

MONETARY RELIEF FOR TRADEMARK VIOLATIONS

November 2023

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SPONSORING COMMITTEE: Enforcement Committee

PROPOSED RESOLUTION:

WHEREAS many, but not all, national jurisdictions have legislation providing for monetary relief in cases of trademark violations, and most national jurisdictions regularly grant monetary relief;

WHEREAS in some jurisdictions the process to secure monetary relief is lengthy, the evidentiary burden to prove eligibility for monetary relief is unduly high, and in some countries securing monetary relief requires multiple proceedings, all of which make it difficult for right holders to successfully obtain monetary relief;

WHEREAS in some jurisdictions the quantum of monetary relief available is not sufficiently high to deter infringers, disgorge unlawful profits or fully compensate for the harm caused to the right holder;

BE IT RESOLVED, INTA supports the granting of monetary relief in cases of trademark infringement;

BE IT FURTHER RESOLVED that such monetary relief should be sufficient to deter trademark violations and not unduly burdensome for a right holder to obtain;

BE IT FURTHER RESOLVED that INTA recommends that the following best practices be adopted to provide for an efficient system of securing monetary relief in trademark infringement cases:

- A. Effective and efficient procedures should be in place to secure and enforce monetary relief where trademark infringement has been found;
- B. Given the difficulty associated with proving monetary relief, there should be multiple bases available to a claimant and the tribunal for calculating and awarding monetary relief, such as:
 - a. actual damages (lost sales/profits);
 - b. license fee/royalty;
 - c. infringer's profits;
 - d. statutory damages; and/or
 - e. compensation for loss of goodwill.

- C. Enhanced monetary relief, such as exemplary and/or punitive damages and/or fines should be available in cases of, for example, bad faith, willful or flagrant violation or repeat infringer/infringements;
- D. It should be possible to have claims of infringement and monetary relief adjudicated within the same proceeding, rather than requiring separate proceedings.
- E. The evidentiary burden on the claimant to prove the quantum of monetary relief should be reasonable and not place undue hardship on the claimant.

BACKGROUND:

Obtaining monetary relief for violations of trademark rights is not only vital to ensure that the right holder does not suffer losses and harm from infringing conduct, but also serves as a deterrent against future infringements. As such, this is a topic of high importance to INTA's members, and improving legal systems to ensure and strengthen the compensation for harm suffered is key to protecting trademark rights. The Damages Task Force of the Judicial Administration and Trademark Litigation (JATL) Subcommittee of the Enforcement Committee has therefore examined the issue of damages and monetary relief in trademark matters with a view to developing INTA's position.

1. Survey Results

The JATL Damages Task Force surveyed 63 countries globally on different aspects of monetary relief in TM infringement matters.

The results showed that in all the countries surveyed, monetary relief for trademark violations is available although in some countries they fall under the general civil claims laws. Moreover, monetary relief can be claimed in almost all countries for violations by both identical and non-identical trademarks. In the majority of surveyed countries monetary relief is enforceable, and it is possible to collect interest on unpaid awards.

On the calculation of monetary relief, the survey found:

- 97% of the respondent countries allow a claimant to claim compensation in the nature of lost sales
 - In 92% of cases this can be calculated on the basis of a license fee / royalty
- 86% of countries allow a claimant to claim compensation for damage to goodwill
- 87% of surveyed countries enable a claimant to request an accounting of the infringer's profits
 - 62% of responding countries indicated that damages calculated based on an infringer's profits must be apportioned to include only those profits attributable to the infringing mark

- In 56% of countries different calculations of damages can be claimed cumulatively (e.g., The amount of the infringers profits plus the amount of the lost sales)
- In 30% of respondent countries statutory damages are available for trademark infringement
- In 44% of respondent countries bad faith was a ground to increase monetary relief. Reasons for increased monetary compensation also include flagrancy, intentional or repeat infringements, and large-scale infringements
- In the majority of cases (65%) costs are awarded to a successful claimant in a trademark proceeding
- In many respondent countries prejudgment and post-judgment interest is available.

2. Conclusions

While monetary relief is recognized as an important consequence and enforcement tool in most jurisdictions, many respondents admitted that the process is often burdensome for the claimant, and the actual monetary relief regularly falls short of compensating the claimant for actual losses suffered.

In most jurisdictions monetary relief is sought and granted regularly, but there is still a concerning number of countries in which this does not occur (16 of 63 or 23%). Moreover, almost 50% of respondents were of the view that the damages provisions in their country were not effective in deterring infringement. Numerous respondents pointed out that demonstrating that lost sales directly resulted from the trademark infringement can be difficult and complicated.

A number of the respondents considered that punitive damages (for cases such as flagrant or repeated infringement, or bad faith), as well as statutory damages, should be made available, implemented or enhanced to improve the efficacy and adequacy of monetary relief. In a number of countries which did not have statutory damages provisions, it was suggested that having such provisions would assist in deterring trademark infringements.

Many respondents also noted the difficulties in meeting the evidentiary burden for proving the eligibility for monetary relief. Some noted the need for more specific provisions to determine and calculate the quantification of damages. It appears this is often a challenge for right holders, who might be discouraged from claiming monetary relief by the evidentiary burden. In some jurisdictions the lengthy process to secure damages means that justice for trademark owners is delayed and enforcement costs increased. In some cases, claims for monetary relief are addressed in separate proceedings only after infringement has been confirmed, which further delays the recovery of damages.

3. INTA's Position

Based on the survey results, INTA's Enforcement Committee recommends a policy position requiring efficient and effective mechanisms to secure monetary relief for trademark infringement, setting out the multiple bases for calculating and awarding monetary relief, including statutory damages, and proposing

that enhanced monetary relief be available in cases of bad faith, willful or repeat violations of trademark rights. Moreover, there should be effective and efficient mechanisms for enforcement of monetary relief awards where trademark infringement has been found.

INTA supports the specification of the different options to calculate monetary relief as set out in Part B above. These widely acknowledged calculation principles enable the claimant to choose the most efficient way to specify the harm suffered, while still providing a verifiable basis for the monetary relief claim. At the same time, particularly willful or repeat infringements should be subject to punitive measures in accordance with local laws and regulations in order to create a deterring effect for future violations, as stated in Part C. Recent developments in bad faith cases, trademark squatting and other fact patterns demonstrate that the deterrent effect is required to curb the environment of willful trademark infringements. Allowing monetary relief to be adjudicated within the same proceedings as the infringement claims as stipulated in Part D will increase the efficacy of judicial enforcement proceedings and reduce the cost of prosecuting the case for the claimant.

Finally, courts are encouraged to consider the evidentiary burden on a claimant in proceedings for monetary relief as proposed in Part E. While it is necessary to maintain due process in judicial proceedings with regards to evidence required to support any claim, the details of infringement cases are often known to the defendant but not easily obtainable by a claimant. Similar to the process for preliminary injunctive relief, a balance of probabilities or shift in the burden of proof upon prima facie evidence may be considered.

It is INTA's position that the adoption of the suggested best practices will improve the efficacy and impact of enforcement proceedings and create a noticeable deterrent effect against infringing conduct.