

NOTES

C'est What? Saisie! A Comparison of Patent Infringement Remedies Among the G7 Economic Nations

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INTRODUCTION

Purdue Pharma was facing the greatest threat to its business it had ever encountered. The patents covering its controlled-release, oxycodone pain medication were under attack; another company wanted to market a competing product, probably at a much lower price. Sales of this one drug represented almost 80 percent of Purdue's total revenue,¹ and one of Purdue's patents protected the product until 2013.² Purdue had spent about \$250 million on

¹ *Purdue Pharma L.P. v. Boehringer Ingelheim GmbH*, 98 F. Supp. 2d 362, 367 (S.D.N.Y. 2000).

² *Id.* at 369. See also the Prescription Drug Information provided by the Center for Drug Evaluation and Research, which presents Patent and Exclusivity Info for Approved

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development of the drug and was enjoying the rewards of about \$1.2 billion in expected sales for the year 2000.³ Purdue was growing rapidly with a growth rate of about 40 percent per year, and it relied heavily on the revenues to fund both the expansion and new research.⁴ One expert stated that a competing drug “would force Purdue to lower the price . . . generally, a phenomenon known as ‘price erosion.’”⁵ This price erosion could have made it difficult, if not impossible, to ever reestablish the higher price level, and Purdue’s cash flow could have been permanently disrupted, with potentially devastating consequences for the company. The court ultimately credited Purdue’s arguments and granted an injunction to prevent any sales of the allegedly infringing product.⁶

Purdue’s story is becoming more and more common. The cost of developing cutting-edge technology continues to increase, so small companies must often make huge investments in new technology in order to remain competitive. The rewards can be staggering, since technology continues to drive the world economy and the value of patented technology continues to increase. Such high stakes patent infringement suits are not limited to the pharmaceutical industry, where patent monopolies have historically provided the funding for costly clinical trials and drug development, but also exist in other technology driven fields such as biotechnology and electronics.

As another example, John Coleman, president of both Plasma Physics and Solar Physics, filed a patent infringement suit in December 1999 naming thirty-seven defendants⁷ and claiming infringement of core chip-making and flat-panel computer display

Drug Products. See *Prescription Drug Information*, U.S. Food & Drug Administration: Center for Drug Evaluation & Research, at <http://www.fda.gov/cder/drug/default.htm> (last visited May 13, 2003).

³ *Purdue Pharma*, 98 F. Supp. 2d at 367.

⁴ L.J. Sellers, *Top 50 Pharmaceutical Companies of 1999*, PHARM. EXECUTIVE, Apr. 1, 2000, at 62.

⁵ *Purdue Pharma*, 98 F. Supp. 2d at 397.

⁶ See *Purdue Pharma*, 98 F. Supp. 2d at 400.

⁷ Brenda Sandburg, *Investor Claims Rights to Semiconductor Processes*, RECORDER, Jan. 7, 2000, at 1.

method patents.⁸ One magazine stated that “[t]he case could become one of the largest patent lawsuits in U.S. history, covering a \$144 billion industry.”⁹ In contrast to Purdue, Coleman sought licenses from potential infringers, and he eventually obtained them, with the last of the defendants agreeing to a license in January 2002.¹⁰

As technology-based commerce becomes more global, the pressure to protect intellectual property rights on an international scale is increasingly more intense. As a result, global patent litigation is becoming more common, especially in countries with the largest economies. By far, the most patent infringement suits are brought in the United States, with almost 2,500 being filed in 2001.¹¹ Moreover, according to statistics from 1993, in Europe, about 32 percent of patent infringement cases are brought in Germany, about 24 percent in Great Britain, about 20 percent in Italy, about 14 percent in France,¹² and the remaining 10 percent primarily brought in Switzerland.¹³ The remedies for patent infringement and standards under which they are awarded, however, differ markedly among countries. Therefore, it is important for patentees to understand the remedies that are available and the procedures and strategies that will provide the greatest chance for success when seeking these remedies. This Note compares the civil remedies available for patent infringement in the G7 countries (the United States, the United Kingdom, Canada, Germany, Japan, Italy, and France). In addition, the interplay of patent infringement proceedings among different countries is discussed.

⁸ Plasma Physics v. Fujitsu Ltd., No. 99-CV-8593 (E.D.N.Y. filed Dec. 28, 1999).

⁹ INVESTOR'S BUS. DAILY, Jan. 7, 2000, at 2.

¹⁰ Lisa Shuchman, *A Little Help from His Counsel: How One Scientist Took on 14 Major Electronics Companies for Infringement and Won*, CORP. COUNS., Nov. 2002, at 95.

¹¹ Hon. Roderick McKelvie, *Judge McKelvie's Materials from Annual Meeting*, Intellectual Property Owners Association, at http://www.ipo.org/2002/Meetings/AnnMtg_Home_2002.htm (Nov. 3–5, 2002).

¹² Richard A. Egli, *The Main Patent Litigation Countries in Europe*, in GLOBAL INTELLECTUAL PROPERTY SERIES 1993: SUCCESSFUL MULTI-COUNTRY PATENT LITIGATION STRATEGIES 37 (PLI Pats., Copyrights, Trademarks, & Literary Prop. Course, Handbook Series No. G4-3907, 1999).

¹³ *Id.*

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Remedies may generally be categorized as injunctions, damages, descriptions and seizures, and criminal penalties. All of the G7 countries have signed the General Agreement on Tariffs and Trade (GATT),¹⁴ which includes the accompanying Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement.¹⁵ In addition, the United States and Canada are signatories of the North American Free Trade Agreement (NAFTA).¹⁶ The TRIPS Agreement generally provides for injunctions¹⁷ and for damages,¹⁸ but the specific procedures and standards for awarding these remedies are left to the member states. The TRIPS Agreement does, however, explicitly provide awards of appropriate attorney's fees¹⁹ and awards for damages, even where the infringer did not knowingly engage in infringing activity.²⁰ Similarly, NAFTA generally provides for injunctions,²¹ damages,²² and awards of appropriate attorney's fees.²³ Injunctions may also be obtained *ex parte*.²⁴ Where the infringer did not knowingly engage in infringing activity, injunctions are not available²⁵ but damages may be awarded.²⁶ Finally, description and seizure are not provided within NAFTA, but parties should have access to relevant evidence to substantiate their claims as long as there is no "imposition of overly burdensome requirements."²⁷

¹⁴ General Agreement on Tariffs and Trade, Oct. 30, 1947, 61 Stat. A-11, T.I.A.S. 1700, 55 U.N.T.S. 194 [hereinafter GATT].

¹⁵ Agreement on Trade-Related Aspects of Intellectual Property Rights, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, LEGAL INSTRUMENTS—RESULTS OF THE URUGUAY ROUND vol. 31, 22 I.L.M. 81 (1994) [hereinafter TRIPS Agreement].

¹⁶ North American Free Trade Agreement, Dec. 17, 1992, art. 1705(1)(b), 32 I.L.M. 605 [hereinafter NAFTA].

¹⁷ TRIPS Agreement, *supra* note 15, art. 44.

¹⁸ *Id.* art. 45.

¹⁹ *Id.*

²⁰ *Id.*

²¹ NAFTA, *supra* note 16, art. 1715(2)(c).

²² *Id.* art. 1715(2)(d).

²³ *Id.* art. 1715(2)(e), (f).

²⁴ *Id.* art. 1716(4), (5).

²⁵ *Id.* art. 1715(3).

²⁶ *Id.* art. 1715(4).

²⁷ *Id.* art. 1715(1).

I. THE U.S. STANDARD

Patent protection in the United States is provided in the Constitution.²⁸ Civil infringement remedies, available in the United States, are found in title 35 of the U.S. Code²⁹ and include injunctions³⁰ and damages.³¹ In addition, TRIPS and NAFTA provide for criminal penalties, which are discussed in greater detail below. Although the civil remedies of description and seizure do not exist in the United States, at least in the form that they exist in some European countries, the United States is well known for allowing extensive and comprehensive discovery. Therefore, an alleged infringer in the United States is required by the *Federal Rules of Civil Procedure* to produce at least as much as would be available through European inspection, description, and seizure procedures. For example, adversaries are required to provide initial disclosures,³² expert discovery,³³ additional pretrial disclosures,³⁴ witnesses for depositions,³⁵ answers to written interrogatories,³⁶ and document production.³⁷ As a consequence of this extensive discovery, patent litigation in the United States is more expensive than anywhere else in the world. For example, a survey of patent infringement cases, with less than a million dollars in dispute, done by the American Intellectual Property Law Association, found that the median total cost through the end of discovery was about \$190,000 and through the end of the suit was about \$300,000.³⁸ In another survey based on data from 1982 to 1992, attorney fees alone for patent infringement suits were found

²⁸ U.S. CONST. art. I, § 8, cl. 8.

²⁹ See 35 U.S.C. §§ 281, 283–285 (2000).

³⁰ *Id.* § 283.

³¹ *Id.* § 284.

³² FED. R. CIV. P. 26(a)(1).

³³ *Id.* R. 26(a)(2).

³⁴ *Id.* R. 26(a)(3).

³⁵ *Id.* R. 26(b)(4), 27.

³⁶ *Id.* R. 33.

³⁷ *Id.* R. 34.

³⁸ John A. Jackson, *Managing and Resolving Legal Issues in Technology: A Report from the Albany Law School Science and Technology Law Center Project*, 9 ALB. L.J. SCI. & TECH. 317, 336 n.102 (1999) (citing Seymour E. Hollander, *Why ADR May Be Superior in Patent Disputes*, 2 INTELL. PROP. STRATEGIST 1, 6 (1995)).

to routinely exceed \$1,000,000.³⁹ The “inordinately high cost of patent litigation” was even mentioned in 1982 by then President Reagan when he signed the amendment to the Patent Act⁴⁰ that provides for enforcement of arbitration.⁴¹ Thus, although European description and seizure are not explicitly available in the United States, the expansive discovery rules allow at least the same, and usually much more, scope in the information that can be obtained from the alleged infringer, albeit at a high price..

A. Injunctions

Although injunctions are provided by statute,⁴² case law has set the standards for obtaining injunctions. An injunction requires four elements: (1) a reasonable likelihood of success on the merits, (2) irreparable harm to the plaintiff if an injunction is not granted, (3) that the balance of hardships favors the plaintiff, and (4) that the injunction is in the public interest.⁴³ To demonstrate “a reasonable likelihood of success on the merits,” the patentee must show that it will “likely prove” infringement and “likely withstand” the defendant’s challenge to validity and enforceability.⁴⁴ On the other hand, the defendant must prove that a patent is not infringed or is invalid by “clear and convincing evidence” to overcome a plaintiff’s rebuttable demonstration of a reasonable likelihood of success.⁴⁵ Thus, the patentee has a lower burden of proof on the issue of likelihood of success.

In addition to a reasonable likelihood of success, the patentee must demonstrate irreparable harm. A mere chance of irreparable

³⁹ *Id.* at 336 n.103 (citing Nancy N. Yeend & Cathy E. Rincon, *ADR and Intellectual Property: A Prudent Option*, 36 IDEA 601, 604 (1996) (citing Ronald B. Coolley, *Overview and Statistical Study of the Law on Patent Damages*, 75 J. PAT. & TRADEMARK OFF. SOC’Y 515 (1993))).

⁴⁰ 35 U.S.C. §§ 1–376 (2000).

⁴¹ Jackson, *supra* note 38, at 336 n.104 (quoting Patent and Trademark Office Appropriations Bill: Statement on Signing H.R. 6260 into Law, 18 WEEKLY COMP. PRES. DOC. 1089 (Aug. 28, 1982)).

⁴² *See* 35 U.S.C. § 283.

⁴³ *See Hybritech, Inc. v. Abbott Labs.*, 849 F.2d 1446, 1451 (Fed. Cir. 1988).

⁴⁴ *Bell & Howell Document Mgmt. Prods. Co. v. Altek Sys.*, 132 F.3d 701, 705 & n.4 (Fed. Cir. 1997).

⁴⁵ *Am. Hoist & Derrick Co. v. Sowa & Sons, Inc.*, 725 F.2d 1350, 1360 (Fed. Cir. 1984).

harm is not sufficient; a plaintiff must provide a “clear showing of immediate irreparable injury”⁴⁶ and must prove “that compensation in money cannot atone for [the injury].”⁴⁷ Stated otherwise, “irreparable harm must be ‘neither remote nor speculative, but actual and imminent,’”⁴⁸ and damages must be an inadequate remedy. Therefore, unlike the United Kingdom, preserving the status quo and protecting the rights of the patentee until disposition of the litigation is final is *not* a basis for issuing an injunction.⁴⁹

Under certain circumstances, irreparable harm is assumed by the court. For example, if the patentee *clearly* (rather than *likely*) demonstrates validity and infringement, irreparable harm is *presumed* and *rebuttable*.⁵⁰ The defendant may rebut the presumption of irreparable harm with evidence that (1) the defendant has or will soon cease the allegedly infringing activities,⁵¹ thus making an injunction unnecessary; (2) plaintiffs have engaged in a pattern of granting licenses under the patent, such that it may be reasonable to expect that invasion of the patent right can be recompensed with a royalty or monetary damages, rather than with an injunction;⁵² or (3) plaintiffs unduly delayed in bringing suit, thereby negating the idea of irreparability.⁵³ Although any one of these findings will successfully rebut a presumption of irreparable harm in a patent case, only licensing agreements will be explored in greater detail in this Note, since the other factors are not specific to patent cases. Thus, success on the

⁴⁶ Cont’l Group, Inc. v. Amoco Chems. Corp., 614 F.2d 351, 359 (3d Cir. 1980).

⁴⁷ Glasco v. Hills, 558 F.2d 179, 181 (3d Cir. 1977).

⁴⁸ Tucker Anthony Realty Corp. v. Schlesinger, 888 F.2d 969, 975 (2d Cir. 1989) (quoting Consol. Brands, Inc. v. Mondy, 638 F. Supp. 152, 155 (E.D.N.Y. 1986)); *see also* ECRI v. McGraw-Hill, Inc., 809 F.2d 223, 226 (3d Cir. 1987).

⁴⁹ *See* Smith Int’l, Inc. v. Hughes Tool Co., 718 F.2d 1573 (Fed. Cir. 1983).

⁵⁰ *See* Roper Corp. v. Litton Sys. Inc., 757 F.2d 1266, 1271–72 (Fed. Cir. 1985); *see also* Ill. Tool Works, Inc. v. Grip-Pak, Inc., 906 F.2d 679, 681–82 (Fed. Cir. 1990) (stating that the presumption is rebuttable because the “[a]pplication of a concept that every patentee is *always* irreparably harmed by an alleged infringer’s . . . sales would . . . disserve the patent system”).

⁵¹ *See* Reebok Int’l Ltd. v. J. Baker, Inc., 32 F.3d 1552, 1557–59 (Fed. Cir. 1994); *Roper*, 757 F.2d at 1273.

⁵² *See* High Tech Med. Instrumentation, Inc. v. New Image Indus., Inc., 49 F.3d 1551, 1557 (Fed. Cir. 1995).

⁵³ *See* T.J. Smith & Nephew, Ltd. v. Consol. Med. Equip., Inc., 821 F.2d 646, 648 (Fed. Cir. 1987).

merits and irreparable harm are related, since a clear showing of success on the merits lessens the burden of proof for irreparable harm for the plaintiff.

If a reasonable likelihood of success on the merits and irreparable harm are demonstrated, courts generally hold that the public interest is served by protecting patent rights, thus satisfying the third required element for injunctions.⁵⁴ Moreover, once the patentee proves a likelihood of success on the merits, irreparable harm, and that the public interest will be served, the balance of hardships will also favor the patentee since the other three elements favor the patentee.

1. Irreparable Harm: Licensing and Practicing the Invention

A showing that a patentee has exhibited a pattern of granting licenses for a patent will successfully rebut a presumption of irreparable harm.⁵⁵ Most courts have found that the granting of a license demonstrates that “the patentee was willing to forego its right to exclude by licensing the patent.”⁵⁶ By forfeiting its right to

⁵⁴ See *Hybritech, Inc. v. Abbott Labs.*, 849 F.2d 1446, 1458 (Fed. Cir. 1988); *Smith Int'l*, 718 F.2d at 1578.

⁵⁵ See *High Tech Med.*, 49 F.3d at 1557.

⁵⁶ *Polymer Techs., Inc. v. Bridwell*, 103 F.3d 970, 974 (Fed. Cir. 1996). See also *Ill. Tool Works*, 906 F.2d at 683 (holding that potential lost sales alone could not demonstrate “manifest irreparable harm” in light of other evidence that the plaintiff had granted a non-exclusive license to a third party); *E.I. du Pont de Nemours & Co. v. Phillips Petroleum Co.*, 835 F.2d 277 (Fed. Cir. 1987) (holding that because plaintiff licensed all willing competitors, the presumption of irreparable harm was successfully rebutted and the plaintiff’s motion for an injunction was not granted); *T.J. Smith*, 821 F.2d at 648 (finding that licensing is “incompatible with the emphasis on the right to exclude that is the basis for the presumption [of irreparable harm] in a proper case”); *Becton Dickinson & Co. v. Syntron Bioresearch, Inc.*, 51 U.S.P.Q.2d (BNA) 1722, 1738 (S.D. Cal. 1998) (finding that the plaintiff’s licensing agreements rebutted the presumption of irreparable harm); *Dynamic Mfg., Inc. v. Craze*, 46 U.S.P.Q.2d 1548, 1552 (E.D. Va. 1998) (finding that defendant’s non-exclusive licensing agreement rebutted the presumption of irreparable harm to plaintiff’s reputation); *Atari Corp. v. Sega of Am., Inc.*, 869 F. Supp. 783, 790–91 (N.D. Cal. 1994) (finding that no irreparable harm existed where plaintiff licensed to a third party and did not use the patented technology, although the court noted that neither factor alone precluded such a finding); *Illinois Tool Works, Inc. v. Grip-Pak, Inc.*, 725 F. Supp. 951 (N.D. Ill. 1989), *aff’d*, 906 F.2d 679, (Fed. Cir. 1990) (holding that licensing a patent necessarily means that monetary damages can sufficiently compensate a patentee); *Crucible Materials Corp. v. Sumitomo Special Metals Co.* 719 F. Supp. 14, 17–18 (D.D.C. 1989) (noting that Sumitomo’s failure to bring an action for three years

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exclude others from practicing an invention, the patentee apparently will accept monetary compensation in exchange for rights to the patent. Therefore, the harm is not irreparable. At least one other court, however, has held that licensing a patent does not necessarily imply that the patentee has forfeited the right to exclude.⁵⁷ Therefore, a patentee may allege irreparable harm even if a license has been granted. For example, the U.S. District Court for the District of Delaware “disagrees with [the] statement that the grant of licenses is incompatible with the right to exclude that is fundamental to every patent owner.”⁵⁸ The court stated that “just because [a party] is a licensor does not mean that they and, in fact, all licensors have given up the right to a preliminary injunction.”⁵⁹ Thus, although a company’s license to another may *suggest* a forfeiture of its right to exclude and the absence of irreparable harm in some jurisdictions, in Delaware the licensor can still fully enforce its right to exclude and is not precluded from asserting irreparable harm. However, even in Delaware, the licensor still has the burden of proving that monetary damages are an insufficient remedy for patent infringement if the patentee has not clearly demonstrated validity and infringement (i.e., if irreparable harm is not presumed). For example, the Delaware court has also stated that “[i]n the absence of a presumption of irreparable harm, there is no reason to assume that money damages cannot compensate [the plaintiff] in the same way one of its licensees currently does.”⁶⁰

Licensing, in and of itself, is not dispositive in the determination of irreparable harm. Courts may also consider whether the patentee practices the invention. Most courts recognize that a patentee’s failure to practice an invention does not necessarily defeat the patentee’s claim of irreparable harm. In fact, the Supreme Court has clearly stated that a patentee’s failure to

combined with its licensing agreements belied any claim that money damages were insufficient as compensation for harm).

⁵⁷ *Johnson & Johnson Consumer Prods., Inc. v. Ormco Corp.*, Nos. 87-CV-341, 87-CV-547, 1988 U.S. Dist. LEXIS 17529 (D. Del. Sept. 29, 1988).

⁵⁸ *Id.* at *20.

⁵⁹ *Id.* (citing *Atlas Powder Co. v. Ireco Chems.*, 773 F.2d 1230, 1233 (Fed. Cir. 1985)).

⁶⁰ *BICC plc v. FOCAS, Inc.*, No. 91-CV-0081, 1991 U.S. Dist. LEXIS 11924, at *14 (D. Del. Aug. 7, 1991).

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practice a patented invention does not preclude the patentee from obtaining an injunction:

Counsel seem to argue that one who has made an invention and thereupon applies for a patent therefore occupies, as it were, the position of a quasi-trustee for the public; that he is under a sort of moral obligation to see that the public acquires the right to the free use of that invention as soon as is conveniently possible. We dissent entirely from the thought thus urged. The inventor is one who has discovered something of value. It is his absolute property. He may withhold a knowledge of it from the public, and he may insist upon all the advantages and benefits which the statute promises to him who discloses to the public his invention.⁶¹

Simply put, “[s]tanding alone, non-use is no efficient reason for withholding injunction.”⁶²

Moreover, the Delaware court found, in two separate cases, that irreparable harm existed notwithstanding the patentee’s failure to practice the claimed inventions. In *E.I. du Pont de Nemours & Co. v. Polaroid Graphics Imaging, Inc.*,⁶³ the court noted that the principles of intellectual property law do not require a patent holder to practice the invention to prevent others from practicing the invention.⁶⁴ Although an injunction was not sought in that case, logic would dictate that a patentee need not practice an invention to receive a preliminary injunction, provided the four required elements for an injunction are present.

In view of these four elements, the patentee’s failure to practice an invention is a consideration when determining whether irreparable harm exists, and even if a patentee does not practice an invention, this does not mean that the patentee cannot be

⁶¹ *Cont’l Paper Bag Co. v. Eastern Paper Bag Co.*, 210 U.S. 405, 424 (1908).

⁶² *Id.* at 427.

⁶³ 706 F. Supp. 1135 (D. Del. 1989).

⁶⁴ *See id.* at 1144 (granting plaintiff’s motion for a preliminary injunction); *Johnson & Johnson*, 1988 U.S. Dist. LEXIS 17529, at *33–*34 (granting both the plaintiff’s and the defendant’s motions for preliminary injunctions on separate patents even though Ormco had no product that was covered by its own patent.)

irreparably harmed.⁶⁵ At least four courts have held that “failure to practice the invention [does not] mean that ‘absence of irreparable injury must be presumed.’”⁶⁶ Notwithstanding this possibility of irreparable harm, none of the four courts, in fact, found irreparable injury to be present.⁶⁷ By contrast, another court implied that failure to practice a patented invention necessarily precludes a finding of irreparable harm. The court stated that “since plaintiff is not now practicing its invention, it is evident that plaintiff will not be directly harmed if a conditional stay of the injunction is granted.”⁶⁸

Furthermore, if a company does not currently market a product, future sales of an expected product are unlikely to establish irreparable harm since future sales would not meet the “actual and imminent” standard. Thus, even though failure to practice an invention does not by itself preclude a finding of irreparable harm, a failure to practice the invention makes a finding of irreparable harm less likely, especially if a failure to practice the invention occurs in conjunction with other activity, such as licensing of the patent.⁶⁹ Thus, the effects of licensing and of failing to practice an invention are unsettled, and a U.S. patentee must carefully consider these factors before seeking an injunction.

⁶⁵ See *High Tech Med. Instrumentation, Inc. v. New Image Indus., Inc.*, 49 F.3d 1551, 1556 (Fed. Cir. 1995).

⁶⁶ *Roper Corp. v. Litton Sys., Inc.*, 757 F.2d 1266, 1273 (Fed. Cir. 1985); see also *High Tech Med.*, 49 F.3d at 1551; *E.I. du Pont de Nemours & Co. v. Phillips Petroleum Co.*, 835 F.2d 277, (Fed. Cir. 1987); *Atari Corp. v. Sega of Am., Inc.*, 869 F. Supp. 783, (N.D. Cal. 1994).

⁶⁷ See *High Tech Med.*, 49 F.3d at 1556 (holding that the plaintiff did not market a competing product and did not have licensees who could be injured by an infringing product, and consequently the court determined that monetary compensation was adequate); *Roper*, 757 F.2d at 1273 (holding that the plaintiff did not market a product but failed to establish that an existing infringement precluded an ability to license or to enter the market); *du Pont*, 835 F.2d at 278 (holding that the plaintiff divested itself of all business that was protected by the patent and licensed all willing competitors resulting in no injunction for the plaintiff since the harm was “of a different nature than harm to a patentee who is practicing [her] invention and fully excluding others”); *Atari*, 869 F. Supp. at 790–91 (holding that the plaintiff did not use the patented technology but licensed to a third party, and finding that no irreparable harm existed).

⁶⁸ *Moxness Prods., Inc., v. Xomed, Inc.*, 7 U.S.P.Q.2d (BNA) 1877, 1879 (M.D. Fla. 1988).

⁶⁹ See *High Tech Med.*, 49 F.2d at 1556.

To summarize the requirements for injunctions in general, the patentee must show that there is a reasonable likelihood of success on the merits, irreparable harm will occur if the injunction is not granted, the public interest will be served by an injunction, and the balance of the hardships favors the patentee. When a patentee demonstrates a clear, rather than a likely, showing of success on the merits, irreparable harm is presumed, but the presumption is rebuttable. In addition, courts will consider whether the patentee has licensed the patent and whether the patentee practices the invention, although the effects of licensing and practicing the invention are unsettled.

B. Damages

In addition to injunctions, damages are also provided by statute.⁷⁰ Since the Patent Act of 1946,⁷¹ patentees have been able to recover “general damages” which include the infringer’s profits and the patentee’s lost profits.⁷² The current statute also provides that damages should be “adequate to compensate for the infringement” and should not be “less than a reasonable royalty.”⁷³ The statute further provides that damages may either be assessed by a jury or the court, and further provides for trebling the award at the discretion of the court.⁷⁴ The Supreme Court has provided an extensive review of the history and policies that underlie damages for patent infringement, ultimately holding that damages should restore the plaintiff to the position it would have held had the infringement not occurred.⁷⁵

Courts have interpreted the statutory language, “damages adequate to compensate for the infringement,”⁷⁶ to limit recovery to the *patentee’s* lost profits (rather than the *infringer’s* unjust enrichment) or lost royalties. For example, the Supreme Court has

⁷⁰ See 35 U.S.C. § 284 (2000).

⁷¹ Patent Act of 1946, Pub. L. No. 79-587, 60 Stat. 778.

⁷² See Vincent P. Tassinari, *Patent Compensation Under 35 U.S.C.*, 5 J. INTELL. PROP. L. 59, 92 (1997).

⁷³ 35 U.S.C. § 284.

⁷⁴ See *id.*

⁷⁵ See *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 377 U.S. 476, 507 (1964).

⁷⁶ 35 U.S.C. § 284.

stated: “[a]t law the plaintiff is entitled to recover, as damages, compensation for the pecuniary loss he has suffered from the infringement, without regard to the question whether the defendant has gained or lost by his unlawful acts.”⁷⁷ Therefore, U.S. courts exclude recovery based on the *infringer’s* profits.⁷⁸ In general, the starting point for calculating damages is the four-factor *Panduit* test,⁷⁹ “which ‘requires that the patentee establish: (1) demand for the patented product; (2) absence of acceptable non-infringing substitutes; (3) manufacturing and marketing capability to exploit the demand; and (4) the amount of the profit it would have made.’”⁸⁰ The case law interpreting *Panduit* is extensive, but generally holds that lost profits may include: (1) potential lost sales, (2) losses due to price erosion, (3) losses attributable to sales made at lower prices than what the market would have allowed absent infringement, (4) losses on “convoyed sales,” and (5) damages for restricted corporate growth because of the infringement and ensuing litigation.⁸¹

With regard to lost sales, the patentee must prove that it would have made the sales to receive damages for the lost profits. According to the Federal Circuit, “[t]o recover lost profits damages, the patentee must show a reasonable probability that, ‘but for’ the infringement, it would have made the sales that were made by the infringer.”⁸² The Federal Circuit has suggested that the burden of proof, although still with the patentee, is somewhat lower for losses resulting from price erosion, stating that “[l]ost sales and price erosion damages are inextricably linked.”⁸³ The Federal Circuit has also found that lost profits resulting from sales that would have been made at higher prices were it not for the

⁷⁷ *Coupe v. Royer*, 155 U.S. 565, 582 (1895).

⁷⁸ See Paul M. Janicke, *Contemporary Issues in Patent Damages*, 42 AM. U. L. REV. 691, 695 (1993).

⁷⁹ See *Panduit Corp. v. Stahlin Bros. Fibre Works, Inc.*, 575 F.2d 1152, 1156 (6th Cir. 1978).

⁸⁰ *Tate Access Floors, Inc. v. Maxcess Techs.*, 222 F.3d 958, 971 (Fed. Cir. 2000) (quoting *Rite-Hite Corp. v. Kelley Co.*, 56 F.3d 1538, 1545 (Fed. Cir. 1995)).

⁸¹ See Janicke, *supra* note 78, at 697–98 & nn.32–36.

⁸² *Rite-Hite*, 56 F.3d at 1545.

⁸³ *Crystal Semiconductor Corp. v. Tritech Microelectronics Int’l, Inc.*, 246 F.3d 1336, 1360 (Fed. Cir. 2001).

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infringement are recoverable.⁸⁴ This situation often arises when the patentee is forced to provide discounts in order to remain competitive with the infringing product, even if the discounts do not result in permanent price erosion.⁸⁵ In addressing this issue, the Federal Circuit looked to the plain language of the statute that provides for damages, and determined that, under 35 U.S.C. § 284, damages must provide “room to take into account the totality of the circumstances [even if] . . . [t]he sale price and discount elements employed . . . may be unusual.”⁸⁶

Damages for convoyed sales, or sales of unpatented products that are sold in tandem and function together with patented products, allow a patentee to recover damages for infringement based on the “entire market value” of the patented product.⁸⁷ Such recoveries based on sales of both patented and unpatented products are unique to the United States and Canada.⁸⁸ Also of interest, *Panduit* makes the United States one of the few jurisdictions that allows damages for restricted corporate growth.⁸⁹ The Federal Circuit awarded such damages when a patentee’s cash reserves were drained, its employees had to devote valuable time to the lawsuit, and the infringer “seriously damaged” the patentee’s goodwill.⁹⁰ The only comparable remedy among G7 countries is damage to business reputation provided by statute in Japan.⁹¹

1. Reasonable Royalties

In general, the Federal Circuit has directed the district courts to determine actual or estimated⁹² damages and to only award a reasonable royalty as a last resort. The court suggested that the trial court should estimate actual damages even if they cannot be

⁸⁴ See *TWM Mfg. Co. v. Dura Corp.*, 789 F.2d 895 (Fed. Cir. 1986).

⁸⁵ See *id.* at 902.

⁸⁶ *Id.* (citing 35 U.S.C. § 284).

⁸⁷ See *Rite-Hite*, 56 F.3d at 1549.

⁸⁸ *Cf. id.*

⁸⁹ See *Panduit Corp. v. Stahlin Bros. Fibre Works, Inc.*, 575 F.2d 1152 (6th Cir. 1978).

⁹⁰ See *Lam, Inc. v. Johns-Manville Corp.*, 718 F.2d 1056, 1068 (Fed. Cir. 1983).

⁹¹ Tokkyo Ho [Patent law], Law No. 121 of 1959, art. 106 [hereinafter Japanese Patent Law].

⁹² See *Del Mar Avionics, Inc. v. Quinton Instrument Co.*, 836 F.2d 1320, 1327 (Fed. Cir. 1987).

calculated exactly, stating that “[t]he trial court is required to approximate, if necessary, the amount to which the patent owner is entitled.”⁹³ Moreover, the Federal Circuit has held that estimated damages are even preferable to a well-established royalty, stating that “[t]he principle underlying damage measurement is unchanged even when there is an established royalty.”⁹⁴ If a court must resort to awarding a royalty, the reasonable royalty provided by statute⁹⁵ should provide only a minimum value for infringement damages. The Federal Circuit has explained that “the Patent Act mandates no less ‘than a reasonable royalty’ for every infringing sale.”⁹⁶ Therefore, courts should first attempt to calculate actual damages as lost profits, then estimate lost profits if an exact calculation is not possible, then resort to a reasonable royalty as a baseline figure for damages, if lost profits cannot be estimated.

If actual damages cannot be assessed as lost profits, either a reasonable royalty or some mix of a reasonable royalty and actual damages is an appropriate remedy. Even if a pure reasonable royalty is awarded, the calculation of the reasonable royalty is possible by more than one method. Most simply, a reasonable royalty is equal to a previously established royalty. Several other decisions from the Federal Circuit have made it clear that reasonable royalties may also differ from established royalties and that the trial court has discretion in assessing royalties, even at levels that exceed established royalties. For example, in *Deere & Co. v. International Harvester Co.*,⁹⁷ the Federal Circuit held that one license to a minor competitor and two offers of settlement to the infringer, all at a royalty rate of 1 percent, did not preclude an ultimate award of 15 percent as a reasonable royalty.⁹⁸ In *Hanson v. Alpine Valley Ski Area, Inc.*,⁹⁹ a license offered to manufacturers at a royalty rate of 2.5 percent did not prevent the court from affirming a reasonable royalty charge equal to one-third of the

⁹³ *Id.*

⁹⁴ *Id.* at 1328.

⁹⁵ 35 U.S.C. § 284 (2000).

⁹⁶ *Crystal Semiconductor Corp. v. Tritech Microelectronics Int’l, Inc.*, 246 F.3d 1336, 1355 (Fed. Cir. 2001).

⁹⁷ 710 F.2d 1551 (Fed. Cir. 1983).

⁹⁸ *See id.* at 1558.

⁹⁹ 718 F.2d 1075 (Fed. Cir. 1983).

savings realized by that infringer.¹⁰⁰ Additional case law holds that an established royalty does not necessarily serve as a ceiling for the royalty, so a trial court may properly select a royalty figure that is higher than an established royalty.¹⁰¹ The Federal Circuit has explained why higher royalty rates are sometimes acceptable, stating that “[s]imply because different accounting methods lead to different results does not make an award at the higher end of a spectrum ‘more than adequate.’”¹⁰² The U.S. approach has resulted in more favorable awards to patentees in the United States compared to other countries; the average royalty for damages in the United States is 11 percent of gross sales of the infringing product,¹⁰³ while the royalty for damages in Japan is only 4.2 percent of gross sales.¹⁰⁴

As an alternative to an award predicated solely on lost profits or a reasonable royalty, the trial court may award damages as a mixture of the two. For example, a patentee may receive lost profits for some sales by the infringer and a reasonable royalty for other sales that are not included in the calculation of lost profits.¹⁰⁵ As a specific example, in *Porter Co. v. Goodyear Tire & Rubber Co.*,¹⁰⁶ the Sixth Circuit awarded a mixture of lost profits and royalties to arrive at the most equitable result. In *Porter*, the infringer, Goodyear, had regularly purchased hose from the patentee Porter and sold the hose under its own brand name prior to 1962.¹⁰⁷ Starting in 1962, Goodyear instead began to produce

¹⁰⁰ *Id.* at 1078–80.

¹⁰¹ Laura B. Pincus, *The Computation of Damages in Patent Infringement Actions*, 5 HARV. J. LAW & TECH. 95, 127 nn.168–70 (1991) (citing *Bio-Rad Labs. v. Nicolet Instrument Corp.*, 739 F.2d 604, 617 (Fed. Cir. 1984)); *see also* *TWM Mfg. Co. v. Dura Corp.*, 789 F.2d 895, 899 (Fed. Cir. 1986); *Paper Converting Mach. Co. v. Magna-Graphics*, 745 F.2d 11, 21 (Fed. Cir. 1984).

¹⁰² *Paper Converting Mach.*, 745 F.2d at 21.

¹⁰³ Toshiko Takenaka, *Patent Infringement Damages in Japan and the United States: Will Increased Patent Infringement Damage Awards Revive the Japanese Economy?*, 2 WASH. U. J.L. & POL’Y 309, 337 (2000) (citing *King Instruments Corp. v. Luciano Perego*, 65 F.3d 941, 950 (Fed. Cir. 1995)).

¹⁰⁴ *Id.* at 337.

¹⁰⁵ *See Crystal Semiconductor*, 246 F.3d at 1354, (citing *Minco, Inc. v. Combustion Eng’g, Inc.*, 95 F.3d 1109, 1119 (Fed. Cir. 1996)); *State Indus., Inc. v. Mor-Flo Indus., Inc.*, 883 F.2d 1573, 1577 (Fed. Cir. 1989).

¹⁰⁶ 536 F.2d 1115 (6th Cir. 1976).

¹⁰⁷ *See id.* at 1122.

its own hose, thus infringing upon Porter's patent for the hose.¹⁰⁸ Goodyear stopped producing its own hose after 1967, but continued infringing until 1970.¹⁰⁹ When calculating damages, the court found that the lost profits did not exceed a reasonable royalty rate until 1964.¹¹⁰ So the court awarded a reasonable royalty from 1962 until 1964, then awarded lost profits until 1967, then again awarded a reasonable royalty until 1970 when the infringement was completed.¹¹¹ Therefore, it is clear that the trial court may award lost profits, a reasonable royalty, or a mixture of the two, and the trial court has the discretion to decide on the most equitable calculation of damages. If the patentee cannot provide evidence that establishes a reasonable royalty to the satisfaction of the court, however, the court has the discretion to award no damages at all.¹¹² In sum, courts should first attempt to calculate actual damages as lost profits, then estimate lost profits if an exact calculation is not possible, and then resort to a reasonable royalty as a baseline figure for damages if lost profits cannot be estimated.

Courts in the United States may reduce damages for innocent infringements, providing a parallel to the "innocent infringer" statutes in other countries such as the United Kingdom.¹¹³ The United States stands alone in awarding punitive damages for patent infringement based on the perceived willfulness of the defendant's conduct.¹¹⁴ The U.S. statute allows a court to treble damages following a finding of willful infringement, but does not mandate this result.¹¹⁵ Although the statute for reducing damages provides clear guidance, courts are not in agreement on the criteria for awarding enhanced damages. The Federal Circuit has clarified when enhanced damages are appropriate and has enumerated three

¹⁰⁸ See *id.*

¹⁰⁹ See *id.*

¹¹⁰ See *id.*

¹¹¹ See *id.*; Pincus, *supra* note 101, at 127 nn.19–23 (citing *Porter*, 536 F.2d at 1122).

¹¹² See Pincus, *supra* note 101, at 127 n.206 (citing *Lindemann Maschinenfabrik v. Am. Hoist & Derrick Co.*, 895 F.2d 1403, 1407 (Fed. Cir. 1990)); *R.R. Dynamics, Inc. v. A. Stucki Co.*, 727 F.2d 1506, 1519 (Fed. Cir. 1984); *Devex Corp. v. Gen. Motors Corp.*, 667 F.2d 347, 363 (3d Cir. 1981).

¹¹³ Patents Act, 1977, c. 37, § 62(1) (Eng.).

¹¹⁴ 35 U.S.C. § 284 (2000).

¹¹⁵ See *Johns Hopkins Univ. v. CellPro, Inc.*, 152 F.3d 1342, 1365 (Fed. Cir. 1998).

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factors to determine whether an infringer “acted in [such] bad faith as to merit an increase in damages awarded against him”:¹¹⁶

(1) whether the infringer deliberately copied the ideas or designs of another; (2) whether the infringer, when he knew of the other’s patent protection, investigated and formed a good-faith belief that the patent was invalid or that it was not infringed; and (3) the infringer’s behavior as a party to the litigation.¹¹⁷

At the same time, the Federal Circuit has stated that bad faith need not be found to enhance damages.¹¹⁸ No clear standard exists for enhancing damages, although it is current practice to allow “the court [to] consider all of the evidence in determining the extent of enhancement of damages.”¹¹⁹

Additionally, when assessing costs and damages, a statutory provision permits a district court to award reasonable attorney’s fees in an exceptional case.¹²⁰ Although courts have awarded attorney’s fees under a variety of circumstances,¹²¹ whether to award attorney’s fees and the amount of the award is at the discretion of the district court.¹²²

C. Criminal Penalties

No criminal remedies are available for infringement under U.S. statutes. According to 35 U.S.C. § 281, only civil remedies are available.¹²³ Both TRIPS and NAFTA provide for the possibility of criminal penalties, but the ultimate decision is left to the member states. TRIPS, for example, sets forth that members may provide for criminal procedures and penalties, particularly when infringement is committed willfully and on a commercial scale.¹²⁴

¹¹⁶ *Bott v. Four Star Corp.*, 807 F.2d 1567, 1572 (Fed. Cir. 1986).

¹¹⁷ *Id.*

¹¹⁸ *TWM Mfg. Co. v. Dura Corp.*, 789 F.2d 895, 902 (Fed. Cir. 1986).

¹¹⁹ *SRI Int’l v. Advanced Tech. Lab.*, 127 F.3d 1462, 1469 (Fed. Cir. 1997).

¹²⁰ 35 U.S.C. § 285 (2000).

¹²¹ *See Am. Safety Table Co. v. Schreiber*, 415 F.2d 373, 380 (2d Cir. 1969).

¹²² *See Purer & Co. v. Aktiebolaget Addo*, 410 F.2d 871, 880 (9th Cir. 1969).

¹²³ 35 U.S.C. § 281 (“A patentee shall have remedy by civil action for infringement.”).

¹²⁴ TRIPS Agreement, *supra* note 15, art. 61.

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NAFTA includes a virtually identical, voluntary provision for willful infringement on a commercial scale.¹²⁵

II. THE U.K. STANDARD

The United Kingdom is comprised of three separate jurisdictions: (1) England and Wales, (2) Scotland, and (3) Northern Ireland. Although some differences exist among the three jurisdictions, the remedies for patent infringement are similar, and most patent infringement actions are brought in London. Therefore, this Note will focus on the British infringement remedies that are available in the London courts. These remedies include injunctions, damages, delivery to the patentee or destruction of all infringing articles, and costs, including attorney's fees.¹²⁶

A. Description and Seizure

Both description (or inspection) and seizure of the infringing goods are provided by British statute,¹²⁷ and the courts have the authority to order an inspection according to the *Rules of the Supreme Court*.¹²⁸ The right to inspect property has since been codified in the British Civil Procedure Rules.¹²⁹ The specific judicial authority and accompanying guidelines for granting an inspection have their provenance in the landmark case of *Anton Piller v. Manufacturing Processes*.¹³⁰ The inspection order in that case coined the term "*Anton Piller* orders," although such orders are now officially known as search orders.¹³¹ So-called *Anton*

¹²⁵ NAFTA, *supra* note 16, art. 1717.

¹²⁶ See G. Spencer & R. Simpson, *Patent Enforcement*, in PATENT LAW AND PRACTICE OF THE MAJOR EUROPEAN COUNTRIES, at GB:37 (Seminar Servs., ed. 1976).

¹²⁷ Patents Act, 1977, c. 37, § 61 (Eng.).

¹²⁸ See David Perkins & Garry Mills, *Patent Infringement and Forum Shopping in the European Union*, 20 *FORDHAM INT'L L.J.* 549, 582 & n.158 (1996) (citing Rules of the Supreme Court, The Supreme Court Practice, Vol. 1, Pt. 1, Order 104, R. 11(8) (1997)).

¹²⁹ See *British Civil Procedure Rules* British Civil Procedure Rules, R. 25.5.

¹³⁰ [1976] Ch. 55 (Eng. C.A. 1975).

¹³¹ See Ludy Lochner & Lisa Boyd, *United Kingdom*, in INTERNATIONAL PATENT LITIGATION: A COUNTRY-BY-COUNTRY ANALYSIS, at GB:26 (Michael N. Meller, ed. 2002).

Piller orders provided for inspection and removal of all documents and files relating to the “design, manufacture, sale or supply” of the infringing goods.¹³² The *Anton Piller* court set forth four prerequisites for such an inspection to be ordered:

- (1) a strong prima facie case against the infringer;
- (2) serious potential or actual damage to the patentee by the infringer;
- (3) clear evidence that the infringer has relevant and incriminating documents or items in his possession and a real possibility that the infringer would destroy the documents or items before a motion for an injunction could be heard; and
- (4) no real harm to the infringer or his case should an order for such an inspection be granted.¹³³

Anton Piller orders eventually became standard procedure in patent cases, so the courts have since set boundaries on the inspections to prevent abuse of the procedure and harassment of the alleged infringer.¹³⁴ The courts have held that inspection and description are not a right of the patentee, and approval of the court is required to utilize these procedures.¹³⁵ In addition, since applications are made without notice, courts impose a heavy duty on the applicant to provide a complete and frank disclosure¹³⁶ and additionally require evidence supported by an affidavit.¹³⁷ On the other hand, the accused infringer also has a heavy duty to comply with the order, since a failure to comply may result in contempt proceedings and even criminal penalties (as explained further below).¹³⁸

The *Practice Directions* list specific requirements for the person who will conduct the search, the evidence required, and the method of service.¹³⁹ The standard for approving inspection was

¹³² *Anton Piller*, [1976] Ch. at 56.

¹³³ *Id.* at 130-32.

¹³⁴ See *Columbia Picture Indus. Inc. v. Robinson*, [1987] Ch. 38 (1985).

¹³⁵ See *id.*

¹³⁶ See *Lochner & Boyd*, *supra* note 131, at GB:27.

¹³⁷ See *British Practice Direction*, pt. 25, paras. 3.1, 7.3.

¹³⁸ See *Lochner & Boyd*, *supra* note 131, at GB:27; *British Practice Direction*, pt. 25, Annex, sched. B.

¹³⁹ See *British Practice Direction*, pt. 25, para. 7.1–3.

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set forth by the court in *Smith Myers Communications v. Motorola*,¹⁴⁰ which required the patentee to prove a verifiable issue to be tried and that inspection was essential for the proper disposition of the case.¹⁴¹ Even if the required proof is provided, an inspection will only be ordered in exceptional cases.¹⁴²

B. Injunctive Relief

The British courts recognize a patentee's statutory right¹⁴³ to a preliminary injunction, pending a final decision from a court.¹⁴⁴ In addition, judicial authority to grant injunctions is required by TRIPS, although the only standard set forth therein is that a court must have "reasonable grounds" to know that an infringement will occur.¹⁴⁵ Therefore, British case law has established the standards for granting injunctions. British courts also allow *ex parte* injunctions if the patentee offers sufficient evidence that the alleged infringer will be unable to pay the damages that may be awarded in a full infringement suit.¹⁴⁶ The courts have vacillated on which factors are the most important when considering whether

¹⁴⁰ [1991] F.S.R. 262 (Ch. 1991).

¹⁴¹ *See id.* at 269.

¹⁴² *See Perkins & Mills, supra* note 128, at 582 & n.160 (citing *Smith Myers Comms.*, [1991] F.S.R. at 269).

¹⁴³ *See* Patents Act, 1977, c. 37, § 61(1)(a) (Eng.).

¹⁴⁴ *See* *Columbia Picture Indus. Inc. v. Robinson*, [1987] Ch. 38, 73 (1985).

¹⁴⁵ *See* TRIPS Agreement, *supra* note 15, article 44, which states:

The judicial authorities shall have the authority to order a party to desist from an infringement, *inter alia* to prevent the entry into the channels of commerce in their jurisdiction of imported goods that involve the infringement of an intellectual property right, immediately after customs clearance of such goods. Members are not obliged to accord such authority in respect of protected subject matter acquired or ordered by a person prior to knowing or having reasonable grounds to know that dealing in such subject matter would entail the infringement of an intellectual property right.

Notwithstanding the other provisions of this Part and provided that the provisions of Part II specifically addressing use by governments, or by third parties authorized by a government, without the authorization of the right holder are complied with, Members may limit the remedies available against such use to payment of remuneration in accordance with subparagraph (h) of Article 31. In other cases, the remedies under this Part shall apply or, where these remedies are inconsistent with a Member's law, declaratory judgments and adequate compensation shall be available.

¹⁴⁶ *Egli, supra* note 12, at 52.

to grant ex parte injunctions. In general, the apparent strength of the patentee's position, namely whether the patent is valid and likely to be infringed, is the court's major consideration.¹⁴⁷ However, British courts have also considered whether the patentee will suffer irreparable harm in the absence of an injunction,¹⁴⁸ and have applied a "balance of convenience" test similar to the "balance of the hardships" test applied by U.S. courts.¹⁴⁹

This standard for granting preliminary injunctions was first set forth in 1974 in the landmark case *American Cyanamid v. Ethicon Ltd.*¹⁵⁰ Although the *Cyanamid* court did not enumerate specific factors to be considered for the grant of an injunction, the court spoke of general considerations, such as the likelihood of success, the possibility of irreparable harm, and the balance of convenience.¹⁵¹ Like the U.S. courts, the *Cyanamid* court considered the potential for irreparable harm to the patentee as an important factor; if damages are an adequate remedy, and the accused infringer is in a position to pay them, then no injunction should be granted.¹⁵² The importance of issuing an injunction to prevent irreparable harm was later reaffirmed in a case where an injunction was granted because the patentee could have become insolvent if the infringer was not enjoined.¹⁵³

The exact standard for granting an injunction, under *Cyanamid*, was unclear and inconsistently applied in the years that followed the decision. Nevertheless, the basic principles of *Cyanamid* were affirmed and the standards for granting an injunction were clarified in the *Series 5* software case some twenty years later.¹⁵⁴ The *Series 5* court recognized the ongoing question of whether the court should balance the relative merits of each party's case.¹⁵⁵

¹⁴⁷ See Perkins & Mills, *supra* note 128, at 574.

¹⁴⁸ *Id.* at 576 & n.120 (citing *Am. Cyanamid v. Ethicon Ltd.*, [1975] A.C. 396, 400 (H.L. 1975)).

¹⁴⁹ *Id.* at 574 & n.121 (citing *Am. Cyanamid*, [1975] A.C. at 399).

¹⁵⁰ [1975] A.C. at 396.

¹⁵¹ See *id.*

¹⁵² See Perkins & Mills, *supra* note 128, at 576 & n.120, (citing *Am. Cyanamid*, [1975] A.C. at 408).

¹⁵³ See *Fleming Fabrications Ltd. v. Albion Cylinders*, [1989] R.P.C. 47 (C.A.).

¹⁵⁴ See *Series 5 Software Ltd. v. Clarke*, [1996] F.S.R. 273 (Ch. 1995).

¹⁵⁵ See *id.* at 277.

The court noted that the appellate court that originally decided *Cyanamid* had instructed that a balancing exercise was appropriate, but that the British courts had experienced an intervening shift in attitude.¹⁵⁶ More specifically, the *Cyanamid* appellate court had stated that if there was no prima facie case for validity and infringement, then there was no claim for preliminary relief, and therefore courts had to balance the merits of infringement and validity.¹⁵⁷ The *Series 5* court reiterated that a balancing exercise was appropriate, holding that the “likelihood of success” should be among the considerations during the balancing exercise in an injunction hearing.¹⁵⁸ The *Series 5* court specifically enumerated three rules for injunctions and listed four major factors that should be considered when deciding whether to grant an injunction.

[I]n deciding whether to grant interlocutory relief, the court should bear the following matters in mind:

- (1) The grant of a preliminary injunction is a matter of discretion and depends on all the facts of the case.
- (2) There are no fixed rules as to when an injunction should or should not be granted. The relief must be kept flexible.
- (3) Because of the practice adopted on the hearing of applications for interlocutory relief, the court should rarely attempt to resolve complex issues of disputed fact or law.
- (4) Major factors the court can bear in mind are (a) the extent to which damages are likely to be an adequate remedy for each party and the ability of the other party to pay[,] (b) the balance of convenience[,] (c) the maintenance of the status quo[, and] (d) any clear view the court may reach as to the relative strength of the parties’ cases.¹⁵⁹

Maintenance of the status quo was a new factor for consideration and is unique to the courts of the United Kingdom in terms of explicit considerations for an injunction. Ironically, however, one court has recently stated that the *Cyanamid* case “made it plain that the court should not enter into a balancing exercise as to who was

¹⁵⁶ *See id.*

¹⁵⁷ *See Perkins & Mills, supra note 128, at 575 & n.117 (citing Am. Cyanamid, [1975] A.C. at 396).*

¹⁵⁸ *See id. at 577 & n.128 (citing Series 5 Software, [1996] 1 All E.R. at 860).*

¹⁵⁹ *Series 5 Software, [1996] 1 All E.R. at 865.*

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to win or was more likely to win.”¹⁶⁰ So confusion may still exist among the courts.

In addition to preliminary injunctions to prevent continued or prospective infringement, courts may also issue injunctions to prevent the transfer of an infringer’s assets outside of the jurisdiction. The judicial authority for such injunctions arises from the *Mareva Companea v. International Bulk Carriers* case,¹⁶¹ and these injunctions have come to be known as “*Mareva* injunctions” or more recently as freezing injunctions.¹⁶² Several years after the original *Mareva* decision, the legality of this remedy was challenged in the *Pertamina* case,¹⁶³ where the remedy was ultimately upheld. Subsequent cases have enumerated some of the factors to be considered when granting *Mareva* injunctions including a good “arguable case”¹⁶⁴ and whether it is “just and convenient” to grant an interlocutory injunction.¹⁶⁵ This remedy is particularly appropriate when a party has no ties to a jurisdiction other than its financial assets.¹⁶⁶

C. Damages

Other statutory provisions provide for damages, either in the form of the patentee’s lost profits or disgorgement of the infringer’s profits from the infringement.¹⁶⁷ However, innocence operates to lessen liability when the infringer had no “reasonable ground[] for supposing that the patent existed.”¹⁶⁸ Another statute provides other circumstances in which a court may deny an award for damages, even when an infringement occurred.¹⁶⁹ Thus, in this

¹⁶⁰ *Smithkline Beecham plc v. Generics (U.K.) Ltd.* (Pats. October 23, 2001) (LEXIS, U.K. Library, Allcas File).

¹⁶¹ *Mareva Companea Naveira S.A. v. Int’l Bulk Carriers S.A.*, [1980] 1 All E.R. 213 (C.A. 1975).

¹⁶² *See Lochner & Boyd*, *supra* note 131, at GB:27.

¹⁶³ *See Rasu Martima S.A. v. Perusahaan Pertambangan Minyak Dan Gas Bumi Negara (Pertamina)* [1978] Q.B. 644 (C.A. 1977) [hereinafter *Pertamina*].

¹⁶⁴ *Am. Cyanamid v. Ethicon Ltd.*, [1975] A.C. 396, 407 (H.L. 1975).

¹⁶⁵ *See Pertamina*, [1978] Q.B. at 649.

¹⁶⁶ *See Siskina (Owners of Cargo Lately Laden on Board) v. Distos Compania Naviera S.A.*, [1979] A.C. 210 (H.L. 1977).

¹⁶⁷ *See Patents Act, 1977*, c. 37, § 61(1)(c)–(d) (Eng.).

¹⁶⁸ *Id.* § 62(1).

¹⁶⁹ *See id.* § 62(2).

regard, U.K. patent law is similar to the patent law of other countries that reduce damages for innocent infringement. In addition to the damages award, the losing party under the British system usually pays about 60–70 percent of the actual costs of the opposing party for an infringement action¹⁷⁰ and is sometimes required to pay all attorney's fees for both sides.¹⁷¹

D. Criminal Penalties

Like the United States, the United Kingdom is a signatory of GATT and is therefore subject to the criminal provisions of TRIPS.¹⁷² In addition, the U.K. Patents Act provides criminal penalties for the false entry in any register described in the Patents Act,¹⁷³ an unauthorized claim of patent rights,¹⁷⁴ an unauthorized claim that a patent application has been filed,¹⁷⁵ and misuse of the title "Patent Office."¹⁷⁶ Finally, failure to comply with a search order or a freezing order may result in contempt proceedings.¹⁷⁷ In addition, the model search order and freezing order provided with the *Practice Directions for the Civil Procedure Rules* carries a Penal Notice that warns of imprisonment, fines, and seizure of assets.¹⁷⁸ All of these criminal acts potentially carry fines, and false entry in a patent register may additionally include imprisonment.¹⁷⁹

¹⁷⁰ See Samson Helfgott, *Factors for Consideration in Deciding Where to Proceed with Foreign Patent Litigation*, in FOREIGN PATENT LITIGATION (PLI Pats., Copyrights, Trademarks, & Literary Prop. Course, Handbook Series No. G4-3734, 1983) at 30.

¹⁷¹ See *Patent Litigation in the United Kingdom*, Ladas & Parry, at http://www.ladas.com/Litigation/ForeignPatentLitigation/UK_Patent_Litigation.html (updated June 25, 2002).

¹⁷² See TRIPS Agreement, *supra* note 15, art. 61.

¹⁷³ See Patents Act, 1977, c. 37, § 109 (Eng.).

¹⁷⁴ See *id.* § 110.

¹⁷⁵ See *id.* § 111.

¹⁷⁶ See *id.* § 112.

¹⁷⁷ See *Lochner & Boyd*, *supra* note 131, at GB:27; see also *British Practice Direction*, pt. 25, Annex, sched. B.

¹⁷⁸ See *British Practice Direction*, Part 25, Annex, sched. B.

¹⁷⁹ See Patents Act, 1977, c.37, § 109 (Eng.).

III. THE CANADIAN STANDARD

In general, Canada and the other British Commonwealth countries, such as Australia and New Zealand, follow British patent practice. For example, Canada and the British Commonwealth areas (with the exceptions of Québec and South Africa)¹⁸⁰ have a common law as opposed to a civil law system, and British case law has persuasive value in these countries.¹⁸¹ In Canada, like the United States and Britain, many of the remedies for patent infringement are provided by statute. Specific infringement remedies are provided by the Canadian Patent Act¹⁸² and are defined under NAFTA;¹⁸³ these remedies include injunctions and damages, and may include a payment of expenses, such as attorney's fees. In addition, Canada is a signatory of GATT and has accepted the damages provisions set forth in TRIPS.¹⁸⁴

A. Description and Seizure

Description and seizure procedures in Canada resemble the procedures in the United Kingdom. For example, *Anton Pillar* orders are available in Canada since courts have incorporated the British decision into Canadian case law.¹⁸⁵ The patentee will only be granted such an injunction, however, after demonstration of: (1) an extremely strong prima facie case, (2) a very serious potential for damage, (3) clear evidence that the other party has incriminating material in its possession, and (4) a real possibility that the other party may destroy the incriminating material before

¹⁸⁰ See *Civil and Common Law Systems*, Ladas & Parry, at http://www.ladas.com/Litigation/ForeignPatentLitigation/Civil_Common_Law_Sys.html (last modified June 25, 2002).

¹⁸¹ See Lorin Brennan, *Financing Intellectual Property Under Revised Article 9: National and International Conflicts*, 23 HASTINGS COMM. & ENT. L.J. 313 (2001); Ian Holloway, *Tribunes or Templars? The Jurisprudence of Antonin Scalia and Its Lessons for the British Commonwealth*, 1 U.C. DAVIS J. INT'L L. & POL'Y 331 (1995).

¹⁸² See Patent Act, R.S.C., ch. P-4, § 55 (1985) (Can.).

¹⁸³ See NAFTA, *supra* note 16, art. 1715.

¹⁸⁴ See TRIPS Agreement, *supra* note 15, art. 31.

¹⁸⁵ See *Dictionnaires Robert Can. S.C.C. v. Librairie du Nomade Inc.*, [1987] 11 F.T.R. 44 (Can. Fed. Ct.).

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an *inter partes* application can be made.¹⁸⁶ In addition, the patentee will generally be granted the right to seize and destroy all infringing goods in the possession of the infringer as a remedy following the receipt of a final judgment for patent infringement. The patentee may request delivery of the goods for destruction or request the verified destruction of the goods by the infringer.¹⁸⁷

B. Injunctive Relief

Although injunctive relief is provided by statute,¹⁸⁸ the standard for granting injunctions has been developed by the Canadian courts. According to the leading case, *RJR-MacDonald v. Canada*,¹⁸⁹ a patentee must meet a three-part test to obtain an injunction: (1) the case must involve a serious question of law, (2) the patentee must expect to suffer irreparable harm in the absence of an injunction, and (3) on balance, the patentee must expect to suffer greater harm from the refusal of an injunction than would the alleged infringer if an injunction were granted but then not upheld at trial.¹⁹⁰ Two years after the *RJR-MacDonald* decision, the Federal Court of Appeal listed several factors to be considered when granting an injunction including whether damages are an adequate remedy (and whether irreparable harm would result in general)¹⁹¹ and whether one side has a substantially better case.¹⁹² Interestingly, the court adopted at least part of the reasoning of the British *Series 5* court and held that, all other factors being equal, the status quo should be maintained.¹⁹³ In addition, Canadian courts, like the U.S. courts, generally require a showing of irreparable harm. At least one court recently upheld the

¹⁸⁶ Peter R. Wilcox, *Canada*, in *INTERNATIONAL PATENT LITIGATION: A COUNTRY-BY-COUNTRY ANALYSIS*, at CA:8 (Michael N. Meller, ed., 2002).

¹⁸⁷ See Neil R. Belmore, *Canadian Patent Infringement Remedies*, n.88, at <http://www.gowlings.com/resources/publications.asp> (Oct. 13, 1994) (citing *Diversified Prods. v. Tyesil* [1987] 16 C.P.R.3d 207 (Can. Fed. Ct.); *Teledyne Indus., Inc. v. Lido Indus. Prods.*, [1979] 45 C.P.R.2d 18 (Can. Fed. Ct.)).

¹⁸⁸ See Patent Act, R.S.C., ch. P-4, § 57 (1985) (Can.).

¹⁸⁹ [1994] 1 S.C.R. 311 (Can.).

¹⁹⁰ *Id.* at 334 (endorsing *Manitoba v. Metro. Stores (MTS) Ltd.*, [1987] 1 S.C.R. 110 (Can.)).

¹⁹¹ See *Turbo Res. Ltd. v. Petro Can. Inc. (C.A.)*, [1989] 2 F.C. 451, 474 (Can. Fed. Ct.).

¹⁹² See *id.*

¹⁹³ See *id.*

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importance of proving irreparable harm and held that the plaintiff has the burden of proof with regard to irreparable harm.¹⁹⁴ Another court emphasized the irreparable harm requirement by denying an injunction when the court found that there was no evidence on the record to suggest that an award of damages would not be an adequate remedy.¹⁹⁵

In the recent pharmaceutical decision, *Apotex Inc. v. Merck Frosst Canada*, the Canadian Federal Court of Appeal also stated the importance of filing a timely motion for a preliminary injunction.¹⁹⁶ The *Merck Frosst* court held that Merck delayed too long before filing suit against Apotex, a generic manufacturer.¹⁹⁷ There is a time limit to resolve challenges to patent validity or statements of non-infringement by generic manufacturers under Canadian regulations¹⁹⁸ (which, like the Hatch-Waxman Amendment¹⁹⁹ to the Food, Drug, and Cosmetics Act in the United States,²⁰⁰ provides for a thirty-month stay to allow patent issues to be resolved following the filing of a generic drug application). When the issues were not resolved at the end of the thirty months, Merck sought an injunction to extend the thirty-month stay. The *Merck Frosst* court held that because Merck delayed the patent proceedings under the regulations, it was obliged to commence an ordinary action for patent infringement in order to protect its interests, and an injunction was therefore not available.²⁰¹

C. Damages

The Canadian Patent Act provides the statutory authority for a court to award damages but provides limited compensation to the patentee for infringements occurring prior to the issuance of a patent but after publication.²⁰² Within this framework, the case

¹⁹⁴ See *Syntex Inc. v. Apotex Inc.*, [1991] 36 C.P.R.3d 139 (Can. Fed. Ct.).

¹⁹⁵ See *Bristol-Myers Squibb Can. Inc. v. Canada*, [2001] 2 F.C. D 13.

¹⁹⁶ See *Merck Frosst Can. Inc v. Apotex Inc.*, [1997] 72 C.P.R.3d 170 (Can. Fed. Ct.).

¹⁹⁷ See *id.*

¹⁹⁸ See Patented Medicines (Notice of Compliance) Regulations, SOR/93-133, § 7(1)(e) (1993) (Can.), available at <http://www.canlii.org/ca/regu/sor93-133/whole.html>.

¹⁹⁹ 35 U.S.C. § 271(e) (2000).

²⁰⁰ See 21 U.S.C. § 355(c)(3)(C) (2000).

²⁰¹ See *Merck Frosst*, [1997] 72 C.P.R.3d at 170.

²⁰² See Patent Act, R.S.C., ch. P-4, § 55(1) (1985) (Can.).

law has established various guidelines to assess a patentee's damages.²⁰³ For example, although the patentee carries the burden of proof, damages should be assessed liberally and discrepancies in the assessment should favor the patentee.²⁰⁴ The liberal assessment of damages may include punitive damages, but only in exceptional cases.²⁰⁵ With regard to punitive damages, the court in *Syntex v. Minister of Health* held that a patentee possibly has a right to punitive damages if an infringer misrepresents the properties of a generic pharmaceutical product to the Minister of Health during the generic drug approval process.²⁰⁶ Other than this limited holding, however, punitive damages are not generally available for patent infringement under Canadian law.

The underlying principle in an award of damages is that of restoration. Therefore the most common measure of damages is the lost profits of the patentee,²⁰⁷ although damages may alternatively be calculated as the unjust enrichment received by the infringer.²⁰⁸ Profits lost to price erosion may also be recovered.²⁰⁹ Moreover, damages are assessed on the infringement in Canada, so a patentee may, for example, recover for U.S. sales based on manufacturing in Canada.²¹⁰ Even if the patentee does not suffer lost profits, e.g., when the patentee does not practice the invention, a reasonable royalty may still be awarded.²¹¹ The Canadian Federal Court of Appeal addressed the proper measure for reasonable royalties in *Consolboard Inc. v. MacMillan Bloedel (Saskatchewan) Ltd.*²¹² The trial court held that the measure of damages would be "that

²⁰³ See *Consolboard Inc. v. MacMillan Bloedel (Sask.) Ltd.*, [1983] 74 C.P.R.2d 199, 209–10 (Can. Fed. Ct.) (citing *Gen. Tire & Rubber Co. v. Firestone Tyre & Rubber Co.* [1976] R.P.C. 197 (H.L. 1975)).

²⁰⁴ See *Gen. Tire & Rubber*, [1976] R.P.C. at 212–14; *Unilever PLC v. Procter & Gamble Inc.*, [1993] 47 C.P.R.3d 479, 570–72 (Can. Fed. Ct.).

²⁰⁵ See *Feldstein and Stork Craft v. McFarlane Gendron Mfg. Co.*, [1966] 52 C.P.R. 127, 140 (Can. Fed. Ct.).

²⁰⁶ See *Syntex (U.S.A.) L.L.C., Hoffmann-La Roche Ltd. v. Minister of Health*, [2001] F.C.T. 1185 (citing *Merck Frosst*, 72 C.P.R.3d at 176).

²⁰⁷ See *Gen. Tire & Rubber*, [1976] R.P.C. at 197; *J.M. Voith GmbH v. Beloit Corp.* [1993] 47 C.P.R.3d 448, 475.

²⁰⁸ See *Colonial Fastener Co. v. Lightning Fastener Co.*, [1937] S.C.R. 36, 45 (Can.).

²⁰⁹ See *Gen. Tire & Rubber*, [1976] R.P.C. at 215.

²¹⁰ See *Wilcox*, *supra* note 186, at CA:14.

²¹¹ See *Spun Rock Wools Ltd. v. Fiberglas Can. Ltd.*, [1943] S.C.R. 547, 557–59 (Can.).

²¹² [1983] 74 C.P.R.2d 199 (Can. Fed. Ct.).

which the infringer would have had to pay if, instead of infringing the Patent, he had come to be licensed under the Patent.”²¹³ The court of appeal also found that the royalty rates set as part of a settlement should be “the same or at least comparable with those” that the patentee and the infringer would have used to strike their bargain.²¹⁴ Courts have also awarded damages to a patentee under a “convoyed sales” theory, similar to the U.S. *Rite-Hite v. Kelley* decision. For example, in *Voith v. Beloit*, the court stated:

The case law does not support a restriction of the measure of damages to the loss of profits attributable to the patented article itself [W]here the patented article is not always or necessarily sold by itself, it is reasonable to assume that the damage to the patentee lies, not merely in loss of profits attributable to the article itself, but in selling the articles in which he trades²¹⁵

Innocent infringement, in contrast to the standard in, for example, the United Kingdom, is generally not a viable defense for reducing (or eliminating) a damages award because damages are a statutory right.²¹⁶ An exception is where the patentee’s conduct has prejudiced the infringer’s conduct,²¹⁷ such as when the patentee created long delays in bringing the action, requesting damages, and adjudicating the case. In one such case, the patentee sought both an injunction and damages for infringement. The patentee, however, tolerated long delays in bringing the action, requesting damages, and adjudicating the case. In addition, the court largely blamed the patentee for the delays and criticized the patentee for its failure to offer proof of damages. Therefore, the court awarded an injunction but refused to award past damages.²¹⁸

Canada also has a statutory provision wherein the patentee may elect an award of the infringer’s profits, instead of lost profits,

²¹³ *Id.* at 206.

²¹⁴ *Id.* at 207.

²¹⁵ *J. M. Voith*, 47 C.P.R.3d at 475 (citing *Colonial Fastener*, [1937] 1 D.L.R. at 24–25).

²¹⁶ See *Belmore*, *supra* note 187, n.24 (citing *Domco Indus. Ltd. v. Armstrong Cork Can. Ltd.*, [1982] 1 F.C. 522, 622 (Can. Fed. Ct.)).

²¹⁷ *Appliance Service Co. v. Sarco Can. Ltd.*, [1974] 14 C.P.R.2d 59, 77, *aff’d*, [1976] 30 C.P.R.2d 158 (Can. Fed. Ct.).

²¹⁸ See *id.*

arising from the infringement.²¹⁹ It was apparently not evident that a court would award such damages until *Teledyne Industries Inc. v. Lido Industrial Products Ltd.* in 1982.²²⁰ The *Teledyne* court even stated: “Strangely enough, there is no reported Canadian case dealing with an accounting by an infringer in a patent action. The last accounting case in the United Kingdom in a patent action apparently took place before the turn of the century.”²²¹ Even after *Teledyne*, patentees rarely choose this calculation of damages because of the uncertainty in both the actual damages and in the court’s opinion on the validity of the calculations.²²² It was not until the decision in *Beloit v. Valmet-Dominion* that a court had the occasion to put to rest some of this uncertainty.²²³ The *Beloit* court reviewed the history of the remedy and concluded that it had existed at common law since at least the year 1200 and had been an equitable remedy in patent infringement cases since 1858. The court also held that all aspects of the remedy were within the jurisdiction of courts vested with either legal or equitable authority.²²⁴

Furthermore, due to the equitable nature of this remedy, it is now accepted that the trial judge has considerable latitude in assessing the merits of both the remedy and the associated accounting methods. Thus, a court may either accept the patentee’s evidence of lost profits, order an accounting of the infringer’s profits, or deny an accounting of profits altogether—for example, if there has been delay by the patentee—and return the burden of proof for the damages to the patentee.²²⁵ The methods for assessing damages for patent infringement in Canada have

²¹⁹ See Patent Act, R.S.C., ch. P-4, § 57(1) (1985) (Can.).

²²⁰ [1982] 68 C.P.R.2d 204, 207 (Can. Fed. Ct.).

²²¹ *Id.*

²²² See Belmore, *supra* note 187.

²²³ See *Beloit Can. Ltd. v. Valmet-Dominion Inc.*, [1997] 3 F.C. 497 (Can. Fed. Ct.).

²²⁴ See Gregory C. Ludlow & Anne M. Godbout, *Recent Developments in Canadian Law/etudes De Legislation et De Jurisprudence Recents: Survey of Intellectual Property Part IV—Patents*, 30 OTTAWA L. REV. 117, 166 (1998) (citing *Beloit Can.*, [1997] 3 F.C. at 531–34).

²²⁵ See Belmore, *supra* note 187, n.36 (citing, e.g., *Invacare v. Everest & Jennings*, [1987] 14 C.P.R.3d 156, 166 (Can. Fed. Ct.); *Teledyne*, [1982] 68 C.P.R.2d at 209; *Consolboard*, 74 C.P.R.2d 199; *J.M Voith*, 47 C.P.R.3d at 474; *Unilever PLC v. P&G*, [1993] 47 C.P.R.3d 479, 570–71 (Can. Fed. Ct.)).

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recently been reassessed, and the viability of this remedy and the validity of the assessment method have recently been reaffirmed.²²⁶ In addition to damages, and irrespective of the method by which they are calculated, a patentee who successfully enforces her rights will generally be awarded trial costs and both pre-judgment and post-judgment interest.²²⁷

D. Criminal Penalties

Canada, like the United States, is a signatory to both NAFTA and GATT, making it subject to TRIPS. Consequently, since both TRIPS²²⁸ and NAFTA²²⁹ leave the ultimate decision on whether to impose criminal sanctions with the member states, criminal sanctions for patent infringement do not exist in Canada since such sanctions are not provided under Canadian law.

IV. THE GERMAN STANDARD

The German Patent Act dates to 1877 and has been amended on many occasions especially since World War II.²³⁰ The most recent amendment to the patent laws was the German Patent Act of 1981, which provides for provisional protection and reasonable compensation for infringement after the date of publication of a patent application even though no damages are available prior to the grant of the patent.²³¹ In addition to the remedies set forth in the German Patent Act, current German civil law provides for remedies such as limited description, injunctions, and damages.

²²⁶ See *Bayer Aktiengesellschaft v. Apotex Inc.*, [2002] 16 C.P.R.4th 417 (Ont. C.A.).

²²⁷ See *Belmore*, *supra* note 187.

²²⁸ See TRIPS Agreement, *supra* note 15, art. 61.

²²⁹ See NAFTA, *supra* note 16, art. 1717.

²³⁰ See Peter von Rospatt, *Patent Litigation in Germany*, in *FOREIGN PATENT LITIGATION* 1983, at 36 (PLI Pats., Copyrights, Trademarks, & Literary Prop. Course, Handbook Series No. G4-3734, 1983).

²³¹ See Eberhard Körner, *Federal Republic of Germany*, in *INTERNATIONAL PATENT LITIGATION: A COUNTRY-BY-COUNTRY ANALYSIS*, at DE:1 (Michael N. Meller ed., 2001).

A. Description and Seizure

In general, German law does not provide for discovery or seizure. The results of an investigation of the alleged infringer's premises are inadmissible under the *German Rules of Civil Procedure*.²³² A patentee is expected to obtain sufficient quantities of the allegedly infringing product on the open market in order to prove infringement.²³³ In addition, if the parties dispute infringement and provide conflicting evidence, the court may require a seizure of sorts to resolve the dispute.²³⁴ A patentee may also demand disclosure of the source of origin and the distribution channels of the infringing product.²³⁵ The German description procedure has come into use more frequently in the last decade as a result of the Product Piracy Act of 1990.²³⁶ This modification of the patent law provides that a request for a preliminary injunction may, under certain circumstances, include an additional request for "information about the origin and the distribution channels of the infringing product."²³⁷ Even if the patentee receives this type of description order, however, conservation of the proof of infringement is only allowed with the approval of the alleged infringer.²³⁸

Seizure may also be allowed after a final judgment for patent infringement has been issued. If the patentee successfully proves infringement, a court may order the sequestration of all infringing articles since mere possession is sufficient to constitute infringement.²³⁹ In addition, German Law provides for destruction

²³² See *id.* at DE:31.

²³³ See von Rospatt, *supra* note 230, at 74.

²³⁴ See *id.*

²³⁵ See Patentgesetz in Deutschland [Patent Act of Germany], v. 1981 (Bundesgesetzblatt, Teil I [BGBl. I] S.1) [hereinafter Patent Act of Germany].

²³⁶ Produktpirateriegesetz [Prevention of Product Piracy Act of 1990], v. 7.3.1990 (BGBl. I S.422).

²³⁷ Paul Tauchner, *Preliminary Injunctions for Patent Infringement in Germany*, in MANAGING INTELLECTUAL PROPERTY IP LITIGATION YEARBOOK, 1999, at 7-9, at http://www.vossiusandpartner.com/eng/publication/pub-preliminary_injunctions.html (quoting the Product Piracy Act of Germany, v. 7.3.1990 (BGBl. I S.422)).

²³⁸ See Egli, *supra* note 12, at 49.

²³⁹ See von Rospatt, *supra* note 230, at 85.

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of infringing goods unless the infringement can be cured by a less invasive method or if such destruction “would be outrageous.”²⁴⁰

B. Injunctive Relief

Interlocutory injunctions in patent matters are becoming increasingly important in Germany, perhaps because article 24 of the Brussels Convention allows an interlocutory proceeding to be heard in a country even if a foreign court has jurisdiction for the main infringement action under articles 21 and 22.²⁴¹ The statutory authority for preliminary injunctions can be found in the general rules of sections 935, 936, and 940 of the *German Code of Civil Procedure*.²⁴² In addition, injunctions for patent infringement are specifically provided in the German patent law.²⁴³ Enforcement of injunctions is affected by court-ordered fines or even imprisonment of up to six months.²⁴⁴ Germany also has a procedure similar to the British *Mareva* injunction to prevent the movement of assets out of the jurisdiction.²⁴⁵

The claimant for a preliminary injunction must show that the enforcement of his patent rights will be significantly hindered if the injunction is not issued quickly.²⁴⁶ Therefore, although preliminary injunctions are increasingly more common, courts will not grant them unless the patentee can prove urgency. The court deciding on the preliminary injunction must be convinced of the claimed urgency, since urgency will not be presumed as it is in trademark or unfair competition matters.²⁴⁷ In order to meet the urgency requirement, the request for a preliminary injunction must be filed within a reasonably short time after the patentee has gathered knowledge of the infringing actions. This time frame varies among German courts. For example, while the request for

²⁴⁰ Patent Act of Germany, v. 1981 (BGBl. I S.140a).

²⁴¹ See Johann Pitz, *How to Reverse Torpedos in Germany*, at <http://www.vossiusandpartner.com/eng/publication/torpedoes.html> (last visited May 13, 2003).

²⁴² See Tauchner, *supra* note 237.

²⁴³ See Patent Act of Germany, v. 1981 (BGBl. I S.139).

²⁴⁴ See Körner, *supra* note 231, at DE:11.

²⁴⁵ See Perkins & Mills, *supra* note 128, at 597.

²⁴⁶ See *id.*

²⁴⁷ See *id.*

an injunction may be filed more than two months after the discovery in the Hamburg District Court, it is necessary to file the request within one month of discovering infringement in the Munich District Court.²⁴⁸ Other courts also require the request to be filed within as little as four weeks.²⁴⁹

In practice, the majority of patent infringement cases are filed in the District Court of Düsseldorf, which has a reputation for being particularly experienced with patent infringement cases. The Düsseldorf Court considers the urgency requirement to be met if the injunction is filed within six months from the time the patentee first became aware of the infringement,²⁵⁰ so the Court is generally favorable to patentees. Even if the urgency requirement is met, a preliminary injunction may still be difficult to obtain, even in the Düsseldorf court, since an injunction will usually only be granted if the patent has previously survived an opposition or some other attack on validity.²⁵¹ Consequently, although requests for injunctions continue to increase, they are still rarely sought by patentees in patent infringement cases.²⁵²

The patentee has an additional advantage, though, since injunctions may be granted *ex parte*, without notice to the alleged infringer.²⁵³ A number of courts in Germany, including the Düsseldorf court, are “generally reluctant to grant *ex parte* preliminary injunctions in patent infringement cases,” however.²⁵⁴ Other courts, such as the Munich court, are more willing to grant *ex parte* injunctions, provided that literal infringement is a straightforward decision for the court and the validity of the patent is fairly certain.²⁵⁵ A straightforward case is one in which “infringement may be determined without difficulty.”²⁵⁶ For example, infringement is not straightforward and thus, cannot be decided without difficulty, if the infringement of the patented

²⁴⁸ See Tauchner, *supra* note 237.

²⁴⁹ See Egli, *supra* note 12, at 49.

²⁵⁰ See von Rospatt, *supra* note 230, at 50.

²⁵¹ See *id.*

²⁵² See Perkins & Mills, *supra* note 128, at 596.

²⁵³ See Egli, *supra* note 12, at 49.

²⁵⁴ Tauchner, *supra* note 237.

²⁵⁵ *Id.*

²⁵⁶ Perkins & Mills, *supra* note 128, at 596.

product or process is alleged to occur under the doctrine of equivalents.²⁵⁷ Similarly, if the technical issues are sufficiently complicated that the court requires an expert's assistance, then the infringement determination is too complex for an injunction.²⁵⁸

In addition to considering urgency, the German courts apply an equitable standard and balance the hardships between the patentee and alleged infringer, like the United States and British courts.²⁵⁹ Also, like other countries, the court must be convinced that no adequate remedy exists at law, or that without the issuance of the preliminary injunction, the patentee will suffer irreparable harm.²⁶⁰ Finally, the choice of court is also of importance since the chance of receiving an injunction varies with the court; in the Hamburg court, the chance of receiving an injunction is substantially higher than in other German courts.²⁶¹ Thus, several factors may markedly improve the patentee's chance for an injunction. As many as half of all injunctions are granted if the patentee chooses a court that is favorable to patents, fulfills the urgency requirement, has a patent with verified validity because of an earlier challenge, and presents an infringement issue that is relatively straightforward.²⁶² In addition to injunctions to prevent further infringements, Germany also has a procedure similar to the British *Mareva* injunction to prevent the movement of assets out of the jurisdiction.²⁶³

C. Damages

Damages may be calculated as lost profits, as the unjust enrichment received by the infringer as judged by the infringer's profits, or as a reasonable royalty or usual license fee.²⁶⁴ Calculation of the lost profits of the patentee requires the patentee to allege and prove that the patentee would have received all of the

²⁵⁷ See *id.* (citing Gert Wurtenberger, *Interlocutory Injunctions Against Patent and Utility Model Infringements in Germany*, 2 EUR. INTELL. PROP. REV. 55 (1993)).

²⁵⁸ See *id.*

²⁵⁹ See *id.*

²⁶⁰ See Tauchner, *supra* note 237.

²⁶¹ See Egli, *supra* note 12, at 49.

²⁶² See *id.*

²⁶³ See Perkins & Mills, *supra* note 128, at 597.

²⁶⁴ See Egli, *supra* note 12, at 49; von Rospatt, *supra* note 230, at 84.

infringer's sales absent the infringement.²⁶⁵ Calculation of the unjust enrichment of the infringer requires the patentee to have knowledge of the amount of the infringer's sales and the profit margin for the infringer's product. It also requires the patentee to prove that the profit margin resulted from infringement rather than from independent marketing activities of the infringer.²⁶⁶ Although, a court may order a rendering of the infringer's accounts to assess damages,²⁶⁷ lost profits and unjust enrichment are usually difficult to calculate. Consequently, in the majority of cases the courts have awarded a reasonable royalty predicated on the amount of a usual license fee.²⁶⁸ Although the award of a reasonable license fee is common, the law also provides that if "the infringer is charged with only slight negligence," the court may fix damages at a lower figure.²⁶⁹ Therefore, in contrast to U.S. law, which allows increased damages for willful infringement, German law allows for decreased damages if the infringer is only slightly negligent.²⁷⁰

In a typical infringement action, damages will also include the costs of litigation. Since the costs of litigation, however, are often difficult to ascertain, the patentee is requested to estimate the cost of litigation in the complaint.²⁷¹ After the case has been adjudicated, the losing party is charged with attorney's fees and court costs.²⁷²

D. Criminal Penalties

Germany, like Japan, provides for criminal sanctions in addition to civil penalties for patent infringement. Although Germany is a signatory to GATT and is bound by TRIPS, the Patent Act of Germany of 1981 provides much more severe

²⁶⁵ See Körner, *supra* note 231, at DE:12.

²⁶⁶ See *id.* at DE:12-13.

²⁶⁷ See von Rospatt, *supra* note 230, at 49, 84.

²⁶⁸ See *id.*

²⁶⁹ Patent Act of Germany, v. 1981 (BGBl. I S.139(2)).

²⁷⁰ See Paul M. Janicke, Symposium, *Intellectual Property Litigation in the 21st Century: Do We Really Need So Many Mental and Emotional States in United States Patent Law?*, 8 TEX. INTELL. PROP. L.J. 279, 287-88 (2000).

²⁷¹ See von Rospatt, *supra* note 230, at 61.

²⁷² See Helfgott, *supra* note 170, at 30; see also von Rospatt, *supra* note 230, at 61.

penalties and makes infringement a crime punishable by either a fine or imprisonment for up to one year.²⁷³ It is unclear whether scienter is required under these criminal sanctions.²⁷⁴ Criminal penalties also exist for violation of a court order enjoining an infringer. If the infringer violates an order enjoining the infringer, the infringer may be liable for a fine of up to DM 500,000 (U.S.\$230,000).²⁷⁵ Alternatively, the infringer may be imprisoned for up to six months if the fine is not paid.²⁷⁶

²⁷³ See Patent Act of Germany, v. 1981 (BGBl. I S.142), which states:

- (1) Any person who, without the necessary consent of the patentee or the holder of the supplementary certificate of protection (sections 16a and 49a)
 1. makes or offers, puts on the market, uses or imports or stocks for these purposes a product which is the subject matter of a patent or a supplementary certificate of protection (section 9, second sentence, item 1); or
 2. uses or offers for use within the territory to which this Law applies a process which is the subject matter of a patent or a supplementary certificate of protection (section 9, second sentence, item 2), shall be liable to imprisonment not exceeding three years or a fine.

The first sentence, item 1, shall also apply if there is a product which has been directly produced by a process which is the subject matter of a patent or a supplementary certificate of protection (section 9, second sentence, item 3).
- (2) Where the offender acts by way of trade, he shall be liable to imprisonment of up to five years or a fine.
- (3) The attempt to commit such an offense shall be punishable.
- (4) Offenses under subsection (1) shall only be prosecuted on complaint unless the prosecuting authorities deem that ex-officio prosecution is justified in view of the particular public interest.
- (5) Objects implicated in an offense may be confiscated. Section 74a of the Penal Code shall apply. Where the claims referred to in section 140a are upheld in proceedings under the provisions of the Code of Criminal Procedure with regard to compensation of the injured party (sections 403 to 406c), the provisions on confiscation shall not be of application.
- (6) If a penalty is pronounced, the Court shall, at the request of the injured party and if the latter can show a justified interest, order publication of the judgment. The nature of the publication shall be laid down in the judgment.

²⁷⁴ See 2D WORLD PATENT LAW AND PRACTICE (John P. Sinnott, et al. eds., 2002), 78–40.

²⁷⁵ See Körner, *supra* note 231, at DE:11.

²⁷⁶ See *id.*

V. THE JAPANESE STANDARD

Starting around 1880, Japan began developing a code of civil procedure that was modeled on the German code and that incorporated parts of the French code.²⁷⁷ Consequently, modern Japanese patent law is generally a hybrid of German and French patent law, and the patent infringement remedies available in Japan generally resemble those available in Germany and France. In terms of civil remedies, Japanese law provides for injunctive relief,²⁷⁸ damages,²⁷⁹ destruction or confiscation of infringing articles,²⁸⁰ restitution for lost profits,²⁸¹ and measures to restore the business reputation of the patentee.²⁸²

Japanese law contains no authority for the entry into an alleged infringer's premises or for the inspection and description of infringing goods. Furthermore, since few patent cases are litigated to final judgment in Japan, seizure and destruction of goods, although permitted by statute,²⁸³ are virtually non-existent remedies. As one author has noted, "in Japan amicable settlement of patent infringement litigation is more the norm than the exception, given the Japanese cultural aversion to formal confrontation."²⁸⁴ In addition, a patentee can only seek these

²⁷⁷ See Mark F. Wachter, *Patent Enforcement in Japan: An American Perspective for Success*, 19 AM. INTELL. PROP. L. ASS'N Q.J. 59, 62 (1991).

²⁷⁸ See Japanese Patent Law, Law No. 121 of 1959, art. 100, <http://www.lise.jp/jplenglish.html> which states:

(1) A patentee or exclusive licensee may require a person who is infringing or is likely to infringe the patent right or exclusive license to discontinue or refrain from such infringement.

(2) A patentee or an exclusive licensee who is acting under the preceding subsection may demand the destruction of articles by which an act of infringement was committed (including articles manufactured by an act of infringement in the case of a patented invention of a process of manufacture; the same in section 102(1)), the removal of the facilities used for the act of infringement, or other measures necessary to prevent the infringement.

²⁷⁹ See *id.* art. 102.

²⁸⁰ See *id.* art. 68 (when read in conjunction with article 2(3)(iii)).

²⁸¹ See *id.* art. 102(2).

²⁸² See *id.* art. 106; *Brunswick Corp. v. Orion Kogyo KK*, 3 Kokusaitorikiki Hanneishu 387 (Osaka District Court 1969).

²⁸³ See Japanese Patent Law art. 100.

²⁸⁴ Wachter, *supra* note 277, at 80.

remedies for facilities that are used exclusively to produce the infringing goods.²⁸⁵

A. Injunctive Relief

Injunctive relief has always been available as a remedy, but only recently have preliminary injunctions become a forceful and expeditious remedy. Permanent injunctions are available in the main infringement action, known as a *honso*, but these injunctions only take effect after all appeals are final.²⁸⁶ By contrast, preliminary injunctions are only available in a separate, specialized proceeding known as a *kari shobun*.²⁸⁷ Until recently, even requests for preliminary injunctions required eighteen to twenty-four months, and the main action required more than three years to reach a decision.²⁸⁸ More recently, pressure from Japanese businesses and the Japanese Supreme Court has shortened the time period for these proceedings. For example, in a 1999 case a district court judge in Tokyo exercised his right to expedite proceedings and issued a preliminary injunction for an unfair competition claim brought by Apple Computer against Sotec in less than one month.²⁸⁹ Apple Computer filed the complaint on August 24, 1999 and the court issued the order on September 20 after only a single hearing.²⁹⁰ Notwithstanding this case, the grant of a preliminary injunction still more commonly requires about a year in Japan.²⁹¹

²⁸⁵ See Yukuzo Yamasaki et al., *Japan*, in INTERNATIONAL PATENT LITIGATION: A COUNTRY-BY-COUNTRY ANALYSIS, at JP:11 (Michael N. Meller ed., 1999).

²⁸⁶ See *id.*

²⁸⁷ See *id.*

²⁸⁸ See *id.*

²⁸⁹ See, e.g., Ladas & Parry, *Japan—Use of Unfair Competition Law to Combat “Look-Alike” Products*, at http://www.ladas.com/BULLETINS/2000/0600Bulletin/Japan_UnfairCompetition.html (noting that the Tokyo District Court granted the preliminary injunction in 28 days, after one hearing on the matter); Michael Drexler, *Tokyo Court Halts Production of iMac Clone* (Sept. 21, 1999), at http://www.idg.net/crd_85489.html (noting that the 29th Civil Division of the Tokyo District Court granted a preliminary injunction in less than one month).

²⁹⁰ See Toshiko Takenaka, *Quick and Effective IP Enforcement in Japanese Courts*, CASRIP NEWSL. (Ctr. for Advanced Study and Research on Intell. Prop., Seattle, Wash.), 2000, <http://www.law.washington.edu/Casrip/newsletter/newsv6i2jp1.html>.

²⁹¹ See Interview with Michael N. Meller, Editor, International Patent Litigation: A Country-by-Country Analysis, in New York, N.Y. (Apr. 25, 2002).

No specific standards for a preliminary injunction have been set forth by the Japanese courts. However, courts have generally stated that (1) the patentee's case must be strong, (2) the case must be presented in a simple and straightforward manner, and (3) the case should not require the court to break new legal ground.²⁹² Some have likened the standard for obtaining a preliminary injunction in Japan to proving infringement beyond a reasonable doubt.²⁹³ With regard to the standard for granting injunctions, the Supreme Court of Japan notably provided a significant invalidity defense in 2000 in the landmark decision *Fujitsu Ltd. v. Texas Instruments Incorporated*.²⁹⁴ In the *Fujitsu* case, the Supreme Court held that "in the absence of special circumstances, a request for an injunction . . . based on a patent right which *evidently has grounds for invalidation* shall not be permitted because such a request constitutes a misappropriation of the right."²⁹⁵ Prior to this decision, invalidity was not recognized as a valid defense against patent infringement, and the Japanese Patent Office was the only allowable forum for adjudicating validity issues.²⁹⁶ Thus, although it may now be possible to obtain preliminary injunctions more quickly, the likelihood of obtaining one has been significantly lessened because of this invalidity defense. Finally, an injunction will be denied if a patentee's loss can be adequately compensated by the payment of money damages.²⁹⁷ Similarly, courts will balance the patentee's damages, if the injunction does not issue, against the infringer's damages, if the injunction does issue. Thus even if infringement is clear, an injunction will not be granted if the infringer's damages from an injunction will greatly outweigh the patentee's damages from the infringement.²⁹⁸

²⁹² See Wachter, *supra* note 277, at 81–82.

²⁹³ See Yamasaki et al., *supra* note 285, at JP:32.

²⁹⁴ See *Fujitsu Ltd. v. Tex. Instruments Inc.*, Case No. (O) 364 of 1998 (Sup. Ct., 3d Petty Bench, Apr. 11, 2000).

²⁹⁵ *Id.*; see also John A. Tessensohn & Shusaku Yamamoto, *Purging Dishonor: 2000—A Watershed Year for Japanese Patent Litigation*, INTELL. PROP. TODAY, Apr. 2001, at 10.

²⁹⁶ See *id.* at 10.

²⁹⁷ See Yamasaki et al., *supra* note 285, at JP:12.

²⁹⁸ See *id.*

B. Damages

Prior to a 1998 revision, Japanese Patent Law provided only two options for the calculation of damages: (1) infringer's profits or (2) a reasonable royalty.²⁹⁹ After the revision, patentees could also request lost profits. Profits of the patentee or the infringer are calculated by multiplying the profit on each individual article by the number of articles sold by the infringer or the number of lost sales of the patentee.³⁰⁰ In practice, damages are usually limited to a reasonable royalty because neither the infringer's profits nor the patentee's profits in the absence of infringement can be accurately calculated without adequate discovery.³⁰¹ Theoretically, patentees could independently seek damages for lost profits under Japan's tort laws, but Japanese courts have historically been reluctant to award such damages because the patent law did not explicitly provide for such a remedy.³⁰² However, Japan's tort laws also allow for the recovery of attorney's fees, and the amount of recovery is related to the complexity of the case.³⁰³ Because of the complexity of intellectual property cases, courts have awarded a higher percentage of attorney's fees, including fees for patent attorneys involved in the case, compared to general tort cases.³⁰⁴

Japanese Patent Law allows a court to reduce a damages award unless the infringer willfully or with gross negligence infringed the patent.³⁰⁵ Thus, awards for damages in Japan have typically been low because punitive damages under tort law were not accepted and a lack of willfulness reduced damages even further. In contrast, awards in the United States have traditionally been much higher and courts are not hesitant to award lost profits. Review of the Japanese case law verified that the Japanese courts in fact granted much lower awards for damages than in the United

²⁹⁹ See Takenaka, *supra* note 103, at 320 (citing Japanese Patent Law art. 102).

³⁰⁰ See Japanese Patent Law art. 102(1).

³⁰¹ See William C. Revelos, Note, *Patent Enforcement Difficulties in Japan: Are There Any Satisfactory Solutions for the United States?*, 29 GEO. WASH. J. INT'L L. & ECON. 503, 524 (1995).

³⁰² Cf. Takenaka, *supra* note 103, at 320.

³⁰³ See Yamasaki et al., *supra* note 285, at JP:16-17.

³⁰⁴ See *id.* at JP:17.

³⁰⁵ See Japanese Patent Law art. 102.

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States.³⁰⁶ This was exacerbated because, when assessing damages, Japanese courts relied heavily on the infringer's financial statements, published industry royalty rates, and royalty rates for licensing government owned intellectual property.³⁰⁷ As noted above, however, awards for damages are sometimes increased by the unique statutory provision that allows recovery for damages to business reputation.³⁰⁸

In response to concerns from major companies about the low awards for damages in comparison to the United States, the Japanese Patent Office performed a comprehensive review of the appropriateness of damage awards for patent infringement granted by Japanese courts.³⁰⁹ As a result of this review, the Japanese Patent Office organized an advisory committee that proposed, among other things, an increase in awards of damages "to ensure sufficient incentives for inventors to continue their efforts for technological innovation."³¹⁰ On November 25, 1997, the advisory committee from the patent office published a final report reviewing damages for infringement and proposing revisions, including a revised calculation of damages.³¹¹ Specifically, the report proposed a calculation of damages that included the patentee's "potential capability" to exploit their inventions, a broader interpretation of the "working capability" provided by Japanese statute.³¹² Additionally, the report recommended a provision to

³⁰⁶ See Toshiko Takenaka, *The JPO's Review of the Appropriateness of Intellectual Property Damages*, CASRIP NEWSL. (Ctr. for Advanced Study and Research on Intell. Prop., Seattle, Wash.), 1997, <http://www.law.washington.edu/casrip/newsletter/newsv4i2jp2.html> (citing Toru Toyama, *Study with Respect to Proper Civil Remedies for Infringements of Intellectual Property*, 1996 INST. INTELL. PROP. BULL. 62 (Franklin Pierce Law Center, Concord, N.H.)).

³⁰⁷ See, e.g., Takenaka, *supra* note 103, at 314–15, 335–36.

³⁰⁸ See Japanese Patent Law art. 106.

³⁰⁹ See Takenaka, *supra* note 306, n.1 (citing *Tokkyo Shingai Baishogaku Naega [Increasing Patent Infringement Damages]*, NIHON KEIZAI SHINBUN (Tokyo), Feb. 21, 1997).

³¹⁰ *Id.* nn.2–3.

³¹¹ See Toshiko Takenaka, *The JPO's Industrial Property Committee Proposed to Increase Patent Infringement Damages*, CASRIP NEWSL. (Ctr. for Advanced Study and Research on Intell. Prop., Seattle, Wash.), 1998, <http://www.law.washington.edu/casrip/newsletter/newsv4i3jp1.html>.

³¹² *Id.*

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enable courts to increase damages and reasonable royalties up to three-fold.³¹³

This broader interpretation of patent damages was recently accepted by the Tokyo District Court in a patent infringement decision involving a controller system for slot machines.³¹⁴ The court adopted an expansive interpretation of the legislative provision governing the calculation of damages, resulting in the largest damages award in Japanese history.³¹⁵ The court considered production costs, advertising expenses, and promotional costs to calculate damages that were about 56% percent of the selling price of the infringed products.³¹⁶ The result was a record setting award of ¥8.4 billion (U.S.\$63.5 million).³¹⁷

This expansive interpretation for the calculation of damages was consistent with an earlier decision from the Tokyo District Court, *SanSui KK v. Lintec K.K.*³¹⁸ The *SanSui* court similarly interpreted “working capability”³¹⁹ to include not only the current production capability of the patentee, but also the “potential capability.”³²⁰ Both of these cases are consistent with current trends in Japan. Trends indicate that the amount of patent litigation is increasing, the requests for damages are increasing, and the awards for damages are increasing.

C. Criminal Penalties

In addition to injunctive relief and awards of damages, Japan also imposes criminal sanctions for patent infringement. Chapter XI of Japanese Patent Law is the section on penal provisions, and section 196 of this chapter imposes a penalty of up to five years in

³¹³ *See id.*

³¹⁴ *See* John Tessensohn, *Record-Setting Patent Infringement Damages Award in Japan*, L.A. INTELL. PROP. L. ASS’N BULL. (LAIPLA, Torrance, Cal.), Apr./May 2002, at 2.

³¹⁵ *See id.* at 2.

³¹⁶ *See id.*

³¹⁷ *See id.*

³¹⁸ *See id.*

³¹⁹ *See* Japanese Patent Law art. 102 (stating that damages should be calculated as lost profits and should not exceed an amount attainable depending on working capability of the patentee or exclusive licensee).

³²⁰ *See* Tessensohn, *supra* note 314, at 2.

prison and a fine of up to ¥5.0 million (U.S.\$38,000).³²¹ Unlike other legal systems, the Japanese legal system clearly distinguishes between criminal sanctions and civil remedies.³²² For example, tort law in the United States includes both civil remedies and criminal penalties. But in Japan, tortious acts are considered to be exclusively criminal in nature and are subject solely to criminal punishment.³²³ No private right of action exists against tortious acts; they are under the exclusive control of the Japanese government.³²⁴ One author has argued that this strict delineation between criminal penalties and civil remedies provides an explanation for the historically lower awards for damages in Japan compared to the United States in patent infringement cases.³²⁵

As previously mentioned, under Japanese tort law, damages are intended purely to provide restitution, not punishment.³²⁶ Punitive damages are awarded for deterrence, but deterrence is not a goal of Japanese tort law.³²⁷ Therefore, Japanese courts do not distinguish tort damages from breach of contract damages, and have historically only awarded damages for patent infringement for restitution.³²⁸ As a consequence, Japanese civil remedies do not provide for increased damages that result from a tortious act, such as willful infringement, and punitive sanctions are within the exclusive jurisdiction of the government.³²⁹

VI. THE ITALIAN STANDARD

Italy has a civil law system, like France, and shares many similarities with France in its patent law. A large number of European patent infringement suits are brought in Italy, and Italy is

³²¹ See Japanese Patent Law art. 196 (Any person who has infringed a patent right or an exclusive license shall be liable to imprisonment with labor not exceeding five years or to a fine not exceeding ¥5 million).

³²² See Takenaka, *supra* note 290, n.42.

³²³ See *id.* at n.43.

³²⁴ See *id.*

³²⁵ See Takenaka, *supra* note 103, at 318.

³²⁶ See *id.*

³²⁷ See Takenaka, *supra* note 103, at 318–19.

³²⁸ See *id.* at 319.

³²⁹ See *id.* at 318.

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generally an inexpensive venue for patent litigation.³³⁰ It is, however, notorious for a slow adjudication process, and Italian courts are not known for their sophistication in patent matters or for issuing consistent patent opinions.³³¹ Infringement actions may be brought by patent owners or their exclusive licensees as civil actions, and the alleged infringer may similarly file civil actions against patent owners for declarations of invalidity.³³² Remedies include injunction of infringing activity, transfer of the infringing goods to the patentee, destruction or withdrawal of the infringing goods from the market, and damages.³³³

A. *Description and Seizure*

In order to preserve evidence and more accurately determine damages at a later date, a court may order provisional measures such as a judicial inspection and description of the infringing goods (*descrizione*) which is conducted by a court officer who is frequently assisted by a court-appointed expert.³³⁴ Inspection and description are provided by statute,³³⁵ and both the patentee and the defendant are entitled to meet with consultants or technicians.³³⁶ Or in addition to a description, the court may order a seizure of infringing goods (*sequestro*). Such an order is only given in extremely rare cases, and the patentee must show good cause and must demonstrate a reasonable likelihood of the patent's validity and of infringement.³³⁷ Previously, it was debated whether seizure could be used as a remedy or only as a method of preserving evidence.³³⁸ But 1996 amendments make it clear that a patentee may seize "some or all of the objects manufactured in

³³⁰ See Egli, *supra* note 12, at 56–57.

³³¹ See *id.*

³³² See, e.g., Trevisan & Cuonzo, *Introduction to Intellectual Property Law in Italy*, at http://www.icclaw.com/devs/italy/ip/itip_001.htm.

³³³ See *id.*; see also Egli, *supra* note 12, at 43.

³³⁴ See Guido Jacobacci, *Patents and Patent Enforcement in Italy*, in *PATENT LAW AND PRACTICE OF THE MAJOR EUROPEAN COUNTRIES* (1976).

³³⁵ See *id.* at I:19–20.

³³⁶ See Sandro Hassan, *Patent and Related Rights in Italy—Some Changes in Court Proceedings*, at <http://www.sib.it/engsib/novita/art2.htm>.

³³⁷ See Jacobacci, *supra* note 334.

³³⁸ See Hassan, *supra* note 336.

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violation of such rights.”³³⁹ Nonetheless, seizure of all infringing goods has rarely, if ever, been used as a remedy.

Effective use of description and seizure procedures requires action without advance notice to the opposition. Courts, therefore, have the authority to adopt provisional measures *inaudita altera parte* (without a hearing for the other party) where appropriate. In particular, where any delay in judicial action is likely to cause irreparable harm to the patentee, or where there is a demonstrable risk that evidence will be destroyed, provisional measures *inaudita altera parte* are appropriate.³⁴⁰ As an additional safeguard against the destruction of evidence, seizures may be repeated several times within a thirty-day period following the authorization of the seizure.³⁴¹

Since interlocutory proceedings are generally an effective method for stopping infringement in Italy, it is advantageous to begin patent litigation with an *inaudita altera parte* petition requesting a seizure of the infringing goods and/or an inspection and description of the means of production at the premises where the manufacture or sale of the infringing products occurs. The *ex parte* nature of the order ensures that the defendant will not have advance notice of the seizure and therefore cannot prepare for the inspection by concealing the products.³⁴² The patentee may then seek an injunction if the evidence obtained from the description and seizure provide sufficient support for infringement. Even interlocutory proceedings, however, *inaudita altera parte* provide the defendants with a right to file an immediate appeal against the enforcement of the seizure or injunction. The appeal is heard by a panel of judges of the same district court, but does not include the judge who originally granted the interlocutory relief.³⁴³ Following description or seizure, an infringement action (or a request for an injunction) must commence within thirty days.³⁴⁴ Additionally, it

³³⁹ *Id.*

³⁴⁰ *See id.*

³⁴¹ *See* Mario Franzosi & Giustino de Sanctis, *Italy*, in *INTERNATIONAL PATENT LITIGATION: A COUNTRY-BY-COUNTRY ANALYSIS*, at IT:6 (Michael N. Meller ed., 2002).

³⁴² *See, e.g.*, Trevisan & Cuonzo, *supra* note 332.

³⁴³ *See id.*

³⁴⁴ *See id.*

is worth noting that, according to Italian patent law, when the infringing articles originate from abroad, the patentee must prove ownership of the patent both in Italy and in the country from which the articles originate in order to secure an order of description for the articles.³⁴⁵

B. Injunctive Relief

Injunctions are provided by statute³⁴⁶ but, prior to Italy's adoption of the provisions in the TRIPS Agreement, injunctions were rare and were usually ordered only as part of a final decision.³⁴⁷ According to the provisions of the TRIPS Agreement, patentees may now request an injunction prior to the commencement of a trial on the merits.³⁴⁸ Technically, injunctions may only be issued to prevent unfair competition, not patent infringement.³⁴⁹ Even then, the alleged infringer is not prevented from manufacturing other infringing goods.³⁵⁰ Although interlocutory injunctions exist, they are not granted often, especially in ex parte proceedings. They are usually requested along with a description or seizure order, but the description and seizure may proceed quickly while the injunction proceeding may not progress for many months.³⁵¹ If an injunction can be obtained, it carries considerable force since it can be enforced against both infringing producers and retailers.³⁵²

³⁴⁵ Italian Law on Patents for Inventions, Royal Decree No. 1127 of June 29, 1939, as last amended by Law No. 349 of Oct. 19, 1991, art. 84 [hereinafter Italian Patent Law]:

As an exception to the provisions contained in the preceding sections, and without prejudice to the requirements of criminal law, no seizure may be performed of articles suspected of infringing a patent which appear within the enclosures of an official or officially recognized exhibition held in the territory of Italy, or are in transit to or from such exhibition. It shall be possible, however, to obtain a description of such articles.

³⁴⁶ See *id.* art. 83.

³⁴⁷ See Helfgott, *supra* note 170, at 21.

³⁴⁸ See Franzosi & de Sanctis, *supra* note 341, at IT:8.

³⁴⁹ See Egli, *supra* note 12, at 42.

³⁵⁰ See *id.*

³⁵¹ See, e.g., Trevisan & Cuonzo, *supra* note 332.

³⁵² See *id.*

C. Damages

Interestingly, Italy has the least statutory authority of any of the G7 countries for assessing damages. The relevant text of the sole article in Italian patent law concerning damages reads:

The decision ordering payment of damages may, at the request of one of the parties, provide for a lump sum payment to be based on the records of the case and on the assumptions deriving therefrom. It may also fix an amount due for each violation, or each case of non-compliance that may be found in the future, and for any delay in the execution of the orders contained in the decision.³⁵³

Thus, the assessment of damages is performed on a case-by-case basis with almost complete discretion given to the trial court. In practice, damage awards are usually based on the amount of damages that the patentee can actually demonstrate.³⁵⁴ If sufficient evidence of damages (e.g., lost profits of the patentee or unjust enrichment of the infringer) is not available, a court may award a reasonable royalty based on payments that would have been made under a licensing agreement.³⁵⁵ Historically, a claim for an accounting of profits from the alleged infringer was not allowed in Italy.³⁵⁶ Italian patent law was amended in 1996, however, and courts now have the statutory authority to order an accounting of profits, called an exhibition order.³⁵⁷ An exhibition order allows discovery and an accounting of profits either through document production or deposition.³⁵⁸ An exhibition order is now common in Italian patent infringement suits, especially if the court has found a strong likelihood of validity and infringement.³⁵⁹ Because of the relatively lax enforcement procedures that accompany

³⁵³ Italian Patent Law art. 86.

³⁵⁴ See Ladas & Parry, *Patent Litigation in Italy*, at http://www.ladas.com/Litigation/ForeignPatentLitigation/Italy_Patent_Litigation.html.

³⁵⁵ See Franzosi & de Sanctis, *supra* note 341, at IT:20.

³⁵⁶ See Hassan, *supra* note 336.

³⁵⁷ See, e.g., Paolo Rambelli, *Patent Litigation in Italy*, WORLD MKTS. SERIES CTR. BUS. BRIEFING: FUTURE DRUG DISCOVERY, <http://www.wmrc.com/businessbriefing/pdf/drugdisc2002/Technology/Jacobacci.pdf>.

³⁵⁸ See Italian Code of Civil Procedure art. 77.2.

³⁵⁹ See, e.g., Rambelli, *supra* note 357.

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awards for damages, however, the damages are often not paid, making Italy a poor choice of venue for patent infringement actions seeking damages.³⁶⁰

D. Criminal Penalties

There are no criminal penalties for patent infringement in Italy other than the possibility of criminal penalties for infringement that is committed willfully and on a commercial scale provided in TRIPS³⁶¹ and NAFTA.³⁶² However, certain fraudulent or counterfeiting activities may result in criminal penalties under Italian law.³⁶³ In at least one case an Italian court applied provisions of criminal law to a patent infringement case where a defendant party received infringing goods. In this case, Glaxo Group Ltd. brought an action against a small pharmaceutical company, Galeno S.A.S., alleging that the company had supplied its chemists with a substance that infringed one of Glaxo's patents.³⁶⁴ Galeno claimed no knowledge of Glaxo's patent, but the court, in its decision of April 19, 2000, found that Glaxo had publicized the patents that covered the substance at issue so that the defendant could not reasonably profess ignorance of the patent. The court therefore applied the criminal sanctions of article 648 of the Italian Penal Code, which provide for fines and possible imprisonment.³⁶⁵ Generally, however, criminal penalties for patent infringement do not exist under Italian law.

³⁶⁰ See Egli, *supra* note 12.

³⁶¹ See TRIPS Agreement, *supra* note 15, art. 61.

³⁶² See NAFTA, *supra* note 16, art. 1717.

³⁶³ See, e.g., Italian Penal Law art. 474 ("Importation for commercial purposes of counterfeited articles and works."); *id.* art. 514 ("Frauds that prejudice domestic industry by marketing products with counterfeited names, marks and signs."); *id.* art. 515 ("Fraud in commerce that prejudices the public through delivery of goods that differ from those agreed upon."); *id.* art. 517 ("Penalties (imprisonment or fine) for placing on the market articles protected by copyright or industrial property right in Italy that are liable to mislead the public as to the origin or quality of the products.").

³⁶⁴ See Società Italiana Brevetti, *Galenic Preparations and Patent Infringement: An Interesting Decision* Jun. 21, 2001, at <http://www.sib.it/engsib/novita/pat/210601.htm>.

³⁶⁵ Italian Penal Code art. 648 ("[A]nyone who uses in economic or financial activities money, property or other benefits derived from crime, shall be punished by imprisonment for a period from 4 to 12 years and a fine from 2 to 30 million lire.").

VII. THE FRENCH STANDARD

The first patent law went into effect in France in 1844.³⁶⁶ The law expressly excluded patents for pharmaceutical compositions and business methods, such as credit and financial plans.³⁶⁷ Pharmaceutical compositions later became patentable according to a 1960 decree.³⁶⁸ Remedies for patent infringement have always included the payment of damages, but only recent changes to the patent law have allowed for preliminary injunctions. Like Italy, actions for infringement usually begin with a description and possibly a seizure of the allegedly infringing goods.

A. *Description and Seizure*

Proof of infringement may be established through special procedures for inspection of the premises of the alleged infringer, including books and files. The general procedure is called a *saisie contrafaçon* and is virtually never refused by a court. An order granting the procedure does not require notification to the defendant,³⁶⁹ but the petition for a *saisie* requires the patentee to produce substantial proof of the patentee's rights in the patent as well as the proof that the patent is valid and enforceable. This includes proof that annuity payments are current and proof that the patent has not previously been invalidated.³⁷⁰ The *saisie contrafaçon* may include two procedures: a description of the allegedly infringing articles or machinery (*saisie descriptif*) and the actual seizure of the infringing articles (*saisie réel*), both of which are provided by statute.³⁷¹ The inspection is performed by a court bailiff accompanied by an expert, usually the patentee's patent attorney.³⁷² The *saisie* requires the patentee to follow strict procedural rules including delivery of the court order to the

³⁶⁶ See C.T. Akerman, *Patent Enforcement (in France)*, in PATENT LAW AND PRACTICE OF THE MAJOR EUROPEAN COUNTRIES F:48 (1976).

³⁶⁷ See *id.* at F:50.

³⁶⁸ See *id.* at F:48.

³⁶⁹ See Egli, *supra* note 12, at 45.

³⁷⁰ See Marc-Roger Hirsch, *France*, in INTERNATIONAL PATENT LITIGATION: A COUNTRY-BY-COUNTRY ANALYSIS, at FR:8 (Michael N. Meller ed., 2002).

³⁷¹ See French Patent Law art. L. 615-5; Akerman, *supra* note 366, at F:58.

³⁷² See *id.*

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accused infringer by the court bailiff responsible for the proceeding.³⁷³

Once a court has granted an order allowing for seizure, and the seizure occurs, an action for infringement must be initiated within fifteen days or the seizure is void.³⁷⁴ The seizure, at least in theory, may include seizure of all of the infringing articles and therefore may be considered an infringement remedy.³⁷⁵ Both seizures of goods and injunctions require the patentee to post a bond to reimburse the alleged infringer for damages in the event that no infringement is ultimately found by the court in a final judgment.³⁷⁶

The courts have considered a number of legal challenges to the *saisie* lodged by the alleged infringers, but the Supreme Court of France has generally upheld the procedures for both description and seizure. For example, in one case a defendant argued that the seizure was null and void because the bailiff merely reported the declarations of the patentee's attorney in connection with the seizure and did not obtain independent verification. The Court, however, upheld the bailiff's right to rely on the patentee's attorney as long as the bailiff clearly stated this in the report.³⁷⁷ The Supreme Court of France has also admitted photos that were taken during the seizure into evidence, even though they were first mentioned long after the seizure in a certified seizure report.³⁷⁸ Another court denied the alleged infringer's motion to nullify an entire seizure report based on one inaccurate statement.³⁷⁹ The law is mixed, however, and some formalities of the procedures have been held to be very important. For example, in two cases, one

³⁷³ See Hirsch, *supra* note 370, at FR:9.

³⁷⁴ See French Patent Law art. L. 615-5; Akerman, *supra* note 366, at F:59.

³⁷⁵ See French Patent Law art. L. 615-7.

³⁷⁶ See *id.*

³⁷⁷ See *In re Extenzo MPHI v. Normalu, Scherrer*, Supreme Court, Trade Chamber, Mar. 21, 2000, at <http://www.cabinetbeaudelomenie.com/gb/actu/overview.html>.

³⁷⁸ See *In re Société Matériel pour l'arboriculture fruitière v. Société Cautier France*, Supreme Court, Apr. 6, 1999, at <http://www.cabinetbeaudelomenie.com/gb/actu/overview.html>.

³⁷⁹ See *In re Baxter International, SA Baxter v. SA Marco Pharma*, First Instance Court of Paris, First Chamber, Mar. 19, 1999, at <http://www.cabinetbeaudelomenie.com/gb/actu/overview.html>.

from the Supreme Court,³⁸⁰ the courts nullified a seizure report because the bailiff had not indicated his name and surname on the report.³⁸¹ Similarly, when a seizure was ordered on the basis of a French patent, even though a European Patent designating France had subsequently issued for the same invention, a court nullified both the order authorizing the seizure and the seizure itself. The court reasoned that the French patent had ceased to have effect in France upon issuance of the European patent, thus it could not provide the basis for a seizure.³⁸² In sum, the description and seizure may serve as powerful discovery tools, but compliance with formalities is important to guarantee the validity of the seizure proceeding and the accompanying seizure report.

B. Injunctive Relief

Until recently, preliminary injunctions were not available in France. The law, however, was amended in 1984 to provide for statutory injunctions³⁸³ and amended again in 1990 in an attempt to clarify the basis for granting injunctions. Although the basis for injunctions may now be more clear, they are still rarely awarded.³⁸⁴ Like courts of other countries, French courts consider the overall merits, the need for an injunction to prevent irreparable harm, and the urgency with which the injunction was sought. In addition, French patent law requires that a full infringement action of the merits also be filed and that the action be “serious,” that is, infringement must be sufficiently obvious that it cannot be denied.³⁸⁵

³⁸⁰ See *In re Maschinenfabrik Jakob Muller v. Staubli-Verdol*, Supreme Court, Trade Chamber, Oct. 20, 1998, at <http://www.cabinetbeaudelomenie.com/gb/actu/overview.html>.

³⁸¹ See *In re The Welcome Found. v. Apotex France and Apotex, Inc.*, Appeals Court of Paris, Sept. 15, 2000, at <http://www.cabinetbeaudelomenie.com/gb/actu/overview.html>.

³⁸² See *In re Dacota v. Duwicquet and Cemloc*, First Instance Court of Paris, Third Chamber, May 5, 1999, at <http://www.cabinetbeaudelomenie.com/gb/actu/overview.html>.

³⁸³ See French Patent Law art. L. 615-3.

³⁸⁴ See Ladas & Parry, *Patent Litigation in France*, at http://www.ladas.com/Litigation/ForeignPatentLitigation/France_Patent_Lit.html.

³⁸⁵ See Hirsch, *supra* note 370, at FR:12.

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A court may order an injunction if it finds “sufficient urgency and necessity.”³⁸⁶ An injunction will only be deemed a “necessity” if it is required to prevent irreparable harm.³⁸⁷ “Sufficient urgency” requires the patentee to seek an injunction within a short period of time after the patentee becomes aware of the infringement.³⁸⁸ The Appeals Court of Paris has ruled that the time in which the patentee seeks an injunction should not exceed six months in the absence of settlement negotiations³⁸⁹ and in no event should exceed seven months.³⁹⁰ In addition, the court should also consider the overall strength of the patentee’s case. Even if a court finds urgency, necessity, and merit in the patentee’s case, the court might not grant an injunction if the patentee has delayed in seeking relief.³⁹¹

Because injunctions are equitable in nature, the court has considerable flexibility when deciding whether an injunction is appropriate. French law³⁹² has been interpreted by the courts in a number of emergency interim proceedings (“rulings in *référé*”). In general, courts have held that motions for injunctions must be connected to substantive actions for infringement, and the patentee’s case in the substantive action must be well founded on the merits with a clear material infringement.³⁹³ Invalidity of a patent is a proper defense against a motion for an injunction, and when a court considers the challenge to validity to be well-founded, the injunction will be denied.³⁹⁴

Courts have also held that injunctions are only available to patentees, not to patent applicants.³⁹⁵ Also, as noted above, the patentee must have brought the substantive action for infringement

³⁸⁶ See Akerman, *supra* note 366, at F:62.

³⁸⁷ See Egli, *supra* note 12, at 45.

³⁸⁸ See Hirsch, *supra* note 370, at FR:12.

³⁸⁹ See *id.*

³⁹⁰ See *id.* at FR:13.

³⁹¹ See Perkins & Mills, *supra* note 128, at 598.

³⁹² See French Patent Law art. L. 615-3.

³⁹³ See Cabinet Chaillot, *Action for Infringement in France*, at <http://www.chaillot.com/En/pages/p9.html>.

³⁹⁴ See *In re Le Floch v. Blys*, First Instance Court of Rennes (*référé*), Jun. 16, 1999, at <http://www.cabinetbeaudelomenie.com/gb/actu/overview.html>.

³⁹⁵ See *In re Bicipark v. OMC*—Appeals Court of Toulouse, Dec. 10, 1998, at <http://www.cabinetbeaudelomenie.com/gb/actu/overview.html>.

without delay after becoming aware of the infringement. The six month period in which the patentee may seek an injunction has recently been interpreted and emphasized in a case between Wellcome and Parexel. In this case, the timing of the patentee's notice of infringement (in the form of clinical trials being conducted by the accused infringer) and the effect of the notice, given that the patentee and the accused infringer were involved in settlement negotiations, were both brought into question.³⁹⁶ Wellcome and Parexel had been negotiating a cross-licensing agreement for their pharmaceutical patents, but the negotiations eventually broke down. Nonetheless, Parexel continued clinical trials on the products covered by the Wellcome patent. Wellcome moved for a preliminary injunction against Parexel, but Parexel argued that since Wellcome had known about the clinical trials for more than three months, there had been undue delay in filing the motion. The Appeals Court of Paris held that no infringement had occurred during the negotiations and that the time period for requesting the injunction started with the knowledge of the infringement.³⁹⁷ Therefore, there was no delay and an injunction was appropriate in this case.

C. Damages

Damages are assessed according to one of several methods: the lost profits to the patentee caused by the infringer, "inconvenience damages" that result from, for example, an inability to license the patent because of the infringer's actions, and the cost of the resulting legal action.³⁹⁸ With regard to lost profits, courts have distinguished patentees who work exclusively with the invention themselves from those who profit from licensing. If the patentee works exclusively with the invention, damages are usually assessed as the patentee's lost profits.³⁹⁹ Specifically, damages are calculated as the patentee's unit profit margin multiplied by the

³⁹⁶ See *In re Wellcome v. Parexel, Flamel and Creapharm*, Appeals Court of Paris, Jan. 27, 1999, at <http://www.cabinetbeaudelomenie.com/gb/actu/overview.html>.

³⁹⁷ See *id.*

³⁹⁸ See Akerman, *supra* note 366, at F:63.

³⁹⁹ See Hirsch, *supra* note 370, at FR:16.

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number of articles sold by the infringer.⁴⁰⁰ If the patentee has licensed the invention, however, damages are usually assessed as a reasonable royalty.⁴⁰¹

“Inconvenience damages” may additionally be awarded for more intangible consequences of infringement, such as price erosion and an inability to license the invention following infringement.⁴⁰² Damages for an inability to license after infringement are unique to France. In addition to damages, each party normally pays its own attorneys’ fees.⁴⁰³ The reimbursement of attorney’s fees, however, is completely within the discretion of the court, and the court may award fees if one party can prove that the infringement action lacked substantial merit.⁴⁰⁴ Finally, France also provides the unique remedy of a court-ordered publication of the decision finding infringement in a widely circulated newspaper or in the professional press.⁴⁰⁵ The decision need not be published in its entirety, but the essential elements of the decision should be made known to the public.⁴⁰⁶ In addition, the costs of the publication of the decision are charged to the infringer.⁴⁰⁷

D. Criminal Penalties

The 1968 amendment to French patent law established that patent infringement is a civil offense wherein an infringer must pay damages.⁴⁰⁸ In general, then, the French system resembles the system in the United States in that enforcement is almost exclusively through civil remedies, except for the possibility of criminal penalties provided by TRIPS⁴⁰⁹ and NAFTA.⁴¹⁰ Criminal penalties, however, do exist in exceptional circumstances, such as

⁴⁰⁰ See Akerman, *supra* note 366, at F:64.

⁴⁰¹ See *id.*

⁴⁰² See *id.* at F:65.

⁴⁰³ See Helfgott, *supra* note 170, at 30.

⁴⁰⁴ See *id.* at 21.

⁴⁰⁵ See Hirsch, *supra* note 370, at FR:16.

⁴⁰⁶ See *id.*

⁴⁰⁷ See *id.*

⁴⁰⁸ See French Patent Law art. L. 615-1. (“Any violation of the rights of the owner of a patent, as set forth in Articles L. 613-3 to L. 613-6, shall constitute an infringement. An infringement shall imply the civil liability of the infringer.”).

⁴⁰⁹ See TRIPS Agreement, *supra* note 15, art. 61.

⁴¹⁰ See NAFTA, *supra* 16, art. 1717.

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for repeated offenses,⁴¹¹ infringements that prejudice national defense,⁴¹² and to “any person who has knowingly infringed.”⁴¹³ The criminal penalties include fines and imprisonment up to five years.

CONCLUSION

In conclusion, remedies for patent infringement vary from country to country among the G7 nations. An ideal system would provide for efficient and consistent resolution of the dispute, low costs, and enforceable remedies. Therefore, an improved system for resolving and remedying patent disputes would, for example, combine the inspection and seizure procedures that are characteristic of the French and Italian systems with the more expansive and complementary discovery procedures from the British and U.S. systems, such as interrogatories and depositions. Efficient resolution of the dispute is characteristic of the European patent systems, with the exception of Italy, and consistency is perhaps best achieved with the U.S. system where the Federal Circuit provides consistency at the appellate level. A system that offers the most choices for the calculation of damages would also be desirable and should include awards for the patentee’s lost profits, the profits gained by the infringer, or a reasonable royalty.

⁴¹¹ See French Patent Law art. L. 615-12:

Any person improperly claiming to be the owner of a patent or of a patent application shall be liable to a fine of 50,000 francs. In the event of a repeated offense, the fine may be doubled. An offense shall be deemed to be repeated within the meaning of this Article if the offender has been convicted for the same offense within the preceding five years.

⁴¹² See French Patent Law art. L. 615-13:

Notwithstanding the heavier penalties provided for with regard to violation of State security, any person who knowingly violates any of the prohibitions laid down in Articles L. 612-9 and L. 612-10 shall be liable to a fine of 30,000 francs. Where the violation has prejudiced national defense, imprisonment of five years may also be ordered.

⁴¹³ See French Patent Law art. L. 615-14:

1. Any person who has knowingly infringed the rights of the owner of a patent, as defined in Articles L. 613-3 to L. 613-6, shall be liable to a two-year prison term and a fine of 1,000,000 francs.
2. The provisions of paragraph 1 above shall enter into force on January 1, 1993.

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Finally, prevention of patent infringement should be a goal, so strong enforcement and increased damages for willful infringement should be available. In addition, to the extent that criminal penalties are realistic, appropriate, and enforced, they will serve as an additional deterrent. If all of these aspects could be incorporated into a single system, the efficiency and predictability of the system in conjunction with the deterrence function of enhanced damages should result in a system that also provides enforcement of patent rights at a reasonable price.