



Follow-up study on the application of the Directive on the Enforcement of Intellectual Property Rights

Final report

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EY-Technopolis Consortium
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Table of Contents

Table of Contents	4
Abbreviations.....	8
Abstract.....	10
Executive summary.....	11
1. Introduction	17
2. Approach and Methodology	18
2.1. Research questions	18
2.2. Data and evidence gathering	20
2.2.1. Desk research.....	20
2.2.2. Case law review	21
2.2.3. Targeted interviews	22
2.2.4. Online survey	23
2.2.5. Expert panels	24
2.2.6. Validation workshop	25
2.3. Limitations of the study and mitigating measures.....	25
3. Main findings	27
3.1. Proportionality principle.....	27
3.1.1. Proportionality in IPRED.....	29
3.1.2. Transposition of the proportionality principle into national legislation	30
3.1.3. Application of the proportionality principle in national courts.....	32
3.1.4. The US Case	45
3.1.5. Potential opportunities for improvement	48
3.1.6. Conclusions	50
3.2. Patent Assertion Entities	51
3.2.1. Scope.....	52
3.2.2. Evolution of PAE activities since 2016.....	53
3.2.3. Explanatory factors	58
3.2.4. Key issues.....	60
3.2.5. Quality of patents asserted by PAEs	64
3.2.6. PAE's impact on innovation.....	65
3.2.7. Impact of the Unified Patent Court.....	67
3.2.8. Conclusions	68
3.3. Dynamic blocking injunctions	69
3.3.1. Injunctions within IPRED	71
3.3.2. Implementation and application of dynamic blocking injunctions	74
3.3.3. Best practices	90
3.3.4. Potential opportunities for improvement	91
3.3.5. Conclusions	92
3.4. Sharing of information and data protection.....	93
3.4.1. Article 8 of IPRED	94
3.4.2. Transposition of the right to information into national legislation	98

3.4.3. Application and interpretation of the right to information in EU MS	100
3.4.4. Information sharing practices	105
3.4.5. Best practices	107
3.4.6. Potential opportunities for improvement	109
3.4.7. Conclusions	109
3.5. Costs for storage and destruction of IP infringing goods in the single market.....	110
3.5.1. Seizures and destruction of counterfeited products.....	112
3.5.2. Legal framework.....	114
3.5.3. Allocation of costs: challenges and variations across MS.....	116
3.5.4. Costs of storage, transport, and destruction	120
3.5.5. Costs of preventing counterfeiting	122
3.5.6. Anti-counterfeiting technical solutions	127
3.5.7. Recycling and reuse.....	128
3.5.8. Conclusions	131
Annexes.....	133
Annex I – Case law review protocol	133
Annex II – Cost assessment template.....	140
Annex III – Survey questionnaire	144
Annex IV – Bibliography	154
Annex V – Local legal correspondents' questionnaire & Case law review.....	161
Annex VI – Costs of storage and destruction	177
Annex VII – Research framework	180

List of Tables

Table 1 - Research Topics and Research questions	18
Table 2 - Survey responses per stakeholder group	23
Table 3 - Survey responses per research topic	24
Table 4 - Sample of cases and application of the proportionality principle in selected MS ...	33
Table 5 - Selected landmark cases.....	37
Table 6 - Legal framework for dynamic blocking injunctions in MS covered by the case law review	75
Table 7 - Overview of national provisions that implement Article 8 in MS covered by the case law review.....	98
Table 8 - Overview of legislation on bearing of costs of detained goods in selected MS.....	116
Table 9 - Costs for transport, storage and destruction	121
Table 10 - Prevention costs.....	124
Table 11 - Overview of provisions concerning the option of recycling of seized goods, selected countries.....	129

List of Figures

Figure 1 - Responses per country	24
Figure 2 - Elements considered in the proportionality assessment across EU MS jurisdictions	42
Figure 3. Patent litigation activity in the US, 2010-2023.....	55
Figure 4. Patent litigations filed by type of entity, US District Courts 2010-2023.....	55
Figure 5. Evolution of IP infringement cases by NPEs in selected EU MS, 2012-2023,	56
Figure 6. Entities against whom a dynamic blocking injunction may be enforced.....	80
Figure 7. Intellectual property rights for which a dynamic blocking injunction may be ordered	81
Figure 8. Interaction between Article 8 of IPRED and conflicting rights and interests	100
Figure 9. Groups most likely to bear the costs of the detention or seizure and storage of IP-infringing goods	118
Figure 10. Degree to which rights holders or authorities bear various costs when the infringer is not identified or is unable to pay.....	119
Figure 11. Extent to which enforcement and prevention measures against counterfeiting are financially burdensome or resource intensive	122
Figure 12. Frequency of actions taken / situations experienced when destroying seized goods	130

Abbreviations

AI	Artificial Intelligence
AGCOM	Italian Communications Regulatory Authority
ARCOM	French Authority for the Regulation of Audiovisual and Digital Communication
BNetzA	German Federal Network Agency for Electricity, Gas, Telecommunications, Post and Railways
CEA	Council of Economic Advisors
CJEU	Court of Justice of the European Union
CUII	Clearing Body for Copyright on the Internet
DBI	Dynamic Blocking Injunctions
DG GROW	Directorate General for Internal Market, Industry, Entrepreneurship and SMEs
DG TAXUD	Directorate General for Taxation and Custom Union
DNS	Domain Name System
DPA	Data Protection Authority
DSA	Digital Services Act
DSC	Digital Service Coordinator
EC	European Commission
EEA	European Economic Area
EFTA	European Free Trade Association
ENISA	European Union Agency for Cybersecurity
EP	European Parliament
EPO	European Patent Office
EU	European Union
EUIPO	European Union Intellectual Property Office
FRAND	Fair, Reasonable and Non-Discriminatory terms
FTE	Full-time Equivalent
FTO	Freedom to operate

GDPR	General Data Protection Regulation
IoT	Internet of Things
IP	Intellectual Property
IPR	Intellectual Property Rights
IPRED	Intellectual Property Rights Enforcement Directive
ISP	Internet Service Provider
ITC	International Trade Commission
JRC	Joint Research Centre
KY(B)C	Know Your (Business) Customer
MS	Member State
NGO	Non-Governmental Organisation
NPE	Non-Practicing Entities
OECD	Organisation for Economic Co-operation and Development
PAE	Patent Assertion Entities
R&D	Research and Development
RT	Research Topic
SEP	Standard-Essential Patents
SME	Small and medium-sized enterprises
UP	Unitary Patent
UPC	Unified Patent Court
URL	Uniform Resource Locator
US	United States of America
WIPO	World Intellectual Property Office
WIPO AMC	WIPO Arbitration and Mediation Center

Abstract

Directive 2004/48/EC on the enforcement of intellectual property rights ('IPRED') established a framework of measures, procedures, and remedies for the civil enforcement of IP rights. The 2017 evaluation of IPRED highlighted its success in enhancing IP protection. However, it also revealed significant inconsistencies in its implementation across different European Union (EU) Member States (MS), indicating a need for further harmonisation in national IP laws.

Building on the findings of the 2017 evaluation, the primary objective of this study is to assess the implementation of various specific provisions within IPRED across different EU MS, with the aim to present an updated overview of IP rights enforcement. The study covers five priority areas: 1) the proportionality principle, 2) patent assertion entities, 3) dynamic blocking injunctions, 4) sharing of information and data protection, and 5) costs for destruction of infringing goods in the single market.

The study was carried out by external consultants from EY and Technopolis Group in 2024. The evidence base includes a case law review in selected countries, a review of relevant literature, an online survey with over 100 respondents, 40 targeted interviews, 4 expert panels bringing together 5-7 stakeholders/experts each, and a validation workshop with over 30 participants.

Executive summary

Purpose and scope of the study

IPRED was established to address the growing issue of intellectual property (IP) infringements within the EU single market. The Directive aims to harmonise and ensure consistent protection of IP by creating a framework of measures, procedures, and remedies for the civil enforcement of IP rights. Despite the effectiveness of these measures, the 2017 evaluation of IPRED revealed inconsistencies in its implementation across EU MS, highlighting the need for further alignment in the application of national IP laws.

In response to evolving challenges in IP enforcement and to address discrepancies in IPRED's implementation across MS, five priority research topics were identified for this study:

1. Proportionality principle: The study examines how the principle can be applied more effectively, considering differences in national laws and IPRED's objectives.
2. Patent Assertion Entities (PAEs): The study updates the 2016 report on PAEs in the EU, considering the introduction of the Unitary Patent (UP) and Unified Patent Court (UPC).
3. Dynamic blocking injunctions: The report explores the relevance and application of dynamic injunctions, focusing on industrial property rights.
4. Sharing of Information and data protection: The study examines the interaction between article 8 of IPRED and data protection rules, assessing how data protection rules can facilitate efficient information sharing for IP enforcement purposes.
5. Costs for destruction of infringing goods: The study examines the potential impacts of alternative corrective measures related to the destruction of IP-infringing goods, considering current practices in MS and suggesting potential solutions.

By addressing these topics, the study aims to identify opportunities for improvement to promote a harmonised, robust and balanced IP protection framework in the EU. The findings and conclusions are based on evidence from the following sources:

- Desk research and a literature review of international, EU and national sources, including academic literature and policy documents.
- A case law review using various legal resources, including journals and databases. The study team reviewed national court decisions from selected MS (Austria, Belgium, Finland, France, Germany, Italy, Ireland, the Netherlands and Spain¹) and consulted the network of EY local legal correspondents in these MS.
- High-level interviews (40 in total) with judges and attorneys, legal counsellors in associations and companies, and academic experts.
- An online survey collecting feedback from stakeholders, including IP rights holders (48), legal experts (41), national authorities (13), and members of the judiciary (12).
- Three online expert panels covering the five research topics. Panellists included academic experts, members of the judiciary, legal consultants, industry and anti-counterfeiting organisations.
- A validation workshop to verify emerging findings, ensure accuracy and facilitate discussions. Thirty stakeholders from academia, legal professions and IP rights holders participated.

¹ These Member States were selected by the study team based on the existence of national laws specific to the relevant Research Topic, as well as the volume and availability of relevant case law.

Proportionality principle

Codified in Article 3 of IPRED, the proportionality principle provides that any measures necessary to enforce IP rights must be effective, proportionate, and dissuasive. The study found that the proportionality principle is generally acknowledged across the selected EU MS. Some MS apply proportionality as a general principle inherent to their national legal systems, while other MS codified it in their IP legislation. However, national courts differ significantly in the types of IP rights they cover and the extent to which proportionality is considered.

A study review of over 600 court decisions across EU ⁽²⁾ revealed that courts granted permanent injunctions in 94% of patent cases, but proportionality was explicitly assessed in only 0.6% of these cases. This highlights an issue where injunctions are often granted automatically upon a patent being deemed valid or infringed, without sufficient consideration of case-specific factors, such as economic impact, third-party effects, or the technical value of the patent.

While courts frequently consider the proportionality principle in copyright infringement cases, this is less frequent in patent disputes. Stakeholders, particularly from the technology sector, argue that excessive enforcement of patent rights without proportionality assessments leads to increased economic and legal costs, harming innovation and competition. They highlight that due to evolving markets and 'patent thickets' it is challenging to identify all patents covering products. Others, including patent holders, emphasise the need for strong enforcement to protect their rights.

The US approach, particularly the eBay test, was often mentioned as a potential model for the EU. The eBay test clearly established four factors to be considered by courts when determining proportionality, aiming to balance IP protection with broader societal and economic considerations. However, critics argue that the test has led to a significant decrease in requests for permanent injunctions and a rise of supposedly 'predatory infringements', where companies opt to infringe rather than license patents due to the lower risk of injunctions. At the same time, the eBay test is likely to have contributed to an increase in SEP cases in the EU, in particular in so-called patent friendly jurisdictions such as Germany.

Stakeholders expressed divergent views on whether IPRED should be amended to include clearer proportionality guidelines. Some favour a structured assessment framework, akin to the eBay test, while others prefer a case-by-case approach without pre-determined factors to assess proportionality. Based on the collected stakeholder input, the study concludes that the Commission could issue guidelines defining factors which courts should assess when applying the proportionality principle, such as i) the nature of the plaintiff, ii) the economic harm suffered by the parties, and iii) the public interest.

To ensure a more harmonised approach, the Commission should encourage judicial knowledge-sharing focused on the application of the proportionality principle. Additionally, the Commission should closely monitor whether these soft law measures effectively address current issues and concerns regarding the application of the proportionality principle, and if needed, follow-up with targeted legislative changes.

Patent Assertion Entities

⁽²⁾ Performed by Darts-IP. Darts-IP collects information from IP litigation court cases around the world. It is the only comprehensive database for an analysis across European countries.

This study updates the 2016 report on PAEs in the EU, incorporating insights into the impact of the Unitary Patent and the Unified Patent Court (UPC) on PAE litigation strategies. While PAEs have become increasingly active in the US, where the higher damages and procedural advantages incentivise litigation, their presence in the EU remains relatively limited, with no clear evidence of an increase in PAE activity in recent years. However, the data could be showing only the tip of the iceberg as parties may settle disputes outside the courts.

The study found that PAEs are highly concentrated in Germany. This is due to procedural advantages such as quasi-automatic injunctions, limited application of the proportionality principle and favourable litigation conditions for patent holders, which enable PAEs to pressure defendants into costly settlements. The majority of PAE-driven lawsuits in Germany target large manufacturers in the automotive, telecommunications, and semiconductor industries.

Stakeholders stressed the need for greater transparency in patent litigation data, particularly in jurisdictions such as Germany where court decisions are not systematically published. The Commissions 2017 guidelines already encouraged MS to systematically publish judicial decisions in IP infringement proceedings, but implementation remains inconsistent.

The study suggests that defining clear criteria to qualify an entity as a PAE would help national courts consider the nature or quality of the plaintiff as a PAE during proceedings, and would allow them to weigh parties' interests and assess the appropriateness of the remedies.

The study also suggests that harmonising the application of the proportionality principle in patent infringements could prevent PAEs from exploiting procedural discrepancies across MS. One recommendation is to provide further guidance, in the form of guidelines or recommendations, outlining factors which courts should consider when assessing proportionality.

Some stakeholders, particularly those with a licensing business model, argue that creating specific rules for PAEs in IP enforcement is unnecessary and counterproductive, arguing that all entities should be subject to the same standards. However, manufacturers and technology companies stress the economic harm caused by excessive litigation and advocate for stricter measures.

With the introduction of the UPC in 2023 and with no final judgements made until July 2024, stakeholders reasoned that PAEs may shift strategies to take advantage of multi-country enforcement but equally pointed out to the barriers. The first decisions would serve as indicator in which direction the UPC will handle PAE cases. Several stakeholders anticipated that the UPC processes and the mixes of national judges will provide for more exchange among judges and lead to more harmonisation in litigation procedures in MS. In the longer run, this may lead to limiting PAE-driven forum shopping. Hence, before considering amendments to IPRED, it is recommended to observe and monitor the effects of UPC decisions, particularly regarding the application of the proportionality principle.

Dynamic blocking injunctions

The study highlights the significance of dynamic blocking injunctions (DBIs) in IP enforcement, particularly in tackling repeat online infringements. DBIs allow for injunctive relief against intermediaries, ensuring that both current and future repeated identical or similar infringement acts are addressed without the need for new judicial procedures to obtain additional injunctions. This is crucial as infringing websites can easily evade enforcement by changing domain names or IP addresses.

In the absence of effective remedies against direct infringers, DBIs against intermediaries have become a valuable tool for rights holders to stop and prevent future infringements. DBIs are primarily enforced against access providers, online hosting platforms, and online marketplaces. While DNS and URL blocking are the most common measures, most of the EU MS selected for the study maintain neutral provisions, allowing the choice of blocking techniques (DNS, IP, or a combination).

The study found that judicial authorities in most of the selected MS hold the primary responsibility for issuing DBIs. However, in Belgium, France, Italy and Spain, specific administrative bodies have limited authority to issue, enforce or update these injunctions, particularly in cases of copyright and related rights infringement.

The study confirms significant differences in the application and use of DBIs among the selected MS. Several MS have legal frameworks for DBIs, mostly focussing on online copyright infringement. Other MS do not have dedicated frameworks allowing for DBIs but rely on more general legal provisions to achieve similar outcomes. The results do not show that dedicated legal frameworks lead to a better application or increased use of DBIs.

Despite the prevalence of copyright, the study found that several national legal frameworks offer flexibility to expand the use of DBIs to trademark and design infringements. Expanding DBIs beyond copyright would increase their relevance in tackling a broader range of IP infringements.

A key concern remains the cost effectiveness of DBIs. Legal and procedural costs associated with obtaining DBIs can be a barrier, particularly for SMEs and individual right holders. In view of this, the study recommends stimulating the use of less costly and burdensome voluntary regimes and out of court processes, especially in MS where such alternative processes align with the existing regulatory framework.

Additionally, the study suggests that further harmonisation of the process of issuing DBIs across the EU would enhance their effectiveness. Some stakeholders advocate for standardised guidelines to ensure consistent application of DBIs, particularly in balancing enforcement with fundamental rights such as freedom of expression and access to information.

Sharing of information and data protection

Article 8 of IPRED allows competent judicial authorities in EU MS to require infringers or other persons to provide information on the origin and distribution networks of goods or services infringing an IP right. However, the absence of specific guidelines or uniform criteria for information requests has led to varying interpretations and inconsistent application across MS.

The study found that while the right to information is implemented in most MS, differences in its application arise from varying interpretations by national courts and procedural aspects. Some MS have clear provisions, while others rely on general disclosure rules, leading to uncertainties.

A key challenge is balancing the right to information with conflicting rights such as data protection, privacy, and confidentiality. Courts generally assess this on a case-by-case basis, balancing competing interests. However, the lack of standardised procedures for guarantees and limitations on information sharing, such as duration, redacted versions, and confidentiality, results in inconsistencies across the EU.

Stakeholders expressed concerns about the lengthy and costly procedures involved in obtaining information, which they see as a barrier to the effective right to information. Another 2026

challenge is the lack of high-quality data with accurate information on the identity of infringers and the scale of infringements, which undermines the effectiveness of enforcement actions.

Some MS have implemented voluntary cooperation mechanisms between rights holders and intermediaries, facilitating a more efficient exchange of information. These mechanisms - though not covered by Article 8 of IPRED - have proven effective in certain jurisdictions in expediting information requests and reducing litigation costs.

To improve the cost-effectiveness of information requests, the study suggest that the scope and quality of available data should be increased, including obligations for intermediaries to maintain accurate records of online entities. Promoting voluntary cooperation mechanisms and providing additional guidance on the implementation of Article 8 could ensure that rights holders can obtain the necessary information without undue procedural delays, including guidance on data retention periods, confidentiality measures, and streamlined access processes.

Costs for storage and destruction of IP infringing goods

The costs associated with the storage and destruction of IP-infringing goods represent a significant financial burden on rights holders across the EU. Two key legislative instruments govern these costs; IPRED, which states that the infringer should bear the costs for destruction ordered by a competent judicial authority, and Regulation (EU) No 608/2013, which sets out customs enforcement measures and states that rights holders must cover these costs. Despite rights holders' right to claim the costs and obtain damages from infringers, rights holders are often left to cover these costs, especially when the infringer cannot be identified or is unable to pay. Although, IPRED provides a legal framework for rights holders to recover these costs through civil procedures, some rights holders are reluctant to pursue this option due to the high costs and lengthy legal procedures.

The study found that storage costs, while a concern, were not universally considered a major burden. Less the one-third of stakeholders indicated that storage costs were a significant concern, while 44% reported that the burden was limited. However, stakeholders pointed out that the lack of harmonisation across MS in storage and destruction procedures creates unpredictability for rights holders. In some MS storage and destruction costs are paid by the public authorities while in others, costs depend on the location (such as at the border, an airport or a harbour), and the type and volume of the goods to be stored and destroyed. High storage and destruction costs in some MS make enforcement expensive, particularly for SMEs. Delays in decision making regarding the disposal of IP infringing goods further increase storage costs, increasing the financial burden on rights holders.

Stakeholders emphasise the need for more clarity, harmonisation and coordination among customs authorities to ensure fair and predictable costs allocation. Some advocate for standardised customs procedures across MS to enhance transparency and reduce uncertainty. The study highlights the potential benefits of introducing new technologies to track counterfeit products, such as electronic fingerprinting and blockchain tracking. These technologies could help reduce unnecessary storage periods and prevent further costs from accumulating.

Difficulties to obtain information from customs authorities concerning the identity of the infringer were indicated as a main impediment to seeking civil redress based on IPRED. Several stakeholders pointed out that criminal measures were preferred enforcement mechanisms due to their flexibility and effectiveness. Regarding the storage and disposal of seized IP-infringing goods, the police was indicated as more open to seek cost-effective solutions. Additionally,

evidence collected through police seizures is a key factor within legal proceedings, while in civil proceedings, rights holders often face challenges in collecting evidence. To strengthen cross-border cooperation and enhance the effectiveness of enforcement actions, stakeholders also suggested a greater role for Europol and Eurojust.

The study also found that there is a lack of clarity regarding the potential for reuse, recycling, or other recovery operations of IP infringing goods, as referenced in the Recommendation to combat counterfeiting. While destruction seems to be the default approach in the selected MS, no national legalisation explicitly mentions recycling, except for Spanish trademark law, which allows for the donation of goods for humanitarian purposes. Rights holders oppose the idea of re-use due to concerns over quality, health and safety risks, and potential weakening of the brand. While recycling is generally viewed more favourably, the high costs associated with dismantling and sorting materials remain a major barrier to its implementation. Dubai Customs was identified as good example of a third country where thanks to an integrated testing procedure at the public authority level, all products are tested before being sent for recycling through private sector firms.

Overall, the study highlights the need for clearer, harmonised procedures and greater involvement of rights holders in decision-making regarding the handling of IP infringing goods. By increasing coordination and information exchange between customs authorities and rights holders, improving transparency on costs structures, and exploring sustainable disposal options, the EU can ensure that enforcement remains both effective and economically viable for all stakeholders.

1. Introduction

Purpose of the study

Directive 2004/48/EC⁽³⁾ (henceforth referred to as IPRED) was adopted to address the rising issue of intellectual property infringements in the European Union (EU) single market. To promote harmonisation and consistent protection of intellectual property (IP), the Directive has established a comprehensive framework of measures, procedures and remedies for the civil enforcement of IP rights. The 2017 evaluation⁽⁴⁾ of IPRED however has shown that while those measures have effectively helped to better protect IP rights in the EU, their implementation is not always uniform across EU Member States (MS), necessitating further alignment in the application of national IP law in specific areas.

The study considers the previous evaluation's findings and takes into account the 2017 Commission Guidance⁽⁵⁾ on certain aspects of the Directive, as well as the challenges and recommendations highlighted in the 2022 European Court of Auditors report⁽⁶⁾ on EU IP rights and the Commission Recommendation⁽⁷⁾ on measures to combat counterfeiting and enhance the enforcement of intellectual property rights. The objective of the study is to further examine the implementation of specific provisions and measures provided for by IPRED in different EU MS, thereby providing an updated picture of the enforcement of IP rights across the EU, and where relevant specific recommendations to address identified shortcomings.

Study scope

In response to evolving challenges in the enforcement of IP rights across the EU, five topics have been identified as priorities for this study. These topics were selected to address discrepancies in the implementation of IPRED among Member States (MS), particularly considering the Directive's approach to minimum harmonisation and the evolving digital landscape. The study aims to explore these areas, focusing on the potential for further alignment of national laws and practices with the EU's overarching objective for consistent and effective IP enforcement framework.

The study focuses on the following areas:

- 1. Proportionality principle:** The study examines how the proportionality principle can be applied more effectively across the EU, considering the differences in national laws and the objective of the Directive.

⁽³⁾ Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights (IPRED), OJ L 157, 30.4.2004. Available at: [Directive - 2004/48 - EN - EUR-Lex \(europa.eu\)](https://eur-lex.europa.eu/eli/directive/2004/48/oj).

⁽⁴⁾ European Commission, Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs, Peter, V., Radauer, A., Markianidou, P. et al., *Support study for the ex-post evaluation and ex-ante impact analysis of the IPR enforcement Directive (IPRED) – Final report*, Publications Office of the European Union, 2017. Available at: <https://data.europa.eu/doi/10.2873/903149>.

⁽⁵⁾ Communication from the Commission to the European Parliament, the Council and the European Economic and Social Committee, Guidance on certain aspects of Directive 2004/48/EC of the European Parliament and of the Council on the enforcement of Intellectual Property Rights, COM(2017)708 final (the 'Guidance'). Available at: [EUR-Lex - 52017DC0708 - EN - EUR-Lex \(europa.eu\)](https://eur-lex.europa.eu/eli/communication/2017/708/oj).

⁽⁶⁾ Court of Auditors, 'Special Report: EU intellectual property rights: Protection not fully waterproof', 2020. Available at: https://www.eca.europa.eu/Lists/ECADocuments/SR22_06/SR_EU-IPR_EN.pdf.

⁽⁷⁾ Commission Recommendation (EU) 2024/915 of 19 March 2024 on measures to combat counterfeiting and enhance the enforcement of intellectual property rights, C/2024/1739. Available at: [Commission Recommendation \(EU\) 2024/915 of 19 March 2024 on measures to combat counterfeiting and enhance the enforcement of intellectual property rights \(europa.eu\)](https://eur-lex.europa.eu/eli/recommendation/2024/915/oj).

2. **Patent Assertion Entities:** The study updates the 2016 report on patent assertion entities (PAE) in the EU⁽⁸⁾, taking into consideration the introduction of the Unitary Patent (UP) and Unified Patent Court (UPC).
3. **Dynamic blocking injunctions in the EU:** The study examines the relevance and application of dynamic injunctions, with a focus on IP rights other than copyright and related rights, i.e. industrial property rights.
4. **Sharing of information and data protection:** The study examines the interaction between article 8 of IPRED and data protection rules; identifying obstacles and good practices of sharing data among key stakeholders; and assesses how data protection rules may be interpreted or adapted to allow for an efficient sharing of information for IP enforcement purposes.
5. **Costs for storage and destruction of infringing goods in the single market:** The study examines the potential impacts of alternative corrective measures related to the destruction of IP infringing goods, considering current practices in MS and suggesting potential solutions.

By addressing these topics, the study seeks to provide recommendations that will enhance the efficiency, effectiveness, and balance of IP enforcement across the EU, ensuring that IPRED remains fit for purpose in an increasingly digital and interconnected market.

The following chapters of this final report present an overview of the general study framework and the different data collection activities (Chapter 2), before diving into the key findings for each of the five research topics outlined above (Chapter 3).

2. Approach and Methodology

2.1. Research questions

During the inception phase, the study team formulated research questions for each of the five main research topics (see table below). Each of these sub questions was covered by multiple research tools, see Annex VII. The questions are based on the requirements in the study's terms of reference and were formulated in agreement with DG GROW. The five research topics and their sub-questions are addressed in the corresponding subsections 3.1 to 3.5 of Chapter 3 on the main findings.

Table 1 - Research Topics and Research questions

Research Topic	Research questions	
1	Proportionality principle	Q1.1. To what extent and how have EU Member States implemented the proportionality principle in national legislation and enforcement practices concerning Intellectual Property Rights (IPR)?

⁽⁸⁾ Joint Research Centre, Thumm, N., Gabison, G., *Patent Assertion Entities in Europe*, European Economics, 2016, doi:10.2791/134702.

Research Topic	Research questions
	<p>Q1.2. How <u>frequently</u> do courts in EU Member States (including the UPC) apply the proportionality principle when deciding on patent injunction relief (or when deciding on relief for other IP rights)?</p> <p>Q1.3. How do courts in EU Member States apply the proportionality principle when deciding on patent injunction relief (or when deciding on relief for other IP rights)?</p> <p>Q1.4. What are the main similarities and differences in the application of the proportionality principle in the Member States?</p>
2 PAEs in the EU: Update of the 2016 Study	<p>Q2.1. How has the activity of PAEs in the EU and their business models evolved since 2016?</p> <p>Q2.2. Do PAEs in the EU assert lower or higher quality patents than practicing entities?</p> <p>Q2.3. What is the typology of PAEs in the EU that focus on asserting lower or higher quality patents?</p> <p>Q2.4. Do the activities of PAEs in the EU contribute to more or less innovation and in what way?</p> <p>Q2.5. How will the new Unitary Patent (UP) and Unified Patent Court (UPC) impact on patent assertion entities?</p>
3 Dynamic blocking injunctions in the EU: Examination of the relevance for industrial property rights	<p>Q3.1. How often are dynamic injunctions issued to protect industrial property rights in EU Member States?</p> <p>Q3.2. What kind of industrial property rights infringements are the subject of dynamic injunctions in the EU (according to national law and/or courts practices)?</p> <p>Q3.3. Under what conditions are dynamic injunctions in the field of copyright and industrial property issued?</p> <p>Q3.4. Do courts and administrative authorities in the EU Member States apply dynamic injunctions in the field of industrial property and to what extent?</p>
4 Sharing of information and data protection	<p>Q4.1. How is article 8 of IPRED implemented at national level, especially in its interactions with data protection? And how are national statutory provisions (implementing Article 8) interpreted and applied?</p> <p>Q4.2. What information practices are implemented in the EU Member States to limit or stop counterfeiting?</p>

Research Topic		Research questions
		Q4.3. What are the drivers of / obstacles to an effective sharing of information to fight IP counterfeiting in the EU?
5	Costs for destruction of infringing goods in the single market	Q5.1. To what extent do EU Member States seize, destruct and/or re-use IP-infringing goods placed on the single market?
		Q5.2. <u>To whom</u> do EU Member States charge costs resulting from the seizure and destruction of IP-infringing goods (including storage costs) placed on the single market?
		Q5.3. Who bears the costs resulting from the seizure and destruction of IP-infringing goods (including storage costs) placed on the single market <u>in case the infringer is insolvent or cannot be identified</u> ?
		Q5.4. Can cost-bearing schemes be identified that effectively mitigate the costs/risks for rights holders?
		Q5.5. To what extent are IP-infringing goods that are recalled/removed under Article 10 of IPRED recycled or re-used?
		Q5.6 What is the average duration for which seized IP-infringing goods are typically stored before being destroyed?

2.2. Data and evidence gathering

Following initial desk research and scoping interviews with key stakeholders, the study team proceeded with the review of relevant case law, as well as additional desk research conducted by local legal correspondents of the EY network. The study team further implemented targeted stakeholder consultations through an online survey and conducted in-depth interviews on all five research topics.

2.2.1. Desk research

The study team performed a targeted desk research and a literature review. This research built upon previous work done as part of preceding studies (including the 2017 IPRED support study for the Commission⁹) as well as the research carried out during the preparation of the proposal for the present study.

The aim of this exercise was to develop a thorough understanding of the topics and context of the study, as well as to identify sources, data, and issues of particular interest. The findings from the desk research fed into the consultation strategy and the final report.

The documents reviewed encompass sources at international, EU and national level, gathered through our network of legal experts, public sources and with input and suggestions from the

⁹ European Commission, *Support study for the ex-post evaluation and ex-ante impact analysis of the IPR enforcement Directive (IPRED) – Final report*, supra fn 4.

European Commission and consulted stakeholders. The reviewed sources include academic literature, reports and publications on IPR enforcement, documents relating to the policy context and legal framework, economic analyses and other documents provided in online databases and media sources. In addition, desk research has also been performed by EY's local legal correspondents (see the section below 'Consultation with EY's local legal correspondents').

A bibliography of the identified sources is included in Annex IV.

2.2.2. Case law review

To identify the relevant case law from the different EU MS, the Court of Justice of the European Union (CJEU), and the UPC related to each of the topics, the study team made use of a broad range of legal information and resources, including:

- General and specialised legal journals, in particular in the field of intellectual property and information technologies (e.g., Darts-IP, Communication Commerce Electronique - LexisNexis, Recueil Dalloz, etc.);
- European and national databases (EUR-Lex, InfoCuria, European Legislative Observatory, EUIPO - eSearch plus, EUIPO - eSearch Case Law, European Patent Office (EPO) - European Patent Register, Legifrance.fr, Normattiva.it, Legislation.gov.uk, etc.);
- External databases and computerised legal documentary resources (e.g., Lamyline (Wolters Kluwer), Editions Francis Lefebvre, Dalloz, Lexis360, Darts-IP);
- Internal database, tools specific to EY Law Firm (e.g., Doctrinews, Legal Box, Lexbrain).

Interviews with judges, attorneys and legal experts were further used to help the team gather additional relevant documents.

The case law review reports national court decisions based on sources from nine EU MS, namely Austria, Belgium, Finland, France, Germany, Italy, Ireland, the Netherlands and Spain. These jurisdictions represent different regions of the EU, as well as small and large MS, with varying legal cultures and backgrounds. These MS were selected by the study team based on the existence of national laws specific to the relevant Research Topic (RT), as well as the volume and availability of relevant case law in the EU MS.

A clear case law review protocol was developed to ensure the quality of the case law selection and review. The protocol identified relevant databases and resources for case retrieval, as well as inclusion and exclusion criteria to select relevant cases, outlined a comprehensive search strategy using appropriate keywords and operators, and defined guidelines on relevant case details to be extracted, such as citation, court, date, parties, issues, and decisions. The protocol can be found in Annex I.

Based on this case law review protocol, the study team conducted the review in a three-step approach:

1. First, the team identified relevant case law in legal databases according to the defined search criteria and search terms;
2. Following the identification, the team assessed the relevance of the case law according to the study questions and the case law review protocol;
3. Finally, the team performed an in-depth analysis of the case law by identifying the main points of relevance.

Consultation with EY's local legal correspondents

Lawyers from EY specialising in IP were consulted in each selected MS: Austria, Belgium, Finland, France, Germany, Italy, Ireland, the Netherlands and Spain.

A dedicated questionnaire for each research topic in each selected MS was developed for this purpose and can be found in Annex V.

The questions were based on the specific research questions of the study, aimed at collecting inputs according to national legal frameworks and practices implemented in the concerned MS. For each of the research questions covered, the local legal correspondents' questionnaires indicated the type of source (hard law, soft law, doctrine) and source (law, case law, authorities' guidelines (judiciary or administrative), practice, textbook, articles etc., guiding the local legal correspondents' additional desk research and answers.

EY's local legal correspondents filled out the questionnaires following a three-step approach:

1. First, the team conducted desk research according to the specific study questions raised in the questionnaire;
2. Following the identification of relevant sources, the team performed an in-depth analysis to extract relevant and accurate information to answer the study questions;
3. Finally, the team shared any relevant input regarding their local and high level practice related to the study questions.

2.2.3. Targeted interviews

High level interviews were conducted with judges and attorneys, legal counsellors in associations and companies, and academic experts. The qualitative data derived from these interviews offered insights into the reasons behind and factors driving the results identified through desk research, case law review and the online survey, allowing to fill data gaps and corroborate/triangulate findings.

Potential interviewees were selected based on their relevance for one or more of the five research topics. Specific criteria included: 1) the information about the prevalence of court cases in each of the 27 MS guided the preselection of judges and attorneys; 2) industry stakeholders were preselected based on the existence of documented cases (in which they were mentioned), an analysis of the most impacted/relevant sectors, as well as based on recommendations by stakeholder associations; and 3) the targeted academic experts were preselected based on their authorship of relevant publications. In total, 40 interviews were conducted (excluding the dedicated cost interviews for RT5, see below), with some of them providing input on more than one research topic: 26 interviewees shared their input on RT1, 21 on RT2, 14 on RT 3, 16 on RT 4 and 9 on RT 5 (again, excluding the dedicated costs interviews mentioned below). In terms of stakeholder group distribution, 5 interviews were conducted with academic experts, 27 with industry experts and private sector organisations, 4 with the judiciary and legal professionals, and 3 with non-governmental organisations (NGOs).

The interviews were generally organised with one stakeholder. In specific cases, similar stakeholders were combined in a group interview. The interviews were held online. Some interviewees supplemented the interview by providing additional position papers or other sources relevant for the study.

For RT5, the study team differentiated between general interviews and dedicated costs interviews. The stakeholder consultation strategy for quantifying or monetising the costs of counterfeiting involved targeted interviews with a selection of industries, using a specific questionnaire (see Annex II).

2.2.4. Online survey

An online survey was conducted to collect additional feedback and insights from different stakeholders along the IP value chain, complementing the data from the desk research and in-depth interviews. The survey used routing/filtering questions to direct respondents to the survey subsections covering research topics 1-5, depending on the respondents' (self-assessed) knowledge on these topics (see below for sample distribution per topic). The survey consisted predominantly of mandatory closed questions, to allow for quantitative comparisons and to guarantee a higher response rate. The survey also included some voluntary open-ended questions that allowed respondents to share more detailed feedback. The survey questionnaire can be consulted in Annex III.

The survey was disseminated through the combined use of a targeted and public approach including both 'open' and 'closed' survey links. The targeted survey invitations were sent to EU-level stakeholders, but the open link, which was distributed *inter alia* by the Commission, was open to all interested stakeholders, including those from outside of the EU. This hybrid approach was chosen to ensure input from a range of relevant stakeholders at both EU and MS level. Fieldwork took place between 3 April and 3 May 2024.

In total, the survey reached 114 completes ⁽¹⁰⁾ after data cleaning ⁽¹¹⁾. As shown in the table below, this included 48 responses from IP rights holders and 41 responses from legal experts. National competent authorities and members of the judiciary submitted 13 and 12 responses, respectively. The group of IP rights holders consisted of 24 businesses and 22 business and trade organisations (two selected 'other'), out of which 14 are operating at international level, 17 are operating at European (EU/EEA) level, and 15 at national level.

Table 2 - Survey responses per stakeholder group

Stakeholder group	Responses (%)
Rights holders of intellectual property rights (e.g. trademark, patent, design, copyright)	48 (42%)
Legal experts	41 (36%)
National competent authorities	13 (11%)
Judiciary	12 (11%)

D1a. I am participating in this survey as a member of the following group: Total answers (single response), Base: All respondents (n=114). Source: IPRED survey (May 2024)

Out of all respondents who completed the survey, 62% stated to be very familiar with IPRED, while 38% reported to be at least somewhat familiar ⁽¹²⁾. As noted above, only those at least

⁽¹⁰⁾ In line with the ToR, only survey responses that were 'fully valid' and 'verifiable' were counted to the total number of completes. This includes responses 1) in which the respondent indicated to be at least somewhat familiar with IPRED, 2) in which all required questions were answered and for which a valid name, email address and organisation name was provided, allowing to check for duplicates as described below.

⁽¹¹⁾ After survey fieldwork closure, the study team methodically checked the quality of the data of all completed responses. These included checks aimed at identifying: 1) Duplicate responses, based on a check on personal and organisational data provided (name, name of the organisation, email address), IP address and a check of highly similar responses (both for the open-ended and closed questions); and 2) Erroneous responses, including by checking responses with suspicious patterns (selecting always the same answer option, very high proportion of 'don't know' answers) and 'unserious' or trivial open-ended answers (defined as answers unrelated to the topic). The 'suspicious' interviews identified based on these criteria were investigated more thoroughly. Based on this, a total of ten completed responses were removed from the datafile.

⁽¹²⁾ Those who indicated to be unfamiliar with IPRED or only to a very limited degree, were filtered out and were not counted to the total. This applied to 33 respondents in total.

somewhat familiar with the specific research topic answered the dedicated sections in the survey – this led to a sample distribution per RT as shown in the following table .

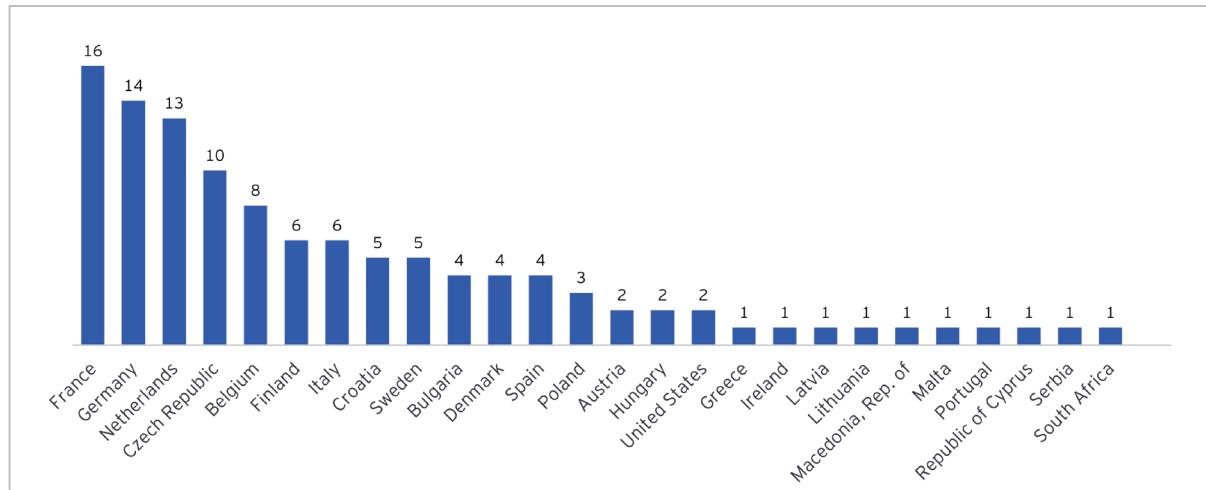
Table 3 - Survey responses per research topic

Research topic	Responses
1. Proportionality principle	93
2. Patent Assertion Entities	59
3. Dynamic blocking injunctions in the EU	78
4. Sharing of information and data protection	78
5. Costs for destruction of infringing goods in the single market	82

Source: IPRED survey (May 2024)

The countries with most respondents were France (16), Germany (14), and the Netherlands (13), followed by Czechia (10), Belgium (8), Finland and Italy (6 each). The distribution per country is shown in Figure 1. Note that respondents were asked to answer the questionnaire from the point of view of the country mentioned here, especially when asked about their country or jurisdiction.

Figure 1 - Responses per country



D5. In which country are you based? *If your organisation is based in multiple countries, please indicate the country of your European headquarters. Note that when in subsequent questions we refer to 'your country' or 'your jurisdiction', the country you specified here is meant.*

Total answers (single response), Base: All respondents (n=114)

Source: IPRED survey (May 2024)

2.2.5. Expert panels

To complete and enrich the preceding fieldwork activities (outlined above), the study team organised online expert panels to discuss in more detail various key themes identified. Three different expert panels were organised, of about 90 minutes each, covering the five main research topics (RT):

- Expert panel 1: Proportionality Principle and Non-Patent Entities (RT 1 & 2)

- Expert panel 2: Dynamic blocking injunctions and sharing of information and data protection (RT 3 & 4)
- Expert panel 3: Costs for the storage and destruction of infringing goods in the single market (RT 5)

After an introduction of the preliminary study outcomes, the study team invited the experts to comment on the findings and share their insights, best practices and recommendations to improve the application of IPRED.

Each panel brought together 5 to 7 stakeholders/experts, representing academic experts, members of the judiciary, legal consultants, economic operators/rights holders and trade and business associations related to the field of IP enforcement (including from the movie, television and music recording industry, as well as the consumer goods industry), and anti-counterfeiting/piracy organisations.⁽¹³⁾ The invited stakeholders were identified based on the same criteria as applied for the selection of interviewees and survey respondents, with priority going out to stakeholders who had indicated in the previous consultations that they wanted to take part in follow-up research activities.

A summary report was prepared for each of the expert panels, which fed into the Final report.

2.2.6. Validation workshop

After completion of the study's main fieldwork activities described above, the first analysis of findings and the delivery of the draft final report, the study team organised a 'validation workshop' on 7 November 2024.

This three hour long online workshop brought together 30 stakeholders from academia, legal professions and holders of IP rights.

The purpose of the validation workshop was to collect feedback on the study's findings, verify that data collected, and conclusions drawn from the study were accurate and that relevant aspects were not missing. The workshop also sought to facilitate discussions to achieve a shared understanding of the findings.

Participants were split in break out groups to discuss in more detail the study's findings on the proportionality principle and patent assertion entities (group 1), dynamic blocking injunctions and sharing of information and data protection (group 2), and costs of storage and destruction of counterfeit, infringing goods and sustainability aspects (group 3). This was followed by a plenary aimed at identifying common themes, agreements, and divergences among the breakout groups.

The findings of the validation workshop fed into the Final report.

2.3. Limitations of the study and mitigating measures

1. Subjective interview and survey findings: The interview, survey and expert panel findings represent the views and opinions of the survey respondents, interviewees and expert panel participants. These may be subjective.

- **Mitigation actions:** Survey, interview and expert panel findings were triangulated with case law findings and the applicable legislation. In case such corroboration was not

⁽¹³⁾ Note that the aim of the panels was not to bring together a fully representative group of stakeholders, but instead to gather a smaller group of experts allowing to discuss certain salient topics in more detail.

possible (for example because a topic or country was not covered in the case law review), this is clearly indicated in the report.

2. Limitation to the country coverage: The case law review covered a selection of nine EU MS: Austria, Belgium, Finland, France, Germany, Italy, Ireland, the Netherlands, and Spain. The study team selected these MS together with DG GROW according to the following criteria: 1) volume of national cases relevant for the research topic; 2) existence of national law specific for the relevant RT; and 3) feedback from the colleagues of the EY network. Specific elements of the broader desk research covered additional MS. This applies for example to data on seizures of infringing goods, which is primarily available for countries where such seizures are high in numbers or volume. The survey and interviews targeted the 27 EU Member States (EU27 MS), but most responses came from specific (larger, Western European) MS, including MS with a high level of litigation, where PAEs are active, with a high number of trade organisation representing rights holders, etc.

- ***Mitigation actions:*** Where possible, the study team tried to identify if findings are representative for the EU27 or are only relevant for a selection of MS, including by triangulating findings from different research tools. In case findings are based on data that may not be representative for the EU as a whole, this is clearly stated in the report.

3. Limitations to the representativeness of the survey data, because a) the heterogeneous group of targeted stakeholders; b) the strong representation of stakeholders from larger, Western European MS in the sample; and c) the inherent constraints of a stakeholder survey of this kind, there being notably no representative contact data available for rights holders, intermediaries or PAEs.

- ***Mitigation actions:*** 1) The survey data was analysed by stakeholder group and country (if sample sizes allowed); 2) individual survey responses from large representative stakeholder organisations (in particular those with an EU-wide membership base) were reviewed individually; and 3) where possible, survey findings were triangulated with the desk research/case law review and interview data.

3. Main findings

3.1. Proportionality principle

IPRED was designed to harmonise the civil enforcement of IP rights in the EU, aiming for an effective, yet balanced system. A core aspect of the Directive is the principle of proportionality in enforcement, which ensures that enforcement mechanisms do not excessively favour rights holders or stifle innovation, competition and developments. This is especially important in patent disputes, where the enforcement of exclusive rights can have far-reaching economic and social implications.

Article 3 of IPRED explicitly incorporates the proportionality principle, stating that any “measures, procedures and remedies necessary to ensure the enforcement of intellectual property rights” shall be “fair and equitable and shall not be unnecessarily complicated or costly or entail unreasonable time-limits or unwarranted delays”. Article 3(2) further specifies that such measures must be “effective, proportionate and dissuasive and shall be applied in such a manner as to avoid the creation of barriers to legitimate trade and to provide for safeguards against their abuse.”

While the effectiveness and dissuasiveness criteria contained in the first part of Article 3(2) of IPRED tend to be advantageous to rights holders ⁽¹⁴⁾, the application and assessment of the proportionality principle is intended to ensure that rights holders do not enforce their IP rights in an excessive manner ⁽¹⁵⁾. The articulation between these three criteria (effectiveness, dissuasiveness and proportionality) is thus deemed to achieve a balance between the competing interests of the rights holders and infringers ⁽¹⁶⁾. In IP law, proportionality is therefore often interpreted as ensuring that the rights granted do not confer more power to the rights holder than what is justly due ⁽¹⁷⁾.

The importance of applying the proportionality principle on a case-by-case basis has been reiterated by the CJEU and the Commission in its 2017 Guidance ⁽¹⁸⁾, urging courts to consider the specific circumstances of each infringement when determining appropriate remedies.

Nevertheless, to a range of legal practitioners, companies and academics, the interpretation and application of the principle remain inconsistent across EU MS. Some national courts are criticised for favouring rights holders by granting injunctions without fully assessing proportionality. This issue is most prominent in patent cases of complex technologies, where court decisions to grant an injunction may lead to potential market disruptions that

⁽¹⁴⁾ Sikorski, R., *Towards a More Orderly Application of Proportionality to Patent Injunctions in the European Union*, 2022, IIC 53, 31–61. Available at <https://doi.org/10.1007/s40319-021-01139-6>.

⁽¹⁵⁾ Van Dongen, *Proportionality in IP Enforcement: A Tale of Two Frameworks*, *Intellectuele Eigendom en Reclamerecht*, 2022(4), p. 213-221.

⁽¹⁶⁾ By reference to C-350/10 SABAM v. Netlog NV case, concluding on a ruling in favour of the “*freedom to conduct a business*”: Fischman Afori, O. Proportionality – A New Mega Standard in European Copyright Law. IIC 45, 889–914 (2014). Available at: <https://doi.org/10.1007/s40319-014-0272-1>.

⁽¹⁷⁾ As can be seen through the application of the abuse doctrine within the grant of injunctive relief: Norman V. Siebrasse, Rafal Sikorski, Jorge L. Contreras, Thomas F. Cotter, John Golden, Sang Jo Jong, Brian J. Love, and David O. Taylor, ‘Injunctive Relief’ in Chapter 4 of Brad Biddle, Jorge L. Contreras, Brian J. Love, and Norman V. Siebrasse (Eds.), *Patent Remedies and Complex Products: Toward a Global Consensus*, Cambridge: Cambridge University Press, 2019.

⁽¹⁸⁾ European Commission Guidance 2017, *supra* fn 5.

disproportionately affect both the infringing party and third parties reliant on the technology (19) (20).

Empirical evidence justifies this criticism. A study by Darts-IP (21), which examined 635 court decisions in patent cases across Europe (EU27 plus Norway and the UK) between 2015 and 2020, found that courts granted permanent injunctions in the vast majority of cases, specifically 598 out of 635 (94%) (22). Proportionality was assessed in only four of these cases, representing just 0.6% of the total. This trend reflects the broader concern of some stakeholders about the granting of 'automatic' injunctions without proportionality assessment. Such quasi-automatic (23) injunctions can halt the production and sale of complex products incorporating multiple patented technologies, even if the infringement relates to a minor component. This scenario is especially problematic in high tech industries where products often integrate thousands of patented technologies.

The rise in patent applications (24), particularly due to rapid developments and a multitude of innovators in the Information and Communication Technology (ICT) and computer technology markets has led to the formation of so-called 'patent thickets', where overlapping sets of patent rights require innovators to reach licensing agreements for patents (25). This not only complicates the clearance process but may also hinder innovation due to the high costs and uncertainty surrounding patent validity. The patentability of small technology components increases the risk of accidental infringement (26). Dynamic competition in these markets can moreover lead to parallel innovation, with products often incorporating numerous patented components, thereby increasing the risk of unintentionally infringing on any of the multitude of patents.

ICT and computer technology markets are also vulnerable to patent holdup, where the threat of an injunction is leveraged to extract inflated royalties from an alleged infringer who has already made substantial investments in the design, production, and marketing of a product. The role of non-practicing entities (NPEs), especially patent assertion entities (PAEs) in this context may present an additional concern, with PAEs focusing on monetising large patent portfolios, often through aggressive litigation.

Considering these developments, it is crucial to strike an appropriate balance between enforcing the IP rights of holders and allowing courts the discretion to adjust them for justifiable reasons.

In light of this, the present study examines the use of the proportionality principle in the context of patent infringement cases (27) across a selection of EU MS, looking at the transposition of

(19) Contreras, Jorge L. and Husovec, Martin, *Issuing and Tailoring Patent Injunctions – A Cross-Jurisdictional Comparison and Synthesis*, Cambridge University Press, Forthcoming), University of Utah College of Law Research Paper No. 436, 2021.

(20) Brad Biddle, Jorge L. Contreras, Brian J. Love, and Norman V. Siebrasse (Eds.), *Patent Remedies and Complex Products: Toward a Global Consensus*, Cambridge University Press, 2019, p. 263-267. Available at:

https://www.cambridge.org/core/services/aop-cambridge-core/content/view/9856A1DB614D1E4A155E0D7B1748384B/9781108426756AR.pdf/Patent_Remedies_and_Complex_Products.pdf?event-type=FTLA.

(21) The analysis of court cases was commissioned by IP2I. The study results were shared for the purpose of this report in agreement with darts-IP (now a company of Clarivate)

(22) Reasons for not granting such an injunction were the involvement of technical standards or the patent had expired.

(23) The term 'automatic' or 'quasi-automatic' injunction as used in the report reflects the wording of interviewees. There are no automatic injunctions in any legal system. The term is used to describe that an injunction is awarded by a court without much effort by the plaintiff and almost automatically by a court.

(24) Dijkman, Leon, *The proportionality test in European patent law: patent injunctions before EU courts and the UPC*, Hart Publishing, 2023, p. 61.

(25) *Ibid* Section 3.2.1.

(26) *Ibid* p. 136.

(27) For this topic, the research has been focused on patents. Input collected through the stakeholder consultation related solely to patents and not to other IP rights.

the proportionality principle in national law, as well as its interpretation and application by national courts.

Methodological note

The research on the proportionality principle covered in this chapter is based on an extensive review of the relevant legal provisions, literature, practices, and jurisprudence in the selected Member States (Austria, Belgium, Finland, France, Germany, Italy, Ireland, the Netherlands, and Spain) as well as CJEU case-law. The study team selected these MS for the study based on the following criteria: 1) the volume of national cases relevant for the RT; 2) the existence of national law specific for the relevant RT; and 3) feedback from the colleagues of the EY network. An overview of the case law reviewed is provided in Annex V.

The findings from the desk research and case law review were corroborated and deepened by findings from the online survey, targeted interviews and expert panel. The survey contained a dedicated section on the proportionality principle (see questionnaire Section A in Annex III). This part of the questionnaire was answered by 93 stakeholders, out of which 40 identified as rights holder of IP rights, 35 as legal expert, 11 as judiciary, and 7 as national competent authority. The respondents were located in Belgium (6), Bulgaria (3), Croatia (5), Czechia (10), Denmark (2), Finland (4), France (11), Germany (14), Italy (6), the Netherlands (11), Spain (3), Sweden (5) and other countries with less than 3 respondents (13).

The proportionality principle was also covered in 26 of the targeted interviews. 13 of these interviewees were industry experts and/or represented private sector organisations, 5 were academic experts, 2 were judiciary or legal professionals and 2 represented NGOs.

The proportionality principle was further explored in expert panel 1, which included three academic experts, an association representing rights holders, two legal experts and a member of the judiciary.

The research topic was also addressed in the validation workshop (session 1), which included 4 academic experts, 8 rights holders or associations representing rights holders and 2 legal experts.

For more information on the research tools applied, please refer to Section 2.2.

3.1.1. Proportionality in IPRED

As presented above, the proportionality principle is incorporated in Article 3 of IPRED. Recital 17 of IPRED reiterates the need for a case-by-case approach. It stresses that the measures, procedures, and remedies should be determined in each case in such a manner as to take due account of the specific characteristics of the case, including the specific features of each IP right and, where appropriate, the intentional (or unintentional) character of the infringement.

Recital 22 stresses the importance of immediate measures for terminating IP rights infringements. However, it also emphasises the necessity of observing the rights of the defence while ensuring the proportionality of the provisional measures in the case in question, as IPRED highlights that such measures are particularly justified where any delay would cause irreparable harm to the holder of an IP right.

Furthermore, Recital 32 of IPRED aligns the Directive with the Charter of Fundamental Rights of the European Union, specifically Article 17(2), which recognises the protection of IP rights as a fundamental right. The recital makes it clear that IPRED must be interpreted and applied in a way that respects not only IP rights but also other fundamental rights at issue.

The concept that IP rights should be exercised within reasonable bounds, avoiding excess and abuse, is also a well-established principle in the legal frameworks of EU MS, as the “*abuse of rights doctrine*” generally covers different instances of abusive exercise of rights and is generally applied by the national courts in the EU (28).

Proportionality is moreover recognised as a fundamental principle of EU law in the provisions of EU primary law such as Article 5 of the Treaty on European Union (TEU) and Protocol 2 thereof.

The application of the proportionality principle was notably developed in copyright cases where the application of the principle led the CJEU to decide on the availability of certain remedies against internet service providers (ISPs). It did so by balancing the enforcement of the copyright at stake with fundamental rights such as the freedom to conduct a business and the right to receive information (29), as well as the right to respect for private life and personal data (30).

The application of this principle within copyright is illustrated in the case *Scarlet Extended*, where the referring court asked the CJEU if a national court may order an ISP to introduce, at its own cost, a preventive measure to filter all of its customers’ electronic communications in order to identify the sharing of electronic files containing copyrighted materials. Addressed with this issue, the CJEU found that such a filtering system would not respect the need to strike a fair balance between the protection of copyright and the fundamental rights of users (31). In addition, it is important to note that the CJEU was also asked to interpret other EU legislation, including Article 15 of the e-Commerce Directive (32), which prohibits the imposition of general monitoring obligations on hosting providers. The CJEU found that imposing the introduction of such a general filtering system would breach Article 15 of the e-Commerce Directive.

Although the concerns addressed by the CJEU in *Promusicae* and *Scarlet Extended* were laid in the context of a copyright related matter involving an ISP, the resulting criterion of assessing whether the disadvantages of an enforcement measure are proportionate to its intended objective has broader applicability. This criterion has been extended to other areas of IP law, including trademark enforcement, where the proportionality of requesting information under Article 8(1) of IPRED has been examined in certain national contexts.

3.1.2. Transposition of the proportionality principle into national legislation

The desk research and case law review confirmed that while the proportionality principle is generally recognised across EU MS, the approach to the transposition into national legislation, and in particular into specific IP frameworks, varies significantly. Although some countries have explicitly incorporated the proportionality principle into their IP legislation, others, as listed below, rely on the principle as it is inherently embedded in their legal system, without explicitly referencing it in their IP laws.

(28) Sikorski, R., *Towards a More Orderly Application of Proportionality to Patent Injunctions in the European Union*, 2022, supra fn 14.

(29) Case C-70/10, *Scarlet Extended SA v Société belge des auteurs, compositeurs et éditeurs SCRL (SABAM)* [2011] EU:C:2011:771.

(30) Case C-70/10, *Scarlet Extended SA v Société belge des auteurs, compositeurs et éditeurs SCRL (SABAM)* [2011] EU:C:2011:771, Case C-275/06, *Productores de Música de España (Promusicae) v Telefónica de España SAU* [2008] EU:C:2008:54.

(31) Case C-70/10, *Scarlet Extended SA*, supra fn 29, para 53.

(32) Directive 2000/31/EC of the European Parliament and of the Council of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market ('Directive on electronic commerce'), L 178, 17/07/2000, p. 1-16. Accessible at: [Directive - 2000/31 - EN - e-commerce directive - EUR-Lex](http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2000:178:0001:0016:EN:PDF).

Among the selected MS covered by the desk research⁽³³⁾, Finland, Germany, Italy and Ireland have incorporated the proportionality principle in their domestic IP legal frameworks:

- Finland showcases an explicit integration. The Finnish Code of Judicial Procedures⁽³⁴⁾ mandates proportionality considerations when issuing precautionary measures, aiming to minimise adverse effects on opposing parties. Similarly, the Finnish Patents Act⁽³⁵⁾ explicitly addresses the reasonableness of cease-and-desist orders by considering the rights of all parties involved.
- In Germany the principle features in numerous IP-related regulations. These include the Patent Act⁽³⁶⁾, Copyright Act⁽³⁷⁾, Trademark Act⁽³⁸⁾, Utility Model Act⁽³⁹⁾, Design Act⁽⁴⁰⁾, and the Semiconductor Protection Act⁽⁴¹⁾.
- Italy lacks a comprehensive framework for the proportionality principle in the area of IP law. However, the proportionality principle is included in specific IP legislation. Notably, Italy's Intellectual Property Code embeds proportionality within provisions concerning corrective measures and civil penalties, and trade secrets, outlining specific factors for courts to consider⁽⁴²⁾.
- Ireland has implemented the European Communities (Enforcement of Intellectual Property Rights) Regulations 2006⁽⁴³⁾. These Regulations specifically address how the proportionality principle is applied in the context of court orders for disclosure of information and court orders for recall, removal, or destruction of infringing goods.

In contrast, Austria, Belgium, France, the Netherlands and Spain rely predominantly on the general principle of proportionality inherent to their legal systems. While legal provisions may implicitly address proportionality in certain contexts (for example, damages calculations in Belgium), these countries lack dedicated legislation governing the application of the principle of proportionality in the field of IP law enforcement. Instead, they often rely on established legal concepts like the 'abuse of rights' doctrine to limit any potential abuse of IP rights.

On the one hand, some interviewees from MS where the proportionality principle has not been codified in IP legislation remarked that it still must be considered due to pre-existing legal requirements (mentioned by an interviewee from the Netherlands). On the other hand, while alternative less intrusive measures such as compensation *in lieu* of an injunction⁽⁴⁴⁾, exist in

⁽³³⁾ Selected countries covered by the desk research: AT, BE, DE, ES, FI, FR, IT, IR, NL.

⁽³⁴⁾ Finnish Code of Judicial Procedure Act No. 4/1734 of January 1, 1734, as amended up to Act No. 732 of June 6, 2015, Section 7:3.2.

⁽³⁵⁾ Finnish Patent Act No. 550/1967, amended up to Act No. 717/2016, Section 57b.

⁽³⁶⁾ German Patent Act, as amended up to Act of 30 August 2021, Section 140b (IV), PatG.

⁽³⁷⁾ German Act on Copyright and Related Rights (Copyright Act), as amended up to Act of June 23, 2021, Section 98 (IV), UrhG.

⁽³⁸⁾ German Act on the Protection of Trade Marks and other Signs (Trademark Act), amended up to Act of October 8, 2023, Section 18 (III) MarkenG.

⁽³⁹⁾ German Utility Model Act, as amended up to Act of August 10, 2021, Section 24a (III) GebrMG.

⁽⁴⁰⁾ German Act on the Legal Protection of Designs (Designs Act), as amended up to Act of August 10, 2021, Section 43 (IV) DesignG.

⁽⁴¹⁾ German Regulation Implementing Semiconductor Protection Act (Regulations on Semiconductor Protection Applications), as amended by Regulation of December 17, 2004, Section 9 (II) HalbISchG.

⁽⁴²⁾ Regarding trade secrets, the Italian Intellectual Property Code, Article 132 paragraph 5-ter and Article 124 paragraph. 6-bis, outline the following circumstances that may be taken into account to assess proportionality, in particular, the value and specific characteristics of the trade secrets, the impact of the unlawful use or disclosure of the trade secrets, the general public interest, the measures taken by the rightful holder to protect the trade secrets.

For applying corrective measures and civil penalties, according to the Italian intellectual Property Code, Article 124(6), the judicial authority must take into account proportionality by weighing the seriousness of the infringements, the severity of the sanctions, and the interests of third parties.

⁽⁴³⁾ Irish European Communities (Enforcement of Intellectual Property Rights) Regulations, 2006 (SI no 360/2006).

⁽⁴⁴⁾ According to Polish IP law, courts may order payment of monetary compensation *in lieu* of an injunction when additional conditions have been satisfied. See: Sikorski R, Targosz T. Poland. In: Contreras JL, Husovec M, eds. *Injunctions in Patent Law: Trans-Atlantic Dialogues on Flexibility and Tailoring*. Cambridge University Press; 2022:237-260. Available at: [Poland \(Chapter 12\) - Injunctions in Patent Law](#).

Poland and may serve as more proportionate solutions in some cases, they are rarely applied in practice (45).

A number of interviewed stakeholders across several MS, including Poland and Italy, expressed concerns over the lack of soft law guidance on assessing proportionality in IP matters. According to them, it fosters an inconsistent application of the principle and an excessive dependence on case law precedents.

However, several stakeholders voiced satisfaction with how the proportionality principle is being applied by MS and did not see a need for the introduction of additional measures regarding its application.

3.1.3. Application of the proportionality principle in national courts

Frequency of application

The review of national case law showed small variations in the application of the proportionality principle. Table 4 includes cases on patent, copyright, and trademark litigation. In almost all the cases from the selected MS, the proportionality principle was applied.

Regarding the survey results it is noteworthy that 10 out of 11 responding judges indicated that, in cases of stated infringements, courts in their jurisdictions apply the proportionality principle either 'always' or 'very often'. This included surveyed members of the judiciary from Belgium, Bulgaria, Croatia, Czechia, France, Hungary, Italy and Spain. The only exception was a response from the judiciary in Finland, who indicated 'sometimes'. This aligns with the findings from the case law review shown in the table below (46).

Interviewed stakeholders from the judiciary consistently reported that the proportionality principle is more frequently applied in preliminary injunction proceedings. The application of the proportionality principle appears particularly important in the context of such proceedings, where the potential harm caused by an immediate injunction can be significant. Interviewed stakeholders from the Netherlands and Italy confirm that in their jurisdictions, courts must carefully weigh the potential harm to both parties before granting an immediate injunction.

Interviewees from multiple jurisdictions (Austria, Denmark, Italy, the Netherlands and Poland), observed that the principle is less frequently applied in proceedings on the merits compared to preliminary injunctions. They suggested that this could be due to various factors, including the significant time already invested in litigation, a reluctance of attorneys to introduce the principle, or a higher evidentiary threshold compared to preliminary injunctions. Another reason could be that the infringed IP right is viewed as an absolute right, which almost always results in the issuance of injunctions once an infringement is demonstrated.

Several interviewees representing companies active around the EU stated that the current application of the proportionality principle is appropriate. Moreover, they explained that it is often being considered by the national courts across the EU, therefore there is no need for any further actions regarding its implementation.

The data presented in the table below includes a sample of national court decisions from selected MS where the proportionality principle was explicitly raised by parties to the proceeding in IP law infringement cases (patents, copyright, trademarks).

(45) *Ibid.*

(46) See Answer to Research Question n°6 of the local legal correspondents' questionnaire – Proportionality principle.

Table 4 - Sample of cases and application of the proportionality principle in selected MS

Member State	Case law	IPR at stake	Application of proportionality principle (yes/no)
Austria	OGH 4 Ob 141/21w, 23.02.2022	Copyright	Yes
	OGH 4 Ob 129/21f, 25.01.2022	Copyright	Yes
	OGH 4 Ob 121/17y, 24.10.2017	Copyright	Yes
	OGH 4 Ob 159/17m, 09.11.2017	Patent	Yes
	OGH 4 Ob 170/15a, 17.11.2015	Trademark	Yes
	OGH 4 Ob 71/14s, 24.06.2014	Copyright	Yes
Belgium	Dutch corporate court Brussels, Protina Pharmazeutische GmbH / Acquarius Age Company Belgium cvba, 02.01.2020	Trademark	Yes
Finland	Finnish Supreme Court, KKO 2023:87, 17.11.2023	Trademark	No
	Finnish Supreme Court, KKO 2022:4, 05.07.2022	Copyright	Yes
	Finnish Supreme Court, KKO 2019:10, 06.02.2019	Patent	Yes
France	Tribunal Judiciaire de Paris (Paris Civil 1st instance Court), RG 23/10348, 09.02.2024	Patent	Yes
	Cour d'Appel de Paris (Paris Court of Appeal), RG 21/08468, 24.05.2023	Patent	Yes
	Cour d'Appel de Paris (Paris Court of Appeal), RG 21/09769, 08.03.2023	Trademark	Yes
	Tribunal Judiciaire de Paris (Paris Civil 1st Instance), RG 21/05502, 25.11.2022	Patent	Yes
	Cour d'Appel de Paris (Paris Civil Appeal Court), RG 21/18398, 25.05.2022	Patent	Yes
Germany	Düsseldorf Regional Court, 4b O 7/22, 30.06.2022	Patent	Yes
	Federal Court of Justice, X ZR 114/13, 10.05.2016	Patent	Yes
Ireland	High Court, IEHC 488, Union Des Associations Européennes De Football -v- Eircom Limited T/A Eir & Ors, 29.09.2020	Copyright	Yes
Italy	Tribunale Torino Sez. spec. Impresa, RG 10009/2020, 16/06/2021	Patent	Yes
	Board of Appeals UIBM - Italian Patent and Trademark Office, RG 7386, 26/08/2015	Patent	No
	Corte appello Torino, Sez. spec. Impresa, RG 1217/2019, 13/11/2020	Patent	Yes
	Tribunale Milano, Sez. spec. Impresa, n. 59734/2010, 5/01/2011	Patent	Yes
The Netherlands	The District Court of The Hague - interim relief proceedings (kort geding), ECLI:NL:RBDHA:2022:6079, 09.05.2022	Patent	Yes
	The District Court of Amsterdam – summary proceedings, ECLI:NL:RBAMS:2022:2418, 03.05.2022	Patent	Yes

Member State	Case law	IPR at stake	Application of proportionality principle (yes/no)
	The District Court of The Hague – Summary proceedings (kort geding), ECLI:NL:RBDHA:2018:15453, 28.12.2018	Patent	Yes
	The District Court of The Hague, ECLI:NL:RBDHA:2018:8777, 18.07.2018	Patent	Yes
	District Court of The Hague, ECLI:NL:RBSGR:2011:BT7610, 14.10.2011	Patent	Yes
	Court of Appeal, Leeuwarden, ECLI:NL:GHLEE:2005:AU4338, 12.10.2005	Patent	Yes
Spain	Commercial Court of Barcelona, 858/2018, 22.10.2018	Patent	Yes

Factors considered by courts when applying the proportionality principle

While the European Commission's 2017 Guidance emphasises the importance of a case-by-case assessment of proportionality, IPRED does not provide a specific list of factors for courts to consider.

This in contrast to notably the Trade Secrets Directive, which provides a non-exhaustive list of factors for courts to consider when assessing the proportionality of injunctions and corrective measures, including ⁽⁴⁷⁾:

- the value or other specific features of the trade secret;
- the measures taken to protect the trade secret;
- the conduct of the infringer in acquiring, using or disclosing the trade secret;
- the impact of the unlawful use or disclosure of the trade secret;
- the legitimate interests of the parties and the impact which the granting or rejection of the measures could have on the parties;
- the legitimate interests of third parties;
- the public interest; and
- the safeguard of fundamental rights.

The lack of guidance in IPRED has raised concerns about potentially inadequate factors being examined in the context of assessing proportionality within IP enforcement cases, particularly in cases involving complex technology products ⁽⁴⁸⁾.

Although the case law review showed that courts generally conduct case-by-case assessments when applying the proportionality principle in IP litigation ⁽⁴⁹⁾, the factors

⁽⁴⁷⁾ Directive (EU) 2016/943 on the protection of undisclosed know-how and business information (trade secrets) against their unlawful acquisition, use and disclosure, OJ L 157, 15.6.2016, Article 13(1).

⁽⁴⁸⁾ Dijkman 2023, *supra* fn 24, Section 6.3.2.

⁽⁴⁹⁾ See Answer to Research Question n°6 of the local legal correspondents' questionnaire – Proportionality principle.

considered by courts vary across the selected MS, (50) resulting in unpredictable outcomes. The case law review identified the following main factors commonly taken into account (51):

- Austria: Courts apply proportionality primarily in preliminary injunctions and damages calculation (52). There is no defined methodology, but courts consider the negative effects and financial burden on parties, aiming to find less drastic measures that offer adequate remedy (53).
- Belgium: Courts predominantly apply proportionality in damages calculation, assessing economic interests, freedom of expression, public interest, and negative impacts on parties (54).
- Finland: Courts consistently apply proportionality when issuing precautionary measures and cease and desist orders, adhering to the explicit provisions in Finnish law (55). Factors considered include negative impacts on parties, evidence of harm to the rights holder (56), and defendants' trade secrets and business activities.
- France: Proportionality is applied primarily when defendants challenge provisional measures (57). Lacking a defined methodology, French courts consider negative impacts on parties (58), harm suffered by the plaintiff, and the seriousness of the claimed infringement.
- Germany: Proportionality is usually applied in the context of the defence against the measures sought by the plaintiff or when the court assesses and considers the balance of the proposed measures. Raising the issue of disproportionality in IP litigation requires an assessment of the overall circumstances of the individual case and a careful consideration of all circumstances of the individual case, taking into account the following criteria/factors (59):
 - the infringed patent covers a limited part of a complex product, as regard to patent injunction cases;
 - the infringed patent is not functionally essential for proper operation of the entire product, as regard to patent injunction cases;
 - (un)intentional infringement/good or bad faith of the infringer;
 - the financial impact and other negative effects and burden on the defendant in case of injunction (60);
 - the duration of protection (61).

Collateral damage to third parties (in particular as a result of loss of production which is often a normal consequence of a patent infringement) is generally not a sufficient factor, taken alone, to justify disproportionality (62).

(50) Selected countries for which the desk research and case review was conducted: AT, BE, DE, ES, FI, FR, IT, IR and NL.

(51) According to local legal correspondents' questionnaires (see Annex V) and the case law review performed by EY law experts (see further Table 5 for an overview), a list of main factors/criteria of proportionality may be taken into account.

(52) See Answer to Research Question n°6 of the local legal correspondents' questionnaire – Proportionality principle.

(53) See Answer to Research Question n°8 of the local legal correspondents' questionnaire – Proportionality principle (Austria).

(54) See Answers to Research Questions n°5 to 7 of the local legal correspondents' questionnaires – Proportionality principle (Belgium).

(55) See Answers to Research Question n°1 and n°5 of the local legal correspondents' questionnaire – Proportionality principle (Finland).

(56) See Answer to Research Question n°8 of the local legal correspondents' questionnaire – Proportionality principle (Finland).

(57) See Answer to Research Question n°5 of the local legal correspondents' questionnaire – Proportionality principle (France).

(58) See Answer to Research Question n°8 of the local legal correspondents' questionnaire – Proportionality principle (France).

(59) Grabinski/Zülch/Tochtermann Berkard, Patentgesetz: PatG 12. Auflage 2023, Rn. 32-32o.

(60) BGH, 19.04.2016, X ZR 148/11.

(61) LG Düsseldorf, Entscheidung, 30.06.2022 - 4b O 7/22.

(62) *Ibid.*

- Ireland: The proportionality principle is inherently considered by judges as part of their decision-making process. This is particularly relevant in the context of preliminary injunctions, where courts assess the adequacy of damages and the balance of convenience, taking into account factors such as the likelihood of success at trial and the potential for irreparable harm ⁽⁶³⁾.
- Italy: The proportionality principle is emphasised in preliminary injunctions and in cases involving corrective measures, civil penalties, and trade secrets ⁽⁶⁴⁾. Italian courts consider in particular ⁽⁶⁵⁾:
 - the economic value of the product;
 - the potential impact of the infringement on business activities of the parties involved (especially if the defendant is a small or medium-sized enterprise (SME) or a company with limited resources);
 - the quality of the parties involved in the dispute, such as whether the defendant is a multinational company, and the intentionality of the infringement;
 - the nature of the infringement (intentionality or negligently);
 - the public interest.
- The Netherlands: Proportionality is applied mainly as an exception to the general rule of granting injunctions to patent holders in infringement cases ⁽⁶⁶⁾. Dutch courts consider the following factors:
 - the effect on the financial and business position of the defendant ^{(67), (68)};
 - the effect it would have on the employees of the defendant ⁽⁶⁹⁾;
 - the possibility that that enforcing the patent would constitute abuse of power ⁽⁷⁰⁾;
 - the fact that the infringement had been tolerated for some time or that no warnings were provided ^{(71), (72), (73)};
 - the negotiations on license agreements ⁽⁷⁴⁾;
 - the dependency of medical professionals on patents used in providing medical care ⁽⁷⁵⁾;
 - the manner in which the patent was used in a product and whether it can be easily replaced ⁽⁷⁶⁾;
 - the market size of the defendant's market compared to the plaintiff's market. ⁽⁷⁷⁾.
- Spain: Courts often draw upon the concept of 'abuse of rights' ⁽⁷⁸⁾. Key considerations in proportionality assessments include negative effects on the parties, particularly in

⁽⁶³⁾ Irish Supreme Court, Merck, Sharp & Dohme v Clonmel Healthcare Limited, 2019, IECA 327; Campus Oil v Minister for Industry and Energy (No.2), 1983, 1 IR 88.

⁽⁶⁴⁾ See Answer to Research Question n°5 of the local legal correspondents' questionnaire – Proportionality principle (Italy).

⁽⁶⁵⁾ See Answer to Research Question n°8 of the local legal correspondents' questionnaire – Proportionality principle (Italy).

⁽⁶⁶⁾ See Answer to Research Question n°5 of the local legal correspondents' questionnaire – Proportionality principle (Netherlands).

⁽⁶⁷⁾ The District Court of The Hague, Koninklijke Douwe Egberts B.V. vs. Belmoca BVBA, 2018, C/09/555970 / KG ZA 18-694.

⁽⁶⁸⁾ The District Court of Amsterdam, Boston Scientific Limited vs. Cook Europe Finance BV., 2022, C/13/713564 / KG ZA 22-118.

⁽⁶⁹⁾ Court of Appeal Leeuwarden, 2005, ECLI:NL:GHLEE:2005:AU4338, 12.10.2005.

⁽⁷⁰⁾ The District Court of The Hague, 2018, NL:RBDHA:2018:8777.

⁽⁷¹⁾ District Court of The Hague, 2011, NL:RBSGR:2011:BT7610.

⁽⁷²⁾ The District Court of The Hague, 2018, NL:RBDHA:2018:15453.

⁽⁷³⁾ The District Court of Amsterdam, 2022, NL:RBAMS:2022:2418.

⁽⁷⁴⁾ The District Court of Amsterdam, 2022, NL:RBAMS:2022:2418.

⁽⁷⁵⁾ *Ibid.*

⁽⁷⁶⁾ The District Court of The Hague, 2022, NL:RBDHA:2022:6079.

⁽⁷⁷⁾ The District Court of The Hague, 2018, NL:RBDHA:2018:15453.

⁽⁷⁸⁾ See Answer to Research Question n°2 of the local legal correspondents' questionnaire – Proportionality principle (Spain).

preliminary proceedings, the harm suffered by the plaintiff, and the potential loss of profit and disruption of commercial activities for the defendant (79).

The table below includes a summary of one landmark case per selected MS, showing how these factors are applied in practice.

Table 5 - Selected landmark cases

Selected MS	Case	IPR at stake	Facts	Main conclusion(s)/outcome	Proportionality criteria
Austria	OGH 4 Ob 141/21w, 23.02.2022	Copyright	The plaintiff, a theatre operator, prohibited recordings without consent. The defendants distributed unauthorized footage and photos, which resulted in a partial settlement and the Court issuing an preliminary injunction for removal of the content and relief, as well as a partial judgment requiring information and accounting. However, the Court of Appeal denied the request for information.	The Supreme Court favoured the defendant's journalistic confidentiality over the plaintiff's right to information, rejecting the information claim but upholding the accounting requirement.	<ul style="list-style-type: none"> • Gravity of IP infringement • Other legitimate interests such as confidentiality of journalistic sources.
Belgium	Dutch corporate court Brussels, Protina Pharmazeutische GmbH / Acquarius Age Company Belgium cvba, 02.01.2020	Trademark	The plaintiff sought the recall and destruction of infringing goods based on trademark rights.	The Court denied the claimed measure of recall and destruction of the infringing products as it found these measures disproportionate.	<p>The measure must concretely contribute to:</p> <ul style="list-style-type: none"> • stopping the established infringement or mitigating its effects • balancing of the interests involved, and • providing justification for its implementation.
Finland	Finnish Supreme Court, KKO 2019:10, 06.02.2019	Patent	The plaintiff sought an injunction against the defendant for allegedly infringing its patent. The plaintiff requested access to the defendant's documents to determine nature and extent of the alleged infringement. The defendant argued that the injunction shall be rejected as it is aimed to uncover trade secrets due to the similarity of products at stake.	The court considered that the plaintiff's access to the limited, uncontested infringement material was not disproportionate and shall be granted.	<ul style="list-style-type: none"> • Harm suffered by the rights holder • Potential negative impact of measures on defendant, including economic harm, • Potential limitations on fundamental rights. Specifically, the Court's decision includes criteria designed to prevent the opposing party from suffering harm that is disproportionate to the protected interest, such as: <ul style="list-style-type: none"> • Protecting the defendant's business

(79) See Answers to Research Question n°7 and n°8 of the local legal correspondents' questionnaire – Proportionality principle (Spain).

Selected MS	Case	IPR at stake	Facts	Main conclusion(s)/outcome	Proportionality criteria
					<p>secrets during the harm assessment.</p> <ul style="list-style-type: none"> Conducting a two-stage harm assessment: first for evidence securing, then for reassessing the right to information. Depositing documents with the enforcement authority to mitigate the risk of disclosing business secrets. Considering the importance of evidence for the plaintiff's patent infringement claim. The fact that infringement is uncontested by the opposing party
France	Tribunal Judiciaire de Paris (Paris Civil 1st instance Court), RG 23/10348, 09.02.2024	Trademark	The defendant obtained two orders to conduct seizures against the plaintiff for trademark infringement. Confiscated documents were placed under provisional sequestration to protect the plaintiff's trade secrets. The plaintiff requested the withdrawal of measures, claiming they were disproportionate (i.e. no protection measure for trade secrets included).	The Court acknowledged the potential impact on the plaintiff's trade secrets but found the scope of the seizure to be reasonably limited, focusing on documents relevant to proving infringement and damages. The Court considered the plaintiff's choice to request the sequestration of the sensitive documents seized, viewing it as a protection measure within the proportionality assessment of the ordered seizing measures.	<ul style="list-style-type: none"> The scope of the seizure and its potential impact on the plaintiff's legitimate interests, including trade secrets. The relevance of the seized documents to prove trademark infringement and damages. The availability of alternative measures, such as sequestration, to protect confidential information.
Germany	Federal Court of Justice, X ZR 114/13, 10.05.2016	Patent	A patent exploitation company acquired the inventor's patent for a neck heater designed for convertibles and initiated an infringement action against both a supplier and the car manufacturer that used the patented technology. Action before the lower courts were dismissed; the patent holder appealed to the Federal Court of Justice.	The Federal Court of Justice (BGH) granted injunctive relief, taking into account principle of proportionality.	<ul style="list-style-type: none"> Infringed patent covers a limited part of a complex product, Infringed patent is not essential for proper functionality of the product (Un)intentional infringement/ good or bad faith of the infringer Financial impact and other negative effects and burden on the defendant in case of injunction

Selected MS	Case	IPR at stake	Facts	Main conclusion(s)/outcome	Proportionality criteria
Ireland	High Court, IEHC 488, Union Des Associations Européennes De Football -v- Eircom Limited T/A Eir & Ors, 29.09.2020	Copyright	UEFA applied to the High Court for a live blocking injunction under the Copyright Act, requesting ISPs to block access to IP addresses used for infringing its copyright works.	The judge granted the order, deeming it appropriate and proportionate without unduly burdening internet users.	<p>The Court provided a test to be applied requiring the applicant for a "live blocking" injunction to establish that:</p> <ul style="list-style-type: none"> • the order sought is necessary; • the costs involved are not excessive or disproportionate and the orders made are not unduly complicated; • the cost sharing proposals (if any) are fair and reasonable; • the orders respect the fundamental rights of the parties affected, including internet users, and I also include in that regard the rights of the Defendants themselves as internet service providers; and • the duration of the proposed injunctions and the provisions for review are reasonable
Italy	Tribunale Torino Sez. spec. Impresa, RG 10009/2020, 16/06/2021	Patent	The plaintiff, a company focused in medical innovations, sought an injunction to stop the infringement of rights covered by its patent and requested a precautionary seizure against the defendant.	The Court decided to adjust the scope of the injunction - and, consequently, of the seizure - by ruling that counterfeit products related to three deliveries at three different healthcare facilities, two of which were already executed and one that was already awarded and under execution, should be exempted from these actions.	<p>Public interest consideration: necessity for the public to get access to healthcare</p> <p>In particular, the Court determined that the principle of proportionality allows the timing of an injunction to be tailored when needed to safeguard the "continuation of supplies already in progress with public administrations or, in any case, hospital departments," it being necessary "to allow third parties to use, for example, urgent public procurement procedures for the purchase of equivalent products and to train their medical personnel," without prejudice.</p>
The Netherlands	The District Court of Amsterdam, ECLI:NL:RBA MS:2022:2418 , 03.05.2022	Patent	The case concerned patents related to medical devices in the field of endoscopy. The plaintiff, active in the sector of medical devices, brought action against the defendant for patent infringement. The plaintiff requested provisional measures, including injunctions, to stop	The Court rejected the claims of the plaintiff.	<ul style="list-style-type: none"> • The defendant had already been on the market for a long time with this product; • the plaintiff waited a long time to write a cease-and-desist letter; • the damage for the defendant would be irreparable; • the patent will only be valid for a limited time; • doctors have been trained to use the defendant's product in their medical care;

Selected MS	Case	IPR at stake	Facts	Main conclusion(s)/outcome	Proportionality criteria
			the alleged patent infringements in various European countries where the patent was valid and in effect.		<ul style="list-style-type: none"> in other proceedings, the plaintiff settled by accepting a license fee.
Spain	Commercial Court of Barcelona, 858/2018, 22.10.2018	Patent	The plaintiff, an editor of design products, sought specific preliminary actions against the defendant, such as the provision of a detailed and exhaustive list detailing the production of the copied items, the revenue gathered or number of orders placed, and the quantity of infringing products that have been sold or acquired.	The Court considered that the request was justified and proportionate.	<ul style="list-style-type: none"> Information requested was not qualitative and/or did not comprise customer identification information; Information requested was aimed at fulfilling a future quantitative accounting information; Information requested was aimed at fulfilling a future compensation for damages.

The table above highlights that across the selected MS and different IP rights covered by the case law research, courts consider in particular the following factors when applying the proportionality principle:

- Harm suffered by the rights holder due to the infringement, serving as justification for the necessity of the requested measure(s);
- Gravity of the infringement, encompassing aspects like intention and scale;
- Potential negative impacts of enforcement measures on defendants and third parties, including economic harm, business disruption, and potential limitations on fundamental freedoms;
- Public interest (for example access to healthcare);
- Market size of the defendant's market compared to the plaintiff's;
- Economic value of the product;
- Availability of less restrictive alternatives that adequately address the infringement while minimising negative impacts on other parties.

Importantly, in proportionality assessments, beyond considering the direct impact on third parties, courts from MS covered by the research have increasingly recognised the need to provide safeguards against the 'abuse of patent rights', particularly in the context of injunctive relief. While IPRED does not explicitly define 'abuse', the CJEU's case law indicates that this notion encompasses a broader range of opportunistic behaviours that seek to exploit the complexities of the patent system for unintended advantages⁽⁸⁰⁾. Still, particularly in patent law practice, the abuse of rights doctrine has been applied very cautiously⁽⁸¹⁾ (see Section

⁽⁸⁰⁾ Examples of such potentially abusive conduct include strategic delays in enforcement to create lock-in effects, patent ambushes, and the use of divisional applications to perpetuate commercial uncertainty. On this subject, see Dijkman 2023, *supra* fn 24, Section 5.3.2.

⁽⁸¹⁾ Sikorski, R., *Towards a More Orderly Application of Proportionality to Patent Injunctions in the European Union*, 2022, *supra* fn 14.

3.2 on Patent Assertion Entities) and is often considered an exceptional tool aimed at rectifying the exercise of rights ⁽⁸²⁾.

Many interviewed stakeholders ⁽⁸³⁾ expressed concern over the inconsistent importance given to different factors when applying the proportionality principle across jurisdictions and to different cases. This inconsistency leads to unpredictable outcomes and uncertainty for patent owners in enforcing their intellectual property rights, and for patentees, for example in disputes with patent assertion entities.

In-depth analysis of the survey's results

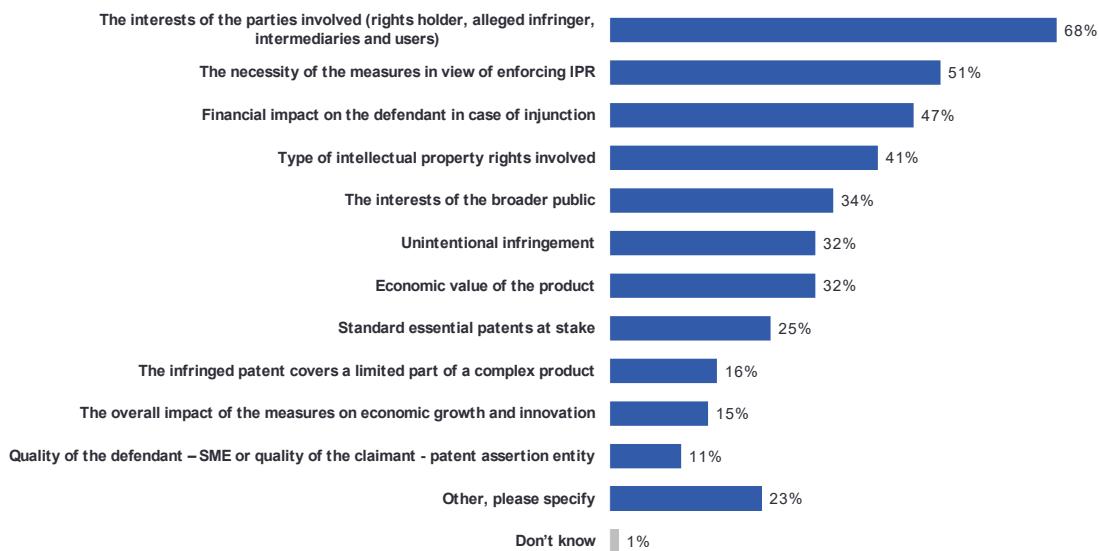
The survey confirmed the prevalence of these core considerations, with stakeholders indicating the 'interests of the parties involved' (rights holder, alleged infringer, intermediaries and users) to be the main element that is considered in a proportionality assessment in their country (indicated by 68% of respondents). This was followed by 'the necessity of the measures in view of enforcing the intellectual property right' (51%), 'financial impact on the defendant in case of injunction' (47%), and 'type of intellectual property rights involved' (41%). Around one in three respondents indicated that 'the interest of the broader public' (34%), 'unintentional infringement' (32%) and 'economic value of the product' (32%) are considered. All other options were selected by a quarter or fewer respondents, with the overall impact of the measures on economic growth and innovation, as well as the considerations about whether the infringed patent only covers a limited part of a complex product being less often considered according to stakeholders (only 15% and 16% of survey respondents chose these options, respectively). 23% indicated that another element is considered – these were mainly rights holders (see below).

The results for this question were fairly similar across stakeholder groups (judiciary, legal experts and rights holders), taking into account the small number of responding national competent authorities (n=5). However, it is worth noting that national competent authorities were far more likely than other categories of stakeholders to mention the economic value of the product as an element that is considered in the proportionality assessment in their jurisdiction (80% indicated this). This is also true regarding the interest of the broader public (60%).

⁽⁸²⁾ *Ibid.*

⁽⁸³⁾ From Austria, Denmark, Germany, Italy, the Netherlands, and Poland.

Figure 2 - Elements considered in the proportionality assessment across EU MS jurisdictions



A2b. Which elements are considered in the proportionality assessment in your jurisdiction?

% Total (multiple response), Base: Respondents who selected 'Always', 'Very Often', 'Sometimes' or 'Rarely' in A2a (n=73)

Source: IPRED survey (May 2024)

Divergent views

The consulted stakeholders in the interviews, expert panel and validation workshop expressed divergent views regarding the application of the proportionality principle.

One group of stakeholders, mainly representing standard essential patents (SEPs) ⁽⁸⁴⁾ holders and large companies that actively use litigation to enforce patent rights, indicated their satisfaction with the current application of the proportionality principle in the EU. They did not see a need for changes in the application of the principle by national courts or additional guidelines. In their view, the Directive provides a clear overview of the available remedies to protect IP rights, which they emphasise are fundamental rights ⁽⁸⁵⁾.

Another group of stakeholders (slightly larger in size in the consultation activities⁽⁸⁶⁾), encompassing mainly manufacturers of complex products and IP rights holders, advocated for amendments to the Directive to further harmonise the application of the proportionality principle by national courts. This among others because a lack of harmonisation could negatively affect the competitiveness of businesses, as inconsistent application of the proportionality principle may lead to uncertainty and increase legal risks, which could deter innovation and market entry.

These stakeholders emphasised the complexity of a freedom to operate check and the inherent risk of infringing patents (due to the volume of the patents and the patent thicket) ⁽⁸⁷⁾. This group of stakeholders noted that applying the proportionality principle with pre-determined

⁽⁸⁴⁾ A Standard Essential Patent (SEP) is a patent that protects an invention essential to the implementation of a particular technology standard. These standards are critical for ensuring safety, interoperability and compatibility of different products and services made available by various companies. For further details, see WIPO website available to <https://www.wipo.int/web/patents/topics/sep>.

⁽⁸⁵⁾ Charter of Fundamental Rights of the European Union (2000) OJ C364/1, Article 17(2).

⁽⁸⁶⁾ Looking at the responses to the survey, the interviews and feedback from the expert panel, 11 stakeholders were against any changes, 17 (strongly) favoured harmonisation, and 7 held middle-ground opinions. Whether these opinions are representative for the population of stakeholders as a whole cannot be established.

⁽⁸⁷⁾ As defined by Shapiro: A dense web of overlapping intellectual property rights that a company must hack its way through in order to actually commercialize new technology (Shapiro, C., 'Navigating the Patent Thicket: Cross Licenses, Patent Pools, and Standard-Setting' in A Jaffe, J Lerner and S Stern (eds), *Innovation Policy and the Economy*, vol 1, MIT Press, 2001, p. 120).

conditions can prevent certain IP rights holders from abusing injunctions as leverage to obtain disproportionate settlement awards.

Similar opposing views on applying the proportionality principle were expressed in an earlier study of stakeholder positions regarding the German Patent Act Reform in 2021 (88). Following a 2016 decision of the Federal Supreme Court (89), the German legislator proposed to codify proportionality examination in the context of a claim for injunctive relief by clarifying that in exceptional circumstances a patent injunction may cause disproportionate harm for the infringer. The views of the 29 companies consulted in the mentioned study were split between those in favour of significant and/or minor changes (19 companies), and those opposing changes altogether (10 companies) (90).

The above illustrates the challenge of finding a solution that satisfies all stakeholders involved. Nevertheless, the available evidence suggests there is substantial support for making adjustments to the application of the proportionality principle.

Obstacles to the effective application of proportionality in patent litigation

In several MS, such as Finland, France, Germany, Italy, the Netherlands and Poland, it appears that courts have either no or only very little discretion when granting permanent injunctions in patent cases. Even when they have some discretion, it is rarely used, if at all (91). Literature shows that one of the reasons for such a strict and automatic approach to injunctive relief is the consideration that patents are property-like rights that require strong protection of the exclusivity they guarantee (92).

Interviewed stakeholders from several MS (93) raised concerns about the potential for 'quasi-automatic' permanent injunctions, where proportionality is not taken into account or not sufficiently analysed. In these cases, injunctions are often granted solely on the basis of the patent being found valid and infringed, without considering specific factors of the case, such as the nature of the patent holder, complexity of the product to which patent is implemented or the impact of an injunction on third parties.

However, other interviewed stakeholders, representing mainly large, patent-owning companies, highlighted the essential value of exclusivity of their IP rights that entitle rights holders to prevent third parties from exercising the right without their consent. They disagreed with the existence of the notion of 'quasi-automatic' injunctions, stating that the enforcement of IP rights should be strongly protected. According to them, once the validity of the patent is established, there should be no doubts about granting injunctions.

Indeed, the application of the proportionality principle could lead to the adjustment and/or denial of an injunction. Yet, most of the courts in the selected EU MS grant an injunction if the infringement is characterised on the merits. German legal counsels reported that despite the change of the German patent law in 2021 with its specific references to proportionality, German courts apply strict criteria in the proportionality assessment resulting from the 'heat exchanger' court case (see below).

(88) *Ibid* p. 24.

(89) BGH GRUR 2016, 1031 ; X ZE 114/13 *Wärmetauscher*.

(90) *Ibid* p. 25.

(91) Contreras, Jorge L. and Husovec, Martin, *Issuing and Tailoring Patent Injunctions – A Cross-Jurisdictional Comparison and Synthesis*, Cambridge University Press, Forthcoming), University of Utah College of Law Research Paper No. 436, 2021, p.25

(92) *Ibid*, p.10

(93) Austria, Denmark, France, Germany, Italy, the Netherlands and Poland.

Box 1 - Application of the proportionality principle in Germany

Germany has been identified as a jurisdiction that is particularly patentee friendly (Sikorski 2023), developing into an attractive litigation market. The leading case in Germany is the so-called 'heat exchanger' (Wärmetauscher) case, decided by the Federal Court of Justice in 2016 (BGH, 10 May 2016 - X ZR 114/13). In this case, the court set a very high bar for applying the proportionality principle in patent cases, leading to significant settlements for minor patent infringements. In 2021, the German legislature codified the proportionality requirement expressly in the German Patent Act (Section 139.1).

This was a reaction by the legislative powers which felt that the requirements under the 'heat exchanger' case were too stringent.

The inclusion in the Patent Act has been acknowledged by interviewees as a positive development. An outcome of the reform is that parties are now pleading for disproportionate remedies. Before the reform, this was often not done due to unclarity. This has been rectified, albeit stakeholders still point to the issue of abstract language with the effect that courts and parties are struggling with the application.

Interviewed legal counsels of companies indicate that the German courts continue to believe that the new provision did not mark a material change, and that the new provision only implemented the previous state of law. Therefore, courts have not changed their practise.

In a range of observed cases, the patentee's interest ended up outweighing the interests of the defendant when the harm for the defendant was substantial and where the plaintiff's interest was mainly the conclusion of a licence agreement. It is felt as essentially irrelevant to the German courts that the products subject to an injunction are highly complex products incorporating a large number of inventions, trade secrets and other values whereas the patented invention merely covers a tiny detail of said complex product. Even in the cases where the patentee's main interest is leveraging the injunction to influence licencing negotiations, a proportionality defence is routinely dismissed (e.g., Regional Court Munich judgements of: 5.11.2022, no. 21 O 12142/21 Nokia vs. Oppo; 25.10.2023, no 21 O 3172/22 Nokia vs Vivo Mobile, 12.04.2024, 21 O 6562/23 Dexcom vs Abbot. Regional Court Düsseldorf judgement of: 26.01.2023, no 4a O 79/22 Novartis vs Viartis Healthcare GmbH).

Stakeholders also raised concerns that courts across EU MS do not consider the plaintiff's nature sufficiently in proportionality assessments (e.g., practicing entity vs. patent assertion entity (PAE)). Particularly stakeholders from the Netherlands and Germany emphasised the need to differentiate between practicing entities and PAE in cases concerning injunctions, as they can provide undue leverage to non-practising entities (NPEs) or PAEs ⁽⁹⁴⁾. These entities often use the threat of injunctions to obtain high licensing fees, leveraging the risk of a business shutdown rather than genuine competitive harm. For instance, the Regional Court of Munich's judgment in *VoiceAge v. HMD* (5 May 2020 - 21 O 1409/19) highlighted how US-based PAEs abuse the German system to demand Fair, Reasonable and Non-Discriminatory (FRAND) ⁽⁹⁵⁾ royalties from a European innovator, showcasing the coercive power of injunctions granted without the prior effective application of the proportionality principle. This aspect is further discussed in the chapter on PAEs.

⁽⁹⁴⁾ Please see the delineation about PAE and NPE in section 3.2.1.

⁽⁹⁵⁾ FRAND stands for Fair, Reasonable and Non-Discriminatory Licensing. For further details, see WIPO website available to <https://www.wipo.int/web/patents/topics/sep>.

Use by periods in trademarks and copyrights

Specifically in trademark and copyright law, the concept of 'use by period' ⁽⁹⁶⁾, also referred to as a 'grace period' ⁽⁹⁷⁾, is known. The 'use by period' is defined as the period during which the infringer is authorised to modify or alter the infringing product so that it is not infringing anymore and/or to sell off the infringing products stored in a warehouse by a certain point in time, from which onwards the infringement must be rectified and stopped. The application of the 'use by period' concept is illustrated in the Court of Hamburg case where a trademark infringement was found on one page of a hard copy catalogue. The infringement was so minor that the Court allowed the infringer to continue using the already printed catalogues but required that, for future editions, the trademark infringement must be stopped. The decision took into account the value of the trademark and the right to ask for an injunction on the one hand, while recognising on the other hand that it would not be economically sensible to shred thousands of printed catalogues because of one small trademark infringement in a large catalogue.

Yet, whenever the discussion was on trademarks and the 'use by' principle, most legal experts indicated that this does not work well in case of patents: injunctions on patent cases are often 'immediately enforceable' – within two weeks. Most companies selling complex products, such as cars or even mobile phones are unlikely to be able to sell those in a very short time (in contrast with printed catalogues). Yet, for example, a software update that may deactivate a function enabled by an infringed patent may be a temporary solution. A grace period allowing companies to file a patent application or to find another solution substituting patented components may be possible for a range of products. For complex products where potentially patented parts from various suppliers are also built in, inventing around may take much longer and may be very costly (see also section 1.2.6).

3.1.4. The US Case

In the United States (US), the application of the proportionality principle in patent cases has been shaped by the so-called 'eBay factors' or 'eBay test' following the *eBay Inc. v. MercExchange* ruling by the US Supreme Court in 2006 ⁽⁹⁸⁾. The ruling introduced a four-factor test for courts to determine whether injunctive relief is appropriate: (i) has the plaintiff suffered an irreparable injury, (ii) that remedies at law like monetary damages are inadequate to compensate, (iii) that considering the balance of hardships a remedy in equity is warranted, and (iv) that the public interest would not be undermined.

Interviewees experienced with both the US and European legal systems praised the eBay test for leading to more equitable enforcement of patent rights in the US, especially in sectors such as information technology, where patent ownership is fragmented and innovation is highly cumulative.

The eBay decision effectively limited injunctive relief to cases where both parties are operating in the market and only where the plaintiff demonstrates that the eBay factors weight in favour of an injunction. Consequently, injunctive relief is typically unavailable for PAEs and for other patent holders who have a licensing programme and seek to monetise their patents. This approach was pointed out by interviewees as critical in avoiding the misuse of injunctions to extract coercive licensing fees.

⁽⁹⁶⁾ Nordemann, J.B, *Die Aufbrauchfrist im deutschen Wettbewerbs-, Marken- und Urheberrecht*, ZGE / IPJ 11, 309–323, 2019. DOI: 10.1628/zge-2019-0021.

⁽⁹⁷⁾ To be distinguished from the concept of 'grace period' in trademark law that refers to the right of a registered trademark owner not to use its trademark for five years after registration.

⁽⁹⁸⁾ US Supreme Court, *eBay Inc. v. MercExchange*, 2006, L. L. C., 547 US 388.

Effect of the eBay test

Application of the eBay test did not lead to a complete abandonment of granting injunctions. However, data from a 2016 analysis showed that the application of eBay has significantly reduced the level at which injunctive relief is sought in patent cases and the rate at which they are granted, particularly for preliminary injunctions. The study also found that the likelihood to file for an injunction was more greatly reduced for PAEs than for practicing entities ⁽⁹⁹⁾. Several interviewees correlated the decline in PAEs initiated litigation cases to the use of the eBay test.

Applications of the eBay test in the US signal to parties who would be very unlikely to demonstrate any kind of irreparable injury, that they would not be likely to obtain an injunction. Interviewees involved with complex products noted that eBay has led to a rebalancing of interests: parties apply for injunctions when they think it is justified, and abstain from doing so when they think it is feasible.

The principles established in *eBay* are being applied effectively in further cases by courts of lower instances. For example, in *Warner Bros. Entertainment Inc., et al. v. Jason Tusa et al.* ⁽¹⁰⁰⁾, the US District Court reaffirmed that the plaintiffs must establish the likelihood of success on the merits, irreparable harm in the absence of preliminary relief, a balance of the equity's tips in their favour, and that an injunction is in the public interest. Similarly, in a SEP case, the US Court of Appeals for the Federal Circuit ⁽¹⁰¹⁾ applied the principles of *eBay* and refused to grant an injunction. The US Court argued that "*Patent holders' FRAND commitments which have yielded many licence agreements, strongly suggest that monetary damages are adequate to fully compensate the patent holder for any infringement*" and therefore there is no need for additional measures, such as injunctions. Since the large number of market participants were already using the system claimed in the patents in question, the SEP holder failed to demonstrate that merely adding additional licensee could result in irreparable damage.

The International Trade Commission (ITC) in the US, although it does not apply the eBay test, considers the public interest when applying proportionality. As of today, the ITC has not issued an exclusion order in a SEP infringement case for more than a decade.

Implications and comparison to the EU

Backed by the available DartsIP data, interviews with companies reported two noticeable effects of the introduction of the proportionality principle in form of the eBay test in the US:

- **Shift of SEP litigation to Europe:** Given the high unlikelihood of obtaining an injunction in the US, many cases involving SEPs are transferred to Europe, where Germany is the preferred MS because of its favourable litigation framework.
- **Use of ITC as an alternative route:** In response to eBay, more and more patent owners use the US-internal, alternative route of the ITC and pursue a Section 337 investigation. These investigations address unfair practices in import trade – many of which involve allegations of patent infringement – and often lead to exclusion orders preventing infringers from importing their goods into the US ⁽¹⁰²⁾

⁽⁹⁹⁾ Gupta, Kirti and Kesan, Jay P., *Studying the Impact of eBay on Injunctive Relief in Patent Cases*, University of Illinois College of Law Legal Studies Research Paper No. 17-03, 2016. Available at SSRN: <https://ssrn.com/abstract=2816701> or <http://dx.doi.org/10.2139/ssrn.2816701>.

⁽¹⁰⁰⁾ US District Court for the Central District of California, *Warner Bros. Entertainment Inc., et al. v. Jason Tusa et al.*, 2021, 2:2021cv05456.

⁽¹⁰¹⁾ US District Court for the Northern District of Illinois, *Apple Inc v Motorola, Inc.*, 2014, No. 12-1548.

⁽¹⁰²⁾ Sterba, Fleming, 'Expanding Access to the '100-Day' Program: ITC Announces Pilot Program Authorizing Interim Initial Determinations' 2021. Available at: <https://ipwatchdog.com/2021/06/15/expanding-access-100-day-program-itc-announces-pilot-program-authorizing-interim-initial-determinations/id=134612/>.

However, most of the interviewees pointed out that the eBay test cannot be implemented in the EU simply by copying the factors. In particular, the US public interest concept may be difficult to be translated into EU law. Instead, interviewed legal professionals from various EU MS suggested a range of factors that could be part of the proportionality test such as:

- **Incremental technical value:** The technical contribution of the patented invention to the overall product should be evaluated. This involves assessing whether the patented feature is a minor component or a core part of the product's functionality.
- **Economic impact:** The economic consequences of an injunction on both the patentee and the alleged infringer need to be considered. This includes the potential market impact, the cost of removing a product from the market, and the broader economic effects on consumers and third parties.
- **Scope of the patent:** It is crucial to compare the scope of the patent with the affected products. If the patent covers only a small aspect of a complex, multi-component product, this should weigh against granting an injunction.
- **Patentee's intent:** The primary interest of the patentee should be scrutinised. If the patentee is more interested in monetising the patent through licensing rather than excluding competitors from the market, this might suggest that monetary damages would be a more appropriate remedy than an injunction. However, should the patent owner be a SEP holder, the commitment to license on FRAND terms plays a role in the proportionality test. Indeed, a patent holder who has made FRAND terms has explicitly expressed an interest to commercialise/monetise the patent rather than relying on its exclusivity right. In that regard, the CJEU held that a holder of a SEP could avoid having their request for a prohibitory injunction deemed abusive provided they complied "with conditions which seek to ensure a fair balance between the interest concerned" ⁽¹⁰³⁾. Those conditions include offering the infringer a license on FRAND terms along with additional behavioural obligations for both parties. These obligations aim to facilitate the conclusion of a FRAND license without resorting to delaying tactics, and must be fulfilled before a preliminary injunction.

These factors can be further drilled down, for example in case the patent is subject to a voluntary agreement or part of a *de jure* standard.

Challenges of the eBay test

The eBay test is however under scrutiny within the US. On July 30, 2024, two senators introduced a bill ⁽¹⁰⁴⁾ to restore the pre-eBay situation. This is known under the RESTORE Patent Rights Act. The bill was introduced to suppress eBay and to effectively restore the possibility of injunctive relief to patent owners. Empirical evidence supporting the bill suggests that requests for permanent injunctions decreased by 65% for patent holders. The decreases were even more severe for universities and research clinics, where it fell by 85% ⁽¹⁰⁵⁾. Further arguments against the eBay test include 'predatory infringements' which denotes that infringing a patent may be cheaper than seeking a licence, a pattern that has been incentivised since eBay ⁽¹⁰⁶⁾. The bill intends to establish a rebuttable presumption of permanent injunction in cases where the patent owner succeeds on his/her claim of patent infringement. If enacted, the RESTORE Patent Rights Act would place the burden on the infringing party to show that

⁽¹⁰³⁾ C-170/13, Huawei Technologies Co. Ltd. V ZTE Corp. and ZTE Deutschland GmbH , ECLI:EU:C:2015:477, para 55.

⁽¹⁰⁴⁾ https://www.coons.senate.gov/imo/media/doc/restore_act_bill_text.pdf

⁽¹⁰⁵⁾ Acri née Lybecker, Kristina M.L., Injunctive Relief in Patent Cases: the Impact of eBay (June 14, 2024). Under review for publication in the Harvard Journal of Law & Technology, Available at SSRN: <https://ssrn.com/abstract=4866108> or <http://dx.doi.org/10.2139/ssrn.4866108>

⁽¹⁰⁶⁾ <https://ipwatchdog.com/2024/07/30/coons-cotton-restore-patent-rights-act-abrogate-ebay/id=179675/>.

a permanent injunction is unwarranted. To rebut this presumption of permanent injunction, the infringing party may show, for example, that the injunction would harm the public (¹⁰⁷).

While some interviewees, particularly from manufacturing industries support proportionality tests in the EU, there is less consensus on how such a test should be implemented. Some lawyers and patent pooling firms point to similar arguments as proponents of the RESTORE Act. Among those principally in favour of a proportionality test, some advocate for a range of factors by law to ensure that courts in EU MS are required to consistently and routinely apply proportionality, others suggest flexibility. Similarly, when it comes to weighting of factors, some argued for a ‘comprehensive weighing’. Others opposed the idea of pre-defined conditions and argue that there is no factor more important than another.

The above-mentioned rebuttable presumption was equally indicated as a potential solution for Europe. Individual stakeholders including companies and legal academics considered the inclusion of a rebuttable presumption of disproportionality in IPRED as a remedy for complex technology products. Its application would mean that there would be a presumption that an injunction is not proportional, unless the patentee can prove otherwise. This could help address situations where a small component of a product is covered by a patent, but an injunction could cause disproportionate harm to the whole product and other innovations incorporated.

In fact, rebuttable presumptions are used: EPOs Board of Appeal implemented a rebuttable presumption criterion in a recent case on priority entitlement (T 2360/19, March 2024) (¹⁰⁸). The UPC (Paris Central Division) followed the EPO’s decision that there is a ‘rebuttable presumption’ of the patent proprietor’s right to claim priority in a recent first instance decision (Meril v Edwards Lifesciences revocation and counterclaim for revocation cases (UPC_CFI_255/2023 and UPC_CFI_15/2023)).

3.1.5. Potential opportunities for improvement

Despite differing opinions, the majority of consulted stakeholders agreed that harmonising the application of the proportionality among MS is essential to safeguard interests of both parties involved in the proceedings. However, different ways of achieving better harmonisation and more certainty were presented.

Factors

If the factors to be considered when applying proportionality were to be determined, several methods of presenting them were discussed with the stakeholders. Firstly, the factors should be presented as a non-exhaustive list, allowing courts to consider additional elements based on the specific circumstances of each case. Moreover, the factors that should be taken into account could be determined based on what is currently considered by national courts of some MS, such as the gravity of the infringement, potential negative impacts on defendants and third parties, and economic harm (see section 3.1.3). Additionally, the incremental technical value, currently lacking as a criterion, could also be included. The conditions set out in the Trade Secrets Directive (see section 3.1.3) could also be a potential source of inspiration to identify applicable factors in the context of proportionality assessment.

Guidelines

(¹⁰⁷) <https://www.lexology.com/library/detail.aspx?g=14196708-a15c-4d96-aba4-51de31e0332f>.

(¹⁰⁸) <https://www.epo.org/en/boards-of-appeal/decisions/t192360eu1>. For a short overview see: CMS Cameron McKenna Nabarro Olswang LLP, Priority entitlement: the EPO implements the new “rebuttable presumption” criteria of G 1/22 and G 2/22 (T 2360/19), available at: <https://www.lexology.com/library/detail.aspx?g=a35193f3-56ba-42c4-ab04-68bf46e524e3&filterId=b1d1ff49-dff0-4633-ac94-01152b84a9b0>.

The possibility of issuing Commission guidelines was examined. These guidelines could include factors to be considered by courts and provide further instructions regarding the application of the proportionality principle. However, it was noted that previous guidance issued by the Commission was not widely used by the judiciary and did not prove to be an effective tool. Similarly, the option of issuing a 'recommendation' was discussed. Yet, guidelines and recommendations are soft law, and their impact was assessed as being limited when not actively applied by the national judges.

Only one third of survey respondents favoured 'clear(er) guidelines for judges on how to apply the proportionality principle in different cases, especially in patent litigation'. Several legal counsels considered there was no need for such guidance – some argued that judges would not require them, while others indicated that judges would likely not apply them. Further guidance was considered unnecessary in the area of copyright, as existing CJEU judgements provide sufficient guidance and are implemented at the national level.

Knowledge sharing within the judiciary

The exchange of knowledge within the judiciary was indicated as a key factor in achieving greater harmonisation. About half of the survey respondents indicated 'regular training for judges to ensure a common understanding and consistent application of the proportionality principle' as the element that would contribute the most to an improved application of the proportionality principle in their MS

In fact, encouraging the judiciary in the EU to increase knowledge-sharing was supported by various stakeholders including legal experts and judges. It was noted that a bottom-up approach where judges harmonise the application of the proportionality principle through sharing their case law decisions and encouraging the discussion between them could be more effective than top-down guidelines. In this regard, the UPC could play a significant role, since under its framework, judges from different MS work together in various configurations. This offers an opportunity for judges to exchange information about cases and approaches applied. This, together with rulings issued by the UPC, may accelerate the setting of a common standard for the proportionality assessment across the EU, once the UPC has the opportunity to rule on the matter.

Legislative amendments

Another suggested option was to amend IPRED by including clear proportionality provisions into specific articles on provisional and precautionary measures. Consulted stakeholders specifically proposed amending Article 11 of IPRED in light of Article 3 to ensure that courts are required to assess proportionality consistently. For doing so, it should be ensured that Article 3 is implemented in national IP legislation of MS like Poland ⁽¹⁰⁹⁾ or the Netherlands ⁽¹¹⁰⁾, which have not codified it yet, while Article 11 would benefit from further clarification.

As mentioned, such clarity would be especially important in case of complex technological products where an injunction for a single patent infringement may lead to disproportionate consequences.

Several stakeholders expressed a strong opposition to any amendments to IPRED, stating that while the current EU-level framework is sufficient, the national level implementation may be

⁽¹⁰⁹⁾ Sikorski R, Targosz T. Poland. In: Contreras JL, Husovec M, eds. *Injunctions in Patent Law: Trans-Atlantic Dialogues on Flexibility and Tailoring*. Cambridge University Press; 2022:237-260. Available at: [Poland \(Chapter 12\) - Injunctions in Patent Law](#).

⁽¹¹⁰⁾ Parliamentary Papers II 30392 nr. 3 "This provision is addressed to Member States as a general criterion, it does not provide a ground for parties to proceedings to rely on." <https://zoek.officielebekendmakingen.nl/kst-30392-3.html> Taylor Wessing (2019) indicate that invalidity defence is the most important, and "Claims on the grounds of inequitable conduct or similar defences are not recognised within the Dutch system." See: <https://www.lexology.com/library/detail.aspx?g=bc9847e5-ac3e-4a98-a935-9cf6befc20a8>.

lacking. Here, the Commission could play a greater role in the monitoring of IPRED's implementation at the national level.

3.1.6. Conclusions

The proportionality principle is a core aspect of IPRED, ensuring balance between rights holders, third parties and the public. It is codified in Article 3 of IPRED, which provides that any measures necessary to ensure the enforcement of IP rights shall be effective, proportionate and dissuasive. The implementation of the proportionality principle has been clarified further by the CJEU case law in two landmark cases *Promusicae* and *Scarlet Extended*. In these cases, the court sought a balance between the enforcement of the copyrights on the one hand, and on the other hand other fundamental rights, such as the rights to respect for private life and personal data, the right to receive information and the freedom to conduct business.

The study found that the proportionality principle is generally recognised across the selected EU MS. In the context of IP rights enforcement, some MS apply proportionality as a general principle inherent to their national legal systems, while others explicitly codified it in their IP legislation. These differences may contribute to the varying application of the proportionality principle across the MS.

While the proportionality principle is frequently considered by courts when deciding on copyrights infringement cases, this is not the case for patents. Specific factors are often taken into consideration by courts when deciding on infringement cases, but these factors vary across jurisdictions and types of IP rights. Therefore, as shown by the case law review, there is no uniform approach. To address this inconsistency, particularly in patent cases, a systematic consideration of the above-mentioned factors could contribute to greater harmonisation.

Additionally, stakeholders from several MS criticised the practice of granting 'quasi-automatic' permanent injunctions solely on the basis of the patent being found valid and infringed, without considering other case-specific factors, such as product complexity or patent usage. However, several patent holders, who often benefit from the current system, opposed this view, arguing that injunctions are necessary to protect the fundamental rights of the IP rights holders, which should not be compromised.

The US approach, where the eBay test clearly established factors to be considered when determining proportionality, was frequently discussed by the stakeholders as a potential source of inspiration for the future EU framework. However, because of the significant decrease in requests for permanent injunctions and rise of supposedly 'predatory infringements' practice (where infringement is easier and cheaper than trying to get a license), there is also criticism towards the US approach. Several stakeholders were against establishment of pre-determined factors and opted for 'comprehensive weighing' on a case-by-case basis.

The survey results, interviews and expert panels confirmed the conflicting views. Companies benefiting from a patent-holder friendly judiciary see no need for any changes or additional guidelines. Legal counsels defending rights holders – be it small or large companies – point to the legitimacy of their service in helping rights holders to enforce their rights. At the same time, companies that suffer from the threat of an injunction in patent holder friendly courts have a different point of view and voice concerns about unproportional remedies, social and economic costs and risks, and a weakening of the innovation potential.

The application of proportionality principle also affects the compensation of damages. As a survey respondent commented: "(...) disproportionality mostly exists in terms of disproportional costs for rights holders to enforce, disproportionately lengthy proceedings, and disproportionately lenient damages compensation." Rights holders noted that in this area, greater harmonisation among the MS and across the various IP rights would be beneficial. In

this case, no legal amendment is advised but guidelines are recommended to encourage a greater alignment between MS.

These developments underscore the need for courts to apply a certain degree of discretion and proportionality to balance competing rights and concerns based on case-specific facts. A consistent application of the proportionality principle across EU MS could thereby ensure that the enforcement of IP rights is weighted against the need to maintain a competitive and innovative market environment for all stakeholders.

In conclusion, consulted stakeholders did not reach consensus on the need to amend the Directive, or the necessity to provide more guidance. However, it was widely recognised that further harmonisation in how courts consider proportionality in patent injunction cases is needed.

To ensure a more harmonised approach among MS, the Commission could provide further guidance, in the form of guidelines or recommendations, outlining factors which courts should consider when assessing proportionality. This may include the most frequently used factors, such as for instance: the harm suffered by the rights holder; the potential negative impact of measures on the defendant, including economic harm; the economic value of the infringed product; or the relative importance of the infringing element within a complex product. Even though these soft law measures would not be binding, they could help harmonise the way decisions are taken by judges across the EU and enhance the consistent implementation of IPRED among EU MS.

The Commission should also be encouraged to initiate and coordinate discussions focused on the application of the proportionality principle among judges from various EU jurisdictions. Given EUIPO's role in facilitating the network of IP judges⁽¹¹¹⁾, it could provide a supporting role organising such exchange of practice. A bottom-up approach, where judges share their views and experiences regarding ways in which they assess proportionality, may be an effective tool for achieving harmonisation.

Lastly, the Commission should closely monitor the application of proportionality in IP infringement cases across EU MS. Notably, the Commission should evaluate in the coming years whether soft law tools effectively address the issues and concerns described in this sub-chapter.

3.2. Patent Assertion Entities

This section provides an update to the Joint Research Centre (JRC) (2016) report on patent entities in the EU⁽¹¹²⁾, responding to the concerns raised by the European Parliament (EP) about the lack of clarity in the report regarding PAEs. Specifically, the report did not address whether certain PAEs, whose business models involve acquiring patents and generating revenue through litigation by exploiting legislative loopholes, pose a problem and how this issue could be addressed. Moreover, the new Unitary Patent and Unified Patent Court (UPC) may impact patent assertion practices.

Methodological note

The research covered in this chapter is based on an extensive review of the literature, databases, regulations, practices, and jurisprudence related to PAEs in the selected MS (Austria, Belgium, Finland, France, Germany, Italy, Ireland, the Netherlands and Spain). The study team selected these MS for the study according to the following criteria: 1) volume of

⁽¹¹¹⁾ See: [Mediation Centre - EUIPO](#).

⁽¹¹²⁾ Joint Research Centre 2016, *supra* fn 8, 130-143.
2026

national cases relevant for the RT; 2) existence of national law specific for the relevant RT; and 3) feedback from local legal correspondents of the EY network. An overview of the case law reviewed is provided in Annex V.

The findings from the desk research and case law review were corroborated and deepened by findings from the online survey, targeted interviews and expert panel. The survey contained a dedicated section on PAEs, see questionnaire Section B in Annex III. 59 stakeholders answered the survey on PAEs. 27 identified as legal experts, 21 as rights holders of IP rights, 7 as judiciary, and 4 as national competent authority. The respondents represented Belgium (3), Bulgaria (2), Croatia (1), Czech Republic (3), Denmark (1), Finland (2), France (10), Germany (11), Italy (5), the Netherlands (8), Spain (2), Sweden (2) and other countries (9).

PAEs were also discussed during 21 interviews. 16 of interviewees are industry experts and/or represent private sector organisations, 3 are academic experts and 2 are judiciary or legal professionals.

The activities and impacts of PAEs were further explored in expert panel 2, which included three academic experts, an association representing rights holders, two legal experts and a member of the judiciary.

The research topic was also addressed in the validation workshop (session 1), which included 4 academic experts, 8 rights holders or associations representing rights holders and 2 legal experts.

For more information on the research tools applied, please refer to Section 2.2.

3.2.1. Scope

There is no clear-cut definition of the term Patent Assertion Entity (PAE), nor of 'Non-Practicing Entity' (NPE). Both terms are used interchangeably, aiming to describe an entity that owns one or more patents but does not manufacture, use, or sell any of the inventions claimed in the patents. The Council of Economic Advisors (CEA) provided a useful categorisation of what an inventor can do: 1) commercialising a patent itself and be a practicing entity, 2) license or sell the patent to another third-party practicing entity or 3) sell the patent to an intermediary "that has more experience in securing licensing opportunities and enforcing patent rights." ⁽¹¹³⁾ This intermediary service can be provided by non-practicing entities (NPEs). These non-practicing entities may include entities which usually engage in research and development, such as universities, start-ups, and technology developing companies. As they may lack the resources and/or knowledge to manufacture the patented invention, they may choose to license their invention to manufacturing companies, or they may use dedicated service entities which organise the licensing as well as enforcement in case of infringement.

PAE are a sub-category of NPEs. They can be defined by an 'obtain and assert' business model aimed at monetising patents and patent litigation against manufacturing companies, to generate revenue through licensing fees, royalties and damages, without utilising the patented technology ⁽¹¹⁴⁾. They are often termed 'patent trolls' and their business model usually has a negative connotation since they are described to (often unduly) enforce patents against

⁽¹¹³⁾ Hagiu, Yoffie, 'The patent litigation landscape: recent research and developments', 2013 in Council of Economic Advisers, 2016. Available at:

https://obamawhitehouse.archives.gov/sites/default/files/page/files/201603_patent_litigation_issue_brief_cea.pdf.

⁽¹¹⁴⁾ Sautier B., *Les trolls de brevets - Etude de droit comparé sur la valorisation d'un droit de propriété intellectuelle [Patent trolls - Comparative law study on the valuation of an intellectual property right]*, 2017.

practicing entities by demanding licensing fees far beyond a patent's actual value or technical contribution to the prior art.

Similar to the subject of the 2016 JRC report, the focus of this update is on entities that consistently engage in assertion of patents for financial gain, thus excluding NPEs involved in research and development activities (115).

The JRC (2016) report identified six different PAE business models in Europe (116):

1. 'Focussed assertion entities', targeting main players in one industry which own high-quality patents with the aim to maximise the licensing value of such a patent
2. 'Strategic assertion entities' consisting of practising entities in the ICT sector that assert patents to block competitors and defend their market share
3. 'Patent monetisation entities' or 'Hybrid PAEs' which assert patents on behalf of practising entities and share revenues with them
4. 'License facilitating entities' that are primarily interested in facilitating technology transfer by engaging in licensing arrangements with practising entities. It involves:
 - (i) entities that engage in Research & Development (R&D) and aim to license their IP rather than selling it. They typically lack resources to commercialise on their own (for example, universities)
 - (ii) entities constituting patent pools which combine patents from practising entities in a certain technological area and offer a joint license for the whole portfolio (117)
5. 'Defensive patent aggregators' acquire patents that can be asserted against practicing entities. The entire portfolio is then licensed to its members to mitigate the risk of patent infringement
6. 'Serial assertion entities' massively assert patents of relatively dubious quality against many entities, mostly small and medium-sized enterprises (SMEs) and end-users, with the aim of achieving fast settlements

It is important to note that PAEs may adhere to more than one of the above-mentioned categories (118). In a nutshell, PAEs are defined as entities "that consistently engage in assertion of patents as their key modus operandi" (119). Ownership of the patent(s) is used only to enforce its exclusive rights and grant licenses to others that may be infringing the patent claims.

3.2.2. Evolution of PAE activities since 2016

As indicated in the JRC (2016) report, PAEs are predominantly active in the US, where litigation systems and high damages encourage more aggressive patent assertion strategies.

(115) The terminology used generally in this report is therefore 'PAE'. However, several data sources use the term NPEs. Whenever possible, we use the term PAE in the text, even if the data source refers to NPEs.

(116) Joint Research Centre 2016, *supra* fn 8, 130-143.

(117) This sub-type can also be extended to non practicing entities such as universities. In 2021, 15 leading US research universities launched a joint University Technology Licensing Program LLC (UTLP) providing "for efficient licensing, enabling interested tech companies to obtain licenses to inventions from multiple universities for their existing and future product offerings." See <https://otd.harvard.edu/news/leading-universities-launch-joint-technology-licensing-program/>.

(118) Joint Research Centre 2016, *supra* fn 8, 130.

(119) Joint Research Centre 2016, *supra* fn 8, 7.

Because of international forum shopping, it is relevant to analyse worldwide developments in order to interpret the observed patterns in Europe.

Data limitation

Given the different patenting and legal systems, and transparency about court cases, data from Clarivate / Darts-IP (¹²⁰) is presented. Darts-IP collects information from IP litigation court cases around the world. It is the only comprehensive database for an analysis across European countries. However, the level of transparency differs across EU MS so that Darts-IP acknowledges that the data may only signal the tip of the iceberg in terms of court cases. The data presented in this section stems predominantly from published reports from Darts-IP and Clarivate.

Darts-IP covers US data on IP cases which, according to interviews, is rather transparent - various procedures are published and are digitally accessible. The US member-based private organisation 'Unified Patents' offers free as well as paid access to data, enabling searches concerning the US court system as well as selected other jurisdictions.

PAE activity in the US

Historically, the US has been the primary market for PAE driven litigation. Unified Patents (¹²¹), a US-based company monitoring PAE activity indicates that PAE initiated cases in the US increased by an average of 9.4% annually between 2010 and 2023, even as the total number of patent cases decreased by 1.1% per year (Figure 3).

Darts-IP data for the world for 2012-2022 show similar developments. In 2012, the share of PAE-initiated cases was roughly 37%, rising to about 44% in 2022. Darts-IP estimates that between 2018-2023, 97.2% of all cases filed by PAEs happened in the US (¹²²). In the US, PAEs had their peak in 2015, when they filed almost 60% of all cases, but now PAEs initiate one third of litigation cases in the US (Figure 4). Reasons for the increase of PAE litigation include (1) the joinder provisions in the American Invents Act makes it difficult to file against multiple defendants in a single case, and (2) technology defendants in the US are unlikely to discuss a licence unless a case is filed. (¹²³)

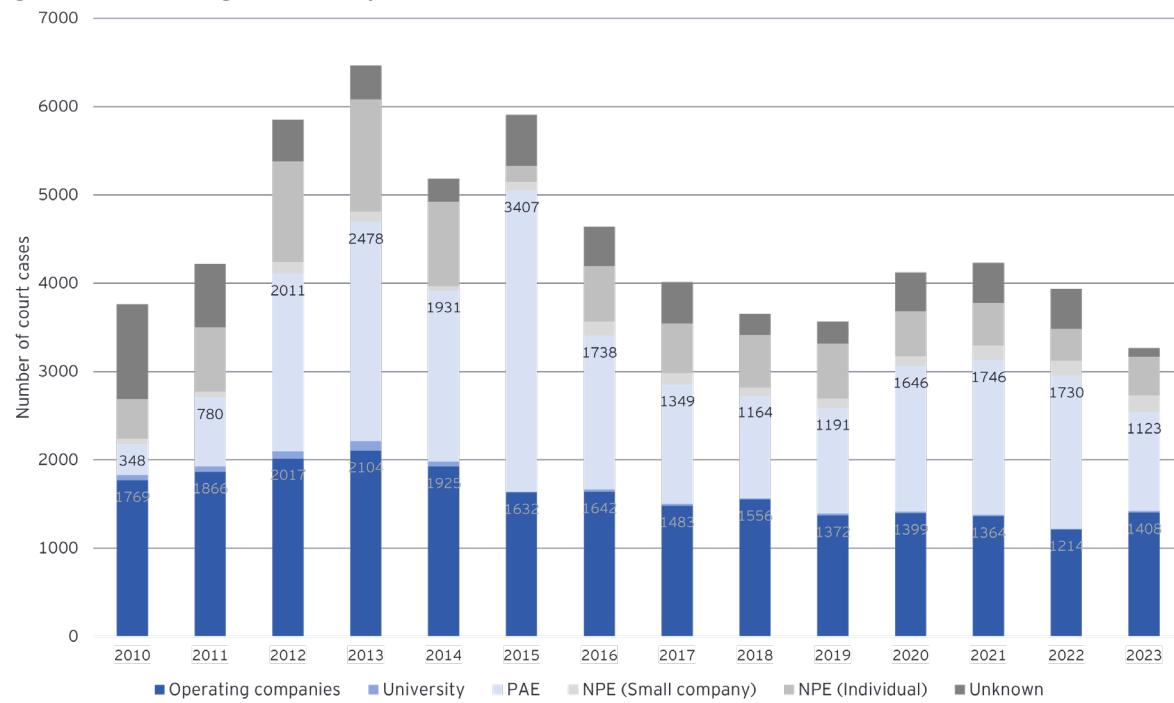
(¹²⁰) Darts-IP has been acquired by Clarivate in 2019. The data sources used in this report are dating from before and after this acquisition with the effect that the latest reports are edited by Clarivate whereas the data source remains Darts-IP.

(¹²¹) <https://www.unifiedpatents.com/>.

(¹²²) Clarivate, 2024 Non-Practicing Entity global litigation report. Analyzing NPE litigation behavior and outcomes from 2018-2023, 2024.

(¹²³) Berman, B., 'What's to be learned from PwC's 2014 Patent Litigation Survey that we don't already know?', IPStrategy, 2014. Available at: <https://ipstrategy.com/2014/10/06/pwc-patent-litigation-study-more-suits-and-npes-fewer-big-awards/>.

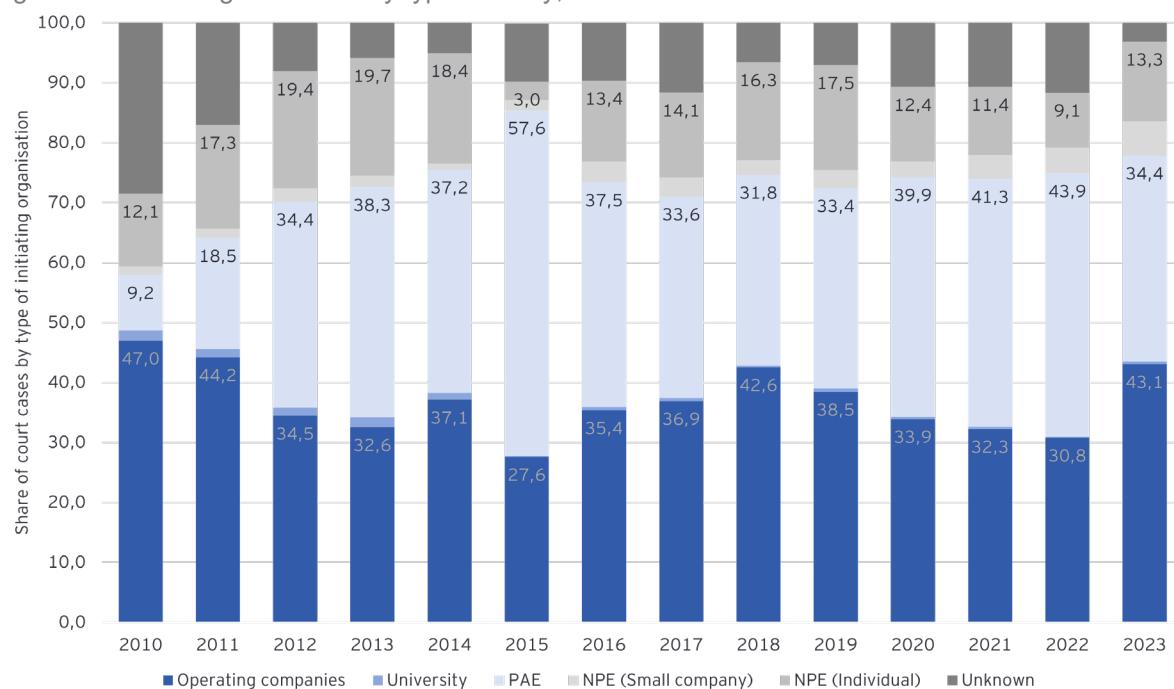
Figure 3. Patent litigation activity in the US, 2010-2023



Data: unifiedpatents.com, calculations: Technopolis Group

Note: Cases on the US District Courts only

Figure 4. Patent litigations filed by type of entity, US District Courts 2010-2023



Data: unifiedpatents.com, calculations: Technopolis Group

PAE activity in the EU

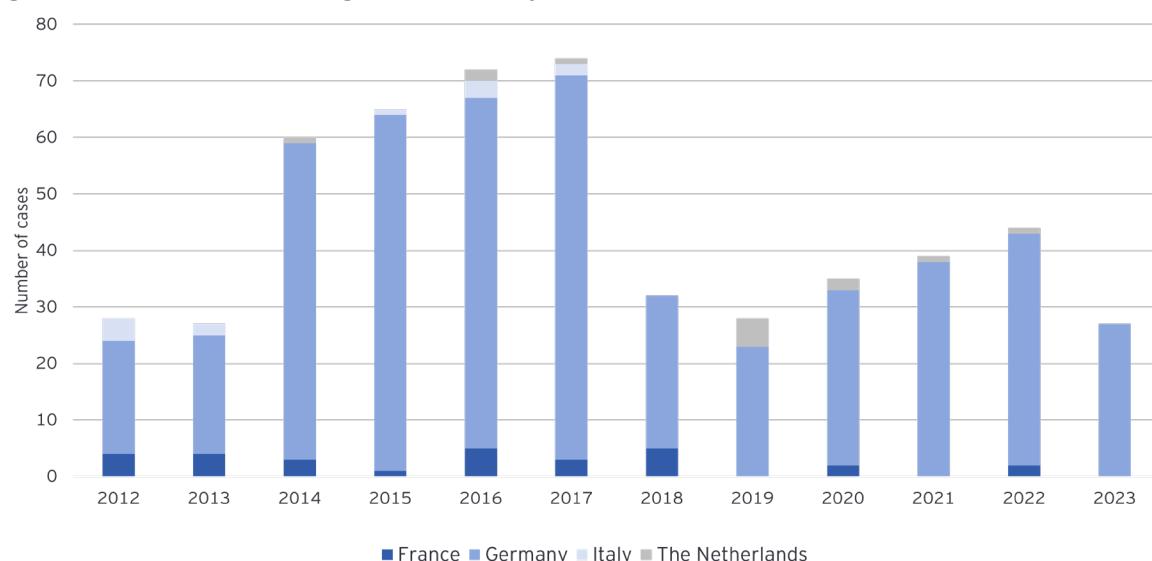
Figure 5 provides Darts-IP data of selected EU MS in terms of the recorded court cases filed by PAEs. One can distinguish two periods, one of 2012-2017 and one of 2018-2022. Even if corrected with the overall declining number of patent cases (see Figure 3), this does not explain the significantly lower share of PAE-initiated cases in the second period. The longer world data series of Darts-IP indicate that China became a targeted country for PAEs in 2018 and 2019. This dropped again in 2020, which may be linked to the general slowdown and shutdown of the country during the Covid-19 pandemic (124).

In Europe, the data shows that Germany became the preferred market for PAE litigation cases. During the 2000-2008 period, a study estimated the share of PAE litigation as 19% (125). In the period 2012-2017, Darts-IP data showed 90% of all European PAE cases to be in Germany. In the period 2018-2022, this share decreased to 87%.

Results from our survey show that three-quarters of the responding businesses and trade associations were at least to some extent challenged by PAEs, with two stating that more than 10% of their litigation cases stem from PAEs.

An interviewed company indicated that out of the court cases in Europe, four in five were filed in Germany, and more than 90% were filed by PAEs from third countries. According to an interviewee (representing a large technology company) "*three-quarters of these are 'pure PAEs', while one-quarter are operating companies with a known business model to monetize*". Several interviewed companies see themselves litigated in Europe by non-European firms, with no business in Europe using the available legal framework to "*leverage an injunction in licensing negotiations*".

Figure 5. Evolution of IP infringement cases by NPEs in selected EU MS, 2012-2023,



Data: Clarivate: 2024 Non-practicing entity global litigation report

(124) Clarivate, 2024, *supra* fn 122, p. 8. See also Bloomberg Law (2023) *Multinationals Need to Watch Patent Litigation in China Courts*, Available at: <https://wwwcov.com/-/media/files/corporate/publications/2023/12/multinationals-need-to-watch-patent-litigation-in-china-courts.pdf> "The comparative ease in obtaining an injunction in China provides a compelling reason for right holders to consider litigation within the country"

(125) Love, B. J.; Helmers, C.; Gaessler, F.; Ernicke, M. (2017), 'Patent Assertion Entities in Europe' in Ed. Sokol, D., *Patent Assertion Entities and Competition Policy*, Cambridge University Press, 2017, 104–129.

Darts-IP, as well as interviews with companies, point out that this shows only the visible tip of the iceberg. Due to high litigation costs and the length of the proceedings, parties may seek alternatives.

There are, however, no reliable estimates about the share of disputes which are settled out of court (and are therefore not reflected in the statistics presented above). In Germany, for example, there is no transparency on *inter partes* settlement or agreement.⁽¹²⁶⁾ Thus, these cases do not come into the public knowledge and are not included in the Darts-IP statistics. There are indications that out-of-court settlements are more common than litigation. WIPO's⁽¹²⁷⁾ Arbitration and Mediation Center (WIPO AMC) recorded a sharp increase in cases. In 2023, the number reached 679, 24% higher than in 2022 (548). Between 2014 and 2021, the figures increased from 71 to 263. Insights from our survey show that 9 out of 27 companies were challenged by a PAE. Eight indicated that they went to court. Half of those also indicated that they reached an out-of-court settlement. Only one company indicated that it reached an out-of-court settlement without mentioning a court proceeding. For the US, estimates suggest that only 3-5% of all cases are settled in court. While out-of-court settlements may be a more efficient solution, for companies which are challenged by a PAE, an out-of-court settlement can be much more costly than a court settlement. However, there are a number of reasons why companies prefer to settle, including lack of experience and knowledge of IP litigation or the risk of wide injunctions with severe effects on the business.

Recent Clarivate (Darts-IP) data provides a range of insights:

- In the EU, the top ten PAEs initiate 72% of all PAE initiated infringement cases. Eight out of ten are US-based PAEs. The top ten defendants account for 59% of the PAE infringement cases. They are mainly third country multinationals from China, the US, and Korea but also three European ones among the top ten. ⁽¹²⁸⁾ For six out of ten, the share of PAE litigation among all litigation is between 79% to 91%.
- In terms of targeted technologies, the Darts-IP data confirms that complex technologies are in the lead: Three quarters of all PAE initiated cases (74%) are targeting computer, digital communication, telecommunication, IT methods for management, and audio-visual technology.
- Analysis by Darts-IP showed that over the period 2018-2023, the number of validity challenges rose slightly worldwide but decreased for those filed against PAEs. Overall, 84% of all validity challenges are observed in the US
- Many of the validity claims by PAEs need to be narrowed down in scope: only 7% remain completely valid in Germany (or, the other way around: 93% of the claims by PAEs are narrowed down), 14% before EPO opposition, and 16% in the US. In terms of validity outcomes, Darts-IP remarks that patents belonging to PAEs are more frequently invalidated than those of non-PAEs. This is taken as a sign for lower quality patents by PAEs.

Overall, the analysis does not confirm a scenario developed in 2018 – namely a return of PAEs to Europe, especially in Germany.

⁽¹²⁶⁾ For a dataset between 2000 and 2008, Germany counted around 600 patent litigation cases per year. In 60-70% of the trials, there was no judgement since the parties either settled or dropped the case. See: Cremers, K., Schlissler, P. (2012): Patent litigation in Germany – why parties settle during trial. ZEW Discussion Paper No. 12-084. <https://d-nb.info/1190293617/34>

⁽¹²⁷⁾ World Intellectual Property Organisation.

⁽¹²⁸⁾ Clarivate, 2024, *supra* fn 122.

3.2.3. Explanatory factors

Regarding PAEs' activities in Europe, as mentioned, PAEs are relatively rare, except for Germany. In particular until 2021 – thus prior to the amendment of the German patent law, the presence of a bifurcation system (¹²⁹) (i.e. different courts may hear a patent case, and a court may decide on the infringement and grant an injunction before the other decides on validity¹³⁰), attracted PAEs. The recent change in patent legislation has altered this system and limits the time period between the two procedures to six months, reducing the previous 'advantage'.

Germany is also popular with patentees due to the fact that “German infringement actions proceed quickly, and when infringement is proven, virtually always result in an injunction barring future infringement even when the patentee does not practice the patent (¹³¹)”.

Yet, why is PAE litigation not more common in Europe? Interviews mentioned that court cases in Europe are '*very much front-loaded*', in the sense that there are relatively high initial costs for the parties, which act as an entry barrier. The loser pays principle, limited fees for legal counsel, and considerably lower damages are procedural factors counterbalancing the otherwise attractive EU litigation system.

PAEs have been mostly a US phenomenon. The business model has historical roots ⁽¹³²⁾ but manifested vigorously since around the year 2000. There are several factors specific to the US legal system which can explain why it manifests predominantly there. The US litigation framework enables patent holders to easily bring actions before the US courts (and, if successful, obtain high damages) or achieve quick settlement. Several factors specific to the US legal system include: ⁽¹³³⁾

- More than three quarter of patent cases are decided by juries⁽¹³⁴⁾. They are composed of ordinary citizens, not technical or legal experts; juries award much higher damages than judges (on average USD 10.2 million versus USD 1.9 million between 2013-2017).⁽¹³⁵⁾
- High cost of patent litigation which might deter the defendant to litigate and incentivise settlement when challenged by a PAE. Indeed, there are administrative costs such as filing fees, and plaintiffs and defendants require specialised legal and technical experts and expert witnesses. There are a range of processes, pre-trial motions, and hearings before a case goes to trial. The average time before trial between 2013-2017 was 2.6 years.⁽¹³⁶⁾ All of these increase costs which are covered by the parties. On average, the costs for patent cases range between USD 2.3 million and USD 4 million per case.⁽¹³⁷⁾.
- US laws allow lawyers to be paid a success fee, incentivising high damage claims. Between 2013-2017, the average patent damage awarded was USD 6 million⁽¹³⁸⁾; in

⁽¹²⁹⁾ Joint Research Centre 2016, *supra* fn 8, 41.

¹³⁰ For further details on the definition of bifurcation system, see section 3.2.4 of this study.

⁽¹³¹⁾ Love, B., Helmers, Ch., Gaessler, F., Ernicke, M. (2017) *supra* fn 125.

⁽¹³²⁾ In the mid 19th century, Samuel Morse and his financial backers vigorously enforced his patents against infringers. Morse himself did not focus on manufacturing but on litigation and licensing. See: O'REILLY ET AL. v. MORSE ET AL., 56 US 62, Supreme Court 1853.

(¹³⁴) PwC

patent-liti

⁽¹³⁵⁾ *Ibid.*
⁽¹³⁶⁾ *Ibid.*
⁽¹³⁷⁾ Vuketic, B. (2025 patent litigation statistics – high-profile lawsuits about intellectual property). Legaltech, 2023. Available at: <https://www.legaltech.com/2025-patent-litigation-statistics-high-profile-suits-about-intellectual-property>

⁽¹³⁷⁾ Vuleta, B., '25 patent litigation
<https://legaljobs.io/blog/patent-litigation>

the technology area, damages can be more substantial (139). In 2020, the US courts awarded USD 4.67 billion in damages.

Interviews pointed out that in the US system, it is “*relatively easy and cheap*” to start a process, but costs increase dramatically due to the length and the fact that all parties need to provide evidence at their own costs. Since there is no loser pays principle, even the winning party has to cover millions of US dollars.

There are a range of factors in the EU legal framework that prevent/deter litigation abuses, notably: (140)

- Patent cases are decided by specialised courts and qualified expert judges.
- Patent damages are lower than in the US (for instance, average damages awarded in Germany accounted to EUR 676 000 (141) during 2012 – 2015).
- Costs of defending patent infringement range between USD 500 000 and USD 3.7 million in Europe (142).
- Fee shifting provisions making the ‘loser pays’ rule a principle to be applied, as provided by Article 14 of IPRED (143), is deterring ‘frivolous’ litigation. It can be noted that there are variations in the application of the rule among MS. (144)
- Injunctions shall not be automatic, as provided by IPRED (i.e., Article 11 stating that injunctions may be issued against the infringer and before granting or denying any injunctions, national judges shall consider the principle of proportionality).

The study’s legal analysis confirmed the findings from the JRC (2016) Report. No dedicated national legal framework targeting PAEs was identified. According to the country experts’ responses to the questionnaire and desk research conducted, PAEs are not referred to as a significant legislative issue in the analysed sample of EU MS. For example, French local experts maintain that current laws sufficiently curb the harmful actions of PAEs removing the need for additional regulation. Similarly, in Belgium local experts attribute fewer confrontations with PAEs compared to the US due to lower damage awards in European courts. Several principles in national laws across Europe may work against PAEs. For instance, Austria and Belgium’s legal system prohibit the abusive exercise of rights. Other legal systems in France, Germany, Italy, and Finland emphasise the proportionality of injunctions to prevent unjustified hardships. However, although the principle of proportionality is widely acknowledged among EU selected MS, as indicated in section 3.1, the practical application of factors of proportionality might vary across national courts.

(139) See VLSI Technology v. Intel which initially awarded a record breaking \$2.18 billion in 2021, which was later overturned by the US Court of Appeals of the Federal Circuit and sent back to the Court of Texas (Case 22-1906, 12/04/2023).

(140) Nikolic, Jacob, *The future of standard essential patent licensing: from courts to national regulators?*, Intellectual Property Quarterly 252, 2023, p. 10-11.

(141) *Ibid.*

(142) Joint Research Centre 2016, *supra* fn 8, 53.

(143) Article 14 of IPRED stating that “*Member States shall ensure that reasonable and proportionate legal costs and other expenses incurred by the successful party shall, as a general rule, be borne by the unsuccessful party, unless equity does not allow this*”.

(144) See Krista Rantasaari, Patent litigation in Europe: intermediate fee shifting and the UPC, *Journal of Intellectual Property Law & Practice*, Volume 18, Issue 9, September 2023, Pages 642–654, <https://doi.org/10.1093/jiplp/jpad063>.

For instance, in France, the awards are more restricted, as the court generally caps costs to the attorney fees based on the hourly rate agreed upon with the client.

In Germany, costs are partially shifted due to a value-based fee system. The costs are statutory fees determined by the estimated value of the dispute, which serves as the basis for the court to allocate costs between the parties. As a result, the actual legal costs may differ, and the court does not typically shift all of the successful party's legal costs. When the plaintiff's request is only partially granted, the court allocates costs according to the degree of success.

3.2.4. Key issues

Some mechanisms exist to deter PAE litigation, such as comprehensive, filtering examination processes – including proportionality or fee shifting provisions⁽¹⁴⁵⁾. Despite these mechanisms, a range of rights holders indicate that there are incentives and loopholes which nevertheless encourage PAEs to seek litigation in Europe.

Absence of application of proportionality principle

One often mentioned loophole concerns the lack of application of the proportionality principle and the ease by which European courts grant preliminary as well as permanent injunctions to patent holders, including PAEs.

While Article 3 of IPRED provides that remedies must be ‘equitable’ and ‘proportionate’, the Darts-IP data used in section 3.1 shows that only a marginal fraction of litigation court cases addressed proportionality as a defence. As also indicated in section 3.1, the majority of the litigation takes place in Germany, followed by quite some distance in a few other MS. Germany has codified the proportionality defence to injunctions in patent infringement proceedings in the German Patent Act in 2022 without any changes.

Looking at the application of the proportionality principle in EU MS as indicated in section 3.1, the study reveals a rather fragmented picture of the proportionality assessment in IP litigation across the EU. While largely transposed in national legislation of EU MS, its practical application varies significantly, leading to unpredictable outcomes and uncertainty for stakeholders, in particular defendant in litigation involving PAEs⁽¹⁴⁶⁾. Such uncertainty creates an incentive for defendants to quickly enter in licensing agreements with the PAE, and avoid the risk of an injunction being granted.

Lack of consideration of the nature of a plaintiff as PAE

The case law review conducted within the selected MS highlighted that the nature of the plaintiff as PAE is most of the time not taken into consideration in the outcome of the decision⁽¹⁴⁷⁾, namely in Belgium⁽¹⁴⁸⁾, France⁽¹⁴⁹⁾, Germany⁽¹⁵⁰⁾, Italy⁽¹⁵¹⁾ and the Netherlands⁽¹⁵²⁾.

Should the PAE’s quality be considered, it is often not sufficient to qualify the plaintiff’s request as disproportionate.

For instance, a German court took into account the nature of the plaintiff as a PAE. However, the court held that the fact that the plaintiff acquired a patents’ portfolio for the purpose of monetisation does not, in itself, constitute disproportionality of the injunction claim. According to current legal precedent, the mere fact that a patent monetiser asserts an injunction claim is not, by itself, sufficient to deem it disproportionate⁽¹⁵³⁾.

By contrast, a Dutch court considered qualification of the plaintiff as PAE in order to grant an appropriate remedy. The court ruled that the case is suitable for compensation of damages in

⁽¹⁴⁵⁾ Nikolic, Jacob, 2023, *supra* fn 142, p. 10-11.

⁽¹⁴⁶⁾ See sections 3.1 of this study.

⁽¹⁴⁷⁾ To be noted that, according to the Case Law Review, no published case law involving a PAE was found in Austria, Finland, Ireland and Spain.

⁽¹⁴⁸⁾ See example, Antwerp District Court for Commercial Matters, A/11/05443, UNITED VIDEO PROPERTIES Inc (UVP) vs. TELENET, 03.04.2012.

⁽¹⁴⁹⁾ See example, Cour d’appel de Paris, RG 07/11637, IP RESOURCE Ltd vs. POLY IMPLANT PROTHESE, 06.02.2009.

⁽¹⁵⁰⁾ See example, OLG Karlsruhe, 6 U 29/11, IPCOM vs. NOKIA, 09.07.2014.

⁽¹⁵¹⁾ See example, Tribunale di Milano, RG.59734/11, SAMSUNG ELECTRONICS CO. LTD vs. APPLE INC. AND APPLE ITALIA, 05.01.2012.

⁽¹⁵²⁾ See example, Supreme Court, ECLI:NL:HR:2022:1726, 5, HIGH POINT SARL vs. KPN B.V., 25.11.2022.

⁽¹⁵³⁾ LG München, 21 O 1910/22, 19.04.2023. In this case, the court qualified a PAE as an entity that acquires patents for the purpose of monetization.

proceedings on the merits, rather than an injunction in a preliminary proceeding given the qualification of the plaintiff as PAE⁽¹⁵⁴⁾. The court held that the plaintiff's business model prioritises licensing its patented technology to numerous parties, rather than selling products using the technology. The harm the plaintiff incurs from ongoing infringement is mainly financial, due to a loss of licensing revenue, which can be readily quantified and compensated later on.

Since, the nature of the plaintiff as PAE may still have an impact on court's rulings even if the PAE's nature is not directly considered by the court. Two examples of case law are provided below:

- In an Italian case between Samsung and Apple, the court, even if it confirmed the availability to grant an injunction in a Standard Essential Patent (SEP) in case of absence of any intention to negotiate by the alleged infringer, refused issuing a preliminary injunction due to the fact that the Samsung claim was substantially based on a credit claim concerning the royalties, while in case of prohibition to sell its products, the prejudice for Apple (iPhone 4) will be much higher consisting in a full loss of profits⁽¹⁵⁵⁾.
- In a French case, although the court did not provide any criteria to qualify the plaintiff as a PAE, it took into account the fact that the plaintiff (i.e. a PAE) does not exploit itself the patent as well as the economic consequences on the defendants to deny requested measures. In that regard, the court held that (i) the plaintiff does not risk any loss of market share and (ii) the measures requested would have negative economic consequences for the defendants that could not be compensated by damages as part of a case decided on the merits. As a result, the court denied granting the requested interim measures. It ruled that the requested interim measures were manifestly disproportionate and likely to cause an imbalance in the situation of the parties by giving an unfair advantage to the plaintiff who could be led to impose a licence that does not meet the FRAND terms⁽¹⁵⁶⁾.

Those cases highlight that the nature of the plaintiff as a PAE may have an indirect effect on the decision's outcome, in order to weigh the parties' interests and assess proportionality of the measures requested. However, according to the above-mentioned case law, courts frequently consider the PAE as a regular 'patent owner' and do not take into account the appropriateness of the remedy requested by the PAE.

Possible abuses due to an injunction gap

The JRC (2016) report highlighted the bifurcation system in Germany as a possible explanation for abuses.

In Germany, the judicial system enables for a patent case to be heard by different courts, for instance a court may decide on infringement and another one on validity. Such a system, termed 'bifurcation system', may lead to an 'injunction gap' where a court decides on the infringement and grant an injunction before the other decides on validity⁽¹⁵⁷⁾.

⁽¹⁵⁴⁾Court of Appeal of The Hague, ECLI:NL:GHDHA:2020:711, SISVEL INTERNATIONAL S.A. vs. XIAOMI, 07.03.2020.

⁽¹⁵⁵⁾Tribunale di Milano, RG.59734/11, SAMSUNG ELECTRONICS CO. LTD vs. APPLE INC. AND APPLE ITALIA, 05.01.2012. For further details, see Local expert's questionnaire (Italy) – Answer to question n°4.

⁽¹⁵⁶⁾Tribunal judiciaire de Paris, RG 2019/60318, IPCOM GmbH vs. DIGITAL RIVER ISLAND LIMITED, LENOVO SAS, MODELABS, MOBILES SAS, MOTOROLA MOBILITY FRANCE SAS, 20.01.2020. For further details, see local legal correspondents' questionnaire (France).

⁽¹⁵⁷⁾IP2Innovate Position Paper, 'Promoting a robust, balanced & flexible European patent ecosystem to prevent abusive patent practices of patent assertion entities', 2017, p. 4. Available at: http://ip2innovate.eu/wp-content/uploads/2017/04/IP2I_Coalitionscopeandobjectives_v15_040317.pdf; Cremers et al., *Invalid but Infringed? An Analysis*

As infringement proceedings took less time than invalidity proceedings, the effects of the ‘injunction gap’ in Germany were that “even if infringement and validity hearings are scheduled to begin on the same date, injunctions may be granted before the completion of the validity proceedings”⁽¹⁵⁸⁾. This ‘injunction gap’ has been criticised as it allowed invalid patents to be enforced before the invalidity was decided by the invalidating court. Although infringement courts may consider the potential for a patent to be invalidated during validity proceedings, judges in the infringement procedure are not all in a position to assess the patent’s validity, as they may lack expertise in technical patent-related matters. Moreover, the final decision regarding patent validity remains subject to judicial uncertainty. According to interviewees, PAEs took advantage of this ‘injunction gap’, often proposing high settlements to potential infringers for patents that were later invalidated.

Following the recent changes in the German patent law in 2021⁽¹⁵⁹⁾, the bifurcation and the resulting injunction gap are now limited to six months. With this period, the legislator aims to make sure that the opinion is available before a first instance decision in the infringement proceedings. Interviews with companies indicate that prior to the change, “years could have passed before the Federal Patent Court would invalidate the patent for which an injunction was awarded”. The previous situation favoured plaintiffs and is seen as a reason for the ‘popularity’ of the German system for PAE litigations. The recent change limits the advantage previously granted by the bifurcation system substantially.

However, even if the injunction gap is limited, Germany is still identified as a jurisdiction that is particularly patentee friendly, by dismissing proportionality defence⁽¹⁶⁰⁾ and granting ‘quasi-automatic’ injunctions. As indicated in section 3.1.3, the fact that full application of the proportionality principle is not consistently taken into account is an attractive loophole for PAEs.

The problem of ‘quasi automatic’ injunctions and non-application of the proportionality principle, not only by German courts but throughout Europe, was addressed by several interviewed companies. This included the advantages of the plaintiff in terms of ‘unlawful leverage’ and ‘hold-up’ tactics used by the PAEs in settlements, as well as the economic risks linked to the threat of an injunctions for the companies and the wider economy.

What companies felt was ‘unfair’ is the point in time when they need to settle cases because of the risk of a quasi-automatic injunction. From their experience, most cases in Europe do not reach the appeal stage. While this limits the assessment of the merits of the case, the companies being threatened with an infringement case have to settle because the threat of an injunction from a lower court exists.

Undue leverage from injunctive relief

Several interviewees representing economic operators active in the field of complex technologies argued that if courts would apply the proportionality principle “in a robust and consistent manner”, this would reduce abusive claims filed by PAEs since “it would minimise the ability to get an injunction with relatively little investment”. Contrary to the high costs and long procedures in the US, the shorter and cheaper procedures in Europe would incentivise

of the Bifurcated Patent Litigation System, 131 Journal of Economic Behaviour & Organization 218, 2016; to understand the peculiarities of German system please see Scharen, U., ‘Interview of Uwe Scharen on the Reform of the German Patent Act’ 41P Council, 2021. Available at: <https://www.4ipcouncil.com/research/interview-mr-uwe-scharen-reform-german-patent-act-2>.

⁽¹⁵⁸⁾ Prior to the reform, infringement proceedings took about one to 1.5 years while invalidity proceedings took two or more years. For further details about the reform see <https://patentblog.kluweriplaw.com/2021/06/22/changes-to-the-german-patent-act/>.

⁽¹⁵⁹⁾In 2021 the German government introduced the principle of proportionality to § 139 German Patent Code which provides a patent injunction relief. One objective was to consider the actions of PAE’s and therefore to grant an exemption to the patent injunction relief in cases involving PAEs. This was the clarification of the judicial practice, which applied the general principle of proportionality to the former provision. See draft law of the Federal Government (13.01.2021): RegEntwurf eines Zweiten Gesetzes zur Vereinfachung und Modernisierung des Patentrechts S. 60.

⁽¹⁶⁰⁾ See for example Regional Court Munich judgements of: 5.11.2022, no. 21 O 12142/21 Nokia vs. Oppo; 25.10.2023, no 21 O 3172/22 Nokia vs Vivo Mobile, 12.04.2024, 21 O 6562/23 Dexcom vs Abbot. Regional Court Düsseldorf judgement of: 26.01.2023, no 4a O 79/22 Novartis vs Viartis Healthcare GmbH.

PAEs to pursue abusive litigation. According to stakeholder interviews, PAEs used the German legal framework to their best advantage without breaking laws or procedures, but these laws and procedures favoured the PAEs in the lower courts, providing legal pressures for the defending companies to act and obtain more costly solutions than they would have to pay if the procedures were more timely aligned. The hold-up power PAEs enjoy is seen by these interviewees as abusive. PAEs that only monetise patents and engage in patent litigation seem to be not interested in using their patent(s) exclusively. This is seen as the crucial point for courts to consider, and therefore, "the proper application of the proportionality principle would provide the means to address issues such as those related to third parties and 'inappropriate harm'.

This view was nevertheless contested. Legal experts argued that monetisation as such is fully legitimate. Organisations representing patent pools as well as technology companies pointed to negative effects if they would lose the ability to monetise patent rights through an injunction. They pointed to the US where the application of the eBay factors led to a drastic decrease in injunctions and also the chances for a university or research organisation to be successful in litigation and obtain high damages.

According to the case law review, PAEs so far rarely need to prove if the remedy they are seeking is appropriate (see above for further analysis). Interviewed companies involved in complex technologies argued that while the PAEs seek monetary damages, the injunction provides them with an even more effective remedy than the monetary damages needed to suffice their primary interest.

Standard Essential Patents

An important aspect concerns the litigation of SEPs⁽¹⁶¹⁾. As indicated in section 3.1, the application of the proportionality principle in the US through eBay led to the fact that SEP cases are practically no longer litigated. Instead, litigation of SEPs has moved to Europe, predominantly to Germany. Interviews with companies indicate that the CJEU case of *Huawei vs ZTE*⁽¹⁶²⁾ is not properly applied in Germany⁽¹⁶³⁾. The 2022 amendment in the German Patent Law had not affected SEP cases as of June 2024. In all 11 published SEP cases where a proportionality defence was raised after the law on proportionality in Germany came into force, the proportionality defence was dismissed.

This is despite the fact that SEPs are in many cases asserted by PAEs that attack complex products incorporating a high number of inventions and which are subject to a voluntary undertaking that the SEP holder will licence third parties on FRAND terms to monetise its

⁽¹⁶¹⁾ A Standard Essential Patent (SEP) is a patent that protects an invention essential to the implementation of a particular technology standard. These standards are critical for ensuring safety, interoperability and compatibility of different products and services made available by various companies. For further details, see WIPO website available to <https://www.wipo.int/web/patents/topics/sep>.

⁽¹⁶²⁾ The 2015 *Huawei v ZTE* judgement by the CJEU established a framework to navigate disputes involving SEPs where the patent holder has committed to licensing these patents on Fair, Reasonable, and Non-Discriminatory terms. In particular, the CJEU identifies a number of specific steps that a SEP holder needs to comply with in order to prevent an application for an injunction being qualified as abusive:

- (i) SEP holders must notify implementers in writing of specific alleged infringements, citing the relevant SEP and how it is infringed.
- (ii) Implementers must indicate their willingness to conclude a licensing agreement on FRAND terms.
- (iii) SEP holders should make a detailed written FRAND license offer, including royalty rates and calculation methods.
- (iv) Implementers are required to respond "diligently" and in good faith to the offer, avoiding any delaying tactics.
- (v) If the initial offer is rejected, implementers must promptly make a written counteroffer on FRAND terms.
- (vi) Implementers using the SEP before a deal must secure their past and future use, such as through a bank guarantee or deposit.
- (vii) If FRAND terms are not agreed upon after a counteroffer, both parties can agree to have an independent third party determine the royalty amount.
- (viii) Implementers are permitted to challenge the SEP's validity or essentiality during licensing negotiations without being deemed uncooperative.

⁽¹⁶³⁾ According to the survey results (which did not cover all EU MS), the *Huawei v ZTE* judgement also does not appear to be applied in France and the Netherlands.

patents rather than seek market exclusivity. To the resentment of interviewed companies, even the combination of all these factors may lead to a dismissal of the proportionality defence by German courts, such as in German litigations against smartphone manufacturers such as Access Advance Members vs. TCL (¹⁶⁴). In a range of cases where it is clear to the parties that the SEP holder is aiming at financial income and that the parties are engaged in commercial negotiations for a licence, these additional circumstances are not considered as rendering an injunction disproportionate (¹⁶⁵).

3.2.5. Quality of patents asserted by PAEs

PAEs, particularly in the ICT sector, are known to accumulate portfolios of patents that vary widely in quality, including numbers of low-quality patents (¹⁶⁶). PAEs assert these low-quality patents against practising companies by initiating litigation and seeking to engage in a licensing scheme or reach a settlement. It usually incurs substantial financial resources for the targeted companies to defend against these lawsuits. These costs can affect negatively innovation by reducing the budgets available for investment in research, development, and innovation activities.

PAEs often acquire patents from other commercial entities which are coming close to the end of being valid and enforceable, or which have validity issues, include very broad claims, have low-quality specifications, or no citation to prior art. PAEs target complex products, where often hundreds or thousands of patents play a role. (¹⁶⁷) This raises the question: how do PAEs typically acquire these patents? Interviews pointed out a number of avenues. Individual patents or bulk patents can be acquired when companies go bankrupt, and their patents are sold or auctioned. According to interviews with companies, litigation among competitors, particularly in the IT sector in the late 1990s, led to the creation of massive defensive patent portfolios, many of which are not clearly differentiated.

Given the costs to maintain a patent, all kind of manufacturing companies sell unused patents. An interview with a technology organisation confirmed that the organisations as well as universities are actively approached by PAEs.

According to the international membership organisation Unified Patents, the semiconductor industry has seen a significant rise in PAE litigation in the US. In 2021, an important number of cases in the semiconductor industry were initiated by PAEs. Given the large selloff of major semiconductor portfolios owned by Intellectual Ventures, LG, and other large patent holders, PAEs have a vast array of patents they may assert.

Darts-IP analyses confirm that the number one industry being targeted by PAEs is digital communications and telecommunications. Indications about the outcomes of validity cases of PAE patents, and required changes to narrow claims, may indicate that the quality of PAEs' patents are lower than the ones of non-asserting, manufacturing firms. (¹⁶⁸)

In a recent analysis of the UPC cases of the first year, Sterzi (October 2024) (¹⁶⁹) found that PAE-litigated patents are of a significantly lower quality compared to other types of plaintiffs. The quality of the patents as measured by patent citations shows almost 70% fewer citations

(¹⁶⁴) See, for example, Regional Court of Munich decision on February 17th, 2023, 21 O 4140/21

(¹⁶⁵) See Regional Court of Munich judgements on VoiceAge vs HMD, May 25, 2022 – 7 O 1409/19; Nokia vs Oppo, Regional Court of Munich, August 5, 2022 21 O 1522/21; Voice Age vs Oppo, April 19, 2023 21 O 1890/22; Regional Court of Mannheim judgment on Nokia vs Oppo, 7 O 84/21).

(¹⁶⁶) Joint Research Centre 2016, *supra* fn 8, 34-37.

(¹⁶⁷) Delaune, W. J., '12 steps to protect your business when sued by a patent troll', Phelps, 2023. Available at: <https://www.lexology.com/library/detail.aspx?g=00ee44be-0fa2-48a5-86b3-2db23c75274e&filterId=b8cd988a-97af-4609-99e9-e364c47b6fac>.

(¹⁶⁸) Clarivate, 2024, *supra* fn 122, p. 22.

(¹⁶⁹) Sterzi, Valerio, *The European Unified Patent Court and Non-Practicing Entities: A Year of Early Evidence*, 2024. Available at SSRN: <https://ssrn.com/abstract=4894833>.

than non-PAE held patents, they are of a smaller patent family size (-34%), and they are 15% older.

3.2.6. PAE's impact on innovation

The JRC (2016) report suggested that the impact of PAEs on innovation may be assessed according to:

- the quality of the patent asserted (i.e., low vs. high),
- the royalties requested (i.e. reasonable vs. exhaustive), and
- the extent to which litigation is the ultimate option.

Entities that engage in assertion activities seeking to coerce practising firms into engaging in a licensing scheme or reaching a settlement have a negative impact on such firms' innovation and technology dissemination incentives ⁽¹⁷⁰⁾. Firms that usually cannot afford the financial and reputational costs of litigation or monetary damages, will often have no other option than enter in licence agreement/settlement, thus shifting R&D budgets to cover litigation costs or settlements, and passing on the costs to customers.

Three survey respondents suggested limiting the potentially negative economic or innovation impacts of PAE practices, including by issuing guidelines on FRAND rate determination and clearer rules on reporting and accounting obligations for infringers. Another respondent highlighted that the negative economic or innovation impacts of PAEs are difficult to pin down, considering that the patent system is also designed to allow the transfer of patents as an incentive to innovators. The respondent also argued that in jurisdictions with relatively low damages, injunctive relief "can be justified", compared to, for instance, the US, where injunctions are rarer, but damages are higher.

Box 2 - PAE litigation case

It may be no coincidence that PAEs target complex products. Given that often thousands of patented components are integrated, a freedom to operate (FTO) analysis may not include everything. Therefore, practicing entities of complex products tend to operate with a given risk. Once a potential infringement is apparent to a PAE and the risks to win or lose are assessed, it will develop its litigation strategy. To some experts, PAEs tend to be generally better in enforcement than practicing entities. In particular in the US "*They are counter-suit remote, and have the experience, timeline and lack the customers and competitors (and, sometimes, the shareholders) that operating companies must avoid upsetting.*" ⁽¹⁷¹⁾

PAEs are well aware that the identification of an infringed patent in a complex product and the awarded remedy such as sales bans may have wider social and economic effects.

In a recent case by R2Semiconductor LLC (R2) vs Intel at the Düsseldorf Regional Court, the hedge-fund backed PAE obtained an injunction in February 2024 that could block Intel from selling several generations of chip processors. The injunction would also affect other computer firms such as Dell, HP, among others that use the chip in their computers. Following the granted injunction, R2 issued a news release, informing it was "fully prepared to enforce" the injunction against Intel, while Intel told investors it would vigorously defend the suit.

The defendant companies Intel, Dell etc. asked the Higher Regional Court (HRC) to provisionally stay enforcement of the injunction on proportionality grounds. They explained that R2 faced no irreparable harm during the appeal since it is a non-practicing entity. They also explained that, by contrast, enforcement of the injunction would substantially harm them, the German public, and the German economy because the injunction would remove a large volume of entire computer systems from the

⁽¹⁷⁰⁾ Joint Research Centre 2016, *supra* fn 8, 34.

⁽¹⁷¹⁾ Berman, B., 'PwC Patent Litigation Study: More Suits and NPEs; Fewer Big Awards', IP Strategy, 2014. Available at: <https://ipstrategy.com/2014/10/06/pwc-patent-litigation-study-more-suits-and-npes-fewer-big-awards/>.

market. To R2, the injunction provided substantial leverage. The company openly wrote that Intel would not be able to extract the patented technology from its chip since it was an integrated part. Removal would require the development of a new chip which “would take several years and cost billions of dollars”. Available alternatives would be inferior and would require more energy and be less efficient. Also, the injunction and its effects could hamper the planned investment of Intel to establish a new manufacturing plant in Germany. ⁽¹⁷²⁾

The Higher Regional Court, however, rejected the defendants’ proportionality arguments. The court stated that “*there is generally no reason to treat [a non-practicing entity] differently per se than a competitor company.*” Despite the significant harm threatened to the defendants, the court stated that it would not suspend enforcement of an injunction unless the defendant showed “*disadvantages equivalent to a threat to the existence of the defendant.*” ⁽¹⁷³⁾ The court also dismissed concerns about harm to the German public, stating that “*any interests and disadvantages of third parties are of no significance for the decision on the temporary suspension of enforcement.*” While one could envisage a disproportionate impact on users by banning entire computer systems based on an alleged infringement by one component, the court stated that the enforcement of the injunction would “*not go beyond the protected technology.*” ⁽¹⁷⁴⁾

R2 had already filed a suit against Intel in the US and one in the UK on the same patent. Intel petitioned the US Patent and Trademark Office ⁽¹⁷⁵⁾ and obtained a ruling that the patent R2 asserted was invalid. This was affirmed by the US Court of Appeals for the Federal Circuit. Intel appealed to the German court’s ruling of February 2024. Since then, R2 has not enforced the injunction. Legal experts explained the delay by the complicated process of negotiating a royalty rate or by hesitation on the part of R2, as it could be liable for Intel’s potentially massive injunction-related damages if its lower-court win were later reversed. ⁽¹⁷⁶⁾ Yet, in order to build pressure points to obtain a royalty agreement, R2 sued Dell, Amazon Web Services, and Fujitsu over the same patent in Germany, Italy, and France ⁽¹⁷⁷⁾.

On July 26, the UK court ruled in favour of Intel and declared the patent invalid. August 30, Intel issued an update and informed that the company and R2 had resolved their dispute. R2 announced on the same day to dismiss all litigation against Intel and its customers. The terms of the resolution are confidential, yet, based on Intel’s quarterly reports, Intel charges “USD 780 million substantially all of which is attributable to the proposed broad-based litigation peace.” ⁽¹⁷⁸⁾

Litigation finance industry

Some interviewees pointed also to wider economic effects and potential loopholes. Since litigation is expensive – particularly in the US – PAEs require resources to fund their litigation attempts. Already the JRC (2016) report indicated that US-based PAEs are often financially backed by hedge funds or venture capital firms. Since VCs and hedge funds are interested in short-term profits, these PAEs are likely to enforce patents using aggressive strategies of enforcement that generate quick returns. These PAEs are likely to assert patents through methods that yield quick returns. PAEs litigation has – at least in the US – developed into a ‘litigation finance industry’ backed by large capital funds. ⁽¹⁷⁹⁾ According to analyses by Unified

⁽¹⁷²⁾ See: R2 Semiconductor skizziert die nächsten Schritte nach dem Chip-IP-Sieg über Intel in Deutschland, available at: <https://siliconcanals.com/de/r2-semiconductor-outlines-next-steps-following-chip-ip-victory-over-intel-in-germany/>. Intel has indeed postponed the investment in Germany in September 2024.

⁽¹⁷³⁾ Higher Regional Court of Düsseldorf Decision, 10 May 2024.

⁽¹⁷⁴⁾ Information shared with authors by Intel.

⁽¹⁷⁵⁾ Under the America Invests Act, USPTO has the authority to accept or initiate Inter Partes Review of patents. The US Congress designed this review to help USPTO ensure the quality of its patent grants throughout their term of validity and to diffuse threats to innovation presented by NPEs and PAEs.

⁽¹⁷⁶⁾ Shapiro, M., ‘Intel, R2 Semiconductor Each Take on Risk in German Patent Fight’, Bloomberg Law, 2024. Available at: <https://news.bloomberglaw.com/ip-law/intel-r2-semiconductor-encounter-risks-in-german-patent-fight>.

⁽¹⁷⁷⁾ <https://www.juve-patent.com/cases/r2-semiconductor-and-hsf-unsuccessful-with-lawsuit-against-intel-in-london/>

⁽¹⁷⁹⁾ ‘Litigation finance is a \$15.2 billion industry in which investors fund lawsuits in exchange for a portion of any award. It’s become increasingly attractive to Big Law firms, even as the overall market for deals slows.’, see: Siegel, E.: Quinn Emanuel inks \$40 million deal to fund private equity suits, 2024. Available at: <https://news.bloomberglaw.com/business-and-practice/big-law-grows-litigation-finance-to-cut-risk-please-clients>.

Patents⁽¹⁸⁰⁾, 25% of the PAEs asserting semiconductor patents are backed by unrelated third-party funders. So far, the ownership or financial backing of PAEs is not taken into account by EU courts. However, such factors could be taken into consideration under the proportionality principle in order to weigh parties' interests. Some interviewees pointed out that third party funding is often the only option for research organisations or SMEs with limited access to funding. In particular in the US, where IP litigation is very costly, patent assertion entities and external funding is often the only option for smaller companies to fight for their IP.

3.2.7. Impact of the Unified Patent Court

In the first six months, over 50% of cases were being filed in the German local divisions. To many experts this signalled that plaintiffs were expecting similar decisions from German judges at the UPC as they knew from German court cases. By September 2024, the Court of First Instance had received a total of 192 infringement actions. Of these, 151 (78%) were pending before German local divisions: 70 in Munich, 42 in Düsseldorf, 25 in Mannheim, and 14 in Hamburg. Periodic information by the UPC informed that 77 out of the 192 cases (40%) concerned patents in the field of electricity (IPC: H). This group also obtained the largest number in terms of counterclaims (42 or 12% of all 212 counterclaims)⁽¹⁸¹⁾. According to the analysis of Sterzi⁽¹⁸²⁾, out of 131 litigation cases filed until May 31, 2024, 17 (13%) were identified to be initiated by nine, predominantly non-EU PAEs.

Most of the interviews conducted for this study took place within the first half of 2024. Given that no decision had been made until the summer of 2024 it was too early to provide an assessment.

Since July/August 2024, 'signs' are increasingly available to legal practitioners, and according to legal blogs, some decisions indicate rather unexpected differences. In a decision of 17.09.2024, the UPC's Court of Appeal affirmed a decision by the Paris local division to require a US PAE to give security for litigation expenses⁽¹⁸³⁾. This reverses a decision taken by the Munich local division which declined to require a US PAE to provide a guarantee. The UPC Court of Appeal thus reversed the previous PAE friendly decision of the Munich court. It showed less enthusiasm for the value of Network System Technologies (NST) patent portfolio in light of the impending expiration of the relevant (previous Philips) patents. The Court equally credited Volkswagen (VW) to have investigated NST's financial situation, while the latter failed to counterbalance VW's findings. IPFray argues that the *NST v. VW* decision contains various holdings of relevance to other cases, such as that the relative financial strength of a deliberately thinly funded plaintiffs (as compared to that of the defendant) does not count as a (dis)proportionality or pro-SME kind of argument. Also, the UPC remains sceptical of claims that its cost orders would not be recognized in the event of enforcement against US-based companies"⁽¹⁸⁴⁾. Yet, since the burden of proof is with the defendant, it remains to be seen if financially smaller parties can bear the burden in the same way as VW was able to.

⁽¹⁸⁰⁾ <https://www.unifiedpatents.com/>.

⁽¹⁸¹⁾ Unified Patent Court, 'Case load of the Court since start of operation in June 2023 update end September 2024', 2024. Available at: <https://www.unified-patent-court.org/en/news/case-load-court-start-operation-june-2023-update-end-september-2024>.

⁽¹⁸²⁾ Sterzi, Valerio, 2024, *supra* fn 169.

⁽¹⁸³⁾ UPC's Court of Appeal reverses Munich LD, orders US-based non-practicing entity to provide collateral to Volkswagen. Ipfray 17.09.2024. Available at: <https://ipfray.com/upcs-court-of-appeal-reverses-munich-ld-orders-u-s-based-non-practicing-entity-to-provide-collateral-to-volkswagen/>. UPC APL_25922/2024, ORD_48922/2024.

⁽¹⁸⁴⁾ *Ibid.*

3.2.8. Conclusions

Recent data indicates that PAEs' presence in the EU remains small. The legal framework in European countries with lower damages and efficient litigation processes are the main factors preventing large-scale PAE activities.

So far, Germany remains a key jurisdiction due to its legal framework favouring plaintiffs and particular handling of SEP cases. Although the injunction gap system is limited in Germany, there are still vulnerabilities that PAEs exploit, such as the ease of obtaining quasi-automatic injunctions and the lack of a robust application of the proportionality principle. Similar trends can be identified in the Netherlands. The existing loopholes enable PAEs to pressure defendants into costly settlements, often before the merits of the case are fully assessed.

Most PAEs assert patent rights primarily for financial gain. In the area of complex products with their patent thickets, they use the favourable regimes in Europe and typically obtain a permanent injunction. Under equity jurisprudence considerations this provides them with an unequal remedy: a bargaining power that leads to high rents for the PAEs and high costs for the assumed infringer.

Consideration of PAEs' nature

A clear definition of what is a PAE (aligned with the definition used in this study) and a list of criteria to qualify an entity as a PAE would help and encourage national courts to take into consideration the nature or quality of the plaintiff as a PAE during proceedings.

The consideration of the PAE's nature would enable courts to weigh parties' interests and properly assess the appropriateness of the remedy requested by the PAE. Especially, as PAEs are clearly not interested in implementing the patented technology but in negotiating high royalty fees, PAEs often seem to misuse the exclusionary power of the injunction without own interest in its market foreclosure effects. Thus, the PAE's nature could be a valuable factor to consider when assessing the proportionality of an injunction.

Taking the nature of PAEs into account yields positive economic impacts. PAEs are often backed by hedge funds that use litigation financing purely for profit, or shell companies that may facilitate money laundering or even fund criminal organisations. By failing to consider the significant economic harm caused by injunctions – such disruptions to product markets, harm to consumers, or reduced investments by legitimate practicing firms – a critical loophole is created. While the knowledgeable and patentee-friendly reputation of certain courts in the EU attracts significant income, their rulings often benefit non-EU PAEs. This comes at the expense of employment and innovations within practicing firms across Europe.

Yet, to some consulted stakeholders with a licensing business model, creating specific rules or distinctions for PAEs in IP enforcement laws are not necessary and would be counterproductive. Their concern is that creating distinct rules for PAEs could complicate the legal framework and distort PAEs business model. Instead, stakeholders argue, that the focus should be on ensuring all entities, whether practicing or not, are subject to the same standards.

Use of proportionality principle

As indicated in section 3.1.3, it is clear that the application of the proportionality principle in the context of patent infringements could be improved and further harmonised among EU MS.

One recommendation to reflect on is the necessity of guidelines or recommendations on IPRED with a list of specific factors for courts to consider when assessing proportionality, in particular comprising the criteria highlighted in the case law review.

Such factors, including the consideration of PAE's nature, could support the proportionality assessment of measures requested by PAEs as part of infringement proceedings, and reduce the risk of 'quasi-automatic' and disproportionate injunctions.

Overall, this would also have an impact on the whole business model of PAEs that exploit the risk of injunction against the defendant to leverage settlements and/or licence agreements. It would also affect law firms involved in those litigation cases and prevent a growth of the litigation finance business within Europe.

A stricter application of the proportionality principle is expected to have positive effects on innovation. High litigation costs, which could otherwise be allocated to R&D, may serve as a deterrent. However, if validity is considered in a broader context, this approach may be widely interpreted as an innovation-friendly signal from the legislator.

Greater transparency of patent litigation data

The European Commission already called MS to “systematically publish judicial decisions in proceedings relating to IP rights infringements”⁽¹⁸⁵⁾ to better understand the challenge and outcome of decisions. While this recommendation is fully implemented by the new UPC⁽¹⁸⁶⁾, decisions made in MS such as Germany, still lack transparency. Information regarding patents asserted or arguments of parties are not necessarily made accessible⁽¹⁸⁷⁾.

Impact of the UPC

While until early October 2024 only a relatively small number of decisions by the UPC are available, they are carefully analysed by legal practitioners and legal academics.⁽¹⁸⁸⁾ Reactions indicate that the UPC’s decisions reflect a cautious and proportionate approach. First signals indicate that the UPC’s decisions involving PAEs may not be too easy on them. It is expected that over time, decisions by the UPC will have a harmonising effect on national court’s decisions and will contribute to a more harmonised application of IPRED. Prior to any potential amendment of IPRED, it is recommended to wait to observe the effects of the UPC’s decisions on harmonising the application of the proportionality principle and how PAEs will rely on this new court system.

3.3. Dynamic blocking injunctions

Dynamic blocking injunctions (DBI) are rooted in several EU legislations including Article 18(1) of the e-commerce Directive⁽¹⁸⁹⁾, Article 8(3) of the InfoSoc Directive⁽¹⁹⁰⁾ and Article 9 and Article 11 of IPRED. Article 9 of IPRED⁽¹⁹¹⁾ allows for the application of provisional preliminary injunctions, which courts can issue to prevent imminent IP rights infringements or halt ongoing violations until a final decision is reached. Intermediaries, whose services are utilised to infringe IP rights, can also be subject to these provisional measures. Article 11 of IPRED enables national courts to issue permanent injunctions following a judicial decision that confirms an IP rights infringement. These blocking injunctions are aimed at prohibiting the continued infringement and can be extended to intermediaries as well requiring them “to implement

⁽¹⁸⁵⁾ Communication from the Commission to the European Parliament, the Council and the European Economic and Social Committee, A balanced IP enforcement system responding to today’s societal challenges, COM(2017) 707 final.

⁽¹⁸⁶⁾ See: <https://www.unified-patent-court.org/en/decisions-and-orders>.

⁽¹⁸⁷⁾ IP2Innovate Press Release, ‘Supporting Innovation in Europe Through a Balanced Patent System: A Paper Responding to the European Commission’s IP Package’, 2018. Available at: https://www.ip2innovate.eu/swfiles/files/IP2I_Paper-for-EC-on-IP-package_170518_rev041119.pdf.

⁽¹⁸⁸⁾ See for example the blogs of IP FRAY (<https://ipfray.com/>), IPKat (<https://ipkitten.blogspot.com/>), Kluwer (<https://patentblog.kluweriplaw.com/>) or Lexology (<http://www.lexology.com>)

⁽¹⁸⁹⁾ Directive 2000/31/EC of the European Parliament and of the Council of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market, OJ L 178, 17.7.2000.

⁽¹⁹⁰⁾ Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society, OJ L 167, 22.6.2001.

⁽¹⁹¹⁾ IPRED supra fn 3.

technical measures directed at preventing or disabling access to a specific internet location" (¹⁹²).

While traditional or 'static' blocking injunctions have proven somewhat effective, the dynamic nature of online counterfeiting and piracy can lead to illegal content quickly resurfacing on newly created websites or platforms. This is particularly evident in cases where an injunction blocks a specific domain name, but similar content resurfaces under a different domain name or IP address (mirror website), circumventing the injunction. To combat this, dynamic blocking injunctions, also referred to as forward-looking or catalogue-wide injunctions, have been introduced. These injunctions encompass new IP addresses or URLs that host substantially the same content, without necessitating a new judicial process for each variation.

For the context of the study, a DBI is defined as an injunction that covers (i) current and (ii) future repeated identical infringement acts or (iii) future similar infringement acts that have not yet occurred, and which does not require a new judicial procedure to obtain a new injunction. For example, injunctions which can be issued in cases in which materially the same website becomes available immediately after issuing the injunction with a different IP address or URL, and which are drafted in a way that makes it possible to also cover the new IP address or URL, without the need for a new judicial procedure to obtain a new injunction.

The legal compatibility of blocking injunctions, including DBIs, with EU law has been confirmed by several CJEU judgments, notably in the *UPC Telekabel* (¹⁹³) and *L'Oréal-eBay* (¹⁹⁴) decisions. These rulings establish that DBIs are consistent with EU law, provided they include appropriate safeguards. In line with this, the Commission, in its 2017 Guidance on IPRED, acknowledged that while IPRED does not explicitly provide for dynamic injunctions, they are permissible provided that necessary safeguards are in place (¹⁹⁵).

Despite the CJEU interpretation and 2017 Commission Guidance, the use of DBIs varies significantly across EU MS. While static blocking injunctions are available in all EU-27 MS, DBIs are not or, at least, have not yet been applied by courts in some MS. In 2021, the European Union Intellectual Property Office (EUIPO), published a study on DBIs within the EU, including an analysis of CJEU and national case-law (¹⁹⁶). The study found that DBIs were implemented and applied in certain MS (including Belgium, Denmark, France, Ireland, Italy, Lithuania, the Netherlands, Spain and Sweden¹⁹⁷) and that their scope and requirements varied significantly among jurisdictions. It concluded that the landscape of static and dynamic blocking injunctions in the EU was a complex array of diverse approaches.

Methodological note

The research on DBIs covered in this chapter is based on an extensive review of the literature, regulations, practices, and jurisprudence related to DBIs in selected MS (Austria, Belgium, Finland, France, Germany, Italy, Ireland, the Netherlands and Spain), as well as CJEU case-law. The study team selected the MS for the study based on the following criteria: 1) volume of national cases relevant for the RT; 2) existence of national law specific for the relevant RT (if any); and 3) feedback from local legal correspondents of the EY network. An overview of the case law reviewed is provided in Annex V.

(¹⁹²) European Union Intellectual Property Office, *Study on dynamic blocking injunctions in the European Union*, 2021. Available at: <https://data.europa.eu/doi/10.2814/301088>.

(¹⁹³) Case C-314/12, *UPC Telekabel Wien GmbH v Constantin Film Verleih GmbH and Wega Filmproduktionsgesellschaft mbH* (UPC Telekabel) [2014] EU:C:2014:192, para. 64.

(¹⁹⁴) Case C-324/09, *L'Oréal SA and Others v eBay International AG and Others* (L'Oréal-eBay) [2011] EU:C:2011:474, para. 144.

(¹⁹⁵) European Commission Guidance, 2017, *supra* fn 5, 1.

(¹⁹⁶) EUIPO, 2021, *supra* fn 192.

(¹⁹⁷) *Ibid.*, 35 and 39.

The findings from the desk research and case law review were corroborated and deepened by findings from the online survey, targeted interviews and expert panel. The survey contained a dedicated section on the availability and application of DBIs asked to those at least somewhat aware, see questionnaire Section C in Annex III. This part of the questionnaire was answered by 78 stakeholders. Out of these, 33 identified as rights holders of IP rights, 29 as legal experts, 8 as judiciary, and 8 as national competent authority. The respondents were based in Belgium (6), Bulgaria (2), Croatia (3), Czechia (10), Denmark (1), Finland (2), France (11), Germany (7), Italy (6), the Netherlands (11), Spain (3), Sweden (5) and other countries with one respondent each (11).

DBIs were also covered in fourteen targeted interviews. This encompassed ten interviews with industry experts/private sector organisations, two with academic experts, and one each with a legal professional, and a representative of an NGO.

The implementation and application of DBIs were further explored in an expert panel, which included three different associations representing rights holders. An additional rights holder association contributed with further written input.

The research topic was also addressed in the validation workshop (session 2), which included one academic expert, 7 rights holders or associations representing rights holders, and one member of the judiciary.

For more information on the research tools applied, please refer to Section 2.2.

3.3.1. Injunctions within IPRED

IPRED requires EU MS to make certain measures available to rights holders, including the option to apply for a preliminary or permanent injunction intended to prevent an imminent infringement, or to forbid the continuation.

Within the framework of IPRED, the provisions for injunctions are specifically delineated: provisional and precautionary measures are addressed by Article 9, while Article 11 deals with the issuance of permanent orders. In both scenarios, it is imperative for EU MS to guarantee that injunctions, whether provisional, precautionary, or permanent, can be directed against intermediaries. These intermediaries are entities whose services have been used by third parties for the infringement of IP rights.

Prior to IPRED's adoption and implementation, Article 8(3) of Directive 2001/29/EC⁽¹⁹⁸⁾ (InfoSoc Directive) required that rights holders be able to apply for an injunction against intermediaries whose services are used by a third party to infringe a copyright or related right. The limited material scope of the injunctions was subsequently extended to other IP rights by IPRED. This allowed rights holders to request injunctions against intermediaries, without any requirement that the intermediary necessarily be liable in or culpable for the infringement⁽¹⁹⁹⁾.

Recital 22 of IPRED recalls that it is essential to provide for provisional measures for the immediate termination of infringements, without awaiting a decision on the substance of the case. All while observing the rights of the defence, ensuring the proportionality of the provisional measures as appropriate to the characteristics of the case in question and providing

⁽¹⁹⁸⁾ Directive (EC) 2001/29 of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society, OJ L 167, 22.6.2001, pp. 10-19 (InfoSoc Directive), Article 8(3), [Directive - 2001/29 - EN - infosoc directive - EUR-Lex \(europa.eu\)](#).

⁽¹⁹⁹⁾ IPRED, *supra* fn 3, Article 11.

the guarantees needed to cover the costs and the injury caused to the defendant by an unjustified request.

Provisional and precautionary measures (Article 9)

Under Article 9(1)(a) of IPRED, EU MS are obliged to ensure that rights holders are in a position to apply for a preliminary injunction against an infringer. The aim of such injunctions is to prevent imminent infringement or to prohibit the continuation of an infringement.

The provision contained within Article 9 extends to intermediaries whose services are used by third parties to infringe IP rights, subject to the same conditions. This ensures that infringement prevention measures encompass not only direct infringers but also those indirectly facilitating such infringements (200).

Additionally, Article 9(2) specifies that in cases where infringements occur on a commercial scale, and if the party whose rights have been infringed can demonstrate through circumstantial evidence that their ability to recover damages might be at risk, the court is empowered to take a more stringent measure. Specifically, it can order the precautionary seizure of both movable and immovable property belonging to the alleged infringer.

Injunctions following a decision on the merits of the case (Article 11)

Article 11 obliges MS to ensure that, in proceedings on the merits, the competent judicial authorities may issue an injunction either against the infringer to prohibit the continuation of the infringement, or against an intermediary aimed not only at ending the infringement but also at preventing further infringements.

'Classic' and 'Dynamic' blocking injunctions

A 'blocking injunction' refers to 'an order requiring an internet intermediary to implement technical measures directed at preventing or disabling access to a specific internet location' (201).

A traditional internet site-blocking injunction can be implemented through Domain Name System (DNS) blocking, IP address blocking, or through uniform resource locator (URL) filtering (202):

- A DNS translates a domain name into a specific Internet Protocol address (IP address). Thus, a first possibility is to request an ISP to block access to the domain in question, with general effects for all the website visitors.
- IP address blocking can be requested by identifying the server of the infringing website to blacklist it, as every data packet that is routed over the Internet carries an IP source address and an IP destination address (203).
- URL blocking requires that the service provider not only examines the so-called headers of IP packets (containing the source and destination IP address) but also the contents of IP packet. (204)

(200) According to the wording of Article 9(1)(a) of IPRED, there is no differentiation between innocent intermediaries and those that willingly facilitate infringement activities. Therefore, it can be assumed that the provision targets intermediaries regardless of their intentions.

(201) EUIPO 2021, *supra* fn 192, p 16.

(202) *Ibid.*, p. 16.

(203) Feiler L., *Website Blocking Injunctions under EU and US Copyright Law - Slow Death of the Global Internet or Emergence of the Rule of National Copyright Law?*, TTLF Working Paper, No. 13, 2012, p. 9.

(204) *Ibid.*, p. 10.

However, the inherent technical structure of traditional blocking measures presents a significant challenge in effectively combating online infringements. Due to their relatively static nature, these access blocks are easily circumvented. Infringing content can be swiftly re-hosted, re-uploaded, or transferred to servers located in third countries outside the EU ⁽²⁰⁵⁾.

Hence, unlike standard blocking injunctions, which target specific content and specific infringers, DBIs offer a more flexible approach as their scope is not rigidly predetermined; rather, it encompasses a broader range of infringements beyond the specific case for which the injunction was initially granted ⁽²⁰⁶⁾.

At European level, DBIs were first considered in the CJEU's *L'Oréal-eBay* ruling, in which the CJEU concluded that rights holders must be given the possibility to request a blocking injunction for future infringements that are not carried out or available online at the time of the proceedings ⁽²⁰⁷⁾.

A further sub-category of DBIs is that of live blocking injunctions, which allow the repeated blocking of a site every time a live broadcast is in process. This kind of injunction enables rights holders to continually identify, and notify new servers involved in infringing activities to access providers for blocking, while also ensuring that servers do not continue to be blocked after they are no longer sources of infringing content ⁽²⁰⁸⁾.

While DBIs are available in a number of EU MS jurisdictions (notably in Belgium, Denmark, France, Greece, Ireland, Italy, Lithuania, the Netherlands, Portugal, Spain and Sweden) ⁽²⁰⁹⁾, they are usually not defined by national law, with some exception, such as in the case of Lithuania ⁽²¹⁰⁾. Further, Recital 23 of the IPRED states that conditions and procedures relating to such injunctions should be left to national law, providing each MS with the flexibility to tailor the legal processes in accordance with their individual legal systems and specific requirements. This approach ensures that the implementation of injunctions is congruent with national legal frameworks and practices.

Some common requirements, include ⁽²¹¹⁾:

- evidence of the allegedly infringed entitlements such as ownership of the rights and the status of rights holder acting to protect relevant interests;
- to demonstrate that the blocking injunction is aimed at a service provider infringing and/or whose services are used to infringe, which also implies the provision of evidence of the alleged infringement;
- that the requested blocking injunction is proportionate, appropriate, necessary, and 'reasonable'.

Sometimes, these last requirements are understood as to demonstrate that there is "no other reasonable option" or that without the requested blocking injunction the rights holders will be severely prejudiced.

⁽²⁰⁵⁾ Van der Donk, B., *How Dynamic Is a Dynamic Injunction? An Analysis of the Characteristics and the Permissible Scope of Dynamic Injunctions under European Law after CJEU C-18/18 (Glawischnig-Piesczek)*, Journal of Intellectual Property Law & Practice, Volume 15, Issue 8, August 2020. Available at: <http://dx.doi.org/10.2139/ssrn.4046195>.

⁽²⁰⁶⁾ *Ibid.*, p. 3.

⁽²⁰⁷⁾ Case C-324/09, *L'Oréal SA and Others v eBay International AG and Others (L'Oréal-eBay)* [2011] EU:C:2011:474, para 144.

⁽²⁰⁸⁾ EUIPO 2021, *supra* fn 192, p 17.

⁽²⁰⁹⁾ *Ibid.*, p. 35 and 39-40. Note that the availability of live blocking injunctions is even more limited, including few MS such as in Ireland and Spain.

⁽²¹⁰⁾ *Ibid.*, p.36. To be noted that it is not excluded that other MS, that are not part of this study's scope or of the EUIPO study's scope, may provide a definition of DBIs.

⁽²¹¹⁾ EUIPO 2021, *supra* fn 192, p 32.

3.3.2. Implementation and application of dynamic blocking injunctions

Legal basis and availability of dynamic blocking injunctions in selected MS

Previous research from EUIPO⁽²¹²⁾ and the European Audiovisual Observatory⁽²¹³⁾ has shown that the availability and use of DBIs is insufficient or inadequate across EU MS to protect rights holders. This was highlighted also by the Commission in its Recommendation of 4 May 2023 on combating online piracy of sports and other live events⁽²¹⁴⁾.

In its 2024 Recommendation to combat counterfeiting (215), the Commission emphasised the value of DBIs in combating IP infringement and encouraged a harmonised and robust approach to IP enforcement across the EU, underscoring the persisting inconsistent availability of DBIs (216).

Differences in the availability of DBIs across EU MS were confirmed by the research for the current study. EY's local legal correspondents in the selected MS found that among the EU MS covered (217), Belgium, France, Ireland, Italy, the Netherlands and Spain have established dedicated legal frameworks that limited the granting of DBIs to copyright infringement (218). The term 'dynamic' is moreover not explicitly used in the legislation of these MS. It should be added that the term was used by the Commission in its Guidance on IPRED, in which it took note of the fact that some MS do provide for the possibility of issuing dynamic injunctions. (219)

Other countries (supra), including Austria and Germany, do not have dedicated frameworks allowing for dynamic injunctions but rely on more general legal provisions to achieve similar outcomes. Courts within these MS issue injunctions with dynamic effects by interpreting the legal framework in place for static injunctions. These provisions typically stem from general IP enforcement laws or the implementation of EU directives. In Austria, the legal framework provides the possibility to order the defendant to refrain from 'such' or 'similar' interference as the one covered by an injunction (i.e. by formulating the injunction in general terms to prevent interference of a similar nature) (supra). Even though not frequently used in practice so far, the Austrian Supreme Court did issue a decision (supra) recognising the principle of "outcome prohibition" ("Erfolgsverbot"). The latter obliges the infringing party to ensure that access to the website is blocked, but without requesting specific measures and focusing instead on the

⁽²¹²⁾ *Ibid.*, p 17; European Union Intellectual Property Office, *Live event piracy – Discussion paper – Challenges and good practices from online intermediaries to prevent the use of their services for live event piracy*, European Union Intellectual Property Office, 2023, <https://data.europa.eu/doi/10.2814/060481>.

⁽²¹³⁾ European Audiovisual Observatory, Riccio, G.M., *Mapping report on national remedies against online piracy of sports content*, European Audiovisual Observatory, Strasbourg, 2021, [Mapping report on national remedies against online piracy of sports content \(coe int\)](https://data.coe.int/10.2617/180-101)

⁽²¹⁴⁾ Commission Recommendation of 4.5.2023 on combating online piracy of sports and other live events, C(2023) 2853 final, Recommendation 26

⁽²¹⁵⁾ Commission Recommendation (EU) 2024/915 supra fn 7.
⁽²¹⁶⁾ *Ibid.* Recital 22 and Recommendations 34 to 38.

⁽²¹⁸⁾ See Answers for France and Spain to Research Question n°1 of the local legal correspondents' questionnaire – Dynamic

⁽²¹⁹⁾ Communication from the Commission of the European Parliament, the Council and the European Economic and Social Committee, *‘Dynamic blocking injunctions’*, COM(2013) 200 final, 11.2.2013.

(¹) Communication from the Commission to the European Parliament, the Council and the European Economic and Social Committee, 'Guidance on certain aspects of Directive 2004/48/EC of the European Parliament and of the Council on the enforcement of intellectual property rights', COM(2017) 708 final, section IV.4.

(220) See Answers for these countries to Research Question n°1 of the local legal correspondents' – Dynamic blocking injunctions.

() See Sec. 51 of the Copyright Act (Urheberrechtsgesetz), Sec. 51 Patent Act (Patentgesetz).

(222) O

outcome of the action, which enables the injunction to cover contents that are to some extent "similar" (223).

It is worth noting that Finland currently lacks any legal mechanism to allow for the use of DBIs as defined in this study.

The below table highlights the variations in legal frameworks across the MS covered in the case law review, as identified by the local legal correspondents.

Table 6 - Legal framework for dynamic blocking injunctions in MS covered by the case law review

Member State	Dedicated Legal Framework (Yes or No) (224)	Type of system involved (civil, administrative, hybrid and/or covenant)	Legal Basis	Content
Austria	No	Civil	<ul style="list-style-type: none"> General provisions in IP Acts (e.g., Copyright Act, Trademark Act) 	N/a
Belgium	Partially (Copyright only)	Civil	<ul style="list-style-type: none"> Accelerated judicial procedure under Book XVII of the Code of Economic Law Art. XVII. 14 CEL in conjunction with Article 18 § 2 Judicial Code 	Following the accelerated judicial procedure, plaintiffs can request all measures appropriate to stop the IP infringement. However, such measures do not expressly refer to DBIs, as the concrete measures will be decided by the court on a case-by-case basis. The cessation judge may issue a cessation order not only to stop an IP infringement but also to prevent an imminent infringement (a seriously threatened right). (Article XVII. 14 CEL in conjunction with Article 18 § 2 Judicial Code).
Finland	No	Civil	No legal mechanism fulfilling the definition of DBIs	N/a
France	Yes (Copyright only)	Hybrid civil/administrative system	<ul style="list-style-type: none"> Articles L. 331-27 to L.331-34 of the French Intellectual Property Code Authority for the regulation of audiovisual and digital communication ("ARCOM") (Law no. 2021-1382 of October 25, 2021) 	<p>The provisions contained within Articles L. 331-27 to L.331-34 of the French Intellectual Property Code mandate that upon a motion filed by a copyright holder, ARCOM, is empowered to order the disabling of any online public communication service, including mirror website, that substantially reproduces the infringing content that was the subject of a final court order.</p> <p>The duration of any disabling measures implemented by ARCOM cannot exceed the remaining term of the original court order. Article R331-20 of the French Intellectual Property Code provides the procedural rules which apply when applying for a DBI before the ARCOM.</p>

(223) European Audiovisual Observatory, 'Mapping report on national remedies against online piracy of sports content' (2021 p 133.

(224) Kindly note this chart's column only shows the existence or lack of a dedicated legal framework for dynamic blocking injunctions within EU MS local law. However, the lack of a dedicated legal framework for some IPR, particularly for rights other than copyright, does not mean that dynamic blocking injunctions are not issued for other IPR.

Member State	Dedicated Legal Framework (Yes or No) ⁽²²⁴⁾	Type of system involved (civil, administrative, hybrid and/or covenant)	Legal Basis	Content
Germany	No	Civil	<ul style="list-style-type: none"> Section 7(4) of the Telemedia Act (TMG), implementing Articles 8(3) of the InfoSoc Directive and 11 of IPRED 	<p>According to Section 7(4) of TMG, if a telemedia service has been used by a user to infringe the IP rights of another person and if the owner of this right has no other means of remedying the infringement of their right, the owner of the right may request the service provider concerned to block the use of information in accordance with Section 8 (3) TMG in order to prevent the infringement from being repeated.</p>
Ireland	Partially (copyright only)	Civil case law	<ul style="list-style-type: none"> S.I. No. 59/2012 - European Union (Copyright and Related Rights) Regulations 2012 amends the Copyright and Related Rights Act 2000, with inserting Section 40(5A) to the CRRA which gives effect to Article 8(3) of Directive 2001/29/EC 	<p>According to the provisions, courts are empowered to make orders requiring intermediary service providers to block subscriber access to websites or to adopt a 'graduated response strategy'.</p> <p>The process for applying for a DBI has been clarified through a series of case law ⁽²²⁵⁾, with a clear test in place for potential applicants that shall establish that: (i) the order sought is necessary, (ii) the costs involved are not excessive or disproportionate and the orders made are not unduly complicated, (iii) the cost sharing proposals (if any) are fair and reasonable, (iv) the orders respect the fundamental rights of the parties affected, including internet users, and I also include in that regard the rights of the Defendants themselves as internet service providers; and (v) the duration of the proposed injunctions and the provisions for review are reasonable.</p>
Italy	Partially ⁽²²⁶⁾	Civil and administrative system	<ul style="list-style-type: none"> Articles 124 and 131 Industrial Property Code ⁽²²⁷⁾ Articles 156 and 163 Copyright Code ⁽²²⁸⁾ Anti-Piracy Law 93/2023 ⁽²²⁹⁾ 	<p>According to the provisions, claimants can request Courts to order 'all measures appropriate' to stop the infringements, which may include the use of DBIs. However, case law shows that DBIs are still rarely used and, so far, claimed and issued mostly for the protection of copyrighted work on the internet.</p>

⁽²²⁵⁾ For instance, Union Des Associations Européennes De Football -v- Eircom Limited T/A Eir & Ors [2020] IEHC 488

⁽²²⁶⁾ Regarding the judicial route, Italian Industrial Property Code (D.lgs. 10 February 2005, no. 30, hereinafter IP Code) and Italian Intellectual Property Code (L. 22 April 1941, no. 633, hereinafter Copyright Code) do not explicitly refer to "dynamic" (blocking) injunctions. Nonetheless, they can be included in the remedies provided in Articles 124 and 131 IP Code and Articles 156 and 163 Copyright Code under the *"all appropriate measures to prevent or stop an infringement"* (see also Article 700 Italian Civil Procedure Code). These provisions, upon a motion filed by a right-holder allow the Judicial Authority to issue the injunction against the infringement (ideally concerning every industrial and intellectual property right – such as trademarks, copyrights, etc.).

⁽²²⁷⁾ Italian Industrial Property Code D.lgs. 10 February 2005, no. 30,

⁽²²⁸⁾ Italian Intellectual Property Code, L. 22 April 1941, no. 633,

⁽²²⁹⁾ Law No. 93 of July 14, 2023, concerning "Provisions for the prevention and suppression of the unlawful dissemination of copyrighted content through electronic communication networks"

Member State	Dedicated Legal Framework (Yes or No) (224)	Type of system involved (civil, administrative, hybrid and/or covenant)	Legal Basis	Content
			<ul style="list-style-type: none"> Autorità per le Garanzie nelle Comunicazioni ("AGCOM") (Regulation n.189/23/CONS) 	<p>Regulation n.189/23/CONS introduced specific provisions for combating online piracy referring to live sporting events. Specifically, the new regulations stipulate that AGCOM, the Italian Communication Authority, may order DBIs to block Fully Qualified Domain Names and IP addresses, which are uniquely intended for the illicit dissemination of protected content, and that will take place within thirty minutes of the holder's notification through a single technological platform with automated operation.</p> <p>Moreover, AGCOM is empowered to deal with online copyright enforcement, including having the power of issuing blocking orders against infringing websites (230), regarding online piracy actions related to events broadcast live (231).</p>
Netherlands	No	Judicial	<ul style="list-style-type: none"> Articles 26d of the Copyright Act and 15(e) of the Neighbouring Rights Act; Articles 26 – 36c of the Copyright Act implementing Articles 9 and 11 of IPRED 	<p>The provisions set out in Article 26d of the Copyright Act (Auteurswet) and within Article 15 (e) Neighbouring Rights Act (Wet op de naburige rechten) mandate that, upon request of the IP owner, the court may order intermediaries, whose services are used to infringe copyright to cease the services used to make the infringement possible.</p>
		Covenant agreements	<ul style="list-style-type: none"> 'Covenant Blokkeren Websites', 2021 	<p>In 2021, a covenant was established between copyright holders, represented by the Federatie Auteursrechthebbenden and Stichting BREIN (BREIN), and several ISPs, to implement measures to block websites that host content infringing on copyright and related rights.</p> <p>In this binding covenant, copyright holders represented by the 'Federatie Auteursrechthebbenden' and BREIN have agreed on measures to be taken to block websites hosting IP-infringing content with several internet access providers. The main element of the covenant is that if a judge, after a procedure initiated by BREIN, decides that an internet access provider connected to the covenant is</p>

(230) See Regolamento in materia di tutela del diritto d'autore sulle reti di comunicazione elettronica e procedure attuative ai sensi del decreto legislativo 9 aprile 2023, n. 70 ('AGCOM Regulation'). See also, the main provisions and procedures of AGCOM at [Giancarlo Frosio, Italian Communication Authority Approves Administrative Enforcement of Online Copyright Infringement, Stanford CIS Blog, 17 December 2014](#).

(231) Since Law No. 93 of July 14, 2023.

Member State	Dedicated Legal Framework (Yes or No) (224)	Type of system involved (civil, administrative, hybrid and/or covenant)	Legal Basis	Content
				obligated to block one or more websites that infringe copyright and/or related rights, then all other internet access providers connected to the covenant will also give effect to this on the basis of the covenant, even though they were not involved in the procedure. The injunctions under this agreement are considered "dynamic." This means that BREIN has the responsibility to monitor and track new IP addresses and domain names where infringing content may be re-uploaded after the initial court order (232).
Spain	Yes (Copyright only)	Judicial and administrative	Judicial route <ul style="list-style-type: none"> Articles 138 and 139 of the TRLPI; Administrative route <ul style="list-style-type: none"> Comisión de Propiedad Intelectual, Sección Segunda (empowered by Law Decree 1130/2023) Article 195 TRLPI 	Judicial provisions state that for a blocking injunction to be granted the plaintiff must show (i) evidence of infringement; and (ii) graphic evidence of illegal content. Regarding administrative route, the Comisión de Propiedad Intelectual, Sección Segunda is empowered to expand existing measures against violating content to include additional, closely related works or services. To do so, content must be sufficient identified and allow the inference that this content is similarly being distributed illicitly.

The variations in the availability of dynamic blocking injunctions among the selected MS is also reflected in the interview results. Stakeholders emphasised that despite EU recommendations encouraging dynamic site blocking, inconsistencies remain in the national implementations of Article 8(3) of the InfoSoc Directive and Article 9 and 11 of IPRED. They specifically highlighted challenges in Germany, where strict urgency and subsidiarity requirements hinder access to preliminary injunctions, and in Austria, where net neutrality concerns have led to delays and limitations in implementing blocking orders. They also underscored the lack of a clear legal definition for 'dynamic blocking injunction' across MS.

Stakeholders in Germany emphasised that dynamic DNS blocking is not allowed, and a change in the domain name forces the plaintiff to initiate a new legal proceeding. However, they also pointed to the Clearing Body for Copyright on the Internet (CUII) (233) an independent body that examines whether the blocking of access to a given structurally copyright-infringing website in Germany is lawful. This German system involves a ruling by a first decision body, and a second level check by the German Federal Network Agency for Electricity, Gas,

(232) 'Covenant Blokkeren Websites', 2021, p.25, "BREIN is responsible for keeping the Blocking Order up to date, including any other/additional (sub)domains or IP addresses subsequently passed on. [...] The Internet Access Providers will block access to other/additional IP addresses and/or (sub)domains upon receipt, within the period specified in the Blocking Order, as long as this fits within the Blocking Order".

(233) [About us | Clearingstelle Urheberrecht im Internet \(cuii.info\)](#)

Telecommunications, Post and Railways (Bundesnetzagentur), in charge of guaranteeing net-neutrality.

Interviewees from the Netherlands stated that there is no specific legal framework on dynamic blocking injunctions, but the practice is allowed under case law based on Article 26D of the Dutch Copyright Act, which implements Article 11 of the Enforcement Directive and Article 8(3) of the InfoSoc Directive. In addition, a major anti-piracy foundation 'Stichting BREIN' is empowered to defend the interests of affiliated rights holders related to music and film works, as well as computer games, in particular to obtain and enforce dynamic blocking injunctions against intermediaries offering material protected by copyright (234).

Stakeholders in Denmark described that while the dedicated legal framework on enforcement of dynamic blocking injunctions is limited (235), an efficient soft law arrangement was developed between private parties, namely the 'Code of Conduct for handling decisions on blocking access to services, infringing intellectual property rights' (236). This Code was agreed upon between the telecommunications industry representing the majority of Danish Internet Service Providers (ISPs) and the Danish Rights Alliance representing the rights holders in the creative industry. It provides that when a court decision on blocking websites aimed at one of the members of telecommunications industry is issued, it shall be implemented among all other members creating a one-stop shop procedure. Stakeholders in Denmark consider such a voluntary agreement as an effective tool to streamline the implementation of court decisions on blocking injunctions, in this specific case to combat online copyright infringements. However, a similar approach could be effective for protection of other IP Rights.

Conditions for issuing dynamic blocking injunctions

Nearly all of the selected MS in the case law review require a judicial decision (as a preliminary or final injunction) before issuing a DBI except in Italy and Spain, where an administrative body is empowered to issue dynamic administrative orders. In Italy this empowerment is however limited to addressing online copyright infringements concerning live events. In most of the selected MS, these injunctions can be ordered both as preliminary and final injunctions (237). Finland, lacking a mechanism for dynamic blocking injunctions, is an exception to this trend (238). In France (239) and Ireland (240), DBIs are only granted as final injunctions, although preliminary injunctions can be sought for traditional blocking measures (241).

With regards to the type of intermediary against which DBIs may be enforced in their MS, survey respondents were most likely to mention 'access providers' (61%), followed by 'online

(234) [Home - BREIN](#).

(235) Danish Administration of Justice Act Section 413 provides guidance on the conditions under which injunctions can be issued.

(236) Available in Danish: [CoC_DA.excl-Anneks-5-september-2022.pdf \(rettighedsalliancen.dk\)](#).

(237) See case law identified in the Case law review, for example, in Austria (Supreme Court (OGH), 4 Ob 71/14s, 24.06.2014), in Belgium (Court of Cassation, 22.10.2013– P.13.0550.N/1 and P.13.0551), in Germany (OLG, München: 29 U 732/18, 14.06.2018), in Italy (Supreme Court, RG. no. 9133/2015, 19.03.2019), in the Netherlands, (The Hague District Court, ECLI:NL:RBDHA:2018:615, 24.01.2018), and in Spain (Juzgado de lo Mercantil N° 9 Barcelona, SJM B 3549/2023, 21.09.2023).

(238) See Finnish Market Court (Markkinajoikeus), MAO:311/18, 07.6.2018 and Government's Proposal 181/2015 vp, pp. 25 and 37 (stating that an injunction can be changed and new IP address added in the scope with a new application).

(239) See example of case law identified in the Case law review, Paris Civil Court, RG 22/50582, 09.02.2022.

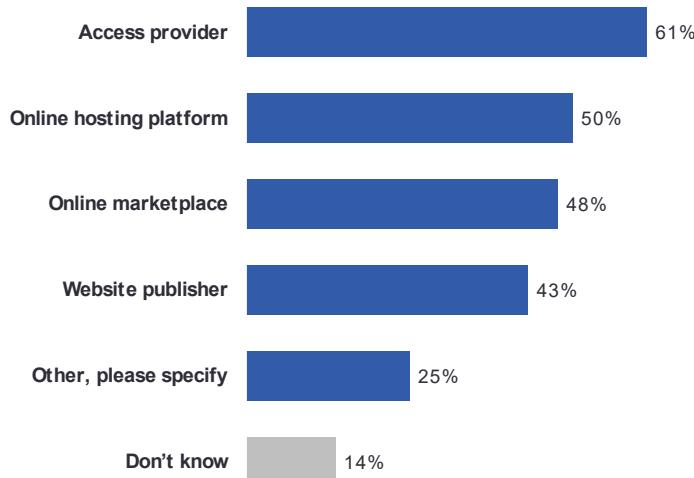
However, any person entitled to initiate an infringement action may try to obtain a "classic blocking injunction" as a preliminary injunction against the alleged infringer, its intermediaries or its suppliers, to prevent an imminent infringement or stop an ongoing one (Article L615-3 of the French Intellectual Property Code for Patents, art. L716-6 for Trademarks and art. L.521-6 for industrial designs).

(240) Section 40(5A), copyright and Related Rights Act 2000. For a case law application, see High Court, Sony v UPC (No 1) [2015] IEHC 317.

(241) However, as of 2021 France implemented a procedure to tackle illicit broadcasting of sports events through ARCOM. Under this procedure, if the injunction is granted by the court, ISPs need to implement the blocking measures for the duration of the sports competition. ARCOM supports the implementation of these injunctions to make them dynamic by requiring ISPs to update the blocking measures by adding new online services that illegally broadcast the competition.

hosting platform' (50%) or 'online marketplace' (48%). A further 43% mentioned that DBIs may be enforced against a 'website publisher'.

Figure 6. Entities against whom a dynamic blocking injunction may be enforced



C4. Please select entities against whom a dynamic blocking injunction in your national legislation may be enforced
 % Total (multiple response), Base: Respondents who selected 'Explicitly included in national legislation' or 'Developed by courts (case law)' in C1 (n=44)

Source: IPRED survey (May 2024)

Interviewed stakeholders in Denmark explained that the established framework offers a streamlined process, with specific conditions for requesting and granting DBIs. These include providing evidence of infringement, demonstrating prior contact attempts with the infringer, and proving the 'same characteristics' between the original and subsequent infringing websites.

Interviewees from other EU MS, including Austria and Finland, stated that the conditions for granting dynamic blocking injunctions were less clearly defined. They consider that this reflects the lack of a dedicated framework covering dynamic blocking injunctions (as described above).

Stakeholders in Austria conveyed that the lack of a specific framework in their country means that each case is assessed based on general IP law principles. This, they suggest, can lead to an inconsistent application of the rules and increased complexity.

In Italy, interviewees explained that while no specific 'dynamic blocking' law exists in the judicial system (all IP rights included), the basis lies in general injunction provisions found in the Italian Code of Industrial Property and Copyright Law. Stakeholders emphasised that the injunction request must clearly encompass future similar infringements and demonstrate an imminent risk of infringement for a dynamic blocking injunction to be granted. Regarding the administrative route, there are specific rules in Italy that empower AGCOM, the Italian Communications Guarantee Authority, to issue dynamic blocking injunctions in case of urgency and seriousness of copyright infringements related to events broadcasted live (242).

(242) Resolution No. 189/23/CONS provides that, in cases of seriousness and urgency, an abbreviated precautionary measure (without a hearing) can be adopted regarding "live broadcasts, first releases of AV cinematographic works or entertainment programs, audiovisual content, including sports content or other similar intellectual works, as well as events of social interest or great public interest". In particular, article 2 of Resolution No. 189/23/CONS states that the Authority shall adopt "dynamic injunctions" ordering service providers to disable access to abusively disseminated content by blocking the DNS resolution of domain names and blocking the routing of network traffic to IP addresses uniquely intended for infringing activities which may also

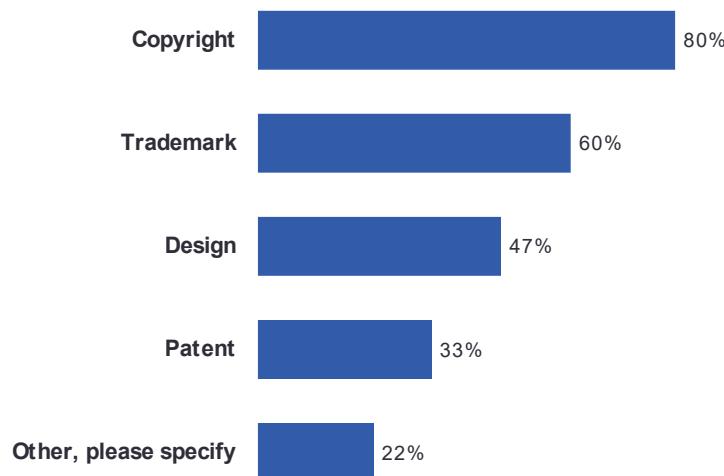
Dutch stakeholders highlighted the importance of proving the illegality of a website and demonstrating that less intrusive measures, such as sending cease and desist letters, have been exhausted. They also noted that both preliminary injunctions and final injunctions are possible, with no significant difference in the conditions for granting dynamic blocking injunctions.

Stakeholders from multinational associations noted that in jurisdictions with fast-track proceedings on the merits, such as France, rights holders may obtain quicker redress. In France, such proceeding enacted by Article 484 of the French Civil Procedure Code enables a party to request a judge, not involved in the main case, to quickly order necessary measures, should the other party be present or summoned. Concerning the unauthorised streaming of sports events infringing audiovisual rights, the rights holder can request the judicial court to take urgent measures, based on this fast-track proceeding; to prevent or stop the violation ⁽²⁴³⁾. The court may impose remedies against any party contributing to the infringement.

Type of IP rights subjected to dynamic blocking injunctions

When asked for which IP rights DBIs may be ordered in their country, most survey respondents confirmed that DBIs are mainly ordered for copyright (80%), followed by trademark (60%), design (47%) and patent (33%). Note that this was a multiple-choice question in which respondents could chose several responses.

Figure 7. Intellectual property rights for which a dynamic blocking injunction may be ordered



C2. Please select the intellectual property rights for which a dynamic blocking injunction may be ordered in your country

% Total (multiple response possible), Base: Respondents who selected 'Explicitly included in national legislation' or 'Developed by courts (case law)' in C1 (n=45)

Source: IPRED survey (May 2024)

Interviewed stakeholders noted that illegal online commerce infringing industrial property rights are increasingly enabled by intermediaries such as hosting providers and domain registrars. Highlighting the potential of DBIs in protecting trademarks and designs affected by counterfeit products, they pointed out that while rights holders primarily rely on copyrights to obtain DBIs, infringers also frequently illegally use trademarks such as logos and brands.

be extended to "any other future domain name, sub-domain, where technically possible, or IP address, to whomever traceable, including variations of the name or simple declination or extension (so-called top level domain), that allows access to the same abusively disseminated content and content of the same nature."

⁽²⁴³⁾ According to Article L333-10 of the French sport code.

In-depth analysis of the case law review

Copyright and related rights

According to the Case law review (244), DBIs are predominantly applied to copyright and related rights infringements. This is reflected in the existing case law identified across the selected MS (245), including the Netherlands where the focus remains on copyright (246).

The prevalence of copyright-related cases is further illustrated by the dedicated legal frameworks in Belgium, France, Ireland and Spain (247), which specifically address online copyright infringement. In Italy, the dynamic process for online copyright infringement is specifically regulated by the Communications Regulatory Authority ("Autorità per le Garanzie nelle Comunicazioni", "AGCOM"), an administrative authority empowered to issue dynamic administrative orders and precautionary measures disabling access to illegal live/time-sensitive audiovisual content. In particular, the Italian regulation n.189/23/CONS introduced measures against online piracy of live sports events in Italy. In that regard,

AGCOM may issue dynamic blocking injunctions to quickly block domain names and IP addresses used for illegal content streaming.

According to the sample of identified case law, defendants at stake are, in particular internet service providers (248), websites and platforms providers (249), and music publishing houses (250).

Trademarks

While the majority of the reviewed case law for the selected MS deal with copyright related infringements, only a few decisions dealing with DBIs in relation to trademark infringement have been identified (251).

For instance, in France, a court recently ordered major ISPs in France to block websites infringing the trademark rights of companies within the Richemont group (252). The Richemont group had requested the blocking of three websites selling replica watches after unsuccessful attempts to contact the hosting providers in the United States. The legal basis for their request included: (i) Article L.716-6 of the French Intellectual Property Code - allowing action against those involved in counterfeiting, and (ii) article 6-I-8° of the Law for Confidence in the Digital

(244) The Case law review for this study covered Austria, Belgium, Finland, France, Germany, Italy, Ireland, the Netherlands and Spain.

(245) See case law identified in the Case law review, for example, in Austria (Supreme Court (OGH), 4 Ob 71/14s, 24.06.2014), in Belgium (Court of Cassation, 22.10.2013– P.13.0550.N/1 and P.13.0551), in Finland (Finnish Market Court (Markkinaoikeus), MAO:311/18, 07.6.2018), in Germany (OLG, München: 29 U 732/18, 14.06.2018), in Ireland (High Court, Sony v UPC (No 1) [2015] IEHC 317, 17.06.2015), in Italy (Supreme Court, RG. no. 9133/2015, 19.03.2019), and in Spain (Juzgado de lo Mercantil Nº 9 Barcelona, SJM B 3549/2023, 21.09.2023).

(246) See case law identified in the Case law review, for example The Hague District Court, ECLI:NL:RBDHA:2018:615, 24.01.2018.

(247) For Belgium: Art. XVII. 34/1 § 9 Code of Economic Law, for France: articles L. 331-27 to L.331-34 of the Intellectual Property Code, for Ireland: Section 40(5A) of the Copyright and Related Rights Act, 2000, for Spain: article 195 of the consolidated Intellectual Property Law.

(248) For example, Supreme Court (OGH), 4 Ob 71/14s, 24.06.2014 (Austria), Finnish Market Court (Markkinaoikeus), MAO:311/18, 07.6.2018 (Finland), High Court, Sony v UPC (No 1) [2015] IEHC 317, 17.06.2015 (Ireland), Supreme Court, RG. no. 9133/2015, 19.03.2019 (Italy).

(249) For example, Paris Civil Court, RG 22/50582, 09.02.2022 (France), Rotterdam District Court, ECLI:NL:RBROT:2024:3274, 15.03.2024 (the Netherlands), Juzgado de lo Mercantil Nº 9 Barcelona, SJM B 3549/2023, 21.09.2023 (Spain).

(250) For example, Federal Court of Justice (Bundesgerichtshof), I ZR 140/15, 02.06.2022 (Germany).

(251) According to the Case law review, two decisions dealing with trademark infringement have been identified by local legal correspondents', namely, for France (Tribunal judiciaire de Paris, RG 20/54095, 15.07.2020 and Tribunal judiciaire de Paris, RG 19/58624, 08.01.2020) and Italy (Court of Bologna, RG. No. 13003/2020, 04.05.2023).

(252) Tribunal judiciaire de Paris, RG 19/58624, 08.01.2020.

Economy (253) - permitting measures against the host or ISP (254). The court determined that the domain names (e.g. contrefaconnmontres.com) clearly indicated fraudulent intent. Consequently, the judge issued an injunction to ISPs including Bouygues Telecom, Free, Orange, and SFR to block access to these infringing sites.

In another case in France, a court ordered major ISPs to block websites infringing on the trademark and copyright rights of SAS Wedoogift which identified a site that had copied its web pages, including its trademarks and copyrights (255).

In Italy, a court ordered a DBI against further diffusion of any harmful content infringing trademarks at stake, by any online media, including any actual or future social network profile and page (256).

While the case law review showed that trademark owners are not frequently resorting to DBIs compared to copyright holders, no contrary provision in the selected MS would seem to indicate that DBIs can't be applied for trademark infringements. The rulings in France and Italy thereby highlight how blocking injunctions can support trademark owners in combating online counterfeiting by enabling them to seek site-blocking measures against trademarks infringements (257).

The legal frameworks in several countries, including Belgium and Italy, suggest that dynamic injunctions could be applied to any IP right, encompassing trademarks. In Germany, the principle of "Störerhaftung" (258) which focuses on intermediary liability, could potentially support the use of DBIs in trademark cases.

Legal experts in the Netherlands also stressed the potential effectiveness of DBIs in trademark cases when combating online sales of counterfeit goods by targeting evolving websites and domain names (259).

In Spain, the potential of these injunctions in tackling mirror websites that infringe trademarks is also recognised, as there is a general uniformity in the courts' approach to issuing DBIs, regardless of the specific type of IP right implicated. The Spanish judicial system demonstrates a consistent application of these injunctions to effectively uphold and enforce the full spectrum of IP rights against violations in the digital environment. Whether dealing with copyright infringement, violations of reproduction rights, the unauthorized distribution of content, or the breach of public communication rights, Spanish courts usually opt by ordering internet service providers to block access to websites or domains that facilitate access to infringing content. (260)

Designs

(253) "The judicial authority may prescribe, in summary proceedings or on application, to any person mentioned in 2 (host) or, failing that, to any person mentioned in 1 (ISP), any measures to prevent damage or to put an end to damage caused by the content of a communication service to the public online" (Article 6 I 8° of the Law for confidence in the digital economy)

(254) Article 6-I-8° of the Law for confidence in the digital economy passed in 2014 transposed Article 8.3 of the Directive 2001/29/EC establishes a specific mechanism applicable to infringements of copyright or related rights provided for by Article L. 336-2 of the French Intellectual Property Code.

(255) Tribunal judiciaire de Paris, RG 20/54095, 15.07.2020.

(256) Court of Bologna, RG. no. 13003/2020, 04.05.2023.

(257) See for ex.: *Tribunale ordinario di Roma, Diciassettesima sezione imprese civile, 19 Luglio 2022, RG n. 32072/2022*, in which the Court of Rome issued a decision on trademark infringement confirming the suitability of dynamic injunctions in relation to metaverse-related infringements.

(258) See Answer to Research Question n°15 of the local legal correspondents' questionnaire – Dynamic blocking injunctions (Germany).

(259) See Answer to Research Question n°15 of the local legal correspondents' questionnaire – Dynamic blocking injunctions (the Netherlands).

(260) See Answer to Research Question n°2 of the local legal correspondents' questionnaire – Dynamic blocking injunctions (Spain).

No case law dealing with DBIs in relation to design infringement has been identified as part of the case law review conducted across the selected MS.

Although there is less explicit information available on DBIs concerning design rights compared to trademarks, the potential for their application exists. The broad legal frameworks in some countries, such as Belgium and Italy, suggest that dynamic injunctions could theoretically be used in design infringement cases, as there is no explicit restriction within the law or case law and, according to stakeholders, DBIs could be obtained when enforcing trademark and design rights. Likewise, the fact that in Austria, Germany and the Netherlands, the judicial system relies on more general legal provisions to issue dynamic blocking injunctions for copyright infringement, suggests that DBIs could also be used in design and trademarks cases.

The 2024 Commission Recommendation to combat counterfeiting (²⁶¹) further reinforces the idea of a broader application of dynamic blocking injunctions, as it called for their use for all forms of IP infringement, including trademarks and designs (²⁶²).

Patents

Like copyright infringements, trademarks and design infringing acts can be easily mirrored on new websites with different domain names or IP addresses. In such contexts, dynamic blocking injunctions can be effective in tackling such “alias-mirror websites” that infringe trademarks and designs. However, ordering DBIs for patent related infringements might be less relevant, as the specific nature of the infringement would need careful evaluation (judiciary review).

Frequency of dynamic blocking injunctions

According to the case law review, in France and in the Netherlands dynamic blocking injunctions are frequently granted based on the assessment of several criteria

For instance, the following criteria may be considered:

- whether the requested measures are proportionate to the scale of the infringement as well as necessary and effective to prevent further infringements (²⁶³)
- make a balance between protection of IP rights and freedom of information (²⁶⁴).
- the injunction does not require to implement infeasible measures and create significant and unreasonable burden on the defendant (²⁶⁵).

Stakeholders in Denmark also reported frequent issuance, attributing this to their effective system of obtaining and enforcement of DBIs (in respect to online copyright infringement). In Denmark the effectiveness of the system is a result of the voluntary agreement between rights holders and ISPs (as previously described). In the Netherlands the anti-piracy foundation ‘Stichting BREIN’ (²⁶⁶) is the main actor responsible for obtaining and enforcing DBIs as empowered by the voluntary agreement “Convenant Blokkeren Websites” concluded in 2021

(²⁶¹) Commission Recommendation (EU) 2024/915 of 19 March 2024, *supra* fn 7.

(²⁶²) *Ibid.*, Recital 6.

(²⁶³) See for instance, in the Netherlands: ECLI:NL:RBDHA:2018:615, THE FOOTBALL ASSOCIATION PREMIER LEAGUE LIMITED vs. ECATEL Ltd, 24.01.2018 (DBI granted).

(²⁶⁴) See for instance, in the Netherlands: ECLI:NL:RBROT:2023:4373, STICHTING BREIN vs. KPN B.V., 26.03.2023 (DBI granted).

(²⁶⁵) See for instance, in France: Paris Civil Court, RG 22/50582, 09.02.2022 (DBI not granted).

(²⁶⁶) [Home - BREIN \(stichtingbrein.nl\)](http://stichtingbrein.nl).

between BREIN and several ISPs (267). In contrast, stakeholders in Austria acknowledged that while courts issue blocking injunctions, achieving the effect of a dynamic injunction requires separate procedures for each new infringement, slowing down the process (268).

Consulted multinational stakeholders noted that the number of site blocking applications and regularity of updates vary widely across MS, depending on the national legal framework and cooperation with ISPs. They highlighted that in Spain, updates of the list of blocked websites are 'scheduled' regularly (269), compared to countries where updates are issued as needed.

With regards to the use of DBIs to protect industrial property rights, stakeholders noted that DBIs are not frequently issued. Italian stakeholders acknowledged a discrepancy in application, noting that DBIs are less commonly issued in "hard IP" cases (patents, trademarks) compared to copyright. They attributed this to a tendency among legal professionals to either avoid requesting DBIs or to argue for limitations based on proportionality, hindering the full utilisation of DBIs across all IP rights.

According to stakeholders, while DBIs could legally be applied to cases of trademark and other industrial property rights infringement (as per Article 11(3) IPRED), the process appears to be too lengthy and costly. They explained that on the one hand, copyright piracy typically involves fewer actors in a concentrated market thereby making DBIs more cost-effective. On the other hand, the landscape for industrial property rights infringements (such as trademarks and designs) is more scattered, making the implementation of DBIs less practical and more costly for these types of infringements.

Measures to enforce dynamic blocking injunction

As indicated, the term 'blocking injunction' refers to 'an order requiring an internet intermediary to implement technical measures aimed at preventing or disabling access to a specific internet location (270). Such Internet site-blocking injunctions can be implemented through DNS blocking, IP address blocking, or through uniform resource locator (URL) filtering.

While DNS and URL blocking are the most common and widely employed measures, most of the selected MS maintain neutral provisions, leaving the choice of a blocking technique (for instance, DNS, URL, or a combination) open.

This suggests that the decision to implement DNS or IP blocking can be influenced by the specific circumstances of a case and may be subject to a proportionality assessment. The Commission Recommendations on combating online piracy, recognises that several technical means are available, however does not suggest which technical means should be used for blocking as part of a dynamic injunction (271).

(267) See in this report Table 6 - Legal framework for dynamic blocking injunctions in MS covered by the case law review. See also 'Covenant Blokkeren Websites', 2021, p.25, "BREIN is responsible for keeping the Blocking Order up to date, including any other/additional (sub)domains or IP addresses subsequently passed on. [...] The Internet Access Providers will block access to other/additional IP addresses and/or (sub)domains upon receipt, within the period specified in the Blocking Order, as long as this fits within the Blocking Order".

See also a case law where BREIN has been granted DBIs: ECLI:NL:RBROT:2023:4373, STICHTING BREIN vs. KPN B.V., 26.03.2023.

(268) See Table 6 above. There is no dedicated framework for DBIs in Austria, thus, the issuance of DBIs relies on general IP provisions. Therefore, depending on the scope and wording of an injunction, a dynamic effect might be achieved or not, slowing down the process by launching separate procedures for each new infringements.

(269) According to a consulted association in the streaming industry, the updates to the list of blocked websites are scheduled on a monthly basis in Spain and in the UK, as part of the civil updating process.

(270) EUIPO, 2021, *supra* fn 192.

(271) Commission Recommendation of 4.5.2023, *supra* fn 214, Recommendations 15 to 19.

Beyond DNS and URL blocking, IP blocking is utilised in several of the selected MS:

In Austria, defendants can choose the measures they implement to enforce a decision, potentially including IP blocking, and Belgium's law leaves the possibility of IP blocking open.

France, Germany and Italy employ a wider range of measures, including IP blocking, blocking DNS, utilising geolocation blocking, and dereferencing websites from search engine results (272).

Belgium's and Ireland's legislation do not specify the technical solutions employed. Dynamic injunctions granted by Dutch courts (273) block the DNS and IP-address on the level of Dutch access providers. In Austria, case law suggests that IP blocking is a technical measure that can be implemented to enforce the dynamic blocking orders (274).

Concerning cost allocation, clear patterns emerge in most of the selected MS, while in others, such as Ireland, there is a need for greater clarity.

In most of the selected EU Member States, courts place the burden of cost on the unsuccessful party in legal proceeding. As a result, the intermediaries responsible for implementing the technical measures often bear the cost (275). In France, regarding online piracy of live sports events, the French regulation Authority ("Autorité de régulation de la communication audiovisuelle et numérique", "ARCOM"), recently adopted a covenant agreement with the French Federation of Telecoms to specify the measures that the stakeholders shall undertake to put an end to infringements related to sport events and address the questions of costs associated with the automation of blocking measures (276).

However, in Ireland, the allocation of costs remains unclear. Irish courts typically place the cost burden on the defendant, but this is determined on a case-by-case basis by the High Court (277).

Administrative enforcement of blocking injunctions

By application of Article 14(3) of Directive 2000/31/EC ('E-commerce Directive) (278), which reserved the possibility for a national administrative authority to require the service provider to terminate or prevent an infringement, (279), some EU MS have adopted enforcement models in which administrative authorities are competent to issue website-blocking orders (279).

While in all MS covered in the case law review judicial authorities hold the primary responsibility for issuing dynamic blocking injunctions, Belgium, France, Italy, and Spain have also

(272) See Answers for these countries to Research Question n°12 of the local legal correspondents' questionnaire – Dynamic blocking injunctions.

(273) For instance, Rotterdam District Court, ECLI:NL:RBROT:2024:3274, 15.03.2024 (the Netherlands), Rotterdam District Court, ECLI:NL:RBROT:2023:4373, 26.05.2023 (the Netherlands).

(274) For instance, Supreme Court (OGH), 3 Ob 1/18w, 24.01.2018 (Austria).

(275) According to the Case law review, for instance, Tribunal judiciaire de Paris, RG 20/54095, 10.07.2020 (France), Supreme Court (OGH), OGH 4 Ob 22/15m, 19.05.2015 (Austria), Rotterdam District Court, ECLI:NL:RBROT:2023:4373, 26.03.2023 (Netherlands).

(276) Adoption of a covenant agreement between ARCOM and the French Federation of Telecoms, 18.01.2023. See press release <https://www.arcom.fr/presse/signature-de-laccord-entre-les-fournisseurs-dacces-internet-et-les-titulaires-de-droits-sportifs-visant-protéger-les-retransmissions-sportives>.

(277) According to the Case law review, for instance, High Court, [2015] IEHC 317, 17.06.2015) (Ireland).

(278) Article 14(3) has been revoked and replaced by provisions in the Digital Services Act.

(279) EUIPO, 2021, *supra* fn 192, p.20.

empowered specific administrative bodies with limited authority to issue, enforce or update these injunctions, particularly in cases of copyright and related rights infringement (280).

In Spain, as per article 195 of the Copyright Act (281), the Intellectual Property Commission may adopt measures to interrupt the provision of an ISP that infringes IP rights or to remove content that infringes these rights, provided that the ISP has caused or is likely to cause financial damage. Such measures may include technical measures which are imposed upon the ISP, aimed at ensuring the termination of the infringement and preventing its recurrence. Yet, Spain still relies on judicial authorities for enforcement, with the Central Administrative Court stepping in to ensure compliance with decisions made by the Second Section of the Intellectual Property Commission (282).

In France, ARCOM is responsible for updating blocking injunctions issued by the judicial authority. For example, in case of a court injunction to block an illicit broadcasting of a sports competition, the ARCOM may, for the duration of the injunction and at the request of the right holder, require ISPs to update the blocking measures by adding new online services that illegally broadcast the competition. Administrative authorities in France can moreover order blocking injunctions for infringement of criminal provisions other than IP, as the scope of blocking injunctions extends beyond the realm of IP rights enforcement. This includes cases involving child pornography or terrorism-related content, where an administrative procedure allows faster action than judicial procedure. In such case, the French Anti-Cybercrime Office which is monitored by the ARCOM may order the contents to be blocked or delisted within 24 hours (283).

Italy's AGCOM (Communications Guarantee Authority) plays a role in addressing online copyright infringement concerning live events. As indicated above, AGCOM is empowered, since the Anti-Piracy Law 93/2023 of 14 July 2023 (284), to issue dynamic administrative site blocking orders (internet access providers), delisting orders (search providers) and other abbreviated precautionary measures disabling access to illegal live/time-sensitive audiovisual content (285). In addition, the dynamic process is regulated by Italian civil case law; the Italian

(280) See Answers for France and Spain to Research Question n°5 of the local legal correspondents' questionnaire – Dynamic blocking injunctions.

(281) Real Decreto Legislativo 1/1996, de 12 de abril, por el que se aprueba el texto refundido de la Ley de Propiedad Intelectual, regularizando, aclarando y armonizando las disposiciones legales vigentes sobre la materia. «BOE» núm. 97, de 22/04/1996.

(282) If the involved party does not voluntarily comply with the final decision within twenty-four hours of its notification, and if the measures determined by the Second Section involve service interruption or content removal, the Commission will escalate the matter. The enforcement is then sought through the Central Administrative Court, which has the jurisdiction to compel compliance subsidiary to the initial administrative action. For further detail, see Answers for Spain to Research Question n°5 of the local legal correspondents' questionnaire – Dynamic blocking injunctions.

(283) Loi n°2004-575 du 21 juin 2004 pour la confiance dans l'économie numérique, article 6-1 which provides the framework of the administrative procedure in the context of child pornography and terrorism-related content. A judicial procedure also allows the interim relief judge to order the cessation of an online service in the event of a manifestly unlawful disturbance, at the request of the public prosecutor or any interested party, according to Article 484 of the French Civil code of procedure. For further details, see <https://www.vie-publique.fr/loi/285972-loi-16-août-2022-retrait-contenus-terroristes-sur-internet-dans-lheure>

(284) Law No. 93 of July 14, 2023, which amended Resolution No. 189/23/CONS, implementing the concrete dynamic site blocking process through AGCOM. Also, see Answers to Research Question n°1 and n°4 of the local legal correspondents' questionnaire – DBI (Italy).

(285) Resolution No. 189/23/CONS provides that, in cases of seriousness and urgency, an abbreviated precautionary measure (without a hearing) can be adopted regarding "live broadcasts, first releases of AV cinematographic works or entertainment programs, audiovisual content, including sports content or other similar intellectual works, as well as events of social interest or great public interest". In particular, article 2 of Resolution No. 189/23/CONS states that the Authority shall adopt "dynamic injunctions" ordering service providers to disable access to abusively disseminated content by blocking the DNS resolution of domain names and blocking the routing of network traffic to IP addresses uniquely intended for infringing activities which may also be extended to "any other future domain name, sub-domain, where technically possible, or IP address, to whomever traceable, including variations of the name or simple declination or extension (so-called top level domain), that allows access to the same abusively disseminated content and content of the same nature."

civil courts developed (in parallel of the administrative process) dynamic civil site blocking orders meeting the necessary effectiveness standard of IPRED (286).

In Belgium, judicial authorities hold the primary granting and enforcement power but the administrative body DNS Belgium, which is a non-profit organisation, can at the request of the Federal Government Economics Department make immediately the '.be' domain names inaccessible if there are serious infringements (fake web shops) (287). Since June 2024, there is moreover a new judicial procedure in Belgium (288) where an administrative body (289) assists the court when taking provisional measures in case of clear and substantial infringement of copyright, a related right or right of a producer of databases, committed on the internet or in case of the exploitation of an illegal online gaming. Such an administrative body can, amongst other things, help identify these websites and communicate an updated list to the recipients of the provisional measures. However, the administrative body cannot expand, limit or modify the scope of the injunction (290).

Stakeholders in Germany mentioned that "State media authorities" at the federal states ("Länder") level issue blocking orders, indicating a potential role for administrative authorities in enforcing dynamic blocking injunctions.

The other MS covered in the case law review have not empowered administrative authorities to issue website-blocking orders. In Austria, only judicial authorities can order DBIs as enforced by district courts (291), Finland relies on its enforcement authority/bailiffs to enforce blocking injunctions ordered by the "Market Court" (292). In Ireland, the High Court, specifically its Commercial Court division, handles dynamic blocking injunction applications (293).

In the Netherlands, stakeholders indicated that courts grant dynamic blocking injunctions while administrative bodies do not. They emphasised the role of the anti-piracy foundation Stichting BREIN in obtaining and enforcing blocking orders based on civil law proceedings (294).

Interviewees in Denmark indicated that their model relies heavily on ISP cooperation in enforcing court orders. They also shared that rights holders are primarily responsible for identifying and reporting similar infringing sites.

(286) For instance, Court of Milan – Ordinanza N. 42163/2019 R.G., 05.10.2020.

(287) Belgium Code of Economic Law, article XVII. 14, see Answer to Research Question n°5 of the local legal correspondents' questionnaire – Dynamic blocking injunctions (Belgium).

(288) Art. XVII. 34/1 § 9 CEL: the president of the Belgian commercial court in case of urgency may take provisional measures in case of clear and substantial infringement of copyright, a related right or right of a producer of databases, committed on the internet or in case of the exploitation of an illegal online gaming

(289) "Dienst voor de strijd tegen inbreuken op het auteursrecht en de naburige rechten op het internet en tegen de exploitatie van onwettige onlinekansspelen" (Service for the fight against infringements of copyright and related rights on the internet and against the exploitation of illegal online games), established by Koninklijk Besluit betreffende de oprichting van de dienst voor de strijd tegen inbreuken op het auteursrecht en de naburige rechten op internet en tegen de exploitatie van onwettige kansspelen (18.04.2024). Available at: https://www.ejustice.just.fgov.be/cgi/article_body.pl?language=nl&caller=summary&pub_date=24-05-06&numac=2024004245.

(290) Among other things, the president of the Belgian Commercial Court may decide to extend the provisional measures to a website or part thereof that is a replica of the website defined in the order and that is subject to the provisional measures, or to any address that provides direct access to it. The court is assisted by an administrative body, who can amongst other things help identify these websites and communicate an updated list to the recipients of the provisional measures. However, the administrative body may not expand, limit, or modify the scope of the order.

(291) Sec.81 (1a) of the Copyright Act, see Answer to Research Question n°5 of the local legal correspondents' questionnaire – DBI (Austria).

(292) Finnish Copyright Act (404/1961, as amended) Section 60e, see Answer to Research Question n°4 of the local legal correspondents' questionnaire – Dynamic blocking injunctions (Finland).

(293) Section 40(5A) to the Copyright and Related Rights Act.

(294) For further details, see above Table 6 - Legal framework for dynamic blocking injunctions in MS covered by the case law review.

Overall, stakeholders across MS agreed that, compared to civil enforcement proceedings, administrative website blocking procedures have proven to be more effective and advantageous for rights holders, due to the speed and lower costs required to block infringing websites. While highlighting the advantages of enabling administrative bodies to issue DBIs, stakeholders also recognised the potential dependency of administrative bodies on the government and political situation of MS, cautioning that the recourse to effective civil proceedings remains important.

Difficulties and obstacles hindering dynamic blocking injunctions across EU MS

Considering the differences in the legal basis, availability and application of DBIs across EU MS ⁽²⁹⁵⁾, stakeholders highlighted several persistent challenges that hinder the full potential of DBIs across the EU.

While stakeholders generally agreed that the existing legal framework (Articles 9 and 11 IPRED) provided a sufficient basis for the application of DBIs against intermediaries, the lack of an effective implementation and harmonised application of the existing framework and tools across EU MS was cited as a significant concern.

Stakeholders noted issues with the enforcement of DBIs in accordance with IPRED in Austria, Bulgaria, Finland, Germany, Poland and Romania, where Article 11 IPRED (and Article 8(3) of the InfoSoc Directive) have either not been (fully) implemented, or courts are not effectively applying the existing legal framework to issue DBIs, despite the 2017 Guidance from the Commission.

Stakeholders in Austria stressed the absence of dedicated legal system for DBIs, leading the courts to rely on general IP law, which as result, brings an inconsistent application of DBIs. They also pointed to challenges arising from the Telecom Control Commission's interpretation of net neutrality, which has led to delays and limitations in implementing blocking orders ⁽²⁹⁶⁾. Net neutrality requires that information on the internet is transmitted impartially, without regard to content, destination or source, meaning that access providers cannot decide to prioritise or slow down access to certain applications or services ⁽²⁹⁷⁾. Thus, net neutrality might complicate the implementation of DBIs that specifically target certain infringing content or websites.

Echoing the need for greater clarity, Polish stakeholders pointed to the lack of a clear legal basis in their country, which creates uncertainty and hinders the availability of dynamic blocking injunctions that have never been issued there.

Multinational stakeholders also pointed to hindering modalities in the implementation of Article 11 of IPRED in Germany, where courts apply the 'subsidiarity principle', requiring rights holders to take actions against the primary infringer and/or the hosting provider before requesting injunctions in relation to access providers. Interviewees from Germany moreover criticised the lack of efficient enforcement when addressing domain name variations that allow infringers to circumvent blocking orders. This, they argued, underscores the need for mutual recognition of blocking orders across MS to prevent infringers from exploiting jurisdictional loopholes.

⁽²⁹⁵⁾ See above in-depth analysis of case law with relevant references based on the Case law review conducted in the selected MS.

⁽²⁹⁶⁾ On 7 August 2023, the Austrian Telecom Control Commission (TKK) has decided (R29/22) to bar IP-blocking measures of an access provider as a means to restrict access to predominantly copyright-infringing websites. The administrative proceedings brought by the TKK relate to the question of whether the implementation of blocking orders in response to structural copyright infringements is compatible with the requirements of the European Net Neutrality Regulation. For further detail, see Leistner, Matthias, Copyright Based IP-Blocks of Structurally Infringing Websites vs. Net Neutrality: Has the Austrian Telecom Regulator Got It Right? (October 13, 2024). Available at SSRN: <https://ssrn.com/abstract=>.

⁽²⁹⁷⁾ See European Data Protection Supervisor website, accessible at: [Net Neutrality | European Data Protection Supervisor](https://www.edps.europa.eu/).
2026

The issue of cross-border enforcement of DBIs in the EU was highlighted by various stakeholders. Despite the harmonisation of rights and enforcement tools, stakeholders criticised that rights holders still needed to obtain intermediary injunctions in each MS even though the actions concern the same website. Stakeholders felt that if injunctions concern the same infringing service, there should be an expedited process to recognise the evidence and make them enforceable in a different MS.

The enforcement of DBIs against intermediaries based outside the EU, such as content delivery network (CDN) providers in the US, emerged as another significant challenge across multiple jurisdictions. Stakeholders highlighted the difficulties of enforcing court orders beyond EU borders, emphasising the need for stronger international cooperation and innovative legal solutions.

Another issue mentioned by stakeholders concerns the short expiration time of DBIs in some MS. For instance, in France, courts only make injunctions available for a period of 18 months ⁽²⁹⁸⁾. Once the injunction expires, rights holders need to repeat the process, which is costly and time consuming. By contrast, the temporal validity of DBIs is not explicitly limited in Belgium, Germany, Italy and Spain ⁽²⁹⁹⁾.

3.3.3. Best practices

Stakeholders across the EU identified several best practices regarding the implementation and application of dynamic blocking injunctions that may offer valuable insights for other MS.

Stakeholders pointed to MS such as Denmark, France, Italy, Spain and the Netherlands in which DBIs can be effectively enforced due to a clear legal basis, cooperative authorities assisting the process and/or governments facilitating dialogues between rights holders and intermediaries.

Stakeholders in Denmark and the Netherlands praised the efficiency and the high degree of cooperation in their countries, including rights holders and ISPs. The Netherlands was also highlighted by stakeholders for showcasing how combining technical solutions with proactive partnerships can effectively combat online infringement. Stakeholders highlighted the use of automated tools for tracking infringing domain names and the close cooperation with search engines for rapid delisting of illegal content as key factors in their success.

In Germany, the independent clearing body for Copyright on the Internet (CUII) has been created upon the initiative of ISPs and rights holders to objectively examine whether the blocking of access to an infringing website in Germany is lawful. When rights holders submit an application, a review board examines whether the relevant requirements are met. If they are, the review board then recommends a DNS-block of the website in question to the German Federal Network Agency for Electricity, Gas, Telecommunications, Post and Railways (Bundesnetzagentur - BNetzA). If the examination by the BNetzA does not reveal any concerns about the DNS-block according to the provisions of the EU Net Neutrality Regulation (Regulation (EU) 2015/2120), the CUII then informs the ISPs to block the corresponding domains of the website in Germany.

Moreover, stakeholders representing multinational associations noted that in countries with well-established site blocking systems, ISPs generally cooperate with blocking requests and implement orders, including updates. They highlighted the importance of continued dialogue

⁽²⁹⁸⁾ See Tribunal Judiciaire Paris, 3-ième Chambre, 1re sec., RG No 22/08014, 25.08.2022 and Tribunal Judiciaire de Paris, 3-ième Chambre, 1re sec., 20.10.2022.

⁽²⁹⁹⁾ EUIPO 2021, *supra* fn 192, p 34.

between rights holders and ISPs to address challenges and improve efficiency. They also noted that authorities have played an important role in facilitating this dialogue.

Beyond the common practices of DNS and URL blocking, several countries have moreover implemented more advanced and proactive measures. Stakeholders in France, Germany, and Italy highlighted the use of geolocation blocking, and dereferencing from search engine results as valuable tools for tackling evolving infringement tactics. According to the identified case law, the technical solutions to enforce the DBI are most of the time specified in the injunction (³⁰⁰), in a few other cases it is left to the discretion of the defendant who has to implement the most appropriate technical solutions (³⁰¹).

Italian stakeholders, while acknowledging the limited practical application of DBIs in fields beyond copyright, highlighted the flexibility of their legal framework. They emphasised that Italian courts could issue DBIs against both direct infringers and intermediaries without requiring a prior decision on the merits (the urgency of the request/imminence of danger of damages to rights holders justifying it). According to them, this allows for quicker action against infringing activities, particularly in situations involving imminent risks of infringement.

3.3.4. Potential opportunities for improvement

The study highlighted the need for greater consistency in the application and enforcement of DBIs across MS. Stakeholders suggested that the Commission could clarify the interpretation of the existing provisions for national courts. While acknowledging that the modalities of implementation should be left to the MS, as confirmed by the CJEU, the fragmentation of current practices should be remedied to enable a more efficient and consistent enforcement across MS.

Given the existing obstacles and challenges faced by rights holders in civil court proceedings, administrative blocking injunctions and 'soft law' arrangements such as voluntary cooperation schemes have proven to be viable alternatives, including for industrial property rights infringements.

The study highlighted the advantages of administrative blocking orders in terms of speed, costs and efficiency, making them a viable alternative to civil proceedings for rights holders. MS should be encouraged to enable administrative authorities to issue DBIs. With the newly established system of Digital Service Coordinators (DSCs) under Article 49 of the Digital Services Act (Regulation (EU) 2022/2065 "DSA"), regulatory bodies are expected to become more experienced in the supervision of intermediary service providers, which may positively influence the enforcement of DBIs.

Article 9 of the DSA moreover requires intermediary services providers to inform relevant authorities about any action taken against specific illegal content, based on orders issued by national judicial or administrative authorities. This obligation can help the sharing of information of infringements and related proceedings (including DBIs) between MS, as well as the monitoring of available solutions.

As noted in the 2021 EUIPO study, the cross-border enforcement of DBIs granted by courts in MS is a complex matter (³⁰²). While DBIs granted in other EU MS might be enforceable under EU Regulation No. 1215/2012, the Commission could further support cross-border cooperation

⁽³⁰⁰⁾ See, Amsterdam Court of Appeal, ECLI:NL:GHAMS:2020:1421, 02.06.2020 (the Netherlands), Court of Cassation, P.13.0550.N, 22.10.2013, The Finnish Market Court, MAO 311/18, 07.06.2018 (Finland), High Court, 2020 IEHC 488, 29.09.2020 (Ireland), Court of Appeal Antwerp, first chamber in civil matters, N° 3399-2011/8314, 26.09.2011 (Belgium), Juzgado de lo Mercantil N° 9 Barcelona, SJM B 3549/2023, 21.09.2023 (Spain).

⁽³⁰¹⁾ See, Supreme Court (OGH), 4 Ob 71/14s, 24.06.2014 (Austria), IP Court of Milan, RG. no. 51624/2017, 12.04.2018 (Italy).

⁽³⁰²⁾ EUIPO, 2021, *supra* fn 192.

on DBIs by providing EUIPO with a mandate to collect information on existing DBIs against infringers in all MS. This could help rights holders to have an official point of reference when requesting DBIs against the same infringers in other MS.

Article 13 of the DSA could also contribute to the effective enforcement of DBIs against intermediaries operating from jurisdictions outside the EU, as it requires such intermediaries to have a legal representative within the EU.

However, stakeholders expressed regret that the DSA does not include stricter Know Your (Business) Customer (KYBC) obligations on hosting providers to obtain and make reasonable efforts to verify certain information related to trader traceability. In the absence of an effective KYBC obligation the identification of the infringers against whom to enforce DBIs will remain limited.

Finally, for both administrative and civil court procedures, the study observed that 'soft law' arrangements based on cooperation between IP rights holders and ISPs are effective in addressing existing challenges and improve efficiency. Voluntary website blocking regimes through covenant agreements have been successfully implemented in several MS, providing a replicable model that could be extended to other MS to improve efficiency. The pivotal role of national governments in facilitating such agreements and encouraging dialogues between the different stakeholders was underlined by stakeholders.

3.3.5. Conclusions

The study highlights the importance of DBIs in the evolving landscape of IP enforcement. Designed to cover both current and future repeated identical or similar infringement acts that have not yet occurred, they do not require a new judicial procedure to obtain a new injunction and are therefore particularly important in the digital sphere, where infringing websites can otherwise easily evade enforcement by changing their domain name or IP address.

In the absence of effective remedies against direct infringers, DBIs against intermediaries have moreover become an effective tool for rights holders to stop and prevent future infringements. DBIs are thereby primarily enforced against access providers, online hosting platforms and online marketplaces. While DNS and URL blocking are the most common and widely employed measures, most of the selected MS maintain neutral legal provisions, leaving the choice of blocking techniques (DNS, IP, or a combination) open.

Regarding the competence of issuing DBIs, judicial authorities in most MS still hold the primary responsibility for issuing dynamic blocking injunctions. Among the selected MS covered in the case law review, Belgium, France, Italy and Spain have empowered specific administrative bodies with limited authority to issue, enforce or update these injunctions, particularly in cases of copyright and related rights infringement ⁽³⁰³⁾.

Confirming the findings of previous studies, including the EUIPO study ⁽³⁰⁴⁾, research pointed to significant differences in the application and use of dynamic blocking injunctions amongst the selected MS.

The findings suggest that dedicated legal frameworks allowing for dynamic blocking injunctions are not widespread. Further, while some MS have implemented frameworks enabling DBIs,

⁽³⁰³⁾ See Answers for France and Spain to Research Question n°5 of the local legal correspondents' questionnaire – Dynamic blocking injunctions.

⁽³⁰⁴⁾ EUIPO, 2021, *supra* fn 192.

these primarily focus on online copyright infringement, with most of the selected MS relying on general IP provisions to grant injunctions that produce similar dynamic effects.

Despite the prevalence of copyright in current DBI practice, the research found that several national legal frameworks (such as those of France and Italy) offer flexibility, suggesting an expanding role of DBI for trademark and design infringements which could offer broader protection for rights holders.

However, to increase their relevance for industrial property rights, DBIs would need to become more cost-effective. Voluntary regimes and out of court processes which are less costly and burdensome could be a viable solution in this regard, at least in countries in which this fits in the existing regulatory framework.

To maximise the effect of DBIs in the EU, greater consistency in application and enforcement across MS is needed. Enhancing guidance of the judiciary effectively applying relevant provisions of the DSA, promoting administrative orders, and fostering voluntary cooperation regimes could help create a more responsive IP enforcement environment across the EU.

3.4. Sharing of information and data protection

Article 8 of IPRED provides rights holders with the possibility to obtain information about IP infringements, including details about individuals in such infringing acts, in the context of proceedings before a judicial authority⁽³⁰⁵⁾. This right of information is crucial for identifying the origin and scope of an infringement, allowing rights holders to enforce their rights and to seek compensation.

The Commission recently recalled the importance of the right of information in the Recommendation on measures to combat counterfeiting⁽³⁰⁶⁾. This Recommendation emphasises the importance of the right of information in the realm of IP enforcement, particularly given the multi-jurisdictional nature of IP-infringing activities. The Recommendation moreover highlights the need to enable and promote the exchange of information among all relevant stakeholders involved in the IP enforcement, while ensuring the safeguarding of other fundamental rights, including the protection of personal data and the right to privacy⁽³⁰⁷⁾.

According to a report from 2018 of the EUIPO, “all EU MS have brought into force the laws, regulations and administrative provisions that are necessary to comply with IPRED”⁽³⁰⁸⁾, regarding the right of information. However, the Commission, in its recent Recommendation, underlines that stakeholders have expressed concerns about uncertainties surrounding the right of information, particularly conditions under which the information is granted, the type of information accessible, and the interplay with data protection laws⁽³⁰⁹⁾.

The report of EUIPO further points out that the level of detail provided by national courts regarding the balance between fundamental rights and the right of information differs significantly depending on the jurisdiction and national laws⁽³¹⁰⁾. While some national court

⁽³⁰⁵⁾ The wording of Article 8 in IPRED, which provides the right of information, does not specify the type of judicial proceedings (i.e. criminal and/or civil).

⁽³⁰⁶⁾ Commission Recommendation (EU) 2024/915 of 19 March 2024, *supra* fn 7.

⁽³⁰⁷⁾ *Ibid.*, para 23.

⁽³⁰⁸⁾ IP enforcement case-law collection on the balance between the right of information and fundamental rights in the EU, EUIPO, April 2018, p.8, accessible on https://euiipo.europa.eu/tunnel-web/secure/webdav/quest/document_library/observatory/documents/reports/Case_Law_Report/Case_law_report_EN.pdf.

⁽³⁰⁹⁾ Commission Recommendation (EU) 2024/915 of 19 March 2024, *supra* fn 7, para 24.

⁽³¹⁰⁾ *Ibid.*, p. 8, para 4.

decisions expressly provide criteria to strike a fair balance between fundamental rights, others simply reach the conclusion that one right prevails over the right of information without stating any further explanation (³¹¹).

Against this background, the present study examined how article 8 of IPRED is implemented and applied at national level, identifying national disparities, remaining difficulties as well as national best practices. In this context, the study specifically focused on the interaction between Article 8 of IPRED and data privacy as a fundamental right.

Methodological note

The research covered in this chapter is based on an extensive review of the literature, regulations, practices, and jurisprudence related to the right of information in the selected MS (Austria, Belgium, Finland, France, Germany, Italy, Ireland, the Netherlands, and Spain) and CJEU case-law. The study team selected these MS for the study according to the following criteria: 1) volume of national cases relevant for the RT; 2) existence of national law specific for the relevant RT; and 3) feedback from local legal correspondents of the EY network. An overview of the case law reviewed is provided in Annex V.

The findings from the desk research and case law review were corroborated and deepened by findings from the online survey, targeted interviews and expert panel. The survey contained a dedicated section on the right of information, asked to those indicating to be aware about this subject, see questionnaire Section D in Annex III. This part of the survey questionnaire was answered by 78 stakeholders. Out of the respondents, 33 identified as rights holders of IP rights, 27 as legal experts, 11 as judiciary, and 7 as national competent authorities. The respondents covered the following jurisdictions: Belgium (5), Bulgaria (2), Croatia (5), Czechia (8), Denmark (1), Finland (4), France (10), Germany (8), Italy (5), the Netherlands (10), Spain (3), Sweden (5) as well as jurisdictions in other countries (12).

The right of information was also covered in sixteen targeted interviews. Eleven of these interviews were with industry experts and/or private sector organisations, one with an academic expert, two with judiciary or legal professionals, and two with representatives of NGOs.

The implementation and application of the right to information were explored further in an expert panel, which included three different associations representing rights holders. An additional rights holder association contributed further written input.

The research topic was also addressed in the validation workshop (session 2), which included one academic expert, 7 rights holders or associations representing rights holders, and one member of the judiciary.

For more information on the research tools applied, please refer to Section 2.2.

3.4.1. Article 8 of IPRED

According to Article 8 (1) of IPRED, the competent judicial authorities of EU MS may require an infringer or certain other persons connected to the infringement to provide information on the origin and distribution networks of the goods or services which infringe an IP right. The article provides that the request shall be made by the plaintiff (i.e. IP rights holder or a licensee)

⁽³¹¹⁾ *Ibid.*, p 8, para 5.

and must be justified and proportionate. The individuals who are potentially liable to such an order include:

- the infringer and/or any other person who was found (i) in possession of or (ii) using the infringing goods/services on a commercial scale;
- the infringer and/or any other person who was found to be providing infringing services on a commercial scale;
- the infringer and/or any other person who was indicated by the person referred to in the above-mentioned bullet points as being involved in the production, manufacture or distribution of the goods or the provision of services.

The information subject to the order may comprise, according to Article 8(2) IPRED (i) the names and addresses of the producers, manufacturers, distributors, suppliers and other holders of the infringing goods and services, as well as the intended wholesalers and retailers or (ii) information on the quantities produced, manufactured, delivered, received or ordered, the price of the infringing goods and services. Such information may include personal data.

For infringements committed on a commercial scale, Recital 20 of IPRED states that the courts may also order access, where appropriate, to banking, financial or commercial documents under the control of the alleged infringer. The Commission's recent Recommendation to combat counterfeiting, further advise that MS provide competent judicial authorities with the ability to order the disclosure of information, even where the IP infringement is not on a commercial scale. This could include additional information such as email address, telephone number and IP addresses relating to alleged infringers or participants in infringing activities.

Article 8(3) IPRED provides that this right of information shall apply without prejudice to other statutory provisions, which:

- grant the rights holder rights to receive fuller information;
- govern the use in civil or criminal proceedings;
- govern responsibility for misuse of the right of information;
- afford an opportunity for refusing to provide information;
- govern the protection of confidentiality of information or the processing of personal data.

These provisions ensure that the right of information is balanced with other fundamental rights, as information provided may involve personal data (i.e. names, addresses, etc.) or sensitive and confidential information regarding business operations (i.e. quantities produced, price, etc.). In this context, the right to information could breach the fundamental rights to protection of privacy and personal data, protection of confidentiality, protection of trade secrets and protection of the freedom to conduct a business ⁽³¹²⁾.

The request for information of the plaintiff must therefore be justified and proportionate (Article 8(1)) and measures enacted by the judicial authority must be fair and equitable and not be unnecessarily complicated or costly (Article 3(1)). Pursuant to Recital 20 of IPRED, communication of information shall moreover be safeguarded to protect confidentiality and respect the defence's rights.

Protection of confidential information and trade secrets

Article 8 of IPRED must be applied in conjunction with confidentiality principles. Judicial authorities must ensure the protection of confidential information where such information may be affected by measures provided by IPRED, especially when evidence or information may contain trade secrets⁽³¹³⁾ or commercially sensitive data. In that regard, a balance shall be struck between the necessity to obtain information and the protection of commercially valuable information⁽³¹⁴⁾. This becomes even more important in cases involving competitors, where sensitive business information might be exposed.

The Trade Secrets Directive⁽³¹⁵⁾ is intended to have a deterrent effect against the illegal acquisition, use and disclosure of trade secrets, without undermining fundamental rights and freedoms. The Directive provides a non-exhaustive list of measures that courts may take during proceedings when it is necessary to preserve the confidentiality of any trade secrets⁽³¹⁶⁾, including:

- restricting access to any documents containing trade secrets to a limited number of persons;
- restricting access to hearings to a limited number of persons; and
- giving access to a non-confidential version of any judicial decision, in which the passages containing trade secrets have been removed or redacted.

Such measures may also be taken to attach guarantees to the sharing of information when a court grants a request of information.

In its 2017 Guidelines, the Commission highlighted the fact that some EU MS have already introduced measures allowing the disclosure of confidential information only to the court or a third party bound by specific confidentiality rules⁽³¹⁷⁾. Such measure is also provided by the Agreement on the UPC, where Article 60(4) offers the possibility for the UPC to order an inspection of premises by a person appointed by the UPC, thus the applicant is not present during such inspection⁽³¹⁸⁾. The Commission points out that competent judicial authorities should decide, according to national law, on means to protect confidential information affected by the right of information, such as the presentation of confidential information to the court only or to an independent and impartial third party⁽³¹⁹⁾.

European Court of Justice Case law

The CJEU has on several occasions clarified the scope of Article 8, as to its implementation by MS at a national level.

The general principles set out by the CJEU are as follows:

- The right of information can be enforced in separate proceedings, to obtain information on the origin and distribution networks of the infringed goods even after the definitive resolution of the proceedings on the merits on IP rights infringement, as established by

⁽³¹³⁾ Regarding the definition of trade secrets, see article 2 of Directive (EU) 2016/943: “*trade secret* means information which meets all of the following requirements: (a) it is secret in the sense that it is not, as a body or in the precise configuration and assembly of its components, generally known among or readily accessible to persons within the circles that normally deal with the kind of information in question; (b) it has commercial value because it is secret; (c) it has been subject to reasonable steps under the circumstances, by the person lawfully in control of the information, to keep it secret”.

⁽³¹⁴⁾ Case C-275/06 Promusicae v Telefonica de Espana SAU, 2008, EU:C:2008:54. Guidance based on CJEU's case law regarding weighing and balancing of rights was provided by the Commission, see European Commission Guidance, 2017, *supra* fn 5, Part IV.

⁽³¹⁵⁾ Trade Secrets Directive (EU) 2016/943, *supra* fn 47.

⁽³¹⁶⁾ *Ibid.*, Article 9.

⁽³¹⁷⁾ European Commission Guidance, 2017, *supra* fn 5, Part IV.

⁽³¹⁸⁾ Agreement on a Unified Patent Court, OJ C 175, 20.6.2013, p. 1-40.

⁽³¹⁹⁾ European Commission Guidance, 2017, *supra* fn 5, Part IV.

the *New Wave CZ* ruling (320). In that regard, the CJEU held that the right to information may be raised in separate proceedings as it is not always possible to request all the relevant information in the context of proceedings that conclude with a finding of IP right infringement. In particular, the holder of an IP right may become aware of the extent of the infringement of that right only after the final termination of those proceedings (321).

- Plaintiffs must provide any reasonably available evidence that would attest a sufficient degree of certainty that they are the rights holder for the purpose of a request for information under Article 8 IPRED (322). According to the CJEU, mere suspicions of an infringement are enough to ground the request of information to the alleged infringer. The CJEU, in its *Castorama* ruling, stated that the information request stipulated in Article 8 of the Directive serves a distinct purpose from actions that seek to establish the occurrence of an IP rights infringement. Imposing the same burden of proof on information requests as on legal proceedings to determine an IP infringement would undermine the effectiveness of the separate procedure set forth by Article 8 of the Directive (323).

With regards to the balancing of rights, it is worth noting that the weighing and balancing of fundamental rights with the right of information relies on national judicial authorities' assessment (324).

The general principles set out by the CJEU state that balancing of IPRED with the EU Privacy and Electronic Communications Directive (ePrivacy Directive) (325) does not preclude MS to implement personal data disclosure obligations. For instance, in its decision *Promusicae* the CJEU ruled that Article 15(1) of the ePrivacy Directive concerning the processing of personal data and the protection of privacy in the electronic communications sector, as well as IPRED, do not preclude EU MS from imposing an obligation to disclose personal data relating to internet traffic for the purposes of enforcing copyright (326).

According to the CJEU's decision in *Coty Germany* ruling (327), national laws that allow the refusal of disclosure of information in an unlimited and unconditional manner shall not be applied. This principle is based on Article 8(3) IPRED, which states that information requested by order should be provided, unless it violates a statutory provision (e.g., a provision that governs the protection of confidentiality of information sources or the processing of personal data) (328). In its *Coty Germany* decision, the CJEU held that Article 8(3)(e) IPRED must be interpreted as precluding national law, which allows, in an unlimited and unconditional manner, to invoke banking secrecy rights to refuse providing information concerning the name and address of an account holder.

(320) Case C-427/15, *NEW WAVE CZ, a.s. (New Wave CZ) v ALLTOYS, spol. s r. o.* [2017] ECLI:EU:C:2017:18.

(321) *Ibid.*, para 26.

(322) Case C-628/21, *TB v CASTORAMA POLSKA sp. Z o.o.* [2023] ECLI:EU:C:2023:342.

(323) *Ibid.*

(324) For further details on the application by national courts of the balance of the right of information with fundamental rights, see EUIPO Case law collection, IP enforcement case-law collection on the balance between the right of information and fundamental rights in the EU, EUIPO, April 2018, p.7. Available at: https://euipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/observatory/documents/reports/Case_Law_Report/Case_law_report_EN.pdf.

(325) Directive 2002/58/EC of the European Parliament and of the Council of 12 July 2002 concerning the processing of personal data and the protection of privacy in the electronic communications sector (Directive on privacy and electronic communications), OJ L 201, 31.7.2002, p. 37-47.

(326) Case C-275/06 *Promusicae v Telefonica de Espana SAU* [2008] EU:C:2008:54, para 58-59.

(327) Case C-580/13, *Coty Germany GmbH v Stadtparkasse Magdeburg* [2015] EU:C:2015:485, para 43.

(328) IPRED, supra fn 3, Article 8(3)(e).

3.4.2. Transposition of the right to information into national legislation

The desk research and national case law review conducted by EY's local legal correspondents in the selected EU MS confirmed that these MS have fully implemented the right of information for IP rights (i.e., patent, trademark, design, copyright and/or utility model) ⁽³²⁹⁾ in their national legislation. The survey and interviews further attested to the wide-spread transposition of Article 8 of IPRED, with nearly three quarters of survey respondents (73%) stating that the right to information requests pursuant to IPRED have at least to a large extent been incorporated into national legislation, while most of the remainder (18%) did not know ⁽³³⁰⁾.

Stakeholders highlighted during the interviews that while some MS explicitly implemented Article 8 (for example France, Italy, the Netherlands, Spain, and Sweden), others deemed that this right was already provided in their national legislation through procedural laws aiming to preserve and collect evidence (for example in Austria).

All provisions in national legislation in the MS covered by the case law review confer the right to obtain information before a judge in the context of IP rights infringement regarding the origin and distribution channels of infringing goods and services, as long as the request is justified and proportionate, or there is no legitimate impediment (such as a breach of any statutory confidentiality duties). The table below provides an overview of the specific national provisions that were obtained through desk research in the EU MS covered in the case law review.

Table 7 - Overview of national provisions that implement Article 8 in MS covered by the case law review

Member State	Provisions that implement Article 8 IPRED in national law
Austria	<ol style="list-style-type: none"> 1. Sec. 151a Patent Act (Patentgesetz); 2. Sec. 41 Utility Model Act (Gebrauchsmustergesetz): Refers to Sec. 151a Patent Act 3. Sec. 87b Copyright Act (Urheberrechtsgesetz); 4. Sec. 34 Design Act (Musterschutzgesetz): Refers to Sec. 151a Patent Act; 5. Sec. 55a Trademark Act (Markenschutzgesetz)
Belgium	<ol style="list-style-type: none"> 1. Intellectual property rights in Article XI.334, § 3, paragraph 1 of the Code of Economic Law (CEL) ⁽³³¹⁾ 2. Benelux trademark in Article 2.22, paragraph 4 Benelux Convention on Intellectual Property (BCIP) ⁽³³²⁾ 3. Benelux design in Article 3.18, paragraph 4 BCIP ⁽³³³⁾
Finland	Act on Safeguarding Evidence in Civil Actions Concerning Intellectual Property Rights (344/2000, as amended), Section 7a "Access to Information in Civil Proceedings" (enacted on 21 July 2006)

⁽³²⁹⁾ See Answers to Research Question n°1 of the local legal correspondents' questionnaires – Sharing of information.

⁽³³⁰⁾ IPRED survey (May 2024); QD1. To what extent has the right to information requests pursuant to Article 8 of IPRED been incorporated into the legislation of your country?; % Total, Base: Respondents who indicated to be at least somewhat familiar with the use and role of privacy legislation for information requests (Article 8)' in Q3 (n=78).

⁽³³¹⁾ Article XI.334, § 3 CEL states: "When the judge, during a proceeding, establishes an infringement, they may, at the request of the party who can file a claim regarding counterfeiting, order the infringer to disclose everything that is known about the origin and distribution channels of the infringing goods or services to the party filing the claim and to provide all relevant data, as long as the measure appears justified and reasonable".

⁽³³²⁾ Article 2.22 BCIP states: "At the request of the proprietor of a trademark in proceedings concerning an infringement of his rights, the courts may order the party infringing the proprietor's right to provide the proprietor with all information available concerning the origin and distribution networks of the goods and services which have infringed the trademark and to provide him with all the data relating thereto, insofar as this measure seems justified and proportionate".

⁽³³³⁾ Article 3.18 BCIP states: "At the request of the holder of the exclusive right in a design in proceedings concerning an infringement of his rights, the courts may order the party infringing the holder's right to provide the holder with all information available concerning the origin and distribution networks of the goods and services which have infringed the design and to provide him with all the data relating thereto, insofar as this measure seems justified and proportionate".

Member State	Provisions that implement Article 8 IPRED in national law
France	<ol style="list-style-type: none"> 1. Copyright in L. 331-1-2 CIP 2. Patent in L. 615-5-2 CIP 3. Trademark in L. 716-4-9 CIP 4. Design in L.521-5 CIP
Germany	<ol style="list-style-type: none"> 1. Section 140b German Patent Act (PatG) 2. Section 24b German Act on Utility Models (GebrMG) 3. Section 19 German Trademark Act 4. Section 46 German Design Act (DesignG) 5. Section 101 German Copyright Act (UrhG) 6. Section 37b Plant Variety Protection Act (SortenSchG) 7. Section 9 (2) (HalbleiterSchG) German Semiconductor Protection Act
Ireland	The European Communities (Enforcement of Intellectual Property Rights) Regulations 2006 (SI No. 360 of 2006), Regulation 3, 'Order for disclosure of information'
Italy	Article 121-bis of the Industrial property Code (applicable to all types of intellectual property, copyright excluded)
The Netherlands	<ol style="list-style-type: none"> 1. General civil law provision: article 843a of the Dutch Code of Civil Procedure (DCCP) (Wetboek van Burgerlijke Rechtsvordering). 2. General IP law: article 1019a DCCP and article 1019f DCCP 3. Copyrights: article 28(9) of the Copyright Act (Auteurswet) 4. Patents: article 70(10) of the Patent Act (Rijksoctrooiwe 1995) 5. Trademarks: article 2.22(4) of the Benelux Convention on Intellectual Property (BCIP) (Benelux Verdrag inzake de Intellectuele Eigendom) 6. Designs: article 3.18(4) of the BCIP
Spain	Article 256.1.7º and 8º of the Spanish Civil Procedural Act (334) (CPA) (apply to all IP rights)

Regarding the balance between the right to information and other fundamental rights in national legislation of EU MS, 68% of survey respondents (who stated that the right to information requests pursuant to Article 8 of IPRED had at least to some extent been implemented into national legislation) reported that applicable national legislation refers to the interaction between Article 8 of IPRED and conflicting rights and interests. Research conducted by the local legal correspondents in the selected EU MS covered by the case law review confirmed that national legislation in Austria, Germany, Spain and the Netherlands explicitly refer to the interaction between Article 8 IPRED and conflicting rights and interests (i.e., professional or editorial secrecy, data protection, confidentiality, etc), while in Belgium, France, Finland, Ireland or Italy, there are no such provisions explicitly balancing the right to information with other fundamental rights. However, national provisions that implement the right to information do refer implicitly to such interactions by providing that the provision of information shall be proportionate or reasonable (335).

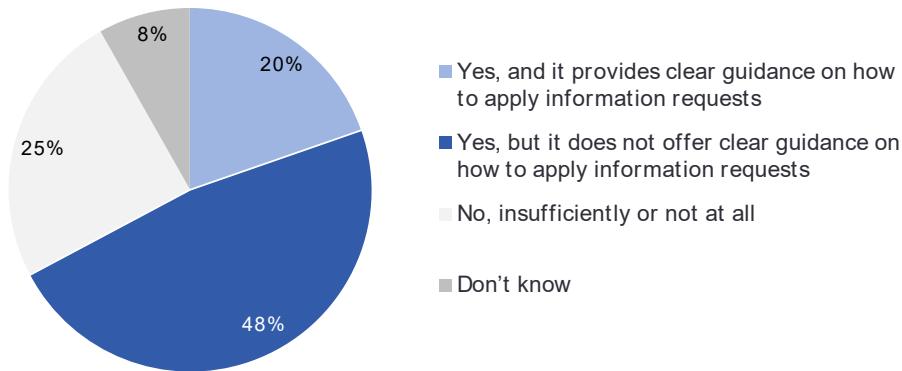
With regards to the interpretation of these provisions, 48% of survey respondents stated that applicable national legislation refers to the interaction between Article 8 of IPRED and conflicting rights and interests but does *not* provide explicit guidelines on how to apply information requests in cases of conflicting rights. This appears to support stakeholders' concerns noted in the recent Commission Recommendation regarding uncertainties

(334) Law 1/2000, of January 7, on Civil Procedure.

(335) See Answers to Research Question n°2 of the local legal correspondents' questionnaires – Sharing of information.

surrounding the conditions under which the information is granted and its interplay with data protection laws (336).

Figure 8. Interaction between Article 8 of IPRED and conflicting rights and interests



D2a. In your view, does applicable legislation in your country refer to the interaction between Article 8 of IPRED and conflicting rights and interests, such as data protection and banking secrecy?

% Total (single response), Base: Respondents who selected at least 'somewhat' in QD1 (n=61)

Source: IPRED survey (May 2024)

3.4.3. Application and interpretation of the right to information in EU MS

Examining the application of the right of information across the selected EU MS, the present study looked at the conditions for requesting information, the type of information requested as part of the right to information, and the criteria to apply for such right. It also focused on the balance between the right to information and fundamental rights of the alleged infringer. In line with findings from previous studies (337), the desk research and case law review as well as the stakeholder consultation revealed differences in national courts' interpretation and assessment, with some showing more efficient and transparent process than others.

Conditions for requesting information

In all EU MS covered by the case law review, the plaintiff may be anyone who has suffered an IP right infringement. The Commission has emphasised in its Recommendation to combat counterfeiting (338) that it is sufficient for a plaintiff to provide any reasonable available evidence to the court showing with sufficient degree of certainty that they are the rights holder. Furthermore, the Commission encouraged entities providing domain name registration services in the EU to recognise any natural or legal persons who make a request for a right to information under IPRED as legitimate access seekers pursuant to Article 28 of NIS2 Directive (339). However, it was noted by stakeholders that this recommendation may not have the desired effect if national conditions prevent rights holders from applying for right to information requests under Article 8 IPRED.

In line with Article 8 IPRED, the right of information is generally subject to the presence of an infringement on a commercial scale. Commercial scale thereby includes any acts carried out

(336) Commission Recommendation (EU) 2024/915 of 19 March 2024, *supra* fn 7.

(337) European Union Intellectual Property Office, IP enforcement case-law collection on the balance between the right of information and fundamental rights in the European Union, Publications Office, 2018, <https://data.europa.eu/doi/10.2814/36519>

(338) Commission Recommendation (EU) 2024/915 of 19 March 2024, *supra* fn 7, para 15.

(339) Directive (EU) 2022/2555 of the European Parliament and of the Council of 14 December 2022 on measures for a high common level of cybersecurity across the Union, amending Regulation (EU) No 910/2014 and Directive (EU) 2018/1972, and repealing Directive (EU) 2016/1148 (NIS 2 Directive), OJ L 333, 27.22.2022, p. 80-152.

for direct or indirect economic or commercial advantage; this would normally exclude acts carried out by end consumers acting in good faith. In all MS covered by the case law review except France, plaintiffs must prove the commercial extent of the infringement.

Mere suspicions are enough to request disclosure of information in France, the Netherlands, Italy and Spain. By contrast, in Germany, Austria, Finland, Ireland and Belgium, an order for disclosure of information can only be issued after the judge has ruled that the IP right at stake has been infringed.

Regarding the extent of the obligation to provide information, the desk research showed that in all MS covered by the case law review, information requests may also be addressed to third parties not involved in the proceedings, such as producers, manufacturers, distributors, suppliers, providers, holders/possessors of goods, wholesalers or retailers (³⁴⁰).

The stakeholder interviews highlighted that in Finland, Italy and Sweden, the involvement of third parties can be significant, with courts having the power to compel them to provide information, subject to various protections and considerations for privacy and other rights (³⁴¹).

According to some of the interviewed stakeholders, while information can be acquired through a court order prior to any action on the merits, this is only possible if that infringement is plausible (for example in France, the Netherlands or Sweden). The burden of proof of probable infringement thereby varies depending on the MS. While for example in the Netherlands the plausibility of infringement and absence of less intrusive means must be established, in Germany for instance disclosure of information can only be issued in case of confirmed infringement.

Type and purpose of information requested

The information that can be requested in the selected MS covered by the case law review includes any elements that concern the origin and distribution channels of the infringing goods and services (i.e., names, addresses, quantities produced, prices, etc.) as well as information related to manufacturers, distributors, retailers, wholesalers, suppliers of the infringing products/services etc (³⁴²).

In Spain, national law also allows the plaintiff of an IP infringement action to request the exhibition of relevant banking, financial, commercial or customs documents, presumed to be in the possession of the person who would be sued as liable. This request shall be accompanied by *prima facie* evidence of the infringement and is only applicable when the infringement has been committed by means of acts carried out at a commercial scale (those pursuing direct or indirect commercial or economic profit).

Interviewees confirmed that rights holders predominantly request information on the origin and distribution networks of the infringing goods or services, as well as information for the calculation of damages. This may include names, addresses, e-mail addresses, IP addresses, telephone numbers, payment information, quantities, etc. of the infringer.

It has been emphasised by interviewees that in France, the Netherlands and Spain the scope of information that can be requested has been extended to enable rights holders to request "any and all documents or information". Such wording, in the context of the digital development, enables rights holders to request relevant information from technical intermediaries (hosting,

(³⁴⁰) See Answers to Research Question n°6 of the local legal correspondents' questionnaires – Sharing of information.

(³⁴¹) According to Swedish and Finnish attorneys and an Italian association protecting IP practitioners

(³⁴²) See Answers to Research Question n°3 of the local legal correspondents' questionnaires – Sharing of information.

domain services, payment services, etc) and supporting intermediaries (ad brokers, social media, data tracking services, etc). It has been pointed out by stakeholders, that such broad legal scope also allows for future-proof interpretations of the provision (taking into account the fast-evolving technological environment).

In each of the MS covered in the case law review, there are local provisions that specify to what extent a rights holder can use information ordered by a court. In most of the MS (³⁴³) for which stakeholders were interviewed, information ordered by a court can be used by the rights holder for various purposes. The main purpose is to identify the infringer, since the infringer usually operates anonymously. For example, while an advertising broker may not have verified information about their customer, they could possess payment details that may be traced back to a commercial payment service or bank used by the infringer to receive payouts from the broker. The information can also be used for the purpose of initiating subsequent proceedings for damages or injunctive relief. In Germany, local law states that any information obtained may be used in subsequent criminal proceedings, provided that consent of the obligated party is given (³⁴⁴).

Process to obtain information

Courts in most of the selected EU MS dictate a timeline for compliance with the information request, including a penalty payment if the timeframe is not met, which ensure the application of right of information.

Consulted stakeholders highlighted the need for a (time-)efficient process to retrieve information about the infringer, which is important to be able to take subsequent action and stop infringements. Interviewees raised, that rights holders, upon demonstrating infringement on a commercial scale, should have access to fast-track, usually *ex parte*, legal processes in all EU MS. This would enable them to obtain disclosure orders within days, thereby ensuring effective protection of their rights. Stakeholders highlighted that EU guidelines could point to Recital 22 IPRED, which explicitly mentions that provisional measures are essential for the immediate termination of the infringement. These measures do not require waiting for the decision on the merits of the case and are particularly justified when any delay would result in irreparable damage to the rights holder.

With regard to the effective enforcement of the orders obtained, stakeholders pointed out that right of information orders may also include parties established in non-EU countries. These orders are recognised as civil decisions under the Brussels I bis Regulation (³⁴⁵) and the Lugano Convention (EFTA) (³⁴⁶), requiring immediate enforcement across EU and EFTA MS. However, enforceability challenges often arise in non-EU countries, with some countries not cooperating to enforce orders, leading to delays and increased costs for the plaintiff.

In this context, as a good practice within the EU, stakeholders highlighted the existence of an efficient and transparent enforcement process in Sweden where enforcement is centralized within a single authority, the Swedish Enforcement Service (Kronofogdemyndigheten), which speeds up the enforcement process. Additionally, the executive authority has a range of responsibilities (including enforcement, debt collection, injunctions to pay, supervision in bankruptcy, etc.) and a senior enforcement officer bears the overall legal responsibility for the

³⁴³ Germany, France, the Netherlands and Spain.

³⁴⁴ *Ibid.*

³⁴⁵ Regulation (EU) No 1215/2012 of the European Parliament and of the Council of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (recast) (2012), OJ L 351.

³⁴⁶ Convention on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (2007), OJ L 339.

action, while the actual enforcement is usually handled by other officials (enforcement administrators) ⁽³⁴⁷⁾. Other MS do not have such a centralised process; for example, Spanish stakeholders noted that their national courts manage enforcement directly ⁽³⁴⁸⁾, while stakeholders in France reported that applicants bear the enforcement responsibility ⁽³⁴⁹⁾.

Balance between the right of information and data privacy

Regarding the balance of the right of information with conflicting rights such as data privacy, the research showed that courts usually balance the right of information with confidentiality or data privacy rights. The desk research and case law review found that in all selected MS, courts determine the right on a case-by-case basis, consistently balancing competing interests ⁽³⁵⁰⁾. The stakeholder interviews further confirmed this observation, remarking that when applying the proportionality principle, courts usually balance the right of information with confidentiality or data privacy rights of the parties.

The survey respondents were likely to agree that data protection and information consideration are applied proportionally (44% answered this). Legal experts and members of the judiciary were particularly likely to share this view, with 48% and 58% respectively answering that both rights are considered proportionally. About a quarter (23%) of all survey respondents noted that information request usually prevails, while 13% noted that data protection considerations are usually given precedence. The highest share of respondents who feel that data protection considerations usually prevail was observed among rights holders (18% answered this) ⁽³⁵¹⁾.

Looking at the balancing of rights in more detail, the case law review showed that in Austria ⁽³⁵²⁾ data protection and confidentiality obligations are often given precedence over the right of information. In Belgium ⁽³⁵³⁾, the Netherlands ⁽³⁵⁴⁾, France ⁽³⁵⁵⁾ and Finland ⁽³⁵⁶⁾, decisions rather deal with confidential commercial information and/or trade secrets than data protection rights when balancing parties' interests. In the Netherlands, according to the interviewees and following the *Lycos* judgement of the Dutch Supreme Court, ⁽³⁵⁷⁾ in determining whether identifying data should be provided in a specific case consideration should be given to (a) whether it is plausible that there is an infringement; (b) whether there is a real interest in providing identifying data, and (c) whether there is no less intrusive possibility of obtaining these data. Also, (d) a weighing of interests must take place between the nature and seriousness of the (potential) infringement, and the interest of the (potential) infringer to

⁽³⁴⁷⁾ For further details on enforcement process of *Kronofogdemyndigheten* See here: [European e-Justice Portal - How to enforce a court decision \(europa.eu\)](#).

⁽³⁴⁸⁾ In Spain, an enforcement order will be issued only at the request of one of the parties and will be in the form of an application. Once the enforcement application has been submitted to the court, and provided that the procedural rules and requirements are fulfilled, the court draws up the general enforcement order. After the order has been issued by the judge, the *registrar (letrados de la administración de justicia)* issues a decree containing the appropriate specific enforcement measures and then the decree is issued to the judgment debtor. For further details, see [European e-Justice Portal - How to enforce a court decision \(europa.eu\)](#).

⁽³⁴⁹⁾ In France, creditor have to instruct a bailiff which has a monopoly for undertaking compulsory enforcement. For further details, see [European e-Justice Portal - How to enforce a court decision \(europa.eu\)](#).

⁽³⁵⁰⁾ See the below-mentioned decisions from national courts from selected MS covered in the Case law review.

⁽³⁵¹⁾ IPRED Survey (May 2024). D2b - Thinking about the situation in your country, how do courts balance the right to information requests and data protection considerations?

Base: Respondents who selected to be 'very familiar' or 'somewhat familiar' with the use and role of privacy legislation for information requests in Q3 (n=78).

⁽³⁵²⁾ For example, Supreme Court, 23.02.2022, 4 Ob 141/21w (See Case law review – Sharing of information, for Austria).

⁽³⁵³⁾ For example, President of the Commercial Court of Brussels, BARU vs. PARTY PARTNERS, 15 May 2013 (See Case law review – Sharing of information, for Belgium).

⁽³⁵⁴⁾ District Court - The Hague, BACARDI AND COMPANY LIMITED & BACARDI-MARTINI BV vs. F. LOENDERSLOOT INTERNATIONALE EXPEDITIE BV & others, 17 March 2021 (See Case law review – Sharing of information, for Netherlands).

⁽³⁵⁵⁾ TGI de Paris, PUMA vs. RAUTTUREAU APPLE, 6 July 2017, N° 17/02441 (See Case law review – Sharing of information, for France).

⁽³⁵⁶⁾ The Finnish Supreme Court, Bayerische Motoren Werke Aktiengesellschaft (plaintiff) Vannetukku.fi Oy (defendant), 8.1.2021, MAO 7/21 (See Case law review – Sharing of information, for Finland).

⁽³⁵⁷⁾ Dutch Supreme Court, Lycos Netherlands B.V., 25.11.2005, NL :HR :2005 :AU4019.

protect commercially sensitive information (358). These conditions have been used and confirmed in numerous national courts of first instance and appeal court decisions since.

Moreover, the case law review suggests that courts tend to vary their approach to balancing confidential information, including information covered by trade secrets and the right of information based on whether revealing the information requested could potentially expose the defendant to significant competitive harm and whether the information is necessary for establishing a case of infringement. For example, in France, courts consider the facts of the case, the nature of the dispute to the alleged infringement, the confidential nature of information, and the proportionality of the information requested compared to the documents already submitted to the court (359).

In Germany (360) and Italy (361), courts carry out a strict balancing of interest when balancing the right to information and data privacy (362). Various criteria are used to weigh up these interests, such as (363):

- Consideration of reasonable expectations of the data subject based on the relationship with the controller,
- Consideration of not only legal, but also economic and non-material interests of the data subject
- The data in question is sensitive personal data,
- Special know-how of the industry is affected,
- If there is an interest in commercial confidentiality
- Nature and severity of the injury

It was raised by an interviewee that Italian courts often emphasise the protection of confidential information when it comes to balancing parties' interest between the right of information of the plaintiff and the fundamental rights of the alleged infringer.

Regarding Spain (364), most of the Spanish case law related to the sharing of information deal with the adequacy and relevance of the information request rather than data protection rights when balancing parties' interests. According to Spanish courts, to achieve a balance between the right of information and the interest of the defendant, the judge must determine whether the request for some type of information is justified, adequate and relevant.

In Ireland (365), the only case law identified does not deal with the balance of the right to information requests and data protection rights. Instead, the decision focuses on whether the power of ordering disclosure applies only after an infringement has been established for copyright infringement matters.

Consulted stakeholders emphasized that information requests are generally made in response to infringements at commercial scale, and solely intended to identify the infringer rather than

(358) As an example, - Court of Appeal – The Hague, Plantlab vs. [unknown], Bosch Inveka BV, [unknown] and Deliscious BV, 28 June 2016ECLI:NL:GHDHA:2016:1734.

(359) As an example, TGI de Paris, 6 July 2017, RG 17/02441, PUMA SE vs. RAUTUREAU APPLE SHOES SAS.

(360) Dusseldorf Higher Regional Court, OLG Düsseldorf, 13.08.2020, 2 U 10/19 (See Case law review – Sharing of information, for Germany).

(361) Cass. civ., Sez. I, Sent., (data ud. 21/02/2019) 19/03/2019, n. 7708 (See Case law review – Sharing of information, for Italy).

(362) See Answers to Research Question n°9 of the local legal correspondents' questionnaire – Sharing of information.

(363) For instance, OLG München, 3 U 1551/17, 24.10.2018.

(364) For example, Regional Court of Barcelona, AIE/AGEDI collecting entities vs. TIANA'N MAN, SL, RADIO FLAIXBAC, S.A, FLAIX FM, S.L, MEDIA MANGA MANGOTIERE, SL, 29 September 2023 (See Case law review – Sharing of information, for Spain).

(365) Johnny Duhan v Radius Television Production Ltd, 18 July 2007, [2007] IEHC 292.

obtaining sensitive data of individuals. As such rights holders should be able to obtain all relevant information, particular with regards to online infringements where information such as name and physical address are often insufficient to identify infringers.

3.4.4. Information sharing practices

Information sharing, in several MS, may be subject to guarantees and modalities, such as duration, redacted versions, future use, confidentiality or disclosure to a third-party. The desk research and case law review found that in the selected MS (³⁶⁶), there are no standardised procedures regarding the modalities/guarantees attached to the sharing of information in IP cases. However, special consideration is given to this issue when trade secrets are involved. Indeed, various laws across those MS provide for a legal framework derived from the EU Trade Secrets Directive to protect trade secrets (³⁶⁷). In particular, protective measures are outlined to prevent third-party knowledge acquisition, and to ensure that trade secrets and confidential information revealed during proceedings are not used or disclosed by other parties' post-proceedings (for example, in-camera process where information is revealed to the court but not the opposing party, communication of a non-confidential version or a summary of the information, communication of information to a designated third-party, restriction on the location where the information may be accessed, etc.) (³⁶⁸).

As an example, in France, the guarantees outlined in the French law are the followings (³⁶⁹):

- restriction of the circle of authorised persons (i.e. the judge designates the person(s) who may have access to the information)
- the judge may hear separately the information holder and the party requesting its disclosure or production
- request communication of a non-confidential version or a summary of the information.

In some of the MS covered in the case law review, national soft law provides for guidance to improve the implementation and/or application of information sharing:

For example, in France, the French Government has clarified the text of the French law that has implemented the right of information. The law does not provide the specific typology of information that can be requested, as Article 8 of IPRED does (i.e. name of producers, manufacturers, distributors; quantities produced, manufactured, etc). In relation to this, the French Government highlighted that the "lack" of precision aims at making this right more effective by giving the judge full discretion to order such communication rather than limiting the scope of the right of information (³⁷⁰).

In Germany, the Federal Commissioner for Data Protection and Information Security provides for an overview of the right to information on its website and gives a brief description of how to assert the claim (³⁷¹). In the Netherlands, the Dutch Data Protection Authority (Dutch DPA) (Autoriteit Persoonsgegevens) published several reports on the interplay between battling copyright infringement and protecting data protection. In particular, the authority held one

(³⁶⁶) In Spain, it has to be noted that Article 256.1.7º and 8º of the Spanish Civil Procedural Act (CPA) which has implemented Article 8 IPRED expressly prohibit any disclosure or communication to third parties.

(³⁶⁷) Trade Secrets Directive (EU) 2016/943, *supra* fn 47.

(³⁶⁸) See Answers to Research Question n°7 of the local legal correspondents' questionnaires – Sharing of information.

(³⁶⁹) Articles L.151-1 et seq. and R.152-1 et seq. Of the French Commercial Code.

(³⁷⁰) See preparatory work of the French Government regarding the [Law n° 2014-315 du 11 mars 2014 renforçant la lutte contre la contrefaçon](#).

(³⁷¹) BfDI - Datenschutzrechte – Telekommunikation - Auskunftsrecht bei Urheberrechtsverstößen (bund.de).

decision permitting the processing of personal data for the purpose of enforcing online IP rights by Dutch FilmWorks B.V. (372).

In Finland, the preparatory work of the Section 7a of the Act on Safeguarding Evidence in Civil Actions Concerning Intellectual Property Rights (HE 26/2006 vp) provides that in accordance with the principle of proportionality, the court must consider whether, for example, the disclosure of the information would cause a disproportionate harm to the defendant's business compared to the importance of access to the information for the plaintiff (373).

Difficulties and obstacles to information sharing

Survey respondents considered a 'lack of cooperation and coordination among relevant stakeholders' as the main barrier to effective information sharing (69% selected this barrier among their three most important barriers), followed by privacy and data protection concerns (56%). Close to half of stakeholders (46%) listed the lack of resources as an important barrier to information sharing, with 22% of respondents listing this as their most important barrier (only lack of cooperation and coordination among relevant actors was mentioned more often as the single most important barrier). While cooperation and coordination by stakeholders does not fall within the scope of Article 8 of IPRED, stakeholders repeatedly emphasised the importance of closely working with intermediaries and legal authorities to share relevant information on the scale of infringements and the identification of infringers.

With regard to the lack of cooperation, stakeholders highlighted that the most common difficulty encountered when trying to obtain information from the infringer (or intermediaries) is that they allege to no longer be in possession of the information. Such issues appear particular critical in MS without a "discovery" procedure. Moreover, emphasised the inconsistent application of the right to information and the varying thresholds for obtaining information across MS, as well as the poor quality of data provided by intermediaries.

Several stakeholders pointed to the issue that data privacy might be a reason to deny an information request, which was noted as a particular issue in Sweden, France, the Netherlands and Germany. Moreover, they emphasised that in the Netherlands, custom authorities often refuse to disclose consignor details on the ground of data privacy protection.

With regards to the quality of data, stakeholders agreed that it is often challenging, or even impossible, to identify the primary infringers online as there are many ways in which operators of infringing services are hiding their identities. The situation is aggravated by the absence of an effective KYBC obligation, particularly in relation to hosting providers and domain registrars and registries. However, consulted stakeholders noted that this should improve with the implementation of the NIS2 Directive (374) which obliges the European Union Agency for Cybersecurity (ENISA) to create and maintain a registry of entities providing domain name registration services.

It was also noted that the quality of the data from online platforms is expected to increase with the implementation of the DSA (375). One significant aspect of the DSA is the imposition of relatively extensive obligations on online marketplace providers concerning KYBC

(372) besluit_online_handhaving_auteursrechten_dfw.pdf (autoriteitpersoonsgegevens.nl).

(373) In Finland, the preparatory work (especially the Government proposals, "Hallituksen esitys" or shortened "HE") often provides guidelines on how the provisions are to be interpreted and the courts use them regularly as a guidance for the decision-making.

(374) Directive (EU) 2022/2555 of the European Parliament and of the Council of 14 December 2022 on measures for a high common level of cybersecurity across the Union, amending Regulation (EU) No 910/2014 and Directive (EU) 2018/1972, and repealing Directive (EU) 2016/1148 (NIS 2 Directive), OJ L 333, 27.12.2022.

(375) Regulation (EU) 2022/2065 of the European Parliament and of the Council of 19 October 2022 on a Single Market for Digital Services and amending Directive 2000/31/EC (Digital Services Act), OJ L 277, 27.10.2022.

requirements (376). These KYBC obligations will require providers to obtain and make reasonable efforts to verify certain information (377) related to trader traceability before allowing traders to use the marketplace and target consumers. Platform providers must ensure that consumers can purchase safe products or services online by enhancing controls to verify the reliability of the information provided by traders and by making efforts to prevent illegal content from appearing on their platforms, including through random checks.

According to stakeholders, most of the information ordered by courts only contains the name and physical/postal address of the infringer. This follows the terms of Article 8 IPRED and CJEU *Constantin* (378) case law. In its *Constantin* ruling, the CJEU held that the notion of “address” in IPRED does not encompass IP addresses, email addresses and phone numbers of online users, unless otherwise specified by national law. According to the stakeholders, this has resulted in systems such as the one in Germany, where rights holders can only obtain the available information about the name and a physical address of an infringer. Stakeholders emphasized that it should not be the benchmark of the details that can be obtained through a right to information request, as these details are often inaccurate.

Another significant challenge is obtaining accurate information on the identity of infringers involved in the complete counterfeit scheme such as suppliers and manufacturers. This problem is particularly critical in the context of customs seizure where the identity of the holder of the counterfeit goods is disclosed. However, data disclosed in customs proceedings might be false as those data are given ('declared') by the operator which may potentially be the infringer itself.

Stakeholders also noted that providers often hide information about the scale of infringements, making it harder for rights holders to pursue legal actions, and emphasised the need for more guidance to enable MS courts to apply the right to information in relation to new technologies such as Artificial Intelligence (AI) or services where the technical structure complicates access to necessary data.

Apart from the quality of data, lengthy procedures and high costs were identified as hindrances to the effective right to information for rights holders, particularly for rights holders that are not represented by large industry associations.

Finally, it was highlighted by stakeholders that enforceability of information sharing is often challenging in non-EU countries that do not cooperate to enforce right of information orders, leading to delays and increased costs.

3.4.5. Best practices

The research identified several national best practices to restrain fundamental data protection rights breaches while ensuring efficient information sharing to combat IP infringement (379).

(376) *Ibid.*, Article 30.

(377) According to Article 30 of the DSA, the following information about traders have to be obtained:

- name and contact details, such as address, telephone number and e-mail address
- a copy of the identification document or any other electronic identification as defined in article 3 of the eIDAS-regulation
- details of the payment account
- where the trader is registered in a trade register or similar public register, the trade register in which the trader is registered and its registration number or equivalent means of identification in that register, and
- a self-certification by the trader committing to only offer products or services that comply with the applicable EU law.

(378) Case C-240/18, *Constantin Film Produktion GmbH v European Union Intellectual Property Office* [2020] EU:C:2020:118.

(379) See Answers to Research Question n°14 of the local legal correspondents' questionnaire – sharing of information.

Stakeholders from Austria, France and Spain recommended to request protective measures when trade secrets are at stake, as provided by the Trade Secrets Directive⁽³⁸⁰⁾ (e.g., request the judge to be the only one to get access to the information, disclose only a non-confidential version or summary of the information, reservation of the confidentiality of the proceedings to ensure the protection of confidential data and information, etc). Doing so would also benefit data protection and help prevent privacy breaches.

In Finland, Germany, and the Netherlands, lawyers recommended ensuring compliance with the General Data Protection Regulation (GDPR)⁽³⁸¹⁾ principles by (i) checking the legal basis, (ii) observing the principle of purpose limitation, (iii) adhering to data minimisation, and (iv) ensuring data security.

In Italy, it is customary for Italian attorneys to ask the court for full secrecy of the acquired material until its relevance is established by a court-appointed consultant, or to require the restriction of access to information to a kind of "confidential circle", made up of lawyers and technical-accounting consultants bound by deontological rules⁽³⁸²⁾.

With regards to improvements in the quality of information stakeholders highlighted requirements for all types of intermediaries to improve customer data as well as certain verification standards, already in place in many businesses, to effectively allow the identification of sources and repeated misuse of the services.

Another best practice includes the use of technical solutions similar to those implemented by customs in the US or China, such as fingerprinting and blockchain, in order to have more precise information on the origin and extent of infringements. By using blockchain, customs agencies would be able to securely store and share important information such as customs declarations, product information and shipment status; it would enable to accurately backtrack product origins and have full disclosure of the commercial background.

Stakeholders also recommended encouraging MS to apply out of court right to information processes like in Germany and the Netherlands. This can unburden the courts in case of justified requests and only let them intervene in case of opposition. In Germany the out of court right to information process works by requesting intermediaries to voluntary comply and hand over customer data. If they comply, the case will be closed; in case of opposition however, the case will proceed to court. If the court accepts the claim, the intermediary will have to provide the data and will be ordered to compensate the plaintiff's costs (capped), whereas if the request is rejected by the court, costs will have to be borne by the plaintiff. In that regard, a stakeholders stated that such out of court right of information is also possible in the Netherlands, where information can either be obtained through a court order on the basis of Article 28(9) Dutch Copyright Act⁽³⁸³⁾ or can be shared without a court order on the basis of general tort law.

Finally, a stakeholder highlighted the UK's discovery practices, suggesting the usefulness of this approach in gathering evidence and facilitating litigation. In the UK, discovery requires both parties to disclose all relevant documents in their possession, whether favourable or unfavourable to them, thereby improving transparency and enabling more informed legal proceedings.

⁽³⁸⁰⁾ Trade Secrets Directive (EU) 2016/943, *supra* fn 47, Article 9.

⁽³⁸¹⁾ Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation), L 119, 4.5.2016, p. 1–88.

⁽³⁸²⁾ Trade Secrets Directive (EU) 2016/943, *supra* fn 47, Article 9.

⁽³⁸³⁾ The Dutch Copyright Act (*Auteurswet*) of 23 September 1912.

3.4.6. Potential opportunities for improvement

The study has found that persistent inconsistencies in the application of the right of information across MS, lengthy and costly procedures, as well as the lack of available high-quality data present barriers to effective information sharing in the EU.

In light of these findings, stakeholders stressed the importance of KYBC obligations and verification standards to improve the availability and quality of information. They recommended that the EU legal framework should extend these obligations to all types of intermediaries to make it easier to trace infringers. In this regard, it was noted that the implementation of the DSA is expected to improve the quality of data from online platforms by requiring traceability of traders.

Another potential improvement concerns the interpretation of the scope of information that can be requested by rights holders under Article 8, by broadening the notion of 'address' to include the ability to request 'any and all types of documents or information' necessary to identify infringers and infringements in the context of the digital evolution and emerging technologies.

Rights holders called on national courts in EU MS to be more proactive in ordering intermediaries to share any identifiable data of the infringer. While intermediaries such as hosting providers or ad brokers may lack verified customer information, they may have other types of relevant data, such as IP login addresses that may be traced back to a commercial internet access provider used by the infringer to log in to the hosting admin panel, or may have payment information that may be traced back to a commercial payment service or bank used by the infringer to receive payouts from the ad broker.

Guidance from the Commission on extending the scope of information that may be requested could thereby empower rights holders to seek various data (e.g., IP addresses, email addresses, login details, etc) from a variety of technical intermediaries (e.g., hosting, domain services, payment services, etc) and supporting intermediaries (e.g., ad brokers, social media, data tracking services), and would allow for future proof interpretations, taking into account the fast-evolving technological environment.

Additional guidance to assist MS courts to apply the right to information in relation to new technologies such as AI is also becoming increasingly necessary and will require further exploration of existing challenges and potential means to overcome them.

Finally, the study emphasised the potential benefits of out of court right to information processes, such as those practiced in Germany and the Netherlands. These processes can provide a more efficient and timelier alternative to court proceedings, helping to unburden the courts in case of justified requests.

3.4.7. Conclusions

With regard to information sharing, Article 8 of IPRED stipulates that competent judicial authorities of EU MS may require an infringer or other persons to provide information on the origin and distribution networks of the goods or services which infringe an IP right. This request for information must be made by the plaintiff, justified and proportionate, with judicial authorities ensuring that the measures imposed are fair, equitable, and not unnecessarily complicated or costly. However, in the absence of specific guidelines or uniform criteria for information requests, the application by national courts, and in particular the assessment of the balance between the right to information and other fundamental rights, has resulted in varying interpretations and inconsistent application across MS jurisdictions.

The study found that while the right to information appears to be implemented in most MS⁽³⁸⁴⁾, differences in the application stem from varying interpretations of national courts and differences in procedural aspects. Although not within the scope of Article 8 of IPRED, the availability of voluntary cooperation mechanisms amongst stakeholders has been highlighted as a distinguishing feature in some MS.

When balancing the right of information with conflicting rights such as data protection, privacy and confidentiality, courts generally assess this on a case-by-case basis, consistently balancing competing interests. However, the lack of standardised procedures concerning guarantees and limitations for information sharing, such as duration, redacted versions, confidentiality, results in inconsistencies across the EU. The right of information should also be balanced against the GDPR principles by (i) checking the legal basis, (ii) observing the principle of purpose limitation, (iii) adhering to data minimisation, and (iv) ensuring data security.

Stakeholders have moreover stressed their concern about the lengthy and costly procedures involved in obtaining information, which they perceive as a barrier to the effective right to information. Another key challenge is the lack of available high-quality data with accurate information on the identity of infringers and the scale of infringements. This is also linked to the absence, or inadequacy, of cooperation mechanisms among stakeholders and in particular online intermediaries.

The study found that technological solutions similar to those implemented by customs in the US and China, such as fingerprinting and blockchain, could be used more widely in the EU in information sharing cases.

In order to improve the (cost)effectiveness of information requests, the scope and quality of available data should be increased, requiring future proof interpretations and additional judicial guidance on the implementation of existing provisions to ensure rights holders are well equipped to respond to infringements in an evolving technological landscape. Therefore, providing specific guidelines to judges, even if soft law materials are not binding, could help improve the effectiveness of such information requests without amending IPRED.

3.5. Costs for storage and destruction of IP infringing goods in the single market

The EU legislator has established a series of legal remedies that IP rights holders can use to combat infringements of their rights. IPRED is a cornerstone in combating counterfeiting and piracy, aiming to harmonise the enforcement of IP rights across EU MS. While both criminal and civil actions are available in some MS to combat counterfeiting and piracy⁽³⁸⁵⁾, IPRED is limited to civil enforcement; criminal measures and penalties fall outside the scope of the Directive.

In the area of counterfeiting, IPRED is relevant when it comes to the recovery of costs and damage claims by rights holders, if the parties do not reach an out of court settlement. Since most of counterfeited goods are detained by customs authorities before they enter the single market, costs of the detention (handling, storage, transport, destruction) occur within the remit of the Customs Regulation 608/2013.

⁽³⁸⁴⁾All of the MS covered by the case law review had national provisions concerning the right of information in line with Article 8 of IPRED.

⁽³⁸⁵⁾ EUROJUST and IPC 2022.

This section explores several areas related to IPRED's application in the handling of IP-infringing goods, particularly concerning costs associated with seizure and destruction. First, data on how MS allocate costs resulting from the management of IP infringing goods, specifically addressing the costs of storage is analysed. This analysis is mainly limited to goods that have been detained by competent authorities before entering the single market. Second, the section examines cost-bearing schemes and identifies good practices in MS, in particular to cost contributions by the public sector. Third, the section looks into the role of recycling in handling IP-infringing goods and how this affects the cost volume and cost-bearing.

Methodological note

While counterfeiting is a global factor, within the EU, the phenomenon does not affect all MS at the border equally. Based on available data and studies from EUIPO and the Organisation for Economic Co-operation and Development (OECD), our detailed analysis about the legal provisions aimed to focus on MS with a history of large-scale detentions, but also countries which are less in the focus. Therefore Austria, Belgium, Finland, France, Germany, Italy, the Netherlands, and Spain are covered. Apart from the in-depth analysis of these countries, all MS were covered through a mixed-methods approach.

The study's objective to analyse costs also encompassed those incurred within the single market. This includes criminal measures undertaken by the police, ex-officio measures by customs authorities, and activities by other competent authorities. However, the lack of harmonised data collection and reporting limited the scope of this analysis. As a result, the issue was not extensively covered. Nevertheless, stakeholders occasionally compared advantages and disadvantages of civil and criminal procedures in combating counterfeiting and enforcing rights. These arguments and selected cases are included in a dedicated section. The study design included desk research, the use of the study's survey with dedicated questions ⁽³⁸⁶⁾, interviews ⁽³⁸⁷⁾, a targeted legal analysis, and an expert panel.

Given the need to analyse costs in greater detail, we distinguish general interviews with stakeholders and 'cost interviews' with industries and other relevant stakeholders.

Yet, all methodologies covered different Member States but not necessarily all EU27 MS. EUIPO data for example typically includes a selection of countries where seizures are high in numbers or volume, or some of their reports focus on specific industries like the sports goods or electronics. For those, again, not all countries are equally concerned. The following provides a short recap of our methods and approach. More detailed information on the methodology is provided in Chapter 2.

Desk research and legal analysis

A comprehensive search for relevant reports quickly leads to various special reports from EUIPO, data from DG TAXUD, as well as monitoring reports at the national level and industry reports. These sources provide general insights and often include valuable data.

⁽³⁸⁶⁾ 82 stakeholders answered the survey on costs resulting from the seizure of IP-infringing goods. 34 identified as legal experts, 27 as rights holders of IP rights, 11 as judiciary, and 10 as national competent authority. The respondents represented Belgium (4), Bulgaria (3), Croatia (4), Czech Republic (6), Denmark (2), Finland (2), France (12), Germany (10), Italy (6), the Netherlands (12), Spain (3), Sweden (5) and other countries (14).

⁽³⁸⁷⁾ Counterfeiting was discussed during 8 interviews. 5 of interviewees were industry experts and/or represent private sector organisations, 1 is an academic expert and 2 were legal professionals. For the identification of costs, series of back and forth discussions and written exchanges with different industry associations were conducted. The level of detail that could be provided differed so that some information provided was incorporated in the overall analysis too.

Comprehensive data for the EU-level is available from EUIPO and DG TAXUD's annual reports on EU customs enforcement of IPR.⁽³⁸⁸⁾ Furthermore, some countries publish annual reports on counterfeiting (e.g. Germany, France)⁽³⁸⁹⁾, provide the data online (e.g., Spain)⁽³⁹⁰⁾, or publish dedicated reports (e.g. Belgium 2024). Furthermore, there are member-based organisations carrying out surveys of their members and issuing reports which equally provide a range of insights, data points, or longer time-series data.

The study team focussed on recent data. As with many data series, 2020 and 2021 have been outlier years due to the COVID-19 pandemic. Yet, the pandemic has ultimately influenced the overall counterfeiting landscape: the large uptake of online sales has not only opened new pathways for counterfeiters, but digitalisation, AI, or blockchain technologies have equally opened up a range of technical solutions that help in the fight against counterfeiting.

Desk research thus expanded to identifying and analysing a range of materials to substantiate the evidence collected through our other methods.

To identify relevant case law from EU Member States, the CJEU, the study team utilised various legal resources, and interviews with legal experts. Further details are explained in Section 2.2.2. above.

[Interviews, survey and panel](#)

The study team further differentiated between general interviews and dedicated costs interviews. For the former, we interviewed selected companies in consumer electronics, semiconductors, and online retail, as well as stakeholder associations which are active in the fight against counterfeiting through communication activities towards the public or through coordinated activities representing individual companies or industries. The cost interviews were a series of exchanges with several industries, typically targets of counterfeiters and ultimately willing to share their experiences and costs. Destruction costs were equally provided by the REACT Network.

The survey covered dedicated questions on counterfeiting. 82 respondents indicated either to be 'somewhat familiar' or 'very familiar' with the topic of counterfeiting. These included 11 respondents from the judiciary, 6 from national competent authorities, 27 legal experts, and 33 rights holders. They were used as basis for the various analyses in this section.

To discuss (still) somewhat open questions, an expert panel was organised with organisations representing rights holders as well as organisations involved in the fight against counterfeiting and recycling. Several stakeholders were equally attending the validation workshop.

[3.5.1. Seizures and destruction of counterfeited products](#)

[A snapshot on the counterfeiting market](#)

Counterfeiting remains a significant issue within the EU, affecting consumers, businesses, and public authorities. Counterfeit goods seized by law enforcement authorities or detained by customs are quantified by pieces (or articles, items, products, goods), by cases (any individual action leading to detention of one to thousands of pieces), and by estimated value. Data from

⁽³⁸⁸⁾ Report on EU customs enforcement of intellectual property rights. Results at the EU border. Annual reports since 2010 available from the Publications Office of the EU.

⁽³⁸⁹⁾ Generaldirektion Zoll, Gewerblicher Rechtschutz, Statistik für das Jahr 2022 ; Republique Francaise, Bilan annuel de la douane 2023.

⁽³⁹⁰⁾ <https://sede.agenciatributaria.gob.es/Sede/aduanas/proteccion-propiedad-intelectual.html?faqid=09fe1eaf2e702710VgnVCM100000dc381e0aRCRD>.

the EUIPO and individual Member States (MS) show that the market for counterfeit products has grown over the years, despite fluctuations in the number of cases, pieces seized, and countries of seizure.

Trends in counterfeiting and detentions/seizures in the EU

In 2022, a total of 86 million products were detained *at the border* as well as *within* the single market by competent authorities⁽³⁹¹⁾. Data for 2023 shows a sharp increase to 152 million detained products, 90% of which were detained within the internal market⁽³⁹²⁾. In 2022, such detained products were estimated to be worth more than EUR 2 billion, in 2023, the value increased to almost EUR 2.8 billion. In 2023 and *within the single market*, customs, police, and market surveillance authorities seized 138 million products. While the number of detentions and seizures in each MS vary by year, there is nevertheless a range of countries which usually lead in terms of cases and/or seized pieces.

A group of ten countries – Italy, France, Romania, Spain, the Netherlands, Bulgaria, Germany, Hungary, Belgium and Greece (ordered by the number of seizures, from high to low) – accounted for 98% of all reported seizures, according to 2023 data. Exceptions occur, such as when a large single seizure shifts the ranking – e.g., in year x 100 000 fake labels are detained in say Austria, then Austria is likely to be among the top countries in that particular year.

Categories of goods and sources

Cigarettes, packaging material, toys, games, and CDs/DVDs are consistently at the top of the list of detained counterfeit goods. During the past two years, games have been in the lead position. Essentially, anything that sells well as an original product is likely to be a target for fakes.

Most counterfeit goods come from China, Hong Kong (China) and Türkiye. While Hong Kong (China) is the prime country of origin of fake electronic goods, Türkiye is the main source of fake textiles. China is home to all kind of fake products.

Recent trends

The recent pandemic years 2020-2022 saw unprecedented changes:

Border detentions

In 2021, 75 000 cases were handled by the EU custom authorities, resulting in around 42.7 million detained items with a retail value of EUR 847 million⁽³⁹³⁾. The main reason for the high number of detained goods in 2021 is due to the pandemic and the subsequent unprecedented increase of online sales.

In 2022, the number of detained goods at the EU borders decreased by 43% compared to 2021⁽³⁹⁴⁾ to 24.2 million. In contrast, the value of the detained goods increased to EUR 943 million. For example, in Germany, the customs authorities detained 8.57 million

⁽³⁹¹⁾ See: European Commission DG TAXUD, European Union Intellectual Property Office, *EU enforcement of intellectual property rights: results at the EU border and in the EU internal market 2022*, EUIPO 2023. Available at: <https://www.euipo.europa.eu/en/publications/eu-enforcement-of-iprs-results-at-the-eu-border-and-in-the-eu-internal-market-2022-november-2023/>.

⁽³⁹²⁾ See: European Commission DG TAXUD, European Union Intellectual Property Office, *EU enforcement of intellectual property rights: results at the EU border and in the EU internal market 2023*, EUIPO 2024 Available at: https://euipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/observatory/documents/reports/2024_EU_Detentions/2024_EU_Enforcement_of_IPRs_FullR_en.pdf

⁽³⁹³⁾ *Ibid.*

⁽³⁹⁴⁾ *Ibid.*

pieces in 2022, less than half of the 18.8 million items detained in 2021 but still largely above the 2011-2022 average of 5.5 million (395).

In 2023, the number of detained goods decreased further to 17.5 million with a value of EUR 811 million.

Detentions within the internal market

In 2021, there were 53 million detained items with an estimated (retail) value of EUR 1.3 billion. 2022 saw an increase in detained items to 67 million but a decrease in value to EUR 1.2 billion. The figures for 2023 have almost doubled compared to 2021: in 2023, 138 million detained articles were worth EUR 3.4 billion. EUIPO notes that these are the highest numbers within the last 12 years. Large numbers of detained goods stem from EUROPOL coordinated operations. (396)

Modes of transport

Where and how many are detained depends on several factors such as:

- Transport means (shipping, air, land)
- Resources of custom authorities
- Procedures by custom authorities

In 2022 and 2023, the highest number of detention cases at the EU border were IP infringing goods transported via post (49%) and express courier (33%). Yet, the highest share in terms of detained items is by sea traffic: almost 70% of detained goods arrive in ports (397).

3.5.2. Legal framework

When it comes to the detention or seizure (398) of counterfeit goods, two main avenues are considered:

1. **Detention and destruction by customs authorities at the EU border.** This is regulated by Regulation 608/2013 (399) and its implementing Regulation (EU) 1352/2013. The Regulation provides for:
 - Goods may be destroyed if the rights holder confirms their infringing nature and the holder of the goods agrees.
 - If contested, the goods are stored until court proceedings conclude.
 - Article 20 grants customs authorities discretion in managing storage conditions and costs, while Article 29 assigns costs to rights holders, who can later seek compensation from the infringer.

(395) Generalzolldirektion 2022.

(396) For example, the five-month long operation LODUS III seized more than 19 million packages of toys with a retail value of €79 million. See: <https://www.europol.europa.eu/media-press/newsroom/news/eur-79-million-worth-of-counterfeit-toys-seized-in-europol-coordinated-operation>

(397) European Commission DG TAXUD, EUIPO 2023, *supra* fn 391.

(398) While IPRED uses the term 'seizure', customs authorities refer to 'detentions'. Only if detained goods are not released and an infringement has been found, the term 'seizure' is appropriate.

(399) Regulation (EU) No 608/2013 of the European Parliament and of the Council of 12 June 2013 concerning customs enforcement of intellectual property rights and repealing Council Regulation (EC) No 1383/2003, OJ L 181, 29.6.2013, p. 15-34. 2026

2. **Seizure within the single market by police, customs, and market surveillance authorities** are regulated by national legislation and the IP Enforcement Directive (IPRED) where:

- Article 10 allows courts to order recall, removal, or destruction of infringing goods at the infringer's expense.
- Article 13 requires infringers to compensate rights holders for damages but adds complexity when the infringer's identity is unknown.

[Customs Enforcement of IP rights \(Regulation 608/2013\)](#)

Regulation 608/2013 governs the role of custom authorities in enforcing IP rights at the border. For goods detained by the customs authorities at the border, the goods may be destroyed if the rights holder confirms their IPR infringing nature, and both the rights holder, as well as the holder of the goods, agree to destruction. However, if the holder of the goods contests the destruction and the rights holder initiates a court proceeding, the goods are to remain in storage until the end of the proceedings. According to Article 20 customs authorities in each MS have discretion over how to organise the storage of seized goods and manage related costs: "The conditions of storage of goods during a period of suspension of release or detention shall be determined by the customs authorities". This margin of discretion leads to a range of costs borne by different entities.

Article 29 of the Regulation places the responsibility for these costs on the rights holders, stating: "Where requested by the customs authorities, the holder of the decision shall reimburse the costs incurred by the customs authorities, or other parties acting on behalf of customs authorities, from the moment of detention or suspension of the release of the goods, including storage and handling of the goods, (...) and when using corrective measures such as destruction of goods (...)" . However, the rights holder has the option to seek compensation of the costs from the infringer, as outlined in Article 29(2).

A customs detention can lead to:

- (1) a simple destruction without a court proceeding (IPRED does not directly apply),
- (2) a civil lawsuit (IPRED applies),
- (3) a criminal proceeding (IPRED does not apply).

In all cases, cost occur but who pays – the customs authorities (and therefore the taxpayer), or the rights holder – depends on the specific national provisions.

[IP Enforcement Directive \(IPRED\)](#)

IPRED allows the seizure of goods by other competent authorities as a measure to preserve evidence and the court may order destruction of these goods as a result from a decision on the merits of the case.

Article 10 of IPRED provides IP rights holder with the ability to request judicial authorities to take corrective measures, such as the recall, removal, and destruction of the infringing goods. Article 10(2) stipulates that "The judicial authorities shall order that those corrective measures be carried out at the expense of the infringer, unless particular reasons are invoked for not doing so". It is not expressly required that the infringer knowingly, or with reasonable ground to know, engaged in the infringing activity, for the measures in question to be imposed, unlike the provisions on damages in Article 13.

Article 13 of IPRED addresses damages, stating that the infringer must compensate the rights holder for the harm suffered as a result of the infringement.

3.5.3. Allocation of costs: challenges and variations across MS

The legal framework

According to the Case Law review, national courts indicate who shall bear the additional costs that arise from the seizures. In most of the selected MS, such as in Belgium ⁽⁴⁰⁰⁾, Finland ⁽⁴⁰¹⁾, France ⁽⁴⁰²⁾, Italy ⁽⁴⁰³⁾, the Netherlands ⁽⁴⁰⁴⁾ and Spain ⁽⁴⁰⁵⁾ the infringer is typically responsible for covering these costs. However, it appears that usually courts do not specifically consider the associated costs of storage and destruction when deciding on corrective measures in IP rights litigation cases.

In Austria, the infringer generally bears the costs, unless an intermediary is involved. In that case, intermediaries can be held liable for supporting IP rights infringements and bear associated costs ⁽⁴⁰⁶⁾. The cost division between infringer and intermediary is determined on a case-by-case basis.

In Ireland, local legal correspondents indicated that national courts do not consider the costs of the storage and destruction of the infringing goods when deciding on the corrective measures in IP right litigation cases ⁽⁴⁰⁷⁾. Meanwhile, in Germany, the various costs incurred by authorities for the seizure, storage, and destruction of IP-infringing goods must initially be borne by the rights holder (see Table 8 below), and once an IP rights infringement has been judicially confirmed, these costs can then be reclaimed before courts from the infringer as damages ⁽⁴⁰⁸⁾. However, rights holders note that this can be a challenging process if the infringer is unknown or unable to pay.

Interviews with rights holders confirmed a heterogeneous landscape regarding cost allocation across MS. For example, Germany or Poland require the rights holder to pay the cost of storage and destruction, while in other MS, such as France, the rights holders are not charged as the state intervenes during a customs confiscation and ultimately covers the costs of destruction (see also Table 8). Depending on the MS where the detention or seizure takes place and the number of items, or the overall volume, these costs can be substantial for rights holders.

Table 8 - Overview of legislation on bearing of costs of detained goods in selected MS

Country	Provisions addressing allocation of costs of storage and destruction between the parties	Allocation of costs
Austria	1. Sec. 82 Copyright Act (Urheberrechtsgesetz); 2. Sec. 52 Trademark Act (Markenschutzgesetz); 3. Sec. 148 Patent Act (Patentgesetz); 4. Sec. 34 Design Act (Musterschutzgesetz) referring to the relevant provisions of the Patent Act.	The infringer shall bear the costs of removing, destroying, or rendering the infringing goods unusable.
Belgium	1. Article XV.25/1 Code of Economic Law (<i>storage costs</i>) 2. Art. XV.130/1, §2 Code of Economic Law (<i>destruction costs</i>)	Seized goods' costs follow a cascade system. Initially, the owner of the goods bears the costs. If the owner is unknown or has no assets, responsibility shifts to the holder, consignee, or IP rights-holder. Costs of destruction of infringing goods will be borne by the infringer, even if the infringer is not the owner of the infringing goods

⁽⁴⁰⁰⁾ For instance, see Chamber of Commerce Gent, division Gent, 11.01.2018.

⁽⁴⁰¹⁾ For instance, see Court of Appeals of Helsinki, S 06/2898, 19.12.2007.

⁽⁴⁰²⁾ For instance, see TJ de Paris, RG 21/13501, 13.09.2022.

⁽⁴⁰³⁾ For instance, see IP Court of Florence, RG. no. 14957/2019, 16.11.2022.

⁽⁴⁰⁴⁾ For instance, see District Court The Hague, C/09/613559, 13.03.2024.

⁽⁴⁰⁵⁾ For instance, see High Court of Alicante, Resolution nº 91/2024, 16.02.2024.

⁽⁴⁰⁶⁾ For instance, see Supreme Court (OGH), OGH 4 Ob 22/15m, 19.05.2015.

⁽⁴⁰⁷⁾ See Answers to Question n°7 – local legal correspondents' questionnaire (Ireland).

⁽⁴⁰⁸⁾ Fricke in BeckOK Patentrecht, 31. Edition, Stand 15.01.2024, § 142a, Rn. 16 (Die Regelung des Schadensersatzes ist für alle IP-Rechte identisch ausgestaltet).

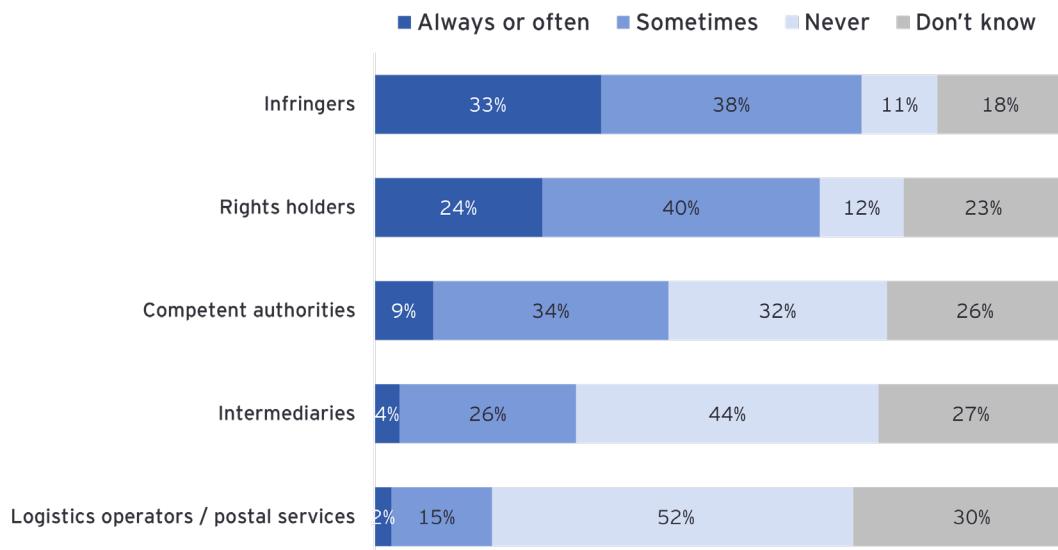
Country	Provisions addressing allocation of costs of storage and destruction between the parties	Allocation of costs
Finland	Chapter 7, Section 10 of the Code of Judicial Procedure (4/1734, as amended) (<i>precautionary measures</i>)	Costs for precautionary measures are borne by the applicant initially. However, the decision on who ultimately bears the costs will be typically determined during the handling of the main proceedings (case on the merits).
France	1. Copyright and related rights (French IPC ⁽⁴⁰⁹⁾ - article L.331-1-4) 2. Industrial designs (French IPC - article L.521-8) 3. Patents (French IPC - article L.615-7-1) 4. Trademarks (French IPC - article L.716-4-11)	The plaintiff who has managed to prove the infringement of its IPR may request the court for additional measures, such as destruction of the infringing goods, and "the cost of such measures shall be borne by the infringers".
Germany	Regarding allocation of costs: All in conjunction with § 9 II ZollKostVO: 1. § 142a VI German Patent Code, 2. § 148 II German Trademark Code, 3. 111b German Copyrights Code, 4. § 57 I German Design Code Regarding relevant IP law that provides a specific claim for damages: 1. §139 II German Patent Code 2. § 42 II German Design Code 3. § 14 VI German Trademark Code 4. § 97 II German Copyrights Code	The various costs incurred by authorities for the seizure, storage, and destruction of products that violate IP protection rights must initially be borne by the IP-rights holder as the actions of the authorities are carried out "for" them. Once an IP rights infringement has been judicially confirmed, these costs can then be reclaimed by the rights holder as damages. This generally requires fault on the part of the IP rights infringer.
Ireland	Regulation 4 of Regulations 2006 (SI No. 360 of 2006)	Court orders for recall, removal or destruction. In cases that reach the court system, costs are a matter for the court. Disputes in relation to allocation of costs can be brought to the Taxing Master who decides the apportionment of costs.
Italy	Article 124(3) of Italian Industrial Property Code (D.lgs. 10 February 2005, no. 30, hereinafter IP Code)	Destruction may be ordered, if no special reasons are opposed, at the expense of the infringer. Therefore, as a general rule, usually the Court will order the infringer to bear the related costs (e.g. in the case of counterfeit goods that are seized on the request and on behalf of the rights holder and destroyed based on a Court's decision on the infringement).
Netherlands	1. Article 70(4) of the Patent Act (Rijksoctrooiwet 1995) 2. Article 2.21 of the Benelux Convention on Intellectual Property (BCIP) (Benelux Verdrag inzake de Intellectuele Eigendom) (trademark) 3. Article 3.17 of the BCIP (design) Article 26e of the Copyright Act (Auteurswet)	There is no specific national law directly regulating how costs resulting from IP-infringing goods detained by competent authorities must be charged between the parties. Nevertheless, costs are governed by Regulation 608/2013. Based on article 29 of the IP Customs Regulation, the costs for detaining infringing goods shall be paid by the party who requested the Dutch Customs to detain the goods (often the IP-owner). Then, they may claim compensation for these costs through civil proceedings.
Spain	1. Article 71.1 e) of the Spanish Patent Law 2. Article 41.1 d) of the Spanish Trademark Law, 3. Article 53.1 d) Spanish Industrial Design Law	Infringers shall bear the costs of destruction of infringing goods.

Source: EY Law

The survey results confirmed this variability: in one third of the cases, infringers were found to bear the costs resulting from the seizure and storage of IP-infringing goods always or often. In a quarter of the cases the rights holders bear the costs, while competent authorities (9%) and intermediaries (4%) were less frequently paying these costs (see Figure 9). An almost identical pattern can be found for the costs of destruction of seized goods.

⁽⁴⁰⁹⁾ IPC stands for French Intellectual Property Code.
2026

Figure 9. Groups most likely to bear the costs of the detention or seizure and storage of IP-infringing goods



E2. In your country, how often do the following groups bear the costs resulting from the seizure of IP-infringing goods, including storage costs?

% Total, Base: Respondents who selected to be 'very familiar' or 'somewhat familiar' with measures and costs concerning infringing goods in Q3 (n=82)

Source: IPRED survey (May 2024)

Challenges for rights holders

Interviews with rights holders confirmed that this variability in cost allocation across MS can lead to significant financial risks. In MS like Germany, rights holders are often left bearing substantial costs until they can successfully reclaim them through legal proceedings – a process that can be lengthy and costly.

Furthermore, in e-commerce, particularly with small parcels, some e-commerce platforms accept shipments in their logistics systems without adequate electronic tracking or identification mechanisms such as fingerprinting. This creates opportunities for counterfeiters to operate anonymously. Interviewees describe situations where packages arrive at the door of a customer with a barcode but no identifying information about the seller or consignor. This lack of transparency makes it difficult for customs to trace the source of the goods, creating a loophole for infringers.

Stakeholders also expressed concern about the lack of KYBC obligations across all intermediaries. The DSA introduces KYBC requirement that are expected to improve transparency in the value chain. Stakeholders believe that similar requirements should be extended to transport and logistic companies, ensuring that all actors in the supply chain can be held accountable. The Recommendation to combat counterfeiting⁽⁴¹⁰⁾ also encourage transport and logistic services providers that have direct contractual relationship with the shipper or consignee to verify shipment-related data with the aim of sending reliable pre-arrival data to the customs authorities at their request to contribute to an effective customs' risk assessment against IP-infringing activities.

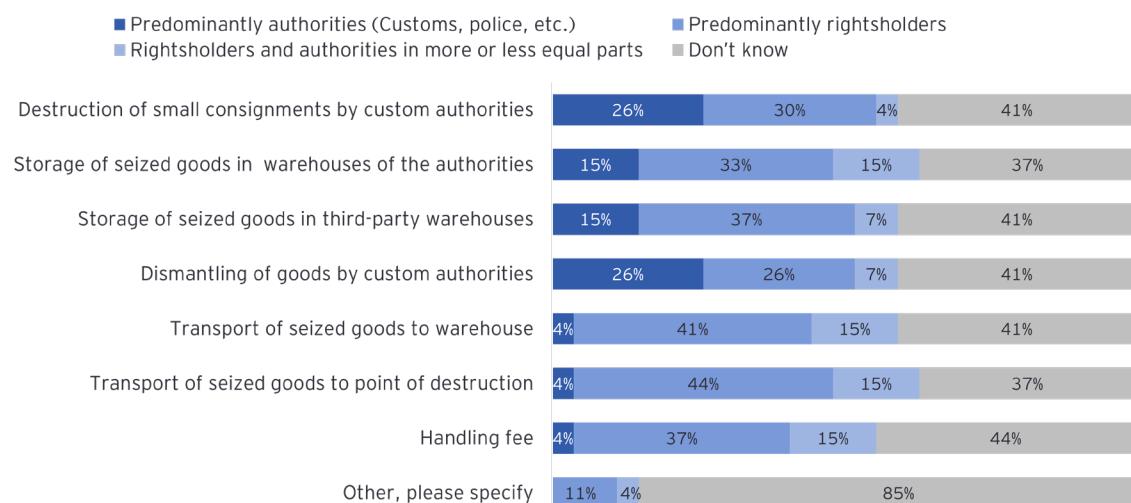
⁽⁴¹⁰⁾ European Commission, supra fn 7.

In this context, stakeholders pointed out that most infringing goods that arrive promptly, often the day after being ordered, are not shipped overnight from China but are already stored in fulfilment centres, having typically arrived in containers. Stakeholder suggested that customs authorities could focus more resources on inspecting larger shipments rather than small consignments.

Infringer identification and cost recovery

IPRED Article 10(2) specifies that corrective measures, such as destruction of IP-infringing goods, should be carried out at the expense of the infringer. However, when the infringer is not identified or unable to pay, rights holders are frequently left to cover the costs associated with storage and destruction, as confirmed by survey respondents. In the case of 'dismantling of goods by custom authorities', the costs seem to be shared between rights and authorities equally (see Figure 10).

Figure 10. Degree to which rights holders or authorities bear various costs when the infringer is not identified or is unable to pay



E6. Rights holders may require corrective measures such as the destruction of the seized goods. The measures should be carried out at the expense of the infringer, yet, in reality, the infringer may not be identified or unable to pay. In that case, who bears the various costs?

% Total, Base: Respondents who selected 'very familiar' or 'somewhat familiar' in Q3 and who are 'right holders of intellectual property rights' or 'Intermediary service providers' in D1a (n=27)

Source: IPRED survey (May 2024)

In Germany, it was highlighted that while the law allows rights holders to recover costs after an infringement is confirmed, in civil procedures rights holders often do not pursue these claims because the infringers whereabouts remain unknown. Additionally legal actions to recover these costs can be risky and costly. Interviewees pointed out that starting a big lawsuit "*may not be worth it, nor economically viable.*" Court cases require a careful preparation of the chain of evidence by the rights holder which often means having to invest in identifying the production site, the transport and logistics details etc.

Given that the corrective measures such as payment of the costs of destruction by the infringer require a civil procedure and a judgement, it was confirmed in interviews that courts can take costs into consideration, such as the time of the storage and the costs for the destruction in their decision on damages.

Interviewees confirm that the rights holder is often not able to identify the real infringers or does not obtain correct information from customs authorities. For the rights holders it remains costly to detect all the different elements in the value chain while for the customs, the party that is easiest to identify and charge, is the rights holder. According to rights holders, this leads to a

shift in the cost burden which is not appropriate. While IPRED provides for recovery of costs and award of damages, interviewees point out that litigation in this area bears risks, which need to be taken into account when a rights holder decides for or against litigation.

3.5.4. Costs of storage, transport, and destruction

EUIPO (2023) has analysed the costs of storage and destruction within 15 MS and for three industries (see Annex VI). The data, although not fully representative, provides insights into the variability of costs.

Our estimates on the costs for transport, storage, and destruction are based on data and the experience gathered by the REACT Anti-Counterfeiting Network from its 350 member companies and rights holders ⁽⁴¹¹⁾. As such they may not be fully representative of all sectors or EU MS. However, they offer a solid foundation for understanding cost variability. As there are circumstances under which these costs could vary significantly, each estimate is accompanied by an explanation of the assumptions made.

Part of the difficulty in providing accurate estimates arises from the lack of harmonisation among EU MS. They follow different approaches, apply different fees and methods of calculation. This leads to significant variability in costs based on:

- How the storage fees are charged. There are multiple practices across EU MS based on estimated standard fees, per kilo, per ton, per m³, per number of packages, per lineage m² pallets, in per cage volume, per container volume, or fees for storing in containers (e.g., in the ports)
- How the goods are eventually transported (as unaltered goods or shredded)
- Where the goods enter the EU. For instance, passenger airports do not charge the same storage costs as cargo airports, seaports charge different fees depending on the port authorities and EU MS. In sea ports, storage can be problematic due to the high volumes. The available storage may be insufficient and external storage space needs to be rented. Interviews point out that customs authorities tend to first check on their own warehouse capacities and prioritise the destruction process of goods within their premises. What follows is that goods stored in typically more expensive third-party warehouses remain there longer, adding to the storage costs of rights holders.

Interviews confirmed that they are usually not involved in the decisions of the customs authorities concerning the storage, transport, and destruction of the seized goods. This process is typically managed unilaterally by customs authorities. Interviewees indicate that checking with the rights holder could be an option to have more cost-effective options.

Interviewees have pointed out a range of country-specific situations which can only add snapshots of the existing diversity of practices at the border or within the MS. They are often linked to new developments in counterfeiting – either through increased volumes or new pathways but also point to inefficiencies within national legal systems' fight against counterfeiting.

- In Germany, where the cost of destruction is typically borne by the infringer, they fall on the rights holder when the infringer defaults. This is in line with the German customs legislation. Interviewees indicate that in case of parcels that contain the same product but by different brands, customs charge each brand owner the same cost for storage and destruction instead of splitting the costs.

⁽⁴¹¹⁾ REACT is a non-profit anti-counterfeiting network representing members from a wide range of industries. It offers various services to its members, including online enforcement, market enforcement, and customs enforcement. Further details can be found here: <https://www.react.org>.

- Bulgaria is experiencing a very high increase of counterfeited seizures during the last years. With geopolitical tensions in the Black Sea affecting supply chains, the land route from Türkiye through Bulgaria and Greece has become a popular alternative for counterfeiters. In the vicinity of the customs point of Kapitan Andreevo there are only a few destruction companies. Extreme increases (82%) in the number of detained items put pressure on storage and destruction capacity.⁽⁴¹²⁾ Bulgarian customs authorities have negotiated agreements with third-party warehouses to store detained products. These storage fees should be covered by the rights holders.

Given that the situations in the MS are diverse and the counterfeiting business models agile, public authorities as well as rights holders are constantly in a 'response mode'.

Table 9 - Costs for transport, storage and destruction

Costs for transport, storage and destruction	Costs in EUR	Assumptions and explanatory notes
Fees charged to rights holders by customs or other authorities	Min: 100 Max: 30 000	<p>These estimates refer to fees charged by customs upon the confiscation of each consignment. The fees vary per country: German and Hungarian customs charge a forfeit i.e. a lump sum fee on costs per consignment (which can be a Euro pallet or a shipping container, etc. measured in a variety of ways). Other authorities do not (like Italy and Poland) while some authorities take up the costs entirely (such as in France and the Netherlands).</p> <p>The costs for following up on customs detentions can be much higher. For some companies this can accumulate to monthly costs of EUR 30 000 or more, when external parties are involved. When proceedings have to be initiated because of opposition by importing parties, costs are even higher.</p>
Transport costs (includes transport to storage and transport to destruction site)	Min: 2 000 Max: 20 000	<p>This estimate is based on the spendings of rights owners confronted with such costs imposed in the EU. Spain and, Greece, are expensive countries for rights owners in this respect.</p> <p>This amount does not reflect all transport spendings and is therefore underestimating total transport costs.</p> <p>Distances are however mostly short. Article 25 Regulation 608/2013 enables cross border transportation under specific conditions determined by the customs authorities. In practice, several Member States do not make use of this provision.</p>
Costs for storage (in m ³ surface/ month) charged by external service providers	Min:10 Max:100	<p>The estimate is measured according to rates charged by m³ surface/month. Customs usually do not charge but leave this to service providers contracted by customs. Private warehouses can be very expensive, particularly at key locations near airports. React establishes its own warehouses with much lower costs charged by case/consignment and not on a daily rate. REACT's total annual costs on storage including housing, staff etc. is EUR 650 000.</p>
Costs for destruction (per ton of goods)	Min: 125 Max: 1 000	<p>In EU MS where purchasing power is under the EU average, the simplest type of incineration (or landfill) does not cost more than EUR 125 per ton. However, this is for sustainability reasons no longer desired.</p> <p>Crushing and incineration for energy recovery is by now the most common disposal of counterfeited goods. The costs is approximately EUR 300 per ton.</p> <p>Recycling is preferred but often not feasible for technical reasons. Costs can be high as well and may even reach EUR 1 000 per ton. Recycling textiles can be accomplished for EUR 650 per ton.</p>

Source: interviews with REACT network

As Table 9 shows, it is not possible to provide a clear picture of the cost for transport, storage and destruction as the costs varies significantly across MS. Fees charged to rights holders range from EUR 100 to EUR 20 000 per consignment, with differences in practices between MS – some charge a lump sum, while others, like France and the Netherlands, cover the cost

⁽⁴¹²⁾ 'Customs Agency reports 80% increase in counterfeit goods seized at border', see Radio Bulgaria: <https://bnr.bg/en/post/101937018/customs-agency-reports-80-increase-in-counterfeit-goods-seized-at-border>.

entirely. Transport costs range from EUR 2 000 to EUR 20 000 with certain countries, such as Spain and Greece, being particularly expensive. Storage cost vary between EUR 10 and EUR 100 per m³ per month, depending on the provider and location, while destruction costs typically range from EUR 125 to EUR 1 000 per ton, depending on the method used (e.g. incineration or recycling). These costs can accumulate quickly and represent substantial financial burdens for rights holders, as outlined above.

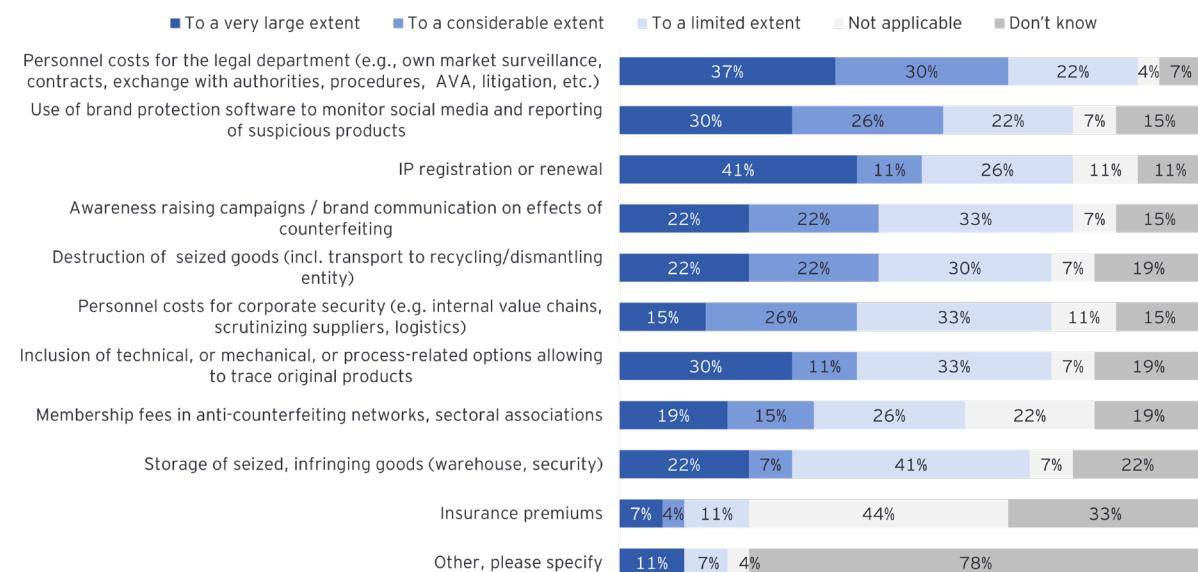
3.5.5. Costs of preventing counterfeiting

While the costs of seizures in terms of direct storage, transport, and destruction costs can be substantial, interviewees pointed out that much of the costs in combating counterfeiting are related to prevention measures.

Survey results confirm this finding. Among the 27 rights holders⁽⁴¹³⁾ who responded, about three-quarters indicated that personnel costs for legal departments are a very large or considerable financial burden. These costs include own market surveillance, litigation and exchange with authorities. Additionally, more than half of respondents found that brand protection software used to monitor social media and reporting of suspicious products, and IP registration or renewal, are at least a considerable financial burden or resource intensive.

Regarding the storage costs of seized goods, fewer respondents considered these to be a major burden. Roughly less than one third indicated that storage costs were a large or considerable concern, while the majority (44%) felt the burden was limited.

Figure 11. Extent to which enforcement and prevention measures against counterfeiting are financially burdensome or resource intensive



E5. In your company or industry, enforcement but also prevention measures against counterfeiting may take substantial resources. Thinking about your portfolio of measures, to what extent are the following measures financially burdensome or resource intensive?

% Total, Base: Respondents who selected 'very familiar' or 'somewhat familiar' in Q3 and who are 'rights holders of intellectual property rights' or 'Intermediary service providers' in D1a (n=27)

Source: IPRED survey (May 2024)

⁽⁴¹³⁾ This included rights holders from the following countries: Austria (1), Belgium (2), Croatia (2), Czechia (4), Denmark (1) Finland (1), France (2), Germany (5), Netherlands (1), Spain (1), Sweden (1) and the United States (1).

Literature and interview feedback indicate that the largest cost area is legal personnel. In particular own market surveillance has been mentioned as an important cost factor, which can include hiring private firms in the source country to identify the production site and collect evidence for legal proceeding (see below: Enforcement outside IPRED). Large companies with multiple teams can more easily manage this process, while SMEs often lack the resources. This is confirmed by survey results of the German VDMA 2022: while only 14% of large companies (>1 000 employees) do not initiate further measures, the share is 50% of SMEs. The measures include out of court agreements, civil proceedings, criminal complaint, AFA, compulsory licensing or cooperation, and other.

Varying approaches across EU MS

Interviewees noted that some MS customs authorities are more hesitant to provide the full documentation, often requiring rights holders to seek disclosure through civil action. Whether or not companies are looking for civil action also seems to be linked to company size: 59% of larger companies (>1 000 employees) but only 17% of small companies (<250 employees) where seeking for civil redress in Germany. Yet, civil redress is not the most preferred measure, as 58% of companies preferred out of court proceedings (VDMA 2022), largely due to the high costs and risks associated with civil proceedings.

Structural difference in the EU MS where civil proceedings are the main option and criminal proceedings are “not in the system” also affect enforcement. While the customs regulation speaks about ‘taking action’, it does not specify whether this action should be criminal or civil. It was observed that in Northern Europe, civil proceedings are more common, whereas the Southern European MS tend to rely on criminal proceedings. In the Netherlands for example, rights holders cannot simply file a complaint against a certain party with the police.

Preventative measures and costs

The costs of preventing counterfeiting are described below in Table 10, based on insights and experiences gathered by REACT. They are validated and further complemented by examples from among the most counterfeited brands from the sporting goods sector covering (1) footwear, (2) apparel (textiles such as sports jerseys or casual sportswear), and (3) equipment (e.g. bags, balls, eyewear).

When interpreting the data, it is important to consider the following:

- 1) There are significant differences between individual rights owners. Established brands may have complete brand protection divisions, while upcoming brands and SMEs and micro enterprises usually do not have dedicated staff;
- 2) Some estimates presented are predominantly based on total spendings and costs charged by REACT to its members. Validation of these estimates has been performed by companies from the sporting goods sector, including footwear, apparel and equipment;
- 3) Although REACT represents a wide range of sectors, not all sectors are equally represented. Fashion and luxury goods contribute the most to REACT’s activities and budgets;
- 4) The examples presented represent rough estimates from the sporting goods sector and are based on average calculations derived from limited data.

Table 10 - Prevention costs

Costs for prevention	Costs	One-off/ Recurrent		Assumptions and explanatory notes
		One-off	Recurrent	
Personnel costs for corporate security (e.g. internal value chains, scrutinising suppliers, logistics)	Min: 0 FTEs Max: 11 FTEs		X	<p>Large companies suffer more from IP violations compared to SMEs. In SME's it is often a product manager taking care of the IP violation as a side activity.</p> <p>For major brands frequently targeted by counterfeiters the number of FTEs can go up to 11 people. Some brands also have global teams with many other resources focusing on corporate security. The FTEs in these cases can be even higher.</p>
Personnel costs for the legal department (e.g., own market surveillance, contracts, exchange with authorities, procedures, AVA, litigation, etc.)	Min: 0 FTEs Max: 1 FTE		X	<p>This includes only in-house legal FTEs and on a recurrent basis not external legal support following up on custom detentions. In this case too SMEs would not have a dedicated FTE on legal activities associated to counterfeiting. Major brands frequently targeted by counterfeiters can have up to 25 FTEs dedicated to counterfeiting.</p>
Inclusion of technical, or mechanical, or process-related options allowing to trace original products	NA	NA	NA	<p>This is highly dependent on industry practices. In the sporting goods industry, the costs are driven by authentication. Different forensics programmes and technologies are adapted for different product collections such as footwear, apparel and equipment. The fixed investment for these tools is significant and their maintenance requires dedicated personnel to update them on a regular basis to stay ahead of counterfeiters. An average estimate is 3 FTEs fully dedicated to authentication. Several more FTEs are dedicated to implement, maintain and update technologies regularly.</p>
Use of brand protection software to monitor social media and reporting of suspicious products	EUR 45 000		X	<p>This is an average cost spent by REACT members based on the REACT Internet Monitoring program with an additional margin of +25%. This applies mostly to large companies.</p> <p>Major brands frequently targeted by counterfeiters indicate EUR 65 000/year which also includes internal brand protection team members.</p> <p>Companies also engage with third-party market monitoring services to monitor online marketplaces or social media sites.</p>
IP renewal	<u>Trademarks</u> Min: EUR 1 000 Max: EUR 1 800 <u>Designs</u> Min: EUR 150 per design (first period of renewal) Max: EUR 700 per design (fourth period of renewal)		X	<p>Includes the costs of EUIPO and national registrations for Trademarks and Designs. No information on the cost has been provided. The IP renewal can either be made in-house or outsourced to specialised IP service providers. The costs provided represent the official fees payable to the EUIPO (414).</p>

(414) For more information see: <https://www.euipo.europa.eu/en/trade-marks/before-applying/fees-payable-direct-to-the-euipo>

Costs for prevention	Costs	One-off/ Recurrent		Assumptions and explanatory notes
		One-off	Recurrent	
Membership fees in anti-counterfeiting networks, sectoral associations	Min: EUR 3 150 Max: EUR 95 000		X	<p>This minimum estimate is based on the React Membership contribution (EUR 3 150 annually) and other (national and international) organisations fees (could reach ca. EUR 10 000 annually)</p> <p>Major brands frequently targeted by counterfeiters indicate a substantially higher cost reaching EUR 95 000/year.</p>
Costs of applying for border protection	Min: EUR 12 000 Max: EUR 100 000	X	X	<p>The Applications for Action (AFA) and renewal are for free for the 27 Member States. The costs involve the preparation and updating of the AFAs (e.g. management by in-house legal and brand protection teams (e.g. AFA documents, IPEP) as well as the services of external counselling and third-party representatives (e.g. REACT)).</p> <p>At the EU country level national customs applications and renewals are made internally by companies. React offers this service in its Membership package. An estimate for the maintenance of custom records in the EU is EUR 3 000 per annum.</p> <p>Globally, the costs are higher with a minimum estimate of EUR 12 000 which represents the average spending of React members for global border protection filing only. The cost of maintenance of custom records (globally) is not accounted for.</p> <p>Global costs increase however due to the need to use external law firms, with fees ranging between EUR 1 500 and EUR 3 500 depending on the country. Another cost driver for major brands frequently targeted by counterfeiters is their in-house Brand Protection Team, IP and internal/external legal counselling plus the fees of organisations such as REACT.</p>
Costs to train and instruct law enforcement authorities how to identify counterfeited goods	Min: EUR 2 000 Max: EUR 20 000		X	The average sum on training for REACT Members/rights owners is EUR 2 000. Next to the React training activities almost all countries have one training exercise per annum. Costs vary depending on who organises the training and whether brands have to use an external representative.
Awareness raising campaigns / brand communication on effects of counterfeiting	Min: EUR 0 Max: EUR 30 000		X	<p>Awareness campaigns can be considered to be included in the Membership costs of anti-counterfeiting associations.</p> <p>For some brands, awareness campaigns are dealt externally by authorities such as EUIPO or national associations. Requests to finance such campaigns are separate demands and are assessed on a case by case basis.</p>

Source: interviews with REACT network

Enforcement through IPRED

In the discussions with experts, some pointed out to specific issues with Article 13 and 14 of IPRED:

- Stakeholders mentioned that most EU MS do not ensure full reimbursement of costs for right holders. Courts often award only partial costs, even in cases of successful litigation. Some EU MS, like the Netherlands, use indicative rates, but there is a need for more uniform application of the provisions or guidelines to ensure fair cost recovery across MS. Currently, some EU MS set high thresholds (e.g., “bad faith”), and thus an even higher threshold than indicated in Article 13(1), limiting the ability of rights holders to recover damages.
- A specific aspect concerns goods in transit. IPRED provisions only allow injunctions and destruction for transit goods but do not permit claims for damages. This gap enables traders to profit from transit counterfeits without compensating right holders. Guidelines could clarify the damages provision, especially for cross-border transit cases.

Enforcement outside IPRED

As indicated in the survey and the cost interviews, legal costs to brand protection and employing an internal or external legal team are often the highest cost factors in the fight against counterfeiting and enforcing rights. Interviewees provided examples of how they manage brand protection themselves, not only to remove counterfeit goods from the market but also “*going to the source of the problem*”, by targeting the production sites.

Enforcement efforts initiated by private sector organisations are often triggered by customer complaints or proactive brand protection measures. Interviewees confirmed by that identifying the manufacturing facilities often requires engaging dedicated services of local firms. A case from desk research illustrates how a German company responded to the discovery of counterfeits goods within the single market.

Early 2023, the fan manufacturing company Ebm-papst received a complaint from a customer who noticed that fans they had purchased appeared different from previous orders, raising suspicions of counterfeits. Upon investigation, the company traced the issue to a trading firm in Shenzhen, China, which had been selling counterfeit Ebm-papst fans online. However, the manufacturer remained unknown at that stage.

Ebm-papst collaborated with STU China, a trademark protection organisation, to delve deeper into the case. A thorough investigation was conducted, involving both online and on-site scrutiny of the supply chain. Samples of the suspected counterfeit fans were obtained and compared to genuine products, eventually leading to the identification of a factory in Foshan, Guangdong, as the source of the counterfeits.

In August 2023, a raid was conducted at the factory, with the support of local authorities and STU China. The investigation revealed that the factory had been purchasing genuine Ebm-papst fans, applying counterfeit labels, and refurbishing both old original and new counterfeited fans to sell them as original products. To further obscure the distinction between genuine and counterfeit items, a mix of both types was sold together.

As a result of the raid, 149 fans and 260 counterfeit labels were seized, along with all counterfeit products and sales proceeds. The counterfeiters were fined RMB 20 000 (approximately EUR 2 500). ⁽⁴¹⁵⁾

According to interviews and experts, in several EU-MS, criminal procedures are preferred such as Spain or Italy. Stakeholders pointed out that seizures by the police provide more room for the rights holder for dialogue and discuss the different options to dispose of the counterfeit goods, to ensure that the process is effective and environmentally friendly. Seizures by the

⁽⁴¹⁵⁾ <https://www.industr.com/de/ebm-papst-deckt-faelscherwerkstatt-auf-2728378>.
2026

police are also favourable for court cases. While in civil procedures rights holders may be challenged about the chain of evidence, this is typically not the case once the police is involved.

Participants to the expert panel suggested that Europol and Eurojust should play a more active role in cross-border anti-counterfeiting efforts. They indicated that rights holders struggle to engage these agencies effectively. It was noted that Europol becomes involved only when instructed by police, and there is little transparency about whether cases submitted by rights holders are actually pursued. Greater accessibility to these agencies for rights holders was proposed as a way to strengthen cross-border enforcement.

3.5.6. Anti-counterfeiting technical solutions

Given the ever-increasing need for rights holders and enforcement authorities to combat the high volumes of counterfeited goods that threaten the economy and safety of consumers, anti-counterfeiting technologies and brand protection means have gained in importance.

As indicated in the survey (see Figure 11 above), preventive measures such as brand protection measures and tracking technologies are already a more important cost item for rights holders than costs resulting from seized goods. Authentication and brand protection are growing industry sectors due to the need to uphold brand integrity, ensure consumer security, adhere to legal protocols, and protect IP rights. It comprises of a diverse set of cutting-edge technologies such as labels, inks, watermarks, biometric authentication, encryption, and innovative blockchain-based tracking systems.

The EUIPO has established a compendium of existing technologies, called the Anti-Counterfeiting and anti-piracy technology guide (ACAPT Guide).⁽⁴¹⁶⁾ It distinguishes electronic technologies (such as RFID or electronic seals), marketing technologies (machine-readable codes, inks, etc.), chemical and physical technologies (DNA coding, surface fingerprint), mechanical technologies (such as labels, laser engraving, seals), digital protection technologies (DRM systems, digital watermarks). Furthermore, process-related measures limiting options for counterfeiting through internal management processes and their certification through standards are another protection method. With a high penetration rate on the market, security labels, holograms, RFID/NFC, barcodes, and QR codes are already prevalent.

On the need for authentication, an interview with a right holder explained 'the trending of warranty fraud'. In these cases, individuals send the brand a counterfeit product as a 'return' in the hope of getting a genuine part as a replacement or a refund. If not identified as a new fraudulent case, the estimated cost would have been about EUR 1.8 million in 2023. While the example comes from one sector, warranty fraud is now widespread across other sectors and appears to be organised on a global level⁽⁴¹⁷⁾.

Different industries may have different needs and options to address these needs. For example, due to the high market shares on counterfeits and piracy in the area of sound and film, the financial losses due to counterfeits are high. Specific protection technologies in legitimate products such as DRM are therefore common. Concerning pharmaceuticals, automobile or aeronautics, quality and security as well as product liability aspects are key. For high-priced textiles, sports goods or accessories the brand reputation is key.

While several technical protection measures such as holograms are difficult and costly to counterfeit, they are costly for the rights holder too. The use of high-tech protection often offers only a temporary leap – counterfeiters are quick to develop a remedy. A further aspect that

⁽⁴¹⁶⁾ EUIPO, Anti-Counterfeiting Technology Guide, 2021. Available at: https://eipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/observatory/documents/reports/2021_Anti_Counterfeiting_Technology_Guide/2021_Anti_Counterfeiting_Technology_Guide_en.pdf.

⁽⁴¹⁷⁾ See: <https://authena.io/fake-documents-in-aviation/>.

prevents the usefulness of technical measures concerns their specificity. Invisible marks for example can only be identified by experts – but not necessarily by traders, customs or customers (418).

A range of companies is developing or offering sophisticated technical solutions to brands. For example, the mix of Internet of Things (IoT) sensors, AI, and blockchain technology into the supply chain management allows companies to know at any moment, where their products are located. Conversely, rights holders can inform custom authorities about shipments.

Blockchain

Blockchain technology can be used in any supply chain, spanning from manufacturer to consumer. In a blockchain, any transaction is recorded and registered. Features such as anti-counterfeiting traceability, and consensus mechanisms can be incorporated and are needed to allow only for legitimate transactions.

At the manufacturing entity, every product requires a product ID, batch number, production date, shipment batch, received date, receiver ID, manufacturer name which will be recorded into the blockchain. Every further actor in the chain such as trader and seller need to record their transaction in the blockchain (timestamp of event) too.

For customs with their high volumes of documents, blockchain technology enables the automated exchange of data. The open-source software for end-to-end digital customs clearance in foreign trade BORDER (Blockchain-based organization of relevant documents in external trade with regulatory compliance) is a digital solution handling of customs-related documents, data and processes including the documentation of status and data changes. It is a trustworthy and tamper-proof for all parties involved (419).

Using blockchain technology implies not a one-off cost for the manufacturer, but every transaction needs to be recorded in the ledger requiring mining activities – which need to be compensated. This is typically based on bitcoins or another digital token. Since the price of a crypto currency is constantly changing, so is the cost of the transaction. In a simulation of two transactions, one by the manufacturer, one by the trader and the price of Ethereum in October 2022, the costs for both transactions were USD 0.92 per product (420). For a product price calculation, this sum may be marginal (such as for a high end, branded textile product) while for products that compete on price, this may be too high.

3.5.7. Recycling and reuse

In the Commission's Recommendation on measures to combat counterfeiting, the environmental costs of the destruction of IP-infringing goods are included (Recital 28). The Recommendation points out, 'recycling or disposal of counterfeited goods which are detained by the customs authorities, are subject to a decision of these authorities and completion of related formalities. "There is a need for the relevant stakeholders to make their best efforts to ensure the environmentally safe and sound disposal of IP-infringing goods". The Recommendation encourages MS and economic operators to prepare infringing goods that are ordered for destruction, "for re-use, recycling or other recovery operations (Recommendation 45).

(418) Was sich gegen Produkt- und Markenpiraterie tun lässt. <https://www.manager-magazin.de/hbm/was-sich-gegen-produkt-und-markenpiraterie-tun-laesst-a-6b5e0ce1-0002-0001-0000-000020978526>.

(419) BORDER is one product of the publicly funded project to establish a European Blockchain Institute, funded by the Ministry of Economics of the Land North-Rhine-Westphalia, Germany. Available at: <https://blockchain-europe.nrw/en/contact/>.

(420) Anthony et al, *Developing an anti-counterfeit system using blockchain technology*, Procedia Computer Science, Vol 216, 86-95, 2023. Available at: <https://www.sciencedirect.com/science/article/pii/S1877050922021925>.

Our legal analysis examined the provisions within legal frameworks in terms of destruction, recycling, or re-use of goods. While the option to destroy goods is included in the legislative frameworks of all the countries' analysed, none explicitly mentions recycling. Only Spanish trademark law includes the option to donate goods for humanitarian purposes (see Table 11).

Table 1111 - Overview of provisions concerning the option of recycling of seized goods, selected countries

Country	Is national law addressing recycling?
Austria	While there is no explicit provision for recycling, the principle of proportionality applies. Destruction is not mandatory if a less destructive remedy is available. In trademark cases, removing the infringing mark is acceptable only if it does not cause undue hardship to the infringer, but destruction remains the rule
Belgium	There are no provisions for recycling or secondary use of seized goods but Belgian authorities are exploring (FSP Finance 2024)
Finland	Finnish law does not provide for recycling or reuse of goods
France	There are no provisions for recycling or secondary use of seized goods
Germany	There are no legal provisions that allow for the recycling or reuse of infringing goods.
Italy	Destruction is not required if removal of the infringing mark or signs is possible. Destruction is seen as a last resort
Netherlands	There are no specific provisions for recycling or secondary use of seized goods under Dutch law.
Spain	There is no specific provision requiring recycling or secondary use. Spanish Trademark Law allows the rights-holder to request that infringing goods be destroyed or used for humanitarian purposes as an alternative to destruction.

Source: EY Law

While re-use and recycling are important policy goals for the EU, industry has no uniform view on the usefulness to apply these principles to counterfeit goods. Often, an immediate use of the counterfeit good is perceived as problematic: some fake goods are "utterly dangerous" and therefore need to be excluded from the market. Given the often-poor quality of counterfeits, health and security issues, rights holders voiced strong concerns up to direct disagreement on the idea of re-use. In cases such as textiles with the high volumes of counterfeits and in addition to quality issues and brand reputation, it could mean that the own brand would suffer from more supply when the seized counterfeited products would be made available on the market.

Recycling is regarded more positive, and companies are generally in favour of recycling. However, an important barrier is the costs of dismantling of material and sorting.

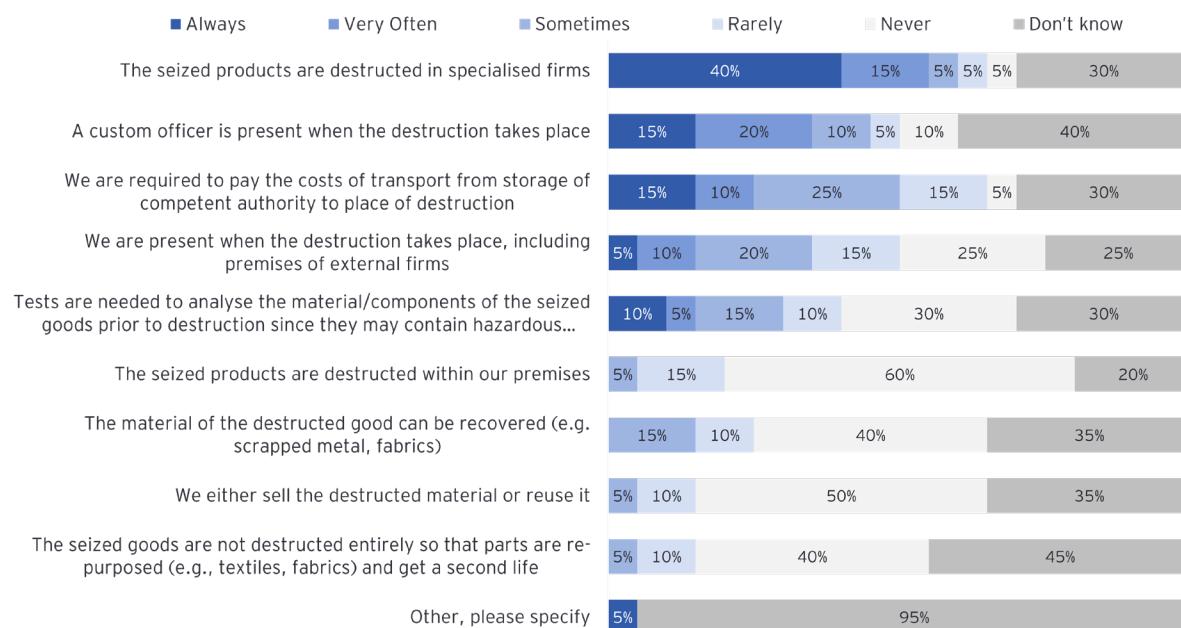
Interviews and analysis of the EC/EUIPO 2023 (421) report found that customs authorities typically organise the process and decide how to deal with seized counterfeited products, in accordance with EU legislation and national provisions. The interview partners did however not know the custom-internal procedures and processes that apply. Rights holders may get samples in order to determine whether the products are infringing or not. In MS where the exchange between customs and right holder follows electronically, rights holders rarely receive a sample of the seized goods. Only in case the rights holder cannot identify the good with pictures, a sample is sent. Interviewees indicated that they could destroy those samples if they are counterfeit. In various instances, the samples are already destroyed in the hands of the rights holder when for example the material is analysed. Seized goods are however not released to the right holder, as they are considered prohibited.

In general, destruction takes place in specialised facilities. According to our survey data, a large share of respondents indicated that seized products are either always (40%) or very often (15%) destroyed in specialised firms. Only 5% of the respondents indicate that destruction

(421) European Commission DG TAXUD, European Union Intellectual Property Office, EU enforcement of intellectual property rights: results at the EU border and in the EU internal market 2022, EUIPO 2023. Available at: <https://www.euipo.europa.eu/en/publications/eu-enforcement-of-iprs-results-at-the-eu-border-and-in-the-eu-internal-market-2022-november-2023/>.

takes place ‘sometimes’ at their own premise. Roughly one third indicated that a customs officer is present when the destruction takes place. One quarter mentioned that they need to pay the costs of transport from storage of competent authority to the place of destruction (e.g., an incinerator). Since the goods are externally scrapped or destroyed, the opportunity to reuse the material is very limited. 5% of the respondents indicated either reuse or repurpose while 50-60% answered that the material can either not be recovered, reused, or repurposed.

Figure 12. Frequency of actions taken / situations experienced when destroying seized goods



E7. You indicated above costs for the destruction of seized goods. Could you specify if the following applies
 % Total, Base: Respondents who selected ‘to a very large, considerable or limited extent’ for the option ‘Destruction of seized goods (incl. transport to recycling/dismantling entity)’ in E5 (n=20)
 Source: IPRED survey (May 2024)

Good practices

Different interviewees cited the REACT network and its ‘Sustain’ programme (⁴²²) as a good practice for the effective management and recycling of seized counterfeit goods.

REACT ‘Sustain’ is a company based in the Netherlands. It has been operating since 2012 in partnership with a Dutch Social Workplace (DWZ B.V.), handling counterfeit goods confiscated in the Netherlands, Belgium, and Germany. It aims to process the seized goods responsibly, prioritising recycling over the mere destruction of products, and reducing processing costs. The REACT organisation states that the handling of goods confiscated in other EU MS has been facilitated by Article 25 of Regulation 608/2013 (⁴²³). Specifically, the EU regulation states that products destined for destruction cannot be released for free circulation, with some exceptions that include recycling purposes. This possibility is determined by customs authorities, responsible for deciding and setting the conditions under which seized goods can be transformed and released for free circulation in the EU Customs Union.

A good example of an integrated testing procedure was mentioned in a third country: Dubai Customs was described as “state-of-the-art” due to its in-house testing laboratory. At the public authority level, all products are tested before being sent for recycling through private sector

(⁴²²) See: <https://www.react.org/solutions/react-sustains/>.

(⁴²³) Regulation (EU) No 608/2013, supra fn 399.

firms in Dubai. After completion of recycling, the rights holder receives a certificate of recycling. However, the rights holder has to cover the recycling costs.

Challenges and opportunities

Different interviewees emphasised that they would favour recycling options instead of destroying (such as through incineration) counterfeit goods as a means of disposal. One interviewee stated they were against the possibility of re-use, particularly in relation to electronic products, due to the fact that counterfeit electronic products are often unsafe. Conversely, the interviewee supported the potential extraction and re-use of raw materials from electronic products, a solution that could be both economically and environmentally sustainable while also respecting safety requirements.

A challenge commonly mentioned by interviewees was that recycling options are not equally accessible across EU MS. In practice, the recycling processes of counterfeit goods require adequate recycling facilities, which are not necessarily available in the country of seizure. Interviewees also highlighted the fact that transporting counterfeit products from one MS to another that has a specific recycling facility (for example, for batteries) is often hindered by national regulations. For instance, in Hungary, seized counterfeits are classified as waste and, as such, cannot be exported. *In other MS, cross-border transport of seized (and ultimately destroyed) goods is (still) subject to VAT. Another issue concerns the safe transport of counterfeit goods. Interviewees pointed out that truckloads of unsupervised counterfeits travelling from south to north or east to west 'disappear' easily. Therefore, the safe transport of counterfeits, such as luxury or sports goods, across countries to a destruction site was seen as challenging.*

Interviewees highlighted the potentially significant costs associated with testing counterfeit products prior to their destruction. Neither rights holders nor public authorities typically know the composition of the goods or their potential hazardousness. Determining whether a product requires special handling or can only be incinerated at facilities with appropriate filters would necessitate testing each shipment, often requiring chemical analysis. Testing one or two products costs approximately EUR 900, while a chemical analysis for an entire product can cost around EUR 3 500. Thus, while recycling is an important issue for rights holders, they indicated that they are not involved in the decisions made by customs authorities.

3.5.8. Conclusions

The costs associated with the storage, transport, and destruction of IP-infringing goods represent a financial burden on rights holders across the EU. While IPRED states that the measures, such as destruction of IP-infringing good, should be borne by the infringer, rights holders are often left to cover these costs, especially when the infringer cannot be identified or is unable to pay. Although IPRED provides a legal framework for rights holders to recover these costs through civil procedures, many rights holders are reluctant to pursue this option due to the high costs and lengthy legal procedures, which are often not proportionate to the value of the seized IP infringing goods.

One of the concerns raised by rights holders is that non-harmonised procedures and varying costs charged by customs authorities across the MS add complexity. The lack of uniformity in processes and fee structures, in particular of third-party warehouse storage costs, require a substantial investment in resources of rights holders to navigate and respond to the different national processes, rules, and decisions applied.

To address these issues, rights holders advocate for more clarity, harmonisation, and improved communication among customs authorities. Enhanced communication and information-sharing among customs authorities and across MS could lead to a better understanding of the various situations and procedures, enabling more consistent handling of seizures and cost management.

Stakeholders also recommend introducing new technologies to track counterfeit products, such as electronic fingerprinting and blockchain tracking. This would improve the traceability of these products within the value chain and close loopholes that allow counterfeiters to operate anonymously, particularly in the e-commerce sector. Enhanced traceability mechanisms could reduce the number of unidentified infringers and help shift the financial burden away from rights holders.

Another suggestion is to foster more direct exchanges between customs authorities and right holders. This would allow rights holders to propose more cost-effective solutions, particularly when third-party warehouses are involved. Similarly, involving rights holders in the decision on the best way to dispose of counterfeited goods could help in finding more sustainable solutions.

Yet, sustainable solutions can be very costly – given that they can contain harmful substances, testing of the seized batches is often needed. While ideally the place of seizure is close to an adequate place of destruction, this is often not the case. Transporting seized goods between MS is administratively a burden to the rights holders.

To streamline this process, the establishment of test facilities near customs authorities, or even under their supervision, would make decisions regarding disposal more efficient. For instance, one possible approach would be to consider utilising the Union testing facilities established under the 2019 Market Surveillance Regulation. More information exchange about customs authorities' rules and procedures concerning the export of counterfeit goods destined for destruction could also encourage customs authorities to seek sustainable solutions.

In conclusion, rights holders seek clearer, more harmonised procedures and greater involvement in decisions related to the handling of seized goods. This would reduce costs, improve sustainability, and foster better coordination between customs authorities and rights holders across the EU.

Annexes

Annex I – Case law review protocol

	RT1: Proportionality Principle	RT2: Patent assertion entities
Guidelines for case law selection		
Databases to be used	<p>General and specialised legal journals, in particular in the field of intellectual property and information technologies (e.g., Darts-IP, Communication Commerce Electronique - LexisNexis, Recueil Dalloz, etc.);</p> <p>European and national databases (EUR-Lex, InfoCuria, European Legislative Observatory, EUIPO - eSearch plus, EUIPO - eSearch Case Law, EPO - European Patent Register, Legifrance.fr, Normattiva.it, Legislation.gov.uk, etc.);</p> <p>External databases and computerised legal documentary resources (e.g., Lamyline (Wolters Kluwer), Editions Francis Lefebvre, Dalloz, Lexis360, Doctrine, Darts-IP);</p> <p>Internal database, tools specific to EY Law Firm (e.g Doctrinews, Legal Box, Lexbrain).</p>	
Jurisdiction concerned	9 EU Member States (Netherlands, Germany, France, Ireland, Italy, Spain, Poland, Belgium, and Sweden), the UPC	All relevant EU Member States
Inclusion criteria to select relevant cases	<p>Case law where the proportionality principle for measures, procedures, or remedies necessary to ensure the enforcement of IP rights has been either raised by a party and/or enforced by the Court.</p> <p>Case law where the Court adapts an IP injunction through milder means (e.g., granting periods for sale and use, allowing the infringement to be remedied in a manner that complies with the patent).</p>	Case law where a Patent Assertion Entity is the plaintiff in a patent infringement litigation (i.e., Patent Assertion Entity being understood as an entity which holds and/or has acquired patents but do not manufacture products or provide services implementing such patents, and that consistently engage in the assertion of patents as their key modus operandi).
Exclusion criteria to select relevant cases	Case law where the proportionality principle for measures, procedures, or remedies necessary to ensure the enforcement of IP rights has not been either raised by a party and/or enforced by the Court.	Case law where the plaintiff is not a Patent Assertion Entity defined as an entity which holds and/or has acquired patents but does not manufacture products or provides services implementing such patents, and that consistently engages in the assertion of patents as its key modus operandi and the core of its business model. Excluded are entities such as universities, start-ups, sole inventors, etc. which do not manufacture products, but engage in research and development and license their patent for their invention to be commercialised
Keywords to be used cumulatively and/or alternatively	“Proportionality” “Article 3 (2)” “patent” “injunction”	“Non-practicing entity” “patent troll” “patent assertion entity” “patent” “injunction” “injunction gap” “forum shopping”

	<p><i>N.B: such keywords shall be translated accordingly depending on the EU Member State.</i></p>	<p>“PAE” “patent license” Company names of the major PAE <i>N.B: such keywords shall be translated accordingly depending on the EU Member State.</i></p>
Intellectual property rights (“IPR”)	All kind of IPR with a focus on patents	Patents

Guidelines for selected case law

Case law details to be extracted	<ol style="list-style-type: none"> 1. Country 2. Date 3. Court 4. Identification number 5. Parties 6. Source - Database where the case law was found 7. Related case law (i.e., decision of first instance, appeal decision, supreme court decision). 8. IPR at stake (type: patent, trademark, copyright, design, other) <p><i>N.B: Please ensure to review all related case law of a decision and to specify whether the decision has been subject to an upper court's decision.</i></p> <p><i>Decisions concerning the same case shall be classified altogether.</i></p>	
Information within case law to be extracted	<ol style="list-style-type: none"> 1. Facts (briefly) 2. Claim of the parties (briefly) 3. IPR at stake 4. Argumentation of the parties. <ol style="list-style-type: none"> a. Proportionality principle raised by a party (Yes/No) b. Details of the measures, procedures or remedies for which the proportionality principle has been raised. c. Reference in extenso of the legal basis article 3(2) of the Directive of the enforcement of intellectual property rights (“IPRED”)? (Yes/No) d. Reference in extenso of a national legal basis which transposed the proportionality principle of article 3(2) of the IPRED (Yes/No). If yes, please specify. 5. Ruling of the Court. <ol style="list-style-type: none"> a. Proportionality principle taken into consideration by the Court (Yes/No) b. Details of the measures, procedures or remedies for which the proportionality principle has been enforced. c. Reference in extenso of the legal basis (article 3(2) of the Directive of the enforcement of intellectual property rights (“IPRED”)) (Yes/No) d. Reference in extenso of a national legal basis which transposed the proportionality principle of article 3(2) of the IPRED (Yes/No). If Yes, please specify. 	<ol style="list-style-type: none"> 1. Facts (briefly) 2. Claim of the parties (briefly) 3. IIPR at stake 4. Case where a standard essential patent (“SEP”) is at stake (Yes/No) 5. Type of patent (national, European, Unitary Patent) and field of the patent(s) involved (e.g., telecoms, computing programming, pharmaceutical, etc.) 6. Argumentation of the parties: please explain the argumentation of the defendant regarding the typology of the plaintiff as PAE (e.g., for rejecting patent injunction claim and/or lowering damages) 7. Ruling of the Court. <ol style="list-style-type: none"> a. Quality of the plaintiff as PAE taken into consideration in the outcome of the case (Yes/No) b. Reference in extenso of a national legal basis regulating PAE c. Criteria to qualify the plaintiff as a PAE d. Consequences of the quality of the plaintiff as PAE in the outcome of the case (e.g., sell-off period for the counterfeited product granted to the defendant, mandatory license granted by the IPR holder to the defendant, damages lowered, etc.)

	<p>e. If the proportionality principle has <u>not</u> been taken into consideration: please explain the reasons for which the Court has rejected such principle.</p> <p>f. If the proportionality principle has been taken into consideration:</p> <ol style="list-style-type: none"> i. Criteria taken into account by the Court for the application of the proportionality principle (e.g., economic value of the counterfeited product, proportion of the infringing part of an entire complex product, product incorporating upcycled components protected by IPR). 6. Consequences of the application of the proportionality principle on the outcome of the case (e.g., sell-off period for the counterfeited product granted to the defendant, mandatory license granted by the IPR holder to the defendant, damages lowered, etc.) 	
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	RT3: Dynamic blocking injunctions	RT4: Sharing of information and data protection
Guidelines for case law selection		
Databases to be used	<p>General and specialised legal journals, in particular in the field of intellectual property and information technologies (e.g Darts-IP, Communication Commerce Electronique - LexisNexis, Recueil Dalloz, etc.);</p> <p>European and national databases (EUR-Lex, InfoCuria, European Legislative Observatory, EUIPO - eSearch plus, EUIPO - eSearch Case Law, EPO - European Patent Register, Legifrance.fr, Normattiva.it, Legislation.gov.uk, etc.);</p> <p>External databases and computerised legal documentary resources (e.g., Lamyline (Wolters Kluwer), Editions Francis Lefebvre, Dalloz, Lexis360, Doctrine, Darts-IP);</p> <p>Internal database, tools specific to EY Law Firm (e.g Doctrinews, Legal Box, Lexbrain).</p>	
Jurisdiction concerned	All relevant EU Member States	All EU Member States
Inclusion criteria to select relevant cases	Case law where a plaintiff asks a Court for a dynamic blocking injunction (i.e., an injunction that covers (i) current and (ii) future repeated identical infringement acts or (iii) future similar infringement acts that have not yet occurred, and which does not require a new judicial procedure to obtain a new injunction. For example, Injunctions which can be issued in cases in which materially the same website becomes available immediately after issuing the injunction with a different IP address or URL, and which are drafted in a way that makes it possible to also cover the new IP address or URL, without the need for a new judicial procedure to obtain a new injunction).	Case law where a plaintiff requests a Court for ordering the sharing of information related to infringing goods and/or services

Exclusion criteria to select relevant cases	Case law where a plaintiff does not ask a Court for a dynamic blocking injunction.	Case law where a plaintiff does not request a Court for ordering the sharing of information related to infringing goods and/or services
Keywords to be used cumulatively and/or alternatively	<p>“Article 3 (2)” “Article 9 (1)” “provisional measure” “prevent” “interlocutory injunction” “permanent injunction” “dynamic blocking injunction” “forward-looking injunction” “catalogue-wide injunction” “Live blocking injunction”</p> <p><i>N.B: such keywords shall be translated accordingly depending on the EU Member State.</i></p>	<p>“article 8” “information” “origin” “distribution” “goods” “services” “disclosure” “confidentiality”</p> <p><i>N.B: such keywords shall be translated accordingly depending on the EU Member State. Depending on each jurisdiction, such keywords can be adapted as some EU Member states may disguise in a “general wording” referring in practice to a dynamic blocking injunction.</i></p>
Intellectual property rights (“IPR”)	Copyright, trademarks and designs with a focus on trademarks and designs.	All kind of IPR

Guidelines for selected case law

Case law details to be extracted	<ol style="list-style-type: none"> 1. Country 2. Date 3. Court 4. Identification number 5. Parties 6. Source - Database where the case law was found 7. Related case law (decision of first instance, appeal decision, supreme court decision). 8. IPR at stake (type: patent, trademark, copyright, design, other) <p><i>N.B: Please ensure to review all related case law of a decision and to specify whether the decision has been subject to an upper decision's court.</i></p> <p><i>Decisions concerning the same case shall be classified altogether.</i></p>	
Information within case law to be extracted	<ol style="list-style-type: none"> 1. Facts (briefly) 2. Claim of the parties (briefly) 3. Economic field concerned by the case 4. Interlocutory injunction or permanent injunction, please specify 5. Quality of the defendant (e.g., reseller, intermediary platforms) 6. Argumentation of the parties. <ol style="list-style-type: none"> a. Reference in extenso of the legal basis articles 9 or 11 of the IPRED (Yes/No) b. Reference in extenso of a national legal basis which transposed articles 9 or 11 of the IPRED (Yes/No) c. Please explain the argumentation of the parties for requesting a dynamic blocking injunction. 	<ol style="list-style-type: none"> 1. Facts (briefly) 2. Claim of the parties (briefly) 3. Arguments of the parties. <ol style="list-style-type: none"> a. Information to be communicated requested by the claimant b. Holder(s) of the requested information c. Purpose of the request of information d. Reference in extenso of the legal basis article 3(2) of the Directive of the enforcement of intellectual property rights (“IPRED”) (Yes/No) e. Reference in extenso of a national legal basis which transposed the proportionality principle of article 3(2) of IPRED (Yes/No) f. Argument raised by the defendant for rejecting the information sharing (e.g., data privacy, trade secrets, competition law, etc.)

	<p>7. Ruling of the Court.</p> <ul style="list-style-type: none"> a. Dynamic blocking injunctions granted by the Court (Yes/No) b. Reference in extenso of the legal basis article 9 of the IPRED or article 11 of the IPRED (Yes/No) c. Reference in extenso of a national legal basis which transposed articles 9 or 11 of the IPRED (Yes/No), if yes, please specify such legal basis. d. Conditions for granting dynamic injunction in the EU Member State e. Assessment by the Court of such conditions. f. If the dynamic blocking injunction has not been granted: please explain the reasons of the Court for rejecting the grant of such injunction. g. If the dynamic blocking injunction has been granted: <ul style="list-style-type: none"> i. Scope, content and duration of the dynamic blocking injunctions granted ii. Means granted to the plaintiff in order to enforce the dynamic blocking injunction. iii. Safeguards and conditions/methodology for updating the dynamic blocking injunction (e.g. mirror websites which were not identified at the time of the decision) 	<p>g. Guarantees regarding the information requested by the defendant (e.g., non-disclosure to third-party, duration of the conservation of such information, redacted version of the information, etc.)</p> <p>4. Ruling of the Court.</p> <ul style="list-style-type: none"> a. Information to be communicated to the claimant ordered by the Court (Yes/No/Partially) b. Reference in extenso of the legal basis (article 3(2) of the Directive of the enforcement of intellectual property rights ("IPRED")) (Yes/No) c. Reference in extenso of a national legal basis which transposed the proportionality principle of article 3(2) of IPRED (Yes/No), as the case may, please specify such legal basis. d. If all or some information do not have to be communicated to the plaintiff <ul style="list-style-type: none"> i. Information rejected for their communication ii. Please explain the reasons of the Court for rejecting such communication (e.g., obstacles of such communication such trade secret, competition rules, data protection). iii. Conditions/criteria taken into account for rejecting the communication of the information requested (e.g., necessity of the information, scope of the information). iv. Please explain how the Court has balanced the right of information (article 8 of the IPRED) and the other rights at stake raised by the defendant (e.g., right to privacy, competition issues, trade secrets). e. If some information must be communicated to the plaintiff <ul style="list-style-type: none"> i. Information to be communicated ii. Please explain the reasoning of the Court for overruling the argumentation of the defendant. iii. Conditions/criteria taken into account for accepting the communication of the information requested. iv. Please explain how the Court has balanced the right of information (article 8 of IPRED) and the other rights at stake raised by the defendant (e.g., data privacy, competition issues, trade secrets). v. Identity (defendant, third-party) and quality (e.g., supplier, distributor, etc.) of the person to which information are requested. vi. Guarantees regarding the information ordered by the Court (e.g., non-
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		disclosure to third-party, duration of the conservation of such information, redacted version of the information, escrow mechanism)
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RT5: Costs for destruction of infringing goods in the single market		
Guidelines for case law selection		
Databases to be used	<p>General and specialised legal journals, in particular in the field of intellectual property and information technologies (e.g Darts-IP, Communication Commerce Electronique - LexisNexis, Recueil Dalloz, etc.);</p> <p>European and national databases (EUR-Lex, InfoCuria, European Legislative Observatory, EUIPO - eSearch plus, EUIPO - eSearch Case Law, EPO - European Patent Register, Legifrance.fr, Normattiva.it, Legislation.gov.uk, etc.);</p> <p>External databases and computerised legal documentary resources (e.g., Lamyline (Wolters Kluwer), Editions Francis Lefebvre, Dalloz, Lexis360, Doctrine, Darts-IP);</p> <p>Internal database, tools specific to EY Law Firm (e.g Doctrinews, Legal Box, Lexbrain).</p>	
Jurisdiction concerned	All EU Member States	
Inclusion criteria to select relevant cases	Case law where a plaintiff requests a Court to order the destruction of infringing goods	
Exclusion criteria to select relevant cases	Case law where a plaintiff does not request a Court for ordering the destruction of infringing goods	
Keywords to be used cumulatively and/or alternatively	<p>“destruction” “infringing goods” “counterfeit goods” “seizure” “Article 10(c) of Directive 2004/48/EC” “Article 10(b) of Directive 2004/48/EC” “seized” “disposed of” “disposal”</p> <p><i>N.B: such keywords shall be translated accordingly depending on the EU Member State.</i></p>	
Intellectual property rights (“IPR”)	All kind of IPR	
Guidelines for selected case law		

Case law details to be extracted	<ol style="list-style-type: none"> 1. Country 2. Date 3. Court 4. Identification number 5. Parties 6. Source - Database where the case law was found 7. Related case law (decision of first instance, appeal decision, supreme court decision). 8. IPR at stake (type: patent, trademark, copyright, design, other) <p><i>N.B: Please ensure to review all related case law of a decision and to specify whether the decision has been subject to an upper decision's court.</i></p> <p><i>Decisions concerning the same case shall be classified altogether.</i></p>
Information within case law to be extracted	<ol style="list-style-type: none"> 1. Facts (briefly) 2. Claim of the parties (briefly) 3. Quality of the defendant (supplier, reseller, intermediary platforms) 4. Argument of the parties. <ol style="list-style-type: none"> a. Corrective measures requested by the plaintiff (e.g., destruction of the infringing goods, donation to charities, upcycling, etc.). b. Corrective measures requested by the defendant should it be found liable of infringement. 5. Ruling of the Court. <ol style="list-style-type: none"> a. Corrective measures ordered by the Court (e.g., destruction of the infringing goods, donation to charities, upcycling, disposal of infringing goods, removal from the channels of commerce, recycling, etc.). b. Explanation of the Court for ordering such corrective measures (as the case may be). c. Party bearing the costs of the corrective measures ordered (plaintiff /defendant) <p>Modalities of the corrective measures ordered (e.g., removal of any trademark sign on the infringing goods before donation or recycling).</p>

Annex II – Cost assessment template

Follow-up study on the application of the Directive on the Enforcement of Intellectual Property Rights (IPRED)

As part of its commitment to closely monitor and further harmonise IP enforcement, the European Commission's Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs (DG GROW) has appointed Ernst and Young (EY Consulting, Belgium) and Technopolis Group to carry out a follow-up study on the implementation of the Directive.

The study aims to collect evidence on the situation in the EU regarding the interpretation and implementation of specific provisions, also looking at potential needs for clarification or change. It will provide recommendations for potential improvements, in particular in the fight against counterfeiting.

The focus of this interview is on the **costs of counterfeiting** in the single market. To collect the necessary evidence we rely on this questionnaire which has been designed to collect data on:

- Counterfeiting prevention costs
- Post-counterfeiting costs (legal and operational costs, seizures and destruction of counterfeited goods)
- Indirect costs (lost sales, jobs, reputation)

Introductory Questions

- Can you provide details about your company's counterfeited products that have been identified? (e.g. product name, location of discovery)
- How widespread is the counterfeiting issue for your products? Do you have an estimate of the volume of counterfeit goods circulating in the EU and internationally?
- Have you engaged with relevant authorities involved in anti-counterfeiting activities?
 - **General respondent and company information**

Q1. Please provide the following information

Respondent's name and position:

Company name:

Headquarters location in Europe (city, country):

IP-protected goods in focus for the data collection:

Number of employees (indicate above or below 250):

Average Net Turnover ⁽⁴²⁴⁾ (consider years 2021, 2022, 2023 for the products in focus):

⁽⁴²⁴⁾ For Net Turnover we use the definition used in Eurostat's Structural Business Statistics (<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32020R1197>). Net turnover consists of all income arising during the reference period (2021, 2022, 2023) in the course of ordinary activities of the statistical unit, and is presented net of all price reductions, discounts and rebates granted by it.

Income is defined as increases in economic benefits during the reference period in the form of inflows or enhancements of assets or decreases of liabilities that result in increases in equity, other than those relating to contributions from equity participants.

The inflows referred to are arising from contracts with customers and are realized through the satisfaction by the statistical unit of performance obligations as foreseen in said contracts. Usually, a performance obligation is represented by the sale (transfer) of goods or the rendering of services, however, the gross inflows can also contain revenues obtained as a yield on the use by others of the statistical unit's assets. Excluded from net turnover are: all taxes, duties or levies linked directly to revenue; any amounts collected on behalf of any principal, if the statistical unit is acting as an agent in its relationship with said principal; all income not arising in the course of ordinary activities of the statistical unit. Usually, these types of

Locations of seized counterfeited goods:

- **Prevention costs**

Q2. Please provide estimates of the operational and investment costs associated with the prevention of counterfeiting. Indicate costs in terms of FTEs or EUR, depending on the category. When costs are negligible, please indicate accordingly in the table below. In your estimations provide averages for the years 2021, 2022, 2023. If costs were incurred outside the reference period please provide and explain in the notes section.

Q2. Costs for prevention	Costs	If the cost is negligible tick this box instead	Indicate if the costs are one-off/ recurrent	Describe the assumptions and provide explanatory notes
		Tick the box where applicable	One-off Recurrent	Insert text
Personnel costs for corporate security (e.g. internal value chains, scrutinizing suppliers, logistics)	FTEs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Personnel costs for the legal department (e.g., own market surveillance, contracts, exchange with authorities, procedures, AVA, litigation, etc.)	FTEs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Inclusion of technical, or mechanical, or process-related options allowing to trace original products	EUR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Use of brand protection software to monitor social media and reporting of suspicious products	EUR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
IP renewal	EUR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Membership fees in anti-counterfeiting networks, sectoral associations	EUR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Insurance premiums	EUR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

income are classified as 'Other (operating) income', 'Financial income', 'Extra-ordinary income' or under a similar heading, depending on the respective set of generally accepted accounting standards used to prepare the financial statements.

Costs of applying for border protection	EUR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Costs to train and instruct law enforcement authorities how to identify counterfeited goods	EUR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Awareness raising campaigns / brand communication on effects of counterfeiting	EUR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other, please specify	EUR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Provide additional comments if necessary:

Costs for transport, storage, and destruction of counterfeited goods

Q3. Please provide estimates on the cost of destruction of counterfeited goods. Where necessary, depending on the product, indicate a minimum and a maximum cost per ton. In your estimations provide averages for the years 2021, 2022, 2023.

Q3. Costs for transport, storage and destruction	Costs	If the cost is negligable tick this box instead	Describe the assumptions and provide explanatory notes
		Tick the box where applicable	Insert text
Fees charged to rights holders by customs or other authorities	min	<input type="checkbox"/>	
	max		
Transport costs (includes transport to storage and transport to destruction site)	min	<input type="checkbox"/>	
	max		
Costs for storage (insert daily rate)			
Explain eventual differences between costs at customs (fixed rates), external storage providers (if different from customs own storage), own premises or in a rented storage	min	<input type="checkbox"/>	
	max		

Q3. Costs for transport, storage and destruction	Costs	If the cost is negligible tick this box instead	Describe the assumptions and provide explanatory notes
--	-------	---	--

Costs for destruction
(per ton of goods)

Specify whether the cost provided refers to processes of crushing, shredding, incineration, special processes for hazardous goods or other

min

max

Costs for supervision

min

max

Provide additional comments if necessary:

Indirect costs

Q4. Describe how counterfeiting has impacted your business in the last three years in terms of sales, reputation and jobs.

Q4. Indirect costs	Describe.	Where possible quantify or monetise the impact in the last three years.
Loss of sales		EUR
Loss of reputation		Describe
Loss of Jobs		FTEs
Other		Describe

Provide additional comments if necessary:

• **Other**
Q5. How exposed to counterfeiting are SMEs in your view?

Q6. What are alternatives to destruction? What are your views on recycling, downcycling and incineration for energy recovery?

Annex III – Survey questionnaire

1. Identifying respondent groups

D1a. I am participating in this survey as a member of the following group:

1. National competent authority
2. Rights holdersRights holders of intellectual property rights (e.g. trademark, patent, design, copyright)
3. Intermediary service providers (e.g. online marketplace operator, online social media service)
4. Judiciary
5. Legal experts
6. Other, please specify

D1b. Are you answering to this survey as...?

1. Individual
2. Business
3. Business/trade association
4. Other

D2. At what geographic level does your organisation operate?

1. International (outside of Europe)
2. European Union (EU) / European Economic Area (EEA)
3. Other Europe (non-EU/EEA)
4. National
5. Regional/Local

D3. What is the name of your organisation?

Note that we ask this for data quality checking and analysis purposes only. Your personal or organisational data will not be published.

D4. Please describe your position/role in your organisation.

[OPEN BOX]

D5. In which country are you based?

If your organisation is based in multiple countries, please indicate the country of your European headquarters.

Note that when in subsequent questions we refer to 'your country' or 'your jurisdiction', the country you specified here is meant.

[COUNTRY LIST]

D6. Please provide your name

Note that we ask this for data quality checking and analysis purposes only. Your personal or organisational data will not be published.

First name [OPEN BOX – REQUIRED]

Surname [OPEN BOX – REQUIRED]

D7. Please provide your email

Note that we ask this for data quality checking and analysis purposes. Your personal or organisational data will not be published.

[OPEN BOX – REQUIRED]

2. General experience with IPRED

We would like to start with some general questions on your experiences with the EU legal framework for the enforcement of IP rights, and how it has been implemented and is being used in your country.

As noted above, when asked about 'your country' or 'your jurisdiction', please refer to the country you indicated above.

Q1. How familiar are you with Directive 2004/48/EC (IPRED) and its implementation in your country and/or other countries?

1. Very familiar (I know it in detail)
2. Somewhat familiar (I know certain aspects)
3. Not familiar or only to a very limited degree (end of survey)

Q2. What kind of direct experience with the implementation of IPRED (application of national IP law) do you / does your organisation have?

As noted above, none of the input provided in this survey will be reported at the level of individuals/specific organisations.

1. Monitoring the application of national IP law
2. Enforcing national IP law
3. Brought a claim before court under national IP law
4. Brought a claim before court of another EU Member State
5. Have/has been accused or sentenced of infringing IP rights under national law
6. Have/has been accused or sentenced of infringing IP rights under another EU Member State law
7. No direct experience

Q3. Below we have listed the topics covered in the survey. We invite you to indicate your areas of competence by selecting to what extent you are familiar with these topics. This will navigate you to questions that respond to your expertise. If you wish to answer all questions in the survey, you need to select that you are at least somewhat familiar with all applicable topics.

[GRID ACROSS]

1. Implementation and use of the proportionality principle (Article 3) in decisions on injunctions or other relief applications [Pursuant to Article 3 (2) of IPRED, measures, procedures, and remedies necessary to ensure the enforcement of IP rights must be in accordance with the proportionality principle as to avoid the creation of barriers to legitimate trade and provide for safeguards against their abuse. For more information, see the 2017 Commission guidance: [DocsRoom - European Commission \(europa.eu\)](#)]

2. Behaviour of patent assertion entities in the EU [Patent assertion entities (PAEs) are entities that enforce patents but do not utilise the patented technology. For more information see the 2017 guidance: [DocsRoom - European Commission \(europa.eu\)](#)]

3. Dynamic blocking injunctions [Article 9 of IPRED provides for the possibility to apply for court orders to compel or prevent a party from doing certain acts pending the final determination of the case (intended to prevent imminent infringements of their IPRs, or to stop the on-going infringements, on a provisional basis. For more information, see the 2017 Commission guidance: [DocsRoom - European Commission \(europa.eu\)](#)]

4. The use and role of privacy legislation for information requests (Article 8) [Article 8 of IPRED states that competent judicial authorities can order that the infringer or certain other persons to provide precise information on the origin of the infringing goods or services, the distribution channels and the identity of any third parties involved, which may conflict with other fundamental rights and interests, such as data protection and banking secrecy. For more information, see the Commission 2017 guidance: [DocsRoom - European Commission \(europa.eu\)](#)]

5. Measures and costs concerning infringing goods, including measures to seize, destructure and/or re-use infringing goods [Pursuant to Article 10 of IPRED, Member States shall ensure that the

competent judicial authorities may order, at the request of the applicant, that appropriate measures are taken regarding goods that they have found to be infringing an intellectual property right. For more information, see the 2017 guidance: [DocsRoom - European Commission \(europa.eu\)](https://ec.europa.eu/DocsRoom/european-commission/europa.eu)

1. Very familiar (I know it in detail)
2. Somewhat familiar (I know certain aspects)
3. Not familiar (or only to a very limited degree)

A. Proportionality principle

A1. Does national legislation in your country cover the proportionality principle pursuant to Article 3 of IPRED?

[SINGLE ANSWER]

1. Fully and beyond, please specify
2. Fully
3. To a large extent
4. Somewhat
5. Little or not at all
9. Don't know

A2a. In case of stated infringements, how often do courts in your country apply the proportionality principle?

1. Always
2. Very Often
3. Sometimes
4. Rarely
5. Never (although courts could do so according to national legislation)
6. Never (national legislation does not provide for this)
9. Don't know

A2b. Which elements are considered in the proportionality assessment in your jurisdiction?

1. Type of intellectual property rights involved
2. The infringed patent covers a limited part of a complex product
3. Economic value of the product
4. Quality of the defendant – SME or quality of the claimant - patent assertion entity
5. Unintentional infringement
6. Financial impact on the defendant in case of injunction
7. Standard essential patents at stake
8. The interests of the parties involved (rights holder, alleged infringer, intermediaries and users)
9. The interests of the broader public
10. The necessity of the measures in view of enforcing IPR
11. The overall impact of the measures on economic growth and innovation
12. Other, please specify_[OPEN BOX]
99. Don't know

A2c. Please select other measures that may be ordered in patent litigation in your jurisdiction:

1. Delayed injunction (i.e., the court may allow a delayed implementation of the injunction, giving the infringing party some time to wrap things up)
2. 'Sell-Off' and 'Use-By' periods (the court sets a period during which the infringer may sell off existing stock or use patented technology in a compliant manner before full compliance with the injunction is required)

3. Conversion period (an infringer may convert the production methods to respect the patent, and during this transition, the infringer is still allowed to sell the existing infringing products)
4. Bank guarantee (the court may accept bank guarantees as a means to enforce the injunction, ensuring the infringer complies with the injunction without completely disrupting the infringers' operations)
5. Ordering the claimant to grant a license to the infringer
6. Other, please specify_[OPEN BOX]

A3. In your view, which of the below would contribute the most to an improved application of the proportionality principle in your country? Please choose maximum two options.

1. Improved transparency in enforcement proceedings, ensuring that decisions are scrutinised, fair, and are taken based on established guidelines
2. Clear(er) guidelines for judges on how to apply the proportionality principle in different cases, especially in patent litigation
3. Regular training for judges to ensure a common understanding and consistent application of the proportionality principle
4. Implementing an obligation for judges to conduct a proportionality assessment in IP injunction litigation
5. Other, please specify_[OPEN BOX]
9. Don't know

A4a. The 2015 Huawei v ZTE judgement by the Court of Justice of the European Union (CJUE) established a framework to navigate disputes involving Standard Essential Patents (SEPs) where the patent holder has committed to licensing these patents on Fair, Reasonable, and Non-Discriminatory (FRAND) terms.

Do courts in your country apply the proportionality principle when considering whether to grant an injunction under the CJEU's Huawei v ZTE framework?

1. Yes (please specify the decision(s) you are aware of and how the proportionality principle has been applied)_[OPEN BOX]
2. No
9. Don't know

A4b. Why do courts in your country not apply the proportionality principle in this case?

[OPEN BOX – NOT REQUIRED]

B. Patent assertion entities

B1. During the past five years, has your organisation been challenged for infringement by a patent assertion entity (PAE)? Please select all that apply.

1. Yes, and we went to court
2. Yes, we reached an out of court agreement with the patent assertion entity
3. No

B2. Where did the litigation take place?

1. In the country of my organisation's headquarter
2. In another EU Member State
3. In a non-EU country

B3a. Was the PAE's challenge for infringement successful? If you had several cases, please provide your answer for the most recent case.

1. Yes
2. No
3. Prefer not to answer

B3b. What legal measures was your organisation subject to in this case?

1. Automatic injunction
2. Delayed injunction
3. Sell-off/use-by periods
4. Conversion period
5. Bank guarantee
6. Compulsory license
7. Other, please specify
8. Prefer not to answer

B4. In your opinion, what would be the most helpful measures to limit potentially negative economic or innovation impacts of PAE's practices? Please select maximum three answers.

1. Require firms to notify the national patent office about a change in ownership within a reasonably short timeframe (~3-6 months)
2. Apply actively the proportionality principle
3. Develop guidelines for a proportionality test
4. Implement an obligation to exploit a patent under national or EU law (as implemented under trademark law through the genuine use)
5. Promote the use of alternative dispute resolution mechanisms
6. Limitations on damages that can be asserted
7. Limitations of patent injunction relief when a patent assertion entity is involved
8. Measures to improve the quality of patents to the number of weak or overly broad patents
9. Other, please specify_____[OPEN BOX]i

B5. Is the industry you represent challenged by PAEs before courts in EU Member States?

1. Yes, frequently (more than 10% of the litigation cases in the sector)
2. To some extent (between 1-10% of the litigation cases in the sector)
3. No, to a limited extent/not at all (less than 1% of the litigation cases in the sector)

B6. Do you expect more cases through PAEs in Europe due to the new Unified Patent Court?

1. Yes
2. No
9. Don't know

B7. Where do you see the main risks from being challenged by PAEs? Please select maximum two options.

1. Cost of the litigation
2. Reputational damage
3. Cease production of key product/component
4. Slowing down innovation process
5. Other, please specify_____[OPEN BOX]

C. Dynamic blocking injunctions

With dynamic blocking injunctions we refer to an injunction that covers (i) current and (ii) future repeated identical infringement acts or (iii) future similar infringement acts which would not require a new judicial procedure to obtain a new injunction.

For example, Injunctions which can be issued in cases in which materially the same website becomes available immediately after issuing the injunction with a different IP address or URL, and which are drafted in a way that makes it possible to also cover the new IP address or URL, without the need for a new judicial procedure to obtain a new injunction.

C1. In your country, are dynamic blocking injunctions...?

1. Explicitly included in national legislation
2. Developed by courts (case law)
3. Not available
9. Don't know

C2. Please select the intellectual property rights for which a dynamic blocking injunction may be ordered in your country:

1. Copyright
2. Trademark
3. Design
4. Patent
5. Other, please specify [OPEN BOX]
9. Don't know

C3. Are you aware of specific dynamic blocking injunction orders in your country? If so, can you please describe the case(s) and the court order(s)?

C4. Please select entities against whom a dynamic blocking injunction in your national legislation may be enforced:

1. Online marketplace
2. Access provider
3. Online hosting platform
4. Website publisher
5. Other, please specify [OPEN BOX]
9. Don't know

C5. Do administrative authorities in your country have specific competences to do the following? Select all that apply.

1. Order dynamic blocking injunctions
2. Support with the implementation of dynamic blocking injunctions
3. Neither of the above **[EXCLUSIVE]**
9. Don't know

C6. Do you have suggestions to improve the application of dynamic blocking injunctions in your country?

Please provide concise and concrete suggestions based on the issues you encountered.

[OPEN BOX – ANSWERING NOT REQUIRED]

D. Sharing of information and data protection under IPRED

The following concerns the application of Article 8 of IPRED in your country, regarding the sharing of information and data protection.

Article 8 of IPRED requires Member States to ensure that in response to a justified and proportionate request of the claimant, the competent judicial authorities may order that information on the origin and distribution networks of the goods or services which infringe an IP right be provided by the infringer and/or any other person who:

- (a) was found in possession of the infringing goods on a commercial scale;
- (b) was found to be using the infringing services on a commercial scale;
- (c) was found to be providing on a commercial scale services used in infringing activities;
- (d) was indicated by the person referred to in point (a), (b) or (c) as being involved in the production, manufacture or distribution of the goods or the provision of the services.

D1. To what extent has the right to information requests pursuant to Article 8 of IPRED been incorporated into the legislation of your country?

1. Fully and beyond, please specify_[OPEN BOX]
2. Fully
3. To a large extent
4. Somewhat
5. Little or not at all
9. Don't know

D2a. In your view, does applicable legislation in your country refer to the interaction between Article 8 of IPRED and conflicting rights and interests, such as data protection and banking secrecy?

1. Yes, and it provides clear guidance on how to apply information requests
2. Yes, but it does not offer clear guidance on how to apply information requests
3. No, insufficiently or not at all
9. Don't know

D2b. Thinking about the situation in your country, how do courts balance the right to information requests and data protection considerations?

1. Data protection considerations usually prevail
2. Data protection and information considerations are applied proportionally
3. Information requests usually prevail
9. Don't know

D2c. Do you know of concrete examples of court cases in which data protection considerations or information requests prevailed? Could you please provide information?

D3. Do you have suggestions on how to improve the application of information requests in the context of conflicting rights, such as data protection and banking secrecy?

Please provide concise and concrete suggestions based on the issues you encountered.

D4. Looking at information practices to limit or stop counterfeiting, which of the following practices are implemented in your country?

1. Customs information sharing
2. Information sharing by rights holders (e.g. regarding details of their legitimate products, trademarks, or copyrights)
3. Databases of counterfeit goods
4. Digital platforms and tools
5. Information exchange with industry
6. Use of digital technologies, blockchain or AI

[ONE ANSWER PER ROW]

1. Fully implemented
2. Somewhat implemented
3. Not at all implemented
9. Don't know

D5. In your experience, what are the main barriers to effective information sharing to fight IP counterfeiting in your country? Please rank the answers below from 1 (most important) to 7 (least important)

1. Lack of cooperation and coordination among relevant stakeholders
2. Lack of uniform transposition of the Directive across EU Member States
3. Lack of uniform application of national law
4. Privacy and data protection concerns, making stakeholders reluctant to share information

5. Insufficient resources
6. Lack of trust amongst stakeholders

7. Other, please specify [OPEN BOX]

E. Costs for destruction or recycling of infringing goods in the single market

The following questions are about the storage and destruction costs of seized goods by customs or by police as well as alternative measures (recycling, re-purposing).

E1. What is the legal basis used to seize, destruct or recycle/re -use IP-infringing goods in your country?

[OPEN BOX - ANSWERING NOT REQUIRED]

E2. In your country, how often do the following groups bear the costs resulting from the seizure of IP-infringing goods, including storage costs?

1. Infringers
2. Rights holders
3. Intermediaries
4. Logistics operators / postal services
5. Competent authorities

[ONE ANSWER PER ROW]

1. Always or often
2. Sometimes
3. Never
9. Don't know

E3. And how often do the following groups bear the costs resulting from the destruction of IP-infringing goods in your country?

1. Infringers
2. Rights holders
3. Intermediaries
4. Logistics operators / postal service
5. Competent authorities

[ONE ANSWER PER ROW]

1. Always or often
2. Sometimes
3. Never
9. Don't know

[SHOW TO THOSE AT LEAST SOMEWHAT FAMILIAR WITH MEASURES AND COSTS CONCERNING INFRINGING GOODS IN Q3 [Q3.5=1 OR 2]

E4. Which are the typical means to destroy or re-purpose seized goods in your country?
Select all that apply.

1. Incineration
2. Dismantling mixed materials
3. Shredding / recycling
4. Detach fake logos/labels in textiles
5. After clearing, give to charity/social enterprises
6. Dispose with dedicated waste collection method
7. Other, please specify [OPEN BOX]
9. Don't know

E5. In your company or industry, enforcement but also prevention measures against counterfeiting may take substantial resources. Thinking about your portfolio of measures, to what extent are the following measures financially burdensome or resource intensive?

1. Personnel costs for corporate security (e.g. internal value chains, scrutinizing suppliers, logistics)
2. Personnel costs for the legal department (e.g., own market surveillance, contracts, exchange with authorities, procedures, AVA, litigation, etc.)
3. Inclusion of technical, or mechanical, or process-related options allowing to trace original products
4. Use of brand protection software to monitor social media and reporting of suspicious products
5. IP registration or renewal
6. Membership fees in anti-counterfeiting networks, sectoral associations
7. Insurance premiums
8. Awareness raising campaigns / brand communication on effects of counterfeiting
9. Storage of seized, infringing goods (warehouse, security)
10. Destruction of seized goods (incl. transport to recycling/dismantling entity)
11. Other, please specify_[OPEN BOX]

[ONE ANSWER PER ROW]

1. To a very large extent
2. To a considerable extent
3. To a limited extent
4. Not applicable
5. Don't know

E6. Rights holders may require corrective measures such as the destruction of the seized goods. The measures should be carried out at the expense of the infringer, yet, in reality the infringer may not be identified or unable to pay. In that case, who bears the various costs?

1. Destruction of small consignments by custom authorities.
2. Storage of seized goods in warehouses of the authorities
3. Storage of seized goods in third-party warehouses
4. Dismantling of goods by custom authorities
5. Transport of seized goods to warehouse
6. Transport of seized goods to point of destruction
7. Handling fee
8. Other, please specify_[OPEN BOX]

[ONE ANSWER PER ROW]

1. Predominantly authorities (Customs, police, etc.)
2. Predominantly rights holders
3. Rights holders and authorities in more or less equal parts
9. Don't know

E7. You indicated above costs for the destruction of seized goods. Could you specify if the following applies?

1. The seized products are destructed within our premises
2. The seized products are destructed in specialised firms
3. We are required to pay the costs of transport from storage of competent authority to place of destruction
4. We are present when the destruction takes place, including premises of external firms
5. A custom officer is present when the destruction takes place
6. Tests are needed to analyse the material/components of the seized goods prior to destruction since they may contain hazardous components
7. The material of the destructed good can be recovered (e.g. scrapped metal, fabrics)

8. We either sell the destructed material or reuse it
9. The seized goods are not destructed entirely so that parts are re-purposed (e.g., textiles, fabrics) and get a second life
10. Other, please specify_[OPEN BOX]

[ONE ANSWER PER ROW]

1. Always
2. Very Often
3. Sometimes
4. Rarely
5. Never
9. Don't know

E8. Could you share examples of costs you encountered?

[OPEN BOX – ANSWERING NOT REQUIRED]

E9. Can you list good practices of cost-bearing schemes or do you have suggestions how to improve the effectiveness of existing cost-bearing schemes?

Please provide concise and concrete suggestions based on the issues you encountered.

[OPEN BOX – ANSWERING NOT REQUIRED]

F. General questions on IPRED

F1a. Based on your experience, what are the most significant benefits that you have experienced in your field of work that can be attributed to IPRED?

Please provide concise and concrete examples based on your experience.

[OPEN BOX - ANSWERING NOT REQUIRED]

F1b. And what are the most significant drawbacks?

Please provide concise and concrete examples based on your experience.

[OPEN BOX - ANSWERING NOT REQUIRED]

[ASK ALL]

F2. In your opinion, what improvements or modifications should be made to enhance the implementation of IPRED?

Please provide concise and concrete suggestions.

[OPEN BOX - ANSWERING NOT REQUIRED]

Annex IV – Bibliography

Legislation:

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Annex V – Local legal correspondents' questionnaire & Case law review

1. Proportionality principle

1.1. Local legal correspondents' questionnaire

Sections	Research Questions
Legal framework	<p>1) Is there a provision at a national level which <u>directly</u> addresses the proportionality principle applicable to IP matters?</p> <p>a) If so, such provision is specific to IP law or is a general law provision.</p> <p>b) If so, please specify the provision and its content.</p> <p>2) Is there a provision at a national level which <u>indirectly</u> addresses the application of a proportionality principle?</p> <p>a) Kindly also specify whether the general prohibition of abuse of rights (as a general principle of law) cover the effects given to the proportionality principle.</p>
Identification of relevant case law	<p>3) Could you identify most relevant case law where the proportionality principle was applied in IP matters? (<i>Most strategic case law, at least 5 up to 10</i>).</p> <p>Please specify in the right-hand column of this table the following information for each case law identified:</p> <ul style="list-style-type: none"> - Jurisdiction, - Parties, - Date, - Identification number, - IPR at stake, and - Source (database). <p>You can select case law from the UPC (local division of your country as the case may be), if there are relevant to the topic.</p>
Authorities' guidelines	<p>4) Does your national soft law (IP office, IP association, Court guidelines, etc.) provide for guidance on the assessment of the proportionality principle in IP matters?</p> <p>If so, please specify the reference and a summary of its content.</p>
Practice	<p>5) How regularly is the proportionality principle applied by national courts in IP litigation (exceptionally, on a case-by-case basis, regularly)?</p> <p>a) Please specify for cases of patent injunction relief and for other IP right at stake as well as trade secrets.</p> <p>b) Please specify if there is a difference in the application of the proportionality principle between IP interim injunction and IP definitive injunction (with a focus on patent).</p> <p>c) Please specify if proportionality principle is more applied for some types of measures or remedies (e.g., injunction, recall of the infringing products, publication of the judgment, destruction of the</p>

	<p>stock of infringing products, damages granted, penalties for non-compliance of an injunction, etc.)</p>
	<p>6) Is there a defined court methodology for applying the proportionality principle in IP matters?</p>
	<p>7) What are the typical arguments of parties favoring the application of the proportionality principle in IP litigation?</p>
	<p>8) Which criteria/factors are taken into account for the application of the proportionality principle in IP litigation (e.g., infringed patent covers a limited part of a complex product, parties are non-competitors, economic value of the product, quality of the defendant - SME, quality of the claimant: patent assertion entity, unintentional infringement, financial impact on the defendant in case of injunction, standard essential patents at stake, patent sectors)?</p>
	<p>9) What are the legal consequences of applying the proportionality principle, such as orders or milder means used to limit or tailor the injunction relief or other remedies (e.g. through a delayed entry into force of the injunction, sell-off and use-by periods within which the infringer may convert production in a patent-respecting manner and in which the infringer is still allowed to resell the infringing product in stock, bank guarantees to enforce an injunction, etc.)?</p>
	<p>10) If the proportionality principle is not applied in IP litigation in your jurisdiction, do stakeholders (industry, academics, lawyers, etc.) consider its application would be relevant (please provide sources)?</p>
Doctrine	<p>11) Please provide us with an overview of doctrine, textbook and articles related to proportionality principle in IP matters (at least 5 to 10 main sources). For each relevant source, please provide us with a short summary and the references (author, date, title, publisher -- please if needed give an English translation in a footnote.).</p>

1.2. Case law review protocol

Case Law Review Protocol	
Inclusion criteria to select relevant cases	<p>Case law where the proportionality principle for measures, procedures, or remedies necessary to ensure the enforcement of IP rights has been either raised by a party and/or enforced by the Court.</p> <p>Case law where the Court adapts an IP injunction through milder means (e.g., granting periods for sale and use, allowing the infringement to be remedied in a manner that complies with the patent).</p>

Exclusion criteria to select relevant cases	Case law where the proportionality principle for measures, procedures, or remedies necessary to ensure the enforcement of IP rights has not been either raised by a party and/or enforced by the Court.
Keywords to be used cumulatively and/or alternatively (to be adapted if necessary)	“Proportionality” “Article 3 (2)” “patent” “injunction”
Intellectual property rights (“IPR”)	All kind of IPR and trade secrets (if relevant) with a focus on patents
Case law details to be extracted	<p>9. Country 10. Date 11. Court 12. Identification number 13. Appellant 14. Appellee 15. Source - Database where the case law was found 16. Related case law (i.e., decision of first instance, appeal decision, supreme court decision). 17. IPR at stake (type: patent, trademark, copyright, design, other)</p>
Information within case law to be extracted	<p>7. Facts (briefly)</p> <p>8. Claim of the parties (briefly)</p> <p>9. IPR at stake</p> <p>10. Argumentation of the parties.</p> <p>a. Proportionality principle raised by a party (Yes/No) b. Details of the measures, procedures or remedies for which the proportionality principle has been raised. c. Reference in extenso of the legal basis article 3(2) of the Directive of the enforcement of intellectual property rights (“IPRED”)? (Yes/No) d. Reference in extenso of a national legal basis which transposed the proportionality principle of article 3(2) of the IPRED (Yes/No). If yes, please specify.</p> <p>11. Ruling of the Court.</p> <p>a. Proportionality principle taken into consideration by the Court (Yes/No) b. Details of the measures, procedures or remedies for which the proportionality principle has been enforced. c. Reference in extenso of the legal basis (article 3(2) of the Directive of the enforcement of intellectual property rights (“IPRED”)) (Yes/No) d. Reference in extenso of a national legal basis which transposed the proportionality principle of article 3(2) of the IPRED (Yes/No). If Yes, please specify.</p>

	<p>e. If the proportionality principle has not been taken into consideration: please explain the reasons for which the Court has rejected such principle.</p> <p>f. If the proportionality principle has been taken into consideration:</p> <ol style="list-style-type: none"> Criteria taken into account by the Court for the application of the proportionality principle (e.g., economic value of the counterfeited product, proportion of the infringing part of an entire complex product, product incorporating upcycled components protected by IPR). Consequences of the application of the proportionality principle on the outcome of the case (e.g., sell-off period for the counterfeited product granted to the defendant, mandatory license granted by the IPR holder to the defendant, damages lowered, etc.)
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2. Patent Assertion Entities

2.1. Local legal correspondents questions

Sections	Research Questions
Legal framework	<p>1) Does a dedicated national legal framework for patent assertion entities already exist? If so, please specify the provision and its content.</p> <p>2) Do you identify national laws that would be <u>in favor of</u> PAEs? If so, please specify the provision and its content.</p> <p>3) Do you identify national laws that would be <u>not in favor</u> of PAEs? If so, please specify the provision and its content.</p>
Identification of relevant case law	<p>4) Could you identify most relevant case law where the plaintiff is a PAE in a patent infringement litigation and in which such quality has been raised or taken into consideration by the Court? (<i>Most strategic case law, at least 5, up to 10</i>).</p> <p>Please specify in the right-hand column of this table the following information for each case law identified:</p> <ul style="list-style-type: none"> - Jurisdiction, - Parties, - Date, - Identification number, - IPR at stake, and - Source (database). <p>You can select case law from the UPC (local division of your country as the case may be), if there are relevant to the topic.</p>
Authorities' guidelines	<p>5) Does your national soft law (IP office, IP association, Court guidelines, etc.) provide for guidance to regulate PAEs activities and limit potential, negative economic or innovation impacts of PAE practices?</p> <p>If so, please specify the reference and a summary of its content.</p>

Practice	<p>6) Can you think of good national practices recommended by local lawyers to limit potential, negative economic or innovation impacts of PAE practices?</p> <p>7) Is your country considered as a good forum for PAE litigation?</p> <p>8) Which measures mostly request PAE in patent litigation (i.e., licensing fees, injunction relief, etc.)</p> <p>9) Do you identify an impact of the UPC on PAE activity in your country?</p>
Doctrine	<p>10) Please provide us with an overview of doctrine, textbook and articles related to PAE in IP matters and notably on the impact of the UPC (up to 5 main sources). For each relevant source, please provide us with a short summary and the references (author, date, title, publisher - – please if needed give an English translation in a footnote).).</p>

2.2. Case law review protocol

Case Law Review Protocol	
Inclusion criteria to select relevant cases	Case law where a Patent Assertion Entity is the plaintiff in a patent infringement litigation (i.e., Patent Assertion Entity being understood as an entity which holds and/or has acquired patents but do not manufacture products or provide services implementing such patents, and that consistently engage in the assertion of patents as their key modus operandi).
Exclusion criteria to select relevant cases	Case law where the plaintiff is not a Patent Assertion Entity defined as an entity which holds and/or has acquired patents but does not manufacture products or provides services implementing such patents, and that consistently engages in the assertion of patents as its key modus operandi and the core of its business model. Excluded are entities such as universities, start-ups, sole inventors, etc. which do not manufacture products, but engage in research and development and license their patent for their invention to be commercialised.
Keywords to be used cumulatively and/or alternatively (to be adapted if necessary)	<p>“Non-practicing entity”</p> <p>“patent troll”</p> <p>“patent assertion entity”</p> <p>“patent”</p> <p>“injunction”</p> <p>“injunction gap”</p> <p>“forum shopping”</p>

	<p>“PAE”</p> <p>“patent license”</p> <p>Company names of the major PAE</p> <p><i>N.B: such keywords shall be translated accordingly depending on the EU Member State.</i></p>
Intellectual property rights (“IPR”)	Patents
Case law details to be extracted	<ol style="list-style-type: none"> 1. Country 2. Date 3. Court 4. Identification number 5. Parties 6. Source - Database where the case law was found 7. Related case law (i.e., decision of first instance, appeal decision, supreme court decision). 8. IPR at stake (type: patent, trademark, copyright, design, other)
Information within case law to be extracted	<ol style="list-style-type: none"> 1. Facts (briefly) 2. Claim of the parties (briefly) 3. Case where a standard essential patent (“SEP”) is at stake (Yes/No) 4. Type of patent (national, European, Unitary Patent) and field of the patent(s) involved (e.g., telecoms, computing programming, pharmaceutical, etc.) 5. Argumentation of the parties. <ol style="list-style-type: none"> a. Please explain the argumentation of the defendant regarding the typology of the claimant as PAE (e.g., for rejecting patent injunction claim and/or lowering damages). 6. Ruling of the Court. <ol style="list-style-type: none"> a. Quality of the claimant as PAE taken into consideration in the outcome of the case (Yes/No) b. Reference in extenso of a national legal basis regulating PAE c. Criteria to qualify the claimant as a PAE d. Consequences of the quality of the claimant as PAE in the outcome of the case (e.g., sell-off period for the counterfeited product granted to the defendant, mandatory license granted by the IPR holder to the defendant, damages lowered, etc.)

3. Dynamic blocking injunctions and industrial property rights

3.1. Local legal correspondents questions

Sections	Research Questions
Legal framework	<ol style="list-style-type: none"> 1) Does a dedicated national legal framework for dynamic blocking injunctions already exist? Please specify the content of the legal basis (EU and national legal basis).

	<p>2) For what kind of IP rights are dynamic blocking injunctions ordered? Are there differences applied for granting dynamic blocking injunctions according to the IP rights at stake?</p> <p>3) What are the conditions for a dynamic blocking injunction being granted in IP matters?</p> <p>4) Which authorities are competent to order IP injunctions in your jurisdiction (e.g., judicial authority, administrative authority)?</p> <p>5) Which authorities are competent to enforce IP injunctions and to support their effectiveness in your jurisdiction (e.g., judicial authority, administrative authority)?</p> <p>6) What are the procedural rules attached to dynamic blocking injunctions in your jurisdiction?</p> <ol style="list-style-type: none"> Is a decision on the merits required for granting a dynamic blocking injunction? Can a dynamic blocking injunction be ordered as a preliminary injunction, a final injunction or both? To whom may dynamic injunctions be ordered (e.g., intermediaries such as internet service provider, registrar, hosting provider, engine search provider, infringer)? Are dynamic injunctions pronounced within <i>ex parte</i>, <i>inter partes</i> proceedings or in both? Are there specific procedures for the renewal or the update of a dynamic blocking injunction? Are there specific procedures for converting “static” injunctions into dynamic injunctions? <p>7) What may actually be ordered by Courts or competent authorities in case of dynamic blocking injunctions? Is the measures ordered subject to a proportionality assessment conducted by judges (e.g., removal of all a website where only a limited part is an infringement vs. removal of the infringing content only)?</p>
Identification of relevant case law	<p>8) Could you identify most relevant case law where dynamic blocking injunctions were issued in IP matters? (<i>Most strategic case law, at least 5, up to 10</i>).</p> <p>Please specify in the right-hand column of this table the following information for each case law identified:</p> <ul style="list-style-type: none"> - Jurisdiction, - Parties, - Date, - Identification number, - IPR at stake, and - Source (database).

	9) Apart from a dedicated framework for dynamic blocking injunctions codified in your national law, do Courts grant dynamic blocking injunctions, i.e., they issue injunctions that are not limited to infringements occurring on specific domain names or websites?
Authorities' guidelines	10) Does your national soft law (IP office, IP association, Court guidelines, etc.) provide for guidance on dynamic blocking injunctions in IP matters? If so, please specify the reference and a summary of its content.
Practice	11) How regularly are dynamic injunctions granted by national courts in IP litigation (exceptionally, on a case-by-case basis, regularly)?
	12) What are typically arguments of rights holders claiming for the grant of a dynamic blocking injunction in IP litigation?
	13) Which are the technical solutions available in your jurisdiction for enforcing dynamic blocking injunctions? Is it specified in the injunction?
	14) Which party (e.g., rights holders, intermediaries, other) bears the costs of implementing such technical measures?
	15) Do you identify best practices regarding dynamic blocking injunctions?
	16) How relevant it is to implement dynamic blocking injunctions for IP rights other than copyright and related rights?
Doctrine	17) Please provide us with an overview of doctrine, textbook and articles related to dynamic blocking injunctions in IP matters (at least 5 to 10 main sources) For each relevant source, please provide us with a short summary and the references (author, date, title, publisher).

3.2. Case law review protocol

Case Law Review Protocol	
Inclusion criteria to select relevant cases	Case law where a claimant asks a Court for a dynamic blocking injunction (i.e., an injunction that covers (i) current and (ii) future repeated identical infringement acts or (iii) future similar infringement acts that have not yet occurred, and which does not require a new judicial procedure to obtain a new injunction. For example, Injunctions which can be issued in cases in which materially the same website becomes available immediately after issuing the injunction with a different IP address or URL, and which are drafted in a way that makes it possible to also cover the new IP address or URL, without the need for a new judicial procedure to obtain a new injunction).
Exclusion criteria to select relevant cases	Case law where a claimant does not ask a Court for a dynamic blocking injunction.

Keywords to be used cumulatively and/or alternatively (to be adapted if necessary)	“Article 3 (2)” “Article 9 (1)” “provisional measure” “prevent” “interlocutory injunction” “permanent injunction” “dynamic blocking injunction” “forward-looking injunction” “catalogue-wide injunction” “Live blocking injunction”
Intellectual property rights (“IPR”)	Copyright, trademarks and designs with a focus on trademarks and designs (if relevant).
Case law details to be extracted	<ol style="list-style-type: none"> 1. Country 2. Date 3. Court 4. Identification number 5. Parties 6. Source - Database where the case law was found 7. Related case law (i.e., decision of first instance, appeal decision, supreme court decision). 8. IPR at stake (type: trademark, copyright, design)
Information within case law to be extracted	<p>1. Facts (briefly)</p> <p>2. Claim of the parties (briefly)</p> <p>3. Quality of the defendant (e.g., reseller, intermediary platforms)</p> <p>4. IPR at stake</p> <p>5. Argumentation of the parties. <ol style="list-style-type: none"> h. Reference in extenso of the legal basis articles 9 or 11 of the IPRED (Yes/No) i. Reference in extenso of a national legal basis which transposed articles 9 or 11 of the IPRED (Yes/No) j. Please explain the argumentation of the parties for requesting a dynamic blocking injunction. </p> <p>6. Ruling of the Court. <ol style="list-style-type: none"> a. Dynamic blocking injunctions granted by the Court (Yes/No) b. Reference in extenso of the legal basis article 9 of the IPRED or article 11 of the IPRED (Yes/No) c. Reference in extenso of a national legal basis which transposed articles 9 or 11 of the IPRED (Yes/No), if yes, please specify such legal basis. d. Conditions for granting dynamic injunction in the EU Member State e. Assessment by the Court of such conditions. f. If the dynamic blocking injunction has not been granted: please explain the reasons of the Court for rejecting the grant of such injunction. </p>

	<p>g. If the dynamic blocking injunction has been granted:</p> <ul style="list-style-type: none"> i. Scope, content and duration of the dynamic blocking injunctions granted. ii. Means granted to the claimant to enforce the dynamic blocking injunction. iii. Safeguards and conditions/methodology for updating the dynamic blocking injunction (e.g., mirror websites which were not identified at the time of the decision)
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4. Sharing of information and data protection

4.1. Local legal correspondents questions

Sections	Research Questions
Legal framework	<p>1) To what extent has the right to information pursuant to Article 8 of IPRED been incorporated into national legislation in your country? Please specify the legal basis and its content and distinguish if relevant between IP right (copyright, patent, trademark, design).</p> <p>2) Does local applicable legislation refer to the interaction between Article 8 of IPRED and conflicting rights and interests, such as data protection and banking secrecy? If so, indicate corresponding applicable legislations.</p> <p>3) What kind of information can be requested in respect with right of information in IP matters?</p> <p>4) Which party / entity can request information related to IP infringement? Under which conditions?</p> <p>5) To what extent can a right holder use information related to infringement and ordered by a Court later on (e.g., information purposes, initiating a new lawsuit, etc.)?</p> <p>6) Does a judge can order the obligation to provide information to any third parties that are not parties to the proceedings?</p> <p>7) How are the information shared? Are there guarantees/modalities attached to the sharing of information (e.g., duration, redacted version of information, future use of the information, confidentiality, etc.)?</p>
Identification of relevant case law	<p>8) Please identify relevant case law where a claimant requests a Court for ordering the sharing of information related to infringing goods and/or services (up to 5 <i>most strategic case law</i>).</p> <p>In particular, please identify concrete relevant case law where the court has balanced the request of a claimant for the sharing of information with data protection considerations (up to 5 <i>most strategic case law</i>).</p> <p>Please specify in the right-hand column of this table the following information for each case law identified :</p> <ul style="list-style-type: none"> ▪ Jurisdiction, ▪ Parties, ▪ Date,

	<ul style="list-style-type: none"> ▪ Identification number, ▪ IPR at stake, and ▪ Source (database). <p>Such case law has to be elaborated in the part 3.</p>
	<p>9) According to the case law review, could you please summarize how do courts balance the right to information requests and data protection rights?</p>
Authorities' Guidelines	<p>10) Does your national soft law (IP office, IP association, Court guidelines, etc.) provide for guidance to improve the implementation and/or application of information requests?</p>
Practice	<p>11) Have you noticed difficulties in your jurisdiction for right holders to actually get the information from the infringer (or third parties related to the infringer) once ordered by a Court? If yes, could you please elaborate on such difficulties (i.e., from a legal and practical standpoint)?</p> <p>12) How regular is the sharing of information applied by national courts in IP litigation (exceptionally, on a case-by-case basis, regularly)? Please specify depending on the IP rights at stake.</p>
	<p>13) Can you think of good national practices recommended by local lawyers to restrain fundamental data protection rights breaches while ensuring efficient information sharing in order to fight IP infringement?</p> <p>14) Looking at information practices to limit or stop counterfeiting, which of the following practices are implemented in the legislation in your country?</p> <ol style="list-style-type: none"> a. Customs information sharing b. Information sharing by rights holders (e.g. regarding details of their legitimate products, trademarks, or copyrights) c. Databases of counterfeit goods d. Digital platforms and tools e. Information exchange with industry f. Use of digital technologies, blockchain or AI
Doctrine	<p>15) Please provide us with an overview of doctrine, textbook and articles related to right of information balanced with fundamental rights in IP matters (up to 5 main sources).</p> <p>For each relevant source, please provide us with a short summary and the references (author, date, title, publisher – please if needed give an English translation in a footnote).</p>

4.2. Case law review protocol

Case Law Review Protocol	
Inclusion criteria to select relevant cases	Case law where a claimant requests a Court for ordering the sharing of information related to infringing goods and/or services
Exclusion criteria to select relevant cases	Case law where a claimant does not request a Court for ordering the sharing of information related to infringing goods and/or services
Keywords to be used cumulatively and/or alternatively (to be adapted if necessary)	<p>“article 8”</p> <p>“information”</p> <p>“origin”</p> <p>“distribution”</p> <p>“goods”</p> <p>“services”</p> <p>“disclosure”</p> <p>“confidentiality”</p>
Intellectual property rights (“IPR”)	All kind of IPR
Case law details to be extracted	<ol style="list-style-type: none"> 1. Country 2. Date 3. Court 4. Identification number 5. Appellant 6. Appellee/s 7. Source - Database where the case law was found 8. Related case law (i.e., decision of first instance, appeal decision, supreme court decision). 9. IPR at stake (type: patent, trademark, copyright, design, other)
Information within case law to be extracted	7. Facts (briefly)
	8. Claim of the parties (briefly)
	9. IPR at stake
	10. Arguments of the parties. <ol style="list-style-type: none"> a. Information to be communicated requested by the claimant b. Holder(s) of the requested information c. Purpose of the request of information

	<p>d. Reference in extenso of the legal basis article 3(2) of the Directive of the enforcement of intellectual property rights ("IPRED") (Yes/No)</p> <p>e. Reference in extenso of a national legal basis which transposed the proportionality principle of article 3(2) of the IPRED (Yes/No)</p> <p>f. Argument raised by the defendant for rejecting the information sharing (e.g., data privacy, trade secrets, competition law, etc.)</p> <p>g. Guarantees regarding the information requested by the defendant (e.g., non-disclosure to third-party, duration of the conservation of such information, redacted version of the information, etc.)</p>
	<p>11. Ruling of the Court.</p> <p>a. Information to be communicated to the claimant ordered by the Court (Yes/No/Partially)</p> <p>b. Reference in extenso of the legal basis (article 3(2) of the Directive of the enforcement of intellectual property rights ("IPRED") (Yes/No)</p> <p>c. Reference in extenso of a national legal basis which transposed the proportionality principle of article 3(2) of the IPRED (Yes/No), as the case may, please specify such legal basis.</p> <p>d. If all or some information do not have to be communicated to the claimant</p> <ul style="list-style-type: none"> i. Information rejected for their communication ii. Please explain the reasons of the Court for rejecting such communication (e.g., obstacles of such communication such trade secret, competition rules, data protection). iii. Conditions/criteria taken into account for rejecting the communication of the information requested (e.g., necessity of the information, scope of the information). iv. Please explain how the Court has balanced the right of information (article 8 of the IPRED) and the other rights at stake raised by the defendant (e.g., right to privacy, competition issues, trade secrets). <p>e. If some information must be communicated to the claimant</p> <ul style="list-style-type: none"> i. Information to be communicated ii. Please explain the reasoning of the Court for overruling the argumentation of the defendant. iii. Conditions/criteria taken into account for accepting the communication of the information requested. iv. Please explain how the Court has balanced the right of information (article 8 of the IPRED) and the other rights at stake raised by the defendant (e.g., data privacy, competition issues, trade secrets). v. Identity (defendant, third-party) and quality (e.g., supplier, distributor, etc.) of the person to which information are requested. vi. Guarantees regarding the information ordered by the Court (e.g., non-disclosure to third-party, duration of the

	conservation of such information, redacted version of the information, escrow mechanism)
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5. Costs for destruction of infringing goods in the Single Market

5.1. Local legal correspondents questions

Sections	Research Questions
Legal framework	<p>1) Is there a provision at a national level which directly addresses how costs resulting from IP-infringing goods seized by competent authorities shall be charged between the parties after those goods have entered the single market?</p>
	<p>2) Is there a provision at a national level which directly addresses how infringing goods shall be managed once seized (destruction, recycling, donation, etc.)?</p> <p>3) To what extent your national law dictates the recycling of the infringing goods or a secondary use plays within the “destruction” of infringing goods? (a secondary use can consist in the removal of the infringing sign, logo or trademark from the goods, in its recycling or its donation to charity)</p> <p>4) Does Regulation 608/2013 have an impact on the hereabove questions in your country?</p>
Identification of relevant case law	<p>5) Could you identify most relevant case law relating to infringing goods costs-bearing in IP matters? (Up to 5 <i>most strategic case law</i>).</p> <p>Please specify in the right-hand column of this table the following information for each case law identified:</p> <ul style="list-style-type: none"> - Jurisdiction, - Parties, - Date, - Identification number, - IPR at stake, and - Source (database). <p>6) How regularly do courts in your EU jurisdiction take into account the costs of the storage and destruction of the infringing goods when deciding on corrective measures in IPR litigation cases?</p> <p>7) Is there a defined court methodology for calculating the costs associated and the party who shall bear the costs?</p>

	8) To what extent and under what conditions intermediaries who knowingly or unknowingly played a supporting role in the sale of counterfeited goods can be ordered to pay the costs of destruction or storage under national law.
Authorities' guidelines	9) Does your national soft law provide for guidance for calculating the costs associated and the party who shall bear the costs? 10) Does your national soft law provide for guidance regarding how infringing goods seized are managed (destruction, secondary use, donation, etc.)?
Practice	11) In your experience, who bears to a larger extent the costs resulting from the seizure, storage, and destruction of IP-infringing goods? (Infringers, right holders, intermediaries, competent authorities...) 12) To what extent recycling, or rather secondary use plays a role in infringing goods? 13) With regards to the storage of counterfeits, are you aware of national rules and practices on the duration of storage before goods are destructed or reused? 14) What happens in case the infringer is insolvent or cannot be identified?
Doctrine	15) Please provide us with an overview of doctrine, textbook and articles related to infringing goods cost-bearing in IP matters (up to 5 main sources). For each relevant source, please provide us with a short summary and the references (author, date, title, publisher).

5.2. Case law review protocol

Case Law Review Protocol	
Inclusion criteria to select relevant cases	Case law where a claimant requests a Court to order the destruction of infringing goods
Exclusion criteria to select relevant cases	Case law where a claimant does not request a Court for ordering the destruction of infringing goods
Keywords to be used cumulatively and/or alternatively (to be adapted if necessary)	“destruction” “infringing goods” “counterfeit goods” “seizure”

	<p>"Article 10(c) of Directive 2004/48/EC"</p> <p>"Article 10(b) of Directive 2004/48/EC"</p> <p>"seized"</p> <p>"disposed of"</p> <p>"disposal"</p>
Intellectual property rights ("IPR")	All kind of IPR
Case law details to be extracted	<ol style="list-style-type: none"> 1. Country 2. Date 3. Court 4. Identification number 5. Appellants 6. Appellees 7. Source - Database where the case law was found 8. Related case law (i.e., decision of first instance, appeal decision, supreme court decision). 9. IPR at stake (type: patent, trademark, copyright, design, other)
Information within case law to be extracted	<ol style="list-style-type: none"> 1. Facts (briefly) 2. Claim of the parties (briefly) 3. IPR at stake 4. Argument of the parties. <ol style="list-style-type: none"> a. Corrective measures requested by the claimant (e.g., destruction of the infringing goods, donation to charities, upcycling, etc.). b. Corrective measures requested by the defendant should it be found liable of infringement. 5. Ruling of the Court. <ol style="list-style-type: none"> a. Corrective measures ordered by the Court (e.g., destruction of the infringing goods, donation to charities, upcycling, disposal of infringing goods, removal from the channels of commerce, recycling, etc.). b. Explanation of the Court for ordering such corrective measures (as the case may be). c. Party bearing the costs of the corrective measures ordered (claimant/defendant) d. Modalities of the corrective measures ordered (e.g., removal of any trademark sign on the infringing goods before donation or recycling).

Annex VI – Costs of storage and destruction

Country	Cost of storage - Daily rate in EUR (excl. VAT)					Cost of destruction - rate per ton in EUR (excl. VAT)				
	Customs Facilities	Third-Party Warehouse facilities	Small consignment Procedures	Customs Supervision charges	Third-party warehouse and/or handling fee ⁽⁴²⁵⁾	Standard rate	Cosmetics & Medical products	Electronics	Textile	Dismantling
Austria	Large shipments: • 0.36 for indoor storage per 100 kg • 0.36 for outdoor storage per square metre.	0.6	0.00	Customs supervision fee is applicable (not disclosed)	12	NA	720	NA	NA	NA
Belgium	Varies by location	0.55	0.00	NA	16		600	400	400	NA
Bulgaria	For the first 10 days: • indoor storage: EUR 0.35/m ³ • outdoor storage: EUR 0.20/m ² After 20 days, the fees double and then triplicate.	0.30	0.00	300 fee plus the hourly rate	10	400 per ton for all types of goods	400	400	400	NA
Croatia	Large shipments rarely stored at customs facilities for lack of space. Large consignments stored in customs facilities free of charge only when subject to customs processes.	1.50	0.00	Fixed fee (not disclosed) and hourly rate of EUR 15.00	NA	From 250.00 to 750.00 plus 0.55 per kg.	NA	NA	250.00 per ton plus 0.55 per kg.	NA
Cyprus	All counterfeit goods are detained in customs facilities. Storage fees: • 0.43 per day for items up to 1 000 kg • 0.85 for products exceeding 1 000 kg. Customs covers transport costs	0.4	0.00	NA	12	275.00 per ton for the destruction of all products. Minimum charge of 25.00 for up to 100 kg	275	275	275	NA
Denmark	Small shipments: stored at customs facilities free of charge. Large	0.89	0.00	0.00	16	NA	NA	NA	NA	NA

⁽⁴²⁵⁾ *handling fee for goods in and out, per pallet

Country	Cost of storage - Daily rate in EUR (excl. VAT)					Cost of destruction - rate per ton in EUR (excl. VAT)				
	Customs Facilities	Third-Party Warehouse facilities	Small consignment Procedures	Customs Supervision charges	Third-party warehouse and/or handling fee (⁴²⁵)	Standard rate	Cosmetics & Medical products	Electronics	Textile	Dismantling
	shipments: stored at third-party storage facilities with contracts with customs.									
Finland	No storage space for large shipments. Small consignments: stored in customs warehouses or courier storage rooms controlled by customs.	0.45 per day plus 10 handling fees per pallet	0.00	103.00 plus 0.30 per km	NA	NA	NA	NA	NA	NA
France	Detained items stored at the point of entry at customs' storage facility. Customs covers storage costs and transportation costs to storage and destruction facilities. For specific goods: regional customs departments have contracts with specialised warehouse companies.	1.00	0.00	NA	20	Customs pays for the destruction of goods.	0	0	0	NA
Germany	Containers with customs seals are used to move goods from one place to another.	0.68	15.00	NA	NA	655 for household goods.	NA	NA	655	40
Greece	All seized goods are stored in customs facilities. For goods seized of the port of Piraeus (Athens), rights holders negotiate storage fees with the administrator of the free zone of the port. Storage fees are charged per box.	0.70	0.00	NA	10	NA	from 1200 to 1600	NA	from 150 to 300	NA
Hungary	Seized goods stored in customs facilities, except for hazardous products.	0.4	0.00	Supervision fee (figures not disclosed)	12	Flat rate of 55 for the destruction of	2 300.00	610	400	NA

Country	Cost of storage - Daily rate in EUR (excl. VAT)					Cost of destruction - rate per ton in EUR (excl. VAT)				
	Customs Facilities	Third-Party Warehouse facilities	Small consignment Procedures	Customs Supervision charges	Third-party warehouse and/or handling fee (⁴²⁵)	Standard rate	Cosmetics & Medical products	Electronics	Textile	Dismantling
	Only large shipments are subject to a storage fee) plus EUR 6.10 (HUF 2 500) per hour per officer.		small consignments up to 20 kg. Most postal shipments are destroyed at the point of entry free of charge.				
Latvia	8.89 per month per m ² (0.41 per day).	0,75	0.00	NA	6	NA	500	NA	from 150.00 to 200.00	NA
Malta	All detained containers are stored in customs facilities; warehouse charges are not disclosed.	1.00 per cubic metre per day.	0.00	Customs supervision fee is applicable (not disclosed)	20, plus transport fee: 100 (from arrival docks to customs facilities) plus 96 (loading and unloading) plus 200 (from goods customs facilities to destruction facilities)	250	NA	NA	NA	0.04 per kg, with a disposal fee of 0.50 per kg
The Netherlands	Goods are stored in customs inspection facilities during investigations.	1	0.00	Fixed fee plus 24.00/ 30 mins	10	NA	500	450	380	NA
Spain	Detained goods to be stored in storage facilities accessible to customs.	0.25	0.00	NA	15	NA	0.60 per unit, regardless of weight.	360	400	NA

Source: EUIPO, Storage and destruction of seized counterfeit goods in the EU, 2023, DOI: 10.2814/835084. Available at: [Storage and destruction of seized counterfeit goods in the EU - EUIPO \(europa.eu\)](https://ec.europa.eu/eipo/en/study/storage-and-destruction-seized-counterfeit-goods-eu).

Annex VII – Research framework

Research questions	Indicators	Data sources				
		Desk research	Case law review	Interviews / Expert panels	Online survey	Policy Scenarios
Research topic 1. Proportionality principle						
Q1.1. To what extent and how have EU Member States implemented the proportionality principle in national legislation and enforcement practices concerning Intellectual Property Rights (IPR)?	<ul style="list-style-type: none"> ▶ Analysis of the transposition of proportionality principle in Member State laws ▶ Comparison between Member States in terms of the transposition of the proportionality principle 					
Q1.2. How <u>frequently</u> do courts in EU Member States (including the UPC?) apply the proportionality principle when deciding on patent injunction relief (or when deciding on relief for other IP rights and trade secret infringements)?	<ul style="list-style-type: none"> ▶ Analysis of case law on the application of the proportionality principle when deciding on patent injunction relief ▶ Analysis of case law on the application of the proportionality principle when deciding on relief for other IP rights and trade secret infringement ▶ Frequency of application of the proportionality principle by sector and company sizes ▶ Frequency of application of the proportionality principle by higher and lower courts 					
Q1.3. How do courts in EU Member States apply the proportionality principle when deciding on patent injunction relief (or when deciding on relief for other IP rights and trade secrets)?	<ul style="list-style-type: none"> ▶ Evidence on the type of measures applied by courts ▶ Evidence on how courts grant, deny or tailor injunction relief and their reasoning behind this (e.g. explicitly referring to the proportionality principle or any other overarching considerations) ▶ Evidence on how courts in EU Member States balance the enforcement of IPRs and safeguarding fundamental rights and freedoms ▶ Evidence on how courts in EU Member States balance the enforcement of IPRs and economic rights ▶ Evidence of the legal consequences of the application of the proportionality principle (such as orders or milder means used to limit or tailor the injunction relief) 					

Research questions	Indicators	Data sources				
		Desk research	Case law review	Interviews / Expert panels	Online survey	Policy Scenarios
	<ul style="list-style-type: none"> ▶ Evidence of whether courts apply the proportionality principle when considering whether to grant an injunction under the Court of Justice of the European Union (CJEU) <i>Huawei v ZTE</i> framework 					
Q1.4. What are the main similarities and differences in the application of the proportionality principle in the Member States?	<ul style="list-style-type: none"> ▶ Comparison of how frequently and how EU Member States applied the proportionality principle ▶ Analysis of how Member State laws balance between protecting the rights of intellectual property holders and ensuring that fundamental rights are addressed 					
Research topic 2. Update of the 2016 Study on patent assertion entities in the EU						
Q2.1. How has the activity of PAEs in the EU and their business models evolved since 2016?	<ul style="list-style-type: none"> ▶ Evidence on level of PAE activity in terms of patent assertion ▶ Evidence on licensing fees obtained or infringement lawsuits started ▶ Level of assertions for Standard Essential Patents (SEPs) ▶ Evidence on the strategic use of jurisdictions / countries favoured for asserting patents ▶ Evidence on the impact on legal reforms introduced by Member States aimed at addressing the challenges posed by PAEs ▶ Evidence on the impact of court decisions related to PAEs 					
Q2.2. Do PAEs in the EU assert lower or higher quality patents than practicing entities?	<ul style="list-style-type: none"> ▶ Comparison of scope of patents asserted ▶ Comparison of validity of patent portfolio ▶ Comparison of litigation success 					
Q2.3. What is the typology of PAEs in the EU that focus on asserting lower or higher quality patents?	<ul style="list-style-type: none"> ▶ Analysis of whether these categories are more likely to include e.g.: <ul style="list-style-type: none"> ○ Portfolio PAEs (obtaining patents in bulk) ○ PAEs with specialised expertise in certain sectors 					

Research questions	Indicators	Data sources				
		Desk research	Case law review	Interviews / Expert panels	Online survey	Policy Scenarios
	<ul style="list-style-type: none"> ○ Patent aggregators, acquiring patents from various sources ○ PAEs focusing on Standard-Essential Patents (SEPs) 					
Q2.4. Do the activities of PAEs in the EU contribute to more or less innovation and in what way?	<ul style="list-style-type: none"> ▶ Evidence of increase/decrease in technology transfers ▶ Evidence of increase/decrease in transaction costs for companies and allocation of funds to R&D ▶ Evidence of impact on SMEs and start-ups 					
Q2.5. How will the new Unitary Patent (UP) and Unified Patent Court (UPC) impact on patent assertion entities?	<ul style="list-style-type: none"> ▶ Evidence of expected impact of unified jurisdiction on number of patent assertions ▶ Evidence of expected impact of unified jurisdiction on damages if infringement is proven ▶ Evidence on costs and complexity of litigation for PAEs 					
Research topic 3. Follow-up on the 2021 EUIPO Study on dynamic blocking injunctions in the EU: Examination of the relevance for industrial property rights						
Q3.1. How often are dynamic injunctions issued to protect industrial property rights in EU Member States?	<ul style="list-style-type: none"> ▶ Number of dynamic injunctions issued ▶ Reasons for high or low quantity 					
Q3.2. What kind of industrial property rights infringements are the subject of dynamic injunctions in the EU (according to national law and/or Courts practices)?	<ul style="list-style-type: none"> ▶ Distribution of dynamic injunctions issued to combat infringements on: <ul style="list-style-type: none"> ○ Trademarks ○ Designs ○ Patents ○ Trade secrets 					
Q3.3. Under what conditions are dynamic injunctions in the field of copyright and industrial property issued?	<ul style="list-style-type: none"> ▶ Level of dynamic injunctions issued based on conditions such as: <ul style="list-style-type: none"> ○ Likelihood of infringement ○ Urgency and immediacy ○ Effectiveness of blocking measures ○ Proportionality ○ Technological feasibility and impact 					

Research questions	Indicators	Data sources				
		Desk research	Case law review	Interviews / Expert panels	Online survey	Policy Scenarios
Q3.4. Do Courts and administrative authorities in the EU Member States apply dynamic injunctions in the field of industrial property and to what extent?	<ul style="list-style-type: none"> ▶ Analysis of powers granted to administrative authorities to take actions against IP infringements ▶ Level of dynamic injunctions issued by administrative authorities, the judiciary or by the judiciary with administrative authorities acting to support the effectiveness of the court order. 					
Research topic 4. Sharing of information and data protection						
Q4.1. How is article 8 of IPRED implemented at national level, especially in its interactions with data protection? And how are national statutory provisions (implementing Article 8) interpreted and applied?	<ul style="list-style-type: none"> ▶ Analysis of how legislation in the EU Member States addresses e.g.: <ul style="list-style-type: none"> ○ Information requests ○ Data protection ○ Intermediary liability and data protection 					
Q4.2. What information practices are implemented in the EU Member States to limit or stop counterfeiting?	<ul style="list-style-type: none"> ▶ Analysis of how Member States deal with/apply e.g.: <ul style="list-style-type: none"> ○ Customs information sharing ○ Information sharing by rights holders (e.g. regarding details of their legitimate products, trademarks, or copyrights) ○ Databases of counterfeit goods ○ Digital platforms and tools ○ Information exchange with industry ○ Use of digital technologies, blockchain or AI 					
Q4.3. What are the drivers of / obstacles to an effective sharing of information to fight IP counterfeiting in the EU?	<ul style="list-style-type: none"> ▶ Analysis of potential drivers/ barriers: <ul style="list-style-type: none"> ○ Provisions and mechanisms for information exchange, protection of confidential information, and data protection ○ Level of cooperation and coordination among relevant stakeholders ○ Availability of data analysis tools and digital platforms, facilitating the efficient sharing and processing of information 					

	<ul style="list-style-type: none"> ○ Training and awareness raising of relevant stakeholders 					
Research topic 5. Costs for destruction of infringing goods in the single market						
Q5.1. To what extent do EU Member States seize, destruct and/or re-use IP-infringing goods placed on the single market?	<ul style="list-style-type: none"> ▶ The legal basis on which IP-infringing goods are seized ▶ The way IP-infringing goods are seized (e.g. random or targeted action) ▶ Volume of IP-infringing goods seized, re-used and/or destroyed ▶ Type of IP-infringing goods seized, re-used and/or destroyed 					
Q5.2. <u>To whom</u> do EU Member States charge costs resulting from the seizure and destruction of IP-infringing goods (including storage costs) placed on the single market?	<ul style="list-style-type: none"> ▶ Costs borne by infringers ▶ Costs borne by rights holders ▶ Costs borne by intermediaries ▶ Costs borne by competent authorities 					
Q5.3. Who bears the costs resulting from the seizure and destruction of IP-infringing goods (including storage costs) placed on the single market <u>in case the infringer is insolvent or cannot be identified</u> ?	<ul style="list-style-type: none"> ▶ Costs borne by rights holders ▶ Costs borne by intermediaries ▶ Costs borne by competent authorities 					
Q5.4. Can cost-bearing schemes be identified that effectively mitigate the costs/risks for rights holders?	<ul style="list-style-type: none"> ▶ Types of cost-bearing schemes ▶ Identified good practices 					
Q5.5. To what extent are IP-infringing goods that are recalled/removed under Article 10 of IPRED recycled or re-used?	<ul style="list-style-type: none"> ▶ Share of recycling ▶ Share of secondary use ▶ Member States' practices and rules regarding recycling and secondary use ▶ Costs born for recycling and secondary use by different actors 					
Q5.6 What is the average duration for which seized IP-infringing goods are typically stored before being destroyed?	<ul style="list-style-type: none"> ▶ Member States' rules and practices regarding the duration of storage of seized goods ▶ Average duration for which seized goods are typically stored before being destroyed 					

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