

Injunctions in European Patent Law

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I. Introduction

Does automatic grant of an injunction in case of infringement have to be put into question?

- example: patent concerned protects a technology, which perhaps is only a minor component of a much more complex system
 - potential effect of the injunction: stopping the system as a whole
 - Injunction disproportionate?
- analysis from a statutory perspective

II. Legal foundations

1. International instruments

TRIPs

- wants to establish certain convergence in the enforcement of IP-rights
- acknowledges the differences of national legal systems (preamble)
- Art. 44 para. 1 – Injunctions: “The judicial authorities shall have the authority to order a party to desist from an infringement [...].”
 - no proportionality requirement
 - ⇔ other Articles spell out proportionality requirement (i.e. Art. 46 TRIPs)
- Art. 41 para. 2 - General Obligations: “fair and equitable procedures concerning the enforcement of intellectual property rights”
 - no proportionality requirement concerning the application of the law

II. Legal foundations

1. International instruments

TRIPs

Art. 30

Exceptions to Rights Conferred

Members may provide limited exceptions to the exclusive rights conferred by a patent, provided that such exceptions do not unreasonably conflict with a normal exploitation of the patent and do not unreasonably prejudice the legitimate interests of the patent owner, taking account of the legitimate interests of third parties.

- addresses the extent of the patent as a substantive (exclusivity) right
- concerns limitations of the right's scope
- methodological argument: outside of Part III on procedural remedies

II. Legal foundations

1. International instruments

Enforcement Directive

- Art. 11 on injunctions does not stipulate a proportionality requirement
- but:

Article 3 – General obligation

2. Those measures, procedures and remedies shall also be effective, **proportionate** and dissuasive and shall be applied in such a manner as to avoid the creation of barriers to legitimate trade and to provide for safeguards against their abuse.

- however: certain provisions on remedies explicitly spell out proportionality requirement (i.e. Art. 8(1), 10(3))
- proportionality must be balanced against effectiveness and dissuasiveness

II. Legal foundations

1. International instruments

Enforcement Directive

Article 12

Alternative measures

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

→ no general proportionality requirement but exemption clause targeting faultless behavior

II. Legal foundations

2. European patent laws - overview

a) Patent injunctions in Germany

- if preconditions of Sec. 139 Patent Act are fulfilled, an injunction **must** be granted
- injunction is rooted in substantive and not procedural law in Germany
- no general proportionality requirement mirroring Art. 3(2) Enf. Dir.
- Art. 12 Enforcement Directive not implemented
- however: good faith defense according to Sec. 242 BGB
- BGH “Wärmetauscher” (granting of a grace period):
 - high threshold was defined
 - necessary consequence that infringer has to cease production: ‘Consequential hardship is to be accepted’
 - limitation on the effects of a patent only justified in cases of ‘intolerable hardship’ (Unzumutbarkeit)
 - specific case: grace period not granted

II. Legal foundations

2. European patent laws - overview

b) Patent injunctions in UK

- remedy such as injunction is an application of the law of equity
- UK did not implement 12 Enforcement Directive
- UK courts see themselves as authorized on basis of their equity not to grant an injunction for reasons on disproportionality
- However, only for rare and exceptional cases
- EWHC in *Navitaire*: “[...] *that the effect of the grant of the injunction would be grossly disproportionate to the right protected, the word ‘grossly’ avoids any suggestion that all that has to be done is to strike a balance of convenience.*”

II. Legal foundations

2. European patent laws - overview

c) Patent injunctions in France

- injunction is a remedy as of right, will systematically follow a finding of infringement
- injunctive relief considered a natural consequence of finding infringement
- infringers must be sanctioned for the simple fact that they have infringed
- Art. 12 Enforcement Directive not implemented in French law
- Injunctive relief denied in two scenarios:
 - competition law defense
 - abuse of rights defense for instituting legal proceedings

II. Legal foundations

2. European patent laws - overview

d) Patent injunctions under UPCA

Article 63

Permanent injunctions

1. Where a decision is taken finding an infringement of a patent, the Court may grant an injunction against the infringer aimed at prohibiting the continuation of the infringement. The Court may also grant such injunction against an intermediary whose services are being used by a third party to infringe a patent.

→ literal implementation of Art. 11 Enforcement Directive

II. Legal foundations

2. European patent laws - overview

d) Patent injunctions under UPCA

Art. 63 – No procedural discretion

- reflects the Continental European view that procedural order of an injunction is result of a substantive cease-and-desist claim
- rule equaling Art. 12 Enforcement Directive has been deleted from draft RoP
- no procedural discretion of judges not to grant an injunction
- counter arguments must therefore be asserted under substantive law
- Discretion because of wording “may grant”? Predominant opinion: No
- wording ‘may’ is understood as to give UPC legal authority (power) to grant cease-and-desist order
- defendant has enough opportunity to argue on the award of the substantive claim

II. Legal foundations

2. European patent laws - overview

d) Patent injunctions under UPCA

Art. 63 – No general substantive law defense of disproportionality

Legal basis of cease and desist claim:

Article 5 EPUE-Reg. – Uniform protection

1. The European patent with unitary effect shall confer on its proprietor the right to prevent any third party from committing acts against which that patent provides protection throughout the territories of the participating Member States in which it has unitary effect, subject to applicable limitations. [...]

Art. 25 UPCA – Right to prevent the direct use of the invention

A patent shall confer on its proprietor the right to prevent any third party not having the proprietor's consent from the following:

- (a) making, offering, placing on the market or using a product which is the subject-matter of the patent, or importing or storing the product for those purposes; [...]

II. Legal foundations

2. European patent laws - overview

d) Patent injunctions under UPCA

Art. 63 – No general substantive law defense of disproportionality

(Legal basis of cease and desist claim Art. 5 EPUE-Reg., Art. 25 UPCA)

- no explicit proportionality requirement
- fallback on applicable national law possible according to Art. 24 lit. e and (2) UPCA to raise proportionality defense?
- No, UPCA and EPUE are comprehensive on proportionality:
 - Art. 3(2) Enforcement Directive applicable, but only general standard
 - UPCA explicitly addresses proportionality for specific remedies: i.e. Art. 60, 62, 68
 - drafters of the UPCA took a deliberate choice not to include proportionality requirement in Art. 63 on injunctions
- good faith defense based on applicable national law still possible

III. Opinion

1. Systematic argument

- general proportionality assessment could severely disturb balance of the patent system as a whole
- patent system founded on idea of publication of the invention versus grant of a temporary monopoly
- patent laws clearly describe scope and restrictions of exclusivity right
- injunction is central to effective enforcement
- injunction has very high deterrent potential

III. Opinion

1. Systematic argument

- proportionality requirement would equal an unwritten restriction of patent right as such
 - would mirror a compulsory license
 - massive danger to legal certainty
 - deliberate choice of the legislator to balance the interests concerned would be at risk
 - competitors can attack patent in opposition and nullity proceedings
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- *de lege lata*, no sufficient legal basis for proportionality requirement
 - explicit codification by legislator required
 - definition of strict/high standards preferable

III. Opinion

2. Comparison to know-how

Article 13 Know-how-Directive

Conditions of application, safeguards and alternative measures

1. Member States shall ensure that, in considering an application for the adoption of the **injunctions** and corrective measures provided for in Article 12 and assessing their **proportionality**, the competent judicial authorities shall be required to **take into account the specific circumstances of the case, including, where appropriate:**

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

III. Opinion

2. Comparison to know-how

Article 13 Know-how-Directive

(Sec 9 Governmental Draft Trade Secret Act)

- rule works as an exception
- criteria for proportionality assessment are spelled out
- *Why proportionality here and not with respect to patent injunctions?*
 - nature of the rights: know-how is no full fledged IP-right
 - object of protection is the fact that information is secret not information itself
 - aim is to prevent information from being leaked to general public
 - different interests in proportionality assessment
- perspective of the infringer: there is no public register, so difficult to check whether knowledge has been legally obtained
 - higher risk of faultless infringement

IV. Conclusion

- international instruments do not prescribe specific proportionality requirement for injunctions
- standards for proportionality defense under national laws (good faith/equity) very high
- UPCA silent on proportionality of injunctions
- general proportionality assessment could severely disturb patent system as a whole
- *de lege lata* no sufficient legal basis
- would therefore require explicit codification with high standards
- see Art. 13 Know-how-Directive/Sec. 9 Governmental Draft Trade Secrets Act



Thank you!