



Intellectual Property Information Sheet

Infringement of IP Rights

Introduction

On 29 April 2006, in a continuing effort to standardise the procedure, remedies and penalties available against IP infringers within the European member states, the Enforcement of Intellectual Property Rights Directive (2004/48/EC) ("the Directive") was implemented into UK law, by the Intellectual Property (Enforcement, etc) Regulations 2006, ("the Regulations").

Whilst the majority of UK law does not require amendment as a result of the Directive, there are several changes which require to be made in relation to the Scottish Courts which comparatively, are not necessary in England and Wales. These changes enable owners of IP in Scotland to take more effective action against infringement of their IP - particularly such acts committed on a commercial scale.

Grounds for Damages

Regulation 3 sets out a range of factors which must be taken into account when awarding damages against a person who knowingly infringes or who had reason to believe that they were infringing an intellectual property right.

Damages will be awarded to the party whose intellectual property rights have been infringed appropriate to the actual prejudice he or she has suffered as a consequence of the infringement. The factors taken into account when determining the level of damages to be awarded by the Court include:-

1. The negative economic consequences as a result of the infringement including profits lost by the infringed party and any unfair profits made by the infringer; and
2. Non-economic factors including the moral damage caused to the infringed party by the infringement. The award for non-economic factors is regarded as the right for additional damages that was previously applicable only under the Copyright, Designs & Patents Act 1988.

Alternatively, where it is perhaps difficult to determine the actual harm suffered the Court may award damages on the basis of the royalties or fees

which would have been due had the infringer obtained a licence from the infringed party for such use of the intellectual property right in question.

In assessing the level of damages that can be awarded in an action for infringement of intellectual property rights, the Court has the ability to consider both economic and non-economic factors the latter being often very difficult to assess, for example, loss of reputation.

Disclosure of Information

Regulation 4, which is specific to Scotland, allows the infringed party to apply to the Court for an order compelling the infringer or any person found in possession of infringing goods on a commercial scale or using, or providing infringing services to provide information about goods and services which infringe an intellectual property. However, a Court may only order that such information relating to the goods and services is disclosed where it is just and proportionate to the infringer.

This Regulation also allows for additional damages to be awarded in cases of passing off in Scotland. The legislation governing registered designs, patents and trade marks in Scotland will also be similarly amended by the schedules to the Regulations.

Such applications to the Court should be possible prior to raising an infringement action and could be directed against third parties, even where a third party is innocently involved in the infringement.

Publication of Judgment

Regulation 5 (again, applicable to Scotland only) provides that where a person is found to have infringed another party's intellectual property, the infringer (at the infringed party's request) may be ordered by the Court to publish and distribute the judgment at the infringed party's expense. It is again hoped that such a provision will act as a deterrent against IP infringement since publicity and public relations is an important aspect in any brand dispute. This is therefore something which potential infringers will most likely seek to avoid and at the same time owners of IP will seek to rely on.

Conclusion

The Regulations provide owners of IP with extensive options, which will hopefully deter possible infringers and allow IP owners to actively pursue infringers. Essentially, by implementing the Directive in UK law, Scotland now awards more protection over Intellectual Property.



Whitehall House 33 Yeaman Shore Dundee DD1 4BJ

Tel 01382 229111 Fax 01382 202288

www.thorntons-law.co.uk

This Information Sheet is intended to provide general guidance on infringement of IP rights. For more specified guidance, legal advice should be sought. Thorntons is a trading name of Thorntons Law LLP.
© Thorntons Law LLP April 2009