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Intellectual Property, Injunctions, and Proportionality: Towards a Uniform Approach

This article examines the role of proportionality in the context of injunctive relief. It highlights the need for flexibility where an injunction could impose excessive burdens on infringers or third parties, such as in cases involving minor infringements, complex products, or conflicting fundamental rights. The article argues for a uniform test, positioning proportionality as a hardship clause that enables courts to tailor the scope or timing of injunctions through measures such as grace periods and carve-outs. Although the primary focus is on injunctive relief, the article also considers the relevance of proportionality for corrective measures such as destruction, removal, and recall. By providing a structured framework, the article aims to support courts in striking a fair balance between effective enforcement and the interests potentially affected by an injunction.

I. Introduction

Intellectual property (IP) rights grant the holder exclusive control over the use and exploitation of specific subject matter. When an infringement occurs, the rightholder is generally entitled to an injunction. This presumption in favour of injunctive relief corresponds with the nature of the right and ensures a level playing field between market participants. However, there are downsides to an ‘automated approach’ towards injunctions. For instance, an injunction may cause significant financial harm to the infringer, particularly when it targets component products.¹ Furthermore, an injunction may negatively impact third parties, especially when it restricts patients’ access to essential medicines or medical devices. It is questionable whether an unconditional injunction would be justified in these circumstances.

Although the relationship between injunctions and proportionality has mainly been discussed in the context of patent injunctions, it is equally important in other areas of IP law.² Therefore, this article takes a horizontal perspective. It examines the circumstances under which limitations on injunctive relief are justified, with particular attention to the principle of proportionality as enshrined in Directive 2004/48/EC on the enforcement of intellectual property rights (hereinafter the Enforcement Directive or IPRED). It proposes a uniform proportionality test, explores its application in various scenarios, and considers common approaches across national legal systems.

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¹ See Norman V Siebrasse and others (eds), *Patent Remedies and Complex Products* (CUP 2019).

² See Request for a Preliminary Ruling in Case C-211/24 *LEGO A/S v Pozitiv Energiförärs Kft*.

II. EU legal framework on prohibitory injunctions

On the national level, there are various approaches to injunctive relief. The most pronounced differences exist between civil law and common law systems. In civil law jurisdictions, prohibitory injunctions are typically granted as a matter of course when an infringement of a valid right has been established.³ In contrast, common law systems treat injunctive relief as an equitable remedy. Courts grant them on a case-by-case basis, taking into account factors such as the adequacy of legal remedies, the balance of hardships, and the public interest.⁴ Although these approaches differ notably, both systems generally allow rightholders to obtain injunctions without requiring evidence of irreparable harm.⁵ The shared focus on terminating infringement aligns the systems in practice, which makes procedural differences between the systems less important.

At the EU level, the entry into force of the Enforcement Directive has further contributed to this alignment. The Directive mandates Member States to provide remedies that are effective, proportionate, and dissuasive, while also legislating areas such as legal standing, evidence, interlocutory measures, seizure and injunctions, damages, costs, and judicial publication. Other EU instruments contribute to this harmonisation.

³ Jorge L Contreras and Martin Husovec (eds), *Injunctions in Patent Law. Trans-Atlantic Dialogues on Flexibility and Tailoring* (CUP 2022) 315; Franz Hofmann, *Der Unterlassungsanspruch als Rechtsbehelf* (Mohr Siebeck 2017) 83.

⁴ Ian CF Spry, *The Principle of Equitable Remedies – Specific performance, injunctions, rectification and equitable remedies* (Sweet and Maxwell 2007) 398.

⁵ The US is a notable exception, following the decision in *eBay Inc. v MercExchange, L.L.C.* 547 U.S. 388, 392 (2006). In this case the Supreme Court effectively eradicated the presumption in favour of injunctive relief.

For instance, the EU Trade Mark Regulation (EUTMR) and the Community Design Regulation (CDR) establish specific rules on unitary trade marks and community designs, including prohibitory injunctions.⁶ Similarly, the Unified Patent Court Agreement (UPCA) grants the Unified Patent Court the authority to issue injunctions in both preliminary and main proceedings.⁷ Although these instruments are not discussed in detail, the analysis offered here may assist in interpreting them consistently with EU law.⁸

1. Prohibitory injunctions under the Enforcement Directive

The Enforcement Directive harmonises both preliminary and final injunctions. Art. 9(1)(a) requires Member States to ensure that judicial authorities may issue an interlocutory injunction at the request of the applicant to prevent or forbid (imminent) infringements of an intellectual property right. Article 11 obliges Member States to ensure that judicial authorities may issue a final injunction following a judicial decision finding of an infringement. As far as national law permits, non-compliance with the injunction may be subject to recurring penalty payments to ensure compliance. Notably, only Art. 9 explicitly states that an injunction can be sought to prevent an imminent infringement of an intellectual property right. While Art. 11 only refers to the prohibition of continuing infringements, it logically extends to infringements that have already occurred.⁹ Given the high level of protection aimed for by the Directive, it seems reasonable to assume that an injunction in the main proceedings is also possible when the infringement has not yet taken place.

2. Judicial discretion

Article 11 IPRED states that Member States must ensure that judicial authorities *may* issue an injunction against the infringer to stop the infringement. This phrasing indicates that it is left to Member States to determine whether courts should have discretion in granting injunctions.¹⁰ This flexibility suggests that the Directive does not prevent Member States from allowing such discretion.¹¹ Conversely, Member States may also choose to

withhold it.¹² This reading is consistent with Art. 44(1) of the Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPS), which embodies a compromise between civil law and common law approaches to injunctions.¹³

a) Limitations of judicial discretion

Although the Directive allows Member States to determine whether the grant of an injunction is subject to judicial discretion, the scope of this discretion is narrowed by several factors.¹⁴

First, an approach that subjects injunctive relief to unlimited discretion would be difficult to reconcile with the nature of an exclusive right.¹⁵ This is true especially for IP rights, as their exclusivity relies on legal enforcement rather than physical control.¹⁶ Injunctive relief is critical to maintain the ‘core function’ of these rights, as it ensures that the rightholder retains control over the exploitation of the protected subject matter.¹⁷

Second, the impact on substantive law must be considered.¹⁸ The Court of Justice of the European Union (CJEU) has consistently held that national courts cannot impose restrictions on exclusive rights that exceed the limitations established by the *acquis*.¹⁹ Critics may argue that this case law is irrelevant in this context, as injunctions are procedural remedies rather than substantive law.²⁰ However, this perspective fails to account for the critical role that injunctions play in ensuring that exclusive rights remain effective in practice. This reasoning is reinforced by the *Martin Y Paz* judgment, where the CJEU held that the proprietor of a trade mark cannot be deprived of the right to exercise the exclusive rights beyond the limitations set out in Arts. 5 to 7 TMD.²¹ Similarly, Recital 3 IPRED highlights that effective enforcement mechanisms are necessary to ensure that substantive law – now largely harmonised as part of the *acquis* – is applied effectively.²²

Third, the proper scope of discretion must align with the Directive’s underlying objective of establishing a

⁶ See arts 130(1) EUTMR and 89(1) CDR. See also Case C-316/05 *Nokia* ECLI:EU:C:2006:789, para 36.

⁷ See arts 62 and 63 UPCA; Rule 118 and 211. See also Ansgar Ohly, ‘Injunctions in the UPC and the Principle of Proportionality’ (2022) 5 SIPLR 60; Franz Hofmann and Benjamin Raue, ‘Injunctions and Damages for Patent Infringement’ (2024) 19 JIPLP 583.

⁸ The UPCA must be applied and interpreted in conformity with the Directive’s objectives to ensure its practical effectiveness; see Winfried Tilmann and Clemens Plassmann (eds), *Unified Patent Protection in Europe: A Commentary* (OUP 2018) 446.

⁹ Case C-324/09 *L’Oréal v eBay* ECLI:EU:C:2011:474, para 130.

¹⁰ Alexander von Mülendahl, ‘Enforcement of Intellectual Property Rights – Is Injunctive Relief Mandatory?’ (2007) 38 IIC 377; art 9(1)(a) and Recital 22 IPRED indicate that a similar conclusion can be drawn regarding preliminary injunctions.

¹¹ Recitals 17 IPRED. See also Rafael Garcia Pérez, ‘Injunctions in Intellectual Property Cases: What is the Power of the Courts?’ (2016) 87(1) IPQ 94; Reto M Hilty, ‘Legal Remedies Against Abuse, Misuse, and Other Forms of Inappropriate Conduct of IP Rightholders’ in Reto M Hilty and Kung-Chung Liu (eds), *Compulsory Licensing. Practical Experiences and Ways Forward* (Springer 2015) 389; von Mülendahl (n 10) 377.

¹² Mark Marfé and others, ‘The power of national courts and the Unified Patent Court to grant injunctions: a comparative study’ (2015) 10 JIPLP 181.

¹³ von Mülendahl (n 10) 377-78.

¹⁴ See also Matthias Leistner and Viola Pless, ‘European Union’ in Contreras and Husovec (n 3) 29-30.

¹⁵ See Case C-44/21 *Phoenix Contact* ECLI:EU:C:2022:309, para 39. See also Hofmann (n 3) 345.

¹⁶ This is a result of the abstract nature of the object IP; see Peter Drahos, *A Philosophy of Intellectual Property* (Routledge 1996) 6; Ole-Andreas Rognstad, *Property Aspects of Intellectual Property* (CUP 2018) 48-49.

¹⁷ See eg Case 15/74 *Centrafarm* ECLI:EU:C:1974:114, paras 7-14; Case C-30/90 *Commission v United Kingdom* ECLI:EU:C:1992:74; Case C-10/89 *HAG II* ECLI:EU:C:1990:359, para 14; Case 62/79 *Cotidil I* ECLI:EU:C:1980:84, para 14; Cases C-403/08 and C-429/08 *Premier League* ECLI:EU:C:2011:631, para 107; Case 53/87 *CICRA v Renault* ECLI:EU:C:1988:472, para 11.

¹⁸ See art 2(1) and Recitals 3 and 9 IPRED.

¹⁹ See, *inter alia*, Case C-607/11 *ITV Broadcasting* ECLI:EU:C:2013:147; Case C-661/11 *Martin Y Paz* ECLI:EU:C:2013:577, para 55; Case C-516/17 *Spiegel Online* ECLI:EU:C:2019:625, paras 43-48.

²⁰ Also see the concurring opinion Justice Kennedy in *eBay Inc. v MercExchange, L.L.C.* (U.S. 2006, p 392) (U.S.): ‘Both the terms of the Patent Act and the traditional view of injunctive relief accept that the existence of a right to exclude does not dictate the remedy for a violation of that right.’

²¹ *Martin Y Paz* (n 19) paras 58-62.

²² See also Recital 9 IPRED.

high, equivalent, and homogeneous level of protection in the Internal Market.²³ The CJEU underscored this in *Huawei*, highlighting that such protection requires right-holders to have access to legal proceedings to enforce their exclusive rights and obligates users to obtain a licence before use.²⁴ Achieving equivalence and homogeneity relies on clear and predictable enforcement mechanisms across Member States. Excessive judicial discretion would undermine this consistency, leading to variations in actual protection and conflicting with the Directive's goal of a harmonised internal market for intellectual property rights.²⁵

b) Presumption in favour of injunctive relief

It follows from the foregoing that, in principle, an injunction should be granted in cases on the merits where a valid right has been infringed.²⁶ This conclusion seems to be supported by case law, as the CJEU has held that the Enforcement Directive requires 'effective legal remedies designed to prevent, terminate or rectify *any* infringement of an existing intellectual property right' [emphasis added].²⁷ This consideration aligns with the approach taken by the EUTMR and the CDR, which stipulate that an injunction should be issued when there are no doubts regarding the validity of the right or the likelihood of infringement.²⁸

At first glance, this presumption in favour of injunctive relief seems difficult to reconcile with the notion of judicial discretion. However, closer inspection reveals that these concepts are not inherently incompatible. The nature of the right in question, along with the applicable norms and principles, can limit discretion to a narrow margin.²⁹ This is illustrated most clearly by the United Kingdom, where injunctions are traditionally considered an equitable remedy. Despite this discretion, it is established case law that courts should in principle grant an injunction when validity and infringement have been established.³⁰ Thus, courts may refuse an injunction only in exceptional circumstances, for example because the effects of granting it would be grossly disproportionate to the right protected.³¹

An exception to the foregoing applies to cases involving standard essential patents (SEPs). Here, competition law may restrict injunctive relief when the rightholder has

committed to a fair, reasonable and non-discriminatory (FRAND) declaration.³² However, injunctive relief remains available if the implementer has not adhered to FRAND obligations.³³ For example, the injunction may be granted if the implementer does not show a willingness to negotiate promptly.³⁴ Similarly, if the implementer decides to reject an offer which qualifies as FRAND, the rightholder may seek an injunction if necessary.³⁵

In preliminary relief proceedings, courts often have greater flexibility to determine whether an injunction is appropriate. However, even in these cases, discretion is limited. For example, in *Phoenix Contact*, the Court of Justice held that EU law precludes national rules requiring the validity of a patent to be confirmed by a first-instance decision before a preliminary injunction can be sought.³⁶ Thus, even in interlocutory proceedings, the focus remains on the effective enforcement of the exclusive right.

c) Limitations of injunctive relief

Although the Enforcement Directive requires courts to impose an injunction when validity and infringement have been established, there may be exceptional circumstances where this is inappropriate.³⁷ In the context of patent injunctions, it has been suggested that restrictions on injunctive relief may be prohibited by Arts. 30 and 31 TRIPS.³⁸ Similar arguments could extend to other limitations derived from international law, such as the Berne Convention's three-step test.³⁹ However, the prevailing view is that these provisions do not preclude limitations on injunctive relief.⁴⁰ This interpretation appears correct, as limitations at the enforcement level cannot be directly equated with restrictions on the level of substantive law.⁴¹ Moreover, there are practical justifications for

³² *Huawei* (n 24) para 53. See also: European Commission, 'Guidelines on the applicability of Article 101 of the Treaty on the Functioning of the European Union to horizontal co-operation agreements' [2011] OJ C11/01, paras 285 ff.

³³ See *Unwired Planet International Ltd v Huawei Technologies Co. Ltd & Anor* [2017] EWHC 711 (Pat) [807].

³⁴ See CoA The Hague 02.07.2019–NL:GHDHA:2019:3613, para 4.21–*Philips v Wiko*.

³⁵ See also *Unwired Planet v Huawei* [2020] UKSC 37, paras 164–65. Denial of injunctive relief remains possible if the implementer provides adequate security: *Huawei* (n 33) para 67.

³⁶ See *Phoenix Contact* (n 15) paras 39–40.

³⁷ See also Ansgar Ohly, 'Three principles of European IP enforcement law: Effectiveness, proportionality, dissuasiveness' in Josef Drexler and others (eds), *Technology and Competition, Contributions in Honour of Hans Ullrich* (Larcier 2009) 265; Maximilian Schellhorn, *Der patentrechtliche Unterlassungsanspruch im Lichte des Verhältnismäßigkeitsgrundsatzes* (Carl Heymanns Verlag 2019) paras 562–81; Leistner and Pless (n 14) 30–33.

³⁸ Graeme B Dinwoodie and Rochelle C Dreyfuss, 'Injunctive Relief in Patent Law under TRIPS' in Contreras and Husovec (n 3) 13 ff; Lea Tochtermann, 'Injunctions in European Patent Law' (2019) 11 IPJ 262; Federal Supreme Court (BGH), 10 May 2016, X ZR 114/13, para 47 ff – *Wärmetauscher*.

³⁹ See eg art 9(2) Berne Convention; art 10 WIPO Copyright Treaty; art 16(2) WIPO Performances and Phonograms Treaty. See also the relevant provisions on compulsory licensing: art 13 Berne Convention; art 21 TRIPS; cf Panel Report, WT/DS/114/R, 'Canada – Pharmaceutical Patents' (7 April 2000), para 7.29.

⁴⁰ See eg Hofmann and Raue (n 7) 78; Martin Stierle, 'Zum Verhältnismäßigkeitsvorbehalt im patentrechtlichen Unterlassungsrecht' (2020) 111 Mitt. 492; Franz Hofmann, 'Funktionswidriger Einsatz subjektiver Rechte, Ungeschriebene Grenzen von Patent-, Urheber- und Designrechten' [2020] GRUR 921.

⁴¹ Hofmann (n 40) 919 ff; Martin Stierle, 'Patent Injunctions – Identifying Common Elements' (2019) 11 IPJ 353 ff.

²³ Recital 10 IPRED.

²⁴ Case C-170/13 *Huawei* ECLI:EU:C:2015:477, para 58.

²⁵ Recitals 8 and 9 IPRED. See also *Nokia* (n 6) paras 33–34.

²⁶ Similarly Ansgar Ohly, 'Patenttrolle oder: Der Patentrechtliche Unterlassungsanspruch unter Verhältnismäßigkeitsvorbehalt? Aktuelle Entwicklungen im US-Patentrecht und Ihre Bedeutung für das Deutsche und Europäische Patentsystem' [2008] GRUR Int. 797; Leon E Dijkman, *The Proportionality Test in European Patent Law. Patent Injunctions Before EU Courts and the UPC* (Hart Publishing 2023) 161–63; Leistner and Pless (n 14) 30.

²⁷ *Phoenix Contact* (n 15) para 39.

²⁸ von Mühlendahl (n 10) 380.

²⁹ García Pérez (n 11) 89. See also *Martin v Franklin Capital Corp.* 546 U.S. 132, 139 (2005): 'Discretion is not whim, and limiting discretion according to legal standards helps promote the basic principle of justice that like cases should be decided alike.'

³⁰ *Coflexip SA and Anor v Stolt Comex Seaway MS Ltd and Ors* [2000] EWHC Civ 242 [59]; *Evalve Inc and Ors Edwards Lifesciences Ltd* [2020] EWHC 513 (Pat) [73].

³¹ *HTC Corporation v Nokia Corporation* [2013] EWHC 3778 (Pat) [32]; *Navitaire Inc v EasyJet Airline Co Ltd (No. 2)* [2005] EWHC 282 (Ch) [101].

permitting such limitations, as the interests at stake may be so pressing that legislative or executive action cannot be awaited.

This does not preclude the court from drawing inspiration from relevant conditions laid out regarding compulsory licensing and statutory exceptions. For instance, in weighing the interests of third parties, courts may attach weight to the fact that these interests meet the standards for a compulsory licence. In addition, the amount of any compensation in lieu of an injunction may be based on the rate applicable for a compulsory licence.⁴² Finally, courts may weigh the effects of limiting injunctive relief on the rightholder's market position.

It follows that limitations at the level of substantive law do not categorically prevent restrictions on injunctive relief.⁴³ Instead, the focus here is on Art. 3 IPRED. This provision lays down general standards for the measures, procedures, and remedies set out in the Directive.⁴⁴ To begin with, Art. 3(1) states that enforcement measures 'shall be fair and equitable and shall not be unnecessarily complicated or costly, or entail unreasonable time-limits or unwarranted delays.' Furthermore, Art. 3(2) requires that these measures 'shall also be effective, proportionate and dissuasive and shall be applied in such a manner as to avoid the creation of barriers to legitimate trade and to provide for safeguards against their abuse.'

3. Effectiveness, proportionality, and dissuasiveness

The obligations set out by Art. 3 IPRED can arguably be subsumed under the requirements of effectiveness, proportionality, and dissuasiveness.⁴⁵ These requirements must be applied in each case, in a manner allowing the specific characteristics of that case to be taken into due account.⁴⁶ It follows that the issuance of injunctive relief is effectively dictated by these three requirements.⁴⁷

a) Effectiveness and dissuasiveness

The conditions of *effectiveness* and *dissuasiveness* aim to ensure that rightholders can enforce their IP rights. Preventive remedies, such as injunctions, must be capable of preventing or at least rendering more difficult further infringements while having a real deterrent effect.⁴⁸ These conditions are satisfied if the injunction prevents or immediately terminates the infringement.⁴⁹ The order should be accompanied by a judicially imposed penalty

to secure compliance, as without it the rightholder would be left with no recourse for non-compliance, undermining the right to an effective remedy.⁵⁰

b) Proportionality

The requirement of *proportionality* serves as a counterbalance to the principles of effectiveness and dissuasiveness. In the context of remedies, it requires that the severity of the measure is 'commensurate with the seriousness of the infringement, while respecting the general principle of proportionality'.⁵¹ Accordingly, assessing the proportionality of an injunction involves a two-step test.

First, an injunction must be evaluated for its commensurability with the infringement. This requirement presents a double-edged blade. On the one hand, it aims to prevent overcompensation, as that would impose an undue burden on the infringer. On the other hand, it prohibits merely symbolic remedies, as these would fail to provide meaningful redress for the rightholder.⁵² It seems logical to assume that a mere 'do not infringe' order satisfies this requirement, as its scope is inherently limited to infringing activities.⁵³ However, in some cases, it may be challenging for the infringer to determine what actions must be taken to comply with the injunction. In these situations, more precisely worded injunctions may be necessary.⁵⁴ Overall, a balance must be achieved between ensuring effective protection for IP rights holders and safeguarding the infringer from repeated litigation or undue restriction of legitimate, non-infringing activities.⁵⁵

Second, the injunction must comply with the general principle of proportionality. This means that the measure must not exceed the limits of what is appropriate and necessary to attain the objectives legitimately pursued by the legislation in question. If multiple appropriate measures are available, the least onerous should be chosen, and the disadvantages caused must not be disproportionate to the aims pursued.⁵⁶ This formula reflects the CJEU's three-step test, consisting of *appropriateness*, *necessity* and *proportionality stricto sensu*, with the initial requirement of a legitimate aim embedded within the first step rather than explicitly stated.⁵⁷

It is worth noting that the CJEU does not always apply the various elements of the proportionality

⁴² cf Dijkman (n 26) 212 ff.

⁴³ For instance, the enforcement of an SEP may, in certain circumstances, constitute an abuse of a dominant position under art 102 TFEU; see *Huawei* (n 24) paras 61-68. As such situations are primarily governed by competition law, they fall outside the scope of this analysis.

⁴⁴ See also arts 8(2), 41(1) and (5) TRIPS.

⁴⁵ Ohly, 'Three principles of European IP enforcement law: Effectiveness, proportionality, dissuasiveness' in Drexler and others (n 37) 257.

⁴⁶ Recitals 17 and 24 IPRED; 'Guidance on certain aspects of Directive 2004/48/EC of the European Parliament and of the Council on the enforcement of intellectual property rights', COM(2017) 708 final.

⁴⁷ Richard Arnold, 'Injunctions in European Law' in Contreras and Husovec (n 3) 68.

⁴⁸ Case 14/83 *Von Colson* ECLI:EU:C:1984:153, paras 23-24; Case C-460/06 *Paquay* ECLI:EU:C:2007:601, para 45.

⁴⁹ *Phoenix Contact* (n 15) paras 39-40; Case C-666/18 *IT Development* ECLI:EU:C:2019:1099, para 40.

⁵⁰ Case C-752/18 *Deutsche Umwelthilfe* ECLI:EU:C:2019:1114, paras 35-36; Case C-556/17 *Torubarov* ECLI:EU:C:2019:626, para 72.

⁵¹ Case C-714/22 *Profit Credit Bulgaria* ECLI:EU:C:2024:263, para 52; Case C-30/19 *Braathens Regional Aviation* ECLI:EU:C:2021:269, paras 38-39; Case C-418/11 *Texdata* ECLI:EU:C:2013:588, para 51.

⁵² *Braathens Regional Aviation* (n 51) para 39.

⁵³ cf Case C-175/21 *Harman* ECLI:EU:C:2022:895, para 71.

⁵⁴ This is the norm in the US and Germany; see John M Golden, 'Injunctions as More (or Less) than "Off Switches": Patent-Infringement Injunctions' Scope' (2012) 90 Tex L Rev 1421; Peter G Picht and Anna-Lena Karczewski, 'Germany' in Contreras and Husovec (n 3) 146.

⁵⁵ Contreras and Husovec (n 3) 325.

⁵⁶ *Texdata* (n 51) para 52. See also Case C-314/12 *UPC Telekabel* ECLI:EU:C:2013:781, Opinion of AG Cruz Villalón, paras 98-109.

⁵⁷ Wolf Sauter, 'Proportionality in EU Law: A Balancing Act?' (2013) 15 CYELS 439, 448; Jonas Christoffersen, *Fair Balance: Proportionality, Subsidiarity and Primacy in the European Convention on Human Rights* (Martinus Nijhoff 2009) 69-72; Alec Stone Sweet and Jud Mathews, 'Proportionality Balancing and Global Constitutionalism' (2008) 47 CJTL 72, 140-41; Xavier Groussot, *General Principles of Community Law* (Europa Law Publishing 2006) 145, 146.

principle systematically.⁵⁸ While it has conducted relatively thorough proportionality reviews in cases involving injunctions against intermediaries, it remains to be seen whether a similar approach will be adopted for common remedies such as injunctions against infringers.⁵⁹ Nevertheless, the individual elements of the proportionality principle may be applied in this context. Accordingly, we will discuss these elements in the sections below.

First, the *appropriateness test* examines whether the chosen measure can reasonably contribute to achieving the legitimate aim.⁶⁰ This test requires that the measure must be at least minimally effective, as an ineffective measure is incapable of achieving the stated goal.⁶¹ In this way, it establishes a threshold to prevent the adoption of arbitrary measures.⁶² This test overlaps substantively with the requirements of effectiveness and dissuasiveness, and will therefore not be discussed further here.⁶³

Second, the *necessity test* requires that the chosen measure does not go beyond what is necessary to achieve that aim. The test focuses on the potential negative consequences of the chosen measure.⁶⁴ Generally, a distinction is made between a strict and a broad interpretation of the necessity test.⁶⁵ The aforementioned quotations from the relevant case law point towards a strict interpretation, which entails that the measure be the least restrictive means available to achieve the objective (LRM test).⁶⁶ An injunction should generally be able to pass this test, as there are currently no equally effective measures available to enforce exclusivity.⁶⁷ Complications may rise when the injunction is drafted in broad terms, as this could effectively terminate lawful activities.⁶⁸ Again, this concerns ground already covered, in this case by the commensurability requirement.

As we have seen, an injunction will normally satisfy the requirements of commensurability, appropriateness, and necessity. It follows then that the focus of the analysis

is on the test of proportionality *stricto sensu*.⁶⁹ This test requires that a reasonable balance is struck between the benefits gained by achieving the objective and the harm caused to the affected interests.⁷⁰ In effect, this means that the interests and fundamental rights of the infringer and third parties should not be unduly affected by the injunction.⁷¹ To assess whether this is the case, a two-step approach is taken. First, an analysis of the benefits associated with achieving the legitimate objective and the detriments imposed on the affected interest.⁷² Next, it must be determined whether the effects of the measure are reasonable considering the competing interests, i.e. if the measure imposes excessive burdens on the individual.⁷³ Finally, where fundamental rights collide, the court must strike a fair balance between those rights.⁷⁴ In the following section, we will delve deeper into this balancing test.

4. Nature of the balancing test

There has been considerable debate about the meaning of the proportionality principle in the context of injunctions.⁷⁵ It may seem intuitive to assume that an injunction is inherently proportionate if it targets infringing activities. However, assessing proportionality requires more than a mere commensurability test; it also demands that the injunction's effects are reasonable considering the interests at stake.⁷⁶ As a result, a balancing of interests is unavoidable.⁷⁷

That said, the requirement to balance interests does not imply that courts have unfettered discretion in determining proportionality. As established earlier, the rightholder is generally entitled to an injunction once validity and infringement are proven. Thus, it follows that the threshold for disproportionality should be set high. Accordingly, any interpretation that equates the proportionality test with a mere balancing of conveniences should be rejected

⁵⁸ Sauter (n 57) 441-42.

⁵⁹ cf *L'Oréal v. eBay* (n 9) para 130.

⁶⁰ See eg Case C-331/48 *Fedesa* ECLI:EU:C:1990:391; cf *UPC Telekabel* (n 56) Opinion of AG Cruz Villalón; Case C-283/11 *Sky Österreich* ECLI:EU:C:2013:28, para 51 and 52.

⁶¹ Jonas Christoffersen, 'Human Rights and Balancing: The Principle of Proportionality' in Christophe Geiger (ed), *Research Handbook on Human Rights and Intellectual Property* (Edward Elgar 2015) 28.

⁶² Nicholas Emiliou, *The Principle of Proportionality in European Law* (Wolters Kluwer 1996) 192.

⁶³ See also Irene V Aronstein, *Remedies for infringements of EU Law in legal relationships between private parties* 220 (Wolters Kluwer 2019).

⁶⁴ Janneke Gerards, 'How to improve the necessity test of the European Court of Human Rights' (2013) 11 Int'l J Const L 470.

⁶⁵ The choice between these approaches depends, among other factors, on the discretion afforded to the decision-making authority; see Takis Tridimas, *The General Principles of EU Law* (OUP 2006) 138; Groussot (n 57) 148. Gerards (n 64) 482-84.

⁶⁶ Stone-Sweet and Mathews (n 57) 76; Robert Alexy, *A Theory of Constitutional Rights* (trans. Julian Rivers) (OUP 2002) 68; Groussot (n 57) 147.

⁶⁷ Damages are considered an inadequate substitute from an enforcement perspective; see Graeme B Dinwoodie and Rochelle C Dreyfuss, 'Injunctive Relief in Patent Law under TRIPS' in Contreras and Husovec (n 3) 16.

⁶⁸ Case C-314/12 *UPC Telekabel* ECLI:EU:C:2014:192, paras 56-57; Case C-484/14 *McFadden* ECLI:EU:C:2016:689, paras 88-89 and 93. See also *Akdeniz v Turkey* App No 20877/10, CE:ECHR:2014:0311DEC002087710, paras 25-28.

⁶⁹ Walter van Gerven, 'The Effect of Proportionality on the Actions of Member States of the European Community: National Viewpoints from Continental Europe' in Evelyn Ellis (ed), *The Principle of Proportionality in the Laws of Europe* (OUP 1999) 38; Aronstein (n 63) para 225 ff.

⁷⁰ Christoffersen (n 57) 69-72; Stone-Sweet and Mathews (n 57) 76.

⁷¹ Marcus Norrgård, 'The European Principles of Intellectual Property Enforcement: Harmonisation through Communication?' in Ansgar Ohly (ed), *Common Principles of European Intellectual Property Law* (Mohr Siebeck 2012) 209.

⁷² Robert Alexy, 'On Balancing and Subsumption: A Structural Comparison' (2003) 16 Ratio Juris 433.

⁷³ Paul Craig, *EU Administrative Law* (OUP 2012) 597 ff.

⁷⁴ See Case C-275/06 *Promusicae* ECLI:EU:C:2008:54. For conflicts between fundamental rights and Treaty freedoms, see Case C-112/00 *Schmidberger* ECLI:EU:C:2003:333, para 81.

⁷⁵ See in the context of patent injunctions eg Rafał Sikorski, 'Towards a More Orderly Application of Proportionality to Patent Injunctions in the European Union' (2022) 53 IIC 31; Dijkman (n 26); Siebrasse and others (n 1) 152 ff; Lisa van Dongen, 'Proportionality and Flexibilities in Final Injunctive Relief' in Luc Desautettes-Barbero and others (eds), *The Unitary Patent Package & Unified Patent Court* (Ledizioni 2023) 357 ff; Tochtermann (n 38); Peter Tochtermann, 'A Judge's Practical Perspective on the Proportionality of Injunctions in Patent Infringement Disputes' (2019) 11 IPJ 362.

⁷⁶ See eg Aronstein (n 63) para 294.

⁷⁷ For a different approach on patent injunctions, see Dijkman (n 26) 190. For cases involving complex products, the author proposes an 'over-reach test' that 'applies the commensurability principle at the remedies stage and thus revolves around the question of how the inventive contribution relates to the effective exclusivity achieved by the injunction.'

from the outset.⁷⁸ Instead, we argue that the proportionality test must be understood as a *hardship clause*, aimed at preventing excessively burdensome outcomes.⁷⁹ This approach aligns with the common application of proportionality *stricto sensu* in legislative and administrative review. Claimants often face an uphill battle when it has been established that the contested regulatory measure is both suitable and necessary.⁸⁰

The interpretation of proportionality as a hardship clause carries important implications. First, the court may only limit injunctive relief in exceptional circumstances once it has established validity and infringement. Granting the injunction remains the default position if it is commensurate with the infringement. Second, any limitations resulting from the proportionality test should focus solely on mitigating the excessive consequences of the injunction. In most cases, a temporary stay or grace period will be the preferred approach.⁸¹ An outright denial of an injunction can only be considered in extreme situations.⁸²

While these clarifications provide some guidance, uncertainty persists regarding the specific circumstances that justify limitations and the practical modalities of crafting a modified injunction. We will examine these issues in the next section.

III. Proposing a uniform proportionality test

This section proposes a uniform test for evaluating whether an injunction is proportionate. The discussion starts by examining the conduct and good faith of both parties, followed by a detailed analysis of the proportionality test. The test follows a two-step structure, consisting of an identification of the interests at stake and the establishment of a threshold for disproportionality. After this examination, the potential legal consequences of the test are outlined.

1. The behaviour and good faith of the parties

a) The behaviour and good faith of the infringer

It is generally accepted that the proportionality test should take account of the behaviour and good faith of the infringer.⁸³ For example, an intentional or negligent infringement will normally preclude the availability of a proportionality defence.⁸⁴ It is reasonable to expect the rightholder to bear the burden of proof to establish the infringer's bad faith or gross negligence.⁸⁵

Whether the infringer knew or should have known about the infringement depends on the circumstances at hand.⁸⁶ For example, a failure to respond diligently to a licensing offer or the employment of delaying tactics may indicate bad faith.⁸⁷ However, even in such cases, a proportionality defence may not be excluded entirely. For instance, third-party interests should not be disregarded solely due to the infringer's bad faith.

The issue of good faith also raises questions about the infringer's duties to prevent and identify potential infringements. Some have argued, particularly in the context of patent law, that an infringer should be required to conduct a freedom-to-operate (FTO) analysis.⁸⁸ However, we would argue that a general search duty would be impractical given the complexities of validity and infringement disputes.⁸⁹ Additionally, such analyses do not always produce an accurate or comprehensive picture of the relevant market.⁹⁰ This is especially true for unregistered IP rights like copyright. Against this background, an obligation to perform an FTO analysis will likely impose an excessive burden upon the responsible party.⁹¹ Thus, the focus of good faith should remain on whether the infringement was intentional or negligent, without requiring broad investigatory duties from infringers.

b) The behaviour and good faith of the rightholder

The conduct of the rightholder should also be considered when assessing the appropriateness of injunctive relief.⁹² While the rightholder is presumed to act in good faith, exceptions may be warranted in some cases. For example, injunctive relief may be denied because of acquiescence⁹³ or the employment of deliberate delaying tactics aimed at exerting undue pressure on the infringer.⁹⁴

It has been suggested that the abuse of rights doctrine should be expanded to include various forms of 'misuse' that conflict with the right's intended function.⁹⁵

⁷⁸ See *Navitaire* (n 31) [101].

⁷⁹ For a similar approach regarding patent injunctions, see Siebrasse and others (n 1) 152-54; Ohly, 'Patenttrolle oder: Der Patentrechtliche Unterlassungsanspruch unter Verhältnismäßigkeitsvorbehalt? Aktuelle Entwicklungen im US-Patentrecht und Ihre Bedeutung für das Deutsche und Europäische Patentsystem' (n 26) 797.

⁸⁰ Paul Craig, *EU Administrative Law* (CUP 2012) 603 ff.

⁸¹ cf Jorge L. Contreras and Martin Husovec, 'Issuing and Tailoring Patent Injunctions' in Contreras and Husovec (n 3) 324 ff; Siebrasse and others (n 1) 155 ff; Golden (n 54) 1399.

⁸² *Nokia* (n 6) para 32; *Martin Y Paz* (n 19) paras 59-62.

⁸³ Similarly, see Siebrasse and others (n 1) 147; Dijkman (n 26) 183-86.

⁸⁴ Recital 17.

⁸⁵ Dijkman (n 26) 206.

⁸⁶ Luc Desauettes-Barbero and others, 'Position paper on the envisaged reform of the German Patent Act' (Max Planck Gesellschaft 2020) 10.

⁸⁷ *Huawei* (n 24) para 65.

⁸⁸ See eg Peter G Picht and Jorge L. Contreras, 'Proportionality Defenses in FRAND Cases: A Comparative Assessment of the Revised German Patent Injunction Rules and U.S. Case Law' [2023] GRUR International 447; Julia Schönbohm and Natalie Ackermann-Blome, 'Products, Patents, Proportionality – How German Patent Law Responds to 21st Century Challenges' [2020] GRUR International 579.

⁸⁹ Siebrasse and others (n 1) 148.

⁹⁰ Dijkman (n 26) 183 ff. See also *Huawei* (n 24) para 62.

⁹¹ Christian Osterrieth, 'Technischer Fortschritt – eine Herausforderung für das Patentrecht?' [2018] GRUR 993 ff; Siebrasse and others (n 1) 120; Martin Stierle, 'Der quasi-automatische Unterlassungsanspruch im deutschen Patentrecht' [2019] GRUR 876.

⁹² Siebrasse and others (n 1) 147-48.

⁹³ See art 9(1) TMD and arts 54, 110 and 111 EUTMR.

⁹⁴ cf *Huawei* (n 24) para 65. This is just one example of how enforcing an IP right can amount to abuse; see eg Alain Strowel and Amandine Léonard, 'Cutting Back Patent Over-Enforcement – How to Address Abusive Practices Within the EU Enforcement Framework' (2020) 11 JIPITEC 1.

⁹⁵ See eg Caterina Sganga and Silvia Scalzini, 'From Abuse of Right to European Copyright Misuse: A New Doctrine for EU Copyright Law' (2017) 48 IIC 405; Camilla Signoretta, 'From the abuse of Community (IP) law to the abuse of (intellectual) property rights: time for an EU patent misuse doctrine?' (2023) 18 JIPLP 682. Similarly, it has been suggested that courts should take these effects into account when evaluating injunctive relief; Hofmann (n 40) 920 ff; Hilty (n 11) 390 ff.

While some misuse may indeed qualify as abuse, a broad application of the doctrine raises concerns. First, it risks undermining harmonisation at the substantive level, as it would involve allowing uses for certain purposes – a decision left to the legislator. Second, the lack of clarity around the objectives of intellectual property law complicates the identifying of truly dysfunctional conduct.⁹⁶ Third, CJEU case law supports a narrow application of the doctrine, targeting situations where exclusive rights are unduly leveraged.⁹⁷ Therefore, the analysis of good faith should focus on the rightholder's behaviour and relative blameworthiness. Dysfunctional practices, such as imposing contractual restrictions overriding copyright exceptions,⁹⁸ should be addressed as a matter of substantive law.⁹⁹

2. Assessment of relevant interests

a) The interests of the rightholder

The rightholder's general entitlement to an injunction means they are not required to justify their decision to pursue it.¹⁰⁰ According to the CJEU, this entitlement is not diminished by the rightholder's absence from the market or their focus on licensing activities.¹⁰¹ As a result, even non-practising entities (NPEs) are typically entitled to seek an injunction, provided their motives are not improper.¹⁰²

However, the rightholder's economic interests may function as a 'safety valve' to mitigate potential harm. Their interest is particularly compelling when the injunction serves to protect an exclusive market position.¹⁰³ In these cases, courts should exercise caution, as denial of injunctive relief could lead to this approach failing to align with international substantive law provisions, which stipulate that limitations on exclusive rights must not interfere with normal exploitation or unreasonably prejudice the rightholder's legitimate interests.¹⁰⁴

b) The interests of the infringer and third parties

Under Art. 3 and Recitals 17 and 24 of the Enforcement Directive, courts should consider all adverse consequences of an injunction, including harm to the infringer resulting from ceasing business activities, licence fees,

or redesign costs.¹⁰⁵ For instance, a company heavily invested in a product found to infringe may face severe financial losses. This does not take away from the fact that damages directly resulting from stopping an infringement are typically borne by the infringer.¹⁰⁶ However, exceptions may be warranted in certain cases. For instance, patients requiring life-saving medication will typically depend directly on the continuation of the infringement.

Other third-party interests may also be relevant.¹⁰⁷ For example, component suppliers and customers dependent on the infringer's products or services could face economic harm as a result of an injunction. Although the relative weight of these interests depends on the circumstances of the case, this weight generally decreases as they are further removed from the infringement.¹⁰⁸

c) The public interest

It has been argued that courts should evaluate the public interest when deciding on injunctive relief.¹⁰⁹ However, we propose that courts should not independently assess this interest at this stage. Firstly, IP legislation already reflects a balance between various individual interests and broader public concerns.¹¹⁰ Reassessing this balance at the stage of injunctive relief inevitably carries a risk of interfering with legislative discretion. In addition, safeguarding the public interest almost inevitably requires balancing conflicting interests.¹¹¹ For example, pharmaceutical patents restrict short-term access to medicines in order to stimulate innovation.¹¹² Similarly, copyright protection limits freedom of expression to incentivise further creativity.¹¹³ These examples illustrate that the restrictions that intellectual property rights impose on the public interest are often an inherent consequence of those rights.¹¹⁴ Thus, we argue that courts should focus on specific interests directly tied to the case, such as patients' access to life-saving drugs.¹¹⁵ Although this will usually be a relatively small group, it is entirely conceivable that the interests of a large group of individuals are at stake.¹¹⁶ Therefore, requiring individualisation is unlikely to compromise the public interest in a meaningful way.

⁹⁶ Alain Strowel, 'De «l'abus de droit» au principe de «proportionnalité»: un changement de style' in Sébastien van Drooghenbroeck and Françoise Tulkens (eds), *Liber Amicorum M. Mahieu* (Larcier 2008) 296–98.

⁹⁷ See Case C-597/19 *Mircom* ECLI:EU:C:2021:492, para 95.

⁹⁸ See eg Thomas Riis and Jens Schovsbo, 'How Much "Freedom of Contract" in EU Copyright Law?' in Florent Thouvenin and others (eds), *Kreation Innovation Märkte – Creation Innovation Markets* (Springer 2024) 335–45.

⁹⁹ See eg *Spiegel Online* (n 19); Case C-469/17 *Funko Medien* ECLI:EU:C:2019:623; Case C-476/17 *Pelham* ECLI:EU:C:2019:624.

¹⁰⁰ Similarly, see Dijkman (n 26) 161 ff; cf *Nokia* (n 6) para 32.

¹⁰¹ *Mircom* (n 97) para 77.

¹⁰² Also see Ansgar Ohly, 'Acht Thesen zur Verhältnismäßigkeit im Patentrecht' [2021] GRUR 306; Michael Plagge, *Der patentrechtliche Unterlassungsanspruch* (Nomos 2022) 192–93.

¹⁰³ In the US, an injunction is generally granted if the infringer is a competitor; see Thomas F Cotter and John M Golden, 'Remedies' in Ben Depoorter, Peter S Menell and David L Schwarz (eds), *Research Handbook on the Economics of Intellectual Property Law* (Edward Elgar 2019) 390–421.

¹⁰⁴ See n 39.

¹⁰⁵ Siebrasse and others (n 1) 148–49.

¹⁰⁶ See eg DC The Hague, 28 May 2024, NL:RBDHA:2024:7992, para 4.17– *LEGO building sets*.

¹⁰⁷ See COM 2017(712) 13.

¹⁰⁸ For an in-depth analysis of third-party interests, see Dijkman (n 26) 207 ff.

¹⁰⁹ Desautnettes-Barbero and others (n 86) 11 ff.

¹¹⁰ Robert P Merges, 'The Relationship Between Foundations and Principles in IP Law' (2012) 49 San Diego L Rev 957; cf *Apple, Inc. v Samsung Elecs. Co., Ltd.* 803 F.3d 633, 647 (Fed Cir 2015) (*Apple IV*).

¹¹¹ Siebrasse and others (n 1) 150.

¹¹² cf *Pfizer, Inc. v Teva Pharmaceuticals USA, Inc.* 429 F.3d 1364, 1382 (Fed Cir 2005); *Sanofi-Synthelabo v Apotex Inc.* 492 F. Supp. 2d 353, 397 (S.D.N.Y. 2007).

¹¹³ cf *Harper & Row v Nation Enterprises* 471 U.S. 539 (1985). See also Herman Cohen Jehoram, 'Copyright and freedom of expression, abuse of rights and standard chicanery: American and Dutch approaches' (2004) 26 EIPR 275.

¹¹⁴ Similarly, see *Chiron Corporation v Organon Teknika Ltd* [1995] FSR 325, 332.

¹¹⁵ See Dijkman (n 26) 209–10. See also art 35 CFR.

¹¹⁶ These situations may arise when the injunction targets critical infrastructure. See for an example from US case law: *City of Milwaukee v Activated Sludge* 69 F.2d 577, 593 (7th Cir. 1934).

3. Disproportionality threshold

The second step involves balancing the rightholder's interest in obtaining the injunction against the interests of those adversely affected by it. This examination requires that courts assess whether the effects of the injunction are justified by the interest it seeks to protect. Harm that directly results from ending the infringement should not, in principle, be sufficient to limit injunctive relief. After all, the termination of infringing activities is a regular consequence of enforcing an exclusive right.¹¹⁷ However, there may be cases where the harm caused by the injunction is not justified by the exclusive right.¹¹⁸ In this regard, CJEU case law suggests that a remedy is disproportionate if its effects are not justified by the severity of the infringement or if it imposes excessive harm on the interests of the infringer or third parties.¹¹⁹ These two categories are discussed below.

a) Subordinate infringements

This category addresses cases where the severity of the infringement does not warrant an unconditional injunction.¹²⁰ The assessment focuses on the significance of the protected subject matter.¹²¹ Substantive law already takes this into account by limiting what falls within the scope of exclusive rights. For example, the maker of a database which is made available to the public cannot prevent a lawful user from extracting or re-utilising insubstantial parts of its contents.¹²² However, when infringement has been established, its limited nature is usually deemed irrelevant.

Nevertheless, there may be instances where the seriousness of the infringement does not justify an unlimited injunction. This will typically be the case when the injunction affects elements that fall outside the scope of the exclusive right.¹²³ Examples include the use of a copyrighted graffiti artwork in a video game¹²⁴ or a figurative trade mark in a book.¹²⁵ Arguably, such trivial infringements do not justify the harmful effects an injunction would cause.¹²⁶ However, more serious infringements may also result in a finding of disproportionality. For example, an unauthorised reproduction of an image in

a 500-page book will almost certainly constitute copyright infringement but may not justify prohibiting the sale of the entire book.¹²⁷ Similarly, an injunction relating to a minor part of a film might not warrant halting its distribution.¹²⁸

Subordinate infringements will often occur in cases relating to multi-component products such as cars or smartphones. In such cases, it is sometimes impossible to remove or replace the infringing element directly or at an acceptable cost. Although this issue is particularly evident in the context of patented elements,¹²⁹ it also applies to other protected features, such as copyrighted user interfaces, trademarked logos, or design elements.¹³⁰ It should be noted that such elements can often be removed or replaced more easily than in cases where functionality is at stake. However, the costs of redesigning or replacing integrated parts can still be excessive, even when there are alternatives available. Furthermore, in cases involving copyrighted software, an injunction targeting one application may affect the use of other applications.

Finally, generative AI may lead to new applications of proportionality in the context of copyright injunctions.¹³¹ Most AI models rely on the use of vast amounts of copyrighted works, some of which may have been used without permission or proper authorisation. It is debatable whether an injunction targeting such infringements could justifiably result in the unavailability of the entire model.

aa) Economic disparity

Various methods can be employed to decide whether the harm caused by the injunction is (dis)proportionate to the severity of the infringement. For example, the harm caused by the injunction could be compared to the relative importance of the protected element¹³² or its influence on consumer demand.¹³³ However, we propose that a more effective metric is the disparity in market value between the protected subject matter and the harm caused

¹¹⁷ See eg *HTC v Nokia* (n 31) [28]–[32]; Ohly, 'Acht Thesen zur Verhältnismäßigkeit im Patentrecht' (n 102) 306.

¹¹⁸ cf s 139(1) German Patent Act; *Wärmetauscher* (n 38) para 41(a). This is recognised by various commentators, albeit under different terms; see eg *Desaunettes-Barbero and others* (n 86) 7 ('leverage'); *Dijkman* (n 26) 178 ('overreach'); Robert P Merges, *Justifying Intellectual Property* 166 (Harvard University Press 2011) ('undue leverage').

¹¹⁹ See Case C-190/16 *Fries v Lufthansa* ECLI:EU:C:2017:513, para 53; *Paquay* (n 48) para 49.

¹²⁰ cf *Wärmetauscher* (n 38) para 41; LD Munich, 19 September 2023, ACT_459746/2023, para A.VII – *10x Genomics, Inc v NanoString*.

¹²¹ cf DC The Hague, 18 July 2018, NL:RBDHA:2018:8777, para 4.50 – *Nikon v ASML*.

¹²² See art 8(1) Database Directive. Moreover, such acts can only be prohibited if there is a risk that the substantial investment cannot be recovered; see Case C-762/19 *CV Online v Melons* ECLI:EU:C:2021:434, paras 44 and 46.

¹²³ See eg *Napp Pharmaceutical Holdings Ltd v Dr Reddy's Laboratories (UK) Ltd* [2016] EWHC 1517 (Pat) [170]; *LEGO building sets* (n 106) para 4.17.

¹²⁴ District Court of Arnhem, 21 September 2005, NL:RBARN:2005:AU5454 – *Tellegen v Codemasters*.

¹²⁵ LG Cologne, 21 October 2009, 28 O 635/09 – *Thor Steinar*.

¹²⁶ See on the concept of *de minimis*: *IPcom GmbH & Co. Kg v Vodafone Group Plc & Ors* [2020] EWHC 132 (Pat) [222].

¹²⁷ See eg LG Hamburg, 28 October 2011, 308 O 23/11.

¹²⁸ The German legislator considered this a case in which damages may be awarded in lieu of an injunction: *Entwurf eines Gesetzes über Urheberrecht und verwandte Schutzrechte*, BT Drucksache IV/270 (23 March 1962) 105. See Peter Blok, 'A harmonized approach to prohibitory injunctions: reconsidering art. 12 of the Enforcement Directive' (2016) 11 JIPLP 57.

¹²⁹ See *Siebrasse and others* (n 1); *Dijkman* (n 26).

¹³⁰ See *LEGO v Pozitiv Energiaforrás* (n 2).

¹³¹ This was suggested by Fulco Blokhuis during the AIPPI members meeting on 'Proportionality in IP Cases', held 18 November 2024 in Amsterdam.

¹³² For this approach, see *Dijkman* (n 26) 142–43. The author argues that the proportionality test in patent law should be founded on the principle that the scope of the patent corresponds to its contribution to the prior art. This, according to the author, requires an examination of the importance of the underlying technical contribution to the product or sub-part. In his view, there is no room for invoking the proportionality test if the patented technology makes an indispensable contribution to the core functionality(s) of the product, or if it provides significant technical or commercial advantages over non-infringing alternatives.

¹³³ In the US, an injunction will be granted only when the rightholder demonstrates a *causal nexus* between the infringement and the irreparable harm that they would suffer if the injunction were not granted; see *Apple, Inc. v Samsung Elecs. Co., Ltd* 678 F.3d 1314 (Fed Cir 2012) (U.S.) (*Apple I*); *Apple IV* (n 110). In component cases, it must be shown that the protected element is a 'significant reason' for consumers to buy the product; see *Genband US LLC v Metaswitch Networks Corp.* 861 F.3d 1378, 1383–1384 (Fed Cir 2017).

by the injunction.¹³⁴ In the context of complex products, for instance, the value of the protected element should be assessed relative to the value of the overall product. The main advantage of this approach is that it enables the court to make a comparison based on equal and quantifiable variables.

An argument against this proposal is that comparing market values may not always produce precise results, as various methods of valuation can be employed.¹³⁵ Although it seems logical to base the value of an element on a hypothetical licence fee, there may be debate about the method of calculation.¹³⁶ However, the approach proposed here does not require precision instruments. A rough estimate of market values will usually offer sufficient clarity for assessing economic disparity.¹³⁷ Furthermore, we would argue that this approach is preferable to allowing unreasonable outcomes to persist for the sake of (pursuing) absolute legal certainty.¹³⁸

bb) Non-infringing alternatives and licensing options

When assessing proportionality, courts should also consider the availability of non-infringing alternatives, which is central to assessing proportionality. It seems plausible that, in most cases, the infringement can be terminated by simply removing the infringing element. In such cases, the injunction will usually be justified, as any harm suffered by the infringer is not directly attributable to it.¹³⁹ However, it should be noted that removal or redesign costs may be economically prohibitive for the infringer.¹⁴⁰ Additionally, viable non-infringing alternatives may be unavailable due to technical complexity, regulatory constraints, or standardisation.¹⁴¹ In such cases it seems reasonable that the infringer can still raise a proportionality defence.

Additionally, a reasonable licensing offer from the rightholder should generally bar the proportionality

defence.¹⁴² However, suppose non-infringing alternatives are unavailable or prohibitively expensive. In that case, such a defence may be necessary to prevent the rightholder from using the threat of an injunction to demand an excessive licensing fee.¹⁴³ A rational infringer might still agree to pay such a fee if it is less than the damage incurred from ceasing the infringement.¹⁴⁴ To ensure fairness, the burden of proving the reasonableness of the licensing offer should rest on the rightholder. Without this safeguard, any pre-litigation offer could unjustly preclude the infringer from invoking the proportionality defence.¹⁴⁵

To determine whether a licensing fee is excessive, courts may refer to standard rates within a specific sector or industry. However, not every offer that exceeds the regular fee is necessarily excessive.¹⁴⁶ For example, the rightholder may have legitimate grounds for demanding a higher fee to prevent the infringer from gaining an unfair cost advantage over existing licensees.¹⁴⁷

b) High-value interests

Beyond the previously discussed examples, there are other ways in which an injunction may impact the interests of the infringer or third parties. As these cases typically involve harm that arises directly from enforcement, it makes sense that injunctive relief may only be limited to protect high-value interests. Without pretending to be complete, we will discuss the two main categories below.

aa) Fundamental rights

The CJEU has emphasised that remedies must maintain a fair balance between competing fundamental rights.¹⁴⁸ This indicates that courts should refuse an injunction if it results in an unjustified restriction of such rights. At the national level, the right to freedom of expression has often been cited as a valid ground for denying injunctive relief.¹⁴⁹ For instance, the Amsterdam District Court allowed infringing reproductions of Anne Frank's diaries for scientific research purposes, citing the freedom of the arts and sciences (Art. 13 EU Charter of Fundamental Rights).¹⁵⁰

However, subsequent rulings on the European level seem to undermine the legitimacy of this practice. In *Funke Medien, Pelham, and Spiegel Online*, the CJEU categorically rejected fundamental rights-based restrictions to copyright that go beyond the exceptions and

¹³⁴ For a similar approach to patent injunctions, see Christian Harmsen, 'Zu den Voraussetzungen der Aufbrauchfrist im Patentrecht' [2021] GRUR 224; Christian Osterieth, 'Kriterien der Angemessenheit des Ausgleichs nach § 139 I 4 PatG' [2022] GRUR 301.

¹³⁵ See eg Alexander Puutio (ed), *Practical Guide to Successful Intellectual Property Valuation and Transactions* (Wolters Kluwer 2022); Russell L Parr, *Intellectual Property: Valuation, Exploitation, and Infringement Damages* (Wiley 2018).

¹³⁶ Thomas M Cotter and others, 'Reasonable Royalties' in Siebrasse and others (n 1) 41-46.

¹³⁷ cf Merges (n 118) 189: 'In other words, the valuation is rough, and strictly comparative – ordinal, rather than cardinal, in the mathematic sense.'

¹³⁸ For a different view, see Dijkman (n 26) 221: 'And even if some potentially problematic cases remain, that is probably a price worth paying for the legal certainty and increased application that a circumscribed proportionality test can offer.'

¹³⁹ cf Henning Hartwig and Oliver Nilgen, 'Comments of the GRUR Committee for Design Law on the Request for a Preliminary Ruling in Case C-211/24 – LEGO A/S v. Pozitív Energiaforrás Kft' [2024] GRUR International 6 ff; CoA The Hague, 2 December 2019, NL:GHDHA:2019:3709, para 4.5.2 – VG Colours/HG Licences.

¹⁴⁰ See *HTC v Nokia* (n 31) [65]-[66]. For a detailed evaluation of the relationship between patent injunctions, *hold-up* and *switching costs*, see: Thomas F Cotter, Erik Hovenkamp and Norman V Siebrasse, 'Demystifying Patent Holdup' (2019) 76 Wash. and Lee L Rev 1501 ff.

¹⁴¹ Ohly, 'Acht Thesen zur Verhältnismäßigkeit im Patentrecht' (n 102) 306; Ansgar Ohly and Martin Stierle, 'Unverhältnismäßigkeit, Injunction Gap und Geheimnisschutz im Prozess – Das Zweite Patentrechtsmodernisierungsgesetz im Überblick' [2021] GRUR 1231; Hubertus Schacht, 'Unverhältnismäßigkeit und Verletzerverhalten' [2021] GRUR 444.

¹⁴² *HTC v Nokia* (n 31) [56].

¹⁴³ See *HTC v Nokia* (n 31) [67]: 'If non-infringing alternatives are available at non-prohibitive cost, however, then there is unlikely to be a problem of patent hold up.'

¹⁴⁴ See also Norman V Siebrasse, 'Holdup, Holdout, and Royalty Stacking' in Siebrasse and others (n 1) 254-55.

¹⁴⁵ Dijkman (n 26) 198.

¹⁴⁶ cf Case C-367/15 *Stowarzyszenie Oławska Telewizja Kablowa* ECLI:EU:C:2017:36, para 25.

¹⁴⁷ See *HTC v Nokia* (n 31) [56].

¹⁴⁸ See eg *Promusicae* (n 74) paras 68 and 70; *McFadden* (n 68) para 83.

¹⁴⁹ See eg CoA The Hague, 4 September 2003, NL:GHSGR:2003:AI5638 – *Scientology*; *Ashdown v Telegraph Group Ltd* [2001] EWHC Ch 28.

¹⁵⁰ DC Amsterdam, 23 December 2015, NL:RBAMS:2015:9312, paras 4.8-4.9 – *Anne Frank Fonds v Anne Frank Stichting and KNAW*.

limitations provided in the *acquis*.¹⁵¹ Similarly, in *Safarov v. Azerbaijan*, the European Court of Human Rights (ECtHR) held that limitations on the exclusive right without an explicit statutory basis may violate the right to property.¹⁵² These decisions imply that fundamental rights generally cannot be invoked to authorise uses beyond those permitted by substantive law.¹⁵³

There may be exceptional cases where the external application of fundamental rights is necessary to achieve a fair balance between competing rights and interests.¹⁵⁴ First, fundamental rights may be compromised if an injunction extends to lawful information or significantly disrupts legitimate business activities.¹⁵⁵ An illustrative case from the United Kingdom concerned a company seeking to market pain-relieving skin patches. Because the manufacturing process involved a certain margin of error, a small portion of the produced patches fell within the scope of a valid patent. However, because it was impossible to identify the patches in question, the injunction would have effectively required the infringer to test each product individually and subsequently destroy it.¹⁵⁶

Additionally, the infringer may raise a proportionality defence in situations where certain exceptions or limitations are incorrectly transposed in national law.¹⁵⁷ Even the unavailability of certain optional exceptions may warrant limiting injunctive relief when these exceptions are intended to prioritise specific fundamental rights.¹⁵⁸ However, in these cases, conformity with EU law should ideally be achieved through a flexible or analogous interpretation of substantive law.¹⁵⁹

bb) Rights and interests of third parties

The final category addresses cases where an injunction is unacceptable in light of overriding interests of third parties. In this context, particular attention is given to the interests of patients in accessing medicines or medical devices. A comparison of domestic case law reveals a consensus that injunctions should not result in life-threatening situations.¹⁶⁰ However, apart from such extreme cases, it is not immediately apparent how courts should assess whether the interest carries sufficient weight to limit injunctive relief. Nevertheless, domestic case law may contribute to a structured and objective assessment.

First, the proportionality test should focus on individual interests.¹⁶¹ Consequently, the asserted interest must go beyond a general need for availability or affordability.¹⁶² Likewise, a (perceived) public interest in permitting an artistically important adaptation or parody cannot preclude an injunction once an infringement has been established.¹⁶³ As previously discussed, such interests should be evaluated within the framework of substantive law.

Second, the harmful effects of the injunction must be demonstrated on the basis of objective evidence.¹⁶⁴ The harm referred to here may consist of both life-threatening situations and improvements to health and quality of life. For example, a medical device may offer significant health benefits compared to non-infringing alternatives.¹⁶⁵ This broad understanding corresponds with the obligations set out in the Doha Declaration, which reaffirms the importance of considering public health in the context of intellectual property.¹⁶⁶ At the same time, the emphasis on objective evidence implies that a mere preference for a particular medication or device is insufficient, unless it is tied to clear health benefits.¹⁶⁷

Third, the availability of non-infringing alternatives must be evaluated,¹⁶⁸ especially if the rightholder cannot meet demand.¹⁶⁹ If a treating physician can easily switch to an equally effective medical device, the court may grant the injunction without objections. However, the specific circumstances of the case may warrant a more flexible

¹⁵¹ *Funke Medien* (n 99) paras 57-64; *Pelham* (n 99) paras 59-65; *Spiegel Online* (n 19) paras 42-49.

¹⁵² *Safarov v Azerbaijan* App No 885/12, CE:ECHR:2022:0901JUD000088512, paras 31-37. Similarly, see *Kamoy v Turkey* App No 19965/06, CE:ECHR:2019:0416JUD001996506, para 50.

¹⁵³ Stefan Kulk and Peter Teunissen, 'Naar een nieuw fundament – hoe het Handvest het auteursrecht hervormt (deel 2)' [2019] AMI 152; Thom Snijders and Stijn van Deursen, 'The Road Not Taken – the CEU Sheds Light on the Role of Fundamental Rights in the European Copyright Framework – a Case Note on the *Pelham*, *Spiegel Online* and *Funke Medien* Decisions' (2019) 50 IIC 1187.

¹⁵⁴ Case C-469/17 *Funke Medien* EU:C:2018:870, Opinion of AG Szpurnar, para 40; Christophe Geiger and Elena Izumenko, 'The Constitutionalization of Intellectual Property Law in the EU and the *Funke Medien*, *Pelham* and *Spiegel Online* Decisions of the CJEU: Progress, but Still Some Way to Go!' (2020) 51 IIC 298 ff; Martin RF Sentleben, 'Flexibility Grave – Partial Reproduction and Closed System Fetishism in CJEU, *Pelham*' (2020) 51 IIC 765 ff; Snijders and van Deursen (n 153) 1187.

¹⁵⁵ Lawful business activities are protected by the freedom to conduct a business (art 16 CFR), Case 4/73 *Nold* ECLI:EU:C:1975:114, para 14; Case C-230/78 *SpA Eridania and others* ECLI:EU:C:1979:216, paras 20 and 31. See also Dijkman (n 26) 154. Lawful information is protected by the right to freedom of information (art 11 CFR): *UPC Telekabel* (n 68) paras 56-57.

¹⁵⁶ *Napp* (n 123) [170]. Blocking of lawful information can typically be prevented by a more precise wording of the injunction; see eg Amsterdam Court of Appeal, 6 February 2018, NL:GHAMS:2018:395, para 3.11.2 – *Anne Frank Fonds v Anne Frank Stichting*.

¹⁵⁷ Kulk and Teunissen (n 153) 153 ff.

¹⁵⁸ This is the case for the exceptions for quotations and reporting on current events laid down in art 5(3)(c-d) Infosoc Directive; see *Funke Medien* (n 99) para 60; *Spiegel Online* (n 19) paras 45 and 57. See also Case C-476/17 *Pelham* ECLI:EU:C:2018:1002, Opinion of AG Szpurnar, para 77; Jonathan Griffiths, 'Taking Power Tools to the *Acquis* – The Court of Justice, the Charter of Fundamental Rights and European Union Copyright Law' in Christophe Geiger (ed), *Intellectual Property and the Judiciary* (Edward Elgar 2018) 157.

¹⁵⁹ See eg Hoge Raad, 20 October 1995, NL:HR:1995:ZC1845, para 3.6.2 – *Dior v Evora*.

¹⁶⁰ See eg *Edwards Lifesciences LLC v Boston Scientific Scimed, Inc* [2018] EWHC 1256 (Pat) [68]-[70]; *Datascope Corp. v Kontron, Inc* 611 F. Supp. 889, 895 (D. Mass. 1985) and F.2d 398, 401 (Fed Cir 1986); *Hybritech Inc v Abbott Labs* 849 F.2d 1446 (Fed Cir 1988). However, see also LG Düsseldorf, 9 March 2017, 4a O 137/15 para 133 – *Umpositionierbare Herzklappe* (considering that a compulsory licence should be applied for in such cases).

¹⁶¹ See III.2.c.

¹⁶² Similarly: Lionel Bently and others (eds.), *Intellectual Property Law* (OUP 2022) 1335.

¹⁶³ In the US, the public interest is one of the factors considered when deciding on injunctive relief; see eg *Cariou v Prince* 714 F.3d 694, 712 n. 5 (2d Cir. 2013); *Campbell v Acuff-Rose Music, Inc.* 510 U.S. 569, 578, n. 10 (1994).

¹⁶⁴ See eg DC The Hague, 17 March 1995, NL:RBSGR:1995:AK3500, para 15 – *Cook v Fujinon*; *Edwards v Boston Scientific* (n 160) [36].

¹⁶⁵ Similarly, see Dijkman (n 26) 211-12. For a different approach, see *Edwards v Boston Scientific* (n 160) [39]; *Evalue v Edwards* (n 30) [87].

¹⁶⁶ Doha Declaration on the TRIPS Agreement and Public Health, 14 November 2001, 2001 WT/MIN (01)/dec/1, para 17.

¹⁶⁷ DC The Hague, 3 May 1995, NL:RBSGR:1995, para 25 – *C.R. Bard Inc. v TD Medical et al.*

¹⁶⁸ See eg *Cook v Fujinon* (n 164) para 15; *Nikon v ASML* (n 121) para 4.50; *Edwards v Boston Scientific* (n 160) [40].

¹⁶⁹ See *Shiley, Inc. v Bentley Labs., Inc.* 601 F. Supp. 964, 971 (C.D. Cal. 1985); *Cordis Corp. v Boston Scientific Corp.* 99 F. App'x 928 (Fed Cir 2004).

approach. For example, during a pandemic, increased demand for vaccines or ventilators may justify stockpiling, even in the absence of supply shortages.¹⁷⁰ Where alternatives require retraining or time to transition, courts may need to grant a stay or grace period to protect patient interests.¹⁷¹ A focus on non-infringing alternatives also explains why the interests of patients are typically more compelling than those of employees' claims to jobs, as the latter group will usually be able to find alternative employment.¹⁷² Nonetheless, employee interests may warrant consideration in exceptional cases.¹⁷³ For instance, if a non-infringing product can be developed within a reasonable period, a grace period may help mitigate job losses.¹⁷⁴

Finally, courts may consider whether the rightholder has made a reasonable licensing offer.¹⁷⁵ At the same time, the failure of negotiations could result in the discontinuation of treatment, which would not serve the best interests of affected patients. In these circumstances, it is preferable to consider the infringer's (un)willingness to take a licence into account when determining damages or compensation in lieu of an injunction. This approach mitigates harm to patients while ensuring that the proportionality defence is not misused by infringers seeking to minimise financial impacts rather than genuinely protecting patient interests.¹⁷⁶

4. Legal consequences of the proportionality test

a) Tailored injunctions

Proportionality requires that remedies balance the infringement with the interests at stake.¹⁷⁷ This principle works in both directions: while the infringer should not face excessive remedies, the rightholder is entitled to measures that appropriately protect their rights. Outright denial of injunctive relief should be avoided, as it unduly restricts the rightholder's interests. Instead, a tailored injunction is likely to be the preferred option. In our view, such an approach achieves an equitable balance between the interests involved.

In most cases, it will be sufficient for the court to temporarily allow the infringer to continue certain

infringing activities.¹⁷⁸ Such a *grace period* may enable the infringer to sell off existing stock or redesign products.¹⁷⁹ National courts have typically opted for a term of three to six months, depending on the circumstances.¹⁸⁰ Granting a grace period can also have the purpose of protecting third-party interests, such as the interest of patients in having access to essential medical devices or medicines.¹⁸¹ Generally, allowing continued infringement is considered more intrusive than allowing actions limited to phasing out or transitioning.¹⁸² In our opinion, courts should grant a grace period by specifying it directly in the wording of the injunction rather than relying on a stay, as this wording should reflect what is expected of the infringer.

Similarly, courts may explicitly exempt certain infringing acts from the injunction altogether.¹⁸³ These *carve-outs* may facilitate the selling-off of products or the continued use of medical devices.¹⁸⁴ The granting of a carve-out will often coincide with that of a grace period, as both are aimed at a smooth transition rather than an abrupt halt to the infringing activity.¹⁸⁵ When granting carve-outs, courts should make sure that the continuation of infringing activities takes place under clear conditions.

b) Compensation in lieu

The case law of the ECtHR and the CJEU indicates that denying adequate remedies may interfere with the fundamental right to intellectual property rights.¹⁸⁶ Such interferences are generally impermissible unless appropriate compensation is provided.¹⁸⁷ This suggests that limitations of injunctive relief should be accompanied by compensation for the rightholder.¹⁸⁸ This amounts to granting pecuniary compensation as referenced in Art. 12 IPRED,¹⁸⁹ which is widely recognised as a form of

¹⁷⁰ For a different approach, see LG Düsseldorf, 4 August 2020, 4c O 43/19, para 46 – *Flexibles Atemrohr* (emphasising that mechanisms like compulsory licenses effectively balance patent rights with public interests, including emergencies requiring access to essential medical products).

¹⁷¹ See DC Amsterdam, 3 May 2022, NL:RBAMS:2022:2418 – *Boston Scientific v Cook*; *Evalue v Edwards* (n 30); *Schneider (Europe) AG v SciMed Life Sys., Inc.* 852 F. Supp. 813, 861–862 (D. Minn. 1994); *Shiley v Bentley* (n 169) 971.

¹⁷² cf Dijkman (n 26) 210–11. Furthermore, art 2 ECHR requires reasonable measures to protect patient health; see *Panaiteescu v Romania* App No 30909/06, CE:ECHR:2012:0410JUD003090906, paras 27–30. See also art 35 CFR.

¹⁷³ cf *Coventry v Lawrence* [2014] UKSC 13 [124].

¹⁷⁴ See *Illinois Tool Works Inc v Autobars Co (Services) Limited* [1974] FSR 67, 74. However, also see *Virgin Atlantic v Premium Aircraft* [2009] EWCA Civ 1513 [27]: 'I am not entirely convinced that one would go quite that far these days.'

¹⁷⁵ See n 142.

¹⁷⁶ The approach aligns with art 31(b) TRIPS, which permits limits on exclusive rights when reasonable licensing efforts fail.

¹⁷⁷ *Von Colson* (n 48) para 23.

¹⁷⁸ See *Wärmetauscher* (n 38) paras 45 and 53 ('Aufbrauchfrist'); *Broadcom Corp. v Qualcomm Inc* 543 F.3d 683, 704 (Fed Cir 2008) ('sunset provision').

¹⁷⁹ See, eg, *Broadcom Corp. v Emulex Corp.* 732 F.3d 1325, 1339 (Fed Cir 2013). See also Contreras and Husovec (n 3) 326.

¹⁸⁰ See Plagge (n 102) 239 ff; Contreras and Husovec (n 3) 326. Depending on the circumstances, a longer period may be considered. See eg *Edwards v Boston Scientific* (n 160) [67] (12 months); *Broadcom v Emulex* (n 179) 1339 (18 months); *Broadcom v Qualcomm* (n 178) 701 (13 months).

¹⁸¹ See eg *Broadcom v Qualcomm* (n 178) 683; *Verizon Servs. Corp. v Vonage Holdings Corp.* 503 F.3d 1295, 1311 n. 12 (Fed Cir 2007).

¹⁸² See Plagge (n 102) 233 and 368. Depending on the circumstances, a combination of periods may be appropriate; see *Broadcom v Emulex* (n 179) 1339.

¹⁸³ Contreras and Husovec (n 3) 326.

¹⁸⁴ Lionel Bently and Richard Arnold, 'England' in Contreras and Husovec (n 3) 283 ff; Siebrasse and others (n 1) 155. See also *Edwards v Boston Scientific* (n 160); *Regeneron Pharmaceuticals, Inc v Kymab Ltd and Anor* [2018] EWCA Civ 1186; *Abbvie Corporation et al v Janssen Inc* 2014 FC 489.

¹⁸⁵ Depending on the circumstances, an unspecified carve-out may be warranted; see *Edwards v Boston Scientific* (n 160) [68]–[70].

¹⁸⁶ *Safarov* (n 152) paras 31–37; Case C-149/17 *Bastei Lübbe* ECLI:EU:C:2018:841, paras 51–52.

¹⁸⁷ *Balan v Moldova* App No 19247/03, CE:ECHR:2008:0129JUD001924703; *AsDac v Moldova* App No 47384, CE:ECHR:2020:1208JUD004738407.

¹⁸⁸ See Siebrasse and others (n 1) 157 ff; Christopher B Seaman, 'Ongoing Royalties in Patent Cases after eBay: An Empirical Assessment and Proposed Framework' (2015) 23 *Tex Intell Prop LJ* 219.

¹⁸⁹ See Blok (n 128) 56.

compensatory damages.¹⁹⁰ This view is consistent with the line taken by the ECtHR, which has held that compensation is appropriate if it is related to the market value of the right.¹⁹¹ Thus, the calculation of compensation *in lieu* depends on factors such as economic harm, lost profits, and moral prejudice (Art. 13(1)(a) IPRED).

Courts may set the compensation at the amount of a hypothetical royalty.¹⁹² Higher compensation may be warranted in some cases.¹⁹³ For instance, when the rightholder and infringer are direct competitors, a standard royalty rate may not fully capture the rightholder's losses.¹⁹⁴ In situations where the parties dominate the market, damages could be assessed based on the infringer's lost profits or sales. Even so, the infringer's profits cannot be equated directly with the rightholder's damages without careful evaluation. A practical approach in such cases may involve calculating a royalty that includes a 'mark-up' to better reflect the rightholder's actual loss. To ensure that the entitled party actually receives the compensation, courts may condition limitations on injunctive relief by requiring the infringer to provide a security deposit. This allows the parties to negotiate a suitable royalty.¹⁹⁵

c) Destruction, removal, and recall

The principle of proportionality plays a key role in assessing orders for destruction, removal, or recall. While these corrective measures can enhance the effectiveness of an injunction, they may also impose substantial costs on the infringer. This may be particularly problematic when the measure exceeds what is strictly necessary to prevent ongoing or future harm. Courts can address this issue by ordering the modification of specific features or the removal of an infringing element rather than ordering outright destruction.¹⁹⁶ Such measures may be taken by the court based on its discretionary powers.¹⁹⁷

Sustainability considerations may also play a role in the assessment of corrective measures.¹⁹⁸ For instance, courts may require the removal of specific components, repackaging, dismantling, recycling, or even donating goods to charities.¹⁹⁹ Additionally, the court may reject

a destruction order to allow the infringer to redesign the product or obtain a licence.²⁰⁰

Finally, the case of counterfeit trade mark goods deserves attention. Art. 46 TRIPS mandates that, in these cases, 'the simple removal of the trade mark unlawfully affixed shall not be sufficient, other than in exceptional cases, to permit release of the goods into the channels of commerce.' Although it is questionable why removal of the trade mark would be considered inadequate, the provision indicates that courts should exercise caution when deciding on corrective measures in counterfeit cases. Conversely, in cases involving genuine goods – such as illegal parallel imports or goods initially released by the rightholder but later contested on legitimate grounds – tailored alternatives may be more appropriate.²⁰¹

IV. Conclusion

This analysis has shown the role of the principle of proportionality in the establishment of an effective and balanced IP enforcement framework. It ensures that injunctions are tailored to the specific circumstances and do not impose disproportionate burdens. While the rightholder's entitlement to injunctive relief is foundational to intellectual property law, proportionality allows courts to accommodate the legitimate interests of infringers and third parties without compromising the essence of the exclusive right. This article argues that proportionality should be understood as a hardship clause, enabling adjustments to injunctions only under well-defined conditions.

The most important application of proportionality emerges in cases involving subordinate infringements or high-value interests. In these situations, applying proportionality may lead to the granting of grace periods or carve-outs, usually on condition of payment of reasonable compensation to the rightholder. Furthermore, courts must observe the principle when granting and tailoring orders for destruction, removal, or recall. In conclusion, the principle of proportionality is an essential instrument for achieving outcomes that appropriately reflect the circumstances and the interests involved.

¹⁹⁰ See in the context of, respectively, s 139 German Patent Act and s 100 German Copyright Act; Ohly and Stierle (n 141) 1235; Thomas Dreier in Thomas Dreier and Gernot Schulze, *Urheberrechtsgesetz* (Verlag CH Beck 2022) 'UrHG § 100' para 8. See also *HTC v Nokia* (n 31) [13].

¹⁹¹ *Pincová and Pinc v Czech Republic* App No 36548/97, CE:ECHR:2002:1105JUD003654897, para 53.

¹⁹² See art 13(1)(b) IPRED.

¹⁹³ *Stowarzyszenie* (n 146) para 30. See also Gerhard Wagner, 'Die Aufopferung des patentrechtlichen Unterlassungsanspruchs' [2022] GRUR 295 ff.

¹⁹⁴ Similarly, see *Seaman* (n 188) 245–46. See also *Evalue v Edwards* (n 30) [68].

¹⁹⁵ See Dijkman (n 26) 214 ff.

¹⁹⁶ Charlotte JS Vrendenburg, 'Towards a Judicial Sustainability Test in Cases Concerning the Enforcement of Intellectual Property Rights' [2022] GRUR International 1128.

¹⁹⁷ Recital 24 IPRED. See also Jan Jacobi, 'CJEU clarifies that destruction of goods may be claimed irrespective of infringement type' (2022) 17 JIPLP 975 and 977.

¹⁹⁸ See Vrendenburg (n 196) 1125 ff.

¹⁹⁹ Vrendenburg (n 196) 1127 ff. Partial removal is usually not possible if the product's shape *itself* is protected by a trade mark; see Annette Kur, 'As Good as New – Sale of Repaired or Refurbished Goods: Commendable Practice or Trade Mark Infringement?' [2021] GRUR International 234.

²⁰⁰ DC The Hague, 24 April 2022, NL:RBDHA:2022:3653, para 4.92 ff – *T.O.M. v Prijskiller*.

²⁰¹ Vrendenburg (n 196) 1126.