TMPDF
TRADE MARKS, PATENTS & DESIGNS FEDERATION

Advancing Industry's View On Intellectual Property Since 1920

Ref: PP11/07

DCA (now Department of Justice) Consultation paper CP 9/07 – The Law on Damages

TMPDF Response

Introduction

This Federation welcomes the opportunity to comment on the issue of damages as awarded in intellectual property (IP) litigation in the UK, covered in chapter 7 of the consultation paper.

The issues discussed in chapters 1 – 6, and in paragraph 199 of chapter 7 of the consultation paper do not directly bear on IP issues and are not of direct concern to this Federation. No comments will be offered on the related questions 1 – 31 and 37 - 44. We emphasise that any conclusions drawn concerning damages in relation to personal physical injury or loss, with which a large part of the consultation paper is concerned, should not be taken to apply to IP.

It is worth recalling our response to recommendation 38 of the Gowers review of intellectual property (PP01/07), which called for an effective and dissuasive system of damages for civil IP cases. We considered that, by and large, the system in the UK is adequate, in that the judicial authorities can make use of a comprehensive range of measures to ensure that infringement is stopped and rights holders properly compensated. We were strongly opposed to a US style system of exemplary damages in respect of patents and designs.

Q.32: Do you agree that there is no need for legislation in relation to the law on restitutionary damages?

We accept that there is no need for further legislation on the law on restitution for damage in relation to IP.

It is to be noted that that the IP laws refer, without prejudice to the jurisdiction of the court, to various remedies for infringement, such as injunction, delivery up, damages, account of profits, declaration of validity and infringement (see e.g., Patents Act 1977 section 61, Trade Marks Act 1994 section 14, Copyright Designs and Patents Act 1988. section 96). We consider that these references should remain and should not be replaced by the overall expression "restitutionary damages", bearing in mind the guidance they provide and the substantial body of case law that covers them.

Q.33: Do you agree that legislation to confirm that the purpose of aggravated damages is compensatory and not punitive is unnecessary?

We agree that it is not necessary to refer explicitly to the compensatory function of aggravated damages.

However, legislation may be needed to guide courts on the situations where aggravated damages should be awarded. In addition to mental distress, there can be other forms of injury or loss in the IP field which are difficult to quantify in pecuniary terms and which should be taken into account in particular circumstances. An example might be the loss of reputation that can result from the circulation of infringing, e.g., counterfeit, goods. (Loss of reputation might well be equated with the loss of dignity, humiliation and pain mentioned in paragraph 204 of the consultation paper.)

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We have noted with approval the remarks by Mr Justice Pumphrey referred to in paragraph 210 of the consultation paper that section 97(2) of the CDP Act permits an award of aggravated damages on a wider basis than the common law and allows for restitution having regard to the benefit gained by the defendant. This approach to aggravated damages should apply in all IP litigation.

As regards the availability of aggravated damages to corporate claimants, see the reply to Q.35 below.

Q.34: Do you agree that legislation is not needed to clarify the interface between aggravated damages and damages for mental distress?

We accept that it is not necessary to legislate on this point.

However, we question the remark in the explanatory text that **all** aggravated damages are damages for mental distress. It should be possible for plaintiffs to argue that they have suffered other forms of non- pecuniary loss (See the reply to Q. 33 above.).

Q.35: Do you agree that in the Copyright, Designs and Patents Act 1988 and the Patents Act 1977 the term 'additional damages' should be replaced by 'aggravated and restitutionary damages'?

Provided that the term "aggravated damages" is to be construed more widely than at present under the common law (see reply to Q. 33 above), we can agree that the references to additional damages in these two acts should be aligned with terminology in other legislation. We support the proposal that aggravated and restitutionary damages should be available in IP cases.

Moreover, we strongly support the proposal in paragraphs 212 and 216 of the consultation paper that both forms of damages should be available to corporate claimants. This implies that the ruling in *Collins Stewart Ltd v Financial Times Ltd* that aggravated damages are not available to corporate claimants because a company cannot suffer distress will cease to be a valid precedent under the clarified law.

Q.36: What are you views on how the system of damages works in relation to:

a) patents

b) designs

c) trade marks and passing off

d) copyright and related rights?

In general our members are reasonably satisfied with the working of the system of damages across all fields of IP, though there is a perception among some that insufficient damages have been awarded in flagrant cases of deliberate infringement (the flagrancy of the infringement is mentioned as a factor affecting damages in the CDP Act 1988 section 97).

TMPDF

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NOTE: TMPDF represents the views of UK industry in both IPR policy and practice matters within the EU, the UK and internationally. This paper represents the views of the innovative and influential companies which are members of this well-established trade association; see list of members below.

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