

## Civil Infringement Actions



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## TRIPs Was First International Agreement to Meaningfully Address Enforcement

- Without Effective Enforcement:



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## How Do We Enforce IPR?

Part III Enforcement of Intellectual Property Rights—First International Agreement to Extensively Address Enforcement

1. General Obligations
2. Civil and Administrative Procedures and Remedies
3. Provisional Measures
4. Special Requirements Related to Border Measures
5. Criminal Procedures



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## How Do We Enforce IPR?

### ● General Requirements

- Transparent systems
- Deterrent penalties
- Efficient, not burdensome

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## How Do We Enforce IPR?

### Availability of Civil Procedures and Remedies

- Injunctive relief
  - Provisional measures
    - Prevents continued infringement while case is pending
    - Prevents irreparable harm
  - Ex parte
    - Prevents infringer from fleeing with or destroying evidence
    - Prevents infringer from notifying others
- Monetary damages
- Ability to collect evidence
- Seizure and destruction

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## Civil and Administrative Procedures and Remedies

### ● Fair and Equitable Procedures (Art. 42):

- Right holders shall have available enforcement procedures;
- Defendants have a right to timely written notice of claims;
- Parties may be represented by counsel;
- No overly burdensome requirements to make (mandatory) personal appearances
- Right to present evidence;
- Right to protection of confidential information.

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## Civil and Administrative Procedures and Remedies

- Evidence (Art. 43):
  - Judicial authorities shall have authority to order the production of evidence, where:
    - Party has presented “reasonably available evidence sufficient to support its claims;” and
    - “has specified evidence relevant to substantiation of its claims which lies in the control of the opposing party;”
    - Oftentimes only infringer has evidence;
    - U.S. system--discovery
  - If party does not provide evidence or access to evidence within a reasonable time, or impedes enforcement procedure:
    - Judicial authorities may be given the authority to “make preliminary and final determinations on the basis of information presented to them;”
    - Subject to opportunity to be heard.

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## Discovery—U.S. Procedure

- Each party obtains information from other
  - Other party's version of facts
  - Knowledge and identity of witnesses
  - Documents
  - Expert opinions
- Types
  - Interrogatories
  - Document requests/requests for inspection
  - Requests for admission
  - Depositions

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## Civil and Administrative Procedures and Remedies

- Injunctions (Art. 44):
  - Judicial authorities shall have authority to order a party to desist from infringement including to prevent the entry of imported goods which infringe an IPR.
  - Contrast to other types of civil cases:
    - Car accident vs. product counterfeiting
    - Breach of contract vs. music piracy.

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## Civil and Administrative Procedures and Remedies

### • Damages (Art. 45):

- “Judicial authorities shall have authority to order the infringer to pay the right holder damages adequate to compensate for the injury suffered” provided:
  - Infringer acted knowingly; or
  - Had reasonable grounds to know that conduct was an infringement—no willful blindness (Aimster).
- “Judicial authorities shall also have the authority to order the infringer to pay” expenses, including attorneys fees.

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## Civil and Administrative Procedures and Remedies

### • Damages (Art. 45):

- Members may also authorize judicial authorities to order:
  - Recovery of profits; and/or
  - Pre-established damages
- Even where infringer did not act knowingly or with reasonable grounds to know of infringement.

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## Civil and Administrative Procedures and Remedies

### • Other Remedies (Art. 46):

- Judicial authorities shall have the authority to order that infringing goods be:
  - Disposed of outside the channels of commerce and without compensation; or
  - Destroyed.
- Judicial authorities shall also have the authority to order 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.

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## Civil and Administrative Procedures and Remedies

- Other Remedies (Art. 46):

- For counterfeit trademark goods, the simple removal of the mark "shall not be sufficient, other than in exceptional cases, to permit release of the goods into the channels of commerce."

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## Civil and Administrative Procedures and Remedies

- Right of Information (Art. 47):

- Members may provide that judicial authorities shall have the authority to order the infringer to inform the right holder of:
  - The identity of third parties involved in the production and distribution of the infringing goods; and
  - Their channels of distribution.

**TRACE INFRINGEMENT TO ITS SOURCE**

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## Civil and Administrative Procedures and Remedies

- Indemnification of the Defendant (Art. 48):

- "Judicial authorities shall have the authority to order a party at whose request measures were taken and who has abused enforcement procedures to provide to a party wrongfully enjoined or restrained adequate compensation for the injury suffered because of such abuse." This includes attorneys fees and expenses.
- Public authorities and officials shall only be exempt or immune from liability where actions taken to enforce IPRs were taken or intended in good faith.

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## Civil and Administrative Procedures and Remedies

- Administrative Procedures (Art. 49):

- Where civil remedies can be ordered through administrative procedures, same rules apply.

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## Section 3: Provisional Measures

- Provisional Measures (Art. 50):

- Judicial authorities shall have the authority to order prompt and effective provisional measures:
  - To prevent an infringement;
  - To prevent the entry in to the channels of commerce of goods, including imported goods;
  - To preserve relevant evidence;
- Judicial authorities shall have the authority to adopt measures *inaudita altera parte* (without notice), for example where there is a risk of destruction.

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## Provisional Measures

- Provisional Measures (Art. 50) (continued):

- Applicant/Plaintiff may be required to provide:
  - Evidence that Applicant is right holder;
  - Evidence that Applicant's right is being infringed or infringement is imminent; and
  - Bond or security.
- Where measures adopted *inaudita altera parte*, affected parties must be given notice without delay after execution of the measures, and shall be given a right to be heard on whether the measures should be modified, revoked or confirmed.
- Measures dissolve if proceedings leading to a decision on the merits are not initiated promptly (20 working days or 31 calendar days).

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## Provisional Measures

- Why are they necessary?
  - Prevent distribution/redistribution during pendency of case
  - Prevent irreparable harm
  - Protect evidence
  - Prevent entry into country of infringing goods
- What risks do they present?
- Why inaudita altera parte?

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## Provisional Measures

- Provisional Measures (Art. 50) (continued):
  - If measures revoked or no infringement found, judicial authorities shall have the authority to order applicant to provide compensation for any resulting injury
  - If provisional measures can be ordered administratively, they shall conform to the rules of this Section.

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## Provisional Measures—U.S. Practice

- What Must Plaintiff Establish?
  - Likelihood of success at trial
  - Irreparable harm if injunction not granted
  - Will PI preserve status quo?
  - Will Plaintiff suffer greater hardship if PI denied than Defendant if PI granted?
  - Public interest

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## Provisional Measures—U.S. Practice

- Exact standards differ, but generally
  - Establish probable success on the merits and the possibility of serious injury
- OR
- Raise serious questions on the merits, and show that the balance of hardships tilts sharply in favor of Plaintiff
- Irreparable harm often presumed in cases of IP infringement

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## Provisional Measures—U.S. Practice

- Common Defenses
  - Unclean hands
  - Laches

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## Provisional Measures—U.S. Practice

- Procedural issues
  - No right to jury
  - Evidentiary hearing optional at judge's discretion
  - Often argued “on papers”
  - Can be collapsed into trial
  - Bond requirement?
  - Appeal can be taken while litigation continues

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## Provisional Measures—U.S. Practice

- Who Can Be Enjoined?
  - Named parties in litigation
  - Non-parties who aid or abet
  - Legal agents of parties
  - Those acquiring business

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## Provisional Measures—U.S. Practice

- Scope of Order
  - Could be nationwide, perhaps beyond borders
  - Violation gives rise to contempt
    - Fine
    - imprisonment

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## Provisional Measures—U.S. Practice

- Ex Parte
  - For counterfeit marks
  - Seizure of goods, records, means of producing
  - Freeze of assets
  - Destruction
  - Triple damages and attorneys fees
  - Sealed papers
  - No other relief would work
  - Defendants would hide or destroy evidence

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## Anatomy of a U.S. Case

- (“Cease and Desist” Letter)
- Complaint
- Motion to Dismiss
- Answer/Counterclaims/Cross-claims
- Scheduling Order and Conference
- ADR?
- Discovery
- Summary judgment
- Trial
- Appeal

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## Proving a copyright claim

- Copying
  - Access
  - “substantial similarity”
- Distribution or making available?
- Derivative work?
- Expert testimony required?
- Actual or statutory damages

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## Proving a trademark claim

- Own valid mark
- Likelihood of confusion
  - Strength of mark
  - Similarity of marks
  - Relatedness of goods
  - Actual confusion
  - Marketing channels
  - Sophistication of buyers
  - Defendant’s intent
  - Likelihood of expansion of products lines

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## Proving a trademark claim

- Survey?
- Damages
- Injunction
- Counterfeit?
  - Seizure of goods, records, means to produce
  - Freeze assets?
  - Destruction of goods
  - Triple damages and attorneys fees
  - Ex parte possibility
  - Statutory damages?

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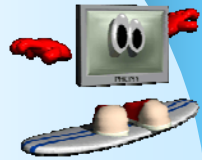
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## Examples of Post TRIPs Agreements Covering Enforcement—TRIPs Plus

- WIPO Internet Treaties
  - WIPO Copyright Treaty
  - WIPO Performances and Phonograms Treaty



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## In Short, Enforcement—Now More than Ever

- Pirates and Counterfeiters Have New Tools and New Opportunities:



Advances in Technology Make Travel and Trade Easier and Borders Less Relevant



Advances in Technology Make Copying Easier and Less Expensive



Result: Piracy and Counterfeiting Increase

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