The extent of damages when the infringed IP right only forms part of the infringing item from the UK perspective

Topics to be covered:

1. Overarching principles for damages and remedies
2. The test for what is recoverable
3. What is an infringing item?
Damages under English law

- Damages are tortious, not contractual therefore they are compensatory not expectationary
- They are not there to punish the Defendant, nor are they to provide a windfall to the Claimant

"The general rule is that, in the oft quoted words of Lord Blackburn, the measure of damages is to be, as far as possible, that amount of money which will put the injured party in the same position he would have been in had he not sustained the wrong...Damages are measured by the plaintiff’s loss, not the defendant’s gain" (per Lord Nicholl, AG v Blake, at 279-280)

Categories of damage – ‘normal’ IP rights

So what categories of damage can you claim damages for:

1. Directly lost sales (i.e. one infringing sale replaces one genuine sale)
2. If not competing directly, then a reasonable royalty
3. If no direct or indirect competition, then court must award the Claimant something

See Blayney v Clogau St David’s Gold Mines [2002] EWCA Civ 1007

Also, are the above cumulative? Can they overlap or are they like a waterfall provision?
The test

“[A Claimant]...can recover loss that was (i) foreseeable, (ii) caused by the wrong, and (iii) not excluded by public or social policy...”

Staughton L.J in Gerber Garment Technology Inc v. Lectra Systems Ltd

- Over and above these principles, there are no categories which automatically limit or prescribe the recovery of damages.
- The courts will simply apply these same rules for torts to the particular facts of the infringement cases.

Staughton L.J. held that although it is not necessary that the tort be the sole or dominant cause of the loss, “…it is not enough that the loss would not have occurred but for the tort; the tort must (for present purposes at any rate) be, as a matter of common sense, a cause of the loss...”.

What is an infringing item?

- This is different for the purposes of an injunction and for damages
- Injunction will nearly always bite on the entire article
Caused by the loss?

1. The item embodies the IP right (e.g. a book)
2. The item is sold in a multipack (convoyed goods)

Caused by the loss?

3. The item is sold as a loss leader, or with follow on services
Caused by the loss?

4. The item consists of numerous IP rights

THE END

Any questions?

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