Basis for claiming infringer’s profits

- **General civil law – article 6:104 Civil Code**
  - Way for calculation of damages as provided in 6:97 Civil Code
  - There must be damages incurred (Supreme Court *Setel v AVR*)
  - Claimant must choose, but after comparison of damages incurred to infringer’s profits

- **Intellectual property laws: sui generis right**
  - Art 70 Patent Act; art. 2.21 BCIP (trademarks); art. 3.17 BCIP (design rights); art. 27a Copyright Act, etc
  - Alternative for claiming damages (Supreme Court *Setel v AVR*)
  - No requirement for a direct relation to incurred damages
  - Purpose to discourage infringements – relation to net calculation?
  - Cumulation of losses and profits also not allowed, other damages can be claimed next to profits (Supreme Court *HBS v Danestyle*)

- **Enforcement Directive didn’t bring harmonization**
Advantage of infringer’s profits

- No requirement to prove that right holder would have made the sales absent infringement
- No issues of substitution, market transparency, etc
- Right holder doesn’t need to disclose business information
- Infringer needs to disclose
  - Purchase price / production costs per item
  - Sales price per item
  - Quantity of infringing items purchased/ produced and sold
  - Remaining stock
  - Calculation of profits
  - Data confirmed by a certified accountant
    - Difficult to check whether disclosure is honest and accurate
    - Seizure of evidence not intended to establish damages

Problems with infringer’s profits

- Only net profits can be claimed (Benelux Court Delhaize)
- Profits include any financial advantage
  - Includes costs saved, limitation of losses – different from economic concept
  - However, difficult to calculate
  - Boundaries unclear: does it include royalties saved?
- Costs need to deducted from these profits
  - Purchase or production costs
  - Taxes and other costs directly related to the sales (Benelux Court Delhaize)
  - Indirect costs, such as general costs, can be deducted depending on the level of bad faith of the infringer (Supreme Court Stel v AVR)
  - Writing off specific tools or production equipment?
- Innocent infringer
  - Patent: knew or had reason to know
  - Trademarks and designs: bad faith – intentional, if infringer was aware of the infringing character (Benelux Court Corblok)
Thank you & Bird & Bird

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