**AIPPI 2019 - Questions on IP damages for acts other than sales**

Working Group: Denmark

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**I. Current law and practice**

**Introductory remarks**

Reference should be made to the Danish Group Report in AIPPI 2017 - Questions on Quantification of Monetary Relief by the Danish Working Group, where the Danish Working Group outlined the general principles for quantification of monetary relief in relation to infringing acts, including acts of sales.

The quantification of damages (in this regard monetary relief in relation to an actual loss) for non-sales infringing acts, in general, does not differ from the quantification of damages for other infringing acts, which involve sales of infringing products. In principle, the Danish courts can award a right holder damages for non-sales infringing acts, if the right holder is able to prove an actual loss in relation hereto (assuming that the other requirements for damages are fulfilled). However, the Danish Working Group finds it unlikely that the right holder would be able to prove an actual loss in a situation of non-sales infringing acts, since presumably no products will have been put on the market in this situation.

Danish law also provides for remuneration to the right holder by payment of a reasonable royalty for the infringing activities. Payment of a reasonable royalty does not require that an actual loss must be proved. Accordingly, in terms of providing "damages", as defined in this Working Question, to the right holder, the Danish Working Group finds it more likely that the Danish courts would award the right holder a reasonable royalty for non-sales infringing acts, than any damages pertaining to the right holder's actual loss from the non-sales infringing acts, which will be very difficult to prove.

It must be noted that the Danish courts often award damages (i.e. monetary relief in relation to an actual loss) and reasonable royalty as a total amount without explaining in its reasoning which amount relates to damages and which amount relates to the reasonable royalty, i.e. specifically allotting portions of the total awarded amount to damages for actual losses and the reasonable royalty. Therefore, it is not always clear on what basis the Danish courts award respectively damages and a reasonable royalty.

*Please answer all questions in Part I on the basis of your Group's current law.*

1) What non-sales infringing acts, i.e. infringing acts which do not involve sales, are recognised in your jurisdiction?

The following acts are recognised in our jurisdiction as non-sales infringing acts: Import, offering for sale, bringing into circulation, marketing and manufacturing.

Only relevant for copyrights, designs and trademarks are the following non-sales infringing acts: Making available, reproduction and warehousing.

Only relevant for patents are the following non-sales infringing acts: Use of a product/method subject to a patent.

2) Please explain how damages are quantified, under the laws of your Group, in relation to infringing acts which do not involve sales of infringing products.

(If the laws of your Group provided for different quantification of damages for different IP rights, please explain how damages are quantified for each type of IP right.)

As already mentioned in the introductory remark in this Working Question, damages (i.e. monetary relief in relation to an actual loss) for non-sales infringing acts are not quantified any differently than damages for other infringing acts, including acts which involve sales of infringing products. However, since it can be difficult or almost impossible for the right holder to prove an actual loss in a situation of non-sales infringing acts because no products have been sold, the Danish Working Group has not found it relevant to elaborate further on this.

Payment of reasonable royalty does not require that the right holder must prove an actual loss. The Danish Courts' approach in relation to award of a reasonable royalty is not different for non-sales infringing acts than for any other infringing acts, including acts which involve sales of infringing products. Reference is made to the Danish Working Group's response to the Danish Group Report, question 2, in AIPPI 2017 - Questions on Quantification of Monetary Relief.

As described under the Danish Group Report, question 2 a), in AIPPI 2017 - Questions on Quantification of Monetary Relief, the Danish courts will first try to establish what the right holder would reasonably have demanded on the market when quantifying a reasonable royalty. If this cannot be established, the reasonable royalty will be based on what the infringer should have been willing to pay for the infringing use. Normally, the royalty will be calculated as a percentage of the infringer's turnover from the infringement. Thus, from a practical point of view the Danish Working Group assumes that it would be difficult for the Danish courts to quantify a reasonable royalty when no infringing products have been sold, because what should the reasonable royalty be based on when no turnover has been realized in relation to the infringement?

The question is not settled in Danish case law, which is quite scarce on this point. However, a few cases exist relating to attempted import of counterfeited goods which may provide inspiration for how the Danish Courts would be likely to deal with the situation of calculating a reasonable royalty for infringing acts other than sales. In several of those cases, the Danish Maritime and Commercial High Court has quantified a reasonable royalty in the light of a hypothetical royalty based on a hypothetical turnover based on the retail price of the original goods. A similar approach has been adopted in a number of copyright cases in relation to calculating a reasonable royalty for unwarranted reproduction and display of copyright protected works. Accordingly, the Danish Group assumes that Danish courts would use its wide discretion when fixing damages for infringing activities and calculate a reasonable royalty for non-sales infringing acts based on an assumed royalty percentage multiplied by a hypothetical turnover in order to arrive at a reasonably royalty for the non-sales infringing acts.

3) Please explain what approach your current law takes in relation to “franking”: if damages are paid in relation one infringing act (e.g. manufacturing) for specific infringing goods, can those goods then be circulated freely subsequently, or does their subsequent circulation amount to a fresh infringement in relation to which an injunction or damages may be available?

Generally, payment of reasonable royalty does not constitute a license for the infringer to commit additional infringements (of same or different kind). This means that, even though a reasonable royalty already has been paid for non-sales infringing acts, the infringer cannot sell the goods freely. If additional acts of infringement occur subsequent to the first reasonable royalty having been paid, the right holder would in principle be entitled to a new reasonable royalty pertaining to the new infringing acts not covered by the original royalty award.

In relation to payment of damages (i.e. monetary relief in relation to an actual loss), this does also not constitute a license for the infringer to commit additional infringements (of same or different kind). However, a right holder can generally only recover his/her actual loss in relation to the same infringement once. If a new infringement occurs, which results in a new, additional loss, the right holder may seek to claim additional damages, if he/she can prove an actual loss in relation to the new infringement.

**II. Policy considerations and proposals for improvements of your Group's current law**

4) Are there aspects of your Group's current law or practice relating to the quantification of damages for non-sales infringements that could be improved? If YES, please explain.

No.

5) What policy should be adopted generally in relation to non-sales infringements? Should:

a) Only damages be available for past non-sales infringements?

No.

b) Only an injunction be available to restrain future non-sales infringements?

Yes.

c) Both damages and an injunction should be available.

Yes.

6) What policy, in relation to franking, would best promote a uniform recovery of damages in relation to infringements in a number of jurisdictions in relation to the same goods?

The right holder should only be able to recover his/her actual loss in relation to the same infringement once.

7) Are there any other policy considerations and/or proposals for improvement to your Group's current law falling within the scope of this Study Question?

No.

**III. Proposals for harmonisation**

*Please consult with relevant in-house / industry members of your Group in responding to Part III.*

*For the purposes of this section III, please assume that the following acts are infringing acts, even if they are not infringing acts under the current laws of your Group:*

*(a) Manufacturing;*

*(b) Selling;*

*(c) Offering whether for sale otherwise;*

*(d) Importing; and*

*(e) Keeping and warehousing.*

8) Do you believe that there should be harmonisation in relation to damages for non-sales IP infringement?

The Danish Group generally favors harmonization, if this can be achieved with real benefit to the national laws.

*If YES, please respond to the following questions without regard to your Group's current law or practice.*

*Even if NO, please address the following questions to the extent your Group considers your Group's current law or practice could be improved.*

9) **Manufacturing of patented products:** How should damages be quantified in relation to the manufacturing of infringing products?

Damages in relation to the manufacturing of infringing products should be quantified the same way as for other infringing acts, see the Danish Working Group's responses to the Danish Group Report, questions 1, 3, 4 and 6 a), in AIPPI 2017 - Questions on Quantification of Monetary Relief.

10) Should the subsequent export and sale of manufactured infringing goods change the quantification of damages?

No.

11) **Importing and warehousing of patented products:** How should damages be quantified in relation to importing and keeping or warehousing?

Damages in relation to importing and keeping or warehousing should be quantified the same way as for other infringing acts, see the Danish Working Group's responses to the Danish Group Report, questions 1, 3, 4 and 6 a), in AIPPI 2017 - Questions on Quantification of Monetary Relief.

12) **Series of infringements in relation to patented products:** In the situation where there is a series of infringing acts, such as manufacturing, followed by warehousing, followed by a sale, should damages be quantified, for each individual infringing product:

a) On the basis of a sale alone, if that infringing product was eventually sold? No.

b) On the basis of each infringing act in the chain? Yes.

c) If the infringing product was never sold? No.

d) On some other basis? N/A

13) **Services/operating patented processes**: please explain how damages should be quantified in relation to infringements that consist of carrying out infringing processes. e.g. a patented manufacturing process?

Damages in relation to infringements that consist of carrying out infringing processes should be quantified the same way as for other infringing acts, see the Danish Working Group's responses to the Danish Group Report, questions 1, 3, 4 and 6 a), in AIPPI 2017 - Questions on Quantification of Monetary Relief.

14) Please explain how damages should be quantified for subsequent post-manufacturing activities in relation to the products of a patented process, e.g. the offering for sale of a product made using a patented process?

Damages for subsequent post-manufacturing activities in relation to products of a patented process should be quantified the same way as for other infringing acts, see the Danish Working Group's responses to the Danish Group Report, questions 1, 3, 4 and 6 a), in AIPPI 2017 - Questions on Quantification of Monetary Relief.

15) **Simultaneous single infringing acts:** In the situation where there is a single act, such as an offer for sale on the internet, which amounts to an infringing act simultaneously in a number of jurisdictions, how should damages be quantified in each of those jurisdictions? For example, one single offer to sell products is made on the internet and that single offer is considered to infringe by the courts of two jurisdictions A and B. If court A awards damages for that single act which compensate for the loss suffered by the right holder, should court B also award damages and how should those damages be quantified so as to eliminate or reduce double recovery?

No, if the right holder is already fully compensated for his/her actual loss, no further recovery should be awarded.

16) **Franking:** If damages have been paid in relation to goods that have been manufactured but the further circulation of those goods has not been restricted by injunction, should the infringer (or the acquirer of the goods) be liable again for damages if those same goods are subsequently sold?

a) If the answer to this question is no, does that mean that the infringer has a *de facto* licence to sell the manufactured infringing goods? Yes, but only for his/her actual loss. However, the infringer does not have a de facto license to sell the manufactured infringing goods. See the Danish Working Group's answer to question 3 in this Working Question.

b) If the answer to this question is yes, does that mean that the right holder can recover twice in relation to the same goods? No, the right holder can only recover his/her actual loss.

17) Please comment on any additional issues concerning any aspect of quantification you consider relevant to this Study Question.

The Danish Working Group has no additional issues of concern.

18) Please indicate which industry sector views provided by in-house counsel are included in your Group's answers to Part III.

No industry sector views provided by in-house are included in this answer.