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# Will Spanish Courts have to revisit their case law on follow-on damage claims after the CJEU judgment of 12 September 2019?

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Since the Ruling of 19 September 2012 from the Barcelona Court of Appeal (Section 15), this Court has taken the view that when a preliminary injunction is ordered "*ex parte*", if it is later lifted, the applicant is always obliged to compensate the defendant for the damages that may have been caused. This conclusion has been based on Article 742 of the Civil Procedure Act ("*Ley de Enjuiciamiento Civil*"), which reads as follows:

"*Once the ruling upholding the opposition is final, at the request of the defendant and following the procedures established in Articles 712 and the following, the damages that the provisional measures revoked may have caused, as the case may be, will be determined*."

In said Ruling of 19 September 2012, the Court interpreted this article as follows: "*6. It does not seem doubtful that what the norm establishes is anything other than a strict responsibility; this is a responsibility that arises from the very fact of the revocation of the measure granted. This explains why the legislator refers to a procedure like that of Art. 712 LEC, whose sole purpose is to quantify the damage. Therefore, the existence of the damage is a necessary prerequisite for the opening of this incidental procedure and comes from the fact of the revocation itself*." In short, the Court found that this article enshrines a "strict" (i.e. objective) responsibility regime. In other words, any responsibility derived from the lifting of a preliminary injunction adopted "*ex parte*" would not follow the classical "fault" (i.e. "*Iusta causa litigandi*") regime.  Instead, it would follow a "strict" liability regime.

In later cases, patent owners alleged that this interpretation was not in line with Article 50 of the TRIPS Agreement. However, this argument was dismissed by the Courts. For example, in its Ruling of 8 February 2016, Barcelona Commercial Court number 10 noted that "*the objective* [i.e. strict] *nature of the responsibility addressed is not hindered by any provision of the TRIPS Agreement* […]."

The recent judgment of 12 September 2019 (case C-688/12, *Bayer Pharma AG v. Richter Gedeon*) of the CJEU shows that patent holders had a point in arguing that the Court's interpretation was not in line with Article 50 of the TRIPS Agreement. In this

case, the CJEU was called upon to interpret the concept of "appropriate compensation" contained in Article 9(7) of Directive 2004/48 (the "Enforcement Directive"), which reads as follows:

"*7. Where the provisional measures are revoked or where they lapse due to any act or omission by the applicant, or where it is subsequently found that there has been no infringement or threat of infringement of an intellectual property right, the judicial authorities shall have the authority to order the applicant, upon request of the defendant, to provide the defendant appropriate compensation for any injury caused by those measures.*"

As the CJEU noted in its Judgment of 12 September 2019, the wording of Article 50(7) of the TRIPS Agreement *"[…] is essentially identical to that of article 9(7) of directive 2004/48 and which also refers to the concept of "appropriate compensation*".

The first question addressed by the CJEU was whether the Courts of Member States were free to interpret the concept of "appropriate compensation". This was rejected by the Court, which highlighted that *"[…] that concept must be given an independent and uniform interpretation, without being able to come within the competence of different Member States. That conclusion is borne out by the objective pursued by Directive 2004/48. Recital 10 of that Directive provides that its objective is to approximate legislative systems so as to ensure a high, equivalent and homogeneous level of protection in the internal market.*" In view of these considerations, the Court concluded that this concept "*must be regarded as an autonomous concept of EU law which must be given a uniform interpretation throughout the territory of the European Union.*"

The CJEU then went on to consider whether or not it would be in line with Article 9(7) of the Directive to interpret that the lifting of provisional measures must always trigger compensation for damages. In relation to this, the Court came to the conclusion that the fact that the provisional measures may have been repealed *"[…] cannot be regarded in itself as a decisive factor in proving the unjustified nature of the application which gave rise to the provisional measures which have been set aside. A different conclusion could have the effect, in circumstances such as those of the main proceedings, of discouraging the holder of the patent in question from availing himself of the measures referred to in Article 9 of Directive 2004/48 and would thus run counter to the Directive's objective of ensuring a high level of protection of intellectual property.*"

So, the teaching from this very important judgment is that a national Court must examine whether or not the application was "justified" (i.e. was there "*Iusta causa litigandi?*") and that a "strict" liability regime would run counter to the objectives of the Directive. Taking into account that the Directive and the TRIPS Agreement have primacy over domestic law (in particular, over Article 742 of the Spanish Civil Procedure Act) and how the CJEU has interpreted the provisions discussed in this blog, there is a possibility that in future cases Spanish Courts may revisit this topic.

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