

## Harmonization of Preliminary Injunction Legislation

November 11, 2020

Sponsoring Committee: Enforcement Committee, Judicial Administration and Trademark Litigation Subcommittee

### RESOLUTION:

**WHEREAS**, preliminary injunctions, also known as temporary injunctions, or interim injunctions, including orders in the nature of temporary restraining orders, are injunctions that are granted before or during the pendency of a trial to preserve the *status quo* until a final decision in the main proceeding is rendered;

**WHEREAS**, the results of a survey conducted by INTA in 47 countries worldwide revealed that, even though most surveyed countries recognize and allow for preliminary injunctions to be granted in some form, the requirements, conditions, orders, costs and procedures vary significantly, even within the EU member countries, making it difficult for brand owners to predict the outcome of injunctive proceedings and therefore ensure the effective enforcement of their rights;

**WHEREAS**, INTA recognizes that the mechanism of preliminary injunctions is a valuable enforcement tool in IP infringement cases for quickly preserving the *status quo* or preventing damages until the final resolution of a conflict; and

**WHEREAS**, it is further acknowledged that the enforcement of IP rights is often highly time sensitive, and a brand owner's rights and reputation may be irreparably harmed if it cannot receive a remedy until after the final conclusion of lengthy judicial proceedings, which in some jurisdictions can take several years to conclude;

**BE IT RESOLVED** that it is the position of the International Trademark Association that preliminary injunctive relief be available in all jurisdictions and that effective procedures for such measures be implemented.

**BE IT FURTHER RESOLVED** that minimum standards should be created for a predictable, effective and expedited process for the adjudication of preliminary injunction proceedings. . Such minimum standards include, but are not limited to, the following standards::

1. Proceedings for preliminary injunctive relief should be expedited with short procedural deadlines, including for the issuance of the judgment or order sought.

2. Preliminary injunctive relief should be available *ex-parte* in appropriate circumstances.
3. The Applicant for a preliminary injunction should be able to assert the claimed trademark rights and submit documentary evidence so as to show, that *prima-facie*, the Applicant is likely to succeed on the merits of the claim, and that the balance of inconvenience favors the Applicant. Provided that the Applicant's burden on these counts has been met, an irreparable harm should be presumed.
4. Except in cases of obvious invalidity or fraudulent registrations, the court should not be burdened with reexamining the validity of the asserted trademark right. However, this should not preclude the court from considering any defenses and supporting evidence of the Defendant in assessing whether the Applicant is likely to succeed on the merits.
5. Defendants should be notified of *ex-parte* preliminary injunctions without delay and be provided with an opportunity to challenge the injunction and request an oral hearing or otherwise have their counterarguments considered.
6. Counterclaims of the Defendant contesting the validity of the trademark rights asserted should be adjudicated in the main action or a separate action for cancellation or invalidation.
7. Injunctive orders should provide for Defendants to pay penalties for violations of the injunctive order.

## **BACKGROUND:**

Enabling brand owners to enforce their rights in an effective and preemptive way, and ensuring that the process is transparent and predictable is of utmost importance to reinforce the message that a jurisdiction takes IP protection seriously. Considering the time-sensitive nature of any action to prevent or mitigate damages inflicted by IP infringements, the availability of preliminary measures is one of the key elements of an efficient IP protection system. INTA's Enforcement Committee conducted a survey in 47 countries worldwide in order to establish the existing legislation in each country on preliminary injunction procedures and the degree of harmonization across jurisdictions.

### **Survey Conducted**

The Enforcement Committee's Task Force conducted surveys in all EU member states and in several major non-EU countries (Argentina, Australia, Brazil, Canada, Chile, China, Hong Kong, India, Japan, Mexico, Nigeria, Norway, Russia, Singapore, South Africa, South Korea, Switzerland, Turkey and the United States of America). The objective was to gather information on and compare the requirements and criteria applicable in each country to obtain a preliminary injunction. Details on the survey and a report summarizing the results can be viewed [here](#).

The survey questions captured the most relevant issues when considering the request for the issuance of a preliminary injunction such as evidentiary standard, timing and delay, potential seizure of goods, ex parte rights, blocking assets or bank accounts associated with the alleged infringement, specific hearing requirements, security bond deposit requirements, rights of the

defendant to request a hearing, execution of the preliminary injunction, if granted, the penalties in case of its violation, and damage awards and legal fee provisions.

## **Key Findings**

Even though most surveyed countries have legislation which allows for the option of preliminary/interim relief in IP matters, the details of conditions and procedure vary significantly, including within the EU despite the enactment of Directive 2004/48 on Enforcement of Intellectual Property Rights. These differences create uncertainty for brand owners and make it difficult for applicants to assess the viability and outcome of a potential action. Some of the key findings corresponding to the resolution proposed above are as follows:

**(1) Time sensitivity:** The survey results show that the term for granting a preliminary injunction varies significantly, ranging from a few days to several months, with an average length of 5 to 6 months in non-EU countries. INTA recommends that given the time sensitivity of the issue, proceedings generally be designed as expedited, with deadlines imposed on parties and courts to achieve a speedy, efficient resolution.

**(2) Availability of preliminary injunctive relief ex-parte:** The survey results reveal that most countries, namely 45 out of 47 countries, allow for ex-parte proceedings for preliminary injunctions without providing a defendant an oral hearing or option to oppose the preliminary injunction. INTA recommends that preliminary injunctions should be available *ex-parte* in appropriate circumstances, which may include, but are not limited to, cases of urgency, or real risk of destruction of evidence or evasion of enforcement activities.

**(3) & (4) Applicant's burden of proof and court's review:** Regarding the level of evidence needed to obtain a preliminary injunction, most jurisdictions surveyed apply similar rules. For example, in the EU countries the party applying for a preliminary injunction is required to provide reasonably available evidence to satisfy the court with a sufficient degree of certainty that (1) the applicant owns the trademark, and (2) the trademark is being infringed, or that such infringement is imminent. In 15 of the 19 non-EU countries surveyed the Applicant essentially has the duty to prove that it is entitled to enforce its alleged right, that it will suffer irreparable damage if the preliminary injunction is not granted, and that there are sufficient reasons to believe that the claimed rights are being infringed.

The specific evidence requirements may vary. In some cases, evidence of preparatory acts of infringement is sufficient, while in others an analysis of balance of convenience is conducted by the court and evidence for the urgency a pre-requisite. However, the aforementioned aspects, namely, a prima facie case to be made out by the Applicant to succeed on the merits of the claim, and to demonstrate that the balance of inconvenience favors the Applicant, constitute a common basis for most. It is INTA's position that documentary evidence for the existence and enforceability of the claimed right - such as a registration certificate - should suffice, and that prima facie evidence showing that the Applicant is likely to succeed on the merits should allow an assumption of irreparable harm and a balance of inconvenience tipped to the advantage of the Applicant.

Once an Applicant has made out a *prima-facie* case to succeed on the merits of the claim, the court should review the existence and enforceability of the trademark right to a more formal analysis, i.e., to say that the court should not ex-officio question or second-guess the validity of claimed trademark right. It is INTA's position that while a court is not precluded from considering any defenses and supporting evidence of the Defendant in assessing whether the Applicant is likely to succeed on the merits or not, except in cases of obvious invalidity or fraudulent registrations, i.e., to say where a court can, without embarking upon any involved factual inquiry, make out that the registration granted is totally illegal or fraudulent, the court should not be burdened with reexamining the validity of the asserted trademark right. Once the court's analysis also confirms that the balance of inconvenience is in favor of the Applicant, a preliminary injunction should be issued to preserve the status quo until a final decision can be rendered.

Insofar as the requirement of irreparable harm is concerned, in the United States of America, INTA has been advocating for an amendment of the Lanham Act to include the application of a rebuttable presumption of irreparable harm, once the Applicant has submitted evidence of a likely success of the case on the merits, and to that end has already adopted its [Board Resolution](#) of May 20, 2017.

**(5) Defendant's rights:** On the other hand, most countries also stipulate the obligation to inform the defendant without delay after issuance of the respective ex parte injunction. Additionally, in 20 of the surveyed countries the defendant is entitled to request, during the preliminary injunction proceedings, a hearing to modify or revoke the order after issuance. In summary, these results show that there is wide recognition of the importance of enabling the grant of preliminary injunctions on an ex parte basis, but also allowing the defendant to be heard after the preliminary injunction is granted.

Nothing in this Resolution should be interpreted as precluding a defendant from being able to seek compensation in circumstances where a Preliminary Injunction was wrongfully obtained or overturned.

**(6) Counterclaims contesting validity:** Regarding counterclaims to contest the validity of the trademark right, the survey results show that only a small minority of countries allow this defense to be raised within the interim proceeding, while most others determine that disputes concerning the validity of the claimed rights is appropriately relegated to the main action for the trademark infringement or a separate proceeding such as a cancellation action. It is INTA's position that interim proceedings, by their very nature, being aimed at quickly preserving the status quo, should not be burdened with an in-depth analysis or adjudication of the validity of the claimed trademark rights to avoid converting the preliminary injunction proceedings into a "mini-trial" and therefore defeating its very purpose. The defendant should be allowed to seek adjudication on validity of claimed trademark rights in the main action or a separate action for cancellation or invalidation. In line with this position, the survey found that in 25 EU and 16 non-EU countries it is mandatory to file a main action – either within a statutory deadline or one set by the court - which provide defendants with a venue for challenging the validity of asserted rights apart from the request for the preliminary injunction. These regulations are important as they can act as deterrent for unjustified or abusive preliminary injunction requests.

**7) Penalties for violation:** Another significant finding is that only in 18 EU countries the court can order the defendant to pay a recurring penalty when a preliminary injunction is violated. It

is INTA's position that courts should have authority to order Defendants to pay penalties for violations of the injunctive order, for such orders to be meaningfully enforced.

The survey has revealed a number of other findings which are worth further examination, but which the Committee does not consider to be minimum standards for harmonized proceedings.

### **Minimum Standards**

The results of the surveys show that preliminary injunction proceedings in cases of IP infringement vary significantly in key aspects between jurisdictions, even within the EU. In the interest of creating predictability and transparency for right holders, and effective protection of IP rights when quick decisive action is required to prevent occurrence or aggravation of damages, certain basic standards should be adopted to increase harmonization of legislation on preliminary measures.

Based on the results of the survey INTA's Enforcement Committee believes that the minimum standards for the issuance of a preliminary injunction regarding infringement of trademark rights in order to allow for effective interim protection, should incorporate the seven key points mentioned in this Resolution. If applied as suggested, these minimum standards would allow for a balanced, expedited process to protect trademark rights while, at the same time taking defendant's rights into account. Under the standards set forth in this resolution, the courts would be able to grant urgent ex-parte injunctive relief without having to determine the validity of asserted rights, leaving the determination of such issues and any other material defenses raised by the defendant in the main action or separate proceeding.

### **Conclusion**

The Enforcement Committee recommends that the Board adopt a resolution setting out INTA's position and encouraging the adoption of harmonized minimum standards to increase predictability and legal clarity for brand owners in the process of defending their rights.