

Question Q236

National Group: United States of America

Title: **Relief in IP proceedings other than injunctions or damages**

Contributors: Ken ADAMO, John BIRD, Eugene GORYUNOV, John JOHNSON, Kristen MCCALLION, Alicia SHAH, Robert WELLS

Reporter within Working Committee: Ken Adamo

Date: March 4, 2013

Questions

The Groups are invited to answer the following questions under their national laws.

I. Analysis of current law and case law

- 1) What forms of Additional Relief are available in IP proceedings?

RESPONSE: In addition to the forms of additional relief identified (declaratory relief, delivery up/destruction, rectification, alteration of infringing goods, modification of technology, corrective advertising, publication of judgment, order for inspection, order to provide information, accounting of profits, reasonable royalty, and reparation), other forms of relief available in IP proceedings include disclaimer of association, notice of discontinuance, product recalls, seizures of counterfeit goods, seizures of assets and property, protection for famous trademarks, cancellation of federal trademark registrations, refusal to register federal trademark applications, concurrent use registrations, cancellation or transfer of infringing domain names, cancellation or amendment of patent claims, prejudgment interest, enhanced damages, and attorney's fees and costs are available to intellectual property holders seeking recovery for infringement of their rights.

- 2) Are those forms of Additional Relief available for all types of IPRs? If not, please indicate what types of Additional Relief are available for what types of IPRs.

RESPONSE: Those additional forms of relief are available as follows:

- **Patent**
Patent holders may obtain the following types of Additional Relief: declaratory relief, publication of judgement, order for inspection, order to provide information, accounting of profits (patent holder's lost profits), reasonable royalty, reparation, prejudgment interest, cancellation or amendment of patent

claims, enhanced damages, and attorney's fees and costs.

- **Trademark**

Trademark holders may obtain the following types of Additional Relief: declaratory relief, publication of judgment, order for inspection, order to provide information, alteration of infringing goods, corrective advertising, disclaimer of association, notice of discontinuance, product recalls, destruction of infringing articles, account of infringer's profits, enhanced damages (costs and statutory damages), seizures of counterfeit goods, seizures of assets and property, cancellation of federal trademark registrations, refusals to register federal trademark applications, concurrent use registrations, cancellation or transfer of infringing domain names, and attorney's fees.

- **Copyright**

Copyright holders may obtain the following types of Additional Relief: declaratory relief, delivery up/destruction, publication of judgment, order for inspection, order to provide information, accounting of profits (infringer's profits), reasonable royalty, reparation, prejudgment interest, enhanced damages, statutory damages, and attorney's fees.

- **Design Patent**

Design patent holders may obtain the following types of Additional Relief: declaratory relief, publication of judgment, order for inspection, order to provide information, accounting of profits (either patent holder's lost profits or infringer's profits), reasonable royalty, reparation, prejudgment interest, enhanced damages, and attorney's fees.

- **Confidential Information & Trade Secrets**

Holders of trade secrets may obtain the following types of Additional Relief: declaratory relief, delivery up and/or destruction, publication of judgment, order for inspection, order to provide information, accounting of profits (trade secret holder's lost profits), reasonable royalty, reparation, prejudgment interest, enhanced damages, and attorney's fees.

Note: In answering questions 1 and 2, the Groups may find the tabular format set out in Annexure B useful. This is intended as a guide only. There may be other forms of Additional Relief and other IPRs applicable under various national laws. If a form of Additional Relief is outside the scope of this question (e.g. it is in the nature of provisional or interim relief), the Groups are invited to identify that fact but should not feel obliged to address the remaining questions in relation to that form of (provisional/interim) Additional Relief.

- 3) Having regard to the types of Additional Relief available addressed by questions 1 and 2, what are the criteria for the grant of that relief? There may be different criteria for the different types of Additional Relief identified. Hence, the Groups are asked to address the individual criteria for each type of Additional Relief that is available in IP proceedings in their country.

RESPONSE:

- **Patent**

Declaratory relief: Under 28 U.S.C. §§ 2201 & 2202, in instances where "the facts alleged, under all the circumstances, show that there is a substantial controversy, between parties having adverse legal interests, of sufficient immediacy and reality to warrant the issuance of a declaratory judgment," an accused infringer can seek a declaration that a patent is invalid, unenforceable, and/or not infringed. *Arris Group, Inc. v. British Telecommunications PLC*, 639 F.3d 1368, 1374-75 (Fed. Cir. 2011) (quoting

MedImmune, Inc. v. Genentech, Inc., 549 U.S. 118 (2007)). The accused infringer bears the burden to show invalidity under 35 U.S.C. §§ 101, 102, 103, 112 and/or 251 and unenforceability for inequitable conduct under common law by clear and convincing evidence.

Publication of judgment: All non-confidential United States judgments are published.

Order for inspection: Federal Rule of Civil Procedure 26(a)(5) & (b) and 34(a) allow for inspection of portions of an accused infringer's property as part of the pre-trial discovery process. Federal Rule of Civil Procedure 45 further allows for limited inspection of a third-party's property as part of the pre-trial discovery process. Rights to discovery under Rule 45 are not unfettered—Rule 26 generally allows for only discovery that is “reasonably calculated to lead to the discovery of admissible evidence” and Rule 45(c)(1) requires that “a party or attorney responsible for issuing and serving a subpoena must take reasonable steps to avoid imposing undue burden or expense on a person subject to the subpoena.”

Order to provide information: Federal Rule of Civil Procedure 26(a)(5) and (b) allow for discovery (including requiring an opposing party to answer interrogatory questions) of information. Federal Rule of Civil Procedure 45 further allows for limited inspection of a third-party's information (including documents and electronic information) or deposition as part of the pre-trial discovery process. Rights to discovery under Rule 45 are not unfettered—Rule 26 generally allows for only discovery that is “reasonably calculated to lead to the discovery of admissible evidence” and Rule 45(c)(1) requires that “a party or attorney responsible for issuing and serving a subpoena must take reasonable steps to avoid imposing undue burden or expense on a person subject to the subpoena.” Additionally, Federal Rule of Civil Procedure 27 allows for depositions in order to preserve or perpetuate testimony before an action is commenced or during the appeal of an action. The court orders depositions under Rule 27 if the testimony may prevent a failure or delay of justice. Finally, Rule 37 remains available for motions to compel discovery.

Accounting of profits: Under 35 U.S.C. § 284, a patent holder may obtain lost profits in the form of diverted sales, price erosion, or increased expenses if the patent holder can show that the accused infringer's infringement caused the patent holder to have lower sales (or that the patent holder would have incurred lower expenses). The patentee bears the burden of proving these damages. Generally, the “*Panduit* test” is applied to determine if a patent holder is entitled to lost profits. “The ‘*Panduit* test’ for lost profits theory of damages in patent infringement action requires patentee to show: (1) demand for the patented product; (2) absence of acceptable noninfringing substitutes; (3) manufacturing and marketing capability to exploit the demand; and (4) the amount of profit that would have been made.” *Presidio Components, Inc. v. American Technical Ceramics Corp.*, 702 F.3d 1351, 1360 (Fed. Cir. 2012) (discussing *Panduit Corp. v. Stahl Bros. Fibre Works, Inc.*, 575 F.2d 1152, 1156 (6th Cir. 1978)).

A lost profits analysis is not separate from a damages analysis (see discussion of design patents, *infra*.)

Reasonable royalty: 35 U.S.C. § 284 provides that a court shall award a successful patent claimant damages “in no event less than a reasonable royalty.” Different methods have been used to determine the royalty rate. The

most common approach calculates the reasonable royalty as the rate that would have been set by the parties in a hypothetical negotiation between a willing patent licensor and a willing patent licensee when the infringement began assuming the patent is valid and infringed. Factors relevant to the royalty are:

- “1. The royalties received by the patentee for the licensing of the patent in suit, proving or tending to prove an established royalty.
2. The rates paid by the licensee for the use of other patents comparable to the patent in suit.
3. The nature and scope of the license, as exclusive or non-exclusive; or as restricted or non-restricted in terms of territory or with respect to whom the manufactured product may be sold.
4. The licensor's established policy and marketing program to maintain his patent monopoly by not licensing others to use the invention or by granting licenses under special conditions designed to preserve that monopoly.
5. The commercial relationship between the licensor and licensee, such as, whether they are competitors in the same territory in the same line of business; or whether they are inventor and promoter.
6. The effect of selling the patented specialty in promoting sales of other products of the licensee; that existing value of the invention to the licensor as a generator of sales of his non-patented items; and the extent of such derivative or convoyed sales.
7. The duration of the patent and the term of the license.
8. The established profitability of the product made under the patent; its commercial success; and its current popularity.
9. The utility and advantages of the patent property over the old modes or devices, if any, that had been used for working out similar results.
10. The nature of the patented invention; the character of the commercial embodiment of it as owned and produced by the licensor; and the benefits to those who have used the invention.
11. The extent to which the infringer has made use of the invention; and any evidence probative of the value of that use.
12. The portion of the profit or of the selling price that may be customary in the particular business or in comparable businesses to allow for the use of the invention or analogous inventions.
13. The portion of the realizable profit that should be credited to the invention as distinguished from non-patented elements, the manufacturing process, business risks, or significant features or improvements added by the infringer.
14. The opinion testimony of qualified experts.

15. The amount that a licensor (such as the patentee) and a licensee (such as the infringer) would have agreed upon (at the time the infringement began) if both had been reasonably and voluntarily trying to reach an agreement; that is, the amount which a prudent licensee-who desired, as a business proposition, to obtain a license to manufacture and sell a particular article embodying the patented invention- would have been willing to pay as a royalty and yet be able to make a reasonable profit and which amount would have been acceptable by a prudent patentee who was willing to grant a license.”

Georgia-Pacific Corp. v. U.S. Plywood Corp., 318 F.Supp. 1116, 1120 (S.D.N.Y. 1970).

A reasonable royalty analysis is not separate from a damages analysis.

Reparation: United States law does not recognize a separate category of damages related to reparation but does include the concept in its other damages calculations. For instance, in patent cases, United States law allows courts to apply an entire market value rule in certain cases. Traditionally, the damages will be the value of (as calculated by lost profits or lost reasonable royalties) of the patented item. But the court may calculate the lost profits or royalties instead on a item that includes the patented invention (for instance, as a component of a larger item) if the patent owner can show that the patented feature is the “basis for customer demand” for the entire product. *Rite-Hite Corp. v. Kelley Co., Inc.*, 56 F.3d 1538, 1549 (Fed. Cir. 1995). Additionally, United States law allows for a lost profits or a reasonable royalty that includes collateral benefits, including conveyed sales of parts, supplies, accessories and related products that are expected to flow to the infringer from the right to manufacture, use or sell the patented invention.

Prejudgment interest: 35 U.S.C. § 284 states that “[u]pon finding for the claimant the court **shall award** ... interest and costs as fixed by the court.” Prejudgment interest may be awarded only to the extent it is compensatory (and so may be awarded on compensatory damages but not punitive damages). *Oiness v. Walgreen Co.*, 88 F.3d 1025, 1033 (Fed.Cir. 1996).

Enhanced damages: 35 U.S.C. § 284 states that “the court may increase the damages up to three times the amount found or assessed.” These enhanced damages are punitive. The standard for enhanced damages and attorney’s fees is the same; it requires a dual determination that the position of the sanctioned party is (1) objectively unreasonable and (2) asserted in subjective bad faith. *Highmark, Inc. v. Allcare Health Management Systems, Inc.*, 701 F.3d 1351, 1353 (Fed. Cir. 2012) (denying en banc petition). The most common basis for increased damages is willful infringement. The two-prong test for willfulness requires clear and convincing evidence (1) “that the infringer acted despite an objectively high likelihood that its actions constituted infringement of a valid patent” and (2) that the infringer had knowledge (or should have known) of this risk. *In re Seagate Tech., LLC*, 497 F.3d 1360, 1366 (Fed. Cir. 2007). Reasonable reliance on the advice of counsel is a defense to willfulness.

Attorney’s fees and costs: 35 U.S.C. § 285 states that “[t]he court in exceptional cases may award reasonable attorney fees to the prevailing party.” Attorney’s fees are intended to recompense a litigant for defending a frivolous claim. “Once it is determined that the party seeking fees is a prevailing party, determining whether to award attorneys’ fees under 35

U.S.C. § 285 is a two-step process. First, a prevailing party must establish by clear and convincing evidence that the case is 'exceptional.' An award of fees against a patentee can be made for a frivolous claim, inequitable conduct before the [U.S.] Patent and Trademark Office, or misconduct during litigation. Second, if the case is deemed exceptional, a court must determine whether an award of attorneys' fees is appropriate and, if so, the amount of the award." *Highmark, Inc. v. Allcare Health Management Systems, Inc.*, 687 F.3d 1300, 1308, (Fed. Cir. 2012). In certain circumstances and at a court's discretion, costs may also be available.

Cancellation or amendment of claims as a result of an *inter partes* review: Any person who is not the patent owner can seek to initiate an *inter partes* review. As a matter of standing, the petitioner must show (1) that it has not filed a civil action challenging the validity of the patent or (2) waited more than one year after the date on which it was served with a complaint alleging infringement. 35 U.S.C. § 315. As a matter of the standard to initiate, the petitioner must demonstrate a "reasonable likelihood that the petitioner would prevail" with respect to at least one challenged claim. 35 U.S.C. § 314. Once an *inter partes* review has been initiated, the petitioner bears the burden to show unpatentability under 35 U.S.C. 102 and/or 103 by a preponderance of the evidence. 37 C.F.R. 42.1(d); 35 U.S.C. § 316(e). Under Section 311(c), an *inter partes* review petition can only be filed 9 months after issue or after a post-grant review is terminated, whichever is later.

Cancellation or amendment of claims as a result of a post grant review: Any person who is not the patent owner can seek to initiate a post grant review. As a matter of standing, the petitioner must show that it has not filed a civil action challenging the validity of the patent. 35 U.S.C. § 321. As a matter of the standard to initiate, the petitioner must demonstrate that it is "more likely than not that at least one of the claims challenged in the petition is unpatentable" or that the petition "raises a novel or unsettled legal question that is important to other patents or patent applications." 35 U.S.C. § 324. Once a post grant review has been initiated, the petitioner bears the burden to show unpatentability under 35 U.S.C. §§ 101, 102, 103, 112 and/or 251 by a preponderance of the evidence. 37 C.F.R. § 42.1(d); 35 U.S.C. § 326(e).

Cancellation or amendment of claims as a result of an *ex parte* reexamination: Any person can seek *ex parte* reexamination. 35 U.S.C. § 302. As a matter of the standard to initiate, the petitioner must demonstrate that "a substantial new question of patentability" has been raised by the request. 35 U.S.C. § 303. Once an *ex parte* reexamination has been initiated, the petitioner bears the burden to show unpatentability under 35 U.S.C. §§ 102 and/or 103 by a preponderance of the evidence. 35 U.S.C. §§ 301, 302.

- **Trademark**

Declaratory Relief: The Declaratory Judgment Act (28 U.S.C. §§ 2201, 2202) allows any court of the United States to declare the rights of the parties, including in an action involving trademarks. Thus, a declaratory judgment plaintiff can seek, for example, a judgment that a trademark is not protectable or is not infringed. A declaratory judgment action is only appropriate when a real and justiciable controversy has arisen between the parties.

Alteration of Infringing Goods: Courts may require alteration of goods disseminated to wholesalers and retailers to eliminate references to infringing material. See *King v. Allied Vision*, 155 F.R.D. 440 (S.D.N.Y. 1994). In

addition, when a building or structure is part of a trade dress infringement case, a court has the power to require physical or structural changes to the building. See *Taco Cabana v. Two Pesos, Inc.*, 932 F.2d 1113 (5th Cir. 1991), *aff'd*, 505 U.S. 763 (1992); see also *Pebble Beach Co. v. Tour 18 I, Ltd.*, 942 F. Supp. 1513, 1575 (S.D. Tex. 1996).

Corrective Advertising: A court may order a trademark infringer to publish advertising to correct or counteract an infringer's prior misleading marketing practices. A court's ability to grant this remedy is subject to the constraints of the First Amendment, which does not permit a remedy broader than that which is necessary to prevent deception or correct the effects of past deception. See *Nat'l Comm'n on Egg Nutrition v. FTC*, 570 F.2d 157 (7th Cir. 1977).

Courts may allow plaintiffs to recover (in the form of a monetary award) from defendants the estimated costs of conducting their own corrective advertising. Such monetary awards are most common in reverse confusion cases, but have been awarded outside of the reverse confusion context. See *Big O Tire Dealers, Inc. v. The Goodyear Tire & Rubber Co.*, 561 F.2d 1365 (10th Cir. 1977).

Disclaimer of Association: Courts have the discretion to order defendants to employ a disclaimer of association with the plaintiff as a form of limited injunctive relief. See *Oracle Corp. v. Light Reading, Inc.*, 233 F. Supp. 2d 1228 (N.D. Cal. 2002).

Publication of Decision: All non-confidential United States judgments are published and any decision from the Trademark Trial and Appeal Board ("TTAB") is available to the public. A court may require a defendant to give notice to the trade of a fair summary of a court's decision. See *Midwest Fur Producers Ass'n v. Mutation Mink Breeders Ass'n*, 127 F. Supp. 217 (D. Wis. 1954).

Notice of Discontinuance: A trademark infringer can be required to file a notice of discontinuance of the infringing name or mark with state and local bodies. See *S.S. Kresge Co. v. Tabacco*, 1972 WL 18020 (E.D.Mich. Feb 16, 1972).

Product Recalls: A court may order an infringer to advise distributors to withdraw infringing products from the market, or require infringer to remove all infringing labels from products in the hands of distributors. This may include ordering an infringer to refund monies received for orders where the sales and orders were received in response to false advertising or use of an infringing mark. See *Visa Int'l Serv. Ass'n v. Bankcard Holders of Am.*, 1981 WL 40539 (N.D. Cal. Feb 26, 1981).

Destruction of Infringing Articles: 15 U.S.C. § 1118 states that in any action arising under the Lanham Act, in which a violation of any right of the registrant of a mark registered in the U.S. Patent and Trademark Office, a violation under 15 U.S.C. § 1125(a), or a willful violation under 15 U.S.C. § 1125(c), has been established, the court may order the destruction of all labels, signs, prints, packages, wrappers, receptacles, and advertisements in the possession of the defendant, bearing the registered mark. In the case of a violation of 15 U.S.C. § 1125(a) or a willful violation under 15 U.S.C. § 1125(c), the word, term, name, symbol, device, combination thereof, designation, description, or representation that is the subject of the violation, or any reproduction, counterfeit, copy, or colorable imitation thereof, and all

plates, molds, matrices, and other means of making the same, shall be delivered up and destroyed.

Under the court's discretion, destruction of goods may be ordered where defendant acted in a willful or otherwise egregious manner; where the risk of confusion to the public and the injury to the trademark owner is greater than the costs and burden of the recall to the alleged infringer; or where there is a substantial risk of danger to the public resulting from the defendant's infringing activity (e.g., health and safety rationale). See *Nikon, Inc. v. Ikon Corp.*, 987 F.2d 91 (2d Cir. 1993).

The destruction of articles seized under the counterfeiting provision, 15 U.S.C. § 1116(d), requires ten days' notice to the United States attorney for the judicial district in which such order is sought (unless good cause is shown for lesser notice) and such United States attorney may, if such destruction may affect evidence of an offense against the United States, seek a hearing on such destruction or participate in any hearing otherwise to be held with respect to such destruction.

Order for Inspection: The general rule for this remedy is the same as that available to patent holders, which is discussed above.

Order to Provide Information: The general rule for this remedy is the same as that available to patent holders, which is discussed above.

In addition to the Federal Rules, the Trademark Trial and Appeal Board Manual of Procedure (TBMP) Chapter 400 allows for discovery of information in TTAB proceedings. For example, TBMP § 404 permits oral or written discovery depositions; TBMP § 405 permits the exchange of interrogatories and responses to interrogatories; TBMP § 406 permits requests for the production of documents and things; and TBMP § 407 permits requests for admissions.

Accounting of Profits: 15 U.S.C. § 1117(a) states that once the plaintiff proves infringement, "the plaintiff shall be entitled, . . . subject to the principles of equity, to recover (1) defendant's profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action."

Attorney's fees and costs: Under 15 U.S.C. § 1117(a) a court may award reasonable attorney's fees to the prevailing party in "exceptional cases." Some courts hold that all that is needed to make a case "exceptional" is willful infringement. See, e.g., *Cnty. of Christ Copyright Corp. v. Devon Park Restoration Branch of Jesus Christ's Church*, 2010 WL 199895 (W.D. Mo. 2010) (citing *Metric & Multistandard Components Corp. v. Metric's, Inc.*, 635 F.2d 710, 716 (8th Cir. 1980)). See also 28 U.S.C. § 1927 (authorizing court to sanction attorney who unreasonably or vexatiously multiplies proceedings). In most circumstances, costs are also awarded to the prevailing party. See 15 U.S.C. § 1117(a); 28 U.S.C. § 1920 (2000) (listing costs that may be taxed); FRCP 54(d) (listing costs other than attorneys' fees).

Statutory Damages: The Anticounterfeiting Consumer Protection Act allows plaintiff to elect between (a) actual damages and profits or (b) an award of statutory damages of not less than \$1000 or more than \$200,000 per counterfeit mark per type of goods/services sold. If the court finds that the use of the counterfeit mark was willful, the maximum award increases to \$2,000,000 per counterfeit mark per type of goods/services sold. See 15 U.S.C. § 1117(c); *Tommy Hilfiger Licensing, Inc. v. Goody's Family Clothing*,

Inc., No. 1:00-CV-1934 BBM, 2003 U.S. Dist. LEXIS 8788 (N.D. Ga. May 9, 2003).

Ex parte Seizures of Counterfeit Goods/Seizure Orders: Seizures are available to a plaintiff under the counterfeiting section of the Lanham Act. 15 U.S.C. § 1116(d)(1)(A). The infringed mark must be registered on the Principal Register of the U.S. Patent & Trademark Office for the same goods or services; notice must be given to the United States Attorney of the alleged counterfeiting; a verified complaint or affidavit sufficient to support the required findings of fact and conclusions of law must be filed with the court; a bond must be submitted as security to curb bad faith applications; and there must also be a showing that defendant would hide, destroy or transfer the materials if the applicant were to proceed on notice to such person.

Seizure of Assets and/or Property: A court may order the seizure of a counterfeiter's assets, including the attachment of property. An order of attachment preserves security for plaintiff's future recovery on an accounting of the counterfeiter's profits. *See Reebok Int'l, Ltd. v. Marnatech Enters., Inc.*, 970 F.2d 552 (9th Cir. 1992).

Protection of Famous Trademarks: 15 U.S.C. § 1125(c) provides owners of a famous trademark a cause of action against acts that are likely to cause dilution by blurring or dilution by tarnishment of the mark. A mark is famous if it is widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark's owner. In determining whether a mark possesses the requisite degree of recognition, the court may consider all relevant factors, including: (i) the duration, extent, and geographic reach of advertising and publicity of the mark, whether advertised or publicized by the owner or third parties; (ii) the amount, volume, and geographic extent of sales of goods or services offered under the mark; (iii) the extent of actual recognition of the mark; and (iv) whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.

In order to be entitled to remedies beyond an injunction in a dilution by blurring case, plaintiff must establish defendant willfully intended to trade on the recognition of the famous mark. In order to be entitled to such remedies in a dilution by tarnishment case, plaintiff must establish defendant willfully intended to harm the reputation of the famous mark. Where such wilful intent is established, the court may also award monetary remedies under 15 U.S.C. § 1117(a), and order that any infringing articles bearing the word, term, name, symbol or device be destroyed under 15 U.S.C. § 1118.

Cancellation of Federal Trademark Registration: Under 15 U.S.C. §§ 1064 and 1067, a party that believes that it is damaged by a registration may file a Petition for Cancellation with the TTAB. Courts also have the power to order the cancellation of registrations, in whole or in part, restore cancelled registrations, and otherwise rectify the register in actions involving a registered mark. 15 U.S.C. § 1119. A petition to cancel a registration may raise the following grounds: descriptiveness (including geographic descriptiveness), genericness, functionality, bad faith, fraud on the U.S. Patent and Trademark Office, priority of use, likelihood of confusion, dilution, and/or non-use/abandonment of the mark. The remedies available in a cancellation proceeding in the TTAB are cancellation, invalidation or partial cancellation of a trademark registration. The TTAB cannot award injunctive relief, damages, costs or attorneys' fees. *See TBMP* §§ 102.01, 102.02.

Opposition of Federal Trademark Application: Under 15 U.S.C. §§ 1063 and 1067, a party that believes it will be damaged by a resulting registration may oppose an application for that mark by filing a Notice of Opposition with the TTAB. An opposer may raise the following grounds for the refusal to register: descriptiveness (including geographic descriptiveness), genericness, functionality, bad faith, fraud on the Trademark Office, priority of use, likelihood of confusion, and/or dilution. Remedies in an opposition proceeding are limited to refusal to register the opposed application. The TTAB cannot award injunctive relief, damages, costs or attorneys' fees. See TBMP §§ 102.01, 102.02.

Concurrent Use Registration: A concurrent use registration proceeding is an *inter partes* proceeding in which the TTAB determines whether one or more applicants is entitled to a concurrent registration, that is, a restricted registration, with conditions and limitations fixed by the Board, as to the mode or place of use of the applicant's mark or the goods and/or services on or in connection with which the mark is used. Restrictions are generally to claimed geographic areas of use. See 15 U.S.C. § 1052(d); TBMP § 1100.

Uniform Domain-Name Dispute Resolution Policy Actions: ICANN arbitrators can cancel or transfer the domain name, but they have no authority to award injunctive relief, damages, or attorneys' fees. See <http://www.icann.org/en/help/dndr/udrp/policy>.

Anticybersquatting Consumer Protection Act Actions: Under the ACPA, courts may order forfeiture, cancellation, or transfer of the domain names to the trademark owner, as well as all of the monetary remedies available under Section 35 of the Lanham Act. In addition, ACPA plaintiffs can elect to recover statutory damages ranging from \$1,000 to \$100,000 per unlawful domain name, if the domain name was registered after the enactment of the legislation on November 29, 1999.

- **Copyright**

Declaratory Relief: The Declaratory Judgment Act (28 U.S.C. §§ 2201, 2202) allows any court in the United States to declare the rights of the parties. A declaratory judgment action is only appropriate when a real and justiciable controversy has arisen between the parties.

Delivery up and/or Destruction: Under 17 U.S.C. § 503(a), while a copyright infringement action is pending, a court may impound the allegedly infringing subject matter and articles for reproducing the subject matter. Under 17 U.S.C. § 503(b), as part of a final judgment or decree, the court may order the destruction or other reasonable disposition of the impounded subject/articles. The motion for seizure and impoundment in a copyright case must specify with particularity the premises to be searched and the articles to be seized or run afoul of Fourth Amendment. See *Gamma Audio & Video Inc. v. Ean-Chea*, 11 F3d 1106 (1st Cir. 1993); *Paramount Pictures Corp. v. Doe*, 821 F.Supp. 82, 90-9 (E.D.N.Y. 1993).

Publication of Judgment: All non-confidential United States judgments are published.

Order for Inspection: The general rule for this remedy is the same as that available to patent holders, which is discussed above.

Order to Provide Information: The general rule for this remedy is the same as that available to patent holders, which is discussed above.

Accounting of Profits: Under 17 U.S.C. § 504(a), a copyright owner chooses whether to recover actual damages or statutory damages. Actual damages may take into account the infringer's profits or the copyright holder's lost profits when the copyright holder and infringer are in the same market. Statutory damages can range from \$750 to \$30,000, and require timely registration. An accounting is not separate from a damages analysis.

Reasonable Royalty: Under 17 U.S.C. § 504(a), a copyright owner chooses whether to recover actual damages or statutory damages. If actual damages are not provable, for example, the copyright owner and infringer are in different markets, courts may use a reasonable royalty rate as a measure of actual damages. See *Davis v. Gap*, 246 F.3d 152 (2d Cir. 2001); *Mackie v. Rieser*, 296 F.3d 909, 914 (9th Cir. 2002).

A reasonable royalty determination is not separate from a damages analysis.

Prejudgment Interest: Although the copyright statute does not mention pre-judgment interest, the trend is toward awarding pre-judgment interest as a matter of course. See, e.g., *Design v. K-Mart*, 13 F.3d 559, 569 (2d Cir. 1994). The award of pre-judgment interest is discretionary.

Enhanced Damages: Under 17 U.S.C. § 504, a copyright owner chooses whether to recover actual damages, which may take into account the infringer's profits or statutory damages. If statutory damages are chosen, under 17 USC 504(c)(2), the court has discretion to increase damages up to \$150,000 if the copyright owner proves willful infringement. On the other hand, the court can decrease the award to \$200 if it finds the infringer was not aware and had no reason to believe the acts constituted infringement.

Attorney's fees and costs: Under 17 U.S.C. § 505, a court has the discretion to allow the recovery of full costs, and a reasonable attorney's fee to the prevailing party in a copyright action as part of the costs. There is no requirement of bad faith or willfulness.

- **Design Patent**

Design Patent relief is the same as that for patents discussed above, except for accounting of profits.

Accounting of profits: Under 35 U.S.C. § 284, a patent holder, including a design patent holder, may obtain lost profits in the form of diverted sales, price erosion, or increased expenses if the patent holder can show that the accused infringer's infringement caused the patent holder to have lower sales (or that the patent holder would have incurred lower expenses).

Also, under 35 U.S.C. § 289, the infringer's profits can be obtained for design patent infringement as an alternative to lost profits or a reasonable royalty. There are no enhanced damages under this section. See *Catalina Lighting Inc. v. Lamps Plus Inc.*, 295 F.3d 1277 (Fed. Cir. 2002).

A lost profits analysis is not separate from a damages analysis.

- **Confidential Information & Trade Secrets**

Declaratory Relief: The Declaratory Judgment Act (28 U.S.C. §§ 2201, 2202) allows any court in the United States to declare the rights of the parties to a trade secret dispute. A declaratory judgment action is only appropriate when a real and justiciable controversy has arisen between the parties. Justiciable controversy requires that (1) there be a real controversy between the parties, and (2) the controversy is one that will actually be determined by the judicial declaration sought. *Transp. Ins. Co v. Franco*, 821 S.W.2d 751, 753–54 (Tex. App. 1992); *Brooks v. Northglen Ass'n.*, 141 S.W.3d 158, 163–64 (Tex. 2004); *Topp-Cola Co. v. Coca-Cola Co.*, 314 F.2d 124, 125 (2d Cir. 1963); *Rollins Int'l, Inc. v. Int'l Hydraulics Corp.*, 303 A.2d 660, 662–63 (Del. 1973).

Delivery up and/or Destruction: The court can order the return or destruction of trade secrets if (1) it is proven that the defendant has misappropriated the trade secrets, and (2) continues to possess them. Some courts address the return and/or destruction of trade secrets as a request for injunctive relief. To the extent a court addresses the issue as an injunction, all factors of the familiar injunction test needs to be satisfied (*i.e.*, irreparable harm, likelihood of success on the merits, inadequate remedy at law, and public interest). *Remington Rand Corp.–Delaware v. Business Sys. Inc.*, 830 F.2d 1260, 1269 (3d Cir. 1987); *Picker Int'l, Inc. v. Blanton*, 756 F. Supp. 971, 983 (N.D. Tex. 1990); *Inst. Mgmt. Corp. v. Translation Sys.*, 456 F.Supp. 661, 671 (D. Md. 1978); *Picker Int'l Corp. v. Imaging Equip. Serv., Inc.*, 931 F. Supp. 18, 45 (D. Mass. 1995); *Hatfield v. AutoNation, Inc.*, 939 So. 2d 155, 157 (Fla. Ct. App. 2006).

Publication of Judgment: All non-confidential United States judgments are published.

Order for Inspection: The general rule for this remedy is the same as that available to patent holders, which is discussed above.

Order to Provide Information: The general rule for this remedy is the same as that available to patent holders, which is discussed above.

Accounting of Profits: A trade secret holder can recover lost profits caused by a misappropriation as well as any unjust enrichment to the defendant. A trade secret holder is not entitled to both lost profits and unjust enrichment by the defendant.

To recover lost profits the trade secret holder must: (1) show that the trade secret holder would have made a sale but for the misappropriation, *i.e.*, causation existed, and (2) provide proper evidence of the computation on the loss of profits. Courts regularly apply the *Panduit* test to help access the availability of lost profit damages. (See Patent section).

In order to recover for unjust enrichment, the trade secret holder must show that the defendant received something of value, to which he or she was not entitled and which he or she must restore.

In either case, the amount of claimed lost profits and unjust enrichment must be shown with reasonable certainty; otherwise, such recovery may be unavailable. *Jet Spray Cooler, Inc. v. Crampton*, 385 N.E.2d 1349, 1356 (1979); *Pioneer Hi-Bred Int'l v. Holden Found. Seeds, Inc.*, 35 F.3d 1226, 1245 (8th Cir. 1994); *Panduit Corp. v. Stahl Bros. Fibre Works*, 575 F.2d 1152, 1156 (6th Cir. 1978); *Collelo v. Geographic Serv., Inc.*, 727 S.E.2d 55,

68 (2012); *R.K. Enter., LLC v. Pro-Comp Mgmt., Inc.*, 272 S.W.3d 85, 89 (2008).

Reasonable Royalty: The holder of the trade secret bears the burden of proving damages and can generally recover a reasonable royalty where lost profits (*i.e.*, actual loss) and unjust enrichment is unprovable. To determine the amount of a reasonable royalty, the court calculates what the parties would have agreed to as a fair licensing price during a hypothetical negotiation taking place at the time the misappropriation occurred. The *Georgia-Pacific* factors (See Patent section) are commonly used to determine a reasonable royalty. However, to justify an award of a reasonable royalty, there must be competent evidence of the amount of a reasonable royalty. Uniform Trade Secret Act § 3(a) and associated Comment; *Vermont Microsystems, Inc. v. Autodesk, Inc.*, 88 F.3d 142, 151–52 (2d Cir. 1996); *Georgia-Pacific Corp. v. U.S. Plywood Corp.*, 318 F.Supp. 1116, 1120 (S.D.N.Y. 1970); *De Lage Landen Operational Serv., LLC v. Third Pillar Sys., Inc.*, 851 F. Supp. 2d 850, 853 (E.D. Pa. 2012); *Evans v. Gen. Motors Corp.*, No. X06cv940156090S, 2003 WL 21040255 (Conn. Apr. 22, 2003).

Reparation: United States law does not recognize a separate category of damages related to reparation but does include the concept in its other damages calculations. Courts can award damages to compensate the trade secret holder for actual loss (*i.e.*, lost profits) and for unjust enrichment to the defendant. To the extent that actual loss (*i.e.*, lost profits) or unjust enrichment is unprovable, courts can award a reasonable royalty. Uniform Trade Secret Act § 3(a).

Prejudgment Interest: Generally, prejudgment interest may be awarded when the defendant owes the trade secret holder a liquidated amount; an amount calculable with mathematical accuracy. This standard is met if a method exists for fixing the exact value of the misappropriation at the time of the misappropriation. Trade secret laws of some states, however, mandate the award of prejudgment interest. *ClearOne Commc'n, Inc. v. Chiang*, 432 F. App'x 770, 774 (10th Cir. 2011); *RRK Holding Co. v. Sears, Roebuck & Co.*, 563 F. Supp. 2d 832, 838 (N.D. Ill. 2008); TEX. FIN.CODE §§ 304.102, 304.103; *Retractable Techs., Inc. v. Occupational & Med. Innovations, Ltd.*, No. 6:08 CV 120, 2010 WL 3199624, at *4 (E.D. Tex. Aug. 11, 2010); *Pro-Comp Mgmt., Inc. v. R.K. Enter., LLC*, 272 S.W.3d 91, 95 (2008).

Enhanced Damages: A court can award enhanced damages if it determines that the misappropriation of trade secret was willful and malicious. Willful and malicious misappropriation includes intentional misappropriation as well as misappropriation resulting from the conscious disregard of the rights of another. Generally, enhanced damages may not exceed twice the award of lost profits, unjust enrichment, or reasonable royalty. M.S.A. § 325C.03; 765 ILCS 1065/4; *Mangren Research & Dev. Corp. v. Nat'l Chem. Co., Inc.*, 87 F.3d 937, 946 (7th Cir. 1996); *Weibler v. Universal Techs, Inc.*, 29 F. App'x 551, 554 (10th Cir. 2002).

Attorney's fees and costs: Generally, a court can award attorney's fees if it determines that the misappropriation of trade secret was willful and malicious or if the claim of misappropriation was brought in bad faith. In certain circumstances, costs may also be available.

Willful and malicious misappropriation includes intentional misappropriation as well as misappropriation resulting from the conscious disregard of the rights of

another.

Bad faith litigation requires a showing that the action was entirely without color and taken for other improper purposes amounting to bad faith. Bad faith exists where the court finds (1) objective speciousness of the trade secret holder's claim, and (2) the trade secret holder's subjective misconduct in bringing or maintaining a claim for misappropriation. Objective speciousness exists where there is a complete lack of evidence supporting the claims. Subjective misconduct exists where a trade secret holder knows or is reckless in not knowing that its claim for misappropriation has no merit. *Weibler v. Universal Techs., Inc.*, 29 F. App'x 551, 554 (10th Cir. 2002); *Contract Materials Processing, Inc. v. Katalauna GmbH Catalysts*, 222 F. Supp. 2d 733, 744 (D. Md. 2002); *Mangren Research & Dev. Corp. v. Nat'l Chem. Co., Inc.*, 87 F.3d 937, 946 (7th Cir. 1996).

- 4) Is there any element of judicial discretion in relation to the grant of any form of Additional Relief addressed in questions 1 and 2? If so, how is that discretion applied?

RESPONSE:

- **Patent**

Declaratory relief: Yes. *Serco Services Co., L.P. v. Kelley Co., Inc.*, 51 F.3d 1037, 1039 (Fed. Cir. 1995) ("But even if a case satisfies the actual controversy requirement, there is no absolute right to a declaratory judgment, for the statute specifically entrusts courts with discretion to hear declaratory suits or not depending on the circumstances. The court must make a reasoned judgment whether the investment of time and resources will be worthwhile. Of course, the court's discretion is not unfettered: An abuse of discretion may occur when the trial court's decision was based on an incorrect conclusion of law or clearly erroneous findings of fact, was devoid of any evidence in the record upon which the court rationally could have based its decision, or was clearly unreasonable or arbitrary." (internal quotation omitted)).

Publication of judgment: No. All non-confidential judgments are published in the United States.

Order for inspection: Yes. The court has the ability to limit discovery.

Order to provide information: Yes. The court has the ability to limit discovery.

Accounting of profits: Yes. *TWM Mfg. Co. v. Dura Corp.*, 789 F.2d 895, 898 (Fed.Cir.1986) ("The methodology of assessing and computing damages under 35 U.S.C. § 284 is within the sound discretion of the district court."); *Minnesota Min. and Mfg. Co. v. Johnson & Johnson Orthopaedics, Inc.*, 976 F.2d 1559 (Fed. Cir. 1992) ("The issue of the amount of damages, where the damage award is fixed by the district court, is a question of fact and reviewed under the clearly erroneous standard. ...However, certain subsidiary decisions underlying a damage theory (such as choosing between reasonable alternative accounting methods for determining profit margin or adopting a reasonable way to determine the number of infringing units) are discretionary with the court and, of course, are reviewed under the abuse of discretion standard.").

Reasonable royalty: Yes. *TWM Mfg. Co. v. Dura Corp.*, 789 F.2d 895, 898 (Fed.Cir.1986) ("The methodology of assessing and computing damages

under 35 U.S.C. § 284 is within the sound discretion of the district court.”); *Minnesota Min. and Mfg. Co. v. Johnson & Johnson Orthopaedics, Inc.*, 976 F.2d 1559 (Fed. Cir. 1992) (“The issue of the amount of damages, where the damage award is fixed by the district court, is a question of fact and reviewed under the clearly erroneous standard. ...However, certain subsidiary decisions underlying a damage theory (such as choosing between reasonable alternative accounting methods for determining profit margin or adopting a reasonable way to determine the number of infringing units) are discretionary with the court and, of course, are reviewed under the abuse of discretion standard.”).

Reparation: Yes. (see the sections on Accounting of Profits and Reasonable Royalty above).

Prejudgment interest: Yes. *Kaufman Co., Inc. v. Lantech, Inc.*, 926 F.2d 1136, 1144 (Fed. Cir. 1991) (“The ascertainment of the prejudgment interest rate is within the sound discretion of the district court.”).

Enhanced damages: The question of whether enhanced damages should be awarded is decided by a judge but is often based on questions of fact decided by a jury. *Bard Peripheral Vascular, Inc. v. W.L. Gore & Associates, Inc.*, 682 F.3d 1003, 1006-07 (Fed. Cir. 2012). The amount of enhanced damages awarded for willful patent infringement (once the predicate tests have been satisfied) is within discretion of the district court. *Highmark, Inc. v. Allcare Health Management Systems, Inc.*, 687 F.3d 1300, 1308 (Fed. Cir. 2012).

Attorney’s fees and costs: The question of whether attorney’s fees should be awarded is decided by a judge but is often based on questions of fact decided by a jury. *Bard Peripheral Vascular, Inc. v. W.L. Gore & Associates, Inc.*, 682 F.3d 1003, 1006-07 (Fed. Cir. 2012). The amount of award of attorney fees in patent infringement action is assessed at discretion of district court, but in determining reasonableness of award, there must be some evidence to support reasonableness of billing rate charged and number of hours expended. *Highmark, Inc. v. Allcare Health Management Systems, Inc.*, 687 F.3d 1300, 1308, (Fed. Cir. 2012). The court also has discretion to order costs.

Cancellation of claims as a result of an *inter partes* review: Yes. The decision whether to initiate review is not appealable and is thus discretionary. 37 C.F.R. 42.71.

Cancellation of claims as a result of a *post grant* review: Yes. The decision whether to initiate review is not appealable and is thus discretionary. 37 C.F.R. 42.71.

Cancellation of claims as a result of an *ex parte* reexamination: Yes. The decision whether to initiate review is not appealable and is thus discretionary. 37 CFR 1.515(c)

- **Trademark**

Declaratory Relief: Yes. Whether to exercise jurisdiction under the Declaratory Judgment Act is partly within the discretion of the trial court.

Alteration of Infringing Goods: Yes, subject to principles of equity.

Corrective Advertising/Costs for Plaintiff’s Corrective Advertising: Yes, subject

to principles of equity.

Disclaimer of Association: Yes, subject to principles of equity.

Notice of Discontinuance: Yes, subject to principles of equity.

Product Recalls: Yes, subject to principles of equity.

Destruction of Infringing Articles: Yes. Destruction of infringing articles is within the court's discretion for willful infringement, where the risk of confusion to the public is greater than the costs and burdens of the recall to the infringer, or where there is a substantial risk of danger to the public resulting from the infringing activities.

Order for inspection: Yes. The court has the ability to limit discovery.

Order to provide information: Yes. The court has the ability to limit discovery.

Accounting of Profits: An award of defendant's profits is subject to principles of equity. Factors considered to determine whether a profits award is "equitable" include: (1) whether the defendant had the intent to confuse or deceive, (2) whether sales have been diverted, (3) the adequacy of other remedies, (4) any unreasonable delay by the plaintiff in asserting his rights, (5) the public interest in making the misconduct unprofitable, and (6) whether it is a case of palming off.

Attorney's fees and costs: Yes, for "exceptional" cases. Courts apply different standards for determining "exceptional" cases, but generally require willful infringement, malicious, or egregious violations. 28 U.S.C. § 1927. The court may also award costs subject to principles of equity.

Punitive Damages: Yes, but the standard varies under state unfair competition laws.

Statutory Damages: No as to the plaintiff's right to an award of statutory damages in counterfeiting or cybersquatting cases. However, the court has discretion as to what amount should be awarded, within the statutory ranges.

Seizures of Counterfeit Goods: No.

Seizures, of Assets and/or Property: Yes.

Protection of Famous Trademarks: Yes. The court's award of injunctive relief to prevent dilution of a famous mark is "[s]ubject to the principles of equity." 15 U.S.C. § 1125(c)(1). Additional remedies for willful dilution under 15 U.S.C. § 1125(c)(5) are also "subject to the discretion of the court and the principles of equity."

Cancellation/Opposition/Concurrent Use Proceedings: Yes. The Lanham Act requires the TTAB to cancel/refuse registrations if it finds that the registrant's/applicant's mark falls under one of the statutory bars of 15 U.S.C. §§ 1052, 1063, and 1064. Once the TTAB makes its findings of fact (e.g. whether the mark lacks distinctiveness or is likely to cause confusion), the decision on whether to cancel or refuse the registration is dictated by the statute.

Uniform Domain-Name Dispute Resolution Policy Actions: Yes. Relief is limited to cancelling or transferring the domain name.

Anticybersquatting Consumer Protection Act Actions. Yes, unless plaintiff elects recovery of statutory damages.

- **Copyright**

Declaratory Relief: Yes. Whether to exercise jurisdiction under the Declaratory Judgment Act is within the discretion of the trial court.

Delivery up and/or Destruction: Discretionary. Impound, while a copyright infringement action is pending, is a form of preliminary relief that is subject to the same standards as any other motion for preliminary injunction, *i.e.*, 1) likelihood of success on the merits, 2) likelihood that copyright holder will suffer irreparable injury, 3) balance of equities. 4) public Interest.

Courts have the discretion to order the destruction or other reasonable disposition of the impounded subject/articles.

Publication of Judgment: No. All non-confidential judgments are published in the United States.

Order for Inspection: Yes. The court has the ability to limit discovery.

Order to Provide Information: Yes. The court has the ability to limit discovery.

Accounting of Profits: Discretionary. For copyright holder's lost profits, the copyright holder has the initial burden of "establish[ing] with reasonable probability the existence of a causal connection between the infringement and a loss of revenue..." *Harper & Row Publishers*, 471 U.S. 539, 567 (1985). If it makes this showing, "the burden shifts to the infringer to show that this damage would have occurred had there been no taking of copyrighted expression."

For infringer's profits, 17 U.S.C. § 503(a) recites: "In establishing the infringer's profits, the copyright owner is required to present proof only of the infringer's gross revenue, and the infringer is required to prove his or her deductible expenses and the elements of profit attributable to factors other than the copyrighted work." Thus, it is the infringer's burden to prove what costs and expenses should be deducted from the total.

Reasonable Royalty: Discretionary. If actual damages for copyright infringement are not provable, for example, the copyright owner and infringer are in different markets, courts may use a reasonable royalty rate as a measure of actual damages. See *Davis v. Gap*, 246 F.3d 152 (2d Cir. 2001); *Mackie v. Rieser*, 296 F.3d 909, 914 (9th Cir. 2002).

Reparation: Not separate category.

Prejudgment Interest: The award of pre-judgment interest is discretionary and involves a balancing of the equities. However, pre-judgment interest is awarded a majority of the time.

Enhanced Damages: If statutory damages are chosen, under 17 U.S.C. § 504(c)(2), the court has discretion to increase damages if the copyright owner proves willful infringement.

Attorney's fees and costs: Discretionary. “[A]ttorney’s fees are to be awarded to the prevailing parties only as a matter of the court’s discretion.” *Fogerty v. Fantasy, Inc.*, 510 U.S. 517, 534, (1994). In deciding whether or not to exercise that discretion, the most critical factor is the degree of success obtained. *Hensley v. Eckerhart*, 461 U.S. 424, 436 (1983).

- **Design Patent**

Same as Patent section, above.

- **Confidential Information & Trade Secrets**

Declaratory Relief: Whether to exercise jurisdiction under the Declaratory Judgment Act is within the discretion of the trial court. *Century Indemnity Co. v. McGillacuty's, Inc.*, 820 F.2d 269, 270 (8th Cir.1987); *Anheuser-Busch, Inc. v. All Sports Arena Amusement, Inc.*, 244 F. Supp. 2d 1015, 1022 (E.D. Mo. 2002); *Bonham State Bank v. Beadle*, 907 S.W.2d 465, 468 (Tex. 1995).

Delivery up and/or Destruction: The court has the power and discretion to order the return or destruction of trade secrets. *UTStarcom, Inc. v. Starent Networks, Corp.*, 675 F. Supp. 2d 854, 863 (N.D. Ill. 2009).

Publication of Judgment: No. All non-confidential judgments are published in the United States.

Order for inspection: Yes. The court has the ability to limit discovery.

Order to provide information: Yes. The court has the ability to limit discovery.

Accounting of Profits: Computation of damages is in the sound discretion of the trial court. *NCH Corp. v. Broyles*, 563 F. Supp. 142, 146 (E.D. La. 1983); *Ed Nowogroski Ins., Inc. v. Rucker*, 944 P.2d 1093, 1098 (1997); *Gasway v. Lalen*, 526 N.E.2d 1199, 1203 (Ind. Ct. App. 1988); *Weston v. Buckley*, 677 N.E.2d 1089, 1093 (Ind. Ct. App. 1997).

Reasonable Royalty: A court has the discretion to award a reasonable royalty where actual loss (*i.e.*, lost profits) and unjust enrichment is unprovable. *Walker Mfg., Inc. v. Hoffmann, Inc.*, 261 F. Supp. 2d 1054, 1086 (N.D. Iowa 2003); *Chilcutt Direct Mktg., Inc. v. A Carroll Corp.*, 239 P.3d 179, 184 (Ok. Ct. App. 2010).

Reparation: Yes. . (see the sections on Accounting of Profits and Reasonable Royalty above)

Prejudgment Interest: Courts are reluctant to award prejudgment interest on lost profits because lost profits contain an element of uncertainty and speculation. Similarly, courts are reluctant to award prejudgment interest on unjust enrichment awards. *Pro-Comp Mgmt., Inc. v. R.K. Enter., LLC*, 272 S.W.3d 91, 95 (2008).

Enhanced Damages: Courts have discretion to award enhanced damages and to determine the amounts for enhanced awards. *Lucini Italia Co. v. Grappolini*, No. 01 C 6405, 2003 U.S. Dist. LEXIS 7134, at *58–60 (N.D. Ill. 2003).

Attorney's fees and costs: A court has discretion to award attorney’s fees where the misappropriation of trade secret was willful and malicious or if the

claim of misappropriation was brought in bad faith. *Griffin v. Steeltek, Inc.*, 261 F.3d 1026, 1028 (10th Cir.2001); *Weibler v. Universal Techs, Inc.*, 29 F. App'x 551, 554 (10th Cir. 2002). Costs are also discretionary.

- 5) Are any particular forms of Additional Relief invariably ordered in certain circumstances? If so, what types of Additional Relief and in what circumstances? Does that occur pursuant to mandatory statutory regulation, or by reason of the practice of the relevant court (or applicable administrative body)?

RESPONSE:

- **Patent**
Generally, no with one exception: a patent holder may obtain lost profits if she can show causation. But if a patent holder cannot show the infringement caused its lost profits, then 35 U.S.C. § 284 mandates that the patent holder is entitled only to reasonable royalties.
- **Trademark**
Generally no, but trademark holders may elect statutory damages for acts of counterfeiting and violations under the ACPA.
- **Copyright**
No.
- **Design Patent**
No.
- **Confidential Information & Trade Secrets**
Generally, no, with two exceptions: First, a trade secret holder may obtain lost profits or unjust enrichment to the defendant if he or she can show causation. Otherwise, the trade secret holder may only recover a reasonable royalty. Uniform Trade Secret Act § 3(a) and associated Comment. Second, trade secret laws in some states, like Texas, mandate the award of prejudgment interest. TEX. FIN.CODE §§ 304.102, 304.103; *Retractable Techs., Inc. v. Occupational & Med. Innovations, Ltd.*, No. 6:08 CV 120, 2010 WL 3199624, at *4 (E.D.Tex. Aug. 11, 2010).

- 6) Are there any specific considerations relevant to particular IPR holders? If so, what considerations are relevant and in respect of what IPR holders?

RESPONSE:

- **Patent**
Generally, no with one exception: small patent holders with limited manufacturing capabilities and patent holders that do not practice the patent (NPEs) will get limited or no lost profits under the *Panduit* test, because they cannot show capacity to manufacture the infringing goods. See *Gargoyles, Inc. v. U.S.*, 37 F.Cl. 95, 99-100 (Fed. Cl. 1995).
- **Trademark**
Protection of Famous Trademarks: 15 U.S.C. § 1125(c) provides owners of a famous trademark a cause of action against acts that are likely to cause dilution by blurring or dilution by tarnishment of the mark. A mark is famous if it is widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark's owner. In determining whether a mark possesses the requisite degree of recognition, the court may consider all relevant factors, including: (i) the duration, extent, and geographic reach of advertising and publicity of the mark, whether advertised

or publicized by the owner or third parties; (ii) the amount, volume, and geographic extent of sales of goods or services offered under the mark; (iii) the extent of actual recognition of the mark; and (iv) whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.

In order to be entitled to remedies beyond an injunction in a dilution by blurring case, plaintiff must establish defendant willfully intended to trade on the recognition of the famous mark. In order to be entitled to such remedies in a dilution by tarnishment case, plaintiff must establish defendant willfully intended to harm the reputation of the famous mark. Where such willful intent is established, the court may also award monetary remedies under § 1117(a), and order that any infringing articles bearing the word, term, name, symbol or device be destroyed under 15 U.S.C. § 1118.

- **Copyright**
No.
- **Design Patent**
No.
- **Confidential Information & Trade Secrets**
No.

7) Can a court (or applicable administrative body) order any form of Additional Relief directly against a non-party to an IP proceeding?

RESPONSE:

- **Patent**
No. (Except, as discussed above, for discovery on a non-party as a discovery measure pursuant to Federal Rules of Civil Procedure 27 and 45.)
- **Trademark**
No. (Except, as discussed above, for discovery on a non-party as a discovery measure pursuant to Federal Rules of Civil Procedure 27 and 45.)
- **Copyright**
No. (Except, as discussed above, for discovery on a non-party as a discovery measure pursuant to Federal Rules of Civil Procedure 27 and 45.)
- **Design Patent**
No. (Except, as discussed above, for discovery on a non-party as a discovery measure pursuant to Federal Rules of Civil Procedure 27 and 45.)
- **Confidential Information & Trade Secrets**
No. (Except, as discussed above, for discovery on a non-party as a discovery measure pursuant to Federal Rules of Civil Procedure 27 and 45.)

8) If yes to question 7:

a) in what circumstances;

RESPONSE: n/a

b) what forms of Additional Relief may be ordered; and

RESPONSE: n/a

c) in respect of what types of IPR infringement?

RESPONSE: n/a

9) Is a court (or applicable administrative body), in making an order for Additional Relief against an IPR infringer who is a party to the IP proceeding, obliged to consider the impact of such order on any non-party? If so, how does the court (or applicable administrative body) fulfil that obligation?

RESPONSE:

- **Patent**
No.

- **Trademark**
No, but a court or administrative body may consider the impact of an order to a non-party (health and safety concerns to third parties/general public for destruction of goods; defendant's employees/layoffs) before ordering destruction of goods.

- **Copyright**
No.

- **Design Patent**
No.

- **Confidential Information & Trade Secrets**
No.

10) If yes to question 7 or 9, is the court (or applicable administrative body) obliged to give any relevant non-party an opportunity to be heard? If so, how is that effected?

RESPONSE: n/a

II. Proposals for harmonisation

Groups are invited to put forward proposals for the adoption of harmonised rules in relation to Additional Relief in IP proceedings. More specifically, the Groups are invited to answer the following questions:

11) What forms of Additional Relief should be available in IP proceedings, and for what types of IPRs?

RESPONSE: The following types of Additional Relief should be available for all types of IPRs: declaratory relief, publication of judgment, corrective advertising, orders to preserve documents, orders for inspection, protection of privileged information, and reparation for unjust enrichment.

In addition to the above forms of Additional Relief available for all types of IPRs, the taking/destruction of infringing goods should be available in copyright, trademark, and trade secret cases.

Further, based on a resolution adopted by AIPLA to amend Lanham Act Trademark remedies: upon a finding of infringement, monetary relief would be measured by, among other criteria, the infringer's unjust enrichment and/or the trademark holder's actual damages, but the trademark holder would be entitled to

a minimum of a reasonable royalty for the infringement; upon a finding of wilful infringement, a court could treble the award of monetary relief; and a finding of a likelihood of confusion should give rise to a rebuttable presumption of irreparable injury sufficient to support injunctive relief. (See White Paper on AIPLA Board's Resolutions Regarding Amendment of Lanham Act Trademark Remedies.)

- 12) What should the criteria be for the grant of the types of Additional Relief identified in response to question 11?

RESPONSE:

- **Declaratory relief**
Declaratory judgment suits should be permitted if the lawsuit involves an actual controversy, as required 28 U.S.C. § 2201(a). The dispute must be “definite and concrete, touching the legal relations of parties having adverse legal interests,” and it must be “real and substantial”. *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118, 127 (2007).
- **Publication of judgment**
All non-confidential judgements and judicial opinions should be published.
- **Corrective advertising**
Orders requiring corrective advertising should require public disclosure and broad dissemination of false information that substantially damages the IPR holder and inures to the benefit of the infringer.
- **Orders to preserve documents**
Orders requiring preservation of documents or things should be evaluated based on a reasonableness standard.
- **Orders for inspection**
Orders for inspection should be evaluated based on a reasonableness standard.
- **Protection of privileged information**
To the extent that it is considered a form of Alternative Relief, the protection of privileged and private information should be based on a reasonableness standard.
- **Reparation for unjust enrichment**
The measurement of a monetary remedy could be either an infringer's unjust enrichment profits and/or the owner's lost profits and effect on goodwill, taking into account factors such as the position of the parties in the marketplace and the conduct of the infringer.
- **Taking/Destruction of Infringing Goods**
Orders requiring the taking and/or destruction of infringing goods should be based on the IPR holder's likelihood of success on the merits, potential irreparable harm to the IPR holder, and a balance of the equities and public interest.

- 13) Should there be any specific considerations relevant to particular IPR holders? If so, what should those considerations be and in respect of which IPR holders?

RESPONSE: No.

- 14) Should any particular form of Additional Relief be mandatory in certain circumstances? If so, what types of Additional Relief and in what circumstances?

RESPONSE: All non-confidential judgements should be published. Otherwise, no.

- 15) Should a court (or applicable administrative body) be empowered to order any form of Additional Relief directly against a non-party to an IP proceeding?

RESPONSE: No.

- 16) If yes, to question 15:

- a) in what circumstances;

RESPONSE: n/a

- b) what forms of Additional Relief should a court (or applicable administrative body) be empowered to order; and

RESPONSE: n/a

- c) in respect of what types of IPR infringement?

RESPONSE: n/a

- 17) Should a court (or applicable administrative body), in making an order against an IPR infringer who is a party to the proceeding, be obliged to consider the impact of such order on any non-party? If yes, how should the court (or applicable administrative body) fulfil that obligation?

RESPONSE: Courts (and applicable administrative bodies) should consider the impact on the public interest of judgments against IPR infringers who are parties to a proceeding. Where this issue is raised by a party, courts (and applicable administrative bodies) can fulfil this obligation through briefing by the parties as well as by accepting and considering amicus briefs.

- 18) If yes to question 15 or 17, should the court (or applicable administrative body) be obliged to give any relevant non-party an opportunity to be heard? If so, how should that be effected?

RESPONSE: Where applicable, courts should provide non-parties an opportunity to be heard by way of *amicus* briefing, or intervention, if allowable and appropriate under controlling law. Non-parties should not be permitted to access confidential information.

- 19) Please provide any other proposals in respect of harmonisation as to the types of Additional Relief that should be available in IP proceedings and the conditions in which such relief should be ordered.

RESPONSE: Relief permitted by non-judicial forums, for example, the post grant review and *inter partes* review offered by the US Patent and Trademark Office.