

FULL FEDERAL COURT WARNS INFRINGERS: AUSTRALIAN IP OWNERS ENTITLED TO BROAD INJUNCTIONS

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Legal Briefings - By **Sue Gilchrist, Vanessa Jiang and Timothy Gollan**

It can be difficult for patent owners to decide whether to pursue litigation against infringers without a clear idea of whether the remedies likely to be awarded will properly vindicate and protect their rights. A recent Full Federal Court decision clarifies the Australian position.

Historically there have been two forms that injunctions could take in intellectual property infringement cases:

1. injunctions 'in general form' defined by reference to the IP owner's rights, restraining the infringer from further infringing their intellectual property; and
2. conduct-based injunctions defined by reference to the infringer's conduct, restraining the infringer from doing certain acts found by the court to have infringed the IP owner's rights. The approach of awarding this type of injunction grew out of judicial concern that 'general form' injunctions could be uncertain and at times disproportionate in the circumstances of the case.

A recent decision by the Full Federal Court has provided some clarity for IP owners on this point, giving guidance on whether the ‘general form’ injunction appropriately restrains patent infringement. The Full Federal Court has ruled that ‘general form’ injunctions, broadly restraining the infringing party from infringing the IP owner’s rights, are generally suitable as a form of injunction, and do not go too far as a remedy for patent infringement in Australia. In this case, the Full Federal Court granted both a ‘general form’ injunction as well as a conduct-based injunction.

THE BACKGROUND

In the case of *Calidad Pty Ltd v Seiko Epson Corporation (Calidad v Seiko (No 1))*,¹ the Full Federal Court determined that by importing modified Seiko printer cartridges for sale in Australia, Calidad had infringed Seiko’s patents (see a summary of this case [here](#)). Following this decision, the Court left the parties to agree the appropriate orders that should be made, including the form of injunction to be granted to Seiko.

Seiko proposed two injunctions. The first injunction sought to restrain Calidad from engaging in certain conduct, including continuing to import and sell the cartridges that were found by the Court to infringe Seiko’s patents (a conduct-based injunction). Seiko’s second injunction sought to generally restrain Calidad from further infringing its patents (a ‘general form’ injunction). Calidad proposed more limited forms of both of the injunctions sought by Seiko.

Because the parties were unable to agree on the appropriate form of injunction, the Full Federal Court was given the opportunity in the present case to review the legal principles shaping the grant of injunctions for the infringement of patent rights.

THE FINDING

In *Calidad Pty Ltd v Seiko Epson Corporation (No 2) (Calidad v Seiko (No 2))*,² a unanimous bench of the Full Federal Court granted Seiko both an injunction in general form, restraining Calidad from further infringing its patents, as well as an injunction specifically restraining Calidad from continuing to exploit the particular cartridges found by the Court to infringe Seiko’s patents.

The Court reasoned that the ‘general form’ of injunction is conventionally appropriate as it rightly protects the patent owner from the risk of further litigation where it is possible to infringe a patent in multiple ways, only some of which have been specifically identified in the proceedings and determined to infringe by the Court. As noted in paragraph [16] of *Calidad v Seiko (No 2)*:

Seiko’s obvious concern is that if effective injunctive relief is not granted, and should Calidad, in the future, exploit Seiko’s cartridges to which other modifications have been made, it will be exposed to the risk of having to sue Calidad again for infringement.

The Court also found that this rightly places the burden of legal compliance with the injunction on the infringer, noting at paragraph [49]:

Where the infringer has already been found to have engaged in wrongful conduct, and is undoubtedly cognisant of the intellectual property rights in question, it is not unjust to expect that the infringer be the party at risk in respect of that person's future conduct and acts, not the party whose known rights have already been infringed and vindicated by the court's judgment.

...

Further, if the established infringer is in any doubt about whether that person's future acts might infringe the intellectual property rights... then it is within the power of that person to seek appropriate declaratory relief.

OBSERVATIONS

In reaching this decision, the Full Federal Court made several key observations.

1. RISK CREATED BY INJUNCTIONS IS BETTER PLACED WITH INFRINGERS THAN PATENT OWNERS

The Court identified that when injunctions only restrain infringers from continuing their infringing conduct, the infringer is able to comply with this injunction whilst continuing to infringe the same intellectual property in a different manner. Granting only conduct-based injunctions can leave the patent owner vulnerable to the risk of having to institute further legal proceedings for continued infringement. Contrastingly, the Court identified that 'general form' injunctions, restraining the infringer from further infringing the intellectual property rights in question, rightly safeguard the rights of patent owners against proven infringers.

2. THE APPROPRIATE FORM OF INJUNCTIONS ALWAYS DEPENDS ON THE CIRCUMSTANCES OF THE CASE

The Court observed that this convention of granting injunctions in general form is not limited to patent cases but can also apply more broadly to cases involving other IP rights (e.g. trade marks, design rights and copyright). As long as the scope of the IP rights protected by the injunction is made clear by the words of the injunction itself, such as, among other methods, through the identification of a registration number, the Court suggested that 'there can be no real objection to an injunction in general form' being granted.

However, while the Court observed that 'general form' injunctions are generally appropriate, their Honours made it clear that the appropriate form of injunction always depends on the circumstances of the case, including considering the proportionality of the injunction as a remedy for the proven infringement.

See related article: [Modifying patented goods post-sale: repairing or remaking?](#) (12 July 2019).

ENDNOTES

1. [2019] FCAFC 115.
2. [2019] FCAFC 168.

KEY CONTACTS

If you have any questions, or would like to know how this might affect your business, phone, or email these key contacts.



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