



# Legal Remedies against IP Infringements

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# Introduction

- TRIPS Agreement ⇨ national implementation
  
- Civil remedies
  - Injunctions
  - Damages
  - Other Remedies
  - Indemnification of Defendant
  
- Criminal sanctions
  
- Remedies not contemplated by TRIPS

# 1. Civil remedies: Injunctions (Art. 44)

- Judicial Authorities shall have the authority to order a party to desist from an infringement, *i.a.*, to prevent the commercialization of imported infringing goods;

→ exception allowed for goods acquired in good faith.

- New Copyright Law, Art. 93:
  - Injunction to prohibit the continuation of the infringement
  - Recurring penalty payment, if need be
  - Available against intermediaries as well

## 2. Civil Remedies: Damages (Art. 45)

- Adequate compensation for the injury suffered by the right holder because of the infringer who knew, or should have known, that he was engaged in an infringing activity ;
  - exception: judicial authorities may order recovery of profits and/or payment of pre-established damages “even” for the “good-faith” infringer.
  
- New Copyright Law, Art. 94; “*all appropriate aspects*” including lost profits + any unfair profits made by the infringer + “*in appropriate cases, elements other than economic factors*” **OR** lump-sum: royalties/fees which would have been due **X 2**.
  
- Judicial expenses, which may include attorney’s fees – NCL: Art. 95

## 3. Civil Remedies: Other Remedies (Art. 46)

- Judicial Authorities shall have the authority to order:
  - that **infringing goods** be disposed of outside the channels of commerce or – unless against the constitutional principles - destroyed, without any compensation ;
  - that **materials and implements the predominant use of which** has been in the creation of the infringing goods be disposed of outside the channels of commerce, without any compensation.
  
- New Copyright Law, Art. 94:
  - Recall from the channels of commerce;
  - Definitive removal from the channels of commerce;
  - Destruction

### 3. Civil Remedies: Other Remedies

- Example: US/China Dispute (DS 362)
- In 2007, USA filed a complaint with the WTO (requesting a panel to be constituted) against various Chinese IP enforcement measures for not complying with TRIPS, incl. customs measures relating to the disposal of infringing goods.
- WTO Panel: Report on January 26, 2009 – important interpretation of Articles 46 and 59 TRIPS.

### 3. Civil Remedies: Other Remedies

- Article 27 of the Chinese IPR Customs Regulations:

*“Where the confiscated goods which infringe on [IPRs] can be used for the social public welfare undertakings, Customs shall hand such goods over to relevant public welfare bodies for the use in social public welfare undertakings. Where the holder of the [IPRs] intends to buy them, Customs can assign them to the holder of the [IPRs] with compensation. Where the [infringing] confiscated goods [...] cannot be used for social public welfare undertakings and the holder of the [IPRs] had no intention to buy them, Customs can, after eradicating the infringing features, auction them off according to law. Where the infringing features are impossible to eradicate, Customs shall destroy the goods”.*

## 3. Civil Remedies: Other Remedies

- Article 27 of the Chinese Customs IPR Regulations set out four different options “in cascade” for the disposal or destruction of goods:
  - Donation to social public welfare undertaking ...
  - ... or purchase by the right holder ;
  - If not, auctioning off after eradicating of the infringing features ;
  - If not, destruction.



## 3. Civil Remedies: Other Remedies

- Donation to social public welfare undertakings : OK
  - // Principles < Art. 46 TRIPS: Customs must have the authority to order that the goods be disposed of outside the channels of commerce and are responsible to ensure that the manner in which the goods are disposed is designed in such a way that it will avoid any harm to the right holder.
- MoU with the Chinese Red Cross
  - undertaking not to use the donated goods for other purpose or to introduce them in the channels of commerce.

## 3. Civil Remedies: Other Remedies

- Sale to the right holder
  - The right holder pays => harm to the right holder?
  - Voluntary
  - Alternative between donation – sale to the right holder with no prevalence => sale to the right holder is not the only available option and it doesn't preclude the authority required by Article 59 TRIPS.

=> OK

## 3. Civil Remedies: Other Remedies

### ■ Auction

- Not a form of disposal outside the channels of commerce...
- ... but remedies mentioned in TRIPS are not exhaustive => not inconsistent *per se* with TRIPS.
- “*can*” => faculty instead of obligation if the two previous methods (disposal; sale) are not applied.
- The inability to eradicate infringing features precludes the auction method, but this doesn't imply that the ability to eradicate them precludes the destruction (“*can*”) => the possibility of auction not contrary to TRIPS

## 3. Civil Remedies: Other Remedies

### ■ Auction

■ But Art. 27 Chinese IPR Customs Regulation => auction with removal of the TM unlawfully affixed.

→ “simple removal” because it’s the sole action prior to the auction.

→ no demonstration of exceptional case.

=> contrary to TRIPS

## 3. Civil Remedies: Other Remedies

- Concrete challenges
- See study of David J. Blakemore related to existing methods of disposal and destruction of counterfeit and pirated goods within the Asia-Pacific Region:
  - [http://www.wipo.int/edocs/mdocs/enforcement/en/wipo\\_ace\\_6/wipo\\_ace\\_6\\_8.pdf](http://www.wipo.int/edocs/mdocs/enforcement/en/wipo_ace_6/wipo_ace_6_8.pdf)

### 3. Civil Remedies: Other Remedies

- The principal methods of disposal used in the studied region are:
  - recycling ;
  - open air burning ;
  - shredding ;
  - crushing ;
  - burying in landfill ;
  - donation for humanitarian relief.

## 3. Civil Remedies: Other Remedies

- Environment concerns:
  - Growing consciousness of the need to manage the environmental impact of infringing goods ;
  - Some counterfeit goods present a direct and toxic threat to the environment: insecticides, pesticides, ozone depleting substances, etc. ;
  - Requirement to use careful, environmentally friendly, destruction methods ;
  - Maximize the use of recycling.

## 3. Civil Remedies: Other Remedies

- Some of the issues :
  - Availability of suitable storage and destruction facilities
  - The cost of storage and destruction
  - There are additional public interest considerations to ensure that infringing goods are held securely and do not migrate into channels of commerce, or create environmental/consumer risks.



## 4. Indemnification of Defendant (Art. 48)

- Measures not justified + abuse of procedure
- Defendant's expenses, that may include appropriate attorney's fees.

## 5. Criminal sanctions (Art. 61)

- Criminal procedures and penalties mandatory at least in cases of wilful TM counterfeiting or copyright piracy on a commercial scale.
- Remedies should include:
  - Imprisonment and/or monetary fines
    - sufficient to provide a deterrent;
    - consistently with the level of penalties for crimes of a corresponding gravity.
  - In appropriate cases, seizure, forfeiture and destruction of the infringing goods / any materials and implements used for the commission of the offence.
  
- *Quid* in the European Union? In Albania?

## 6. Remedies outside TRIPS

- *E.g.:* Publication of the judgment
  - New Copyright Law, Art. 96: *“The Court may order, at the request of the applicant and at the expense of the infringer, appropriate measures for the dissemination of the information concerning the decision including the publication of such decision, in whole or in part, in the mass media; in the same circumstances, the court may order supplementary publication measures in accordance with the special requirements of the case, including high publicity”.*

# Final Observations

- Remedies and corrective measures available – to use them fully and reasonably (principle of proportionality) – margin of appreciation by the courts
- Remedies and tools outside the pure “IP toolbox” – e.g.: the new Law on General Product Safety, entered into force on December 26, 2011

# THANK YOU FOR YOUR ATTENTION!



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