



Introduction: International and Regional Legal Framework

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WIPO



- Self-funding UN agency, founded in 1967
- 193 Member States
- Based in Geneva, with external offices in Abuja, Algiers, Beijing, Moscow, Rio de Janeiro, Singapore and Tokyo
- Global forum for IP services, policy, information and cooperation (inc. administration of 25 IP treaties)
- Mission: *The promotion of innovation and creativity for the economic, social and cultural development of all countries, through a balanced and effective international intellectual property system*

WIPO Copyright Treaty (WCT)

Article 14

Provisions on Enforcement of Rights

- (1) Contracting Parties undertake to adopt, in accordance with their legal systems, the measures necessary to ensure the application of this Treaty.
- (2) Contracting Parties shall ensure that enforcement procedures are available under their law so as to permit effective action against any act of infringement of rights covered by this Treaty, including expeditious remedies to prevent infringements and remedies which constitute a deterrent to further infringements.

= Article 23, WIPO Performances and Phonograms Treaty (WPPT)

Agreement on Trade-Related Aspects of Intellectual Property Rights (1994) (TRIPs)

- *Art. 41(1) Members shall ensure that enforcement procedures as specified in this Part are available under their law so as to permit **effective action against any act of infringement of intellectual property rights** covered by this Agreement, including expeditious remedies to prevent infringements and **remedies which constitute a deterrent to further infringements**. These procedures 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.*

TRIPs: Final Remedies

- Injunctions (Art. 44)
- Damages (Art. 45)
- Destruction/disposal of infringing goods, materials and implements (Arts 46, 59, 61)

Types of damages

- Actual loss (net lost revenue)
- Notional actual loss (loss of licence fee)
- Loss with uplift (“infringer’s premium”)
- Moral damages (injury to reputation or feelings)
- Punitive damages
- “Additional damages” (British specificity)
- Statutory or pre-established damages – US, Canada
- *Not damages: Recovery of infringer’s profits*

TRIPs: Damages

Article 45

Damages

1. The judicial authorities shall have the authority to order the infringer to pay the right holder damages **adequate to compensate for the injury** the right holder has suffered because of an infringement of that person's intellectual property right by an infringer who knowingly, or with reasonable grounds to know, engaged in infringing activity.

2. ...

TRIPs: Damages

Article 45 *Damages*

1. ...

2. The judicial authorities shall also have the authority to order the infringer to pay the right holder expenses, which may include appropriate attorney's fees. In appropriate cases, Members may authorize the judicial authorities to order **recovery of profits** and/or payment of **pre-established damages** even where the infringer did not knowingly, or with reasonable grounds to know, engage in infringing activity.

EU: Directive 2004/48/EC on the enforcement of intellectual property rights

Article 13

Damages

- 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.

...

EU: Directive 2004/48/EC on the enforcement of intellectual property rights

Article 13

Damages

[1 cont.]

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 ...

EU: Directive 2004/48/EC on the enforcement of intellectual property rights

Article 13

Damages

[1 cont.]

(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.

Final Remedies: Damages

Recital 26

- With a view to compensating for the prejudice suffered as a result of an infringement committed by an infringer who engaged in an activity in the knowledge, or with reasonable grounds for knowing, that it would give rise to such an infringement, the amount of damages awarded to the rightholder should take account of **all appropriate aspects**, such as loss of earnings incurred by the rightholder, or unfair profits made by the infringer and, where appropriate, any moral prejudice caused to the rightholder ...

Final Remedies: Damages

Recital 26

- ...As an alternative, for example where it would be difficult to determine the amount of the actual prejudice suffered, the amount of the damages might be derived from elements such as the royalties or fees which would have been due if the infringer had requested authorisation to use the intellectual property right in question. **The aim is not to introduce an obligation to provide for punitive damages** but to allow for compensation based on an objective criterion while taking account of the expenses incurred by the rightholder, such as the costs of identification and research.

Case law of CJEU

■ *Liffers*, C-99/15 (17 March 2016)

- Moral damages are recoverable alongside financial loss, including where the lump sum approach is taken.

■ *Jørn Hansson*, C-481/14 (9 June 2016)

- Arbitrary enhancement of damages to reflect wrongful nature of the act is not a legitimate measure of *actual* damage.
- Recovery of infringer's profits is a distinct remedy ≠ damages.

■ *Stowarzyszenie "Oławska Telewizja Kablowa"*, C-367/15 (25 Jan. 2017)

- Directive 2004/48/EC sets a minimum.
- Does not preclude legislation entitling RH to two times notional licence fee.

TRIPs: Criminal Procedures (Art. 61)

- Criminal procedures and penalties mandatory at least in cases of wilful TM counterfeiting or copyright piracy **on a commercial scale**.
- Commercial scale: *“[in] quantitative terms, the benchmark would be the magnitude or extent at which engagement in commerce, or activities pertaining to or bearing on commerce, are typically or usually carried on, in other words, the magnitude or extent of typical or usual commercial activity. [...] [What] is typical or usual varies according to the type of commerce concerned”* (WTO Panel, “China – Measures affecting the protection and enforcement of IPRs” (WT/DS362/R), paras 7.543 to 7.545)
- Not a question of intent or specific quantitative thresholds.

TRIPs: Criminal Procedures (Art. 61)

- But: the Panel “may not simply assume that thresholds, including numerical tests, are inconsistent with the relative benchmark in the first sentence of Article 61 of the TRIPS Agreement. As long as a Member in fact provides for criminal procedures and penalties to be applied in cases of wilful trademark counterfeiting or copyright piracy on a commercial scale, it will comply with this obligation.” (para. 7.601)
- *Quaere* whether arbitrary loss thresholds capture the notion of commercial scale?

Thank you for your attention.

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