

CEDERQUIST

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Enforcement Directive 2004/48/EC

Article 3 – General obligation

1. Member States shall provide for the measures, procedures and remedies necessary to ensure the enforcement of the intellectual property rights covered by this Directive. Those measures, procedures and remedies shall be ***fair and equitable*** and shall ***not be unnecessarily complicated or costly***, or entail unreasonable time-limits or unwarranted delays.
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.

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Purpose of damages

Prevention

Compensation

Reparation



Punishment

Damages (Enforcement Directive 2004/48/EC)

Article 13.1

Member States shall ensure that the competent judicial authorities, on application of the injured party, order the infringer who knowingly, or with reasonable grounds to know, engaged in an infringing activity, to pay the rightholder damages appropriate to the actual prejudice suffered by him/her as a result of the infringement.

When the judicial authorities set the damages:

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

or

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

Sweden – Compensation is the guiding



- *”..skälig ersättning för utnyttjandet av varukännetecknet samt ersättning för den ytterligare skada som intrånget har medfört [..]” (8 kap. 4 § varumärkeslagen)*
- The rightholder must establish the damage – then RB 35:5 may be used by the court to assess the size of the damage. NJA 2005 s 180 (Formsprutarna).
- Burden of proof – the party claiming the damage.
- Causality between the infringement and the damage/loss.

Norway – Patentloven 58 §

For forsettlig eller uaktsomt patentinngrep skal inngriperen betale til rettighetshaveren:

- a) vederlag svarende til en rimelig lisensavgift for utnyttelsen, samt erstatning for skade som følge av inngrepet som ikke ville oppstått ved lisensiering,
- b) erstatning for skade som følge av inngrepet, **eller**
- c) vederlag svarende til vinningen som er oppnådd ved inngrepet.

[..]

Er det handlet forsettlig eller grovt uaktsomt, skal inngriperen, dersom rettighetshaveren krever det, i stedet for vederlag og erstatning fastsatt etter første ledd, betale vederlag svarende til det ***dobbelte av en rimelig lisensavgift for utnyttelsen.***

Concerns from a client perspective

- Rightholder's main interest to stop the infringement – injunctions (also interlocutory).
- Careful considerations – litigation entails high economic risk.
- Infringement may be established, but difficult to provide sufficient evidence of the damage suffered.
- Burden of proof (not affected by RB 35:5).
- Long and costly legal proceedings (and unsuccessful party to bear legal costs).
- Rightholders view that they are never "fully" compensated by damages (compensation amounts low and hard to calculate and establish).

Challenges - Full compensation – does it exist?

▪ Situation:

- The profit made by the infringer exceeds the damage suffered by the rightholder.
- Unbalanced outcome although the rightholder is “fully compensated” for the damage suffered.

▪ Solutions:

- Punitive damages?
- Compensation based on the infringer’s unfair profits?



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