

## Preliminary injunctions:

What approach to liability is taken across the globe?

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# Introduction

In disputes concerning the alleged infringement of intellectual property (“IP”) rights, a court may grant a preliminary injunction (“PI”), for the benefit of the IP rights-holder, to restrain an alleged infringer from continuing the alleged infringing act while the case is pending or progressing to a trial. Strict liability may arise in this context where the PI is then overturned following the court’s finding that there has been no infringement; i.e., once the PI is lifted, the affected parties can claim for damages caused while the PI was in force without having to prove that the PI applicant was negligent or acted with fault. Without strict liability, there must be proof of negligence or fault to be entitled to any damages.

Several EU member states, like Finland, Sweden or Spain, take the position that the holder of an IP right which obtains a PI has strict liability. Other EU member states and many other jurisdictions do not take a strict liability approach, instead requiring the IP holder to give an undertaking as to damages. Awareness of the differences across the globe may assist in developing IP litigation strategies, such as where a rights-holder might seek a PI.

In *Mylan v Gilead* (C-473/2), a recent case in Finland, a reference was sent to the CJEU which looked at whether member states’ national legislation, providing strict liability for PIs, was consistent with the Directive on the enforcement of intellectual property rights (2004/48/EC) (the “Enforcement Directive”). In September 2023, Advocate General Szpunar issued his opinion which caused concern amongst member states as he considered that such legislation was not consistent with the Enforcement Directive. If the CJEU had followed his opinion, it is likely the member states would have had to change their current approaches to PIs quite significantly.

In January 2024, the CJEU issued its keenly awaited ruling in this case. This confirms the permissibility of certain types of strict liability regimes for losses caused by PIs. For further details, see our article: [CJEU ruling confirms permissibility of strict liability in preliminary injunction proceedings - Bird & Bird \(twobirds.com\)](#).

In this article, we look briefly at the different approaches of several jurisdictions worldwide towards liability in PI proceedings, some of which currently adopt a strict liability regime and others that do not.

The jurisdictions covered are shown in the below table:

Jurisdiction	Strict Liability?
France	✓
Germany	✓
Hungary	✓
Italy	X
The Netherlands	✓
Spain	✓
Poland	✓
Australia	X
Ireland	X
Hong Kong	X
Singapore	X
UK	X
China	✓
The UPC	X

# The approach in EU member states

There are varying approaches in the EU, as is evident in the following EU member states.

## France

*Marylise Clerc*

French courts apply a strict liability regime whereby the defendant to PI measures, which have been cancelled as an effect of the revocation of the enforced patent, can seek compensation without having to demonstrate any fault from the claimant/patentee.

This rule arises from Article L. 111-10 of the French Code of civil enforcement procedures which provides that “enforcement [of a court decision] is pursued at the creditor's risk” and that “the creditor restores the debtor's rights in kind or by equivalent if the title is subsequently modified”.

The application of this provision in patent cases was first endorsed by the Paris Court of Appeals in 2012 in a *Negma v Biogaran* case (*Paris Court of Appeals, 6 July 2012, Docket No. 12/05718*). In this case, Negma was ordered to compensate Biogaran for the losses sustained due to the enforcement of the PI measures ordered against it on the basis of Negma's patent, which was subsequently revoked on the merits.

The Paris Court of Appeals further specified that this strict liability regime applied as soon as the claimant/patentee unambiguously sought the provisional enforcement of the PI order, but not when the defendant spontaneously executed the order before it was even served it.

Although the defendant does not have to prove any fault from the claimant/patentee, it still needs to justify the amount of damages claimed on that ground (e.g. in terms of lost profits and/or moral harm).

However, third parties which have not been directly the subject of the PI measures, but which have only sustained its effects indirectly, must demonstrate a fault from the patentee to be able to claim compensation on this ground (*French Supreme Court, Negma v Biogaran, 10 February 2015, Docket No. 13-10.150*).

Note that the application of the strict liability regime does not prevent the prejudiced party from claiming additional damages based on a fault (e.g. abuse of procedure) committed by the claimant/patentee.

Consequently, the CJEU's ruling in *Mylan v Gilead* does not impact French case-law. However, it might be interesting to see how French courts would consider “the circumstances of the case, including whether the defendant played a part in the occurrence of the injury” in determining the amount of damages to award to the defendant.

## Germany

Moritz Schroeder and Oliver Jan Jüngst

Generally, German procedural law provides a strict liability for the enforcement of a PI that is later formally overturned or turns out to be unjustified from the outset, e.g. if a patent is finally revoked at some point (Sec. 945 Civil Procedure Code (“CPC”). Further, a compensation claim based on unjust enrichment can be available (the object of the unjust enrichment being the absence of the PI defendant from the market during the enforcement period; see Sec. 812 Civil Act).

Some discussion and movement had developed in view of the *Bayer/Richter* CJEU decision (C-688/17) but the CJEU in *Mylan v Gilead* (C-473/22) has in the meantime provided further guidance, notably about national rules providing for strict liability (as discussed above).

In a judgment from 12 October 2023, the Higher Regional Court Düsseldorf summarized its view as follows (GRUR 2023, 1764):

- (1) *If the injunction patent is subsequently revoked with final effect, the enforcement creditor who has enforced the injunction is liable to the enforcement debtor for damages pursuant to Section 945 CPC.*
- (2) *Whether strict liability, as provided for in Section 945 CPC, is compatible with the Enforcement Directive (see ECJ GRUR 2019, 1168 – Bayer/Richter) can be left open, because the person who applies for and enforces a preliminary injunction in the event of an ongoing validity attack, even if this was unsuccessful at first instance, acts deliberately at his own risk, which justifies the accusation of negligent fault in any case.*
- (3) *In principle, all losses incurred from the start of enforcement (= compulsory enforcement) or, in the case of an enforcement security order, since the provision of the security, are eligible for compensation.*  
...
- (6) *The patent proprietor’s profit based on the enforcement is to be surrendered in accordance with the rules of the law of enrichment because section 945 CPC does not contain an exhaustive provision. If the creditor’s profit based on the enforcement exceeds the amount of the judgment debtor’s own lost profit, the excess difference can therefore be claimed (topping up) in addition to the loss of profit.*
- (7) *In order to be able to quantify the executor’s profit as damages, the debtor is also entitled to an accounting (Section 242 Civil Act). Data is owed for the period from about one year before the enforcement of the injunction, because only in this way can the debtor assess the extent to which the business volume and the profit of the enforcement creditor have increased as a result of the unjustifiably enforced market abstinence of the enforcement debtor.*
- (8) *When calculating the lost profit, overheads – as with the infringer’s profit – are not to be deducted. This applies not only to the assessment of damages after patent infringement, but also to the determination of the lost profit that the judgment debtor can claim after unjustified enforcement and to the determination of the executor’s profit, which is to be surrendered as unjust enrichment of the judgment creditor under the law of enrichment.*

A legal appeal to the Federal Court of Justice is pending in view of various open legal questions and the Bird & Bird team is involved (Oliver Jan Jüngst and Dr. Moritz Schroeder). The legal appeal will be able to factor in the recent CJEU decision (C-473/22) and can provide further insights on the scope of the liability – notably, the liability based on law of enrichment (see item (6) above) is substantially uncharted territory. Check in regularly to stay up to date.

## Hungary

Bálint Halász

There is now a strict liability regime in Hungary. Since 1 January 2022, Hungarian law has addressed liability for a PI by a patentee that later turns out to be unjustified. Article 104(12a) of the Hungarian Patent Act (the "Patent Act") states that:

*"If the court subsequently determines during the action that the request for preliminary injunction was unfounded, the court shall - upon request - order the party requesting the preliminary injunction to provide compensation to the adverse party for losses resulting from such preliminary injunction. In the action the application for preliminary injunction shall be considered unfounded in particular if:*

- a) the patent is subsequently revoked or the European patent with effect for the territory of Hungary is revoked,*
- b) the preliminary injunction is no longer effective on account of the plaintiff's conduct or omission, or*
- c) the court finds that no patent infringement took place, and based on the evidence available the court is of the opinion that the claim that the patent is about to be infringed was unfounded."*

Before the inclusion of the above provisions in the Patent Act, it was unclear whether a PI pertaining to a patent which was subsequently revoked enabled the respondent to claim compensation of damages based on the general provisions of civil law. This uncertainty led to the *Bayer v Richter Gedeon* CJEU judgment (C-688/17). The inclusion of the new provisions was a reaction to the judgment. Further justification for the modification was that these provisions also served to implement Article 9(7) of the Enforcement Directive in Hungarian law.

In most cases, the revocation of a patent-in-suit triggers a claim for compensation of damages. In the past, applying civil law concepts to patent law resulted in controversial situations as the respondent could reasonably expect a PI and therefore did not act as would generally be expected in given circumstances, and consequently was not entitled to compensation. The new provisions were intended to solve this problem by making it clear that the respondent might be entitled to compensation without the need for consideration of general civil law concepts.

## Italy

Evelina Marchesoni

In Italy there is not a strict liability regime.

Article 96.2 of Italian Civil Procedure Code ("ICPC") provides: *"The Judge who ascertains the non-existence of the right on the basis of which a precautionary order has been enforced [...], upon request of the damaged party, orders the claimant who acted without the ordinary caution to compensate the damages"*.

Even though the Italian IP Code does not make any specific reference to the above-mentioned rule, Italian case law has acknowledged that Art. 96.2 ICPC can be applied also when a PI has been granted on the basis of a patent then revoked.

However, in fact, Italian judges adopted a very narrow interpretation of Article 96.2 ICPC, establishing that a simple doubtfulness of the full validity of the enforced right could be not sufficient to consider the patentee liable for damages for having obtained a PI on the basis of a patent then found invalid: in other words, generally Italian judges "excuse" patentees in light of the complexity of the patent cases.

## The Netherlands

*Laurens Buijtelaar and Jordi de Stigter*

The Netherlands has a strict liability regime for the enforcement of a PI by a patentee that later turns out to be unjustified.

A PI should be considered unjustified, for example, if the patent on which the PI is based is later deemed invalid or not infringed in proceedings on the merits. This has been confirmed by the Dutch Supreme Court (Hoge Raad) in the *Ciba Geigy/Voorbraak* case of 16 November 1984 (ECLI:NL:HR:1984:AG4901).

The basis for this strict liability lies in the combination of the fact that the PI is a preliminary measure with the patentee being aware that enforcing compliance with the PI may therefore later turn out to have been unjustified, and the fact that the party subject to the PI incurs penalty sums if it does not comply, which remain due even if the PI turns out to have been unjustified in proceedings on the merits. This justifies that the patentee (and more generally, any party enforcing a PI) is liable for the damages caused by the enforcement. However, this strict liability is in principle therefore limited to the damages of the counterparty that is the subject of the PI (and does not extend to third parties).

With its decision in *Mylan v Gilead* (C-473/22), the CJEU has ruled that Article 9(7) of the Enforcement Directive must be interpreted as not precluding national legislation that provides for a strict liability regime for the enforcement of an unjustified PI. Therefore, the practice of the Dutch courts seems to be in line with Article 9(7) of the Enforcement Directive.

## Spain

*Manuel Lobato*

In Spain there is a strict liability regime for revoked PIs. The Supreme Court judgment of 29 October 2015 (No. 584/2015) explains the basis of this approach:

*The party requesting the measure cannot contend the absence of bad faith, because just as it has to pay the costs when it is convicted by virtue of the objective fact of defeat, it also has to assume the risk derived from its request for a preliminary injunction. For this reason, Spanish law opts for a strict liability regime, conditional upon proof of the specific damages suffered.*

The strict liability regime is embedded in the special proceedings to request for damages compensation once the PI is lifted (Article 742 of the Procedural Act).

However, this strict liability regime does not mean that damages are easy to obtain. The burden of the proof of damages lies on the party affected by the PI and the statute of limitations is just one year, although it can be interrupted through warning letters. On top of that, the bond is given back to the patentee before the interested party files its damages actions.

A recent case shows that Patent Courts do not consider that there is no negligence on the generics companies that launch at risk. In the 20 January 2023 decision concerning an unfair competition action about fingolimod, the Appeal Court of Barcelona stated that launching at risk is not contrary to the *bona fide* principle, as it is a legitimate business decision (see [Spanish Appeal Court rejects unfair competition claims based on a patent application in ground-breaking ruling – Bird & Bird \(twobirds.com\)](#)).

The CJEU judgment confirms that the approach taken by Spanish law and practice is correct. Damages will normally be considered as an automatic consequence of a revoked PI.

## Poland

*Piotr Dynowski and Andrzej Stelmachowski*

In Poland, Article 746 of the Civil Procedure Code (“CPC”), in most commentators’ opinion and under the well-established case law, provides for a strict liability for enforcement of a PI that later lapses for any reason e.g., by being overturned on appeal or lifted due to the right-holder’s failure to file the statement of claims within the prescribed deadline).

The strict liability based on the above regulation will also apply when the claimant loses the main infringement proceedings or the lawsuit is rejected, returned, or dismissed for any reason, including due to the withdrawal of the statement of claims.

Such approach has been supported by the Polish Supreme Court in the judgment of 25 February 2010 (No. V CSK 293/09), which stated:

*The liability provided for in the provision is therefore a liability independent of the right-holder's fault – it is a liability for the very outcome of the trial for the purpose of which the preliminary injunction was granted. Making the liability in question dependent on the right holder's default would undermine the sense of establishing the regulation contained in Article 746 § 1 of the Civil Procedure Code.*

However, some Polish commentators suggest that the Supreme Court’s above standpoint has not been sufficiently justified and that there are reasons to claim that liability for enforcement of a PI should be based on the culpability of the right-holder.

Irrespective of the above, in Poland, it is not easy to obtain damages resulting from the enforcement of a PI decision. This is due to the strict approach of the courts in Poland to the burden of proof in relation to proving the loss suffered, which requires proving the actual amount of the loss, as well as a direct causal link between that loss and the granted PI. The burden of proof is on the party affected by the PI that was subsequently lifted.

This is mitigated, at least to some extent, by the court’s discretion to refer to Article 322 of the CPC. Under this provision, if the court deems it impossible or excessively difficult to prove the exact amount of the claim (damages), it may award an appropriate amount according to its own assessment, based on consideration of all the circumstances of the case.

The statute of limitations for claims for damages resulting from a lifted PI is rather short. It gives the affected party only one year from the event triggering it to bring claims before the court, which also makes it difficult in practice to pursue this type of claims.

The claim for damages based on Article 746 CPC covers both the loss actually suffered by the affected party and any lost profits resulting from the enforcement of the PI decision.

# The approach in common law jurisdictions

The following common law jurisdictions do not adopt a strict liability regime, requiring the IP holder to give an undertaking as to damages instead.

## Australia

Rebecca Currey

In Australia, there is no strict liability regime. In any application for PI relief, a patentee must give the “usual undertaking as to damages”.

This is an undertaking to the court to:

*(2) to submit to such order (if any) as the Court may consider to be just for the payment of compensation, to be assessed by the Court or as it may direct, to any person, whether or not a party, adversely affected by the operation of the interlocutory order or undertaking or any continuation (with or without variation) thereof; and*

*(b) to pay the compensation referred to in (a) to the person there referred to.*

There are only a handful of cases where claims have been made against the patentee on this undertaking. The first was *Sigma v Wyeth [2018] FCA 1556* (venlafaxine) where claims were brought against the patentee by the generics, the Commonwealth of Australia, and also by third party manufacturers and suppliers of the generic venlafaxine when Wyeth’s patent was ultimately found to be invalid, and the PIs discharged.

Recovery on the usual undertaking is a matter of proving, on the balance of probabilities, that the party suffered loss because of the PI. The value of that loss is then determined as a matter of probabilities and possibilities which is inferred from the evidence.

Due to the complexity of calculating losses in the event of an interlocutory injunction, the Federal Court has become increasingly reticent to grant PIs. Jagot J said in the *Sigma v Wyeth* case:

*It is difficult to imagine that when Sundberg J and then I granted the interlocutory injunctions in 2009 we anticipated that if those injunctions turned out to be wrongly granted, the resulting exercise would bear any resemblance to this one. Hindsight makes one thing certain. Knowing what has occurred, it could never have been concluded, for example, that insofar as relevant to the balance of convenience it would be easier for the generics to prove their loss if the interlocutory injunctions were wrongly granted than for Wyeth to prove its loss if the interlocutory injunctions were withheld and the method patent was valid.*

## Ireland

*Erika O'Donnell*

There is no strict liability regime in Ireland. The Irish Court has jurisdiction to order the claimant to give an undertaking as to damages to the defendant.

According to Order 50 Rule 6 of the Rules of the Superior Courts:

*(1) The Court may grant a mandamus or an injunction or appoint a receiver, by an interlocutory order in all cases in which it appears to the Court to be just or convenient so to do.*

*(2) Any such order may be made either unconditionally or upon such terms and conditions as the Court thinks just.*

In practice, such an order is made in almost all cases where a PI is granted. The undertaking to the court essentially requires the claimant to compensate the defendant for any loss suffered by the defendant as a result of the PI if the claimant's action fails.

However, that undertaking is directed to the court and not to the defendant; the defendant can ask the court to enforce the undertaking but has no right to its enforcement or to damages.

In Irish law, the inquiry of damages after a PI has been lifted involves assessing the financial compensation due to a party that was restrained by the injunction. To date, the courts have not considered any definitive rules as to the apportionment of damages in these circumstances as there is no caselaw or precedent available and in most cases the parties have reached a commercial agreement.

## Hong Kong

*Jin Shi*

In Hong Kong, there is no strict liability regime. An IP right holder seeking a PI is liable for any damage caused if it is subsequently held that the injunction was wrongly granted. Compensation is available to the party affected by the PI by way of enforcement of the cross-undertaking in damages.

Save for exceptional circumstances, a PI granted by the court will be subject to a condition requiring the IP right holder to provide a cross-undertaking in damages to compensate the party affected by the PI for any loss caused by the injunction if the PI is later lifted or if it is established that the injunction ought not to have been granted in the first instance. A cross-undertaking in damages will not be implied into an order for PI. Nevertheless, the courts may amend an order to include an undertaking where it sees fit.

A cross-undertaking in damages is given to the court, not to any opposite party, and no action, set-off or counterclaim can be founded upon it (*Yanfull Investments Ltd v Datak Ooi Kee Liang* (2017) 20 HKCFAR 493, applying *Wingames Investment Ltd* [2013] 1 HKLRD 1186). The only remedy is to enforce the cross-undertaking by applying under the liberty to apply in the proceedings in which the cross-undertaking was given (*Wingames Investment Ltd v Mascot Land Ltd*).

In any event, where it is determined that the injunction should not have been granted, the court is likely to enforce the undertaking if asked to do so, though the court retains discretion not to do so (*Cheltenham and Gloucester Building Society v Ricketts* [1993] 1 WLR 1545).

In measuring the damages payable, the Court of Final Appeal held that a party enforcing a cross-undertaking in damages has the burden of proving its loss, and damages should be liberally assessed to compensate the

claimant (i.e. the party affected by the PI) and not to punish the defendant (i.e. the IP right holder) (*MGA Entertainment Inc v Toys & Trends (Hong Kong) Ltd (2014) 17 HKCFAR 27*).

In addition, only damage caused by the grant of the PI is recoverable while damage that flows from the fact of the litigation itself is not. As such, the party affected by the PI must satisfy the “but for” test, showing that the injunction was an effective cause of the damages (but the PI need not be the sole cause of the damages) (*MGA Entertainment Inc v Toys & Trends (HK) Ltd (CFA)*, *Lilly Icos LLC v 8PM Chemists Ltd [2010] FSR 4*).

## Singapore

### *Oh Pin-Ping and Christine Saw*

Singapore does not adopt a strict liability regime in assessing damages sustained by a preliminary injunction (also commonly known as an “interim” or “interlocutory” injunction). Instead, the question of damages is left to the court’s discretion.

Where a PI is granted, the claimant will be required to provide an undertaking as to damages for any losses suffered by the defendant as a result of the injunction being wrongly granted. In the event that the PI is eventually set aside, the court will typically order an inquiry as to damages sustained by the defendant and decide if it should permit the defendant to enforce the claimant’s undertaking.

In deciding whether to enforce an undertaking as to damages, the court will firstly consider whether the PI was “wrongly asked for” considering the circumstances known to the court at the time the application for an inquiry as to damages was made. The PI will generally not be regarded as “wrongly asked for” if the court considers that a final injunction of a similar effect would be granted after a full trial. If the injunction was “wrongly asked for”, then the court will consider whether there are “special circumstances” that justify a refusal to enforce the undertaking (e.g., unreasonable conduct of the defendant, the defendant’s delay in seeking an inquiry as to damages, or situations where the claimant had acted in the public interest). The defendant must also show an arguable case that it has suffered loss by reason of the injunction order.

## UK

### *Heidi Hurdle*

There is no strict liability regime in the UK. If a court does order a PI in a patent case (which is relatively rare as explained below), it generally orders the patentee/ claimant to give a cross-undertaking as to damages to the infringer/ defendant should it lose at the trial on the merits.

In addition to the enjoined party, others may seek a similar cross-undertaking if the PI is likely to affect them. For example, the UK National Health Service (NHS) in situations where a PI is obtained against generic entrants.

In the UK a patentee can seek a PI against an infringer pending full trial on the merits. However, to succeed in such an application, it must show that damages until trial would not be an adequate remedy and that it would suffer more damage pending trial if no PI were granted than the defendant would, were one to be granted. This approach to the granting of PIs was set out in the leading 1975 case: *American Cyanamid v Ethicon*.

In general, PIs are rarely granted by the court in patent infringement actions. A key reason is that in most cases the claimant is unable to adduce evidence of loss other than lost sales for which the court considers it

can be compensated in damages. Another factor is that it is relatively quick in the UK to get to a trial on the merits (and the court also has the power to order an expedited trial).

One exception concerns the entry into the market of generic pharmaceuticals where PIs can sometimes be granted as the damage caused by the precipitate and irreversible price drop associated with such market entry is not generally regarded as capable of ready compensation in damages. This is very much dependent on the particular circumstances and parties involved.

Like Australia and other jurisdictions where cross-undertakings are given, there are only a few reported cases where claims have been made against the patentee on such an undertaking. Both of the below cases concerning generics.

In *AstraZeneca AB v KRKA d.d Novo Mesto and Consilient Health Ltd* [2015] EWCA Civ 484 the Court of Appeal upheld an award to the defendants of £27 million on an inquiry as to damages suffered because of a PI. The court made it clear that a claimant who gets interim relief can expect a liberal assessment of damages under any cross-undertaking if it is unsuccessful in its substantive claim. This was followed more recently in *Dr Reddy's Laboratories (UK Ltd) and others v Warner-Lambert Company LLC and another* [2021] EWHC 2182 (Ch). Here, the Patents Court considered counterfactuals for the determination of damages for PIs wrongly granted against several generics and NHS bodies. The court stated that a fundamental principle was that damages could only be awarded for losses caused by the order itself, not losses caused by the existence of the patent and the underlying litigation.

# The approach in other legal systems

## China

Yang Li

In China, if a PI is lifted for invalidity of the asserted patent or a final court-finding of non-infringement, the holder of an IP right is strictly liable for damages caused by enforcement of the PI.

The legal basis for applying a PI in IP infringement cases is the “act preservation measure” as provided under Art 103 of the PRC Civil Procedure Law:

*“For a case where, for the conduct of a party or for other reasons, it may be difficult to execute a judgment or any other damage may be caused to a party, a people’s court may, upon application of the opposing party, issue a ruling on preservation of the party’s property, or ordering the party to commit certain conduct or refrain from committing certain conduct; and if no party applies, the people’s court may, when necessary, issue a ruling to take a preservation measure.”*

*A people’s court may order the applicant to provide security for taking a preservation measure and, if the applicant fails to provide security, shall issue a ruling to dismiss the application.”*

Art 108 of the PRC Civil Procedure Law also provides that “if an application [for preservation measure] is erroneous, the applicant shall compensate the respondent for losses caused by the preservation measure.”

As to what constitutes “an erroneous preservation measure application” in the context of IP infringement, Article 16 of the Supreme People’s Court’s Judicial Interpretation on Application of Law on Act Preservation Measures in Intellectual Property Disputes (“SPC JI on Act Preservation in IPR Disputes”) further clarifies that if the concerned IP right has been invalidated or there is an effective judgement finding no infringement, a party is entitled to claim damages caused by enforcement of the act preservation measure.

Despite that the wording “erroneous application” is used in this clause, in the [2018 Press Conference](#) for releasing this SPC Judicial Interpretation, the SPC made it clear that strict liability is adopted when applying Art 16 of the SPC JI on Act Preservation in IP Dispute. This is because:

- (1) This is consistent with Art 50 of the TRIPS Agreement and judicial practices in certain foreign jurisdictions.
- (2) Strict liability prompts the holder of an IP right to act cautiously when considering the option of applying for a PI and can also reduce the chances of abusing IP rights.

Overall, Chinese courts are very cautious and PIs are only granted in limited circumstances with respect to IP infringement. Accordingly, cases on claiming damages for revoked PIs are rarely seen and it remains to be seen how this area of law will be evolved in the future.

## The UPC

Josh Price

The Agreement on a Unified Patent Court (UPC) provides that where provisional measures are revoked or it is subsequently found that the patent was not infringed, the court may order the applicant to provide compensation to the defendant (*Article 62(5) UPCA, R. 213(2) Rules of Procedure (RoP)*). However, this is a discretionary remedy rather than a strict liability.

A situation in which this provision has had to be applied has not yet arisen in the UPC. However, in its recent order in *10X Genomics v NanoString*, the UPC Court of Appeal did note that the standard of proof in interim proceedings should not be set too low to prevent a defendant from suffering harm from an injunction that is later lifted (see [Order of the Court of Appeal of the Unified Patent Court issued on 26 February 2024 in the proceedings for provisional measures concerning EP 4108782](#)). Nevertheless, this comment does not shed much light on the approach the UPC will take.

Under R. 211(5) RoP, the court may order the applicant to provide adequate security for appropriate compensation for any injury likely to be caused to the defendant which the applicant may be liable to bear should the court revoke the order for provisional measures. In the *10X Genomics v NanoString* litigation, NanoString requested that 10X's application for interim relief be made dependent on the provision of a security in the sense of this provision. However, it was not apparent to the Munich Local Division on the basis of the parties' submissions that should the injunction be revoked, 10X Genomics would have any difficulty in providing the necessary compensation. Therefore, the court declined to order 10X Genomics to provide a security (see [Decision and Orders of the Court of First Instance of the Unified Patent Court in the proceedings for interim measures concerning EP 4 108 782, Procedure No. UPC CFI 2/2023, issued on 19 September 2023](#)).

Finally, it is of interest to note that the UPC shall order the provision of a security where interim measures are ordered without the defendant having been heard, unless there are special circumstances not to do so.

## Concluding remarks

This article shows the different approaches to liability to PIs taken by different jurisdictions around the world. The approach to assessing liability varies, not just between common and civil law jurisdictions, but also within EU member states.

With the recent CJEU ruling in *Mylan v Gilead*, the AG's opinion that considered strict liability regimes inconsistent with the Enforcement Directive turns out to be being less of a game changer than was thought (as it was not followed by the CJEU). Nevertheless, it will be interesting to see whether the AG's opinion still leads to some changes in current approaches taken by the courts in EU member states.

For information on the criteria for obtaining a PI in different jurisdictions, and other Q&As on patent litigation, see our [Patent Litigation Country Comparator tool - Bird & Bird \(twobirds.com\)](#)

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# Thank you

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