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Actions Against the Threat of Patent Infringement

Miquel Montaña (Clifford Chance) · Tuesday, May 19th, 2020

As readers are well aware, when a patent is infringed, the classic remedy to try to restore the *status quo* is filing a “cessation” action and a “prohibition” action aimed at obtaining an injunction ordering the defendant to cease the infringing acts and preventing it from infringing until the patent expires. So far, so good.

But what if the defendant has not infringed yet, but has carried out acts that suggest that it has the intention of infringing (for example, rejecting an undertaking not to launch until the patent expires on a product that falls within the scope of protection of the patent)? Are legal actions against a threat of patent infringement, even if it is not “imminent”, possible? And if so, what would be the legal basis for such actions?

On the international plane, the answer to this question is yes. The legal basis can be found in Article 50.7 of the TRIPS Agreement:

*“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 these measures.”*

As readers will have noticed, Article 50.7 presupposes that the array of remedies available to the patent owner is not limited to legal actions for patent infringement. Quite the contrary; they include legal actions against mere “threats of infringement”. As a result, the defendant is not entitled to claim compensation for damages if, after a preliminary injunction has been ordered, it is found that there has been no infringement but it is established that there has been a threat of infringement.

If, according to Article 50.7 of the TRIPS Agreement, the patent owner is entitled to file an application for a preliminary injunction against a mere “threat of infringement”, it follows that it is also entitled to file a main infringement action. In some countries, such as, for example, Spain, the law actually obliges the patent owner, with some exceptions, to file the main infringement action at the same time as the application for a preliminary injunction. The remedies provisionally sought in preliminary injunction proceedings must mirror the remedies permanently sought in the main proceedings. In addition, the proceedings in which it may be “*subsequently found that there has been no infringement or threat of infringement*” are the main proceedings, because the first two sentences of Article 50.7 already deal with situations that may have led to the lifting of the preliminary injunction within the procedural milieu of interim injunction proceedings.

As a separate issue, according to Recital (5) of the Enforcement Directive, in case of contradiction between the obligations of protection imposed by the TRIPS Agreement and the text of the Enforcement Directive, the obligation of protection introduced by the TRIPS Agreement prevails:

“This Directive should not affect Member States’ international obligations, including those under the TRIPS Agreement.”

This is logical, as otherwise a Community act (i.e. the Enforcement Directive) would cause the members of the Community to infringe the obligation of protection assumed vis-à-vis their counterparts when they ratified the TRIPS Agreement back in 1994.

Moving on to the national plane, the first judgment this author is aware of where a Spanish Court ordered a permanent injunction in a situation where no acts of infringement or even “imminent” infringement had been established is the judgment of 17 May 2006 (*Warner-Lambert, Geodecke and Pfizer v. L. R.*) handed down by Section 15 of the Barcelona Court of Appeal. In a situation where the defendant had not even obtained price to market its product, the Court found that although no acts of infringement had been established, the legal actions aimed at preventing the defendant from infringing in the future should be upheld:

“It turns out that, although the product that the defendant intends to commercialize infringes GOEDECKE and PFIZER’s patent, which will have its reflection in the partial upholding of the complaint, nevertheless, no act of L.R. exist that may be considered an infringement, as it did not have finished product or samples thereof or of the active ingredient and has not performed any act of commercialization, and the mere documented submission of an application for a marketing authorization and its granting do not entail patent infringement.”

These crystal clear waters were muddied by the introduction of the “imminent” requirement in the Enforcement Directive. It is a paradox that, as far as this point is concerned, the effect of the Directive has been exactly the contrary of the objective sought by the Community Legislator: instead of enhancing the level of intellectual property protection, it has lowered the threshold of protection previously envisaged in some member states, such as Spain.

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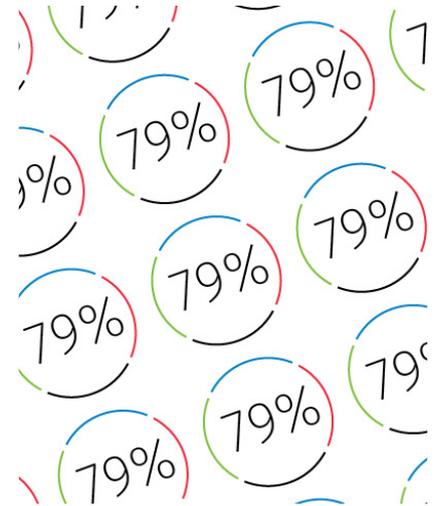
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