



RECENT CASES ON IP INJUNCTIONS & DAMAGES

WEN H. WU, BARRISTER

TENTH FLOOR ST JAMES HALL CHAMBERS

OUTLINE

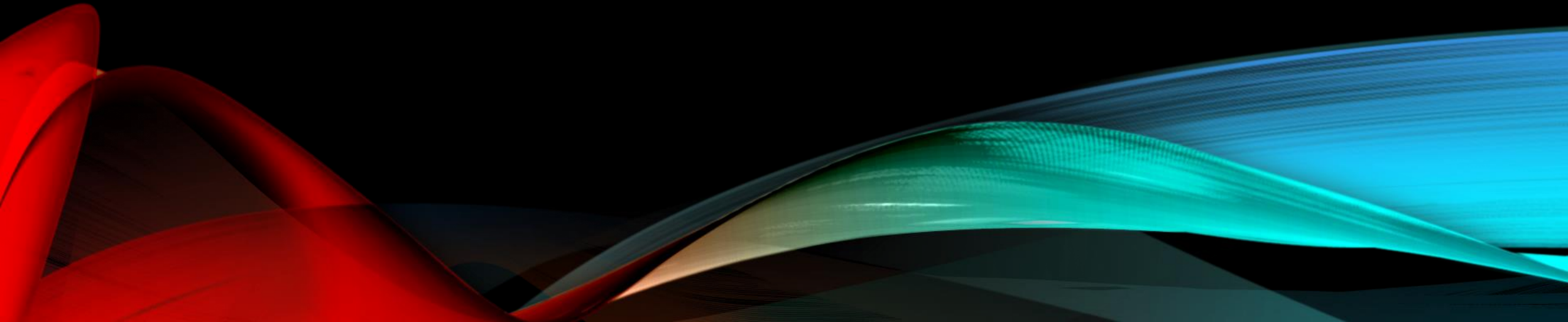
INJUNCTIONS

- Injunctions in general form (*Calidad v Seiko Epson (No 2)*)
- Balance of convenience in interim/interlocutory injunction applications (*Mylan v Sun Pharma (No 2)*)

DAMAGES

- Example of a copyright damages claim (*Dempsey Group v Spotlight*)
- Discount for uncertainty; price depression (*Generic Health v Bayer Pharma*)
- Additional damages (*Oxworks v Gram Engineering*)

INJUNCTIONS



CALIDAD V SEIKO EPSON (NO 2)

[2019] FCAFC 168

- Patent infringement case concerning remanufactured printer cartridges
- Calidad's appeal on implied licence dismissed (High Court has given special leave)
- Parties disagreed on the form of the injunction
- Seiko sought injunctions in general and specific forms
- Calidad resisted the injunction in general form



CALIDAD V SEIKO EPSON (NO 2)

[2019] FCAFC 168

- An injunction “in general form” is an injunction that restrains further infringement by reference to the patent in suit ([20])
- Some authority that an injunction in general form was not appropriate, e.g. *Christian v Nestle (No 2)* [2015] FCAFC 153
- The Full Court in *Calidad* reviewed the authorities and held that general injunctions in general form were “usual” and “conventional” ([27], [44])
- Patents were not necessarily distinguishable from other IP rights ([45])
- No undue burden on the infringer, who can seek declaratory relief ([49])
- Result: injunctions in general and specific forms ([51])

MYLAN V SUN PHARMA (NO 2)

[2019] FCA 505

- Mylan sued Sun Pharma for infringement of three patents relating to fenofibrate (LIPIDIL; used to treat high cholesterol)
- Claims invalid for lack of novelty and inventive step
- Sun Pharma intended to launch
- Mylan appealed and sought interim injunctions to restrain Sun Pharma
- Arguable case on appeal, but no more than merely arguable



MYLAN V SUN PHARMA (NO 2) [2019] FCA 505

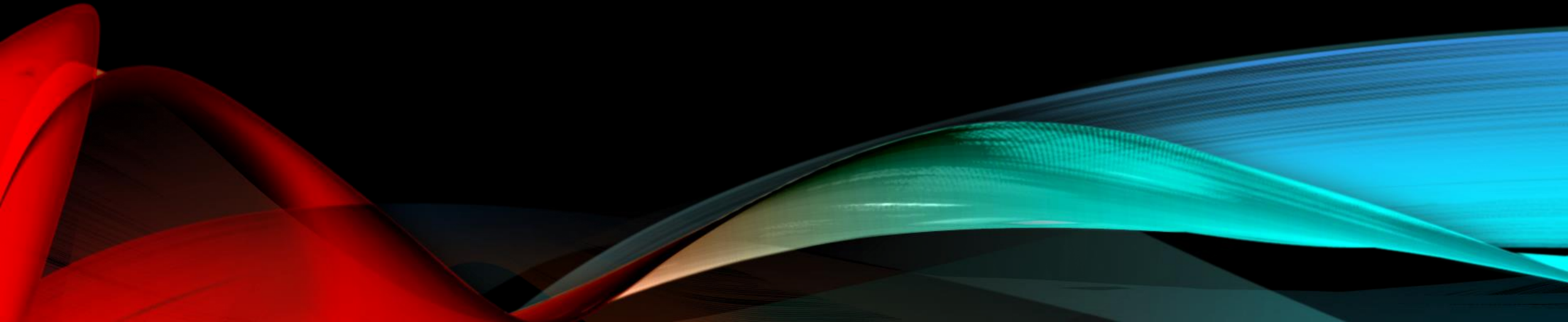
- On **balance of convenience**, Sun Pharma relied on its loss of “first mover” advantage and the difficulty of calculating losses if the appeal was unsuccessful
- [137]: “The most compelling reason for the conclusion to which I have come is **the difficulty, complexity and uncertainty involved in assessing compensation under an undertaking as to damages given in patent infringement proceedings involving the supply of pharmaceutical products in the Australian market**. I accept that the recent experience of the Court has demonstrated that, whatever general views might have been held in the past about the difficulty of that task compared with the task of assessing damages for infringement, the calculation of compensation under an undertaking as to damages can impose burdens and raise uncertainties that are far greater than the burdens and uncertainties involved in assessing damages for infringement. ...”

MYLAN V SUN PHARMA (NO 2)

[2019] FCA 505

- [138] “To elaborate: on the evidence presently before me, the likely state of the market, absent the interim injunctive relief sought, is far from clear. ... What is clear is that, if interim injunctive relief is granted and Mylan’s appeal fails, **the task of assessing compensation would likely involve the consideration of multiple counterfactual cases advanced by multiple claimants**, including (I can anticipate) the Commonwealth, each seeking to hypothesise what the market would have been like had interim injunctive relief not been granted. ...”
- [139] “The simple point is that **the particular difficulty, complexity and uncertainty** involved in assessing compensation under an undertaking as to damages in the present case **will not be present in an assessment of damages for infringement because**, in assessing damages for infringement, the state of **the market before generic entry, and at the time damages would come to be assessed, would be known** and need not be hypothesised.”

DAMAGES

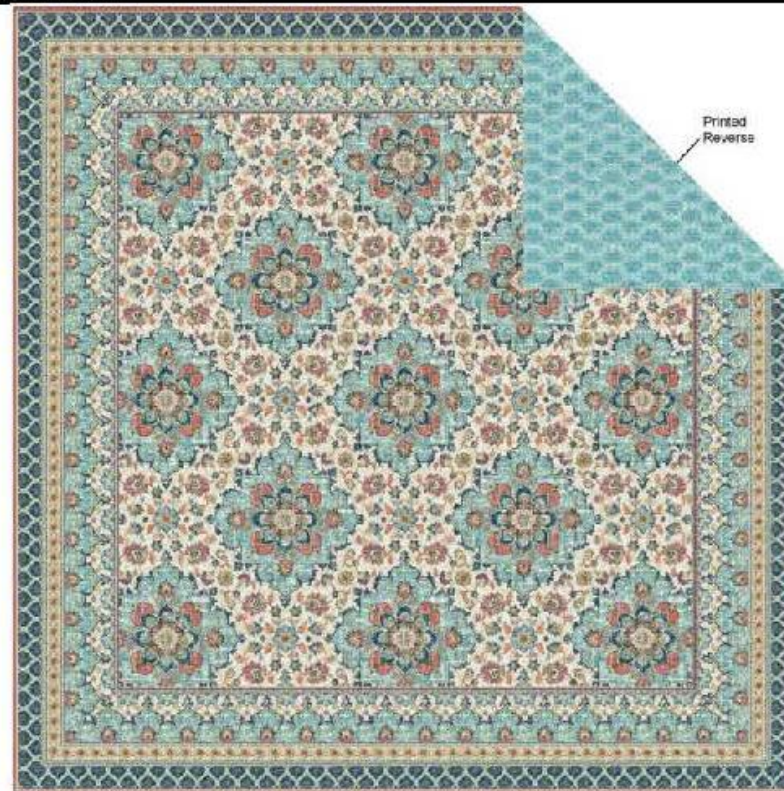


DEMPSEY GROUP V SPOTLIGHT [2018] FCA 2016; [2019] FCA 238

KOO Remy



Bosphorus



DEMPSEY GROUP V SPOTLIGHT [2018] FCA 2016; [2019] FCA 238

- Dempsey operates the “Bed Bath N’ Table” business, which sells bed linen
- Spotlight also sells bed linen and other manchester
- The parties used a common manufacturer, Yantai
- Spotlight ordered bed linen designs from Yantai, which were based on Dempsey’s copyright works
- Dempsey sent a demand to Spotlight in **late Nov 2016**, sent proof of ownership on **2 Dec 2016**, and notified the Yantai connection on **22 Dec 2016**
- Spotlight started recall on **28 Dec 2016**. Some ineffectiveness in recall process
- Section 38 infringement found from **2 Dec 2016** because by then Spotlight was on notice of Dempsey’s claim and received proof of ownership

DEMPSEY GROUP V SPOTLIGHT [2018] FCA 2016; [2019] FCA 238

- Dempsey sought damages for loss of profit, loss of reputation and devaluation of copyright. It also sought additional damages
- **Loss of profit:** Parties agreed to apply the 'five-step' methodology in *Elwood* and *Norm Engineering*. Last three steps were:
 - Assume 'one for one' lost sales
 - Apply a discount to reflect that not all infringing sales were lost sales
 - Apply any further discount necessary
- Dempsey sought 20% discount:
 - No compelling evidence
 - BBNT and Spotlight in different segments of linen market
 - Price differential
 - No evidence by Dempsey on the effect of Spotlight's sales on its sales
- Total discount: **85%** (80% for lost sales, plus 5% uncertainty)

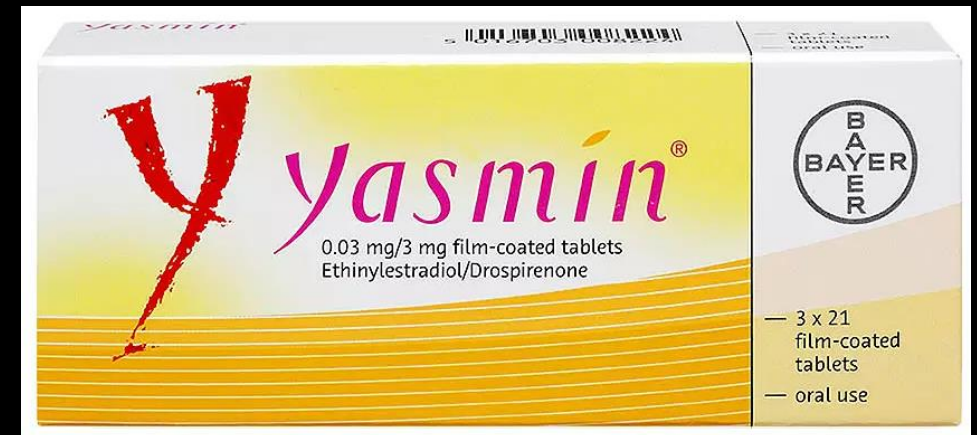
DEMPSEY GROUP V SPOTLIGHT

[2018] FCA 2016; [2019] FCA 238

- **Loss of reputation:** No evidence for \$100K claim. Nominal damages only (\$10K)
- **Devaluation of artistic works:** No evidence to establish value of artistic works entirely diminished. Products continue to be sold. No award
- **Additional damages:** Not appropriate in circumstances, including because: no intentional disregard of Dempsey's rights; timely correspondence; reasonable steps to recall; failures in recall were not reprehensible; timeframe of recall was explained

GENERIC HEALTH V BAYER [2018] FCAFC 183

- Generic Health liable for infringement of Bayer's patent for a combination of EE and DRSP (oral contraceptive)
- GH's product was Isabelle. Bayer's product was Yasmin. Bayer itself later launched a generic version, Petibelle
- Primary judge had found 'one for one' lost sales, having regard to the nature of the product and the market for OCs
- Any discount from 'one for one' was "completely speculative", "very, very small", "immaterial", so primary judge did not apply any discount



GENERIC HEALTH V BAYER

[2018] FCAFC 183

- [181]: “[W]e must form an estimate of the likelihood that the hypothetical situation would have occurred. ... In that respect, we must assess the degree of probability that such an event would have occurred and adjust any award of damages to reflect that degree of probability...”
- [186]: “... [B]eing close to a certainty is not the same thing as a certainty. If one is estimating, one still needs to apply a discount, albeit a very modest one, to reflect the assessment that one is not at a certainty ...”
- Full Court applied a **2% discount** in the circumstances
- The ‘**five-step approach**’ in *Norm Engineering* may be **helpful**, but is **not a definitive test** for what is an evaluative assessment on all the available evidence ([188])

GENERIC HEALTH V BAYER

[2018] FCAFC 183

- Bayer launched its own generic, Petibelle, after GH's Isabelle came off the market. Petibelle was priced between Yasmin and Isabelle
- Bayer claimed losses being differences in the margin between Yasmin and Petibelle
- **Damages claim for patent infringement can include lost profits arising from price depression, in order to retain the market or regain profitability.** 'Price depression' damages can be continue for a reasonable period after withdrawal of the infringing product ([250])
- Bayer's 'price depression' claim was reasonable foreseeable because it was a reasonable, predictable and proportionate response to the harm caused by GH's conduct ([255]-[256])

OXWORKS V GRAM ENGINEERING [2019] FCAFC 240

- Gram sued Oxworks for patent infringement
- Primary judge awarded additional damages based on deliberate copying of Gram's product
- Primary judge did not consider Oxwork's submission against additional damages that it had a reasonably arguable defence based on its construction of the claims
- Primary judge's discretion miscarried. Additional damages not appropriate ([80])



Steel Plinth™

OXWORKS V GRAM ENGINEERING

[2019] FCAFC 240

- [69]: “...[T]he reasonableness of arguments as to why there was no infringement is a **relevant factor to take into account in considering whether the infringement was “flagrant” in the sense that word is used in s 122(1A) of the Patents Act.** “Flagrant” in ordinary usage connotes conduct which could be described as “glaring, notorious, scandalous” ... “or blatant” ...”
- [72]: “... **More than copying is required to enliven the application of s122(1A).** Patent infringement may occur whether or not there is copying. **It is not illegitimate, or flagrant, for a competitor to examine the disclosure of a patent and to attempt to work around the monopoly claimed in the claims. ...**”
- [73]: “... The fact that **an alleged infringer fails to defend its reasonably arguable view as to the correct construction of the claim, and continues to produce infringing products in the face of that view, may result in an award for damages, but would not of itself trigger an entitlement to additional damages** within s 122(1A) of the Patents Act.”

OXWORKS V GRAM ENGINEERING [2019] FCAFC 240

- [78]: “It appears to us that, when determining an application for additional damages under s 122(1A), **the Court must consider each of the factors appearing under s 122(1A) of the Patents Act.** That is a natural reading of the conjunctive operation of the paragraphs of the subsection. **Having done this, the statutory task is to consider whether it is appropriate to make such an award. This would not necessarily preclude an award of additional damages on the ground of a finding of flagrancy alone, but the statute does require that the other matters be considered** in arriving at such a conclusion. However, a court would not be required to explicitly make findings in respect of each and every factor, as clearly in some cases certain considerations may not arise on the facts or pale into insignificance.”

QUESTIONS?

