil-law jurisdictions. Common-law systems such as the United Kingdom traditionally recognised judicial discretion in equity, yet even there, injunctions were ordinarily granted in patent litigation unless compelling public-interest considerations justified otherwise.

IPRED nevertheless introduced a harmonised baseline and embedded a cross-cutting proportionality principle into the EU enforcement architecture. While strong remedies such as injunctions remain integral to the system, European law expressly cautions that such measures must not be abusive or unduly expansive. Recital 17 of IPRED emphasises that enforcement must avoid creating barriers to legitimate trade and must provide safeguards against abuse. These requirements gained additional constitutional force with the binding effect of the EU Charter of Fundamental Rights after the entry into force of the Lisbon Treaty in 2009, ensuring that Member States must respect proportionality when implementing EU enforcement law.

Against this background, European courts and legislatures have progressively embraced proportionality assessments when fashioning injunctive relief[16].

A significant development in this regard is the 2021 amendment to the German Patent Act, which now permits courts to deny or tailor injunctions where their enforcement would be disproportionate for the infringer or third parties. This reform, which aligns with the language and rationale of Article 3 IPRED, was prompted by concerns surrounding holdup risks in complex technological markets and the need for more flexibility in casescircumstances.

It is equally important to note that, even prior to this statutory reform, German jurisprudence had already integrated meaningful proportionality-based scrutiny. Relevant from this point of view is the ruling of the Bundesgerichtshof (the German Federal Court)

[16] As Professor Contreras has noted, developments in proportionality assessments outside the United States have also been influenced by concerns arising from the eBay judgment: "other countries view eBay as an inspiration when formulating rules regarding the need for proportionality in patent injunctions"; see Contreras, J. L., Written Testimony of Prof. Jorge L. Contreras before U.S. Senate Committee on the Judiciary Subcommittee on Intellectual Property (December 18, 2024). University of Utah College of Law Research Paper, available online: https://ssrn.com/abstract=5063326 or http://dx.doi.org/10.2139/ssrn.5063326.

of May 10, 2016, in the context of which a standard for proportionality, regarding injunctions had been established; the Court recognised that a transition period can be considered exceptionally «in individual cases if the immediate enforcement of the patent priopríetor's injunctive relief would represent a disproportionate hardship not justified by the exclusive right and would therefore be contrary to good faith, even taking into account his interests vis-à-vis the infringer»[17]. This decision was practically the 'blueprint' for the revised Section 139 German Patent Act on 2021.

Empirical research confirms this evolution also regarding SEPs: excluding transition cases, implementers succeed on the merits of a FRAND defence in approximately 36% of actions, illustrating a more nuanced reality than the often-portrayed notion that injunctions are automatic in German cases involving SEPs[18].

4.1.Injunctions

At the EU level, the Court of Justice has progressively infused the principle of proportionality into its intellectual property enforcement jurisprudence. The Court has repeatedly affirmed that, although intellectual property rights constitute fundamental rights under Article 17(2) of the Charter, they are not absolute: «there is … nothing whatsoever in the wording of that provision or in the Court's case-law to suggest that [an intellectual property] right is inviolable and must for that reason be absolutely protected»[19]. IP rights therefore must be balanced against other fundamental rights, including freedom of expression, information, and economic freedom. Injunctions and other enforcement measures must accordingly reflect a fair balance among competing interests.

In this framework, proportionality under Article 3 IPRED operates primarily as a safeguard against abuse or excessive harm. It prevents the deployment of remedies that would create unjustified barriers to legitimate trade, impose disproportionate burdens on intermediaries or users, or disrupt the equilibrium between exclusive rights and other Charter-protected freedoms.

[17] Bundesgerichtshof, May 10, 2016, available online: https://www.wipo.int/wipolex/en/judgments/details/2501.

[18] Baron, J., Bergallo, S., & Sergheraert, E. (2024). Empirical analysis of the German caselaw on SEP injunctions after Huawei v. ZTE (Northwestern Law & Economics Research Paper No. 24-07). Northwestern University School of Law.

[19] Case C-70/10, *Scarlet Extended SA v Société belge des auteurs, compositeurs et éditeurs (SABAM),* ECLI:EU:C:2011:771 (CJEU, 24 Nov. 2011), par. 43.

This approach is exemplified in decisions such as *L'Oréal v eBay*[20] and *UPC Telekabel Wien*[21], where the Court affirmed the principle that injunctions against intermediaries are in principle permissible and may constitute an essential component of effective enforcement. At the same time, the Court set clear boundaries: measures must be capable of effectively addressing infringement, but must remain proportionate, avoiding undue impact on lawful commerce or third-party freedoms.

Building on *L'Oréal* and *Telekabel*, the Court's subsequent case law has developed a dual imperative governing intermediary injunction: they must remain available and effective as routine elements of the remedial framework, yet they must be disciplined by structured proportionality analysis.

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[20] One major enforcement theme post-IPRED is the extension of injunctions to "innocent" intermediaries, namely entities like online platforms or ISPs that are not themselves infringers but whose services are used by others to infringe. IPRED's Article 11 explicitly allows such injunctions (further building on Article 8(3) of the InfoSoc Directive for copyright). In *L'Oréal v. eBay* (*L'Oréal SA v eBay International AG* (C-324/09), 12 July 2011), the CJEU held that national courts can order online marketplaces to take measures to prevent trademark infringements by sellers on their platform. L'Oréal had sued eBay over sale of counterfeit cosmetics, and while eBay as a host provider wasn't directly liable for damages (due to EU "hosting" safe harbor rules), the court confirmed that eBay could be subjected to injunctive orders to curb ongoing infringement. Crucially, the CJEU stressed that such injunctions must not go too far: they cannot be disproportionate or create barriers to legitimate trade. The court also noted that any injunction cannot impose a general monitoring obligation on intermediaries, since EU law (E-Commerce Directive Article 15) forbids forcing platforms or ISPs to monitor all user activity for infringements. Thus, *L'Oréal v. eBay* stands for a balanced approach: injunctions may include proactive measures to prevent future infringements, but they must be effective and dissuasive without being overbroad. National courts since then issued injunctions against marketplaces consistent with this guidance – e.g. ordering eBay to de-list specific counterfeit sellers and to take reasonable steps to detect similar abuse, all while ensuring legitimate sales of genuine goods are not hindered.

[21] Another paradigmatic case concerns injunctions against ISPs to block access to infringing content online. In *UPC Telekabel Wien* (*UPC Telekabel Wien GmbH v. Constantin Film Verleih GmbH, Wega Filmproduktionsgesellschaft mbH*, (C-314/12), 27.03.2014), the CJEU upheld an order requiring an internet service provider to block a pirate streaming website (kino.to) as a lawful enforcement measure under EU law. The Austrian court had issued an injunction instructing the ISP to do everything reasonably possible to prevent its customers from accessing the illicit site, without prescribing the specific technical means. The CJEU confirmed that ISPs are "intermediaries" whose services are used for infringement, so they can be enjoined under Article 8(3) InfoSoc Directive. However, the court engaged in a careful fundamental-rights analysis: it identified a three-way balance between (a) the IP holders' rights, (b) the ISP's freedom to conduct a business, and (c) internet users' freedom of information. The *Telekabel* ruling held that blocking injunctions are permissible only if they strike a fair balance between these interests. Accordingly, the ISP must be given flexibility in how to achieve the blocking (so as not to unduly burden its business) and must not be forced into unbearable sacrifices. At the same time, the injunction must not overly restrict lawful information: the ISP's chosen blocking measures must be strictly targeted to bring an end to the infringement, but without affecting the accessibility of lawful information. If an ISP's blocking goes too far and accidentally censors legal content, users must have a way to challenge it in court. The court cited the Charter to say IP protection isn't absolute. In sum, *UPC Telekabel* confirmed the permissibility of site-blocking injunctions across the EU (now common in many countries for copyright piracy websites), but entrenched proportionality and safeguards: intermediaries should not be overburdened, and user rights must be respected.

This line of reasoning is further reflected in judgments from *Scarlet Extended* and *SABAM v Netlog*[22] to *McFadden*[23], where the Court rejected injunctions requiring indiscriminate filtering, generalised surveillance, or unduly burdensome monitoring obligations, deeming them incompatible with Article 3 IPRED and Article 15 of the E-Commerce Directive. At the same time, the Court accepted targeted, technically feasible measures that could reasonably prevent or deter infringements without imposing blanket duties on intermediaries. In doing so, the Court articulated an operational balancing exercise: burdens placed on the intermediary must be calibrated against the rightsholder's interests, users' rights, and the broader public interest.

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[22] C-70/10 *Scarlet Extended*, see note 17; C-360/10, *Belgische Vereniging van Auteurs, Componisten en Uitgevers CVBA (SABAM) v Netlog NV*, ECLI:EU:C:2012:85 (CJEU, 16 Feb. 2012).The *Scarlet Extended* (C-70/10, 2011) and *SABAM v. Netlog NV* (C-360/10, 2012) judgments of the Court of Justice of the European Union represent two landmark decisions in the evolution of the principle of proportionality in the context of injunctions imposed on online intermediaries. In *Scarlet Extended*, the Belgian collecting society SABAM had brought proceedings against the internet service provider Scarlet, alleging that its subscribers were using peer-to-peer networks to share copyrighted musical works without authorization. SABAM sought a judicial order compelling Scarlet to install a filtering system capable of monitoring all electronic communications, detecting infringing material, and preventing its transmission. The Court held that such an injunction would amount to a general and indiscriminate monitoring obligation, contrary to Article 15 of the E-Commerce Directive, and would infringe the freedom to conduct a business under Article 16 of the Charter of Fundamental Rights. It also noted that continuous surveillance of all users' communications would interfere disproportionately with their rights to privacy and to receive and impart information, thereby breaching the principle of proportionality.

The subsequent *SABAM v. Netlog* case extended this reasoning to social media platforms. SABAM sought to require Netlog, an online social networking service, to implement a system to filter and block copyrighted content uploaded by its users. The Court reaffirmed its earlier position, holding that such a preventive and permanent obligation would likewise constitute a general monitoring measure incompatible with EU law. It emphasized that the protection of intellectual property, although fundamental, does not take precedence over other fundamental rights, and that any measure designed to enforce copyright must strike a fair and proportionate balance between the rights of rightholders and those of users and intermediaries, notably the freedoms of expression, information, and enterprise.

These judgments thus mark a decisive step in the CJEU's jurisprudence, establishing that injunctions against intermediaries must be targeted, proportionate, and respectful of the broader framework of fundamental rights. By anchoring the enforcement of intellectual property within a proportionality analysis, the Court laid the groundwork for a rights-based approach that has subsequently influenced later case law, including *UPC Telekabel Wien* and *Glawischnig-Piesczek v. Facebook*.

[23] Case C-484/14, *Tobias McFadden v Sony Music Entertainment Germany GmbH*, ECLI:EU:C:2016:689 (CJEU, 15 Sept. 2016). The *Tobias McFadden v. Sony Music Entertainment Germany GmbH* case (C-484/14, judgment of 15 September 2016) concerned the liability of the operator of a free, open Wi-Fi network used by third parties to infringe copyright. The CJEU held that the provider of such access qualifies as a "mere conduit" under Article 12 of the E-Commerce Directive and is therefore exempt from liability for users' infringements, provided that the service is purely technical, automatic, and passive. However, the Court also found that rights holders may seek proportionate injunctions requiring the operator to prevent future infringements, for example by protecting the network with a password, as long as such measures do not impose an excessive burden or restrict lawful communications. The judgment reaffirmed the principle of proportionality as a limit on intermediary injunctions and clarified the balance between copyright enforcement and the freedom to provide internet access services.

The notion of "intermediary" itself has been construed broadly. In *Tommy Hilfiger v Delta Center*[24], the Court held that the operator of a physical market hall qualifies as an intermediary whose services are used to infringe within the meaning of Article 11 IPRED and Article 8(3) InfoSoc. The ruling confirms the technology-neutral nature of the EU framework and the availability of proportionate injunctions across both online and offline distribution channels.

Later platform litigation - *YouTube*, *Cyando*[25]and *Mircom*[26] - did not directly define the contours of injunctions under Article 11, but refined the proportionality ecosystem in which such orders are issued. In the joined cases *YouTube/Cyando*, which concerned two markedly different platform architectures - a content-sharing service and a cyberlocker - the Court clarified the conditions under which platform operators may be considered to perform an act of communication to the public. It distinguished platform types and their roles, introduced context-sensitive liability thresholds, and embedded fundamental-rights balancing within the liability assessment, indirectly constraining overbroad remedial measures downstream.

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[24] Case C-494/15, *Tommy Hilfiger Licensing LLC v. Delta Center a.s.,* EU:C:2016:528.

[25] In *YouTube* and *Cyando* (C-682/18, *YouTube LLC v. Cyando GmbH*; C-683/18, *Elsevier Inc. v. Cyando GmbH*, Judgment of 22 June 2021, ECLI:EU:C:2021:503), the Court addressed whether online platforms hosting user-uploaded content can be held directly liable for copyright infringements committed by their users. The CJEU held that operators such as YouTube and the file-hosting platform Cyando do not, in principle, perform an act of communication to the public under Article 3(1) of the InfoSoc Directive when they merely provide a platform and act in a neutral, passive capacity. However, liability may arise where the operator plays an active role - for instance, by promoting, selecting, or controlling uploaded content - or fails to act promptly upon obtaining actual knowledge of infringement.

The Court further emphasized that Member States must ensure that injunctions or enforcement measures against such intermediaries comply with the principle of proportionality, safeguarding the balance between intellectual property protection and the freedom to conduct a business, information, and expression. These rulings significantly clarified the boundaries of platform responsibility under EU law prior to the Digital Services Act and remain a cornerstone of intermediary liability doctrine.

[26] The *Mircom International Content Management & Consulting Ltd v. Telenet BVBA* case (C-597/19, Judgment of 17 June 2021, ECLI:EU:C:2021:492) concerned the extent to which a company engaged in enforcing copyright claims could request the disclosure of subscriber data from an internet service provider in cases of alleged peer-to-peer file sharing. Mircom, which did not itself exploit the rights commercially but acquired them for enforcement purposes, sought identifying information about Telenet's customers who had shared copyrighted works online. The CJEU held that such an entity could, in principle, rely on the rights conferred by the Enforcement Directive (2004/48/EC), provided its activities genuinely serve to protect copyright and are not abusive or purely speculative. The Court also reiterated that any disclosure of personal data for enforcement purposes must respect the principle of proportionality, ensuring a fair balance between the right to intellectual property and the rights to privacy and data protection under the Charter of Fundamental Rights. This judgment thus reinforced the need for careful scrutiny of mass-enforcement practices and established clear limits on the use of subscriber data in copyright litigation.

In *Mircom*, a case involving large-scale monitoring of peer-to-peer networks and mass enforcement strategies, the Court signalled limits to enforcement models that prioritise revenue extraction over genuine copyright exploitation. It required national courts to ensure rigorous balancing with privacy and data-protection rights when granting information orders, thereby shaping the permissible contours of subsequent injunctive relief.

Together, these cases guide national courts toward injunctions that effectively curb infringement while avoiding overbroad, intrusive, or rights-disproportionate measures.

This broader trajectory has also been recognised in scholarship, which often characterises EU intermediary injunctions as a form of "accountability without liability" [27]: courts may enlist intermediaries as regulatory nodes to help abate infringement, but must ensure strict proportionality, transparency of duties, and differentiation between static, dynamic, and live-blocking orders[28]. Recent analyses document the gradual migration from static to dynamic measures and call for increasingly granular balancing to avoid remedial overshoot[29], ultimately synthesising this jurisprudence into a structured proportionality test that connects contemporary case law back to IPRED's minimum-harmonisation design[30].

4.2.Preliminary Injunctions

European enforcement practice has also undergone significant refinement with respect to preliminary injunctions. Article 9 IPRED requires that courts be able to order prompt and effective provisional measures to prevent imminent or ongoing infringements. EU courts widely rely on such measures in IP litigation, but their availability is moderated by the proportionality principle in Article 3, which ensures a fair allocation of risks where interim relief later proves unwarranted.

Over time, the Court of Justice has articulated a coherent standard for preliminary injunctions, one that balances effectiveness with proportionality. The minimum

[27] Husovec, M. (2017), *Injunctions against intermediaries in the European Union: Accountable but not liable?*, Cambridge: Cambridge University Press, 12: «The ensuing responsibility to assist is what I call accountability without liability, which is also referred to as "injunctive liability" or "intermediary liability" stricto sensu».
[28] Sikorski, R. (2022), "Towards a More Orderly Application of Proportionality to Patent Injunctions in the European Union", IIC – International Review of Intellectual Property and Competition Law, 53(1), 31–61.
[29] Frosio, G., & Bulayenko, O. (2021), "Website blocking injunctions in flux: static, dynamic and live", JIPLP, 16(10), 1127–1143, available online: doi:10.1093/jiplp/jpab107.
[30] Teunissen, T. (2025), "Intellectual property, injunctions, and proportionality: Towards a uniform approach", GRUR International, 74(9), 805–816, available online: doi:10.1093/grurint/ikaf074.

harmonisation benchmark under IPRED is twofold: first, interim relief must be realistically obtainable where the factual and legal circumstances justify it; second, national systems must provide proportionate ex post safeguards to compensate defendants if interim measures are subsequently revoked or found unjustified.

This two-pillar structure emerges clearly from the Court's case law. In *Bayer v Richter*, the Court held that the mere subsequent invalidation of the patent does not automatically render the application for interim relief "unjustified" under Article 9(7) IPRED. A rule automatically awarding compensation whenever a patent is later invalidated would discourage right holders from seeking provisional measures and would undermine the Directive's effectiveness rationale[31]. Bayer thus rejects any *de facto* requirement that patent validity be confirmed before a preliminary injunction may be granted.

The Court made this point explicit in *Phoenix Contact*, ruling that EU law precludes national practices that "in principle" refuse to grant patent preliminary injunctions unless validity has already been confirmed in opposition or invalidity proceedings[32]. National courts must be able to act without awaiting a determination on the merits, subject to a case-specific assessment anchored in Article 3 IPRED. In other words, *Phoenix Contact* operationalises the proportionality principle: courts must evaluate not only the strength of the right and urgency, but also the broader circumstances, including potential harm to both parties and the public.

The second pillar - *ex post* safeguards - is rooted in Article 9(7), which mandates that Member States empower courts to award "appropriate compensation" for losses caused by provisional measures that are revoked, lapse due to the applicant, or are later held unjustified. In *Bayer*, the Court held that "appropriate compensation" is an autonomous concept of EU law that cannot be confined to rigid national templates. While domestic rules may consider factors such as failure to mitigate or the parties' conduct, national systems must allow courts to assess all objective circumstances to prevent abuse and ensure proportionate liability[33].

[31] Case C-688/17, *Bayer Pharma AG v Richter Gedeon Vegyészeti Gyár Nyrt and Exeltis Magyarország Gyógyszerkereskedelmi Kft*, ECLI:EU:C:2019:722 (CJEU, 12 Sept. 2019), paras 58–66

[32] Case C-44/21, *Phoenix Contact GmbH & Co. KG v Harting Deutschland GmbH & Co. KG,* ECLI:EU:C:2022:309 (CJEU, 28 Apr. 2022).

[33] Case C-688/17, *Bayer*, paras 38–45 (autonomous concept of "appropriate compensation"), 67–71 (anti-abuse; consideration of parties' conduct).

Mylan v Gilead further clarified that Article 9(7) establishes a minimum harmonisation standard. Member States may adopt either strict-liability or fault-based regimes for compensation following wrongful preliminary injunctions, but judges must retain discretion to calibrate the quantum to the specific case. This ensures that national regimes remain consistent with both IPRED and Article 50(7) TRIPS, maintaining a balance between effective interim protection and fair ex post rebalancing[34].

Taken together, *Bayer, Phoenix Contact,* and *Mylan* confirm a model in which rapid and effective interim protection must be available yet must also be accompanied by proportionate compensation mechanisms where relief ultimately proves unwarranted. The CJEU's jurisprudence thus embeds preliminary injunctions firmly within IPRED's overarching effectiveness–proportionality architecture.

4.3. Damages

The CJEU's jurisprudence confirms that the system of civil remedies under the Enforcement Directive follows a strictly compensatory logic, thereby excluding punitive or exemplary damages even where the infringement is intentional, systematic, or otherwise particularly egregious.

In *Liffers* [35] - a copyright case concerning the unauthorised exploitation of a cinematographic work - the Court held that Article 13(1) requires full reparation of both material and moral prejudice, and that the rightholder may opt either for a concrete assessment of the actual harm suffered or for a lump sum corresponding to a reasonable hypothetical licence fee. This compensatory approach was reaffirmed in *OTK v SFP*[36], which concerned the unlicensed cable retransmission of audiovisual works: the Court accepted national legislation allowing damages amounting to double or even triple the ordinary licence fee, provided that such multipliers operate solely as a method of approximating actual prejudice and not as punitive sanctions. Both the judgment and the Opinion of AG Wathelet[37] stress that the Enforcement Directive neither requires nor

[34] Case C-473/22, *Mylan AB v Gilead Sciences Finland Oy,* ECLI:EU:C:2024:15 (CJEU, 11 Jan. 2024). (Art. 9(7) allows strict-liability or fault-based models if courts can calibrate compensation).

[35] Case C-99/15, *Christian Liffers v Producciones Mandarina SL and Mediaset España Comunicación SA,* ECLI:EU:C:2016:173 (CJEU, 17 Mar. 2016), paras 22–27, 28–31, 36–39.

[36] Case C-367/15, *Stowarzyszenie "Oławska Telewizja Kablowa" v Oławie v. Stowarzyszenie Filmowców Polskich*", ECLI:EU:C:2017:36 (CJEU, 25 Jan. 2017), paras 25–30, 31–36, 39–4.

[37] Opinion of AG Wathelet, EU:C:2016:703, paras 40–48.

envisages punitive damages, and that this constraint applies irrespective of the infringer's intent.

The non-punitive orientation of EU law has been echoed in other areas of intellectual property. In *Coavoux*[38] and *Hansson*[39], the Court again insisted that damages must correspond to the actual harm suffered and cannot assume a deterrent or exemplary character. A similar rationale underpins *United Video Properties*[40], which - although formally concerning the recovery of legal costs under Article 14 rather than damages - reaffirmed that remedies under the Directive must remain reasonable, proportionate, and confined to what is necessary to guarantee effective protection without overcompensating the claimant.

It follows that, under EU law, willful infringement, commercial-scale counterfeiting, or other forms of egregious conduct do not justify punitive damages: the Directive mandates exclusively compensatory awards, even in scenarios where the infringer acted deliberately. This stands in sharp contrast to the United States, where federal courts may grant enhanced damages - up to treble the compensatory amount - under 35 U.S.C. § 284 in cases of "egregious" or bad-faith infringement. As emphasised in the US scholarly literature, enhanced damages are designed as a crucial deterrent against so-called predatory infringement: in a post-eBay system where injunctions are no longer granted as of right, the unavailability of punitive measures would enable sophisticated firms to infringe knowingly, postpone licensing negotiations, and defer payment until a final judgment, often at little incremental cost[41].

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[38] Case C-590/17, *Coavoux*, EU:C:2018:395, paras 16–22.

[39] C-481/14, *Hansson*, EU:C:2015:774, paras 39–52 (damages in trademark enforcement must reflect actual prejudice suffered).

[40] Case C-57/15, *United Video Properties Inc v Telenet NV*, ECLI:EU:C:2016:611 (CJEU, 28 July 2016).

[41] The contrast between the EU's compensatory framework and US deterrence-oriented remedial theory is doctrinally significant. Whereas the Enforcement Directive adopts a restitutionary model centred on the "actual prejudice suffered" and explicitly rejects punitive or exemplary damages - even in situations of willful, persistent, or commercial-scale infringement - the US system authorises enhanced damages under 35 U.S.C. § 284 and statutory damages under 17 U.S.C. § 504(c), whose punitive and deterrent functions are expressly acknowledged. Recent US scholarship emphasises that enhanced damages play a crucial role in preventing so-called predatory infringement, particularly in the post-eBay environment in which injunctions are no longer granted as of right: see Barnett, J. M., Kappos, D. J. (2022), 'Restoring Deterrence: The Case for Enhanced Damages in a No-Injunction Patent System,' in 5G and Beyond: Intellectual Property and Competition Policy in the Internet of Things, Cambridge University Press (arguing that, absent robust punitive measures, sophisticated firms may rationally choose to infringe, delay licensing negotiations, and defer payment until judgment at minimal incremental cost). By contrast, the CJEU's jurisprudence - notably *Liffers* (C-99/15), *OTK/SFP* (C-367/15), and the proportionality-based reasoning in *United Video Properties*

Against this backdrop, the strictly compensatory nature of EU damages heightens the functional importance of injunctions within the European enforcement architecture. Some commentators have suggested that this structural difference partly explains why certain US patent holders have, in recent years, regarded Europe as a comparatively more attractive venue for patent enforcement[42].

5. THE US EXPERIENCE: FROM INJUNCTIONS GRANTED AS OF RIGHT TO THE *EBAY* TEST

Before the Supreme Court's landmark ruling in *eBay v. MercExchange*, L.L.C., 547 U.S. 388 (2006), US intellectual property litigation was characterised by a consistent judicial practice of granting injunctive relief once infringement was established - especially in patent and copyright cases, and to a significant extent in trademark and trade-secret matters. In many decisions, federal courts treated injunctions as the standard outcome following a finding of liability, with limited engagement in weighing equitable factors.

In patent law, permanent injunctions were long described as "the general rule" upon a finding of validity and infringement[43], reflecting a remedial landscape in which the patent holder's exclusionary entitlement was given substantial weight. Although injunctions are equitable remedies and thus formally subject to judicial discretion, pre-eBay case law frequently presumed irreparable harm and assumed the inadequacy of monetary relief, which considerably narrowed the practical scope of judicial balancing

Damages were governed by two familiar frameworks: lost profits, assessed under the *Panduit* test[44] (demand, absence of non-infringing substitutes

(C-57/15) - firmly anchors damages within a strictly compensatory and fundamental-rights-compliant structure, permitting lump-sum or enhanced awards only insofar as they serve evidentiary or quantification purposes, and never as sanctions detached from the harm actually sustained.

[42] IP2Innovate (2017), "Coalition Scope and Objectives", Position Paper, 4 April 2017, p. 7, available online: http://ip2innovate.eu/wp-content/uploads/2017/04/IP2I_Coalitionscopeandobjectives_v15_040317.pdf.

[43] *Richardson v. Suzuki Motor Co.*, 868 F.2d 1226, 1247 (Fed. Cir. 1989): «Infringement having been established, it is contrary to the laws of property, of which the patent law partakes, to deny the patentee's right to exclude others from use of his property … It is the general rule that an injunction will issue when infringement has been adjudged, absent a sound reason for denying it».

[44] *Panduit Corp. v. Stahlin Bros. Fibre Works,* 575 F.2d 1152, 1156 (6th Cir. 1978); under this test a patent owner must prove: (1) demand for the patented product, (2) absence of acceptable non-infringing substitutes, (3) his manufacturing and marketing capability to exploit the demand, and (4) the amount of profit he would have made. The Panduit test, however, operates under an inherent assumption that the patent owner and the infringer sell sufficiently similar products to compete in the same market segment (see *BIC Leisure Products v. Windsurfing Intern.,* 1 F.3d 1214, 1218 (Fed. Cir. 1993)).

, manufacturing capacity, and profit margins), and reasonable royalties, often determined through the Georgia-Pacific factors[45]. The doctrine of equivalents extended liability beyond literal claim scope, and wilful infringement exposed defendants to enhanced (treble) damages under 35 U.S.C. § 284[46].

Copyright law followed a similar structure: injunctions were ordinarily issued upon a finding of infringement, grounded in a presumption of irreparable harm[47]. Under 17 U.S.C. § 504, rightsholders could elect between actual damages plus infringer's profits or statutory damages.

Comparable dynamics were present in trademark and trade-secret cases. In trademark law, courts generally presumed irreparable harm upon a showing of likelihood of confusion[48], and injunctions were central to the remedial framework; profits awards were available in several circuits, particularly in cases of wilful infringement[49]. Trade-secret litigation - largely governed by state enactments of the Uniform Trade Secrets Act[50] - frequently resulted in injunctive relief, including, in some jurisdictions, reliance on the controversial "inevitable disclosure" doctrine[51].

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[45] *Georgia-Pacific Corp. v. U.S. Plywood Corp*., 318 F. Supp. 1116 (S.D.N.Y. 1970). In the mid-1990s the Federal Circuit endorsed the fifteen Georgia-Pacific factors as an appropriate and helpful framework for determining reasonable-royalty damages in patent cases. Courts have since applied those factors as the default framework, though they have been criticised as outdated and impracticable. As Gajarsa, Lee & Melamed observe: «the Georgia-Pacific framework has become increasingly unmoored from economic reality and has devolved into an unpredictable, ad hoc exercise that invites hindsight bias and excessive uncertainty» (Gajarsa, A. J., Lee, W. F., & Melamed, A. D. (2018), 'Breaking the Georgia-Pacific Habit: A Practical Proposal to Bring Simplicity and Structure to Reasonable Royalty Damages Determinations,' Texas Intellectual Property Law Journal, 26, pp. 52 ff., namely p. 53).

[46] «.. the court may increase the damages up to three times the amount found or assessed».

[47] *Nimmer on Copyright* § 14.06[A], at 14-143 (Melville B. Nimmer & David Nimmer eds., rev. ed. 2005).

[48] *Omega Importing Corp. v. Petri-Kine Camera Co*., 451 F.2d 1190 (2d Cir. 1971); LeBleu, E. (2022), "Trademark Modernization Act and the Codification of the Presumption of Irreparable Harm," Journal of Intellectual Property Law, 30, 206 ff., available online: https://digitalcommons.law.uga.edu/jipl/vol30/iss1/8.

[49] J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 30:47 (4th ed. 2004) noting presumption of irreparable harm in trademark cases prior to *eBay*); relevant is also § 30:62 explaining that disgorgement of profits was often conditioned on a finding of wilfulness, a rule that persisted in many circuits until the Supreme Court's decision in *Romag Fasteners, Inc. Fossil, Inc.*, 140 S. Ct. 1492 (2020).

[50] The Uniform Trade Secrets Act is a model law drafted by the Uniform Law Commission in 1979 (amended in 1985). Today, the UTSA coexists with the Defend Trade Secrets Act (DTSA) of 2016, which introduced a federal cause of action for trade-secret misappropriation while leaving state UTSA regimes intact.

[51] See *PepsiCo, Inc. v. Redmond,* 54 F.3d 1262 (7th Cir. 1995); see also Harris, J. F. (2005), "The Doctrine of Inevitable Disclosure: A Proposal to Balance Employer and Employee Interests," William & Mary Law Review, 47, 395, 403, available online: https://ir.lawnet.fordham.edu/cgi/viewcontent.cgi?article=4788&context=flr.

Across all these fields, the unifying characteristic of pre-eBay jurisprudence was the strong judicial tendency to grant injunctive relief with limited case-specific examination of equitable considerations. This reflected a predominant property-rule conception of intellectual property rights[52]. Yet critics warned that this remedial practice facilitated strategic behaviour, increased settlement pressure, and risked economically inefficient outcomes, particularly in patent enforcement[53].

5.1. The Supreme Court's *eBay* Decision

The Supreme Court's 2006 ruling in *eBay v. MercExchange* marked a decisive shift in US patent-remedies doctrine. The Court held that a patent holder seeking a permanent injunction must satisfy the traditional four-factor test applied in equity, thereby eliminating any presumption that injunctions should ordinarily follow a finding of infringement and requiring a case-specific assessment grounded in equitable principles.

At the core of *eBay* is the requirement that courts evaluate whether: the patentee has suffered an irreparable injury; monetary damages would be inadequate to compensate for that injury; the balance of hardships between the parties warrants equitable relief; and the public interest would not be disserved by a permanent injunction. The first factor is commonly understood to require proof that the patentee will suffer irreparable harm in the absence of an injunction, rather than as a consequence of past infringement alone.

Following *eBay*, US courts have denied permanent injunctions in a significant number of patent cases, particularly where the patentee operates primarily as a licensing entity[54].

In these situations, courts frequently substitute ongoing royalty payments for injunctive relief. This post-*eBay* trajectory is illustrated by prominent decisions such as *Apple v.*

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[52] Osenga, K. J. (2024), Written Testimony before the U.S. Senate Committee on the Judiciary, Subcommittee on Intellectual Property, The RESTORE Patent Rights Act: Restoring America's Status as the Global IP Leader, 18 December 2024, available online: https://www.judiciary.senate.gov/imo/media/doc/2024-12-18_-_testimony_-_osenga.pdf.

[53] Lemley, M. A., Shapiro, C. (2007), 'Patent Holdup and Royalty Stacking,' Texas Law Review, 85, pp. 1993–95; Lemley, M. A., Shapiro, C. (2005), 'Probabilistic Patents,' Journal of Economic Perspectives, 19, pp. 75 ff.; Shapiro, C. (2001), 'Navigating the Patent Thicket: Cross Licenses, Patent Pools, and Standard-Setting,' Innovation Policy and the Economy, 1, pp. 121-123; Merges, R. P. (1994), 'Of Property Rules, Coase, and Intellectual Property,' Columbia Law Review, 94, pp. 2661-2667; Allison, J. R., Lemley, M. A. (1998), 'Empirical Evidence on the Validity of Litigated Patents,' AIPLA Quarterly Journal, 26, pp. 205 ff.

[54] See U.S. Patent & Trademark Office (2021), Patent Litigation Study: Injunction Trends 2000–2020 (documenting the decline in injunction grant rates from approximately 95% pre-eBay to around 72% overall and roughly 20% for non-practicing entities post-eBay); Cotropia, C. A., Lemley, M. A. (2009), 'Permanent Injunctions in Patent Litigation After eBay: An Empirical Study,' Michigan Telecommunications and Technology Law Review, 12, pp.155 ff. (showing a sharp decline in injunction grants to NPEs).

Samsung, Nichia v. Everlight and *Intel v. AVM*, in which courts rejected injunctive relief even when the parties were direct competitors - confirming that no category of patent holder can assume entitlement to an injunction and that irreparable harm and inadequacy of monetary remedies remain the decisive criteria[55].

Whether federal courts have interpreted *eBay* too narrowly or too broadly remains debated, but the decision itself is consistent with the text of the US Patent Act, which provides that courts «may grant injunctions in accordance with the principles of equity» to prevent the violation of patent rights «on such terms as the court deems reasonable»[56].

The statutory language thus expressly contemplates judicial discretion and underscores that injunctions are not guaranteed outcomes, but remedies governed by equitable standards.

5.2 Assessing the Impact of the *eBay* Decision

According to some commentators, the *eBay* ruling realigned patent injunctions with broader equitable principles and «returned the system of injunctive relief to its historical roots»[57], prompting courts to adopt a more flexible and fact-specific approach. Subsequent Federal Circuit and district court decisions reaffirmed that the award of an injunction is a matter of sound judicial discretion rather than an entitlement that flows from the mere finding of infringement.

Empirical studies show that eBay significantly reduced the frequency of permanent injunctions in patent cases, with the decline particularly pronounced for non-practicing entities (NPEs)[58]. US courts have generally interpreted *eBay* to mean that NPEs seldom satisfy the irreparable-harm and inadequacy-of-legal-remedies requirements, often

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[55] See: *Apple Inc v Samsung Electronics Co*, 678 F.3d 1314 (Fed. Cir. 2012); *Nichia Corp v Everlight Americas Inc*, 855 F.3d 1328 (Fed. Cir. 2017); *Intel Corp v AVM Technologies LLC*, 2017 WL 3972602 (D. Del. 2017).

[56] 35 U.S.C. § 283 – Injunction: «The several courts having jurisdiction of cases under this title may grant injunctions in accordance with the principles of equity to prevent the violation of any right secured by patent, on such terms as the court deems reasonable».

[57] Landau, J., Written Testimony before the Committee on the Judiciary, Subcommittee on Intellectual Property, U.S. Senate, "The RESTORE Patent Rights Act: Restoring America's Status as the Global IP Leader", Dec. 18, 2024, available at https://www.judiciary.senate.gov/imo/media/doc/2024-12-18_-_testimony_-_landau.pdf.

[58] Acri Née Lybecker, K. M. L. (2024), "Injunctive Relief in Patent Cases: The Impact of eBay," working paper (under review), available at SSRN: https://ssrn.com/abstract=4866108; Osenga, K. J. (2017), "Rethinking the eBay Standard for Patent Injunctions," University of Pennsylvania Law Review Online, 165, pp. 1 ff.; Cotropia, C. A., Lemley, M. A. (2009), "Permanent Injunctions in Patent Litigation After eBay: An Empirical Study," Michigan Telecommunications and Technology Law Review, 12, pp. 155 ff.; Allison, J. R., Lemley, M. A., Schwartz, D. L. (2017), "How Often Do Nonpracticing Entities Win Patent Suits?," Berkeley Technology Law Journal, 32, pp. 237 ff.

reasoning that a licensing-based business model is ordinarily compensable through monetary royalties.

This categorical reasoning has, however, been criticised by federal agencies. In their 2025 Statement of Interest in *Radian Memory Systems LLC v. Samsung Electronics Co.*[59], the Department of Justice (Antitrust Division) and the US Patent and Trademark Office cautioned that *eBay* does not support any inference that NPEs are inherently incapable of showing irreparable harm. The agencies stressed that licensing-oriented entities may, in some circumstances, suffer non-quantifiable or structural harms - such as erosion of exclusivity or impairment of licensing strategies - and expressly urged courts not to treat business-model characteristics as determinative barriers to injunctive relief.

In the post-e*Bay* landscape, courts have more frequently relied on monetary remedies where injunctive relief is denied[60]. In such cases, infringers may continue to use the patented technology subject to ongoing royalties imposed by the court. Moreover, in instances of egregious or wilful infringement, courts retain the ability to award enhanced damages of up to treble the compensatory amount under 35 U.S.C. § 284[61].

A substantial body of scholarship argues that the lower availability of injunctions has diminished the economic value of patents, including for universities and research-oriented entities that rarely license on an exclusive basis[62]. The erosion of a presumptively exclusionary remedy is said to have weakened inventors' bargaining position, facilitating strategic infringement and contributing to what some call "efficient" or "predatory" infringement[63]. This view is reinforced by empirical and modelling studies suggesting that diminished access to injunctive relief reduces settlement rates, shifts bargaining power

[59] U.S. Department of Justice, Antitrust Division, & U.S. Patent and Trademark Office (2025), Statement of Interest, Radian Memory Systems LLC v Samsung Electronics Co., N.D. Cal., filed May 2025, available online: https://www.justice.gov/atr/media/1404506.

[60] See Love, B. J., et al. (2017), 'Empirical Patent Law: Injunctions and Ongoing Royalties after eBay,' Washington Law Review, 92, pp. 1669 ff.

[61] 35 U.S.C. § 284; *Halo Electronics, Inc. v. Pulse Electronics, Inc.*, 136 S. Ct. 1923 (2016).

[62] Osenga, K. J. (2025), 'RESTORE, PERA and PREVAIL: Bills that Fix Problems with the Patent System,' Akron Law Intellectual Property Blog, 27 March 2025, available online: https://blogs.uakron.edu/ualawip/2025/03/27/restore-pera-and-prevail-bills-that-fix-problems-with-the-patent-system

[63] Osenga, K. J. (2017), 'The Patent Efficient Infringement Problem: The End of the Beginning,' George Mason Law Review, 24, pp. 1 ff.

toward accused infringers, and depresses the expected returns to innovation effects felt most acutely by small or research-driven entities reliant on licensing income[64].

Conversely, defenders of *eBay* contend that the decision curbed abusive threats of injunctions while preserving meaningful protection for genuine innovators. They point to economic studies indicating that *eBay* may have had positive effects on innovation: for example, R&D investment in several technology sectors increased after 2006, and firms more exposed to patent litigation exhibited higher patenting and innovation activity, allegedly due to a diminished risk of holdup[65].

5.3 The RESTORE Patent Rights Act and some comparative considerations

The debate over the proper scope of injunctive relief in US patent law has periodically resurfaced in Congress, reflecting a persistent tension between calls to strengthen the exclusionary dimension of patent rights and concerns about maintaining the framework established by *eBay*[66].

This debate gave rise to the RESTORE Patent Rights Act, introduced in 2024 by Senators Coons and Cotton[67]. The bill proposes the reintroduction of a statutory presumption that injunctive relief should issue upon a judicial finding that a patent is valid and infringed[68]. In functional terms, such a presumption would substantially limit the role of the *eBay* four-factor test and would move US law closer to the pre-2006 remedial landscape, in which injunctions were typically granted unless exceptional circumstances counselled otherwise.

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[64] For economic analyses, see, e.g.: Seaman, C. B. (2017), 'Permanent Injunctions in Patent Litigation after eBay: An Empirical Study,' Iowa Law Review, 101, pp. 1949 ff.; Seaman, C. B. (2020), 'Post-eBay Patent Injunction Trends,' Virginia Law & Business Review, 15, pp. 59 ff.; Holte, R. T., Seaman, C. B. (2017), 'Patent Injunctions on Appeal,' Washington Law Review, 92, pp. 145 ff.; Taylor, C. (2019), 'eBay Revisited: How the Decline of Injunctive Relief Shapes Innovation Incentives,' Journal of Law, Economics & Policy, 15, pp. 235 ff.; Sidak, J. G. (2021), 'The Meaning of FRAND, Part II: Injunctions and Royalty Setting after eBay,' Journal of Competition Law & Economics, 17, pp. 75 ff.; Barnett, J. M. (2021), Innovators, Firms, and Markets: The Organizational Logic of Intellectual Property, Oxford University Press.

[65] Landau, J., Written Testimony before the Committee on the Judiciary, Subcommittee on Intellectual Property, U.S. Senate, "The RESTORE Patent Rights Act: Restoring America's Status as the Global IP Leader", Dec. 18, 2024, available at https://www.judiciary.senate.gov/imo/media/doc/2024-12-18_-_testimony_-_landau.pdf.

[66] See, e.g., Seaman, C. B. (2017), 'Permanent Injunctions in Patent Litigation after eBay: An Empirical Study,' Iowa Law Review, 101, pp. 1949 ff.; Holte, R. T., Seaman, C. B. (2017), 'Patent Injunctions on Appeal: An Empirical Study of the Federal Circuit's Application of eBay,' Washington Law Review, 92, pp. 145 ff.

[67] RESTORE Patent Rights Act, S. 4734, 118th Cong. (2024).

[68] Ibid, § 2 (introducing a rebuttable presumption that a court "shall" grant injunctive relief following a finding of validity and infringement).

The proposal has generated significant controversy. At a Senate IP Subcommittee hearing held on 18 December 2024, witnesses sharply disagreed on the likely effects of the bill[69]. Proponents argued that RESTORE is necessary to reinforce the reliability of patent rights, strengthen deterrence against infringement, and counteract what they perceive as strategic behaviour enabled by the diminished availability of injunctive relief[70]. Opponents of the RESTORE Act - including both academic experts and representatives of technology-intensive industries - warned that reinstating a presumption of injunctive relief would disproportionately benefit NPEs and litigation investors, increase holdup risks, and impose significant costs on innovation-driven sectors[71].

As of mid-2025, the RESTORE Act remains under consideration and exemplifies the broader policy divide: whether Congress should re-establish a more robust exclusionary remedy as the normative outcome following a finding of infringement, or preserve the approach developed under *eBay*.

There are significant differences between the enforcement of intellectual property rights in the EU and the United States, particularly regarding the availability of injunctions.

Under the EU framework, as set out in the IPRED, injunctions remain a primary enforcement mechanism and are generally granted to right holders upon establishing infringement. Although proportionality and abuse-of-rights principles introduce some flexibility, the underlying presumption favors injunctive relief.

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[69] U.S. Senate, Subcommittee on Intellectual Property (2024), Hearing on "Restoring Effective Patent Rights," 18 December 2024..

[70] Osenga, K. J. (2024), Written Testimony before the U.S. Senate Committee on the Judiciary, Subcommittee on Intellectual Property, The RESTORE Patent Rights Act: Restoring America's Status as the Global IP Leader, 18 December 2024, available online: https://www.judiciary.senate.gov/imo/media/doc/2024-12-18_-_testimony_-_osenga.pdf; Babcock, J. (2024), Written Testimony before the U.S. Senate Committee on the Judiciary, Subcommittee on Intellectual Property, The RESTORE Patent Rights Act: Restoring America's Status as the Global IP Leader, 18 December 2024, available online: https://www.judiciary.senate.gov/imo/media/doc/2024-12-18_-_testimony_-_babcock.pdf; see also: Senators Coons & Cotton, "Press Release: Senators introduce bipartisan, bicameral bill to restore injunctive relief for patent infringement," 30 July 2024.

[71] Landau, J., Written Testimony before the Committee on the Judiciary, Subcommittee on Intellectual Property, U.S. Senate, "The RESTORE Patent Rights Act: Restoring America's Status as the Global IP Leader", Dec. 18, 2024, available at https://www.judiciary.senate.gov/imo/media/doc/2024-12-18_-_testimony_-_landau.pdf; Contreras, J. L., Written Testimony of Prof. Jorge L. Contreras before U.S. Senate Committee on the Judiciary Subcommittee on Intellectual Property (December 18, 2024). University of Utah College of Law Research Paper, available online: https://ssrn.com/abstract=5063326 or http://dx.doi.org/10.2139/ssrn.5063326.

By contrast, the U.S. approach after *eBay*, has rejected any automatic entitlement to injunctions following a finding of infringement. Instead, courts apply the above mentioned four-factor equitable test, considering irreparable harm, adequacy of monetary remedies, balance of hardships, and public interest, which imposes a substantially higher threshold for obtaining an injunction.

Whereas eBay subjects the availability of an injunction to a broad, discretionary balancing of equitable considerations - centred on irreparable harm, the adequacy of damages, and the balance of hardships - EU law is built upon a rule-based remedial structure in which permanent injunctions remain the default consequence of infringement, subject only to narrowly defined limits derived from proportionality, abuse of rights, and the protection of third-party interests[72].

Neither IPRED nor the CJEU's jurisprudence provides any basis for importing the eBay elements of irreparable harm or adequacy of monetary remedies into the assessment of permanent injunctions: Recital 22 expressly confines irreparable harm to provisional measures, and the Court has consistently framed the right to exclude as an inherent component of the exclusive right under Article 17(2) of the Charter[73]. As emphasized also by recent scholarship the above doctrinal structure presupposes that every rightholder maintains an abstract interest in injunctive relief, which cannot be displaced by evidence that monetary compensation would suffice or that the rightholder engages in licensing rather than manufacturing[74]. Introducing eBay into the EU system would thus require courts to deny or tailor[75] injunctions on grounds foreign to IPRED, effectively altering the substantive content of the exclusive right and producing disfavoured categories of rightholders who could systematically fail to meet the eBay criteria. Such a shift would conflict with IPRED's minimum-harmonisation model and undermine the legal certainty and predictability that the EU enforcement *acquis* is designed to guarantee.

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[72] See Directive 2004/48/EC, Art. 11; Case C-580/13, *Coty Germany GmbH v Stadtsparkasse Magdeburg*, EU:C:2015:485; Case C-314/12, *UPC Telekabel Wien GmbH,* EU:C:2014:192.

[73] Directive 2004/48/EC, Recital 22 and Art. 3; Charter of Fundamental Rights of the European Union, Art. 17(2); Case C-149/17, *Bastei Lübbe GmbH & Co. KG v Strotzer*, EU:C:2018:841.

[74] Dijkman, N. (2023). Proportionality and Remedies in European Patent Law. Hart Publishing, pp. 178–181.

[75] van Dongen, L. (2023), 'Proportionality and Flexibilities in Final Injunctive Relief,' in Strowel, A., de Visscher, F., Cassiers, V., & Desaunettes-Barbero, L. (eds.), The Unitary Patent Package & Unified Patent Court: Problems, Possible Improvements and Alternatives, Ledizioni, pp. 357–387; abstract available online: https://ssrn.com/abstract=4626842.

This doctrinal incompatibility is reinforced when viewed through the lens of comparative procedural traditions.

From a procedural-law perspective, as Mirjan Damaška has shown, systems reflect the organisation and legitimacy of the state: common-law equity developed in fragmented orders that empowered party-driven litigation and broad judicial discretion, while civil-law systems evolved within bureaucratic states that expect judges to ensure systemic coherence and legal certainty[76]. Remedies thus act as "institutional rituals" expressing what societies expect from courts[77]. Importing the US *eBay* model - an open-ended equitable test - into the continental European context would disrupt this predictable, codified framework, expand judicial discretion beyond its historically legitimised boundaries, and risk encouraging opportunistic "hold-out" behaviour by infringers[78].

Policy considerations reinforce this conclusion. The European Union's competitiveness agenda, exemplified by the 2024 Draghi Report[79] calls for regulatory simplification and legal certainty to attract high-tech investment and accelerate technology diffusion. IPRED's stepwise, rule-based framework - incrementally adapted by case law and measured national reform - already fulfils these aims. Introducing an *eBay*-style discretionary test would increase litigation complexity and undermine predictability. Meanwhile, the UPC is producing coherent, supranational enforcement jurisprudence; legislative disruption at this juncture would be premature and counterproductive.

6. THE SEPS IN US AND EUROPE

Standard-essential patents (SEPs) occupy a distinctive and often contentious position within intellectual property enforcement. Their essentiality to a technical standard gives them heightened exclusionary potential, as access to entire product categories may depend on the ability to implement the patented technology. This leverage is not exclusive to SEPs:

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[76] Damaška, M. R. (1986). The faces of justice and state authority: A comparative approach to the legal process. New Haven: Yale University Press.

[77] Chase, O.G. (2005). Law, Culture, and Ritual: Disputing Systems in Cross-Cultural Context, New York University Press.

[78] Legrand, P. (1997), 'The Impossibility of Legal Transplants,' Maastricht Journal of European and Comparative Law, 4(2), pp. 111–124.

[79] Draghi, M. (2024). The future of European competitiveness: Report to the European Commission. Brussels: European Commission.

any patent with sufficiently broad claims may generate comparable foreclosure effects[80]. Nevertheless, standardisation may magnify this impact if adherence to a technical standard becomes a *de facto* market requirement..

Standard-development organisations (SDOs) therefore require members to declare whether they are willing to license essential patents on FRAND terms, although both ETSI and IEEE permit opt-outs[81].

6.1 The US Approach

In the United States, early concerns about patent hold-up led some commentators to suggest that a FRAND declaration should preclude injunctive relief[82]. This view was rejected in *Apple Inc. v Motorola Inc.*[83], where the Federal Circuit confirmed that a FRAND commitment does not categorically bar injunctions and that courts must apply the *eBay* four-factor test[84]. In practice, however, US courts rarely find the irreparable harm required to enjoin implementers[85], especially where the SEP holder's business model is centred on licensing. As a result, injunctions remain uncommon in SEP disputes.

Several significant decisions - including *Realtek v LSI*[86], *Ericsson v D-Link*[87], *TCL v Ericsson*[88], and the ongoing *Optis v Apple Inc.*[89] litigation - reflect this structural reluctance.

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[80] Actually while SEPs can create industry-wide exclusion due to standardisation, the underlying economic mechanism - control over a critical technological input - can also arise with non-SEP patents whose claims extend across complementary or system-level technologies. See: Barnett, J. M. (2021), Innovators, Firms, and Markets: The Organizational Logic of Intellectual Property, Oxford University Press, pp. 145–147, noting that patents covering architectural or system-level technologies can exert bottleneck power comparable to SEPs, even absent formal standardisation; Contreras, J. L. (2019), "Essentiality and Standards-Essential Patents: A Law and Economics Perspective," Antitrust Law Journal, 84(2), pp. 318–319, stating that economic essentiality arises whenever no commercially or technically feasible non-infringing alternatives exist, irrespective of standardization.

[81] ETSI IPR Policy, Clause 6.1 and 6.2; IEEE-SA Standards Board Bylaws § 6.

[82] Lemley, M. A., Shapiro, C. (2007), 'Patent Holdup and Royalty Stacking,' 85 Texas Law Review, pp. 1993–95.

[83] *Apple Inc v. Motorola Inc* 757 F 3d 1286 (Fed. Cir. 2014).

[84] *eBay Inc. v. MercExchange,* L.L.C., 547 U.S. 388 (2006).

[85] Seaman, C. B. (2017), 'Permanent Injunctions in Patent Litigation after eBay,' 101 Iowa Law Review, pp. 1949 ff.; Seaman, C. B. (2020), 'Post-eBay Patent Injunction Trends,' 15 Virginia Law & Business Review, pp. 59 ff.

[86] *Realtek Semiconductor Corp. v. LSI Corp.,* 946 F. Supp. 2d 998 (N.D. Cal. 2013).

[87] *Ericsson Inc. v. D-Link Systems, Inc.,* 773 F.3d 1201 (Fed. Cir. 2014).

[88] *TCL Communication Technology Holdings Ltd. v. Telefonaktiebolaget LM Ericsson*, 943 F.3d 1360 (Fed. Cir. 2019).

[89] *Optis Wireless Technology, LLC v. Apple Inc.,* ongoing litigation in the U.S. District Court for the Eastern District of Texas and related Federal Circuit appeals.

The Federal Circuit's decision in *Ericsson v. D-Link* is a leading illustration of the judiciary's reluctance to grant injunctive relief to SEP holders, particularly where the patentee's primary business model is licensing rather than practicing the technology. In assessing remedies for alleged infringement of Wi-Fi-related SEPs, the Court in fact reiterated that monetary damages are ordinarily adequate to compensate SEP holders, given the FRAND commitments that accompany inclusion in a standard. By stressing that the patentee had voluntarily undertaken obligations ensuring access to the technology on fair and reasonable terms, the Federal Circuit underscored that exclusionary remedies would be inconsistent with the expectations of both standard-setting participants and downstream implementers.

Moreover, *Ericsson v. D-Link* signalled that the burden of demonstrating irreparable harm is especially difficult to meet in SEP cases: where the patent holder routinely licenses its portfolio and lacks evidence of lost market share or injury beyond compensable royalties, courts are disinclined to presume any non-monetary harm.

This reasoning has contributed to a broader jurisprudential trend in which U.S. courts treat FRAND commitments as somehow incompatible with injunctions, thereby making such relief rare in SEP disputes and reinforcing the primacy of damages as the appropriate remedy.

The antitrust dimension has also evolved. Earlier theories that a SEP holder's request for an injunction could amount to anticompetitive conduct were expressly rejected. The DOJ has since repeatedly clarified - most recently in its Statement of Interest in *Disney v InterDigital*[90]- that seeking an injunction cannot constitute an antitrust violation except in cases of sham litigation or fraudulent procurement. Accordingly, US policy now firmly situates SEP disputes within contract and patent-remedies law rather than antitrust enforcement.

6.2 The EU Approach

[90] U.S. Department of Justice, Antitrust Division (2025), Statement of Interest, *Disney Enterprises, Inc. v. InterDigital, Inc.*, No. 23-996 (D. Del. 2025).It seems relevant from this point of view also the judgment by the U.S. Court of Appeals for the Ninth Circuit in *FTC v. Qualcomm Inc.,* 969 F.3d 974 (9th Cir. 2020); although it did not concern the use of injunctions for SEPs, but Qualcomm's practice to sell its modems only to licensed customers. Namely in this case the mentioned Court of Appeals reaffirmed the principle that the mere exercise of patent rights - even when accompanied by aggressive licensing practices - does not, without clear exclusionary intent or effect, amount to anticompetitive conduct.

The European Union follows a different architecture than the United States. While IPRED secures injunctions as the primary enforcement tool for patent infringement, but like in the U.S. system, there are no specific rules on enforcement of SEPs. The CJEU therefore addressed SEP injunctions through Article 102 TFEU[91] in *Huawei v ZTE*, establishing a reciprocal, structured negotiation framework[92]. The SEP holder must give timely notice and make a FRAND compliant offer; the implementer must respond diligently, avoid delaying tactics, and provide security if it continues to use the technology.

National courts have refined this framework. The German Federal Court of Justice in *Sisvel v Haier II*[93] clarified that "willingness" requires clear, consistent, and timely engagement, and that ambiguous or dilatory behaviour by implementers may justify injunctive relief. German practice has thus become increasingly nuanced.

In the United Kingdom, the Supreme Court in *Unwired Planet v Huawei*[94] confirmed that courts may determine global FRAND terms and enjoin implementers who refuse to accept them. Subsequent decisions - such as *Conversant*[95] and *Optis v Apple*[96] - refined the role of comparable licences and reaffirmed that the ETSI FRAND undertaking is governed by French law.

6.3 The UPC Approach

The Unified Patent Court (UPC) has begun to articulate its own supranational approach. Its first major SEP decision, *Panasonic v Oppo*[97] (Mannheim Local Division), aligned its reasoning closely with *Huawei v ZTE*. The Court held that the UPC is bound by EU law and that the *Huawei* framework applies directly without requiring a CJEU referral.

[91] Article 102 TFEU prohibits the abuse of a dominant position within the internal market insofar as it may affect trade between Member States. It does not forbid dominance itself, but forbids exploitative or exclusionary conduct by a firm that holds substantial market power, such as imposing unfair prices, limiting production or innovation, or discriminating between trading partners.
In essence, the provision ensures that dominant undertakings do not use their power to distort competition, harm consumers, or exclude rivals, thereby safeguarding the functioning of the EU internal market.
[92] *Huawei Technologies Co Ltd v. ZTE Corp* (Case C-170/13) EU:C:2015:477.
[93] *BGH, Sisvel v. Haier II,* KZR 35/17, judgment of 24 November 2020.
[94] *Unwired Planet International Ltd v. Huawei Technologies Co Ltd* [2020] UKSC 37.
[95] *Conversant Wireless Licensing Sàrl v. Huawei Technologies Co Ltd & ZTE Corp* [2019] EWCA Civ 38.
[96] *Optis Cellular Technology LLC v. Apple Retail UK Ltd & Apple Distribution International Ltd* [2023] EWHC 1095 (Pat).
[97] UPC, Local Division Mannheim, *Panasonic v. Oppo,* Case No. UPC_CFI_210/2023, judgment of 22 November 2024.

The UPC examined the parties' conduct in detail: Panasonic's notice was deemed sufficient despite an incomplete technical dossier, while Oppo's delayed counteroffer and limited disclosure were incompatible with the behaviour expected of a willing licensee.

On proportionality, the UPC held that the principle is not a free-standing balancing test capable of overriding *Huawei*, but rather a narrow safety valve applicable only in exceptional circumstances. When the SEP holder complies with *Huawei* and the implementer does not, injunctive relief remains the expected outcome.

6.4 Comparative Policy Debate

There are important differences between the EU and U.S. frameworks for the treatment of injunctions in SEP disputes. Since *eBay*, US debates have oscillated between concerns about hold-up (risk of excessive royalties) and hold-out or "efficient infringement", where implementers delay licensing and under-invest in negotiations. Scholars differ: some argue that strong injunction rights protect innovation; others argue they enable opportunistic behaviour by NPEs.

U.S. courts, however, have consistently rejected categorical rules either prohibiting or guaranteeing injunctions for SEPs, and the presence of a FRAND commitment is treated as one factor within the broader equitable analysis. In practice, as in the context of other patents, injunctions are rarely granted in SEPs cases. Importantly, U.S. antitrust authorities have clarified, most recently in their Statement of Interest in *Disney v. InterDigital*[98], that the mere act of seeking an injunction cannot, in itself, constitute an anticompetitive practice under U.S. law, except in cases involving sham litigation or fraudulent patent procurement. By contrast, the European approach embeds SEP injunctions within a competition law framework. The CJEU in *Huawei v. ZTE*[99] outlined a negotiation protocol for examining the request for an injunction under Article 102 TFEU. Compliance with this framework largely determines entitlement to injunctive relief. National courts, particularly in Germany, have interpreted this framework strictly, making injunctions a frequently applied remedy.

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[98] U.S. Department of Justice, Antitrust Division (2025), Statement of Interest, *Disney Enterprises, Inc. v. InterDigital, Inc.,* No. 23-996 (D. Del. 2025).

[99] *Huawei Technologies Co Ltd v. ZTE Corp,* Case C-170/13, EU:C:2015:477.

In the EU, the European Commission also proposed a SEP Regulation in April 2023[100]. The proposal underwent examination in the Council and in the European Parliament, but the Commission decided to abandon it in July 2025[101] on the basis of the explanation that there was no chance to get to a general approach.

Although just a few days ago the European Parliament decided to bring legal action before the Court of Justice of the European Union challenging the Commission's withdrawal of the SEP-Regulation[102], the situation nowadays is that we do not have rules specifically for SEPs, but meanwhile courts - particularly after *Huawei v ZTE* – seem to have developed a balanced jurisprudence, including proportionality requirement.

7. Conclusion

IPRED has substantially fulfilled its founding mission.

Before 2004, European IPR enforcement was fragmented: right holders faced widely differing tools for evidence preservation, quantification of damages, cost-shifting, and injunctions against intermediaries. This heterogeneity fostered forum shopping and undermined the internal market. IPRED responded with a catalogue of core remedies - injunctions, evidence-preservation, damages, cost recovery - under the guiding principles of effectiveness, dissuasiveness, and proportionality. The Directive did not seek full procedural unification, but it raised the common floor to a predictable and credible minimum across Member States.

Over the following two decades, EU-level case law has consolidated this minimum harmonisation standard. The Court of Justice of the EU (CJEU) has interpreted Articles 3, 9, 11, 13 and 14 IPRED in landmark judgments such as *Bayer Pharma AG v. Richter Gedeon*, *Phoenix Contact*, *Mylan v. Gilead*, *Liffers, OTK v. SFP, United Video Properties* as well as in intermediary-liability cases from *Scarlet Extended* to *UPC Telekabel Wien* and *McFadden*. These rulings have clarified how courts should grant rapid provisional

[100] European Commission (2023), Proposal for a Regulation on Standard Essential Patents, COM(2023) 232 final.

[101] European Commission (2025), Notice of Withdrawal of Proposal COM(2023) 232 final, 10 July 2025.

[102] European Parliament, Plenary resolution (25 November 2025), authorising the filing of an action before the Court of Justice of the European Union challenging the Commission's withdrawal of the proposed SEP Regulation. See "Lawmakers vote to sue EU Commission over SEP Regulation withdrawal," MLex, 25 November 2025.

measures, calibrate *ex post* safeguards, award full but non-punitive damages, and recover appropriate legal costs.

National legislatures have likewise adjusted: Germany's 2021 reform of §139 PatG, adding an explicit proportionality defence to injunctions, is a prime example of how domestic systems now integrate EU standards while preserving their own legal traditions.

The Unified Patent Court (UPC) has now begun to generate supranational case law, reinforcing consistent application of IPRED principles and further reducing the fragmentation that initially justified legislative action. This is particularly true after the very recent judgment by the UPC Court of Appeal in the *Meril v Edwards* case[103]; such judgment constitutes in fact a significant milestone in the development of a coherent supranational remedial framework within the Unified Patent Court (UPC). The Court of Appeal articulated, for the first time with such clarity, the precise manner in which proportionality constrains the grant of permanent injunctions under Articles 63 and 64 UPCA. While reaffirming that injunctive relief remains the default remedy upon a finding of infringement - consistent with Article 11 of Directive 2004/48/EC (IPRED) and Article 17(2) of the Charter of Fundamental Rights - the Court emphasised that this default is not absolute. It held that a "special reason" capable of displacing injunctive relief arises where the remedy would be incompatible with the proportionality obligations enshrined in Article 3 IPRED and in general principles of EU law, including fundamental rights[104]. In this respect, proportionality operates not as a discretionary, equity-based enquiry akin to the American model, but as a mandatory legal limit on judicial remedial powers.

The judgment is also particularly significant in that it expressly extends the proportionality analysis beyond the bilateral interests of the litigants to encompass the protection of third-party interests, notably those of patients in the medical device context. The Court accepted that the removal from the market of Meril's XL transcatheter valve prostheses - unique in

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[103] Unified Patent Court Court of Appeal, *Meril India Pvt Ltd, Meril GmbH, Meril Italy Srl v Edwards Lifesciences Corporation*, Joined Appeals UPC_CoA_21/2025 (APL_1926/2025) and UPC_CoA_27/2025 (APL_2205/2025), decision of 25 November 2025.

[104] UPC Court of Appeal, *Meril v Edwards*, paras. 188–191, emphasising that a "special reason" to deny an injunction may arise where granting it would contravene proportionality: «A special reason for denying an injunction may apply if, in the circumstances of the particular case, granting an injunction does not comply with the general obligations of Art. 3 of the Enforcement Directive, in particular the obligation that the remedies shall be proportionate. In addition, the Court must ensure that the application of its power under Art. 63(1) UPCA is not in conflict with fundamental rights protected by the European Union legal order or with other general principles of EU law, such as the principle of proportionality».

providing certain sizes unavailable from other manufacturers - could adversely affect patient care. It therefore recognised that proportionality may justify an exception to the otherwise automatic injunction where the infringing embodiment constitutes the only available, or a clinically superior, treatment option[105]. This move represents a substantial evolution: by foregrounding third-party welfare as a relevant factor in the proportionality calculus, the Court confirms that the remedial system under the UPC Agreement is structurally embedded in the broader EU constitutional framework, rather than governed exclusively by private law logics.

Equally important is the Court's rejection of the first-instance mechanism that conditioned access to exempted devices on the patentee's maintenance and clinical assessment within its own Medical Request Portal. The Court held that such a mechanism was insufficiently objective and placed disproportionate gatekeeping authority in the hands of the right holder, thereby failing to satisfy the proportionality requirement[106]. Instead, it endorsed a procedural architecture under which a treating physician's certification that the XL device is the only viable treatment option is sufficient to trigger an exemption from the injunction. This modification demonstrates that proportionality entails not only substantive balancing, but also procedural guarantees designed to avoid structures that unduly privilege the right holder's interests at the expense of accessibility and medical autonomy.

Taken together, these elements render *Meril v Edwards* a pivotal authority in the nascent UPC jurisprudence on proportionality.

The Court of Appeal does not merely reference proportionality as an interpretative principle; it concretises it through detailed thresholds, evidence requirements, and the crafting of remedy carve-outs embedded within the operative order itself and made clear that relief must not result in outcomes incompatible with fundamental rights, third-party welfare, or the principle of proportionality as codified in IPRED. In this sense, the decision

[105] Ibid., para. 191, recognising that third-party interests - such as those of patients - may justify exceptions to injunctive relief where the infringing product constitutes the sole or superior treatment option («When considering the proportionality of injunctive relief and corrective measures, the Court may take into account not only the interests of the parties to the litigation but also the interests of third parties, such as patients»).

[106] Ibid., paras. 195–197, rejecting the dependency on the patentee's Medical Request Portal and adopting an objective physician-notification mechanism as the appropriate proportionality safeguard («The availability of these products should not depend on the willingness of Edwards to maintain the portal or on the assessment by Edwards' team of doctors. A notification of an intention to use Meril's XL device by a physician confirming that such product is the only available treatment option for a particular patient should be sufficient»).

both aligns with and further elaborates the trajectory established by CJEU case law on intermediary injunctions and by recent national reforms - most notably the German amendment to §139 PatG - while giving the UPC a distinct supranational doctrinal profile likely to influence remedial reasoning across Member States.

Thus in the EU context proportionality has emerged as the key steering device, but with a character distinct from the US equitable model.

Article 3 and Recital 17 of IPRED require remedies to be fair, equitable, not unnecessarily complex or costly, and proportionate; European proportionality works primarily to prevent abusive or excessively harmful measures and to calibrate injunctions in exceptional cases[107]. This is clear from CJEU jurisprudence on intermediary injunctions (*Scarlet Extended, Telekabel, McFadden*), from FRAND standard-essential patent (SEP) litigation under *Huawei v. ZTE* and subsequent national and UPC practice, and from the German §139 PatG reform.

The transatlantic comparison underscores that remedial law is deeply embedded in procedural culture.

Before *eBay*, US courts routinely granted injunctions in patent and copyright cases, reflecting a property-rule conception of IP. The Supreme Court's 2006 decision in *eBay v. MercExchange* , imposed a four-factor equitable test (irreparable harm, inadequacy of damages, balance of hardships, public interest). Since then, courts have turned to ongoing royalties as a substitute[108]. This shift fits the American adversarial tradition, where equity and judicial discretion are central, and fuels current debates such as the 2024 RESTORE Patent Rights Act, which seeks to reintroduce a presumption of injunctive relief.

Europe, by contrast, retains a codified, rule-based, judge-driven remedial structure.

IPRED has created a reliable and predictable EU-wide enforcement floor; national divergences remain, but are narrowing through CJEU guidance, national proportionality reforms, and UPC decisions.

[107] Metzger A., (2025) 'The EU Principle of Proportionality as a Limit to Injunctions in Patent Law', JIPLP (advance article available online: https://doi.org/10.1093/jiplp/jpaf058).
[108] Osenga K. J., (2016) 'The Patent Injunction Mess' 23 Geo Mason L Rev 1.

Proportionality operates as a safeguard against abuse and extreme harm, not as a full balancing test comparable to the US *eBay* factors[109].

Both EU and US systems pursue fairness, but through fundamentally different remedial traditions; the US relies on equitable discretion, the EU on statutory entitlement tempered by proportionate limits.

On the basis of the above, it seems that there isn't any need of including *eBay* factors through a revision of the IPRED: incremental judicial development and supranational convergence better serve Europe's legal culture and competitiveness goals than transplanting the US model.

This conclusion also situates the present analysis within ongoing European policy debates. Stakeholder groups have urged the Commission to reopen IPRED, arguing that proportionality is insufficiently and inconsistently applied in patent litigation and that more explicit safeguards are needed to prevent overbroad injunctions in technologically complex sectors. Their proposals reflect concerns about litigation asymmetries and the risk of exclusionary remedies being used strategically[110]. This debate is not limited to industry actors: some scholars have also called for targeted amendments to IPRED, arguing that the Directive should incorporate more explicit proportionality mechanisms to prevent overbroad injunctions in complex technologies[111].

Yet, as this study has shown, the current EU framework - comprising IPRED's rule-based architecture, the CJEU's structured proportionality jurisprudence, and the emerging UPC case law - already provides a coherent and predictable mechanism for calibrating injunctive relief without importing the open-ended equitable discretion characteristic of *eBay*. While the objectives pursued by the above mentioned stakeholders could be considered legitimate, the pathway to achieving them lies more convincingly in continued judicial refinement than in transplanting U.S.-style remedial standards.

[109] Dijkman, N. (2023). Proportionality and Remedies in European Patent Law. Hart Publishing, pp. 166–170.

[110] IP2Innovate, Modernisation of the EU IPR Enforcement Directive through targeted amendments is needed to fully exploit the potential of the Single Market (News & Media, accessed 2 December 2025); IP2Innovate, Europe's patent system is undermined by the lack of application of proportionality as required by EU law (Advocacy, accessed 2 December 2025).

[111] Sikorski, R. (2024), Realising the Potential of Proportionality in Patent Enforcement - A Case for Amending IPRED, IP2Innovate, available at: https://ip2innovate.eu/blogs/

Europe should therefore continue to refine its own proportionality-based, rule-driven enforcement framework rather than import US-style equitable discretion.

IPRED's combination of statutory entitlement, targeted proportionality control, and growing supranational case law seems to remain a sound foundation for effective, predictable, and innovation-supportive IP enforcement in the Union.