

Question Q219

National Group: The Netherlands

Title: The availability of injunctions in cases of infringement of IPRs

Contributors: Mr. G. Kuipers, Mrs. Ir. A. Heezius, Dr. R.J. Raggars, Mr. J.J. Allen, Ir. A.A.G. Land, Mr. C.L. Capel, Mr. H.J. Koenraad, Mr. Ir. M. de Koning

Representative within Working Committee: B.J. Berghuis van Woortman

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Question Q219

I. Analysis of current law and case law

The Groups are invited to answer the following questions under their national laws:

Availability:

1. Are injunctions for infringement of an IPR available on a provisional/preliminary basis?
YES
2. Are injunctions for infringement of an IPR available on a permanent basis?
YES

Criteria:

3. If yes to question 1, what are the criteria for the grant of an injunction on a provisional/preliminary basis?

The following criteria have to be met:

- **the case is suitable for interim injunction proceedings;**
- **it is likely that the validity of the IPR and the (threat of) infringement thereon will be established in proceedings on the merits;**
- **claimant shows that an urgent decision is required (in case of a request for an ex parte injunction the need for an injunction has to be so urgent that irreparable damage will be suffered by the applicant in case the injunction will not be ordered);**

In practice an injunction is seldom rejected on basis of case not being suitable for summary proceedings. The Supreme Court held in its decision of 4 June 1993, NJ 1993, 659 that courts should exercise restraint in using this ground to dismiss interim injunctions. The same holds true for lack of urgency, where the Supreme Court held in its decision of 29 June 2001, NJ ; 2001, 602, Impag v. Hasbro that in situations of an ongoing infringement of IP rights, urgency should be deemed to exist.

If abovementioned criteria are met, the court will give a decision with due observance of the interests of all parties. Save exceptional circumstances, the right to enforce IP rights will prevail. For the weighing of interests the following circumstances should be taken into account:

- **the provisional nature of the injunction;**
- **the severity of the consequences arising out of the injunction;**
- **extent of the damage incurred;**
- **fear for repetition of the (potential) infringement;**
- **are there possible alternative ways to meet the interests of claimant (for example a security deposit);**

In general, if it is likely that both the IP right and the infringement thereon will be established in proceedings on the merits, the court in the summary proceedings will grant the injunction.

4. **If yes to question 2, what are the criteria for the grant of an injunction on a permanent basis?**

Article 3:296 of the Dutch Civil Code (“DCC”) states:

“Unless it otherwise follows from the law, the nature of the obligation or a juridical act, the person obliged to give, to do or not to do something as regards another will be ordered to do so by the court upon the demand of the person to whom the obligation is owed.”

Therefore, if the validity of the IP right and the (real threat of) infringement thereon is established, the court will order an injunction, unless the law, the nature of the obligation or a juridical act, provides otherwise. Examples of these exceptions are for example: lack of interest (Article 3:303 DCC); reasons of compelling social interests (6:168 DCC); criteria of reasonableness and fairness (6:2 DCC) and abuse of law.

5. If not addressed in answering questions 3 and 4, does the criteria for the grant of an injunction differ depending on whether the injunction sought is on a provisional/preliminary or permanent basis? If so, how?

We refer to the answers to question 3 and 4. An important difference is that in preliminary injunction proceedings in contrast to proceedings on the merits, the court weighs the interests of both parties. Further, if the court has doubts as to the validity of the IP right, in summary proceedings the court will simply reject a claim for an injunction, whereby in proceedings on the merits the court must come to a full assessment of validity – if necessary by allowing the claimant to provide additional evidence proving the validity of the IP right. A further difference is that a preliminary procedure will lead to a disciplinary measure – the court has a wide discretionary power in granting such measures with a view to obtaining a practical result, whereby there does not necessarily have to be a clear legal basis.

6. Are the criteria for the grant of an injunction equally applicable to infringement of all IPRs?

YES

7. If no to 6, are there any specific criteria or considerations for the grant of an injunctions for particular IPRs? If so, what criteria apply and to which IPRs?

N/A

8. Are there any specific criteria or considerations for particular subject matter, for example, pharmaceutical patents? If so, what criteria or considerations apply to what subject matter?

NO

9. Are there any specific considerations relevant to particular IP holders, for example, NPEs? If so, what considerations are relevant and to what IPR holders?

NO

Discretion:

10. Is there any element of judicial discretion in relation to the grant of an injunction for infringement of IPRs? If so, how does the discretion apply?

When discussing judicial discretion in respect of the grant of an injunction, there is a clear distinction between proceedings on the merits and summary proceedings

Proceedings on the merits

As noted before under question 4. article 3:296 DCC states:

“Unless it otherwise follows from the law, the nature of the obligation or a juridical act, the person obliged to give, to do or not to do something as regards another will be ordered to do so by the court upon the demand of the person to whom the obligation is owed.”

The common view and legal practice is such that there is very little room for judicial discretion in proceedings on the merits. Pursuant to this article, in case of (a real threat of) infringement of IPRs, in proceedings on the merits, Dutch courts are in principle obliged to issue a permanent injunction.

Nevertheless, there may be some room for judicial discretion since the law provides for certain non-exhaustive exceptions to the main rule that an injunction should be granted.

Firstly, article 6:168 DCC provides that the Court could reject an application for an injunction if the Court is of the opinion that, in view of overriding public interest, the infringing act should be tolerated (the entitlement to damages remains).

In some cases, alleged infringers have invoked this provision to try to prevent an injunction with success in lower courts¹. This does however not seem to comply with the Supreme Court finding in *Kirin Amgen*², in which case it was explicitly decided that safeguarding the patient's interests (which could be considered an overriding public interest) is not an object of patent law.

¹ For example: District Court of the Hague 21 November 1989 (*Schneider/ACS*).

² Supreme Court 21 April 1995, BIE 1995, 103 (*Boehringer/Kirin Amgen*).

Secondly, the conduct of the IP rights owner may be such that although an infringement is established, the rights owner is deemed to have forfeited his right to an injunction (an estoppel doctrine, based on the overriding principles of reasonableness and fairness, article 6:2 DCC) or is deemed to abuse his rights by requesting an injunction (article 3:13 DCC). Again, it is generally accepted and legal practice that these exceptions are available to infringers of intellectual property rights only in exceptional circumstances.

Thirdly, pursuant to article 233 of the Dutch Code of Civil Procedure the Court has the discretion to issue an injunction which is not immediately enforceable (i.e. only when the decision becomes final), or only enforceable if the IP rights owner provides financial security (e.g. in the form of a bank guarantee) for the damage that may result from the enforcement of the injunction and which is payable should the injunction be overturned on appeal. When exercising this discretion the Court must take the balance of interests of the parties into account³.

Summary proceedings

There is far more room for judicial discretion in preliminary relief proceedings. According to the Dutch Supreme Court⁴ the nature of interim relief proceedings involves the balancing of interests. This includes the weighing-up, on the one hand, of the provisional character of the interim decision and the drastic nature of an injunction for the defendant, and on the other hand the scope of the damages incurred by the plaintiff if an injunction would not be forthcoming. The interim relief judge has the discretion to refuse an injunction (even after finding the IP right is valid and infringed) for example if the interests of the plaintiff have been satisfied in a different manner⁵. As noted before under question 3 refusal of an injunction however is exceptional if the IP right is valid and infringed.

Both in interim injunction proceedings and proceedings on the merits, the judge does have a certain discretion in determining the scope of the injunction (depending on the claim and the grounds of the claim) and the time and conditions to be met before the injunction takes effect (e.g. duration of the injunction).

11. Are there any circumstances in which a court must grant an injunction for infringement of an IPR? If so, in what circumstances?

³ Supreme Court 29 November 1996, NJ 1997, 684 (*Gommers/Evers*).

⁴ Supreme Court 15 December 1995, NJ 1996, 509; *Pampers/Huggies*.

⁵ For example: President of the District Court of Roermond 3 April 1986, BIE 1993, 2 (*Berkers/GEM*).

Reference is made to answer 10: in proceedings on the merits, if the validity of the IPR and the infringement are established and there is no (in IPR cases seldom applied) exception under Article 3:296 par. 1 DCC, then the court must grant the permanent injunction. Only under exceptional circumstances the court may / will deviate from this rule and practice.

12. Are there any circumstances where infringement of an IPR is proved and no permanent injunction is available? If so, in what circumstances?

Formally, article 3:296 DCC provides inter alia that an injunction is not available if the law so provides, or if this follows from the nature of the obligation or from a legal act (such as an agreement). In practice refusal of an injunction on such grounds is exceptional in the Netherlands

13. Is an injunction granted only against named parties to the infringement proceeding, or is an injunction available more broadly against potential infringers such as customers or manufacturers who are not parties to the proceeding?

The injunction is granted only against named parties to the infringement proceeding. This is based on our civil (process) law system, that recognizes parties only.

14. Is there a specific form of words used by your courts to describe the scope of the grant of an injunction? If so, what is the "formula"?

The words that are used by the court to describe the scope of the injunction, in particular in permanent injunctions, will be mainly determined by the advocate of the plaintiff and his choice of words in drafting the petitum of the writ of summons. The judge will grant or deny the claim (partly). Common phrases are for instance: "*the court orders the defendant to cease and desist from all further infringement of the IP right*" or "*the court prohibits the defendant to infringe the IP right*". Mostly the injunction is granted subject to a penaltysum.

15. Is the grant of an injunction referable to the item(s) alleged to infringe the relevant IPR, or may the grant of an injunction be broader in scope? If it may be broader, what is the permissible scope of the injunction?

In general the scope of the injunction is broader and refers to any infringement of the IP right.

16. Is there any discernible trend in your country as to the willingness or otherwise of courts to grant or refuse injunctions for particular IPRs or in relation to particular subject matter?

Trend in the Netherlands is that an injunction will generally be awarded by a court if both the validity of the IP right and the infringement are established.

17. What, if any, has been the impact of the *eBay v Merc-Exchange* decision or any tendency of the courts in your jurisdiction to treat final injunctions as discretionary? Please explain whether the *eBay v Merc-Exchange* decision has been relied on or cited by your courts, and in what circumstances. Alternatively, or in addition, has there been any legal commentary on any potential implications of the *eBay v Merc-Exchange* decision in your jurisdiction?

The *eBay v Merc-Exchange* decision has had no impact in The Netherlands. There has been no legal commentary on any potential implication of the decision in our jurisdiction.

Availability of provisional/preliminary injunctions:

18. Should there be a test or criteria for the grant of a provisional/preliminary injunction for the infringement of an IPR? If yes, what should that test or those criteria be?

No. The working group believes there should not be a test that can be applied in a semi-objective or mathematical way, but rather a case-by-case assessment of rights and interests involved.

19. If no, what principles should be considered in determining whether to grant an provisional/preliminary injunction?

In general, current principles are satisfactory.

Availability of permanent injunctions:

20. Should there be a test for the grant of a permanent injunction for the infringement of an IPR? If yes, what should that test be?

No

21. If no, what principles should be considered in determining whether to grant a permanent injunction?

Current principle as codified in the Civil Code, in that if an IP right is valid and infringed, and injunction will be issued. These principles are satisfactory.

Discretion:

22. In what circumstances, if any, should the grant of an injunction automatically follow a finding of infringement of an IPR?

The Dutch group considers that an injunction should - save for very exceptional circumstances - automatically follow a finding of infringement in proceedings on the merits. In particular, the group considers that the mere fact that a patent owner does not practise the patent should not be reason to disallow the injunction.

The interests of the alleged infringer and the IP rights owner can also be safeguarded in the process of setting the levels of penalties which are associated with a violation of the injunction (and which are payable to the IP rights owner).

23. In what circumstances, if any, should the grant of an injunction be denied notwithstanding a finding of infringement of an IPR?

In summary proceedings, provided that the interests of the alleged infringer by far outweigh the interests of the IP rights owner, an injunction may be denied. However, the Dutch group considers that this refusal to grant the provisional injunction should be exceptional, and an injunction should be granted particularly where there is no reasonable doubt as to the infringement and the validity of the IP rights in suit.

Differences between IPRs:

24. Should the above test/principles apply equally to all IPRs?

YES

25. If no, what should any differences be and why?

N/A

26. Should an injunction be granted only against named parties to infringement proceeding, or should an injunction be available more broadly against potential infringers such as customers or manufacturers who are not parties to the proceeding?

The injunction should be granted only against named parties to the infringement proceeding. The group refers to its answer to question 13.

27. What is the appropriate scope of an injunction prohibiting an infringer from committing further infringing acts? For example, should the injunction relate simply to the IP the subject of the allegation of infringement, or should the injunction be broader in scope? If broader, what is the permissible or desirable scope?

This depends on the circumstances. In case of piracy or structural and/or repetitive infringements, the injunction should be of a broad scope, including all future infringements of the IP right in suit. However, there are circumstances that can only justify an injunction that is limited to one specific infringing act, whereby the injunction should not be broader. In any event, the injunction can not be broader than the IP rights that are subject of the claim and/or allegation of infringement.