

1

Introduction

Patent Remedies in the Global Landscape

Jorge L. Contreras and Martin Husovec

Despite their outward differences, all modern legal systems share a number of fundamental features. One of these features is the availability of remedies for injuries that are proven to an adequate legal standard. As explained by Douglas Laycock, one of the preeminent scholars of common law remedies: “The choice of remedy and the measure and administration of the remedy chosen pose a distinctive set of questions – logically separate from the liability determination and usually considered subsequent to that determination – focused on what the court will do to correct or prevent the violation of legal rights that gives rise to liability.”¹

The law recognizes a wide array of remedies, both civil and criminal, ranging from monetary damages and fines to orders constraining future conduct to imprisonment.² A legal system, embodied by the legislative, executive and judicial branches of government, selects remedies for particular types of harms based on a range of considerations including compensating the injured party, punishing the injuring party, constraining future conduct by the injuring party, and deterring future injurious conduct by others. It is seldom the case that all available remedies are imposed for a single injurious act, but remedies issued in combination are not at all uncommon.

Like most other areas of the law, patent law offers remedies to injured parties – those whose validly issued patents are infringed by others. Broadly speaking, remedies in patent law fall into two categories – damages, calculated by a variety of measures, and injunctions, which legally restrain the infringer’s future conduct. It is not obvious, as a purely logical matter, which of these remedies is preferable in a given situation, or as a general matter. Each has its purposes and can shape

¹ Laycock 2008, 164.

² Criminal penalties for commercial activities should not be underestimated. In the United States, at least, criminal penalties are routinely imposed for antitrust law violations, copyright infringement and trade secret misappropriation.

individual behavior as well as broader societal incentives and deterrents. This being said, injunctive relief is highly valued by patent holders, sometimes far surpassing the perceived value of monetary relief.³

Over the years, different jurisdictions have emphasized one form of remedy over another based on the internal structure of their laws, the position that patents occupy within that structure, and the role that judges, lawyers and political bodies play in making legal determinations. In some jurisdictions, patent law has a manifestly instrumental purpose. For example, patents are authorized under the US Constitution for the express purpose of promoting the progress of science and the useful arts (US Const., Art. I, Sec. 8, Cl. 8). In other jurisdictions, patents are regarded as property rights inherent to individual acts of invention. As a result of differences like these, there is a diversity of approaches to injunctive relief in patent cases.⁴ One aim of this book is to highlight the differences among jurisdictions in this regard, whether rooted in legal doctrine, broader institutional structures or social and professional norms.

In no jurisdiction that we studied is the issuance of injunctions in patent cases a purely automatic process. Even the most rigid legal system provides some degree of discretion or flexibility in this regard under certain circumstances. Flexibility at the remedial stage of an action can help to alleviate inefficiencies otherwise caused by uniformity within the patent system. That is, because patents extend a uniform term of protection, and uniform rights to enforce against infringers, to all patented inventions irrespective of their degree of innovation or usefulness, “society pays too much for numerous innovations that would have been created with less robust protection, while in other cases patent rights are less extensive than would be necessary to induce the creation of certain costly but socially desirable inventions.”⁵

This is the problem of uniformity cost – when the law affords the same legal rights to all inventions, some are invariably protected too much and some are protected too little, resulting in a cost to society with respect to these inventions. But because it is impossible to tailor patent grants to the societal value of individual inventions, tailoring mechanisms that can be deployed in the area of remedies can help to address inefficiencies resulting from uniformity cost.⁶ However, as remedies cannot redefine the scope of patent rights by going beyond the baseline of protection set by the legislature, tailoring and flexibility of remedies are more likely to resolve

³ We do not address in this book the use of so-called anti-suit injunctions – interjurisdictional procedural remedies that have been used with increasing frequency in certain patent disputes. See Contreras 2019. While these injunctions are used in some patent suits, they are not, themselves, remedies flowing from patent law, but from interjurisdictional competition. As such they fall outside the scope of this book.

⁴ See, e.g., Cotter 2013; Siebrasse et al. 2019; Sikorski 2019.

⁵ Carroll 2007, 423.

⁶ Id. at 425. See also Burk & Lemley 2009, 137–41 (referring to judicial flexibility in the issuance and tailoring of injunctions as a “policy lever” that can help to alleviate the inherent costs associated with the uniformity of legal protection in different industries).

situations when inventions are protected too much (i.e., a remedy may be tailored to award the rights holder less than the full scope of its legal entitlement, but cannot be tailored to give the rights holder more).⁷

Thus, another goal of this book is to explore the degree to which judges in different jurisdictions employ tools of flexibility and tailoring in the imposition of patent law injunctions. As with the decision to issue injunctions, this set of tools is highly subject to the doctrinal, structural and normative background of individual jurisdictions. Hence, we observe a variety of approaches, both to the issuance of injunctions and to the tailoring of injunctive remedies after the decision to issue them has been made. This variety also demonstrates varying degrees of institutional openness towards judicial reconciliation of fundamental trade-offs implicit in the patent system.

It is not a goal of this book, however, to suggest that strict uniformity among jurisdictions is possible or even desirable. Like other scholars who have considered the issue, we do not suggest that an international treaty or harmonization of legal regimes is a desirable or even feasible goal.⁸ This book demonstrates that injunction practices are embedded in the institutional makeup of each jurisdiction, such that simple legal transplants would be inadequate to address perceived deficiencies in the practices of any given jurisdiction.

Rather, we seek to elucidate existing flexibility mechanisms within the legal frameworks that have developed around the world, to identify their similarities and differences, their probable driving forces, and to analyze trends that may emerge as patent litigation becomes an increasingly global and interconnected enterprise.⁹ We hope that this comparative and analytical study will assist judges and litigators to learn from the diverse approaches to patent injunctions taken by different jurisdictions.

REFERENCES

- Burk, Dan L. & Mark A. Lemley. 2009. *The Patent Crisis and How the Courts Can Solve It*. University of Chicago Press.
- Carroll, Michael W. 2007. "Patent Injunctions and the Problem of Uniformity Cost," *Michigan Telecommunications and Technology Law Review* 13: 421–43. University of Chicago Press.
- Contreras, Jorge L. 2019. "The New Extraterritoriality: FRAND Royalties, Anti-Suit Injunctions and the Global Race to the Bottom in Disputes Over Standards-Essential Patents," *Boston University Journal of Science and Technology* 25:251–90.
- Cotter, Thomas F. 2013. *Comparative Patent Remedies: A Legal and Economic Analysis*. Oxford University Press.

⁷ See Dobbs 1993, 113.

⁸ See Cotter 2015, 2 ("a treaty that goes into greater detail about when injunctions must or should be granted . . . would not be a good idea").

⁹ See, e.g., Contreras 2019 (describing global litigation in the area of standard-essential patents).

2015. Patent Remedies: Recommendations for International Best Practices. Minnesota Legal Studies Research Paper No. 16-40.
- Dobbs, Dan B. 1993. *Dobbs Law of Remedies Vol. 1* (2nd ed.). West Publishing.
- Laycock, Douglas. 2008. “How Remedies Became a Field: A History,” *Review of Litigation* 27:161–267.
- Siebrasse, Norman V., Rafał Sikorski, Jorge L. Contreras, Thomas F. Cotter, John Golden, Sang Jo Jong, Brian J. Love & David O. Taylor. 2019. “Injunctive Relief,” in C. Bradford Biddle, Jorge L. Contreras, Brian J. Love and Norman V. Siebrasse eds., *Patent Remedies and Complex Products*. Cambridge University Press.
- Sikorski, Rafał ed., 2019. *Patent Law Injunctions*. Wolters Kluwer.

2

Injunctive Relief in Patent Law under TRIPS

Graeme B. Dinwoodie and Rochelle C. Dreyfuss

Traditionally, intellectual property's right to exclude has implied that injunctive relief should always be available at the conclusion of a successful infringement action.¹ However, in recent years that view has evolved. As discussed in Chapter 14, in the United States, the 2006 Supreme Court decision in *eBay Inc. v. MercExchange* imposed a four-part test requiring the plaintiff in a patent case seeking a permanent injunction to demonstrate "(1) that it has suffered an irreparable injury; (2) that remedies available at law, such as monetary damages, are inadequate to compensate for that injury; (3) that, considering the balance of hardships between the plaintiff and defendant, a remedy in equity is warranted; and (4) that the public interest would not be disserved by a permanent injunction."² While this standard appears to impose quite a restrictive test, several members of the court emphasized that even under this discretionary standard, injunctive relief should remain available in the vast majority of cases.³

Furthermore, Justice Kennedy wrote a concurring opinion delineating specific areas where such relief might be appropriately withheld. First, he suggested that the availability of injunctive relief may furnish firms that use patents primarily to obtain licensing fees (so-called patent assertion entities or PAEs) too much bargaining power in licensing negotiations and that since they are only interested in fees, monetary relief is usually sufficient to compensate them.⁴ Second, he stated that when a patent is "but a small component" of a larger product, the opportunity for holdups creates undue leverage. As a result, injunctive relief in such cases could undermine the public interest.⁵ Third, he argued, giving the example of business

¹ Cf. Simpson 1936, 183.

² *eBay* (2006, p. 391).

³ Id. at 395 (Roberts, J., concurring, joined by Justices Scalia and Ginsburg); at 396 (Kennedy, J. concurring, joined by Justices Stevens, Souter, and Breyer).

⁴ Id. at 396.

⁵ Id. at 396–97.

method patents, that injunctions may be withheld when the asserted patents are vague and of “suspect validity.”⁶

As the other chapters in this volume attest, many countries have now adopted a similar discretionary approach to the award of injunctive relief. The question we address in this chapter is whether that position is consistent with the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS or the TRIPS Agreement).⁷ To be sure, the TRIPS Agreement is largely conceptual in character and the section addressing enforcement (Part III of TRIPS) is of a very general nature. However, the Agreement does require member states to give courts the authority to order parties to desist from infringement,⁸ it requires remedies to deter future infringements,⁹ it imposes national treatment and most-favored-nation (MFN) obligations,¹⁰ and it bars discrimination by field of technology.¹¹ In addition, it cautions member states that protection exceeding its standards is allowable, but only if such a measure “does not contravene the provisions of [the] Agreement.”¹² Thus, TRIPS also sets a ceiling on right-holder protection. Since empirical evidence on the effect of *eBay* in US patent litigation shows that its impact falls disproportionately on certain right holders (not surprisingly, PAEs in particular) and on specific industries,¹³ all of these TRIPS obligations are implicated.

In this chapter, we first outline what we regard as the conceptual features of TRIPS. We then consider the individual provisions touching on enforcement and how they might be interpreted. Finally, we discuss specific applications of the discretionary approach and ask whether World Trade Organization (WTO) decision makers would find any of the outcomes incompatible with TRIPS obligations. Our analysis draws heavily on our book, *A Neofederalist Vision of TRIPS*.¹⁴

A. TRIPS AND ENFORCEMENT

Several features of the TRIPS Agreement (and indeed of international intellectual property law generally) would appear to limit its relevance to the question whether an *eBay*-like approach to injunctive relief is TRIPS-compliant. First, like most norm-setting international instruments in the field, the TRIPS Agreement largely imposes

⁶ *Id.*

⁷ Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, Legal Instruments – Results of the Uruguay Round, Vol. 31, 33 ILM 81 (1994) [hereinafter TRIPS Agreement].

⁸ *Id.* art. 41(1).

⁹ *Id.* art. 41(1).

¹⁰ *Id.* arts. 3 & 4.

¹¹ *Id.* art. 27(1).

¹² *Id.* art. 1(1).

¹³ See, e.g., Seaman 2016; Gupta & Kesan 2016; Lim & Craven 2009, 798.

¹⁴ Dinwoodie & Dreyfuss 2012.

only minimum standards. Thus, Article 1(1) of TRIPS provides that “Members may, but shall not be obliged to, implement in their law more extensive protection than is required by this Agreement, provided that such protection does not contravene the provisions of this Agreement.” Under a minimum standards regime, the possibility of noncompliance would arise directly only when a jurisdiction fails to make injunctive relief available,¹⁵ fails to offer remediation that deters further infringement,¹⁶ or interferes with the structural features of TRIPS, such as its various bars on discrimination. And to the extent TRIPS sets a ceiling, excessive enforcement could also raise compliance issues.

Second, TRIPS was one of the first multilateral forays into questions of patent (or indeed any intellectual property) enforcement other than at a very general level.¹⁷ As such, it is perhaps inevitable, if not desirable, that the text of the provisions on remedies has little detail, and that the plain language of the Agreement affords WTO members substantial flexibility. In other words, this part of the Agreement allows member states more latitude than one finds in areas where there has been a century or more of serial international convergence among nation states.¹⁸ Indeed, this cautious attitude has been emphasized by both a WTO dispute settlement panel and the WTO Appellate Body in the WTO TRIPS reports to date that have interpreted provisions in the enforcement section of the Agreement.¹⁹ (Reflective of this fact, post-TRIPS, developed countries have tried to ratchet up the level of

¹⁵ Art. 44(1).

¹⁶ Art. 41(1).

¹⁷ See Gervais 2012, 564; World Trade Organization 2012, 136; Roffe & Seuba 2015, 18–19. Some provisions on enforcement were contained in the trademark sections of the Paris Convention, see Paris Convention for the Protection of Industrial Property, Jul. 14, 1967, 21 UST 1583, 828 UNTS 305 [hereinafter Paris Convention], arts. 9–10, but these were focused primarily on border measures. Likewise, the adequacy of intellectual property enforcement options in the United States had been successfully challenged under the predecessor to the World Trade Organization, the General Agreement on Tariffs and Trade, but this had been on national treatment grounds. See Panel Report, United States – Section 337 of the Tariff Act of 1930, L/6439 (Nov. 7, 1989) [hereinafter *US – Section 337*].

¹⁸ See Taubman 2011, 110; Reichman 1997, 344 (“The enforcement provisions of the TRIPS Agreement have been drafted in terms of broad legal standards rather than as narrow rules. Their very ambiguity, allows . . . dispute-settlement panels to take local circumstances and diverse legal philosophies into account when seeking to mediate actual or potential conflicts between states”).

¹⁹ See Appellate Body Report, United States – Section 211 Omnibus Appropriations Act of 1998, WT/DS176/AB/R (Aug. 6, 2001) [hereinafter *United States – Section 211*] at para. 8.97 (“Prior to the TRIPS Agreement, provisions related to enforcement were limited to general obligations to provide legal remedies and seizure of infringing goods”); Panel Report, *China – Measures Affecting the Protection and Enforcement of Intellectual Property Rights*, WT/DS362/R (Jan. 26, 2009) [hereinafter *China – Enforcement*] at para. 7.241 (“[Prior to TRIPS,] the pre-existing international intellectual property agreements contained comparatively few minimum standards on enforcement procedures beyond national treatment and certain optional provisions”). In contrast, Article 61, on criminal procedures, uses the formulation “Members shall provide for criminal procedures and penalties to be applied,” a phrase the panel in the Saudi Arabia – IPR dispute interpreted as requiring states to do more than merely adopt a written law

international enforcement obligations through plurilateral and bilateral initiatives, such as the Anti-Counterfeiting Trade Agreement or ACTA.²⁰) Amplifying that point, this characterization of the enforcement provisions might also to a lesser extent be applied to the substantive patent provisions, which are arguably newer and less prescriptive than parallel sections of the Agreement on copyright or trademark.²¹

For example, although Article 41(1) mandates that specific enforcement procedures delineated in the subsequent provisions of the Agreement are available to courts, the general principles applicable to enforcement matters that are outlined in Article 41 appear more in the nature of standards than rules. This latitude is also reflected in the textual structure of the specific remedial provisions. Thus, many of the remedial articles (including Article 44 on injunctions, but also those addressing damages and other remedies) contain the formulation “the judicial authorities shall have the authority.”²² As the WTO panel in *China – Enforcement* put it on reading the same language in Article 59, “the obligation is to ‘have’ authority, [it is] not an obligation to ‘exercise’ authority.”²³ Likewise, the Appellate Body in *United States – Section 211* adopted a relatively narrow reading of Article 42, which generally requires that civil judicial procedures must be “made available” to enable right holders to protect against infringement.²⁴ Accordingly, while Article 44 requires that judicial authorities have “the authority to order a party to desist from an infringement” and Article 50 uses similar language regarding provisional remedies, neither mandates that injunctive relief (preliminary or mandatory) be awarded in all cases. Nor do they fully dictate the detail or form of that relief.

Third, Article 1(1) of the TRIPS Agreement explicitly endorses the longstanding principle of international intellectual property law that different WTO member states should be able to implement their international obligations in ways best suited to their jurisprudential tradition.²⁵ That position is reinforced in the enforcement section by Article 41(5), which states that this part “does not create any obligation to

authorizing criminal penalties. See Panel Report, Saudi Arabia – Measures Concerning the Protection of Intellectual Property Rights, WT/DS567/R (Jun. 16, 2020), at paras. 7.207–09.

²⁰ See Anti-Counterfeiting Trade Agreement, Mar. 31, 2011 Text, available at <https://ustr.gov/acta> [hereinafter ACTA]; see also Roffe & Seuba 2015, 18 (discussing Free Trade Agreements).

²¹ Post-TRIPS efforts at reaching agreement on more detailed substantive patent law have stalled. See Reichman & Dreyfuss 2007.

²² See TRIPS, arts. 44–46.

²³ *China – Enforcement*, at para. 7.236. Article 59 requires that “competent authorities shall have the authority to order the destruction or disposal of infringing goods.” See TRIPS, art. 59.

²⁴ See *United States – Section 211*, at para. 215 (“Making [civil judicial enforcement] available means making it ‘obtainable’, putting it ‘within one’s reach’ and ‘at one’s disposal’ in a way that has sufficient force or efficacy”); id. at para. 216 (noting that TRIPS reserved “a degree of discretion to Members on this, taking into account ‘differences in national legal systems’, and commenting that “no Member’s national system of civil judicial procedures will be identical to that of another Member”).

²⁵ See TRIPS Agreement, art. 1(1) (“Members shall be free to determine the appropriate method of implementing the provisions of this Agreement within their own legal system and practice”).

put in place a judicial system for the enforcement of intellectual property rights that is distinct from that for the enforcement of law in general, nor does it affect the capacity of Members to enforce their law in general.”

Taken together, these features ensure that the TRIPS Agreement serves only to define in very general terms the substantial policy space in which WTO member states can themselves devise a variety of different approaches to the grant or structure of injunctive relief. Moreover, when the WTO’s Dispute Settlement Body (DSB) interprets TRIPS, it sometimes looks beyond the text or the history of particular provisions and considers the national practices then in force.²⁶ Accordingly, in disputes concerning TRIPS compliance with enforcement, the national practices revealed by the chapters in this volume, which address the situation in different countries, may contribute to the adjudicators’ understanding of the meaning of TRIPS. Given the many differences in these practices, one might expect the DSB would allow different member states substantial room to implement their obligations in varying ways between the minimum and maximum.²⁷

That said, a relatively deferential approach to the detail of member states’ choices on patent injunctions reveals a paradox. One of the principal motivations behind TRIPS was a sense among developed countries that many countries had enacted substantively compliant intellectual property regimes that were rendered nugatory by ineffective remedies.²⁸ Indeed, the principal WTO decisions to date addressing enforcement issues have highlighted this point.²⁹ But one must distinguish between the motivation for TRIPS and the content of what was finally agreed, especially when moving beyond the treatment of pirated or counterfeit goods (which nominally was the most urgent enforcement challenge justifying the developed world putting enforcement on the TRIPS agenda). However, as the next section discusses,

²⁶ See Panel Report, Canada – Patent Protection of Pharmaceutical Products, WT/DS114/R (Mar. 17, 2000) [hereinafter *Canada – Pharmaceutical Patents*], at para. 7.69. In *Canada – Pharmaceutical Patents*, given a lack of consensus on the question at issue, the panel took a deferential approach to the question of Canadian compliance. See id. at para. 7.82.

²⁷ See Dinwoodie & Dreyfuss 2012, 37 (“the provisions on remedies . . . require legal systems to provide the ‘authority’ to order discovery, injunctions, damages, and other relief, but these provisions do not mandate particular forms of relief in individual cases, thus leaving it to local decision-makers to tailor remedies to local conditions”); see also Samoff 2010; Malbon et al. 2014, para. 41.13.

²⁸ See Taubman 2011, 109–10; Malbon et al. 2014, 615.

²⁹ See, e.g., *United States – Section 211*, at para. 8.97 (“The inclusion of this Part on enforcement in the TRIPS Agreement was one of the major accomplishments of the Uruguay Round negotiations as it expanded the scope of enforcement . . . of intellectual property rights”); *China – Enforcement*, at para. 7.241 (“One of the major reasons for the conclusion of the TRIPS Agreement was the desire to set out a minimum set of procedures and remedies that judicial, border and other competent authorities must have available to them. This represented a major advance in intellectual property protection”); see also TRIPS, recital 2(c) (“Recognizing . . . the need for new rules and disciplines concerning . . . the provision of effective and appropriate means for the enforcement of trade-related intellectual property rights, taking into account differences in national legal systems”).

the standards are not toothless. Combined with substantive provisions that have received more scrutiny (such as the cornerstone guarantees of national treatment and MFN), there are specific obligations to which member states must adhere.

B. PROVISIONS IN TRIPS SPECIFICALLY RELEVANT TO PATENT INJUNCTIONS

The TRIPS Agreement includes several provisions relevant to the question of how much discretion courts (and member states) enjoy when remediating infringement. Article 41 sets out the general obligations on enforcement. Subsection (1) requires that remedial measures must be “effective,” “expeditious” and “constitute a deterrent to further infringements.”³⁰ And they must “be applied in such a manner as to avoid the creation of barriers to legitimate trade and to provide for safeguards against their abuse.”³¹ The procedural protections of Article 41(2)–(4) are similarly framed: procedures must be “fair and equitable,” and “not . . . unnecessarily complicated or costly, or entail unreasonable time-limits or unwarranted delays.”³²

Article 44 deals specifically with injunctions. Subsection (1) requires that “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.”³³ In some respects, this statement simply affirms that the measures required of member states under Article 41(1) should include the authority to offer injunctive relief. As noted, as per the *China – Enforcement* panel report, all that is required is that the authority to award such relief exists; it does not have to be exercised in any individual case. The power to deny injunctive relief is also evident in Article 44(2), which deals with the

³⁰ See TRIPS, art. 41(1).

³¹ See *id.*

³² See TRIPS, art. 41(2) (“Procedures concerning the enforcement of intellectual property rights shall be fair and equitable. They shall not be unnecessarily complicated or costly, or entail unreasonable time-limits or unwarranted delays”); *id.* art. 41(3) (“Decisions on the merits of a case shall preferably be in writing and reasoned. They shall be made available at least to the parties to the proceeding without undue delay. Decisions on the merits of a case shall be based only on evidence in respect of which parties were offered the opportunity to be heard”); *id.* art. 41(4) (“4. Parties to a proceeding shall have an opportunity for review by a judicial authority of final administrative decisions and, subject to jurisdictional provisions in a Member’s law concerning the importance of a case, of at least the legal aspects of initial judicial decisions on the merits of a case”). See also TRIPS art. 42 (“Members shall make available to right holders civil judicial procedures concerning the enforcement of any intellectual property right covered by this Agreement. Defendants shall have the right to written notice which is timely and contains sufficient detail, including the basis of the claims”).

³³ Article 44(1) also limits this obligation as regards innocent infringement, providing that “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.”