

2021 AIPPI World Congress – Online
Adopted Resolution
October 22, 2021



Resolution

2021 – Study Question – General

Reasonable awareness in compensation for infringement of IP rights

Background:

- 1) This Resolution concerns the role of awareness (i.e., knowledge) in assessing compensation for infringement of IP rights, whether registered (such as patents, registered designs, and registered trade marks) or unregistered (such as unregistered trade marks, unregistered designs, unregistered copyright, and trade secrets).
- 2) Under Article 45 of TRIPs:
 - (1) The judicial authorities shall have the authority to order the infringer to pay the right holder damages adequate to compensate for the injury the right holder has suffered because of an infringement of that person's intellectual property right by an infringer who knowingly, or with reasonable grounds to know, engaged in infringing activity.
 - (2) The judicial authorities shall also have the authority to order the infringer to pay the right holder expenses, which may include appropriate attorney's fees. In appropriate cases, Members may authorize the judicial authorities to order recovery of profits and/or payment of pre-established damages even where the infringer did not knowingly, or with reasonable grounds to know, engage in infringing activity.
- 3) This Resolution concerns the effect of knowledge on the recovery of damages, in particular whether damages should be reduced or increased under Article 45(2) TRIPs depending on the level of knowledge. This Resolution does not address criminal law, the role of knowledge in compensation calculated by reference to the unlawful profits of the infringer, or the reimbursement of costs of litigation. It

also does not address specific methods for the quantification of monetary relief, as such.

- 4) 41 Reports were received from AIPPI's National and Regional Groups and Independent Members providing detailed information and analysis regarding national and regional laws relating to this Resolution. These Reports were reviewed by the Reporter General Team of AIPPI and distilled into a Summary Report (see links below).
- 5) At the online AIPPI World Congress in October 2021, the subject matter of this Resolution was further discussed within a dedicated Study Committee, and again in a full Plenary Session, following which the present Resolution was adopted by the Executive Committee of AIPPI.
- 6) In this Resolution:
 - a. "subjective knowledge" means knowledge a person actually has;
 - b. "objective knowledge" means knowledge which there were reasonable grounds for a person to have; and
 - c. "compensatory damages" means damages calculated according to AIPPI's resolution titled "Quantification of Monetary Relief" (Sydney, 2017).

AIPPI resolves that:

- 1) Except as provided in paragraph 5) below, where an intellectual property right is infringed, compensatory damages should be available regardless of whether the infringer had subjective or objective knowledge:
 - a. of the existence of the intellectual property right; or
 - b. that the infringer's act would infringe the intellectual property right.
- 2) Compensatory damages should, except as provided in paragraph 5), be awarded in full as calculated in accordance with AIPPI's resolution titled "Quantification of Monetary Relief" (Sydney, 2017) if the infringer had objective knowledge of the existence of the intellectual property right, even if the infringer did not have subjective knowledge of its existence or believed that the infringer's act would not infringe it (for example, on the basis of a freedom-to-operate search or a non-infringement opinion). The claimant should bear the burden of establishing, by evidence of the circumstances of the infringement and of any other relevant external factors, that the infringer had objective knowledge of the existence of the intellectual property right.
- 3) The claimant's burden of establishing objective knowledge of the existence of the intellectual property right should be presumed satisfied if the intellectual property

right is a registered intellectual property right, details of which are ascertainable to the public.

- 4) Where a post-grant amendment to an intellectual property right is applicable and allowable, the making of the amendment should not reduce an award of compensatory damages for infringement of such intellectual property right as amended, so long as the infringing act would have infringed the intellectual property right prior to the amendment.
- 5) Where the infringer had neither subjective nor objective knowledge of the existence of the intellectual property right, courts should have the discretion to reduce an award of compensatory damages. Such award should not, however, be reduced below:
 - a. the amount by which the infringer has been unjustly enriched by reason of the infringement; or
 - b. the level of a reasonable royalty, whichever is greater.
- 6) Each jurisdiction should specify the language(s) in which a registered intellectual property right is to be published to have legal effect. The infringer's lack of knowledge of the language of the publication of a registered intellectual property right should not impact the recovery, nor decrease the level, of compensatory damages provided that said intellectual property right is published in a language accepted under the language requirements stipulated by the applicable law in the jurisdiction in which said intellectual property right is in force and in which the dispute arises.
- 7) Damages exceeding compensatory damages, if available, should not be awarded for any period in which the infringer had neither subjective nor objective knowledge of the intellectual property right prior to being notified of the infringement claim.
- 8) The amount of profit made by the infringer should not alone constitute evidence of an intent to infringe in order to justify damages exceeding compensatory damages, if such excess damages are available.
- 9) The principles in this Resolution should apply regardless of the type of intellectual property right that has been infringed.

Links:

- [Study Guidelines](#)
- [Summary Report](#)
- [Group Reports](#)