

Q296

Preliminary Injunctions: Requirements for compensating damage suffered by Defendant

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Respondent

7

Anonymous

26:47

Time to complete

Contact details

Kindly submit your and your groups contact details below. Please also include the authors of the reports.

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I) Current law and practice

Please answer the below questions with regard to your Group's current law and practice.

Please answer all questions in Part I on the basis of your Group's current law. You may differentiate your answers based on different IP rights if applicable under your Group's current law.

5. a) Existence of Liability

1) Does your law or case law establish that the applicant of a PI will be held liable for the defendant's damages in case the PI is lifted or reversed? Please comment.

☒ Yes

☐ No

6. 1) (continued) Please comment

YES, in Hungarian Act No. XXXIII of 1995 on the Protection of Inventions by Patents (hereinafter referred to as the "Patent Act") contains the rules on compensating damages suffered by the defendant (effective as of 2022):

Article 104 (12a) If in the course of the litigation proceedings, the court subsequently establishes that the request on the basis of which the preliminary injunction has been ordered is unfounded, on request, the court shall oblige the party that initiated the preliminary injunction to compensate the other party for the damage suffered as a consequence of the preliminary injunction. In the course of the litigation proceedings the fact that the request for the preliminary injunction is unfounded can be established in particular if

(a) the patent is subsequently revoked or the European patent effective in Hungary is revoked,

(b) the provisional measure becomes ineffective as a consequence of an act or omission of the plaintiff, or

(c) the court establishes that there was no patent infringement and, on the basis of the evidence available, nor was there any danger of an act presenting an imminent threat of patent infringement.

The legislation on other IP rights does not contain similar rules, in addition to authorizing the court to render the PI subject to the provision of security at the request of the opposing party. Therefore, on compensating the loss arising from the PI, the general rules of the Civil Procedural Code on PI apply:

[Preliminary injunction subject to security]

Section 107 (3) If the court dismisses the action brought by the applicant, the judgment shall order the deposited security to be released to his opposing party. If the applicant succeeds in the action, the court shall order the security to be returned. (..)

(5) A decision on releasing the security shall not prevent the opposing party of the applicant from subsequently bringing an action against him for any damages or grievance award in excess of the security. If the damages do not reach the amount of the security, the difference shall not be reclaimed.

Nevertheless, the courts had ordered the plaintiff to pay compensation even before the adoption of the above specific provision of the Patent Act, and the above rule on the release of the security (effective as of 2018), based on the former rules of the Civil Procedural Code (effective before 2018) on ordering the applicant to provide security, the CJEU decision in Bayer vs. Richter, the Enforcement Directive, and the general rules of the Civil Code on tort liability, and derived the liability from the purpose of the security.

Our report focuses on patent-related matters. We are not aware of published judgement relating to loss arisen from PI which was rendered based on alleged infringement of other IP rights.

7. 2) If YES, does your law or case law provide that the defendant needs to request the court or relevant authority to decide on the liability of the applicant (that is, a court will not automatically issue such a finding upon revocation of the PI)?

☒ Yes

☐ No

8. 2) (continued) Please add comments

If the court dismisses the action brought by the applicant, the judgment shall order the deposited security to be released to the defendant. Thus, the defendant automatically may receive the security, without starting an action for compensation and without evidencing the actual amount of the loss. If the applicant succeeds in the main action, the court shall order the security to be returned.

The court decides on the security not after lifting the PI, but after the judgement rejecting the infringement claim.

The defendant must claim the damages in excess of the security.

9. **3)** Does your law provide for any particular time or moment as to when the defendant is allowed to request compensation?

- ☒ (a) YES, as soon as the PI is lifted or revoked;
- ☐ (b) YES, only after a final judgment is delivered;
- ☐ (c) NO, at any time.
- ☐ (d) Other. Please comment.

10. **3)** (continued) Please comment

The claim can be enforced within the normal 5-year limitation period. The starting date is the date of lifting the PI.

If the defendant claims the damages before the court renders the final decision on the lack of infringement, the court will suspend its decision until such decision on the merits.

11. **4)** Does your law or case law provide applicants with an exemption or safe harbour from any liability based on the fact that it holds a valid IP right and is reasonably exercising such lawful right?

- ☐ Yes
- ☒ No

12. **4)** (continued) Please comment

N/A

13. **5)** Are there any differences in assessing the applicant's liability if the dismissal is based on a finding of invalidity or of non-infringement? Please comment.

- ☒ Yes
- ☐ No

14. **5)** (continued) Please comment

As there is no published judgement under the current specific provisions of the Patent Act, we cannot anticipate whether the court will evaluate it differently whether the dismissal is based on a finding of invalidity or of non-infringement. The Patent Act does not contain any differentiation.

When the court evaluates the applicant's liability and the amount of appropriate compensation, the court assesses all circumstances, including that the defendant launched its product during the existence of the valid patent (see response No 7 on former court practice).

Therefore, in light of the case-by-case analysis, in principle, in view of the Hungarian Group, there could be a different ratio of damage-sharing if the dismissal is based on a finding of invalidity or of non-infringement. In case of non-infringement, the defendant was not culpable at the launch of the product.

15. **b) Nature of Liability and limits thereof:**

6) According to your law or case law, what is the nature of the applicant's liability if the PI is lifted, and the applicant's claims are ultimately dismissed?

The Patent Act and the Civil Procedural Code have introduced a special liability regime.

In general, the applicant's liability falls basically under the tort liability rules of the Civil Code which are based on culpability (and not on strict liability) in order to grant "appropriate compensation". In case of the "compensation", as the official explanatory note sets forth, the court shall look at all circumstances.

The amount of the security is released to the defendant if the IP was unfounded. Therefore, in respect of such an amount, the applicant has strict liability, and the compensation of the loss beyond the amount of the security falls under the general liability regime.

The ministerial explanatory note to the amendment of the Patent Act contains the following explanation: "Section 104(12a) [...] explicitly establishes, through the reflection of Article 9(7) of Directive 2004/48/EC on the enforcement of intellectual property rights, that if the court subsequently finds that the request for the provisional measure was unfounded, it may, upon request, oblige the party who initiated the provisional measure to compensate the opposing party for the damages caused by the provisional measure. The unfounded nature of the request for the provisional measure in the case can particularly be established if the patent is later annulled, the provisional measure is rendered ineffective due to the actions or omissions of the claimant, or the court determines that there was no patent infringement and, based on the available evidence, the court finds that there was no immediate risk of such infringement either. The modification also regulates the issue of compensation for damages caused by an unfounded provisional measure. As a result of the modification, compared to the situation [i.e., before this amendment of the Patent Act], where due to the lack of specific rules regarding intellectual property rights, only the general compensation rules of the Civil Code apply subsidiarily, a possibility arises for the court to make its decision on the issue of compensation, functioning as 'appropriate compensation,' considering all relevant circumstances of the case and the conduct of the parties, while also taking into account the specificities arising from patent law. In this way, instead of applying the provisions of the Civil Code related to compensation, a specific rule is established regarding the compensation for damages caused by an unfounded provisional measure."

16. **7) Does your law or case law provide that a court or relevant authority should also take into account the conducts of the defendant (e.g. if the defendant enabled the injury to occur or failed to take reasonable measures to avoid or mitigate the injury and thereby contributed to its occurrence)? Please comment.**

☒ Yes

☐ No

17. **7) (continued) Please comment**

See response No. 5. When the court evaluates the applicant's liability and the amount of appropriate compensation, the court assesses all circumstances, including whether the defendant complied with its general obligation to mitigate loss. The defendant shall bear the loss which arises from the circumstance that the defendant failed to act in a manner what can generally be expected in the same circumstances.

In Bayer/Richter (C-688/17), CJEU pointed out that whether a compensation is "appropriate" must be determined based on all specific circumstances of that case. While the subsequent lifting of the PI (because of a finding of non-infringement or invalidity) is a necessary condition for "appropriate compensation", it does not automatically lead to an award of compensation (refusal of strict liability approach). Quoting recital 22 of the Directive, the Court provides that the "appropriate compensation" for wrongful PI serves as a "guarantee needed to cover the costs and the injury caused to the defendant by an unjustified request". Pursuant to the same recital, a PI is "justified" when it appears that any further delay would cause irreparable harm to the right holder. CJEU deduces from this recital that a PI is "unjustified" if it is granted in the absence of a risk of irreparable harm to the right holder. While a necessary condition for an award of appropriate compensation, the subsequent lifting of the PI does not automatically mean that the measures were "unjustified". If a party starts commercialization of a product despite the existence of a registered patent, such act causes a risk of irreparable harm to the right holder. In this case, granting a PI cannot be considered "unjustified". Any other outcome would deter patent owners from enforcing them against presumptive infringers, which would be contrary to the objective of the Enforcement Directive, namely ensuring a high level of protection of IP rights.

After the CJEU's judgement, the Hungarian courts applied the CJEU's interpretation. In the view of the Metropolitan Court, in case of a "launch at risk" the generic company cannot claim full compensation based on objective (strict) liability, but the court shall evaluate the conditions of the claim for damages, including the culpability of the generic company which launched its product before the decision in the patent cancellation proceedings was rendered. Under the general principle of civil law, the generic company has not acted in conformity with "what can generally be expected of a reasonable person in the same circumstances". The court emphasized that all market participants shall respect the patents granted after examination by the patent authority, and granting full compensation, based on the plaintiff's strict liability would encourage aggressive market entry strategies and jeopardize that a high level of protection of IP rights are ensured. In light of the parties' actions and interests in connection with the PI proceedings (Bayer taking the risk of requesting PI, and Richter's launch in spite of the patent protection), the Metropolitan Court of Budapest held that Bayer is liable for 50% of the loss of profit arising as a consequence of the PI based on all specific circumstances of that case. The second instance court pointed out that the parties assumed the same degree of risk: the defendant by entering into the market (not waiting for the patent to be invalidated) and the plaintiff by filing the PI application, as the possibility of invalidation could be anticipated. The Supreme Court amended the ratio so that Bayer should cover 30% of the loss. We note that this ruling is based on the rules effective before 2022.

18. **8)** Does your law or case law stipulate that the causal link between the damages being claimed, and the issuance of the PI should be assessed?

☒ Yes

☐ No

19. **8)** (continued) Please comment

The defendant shall prove the causal link between the damages being claimed (lost turnover and lost profit), and the issuance of the PI.

20. **9)** Does your law or case law establish any limits to the damages to be compensated?

☐ Yes

☒ No

21. **9)** (continued) Please add comments

No. The Supreme Court pointed out that the amount of loss and sharing of damages between the parties shall be evaluated in light of all circumstances of the case.

It is the general rule of civil law that the injured party cannot claim a higher amount of damages which are in excess of the actual loss.

Alternatively, the court may order the applicant to pay general (estimated) compensation for damages if the extent of damage (usually the lost profit element of the damage) cannot be precisely - even if only in part - calculated.

22. **10)** Are there any other factors, circumstances or defences the court or relevant authority will take into account when establishing liability and the amount of damages?

☒ Yes

☐ No

23. **10)** (continued) Please add comments

The court shall evaluate all circumstances of the case: nor the Patent Act, neither the case law sets forth any specific circumstance.

24. **11)** Are there any special circumstances in particular cases, such as SEP/FRAND litigation or pharma/biotech disputes? Please comment.

☐ Yes

☒ No

25. **11)** (continued) Please comment

We are not aware of any compensation claim in SEP/FRAND litigation.

26. **c. Possible Bonds and Guarantees for securing a PI:**

12) Does your law or case law establish any specific standards or requirements for a court or relevant authority to request a bond, a security or undertaking to compensate a defendant? Please comment.

☐ Yes

☒ No

27. **12)** (continued) Please comment

The court may oblige the IP holder requesting the PI to provide appropriate security, which is the prerequisite for awarding a PI. The security serves as a deposit ("lump sum compensation") to satisfy compensation claims to recover losses suffered by the opposing party where it is subsequently found that there has been no infringement.

The defendant shall substantiate in the PI defence the loss, and request the security.

The security must be provided in the form of a transfer of payment to the court's escrow account; or as a bank guarantee.

28. **13)** According to your law or case law, is the setting of a bond mandatory or discretionary? Please comment.

☐ a) Mandatory in all cases

☐ b) Mandatory only in ex parte cases

☒ c) Discretionary in all cases

☐ d) Other. Please Comment

29. **13)** (continued) Please comment

If the defendant requests the court to set a security, the court has the discretionary power on such decision (ordering the claimant to provide security and the amount of the security).

30. **14)** Does it matter whether a PI is granted in an ex parte or an inter partes proceeding? Please comment.

☒ Yes

☐ No

31. **14)** (continued) Please comment

The law does not contain any difference on ex parte or an inter partes proceeding.

Nevertheless, in ex parte proceedings the defendant is not in the position to submit the request for ordering security.

Even if the applicant offers to provide a security, the court shall ask the opposing party whether they accept such security. Consequently, this scenario is also not applicable in ex parte proceedings.

In complex patent litigation cases the court usually does not decide in ex parte proceedings.

In practice, courts grant ex parte PI usually in prima facie cases of counterfeited goods and in such obvious cases the court usually does not order the IP holder to provide security.

32. **15)** Does your law or case law provide for any specific standards for the amount of the bond to be determined, or otherwise establish a pre-set amount? Please comment.

☒ Yes

☐ No

33. **15)** (continued) Please comment

The court sets the amount of the security on the basis of the substantiation by the defendant relating to its potential loss (i.e., by reference to the business plan on the launch, supported by similar product launches).

In the pharmaceutical industry, the court practice applies usually a 20% profit margin of the generic manufacturer if the defendant does not disclose its profit margin.

34. **16)** Does your law or case law also assess and balance the degree of harm to a defendant in case a PI is granted?

☒ Yes

☐ No

35. **16)** (continued) Please comment

In general, the court weighs the potential benefits and disadvantages of the PI (proportionality), and also takes into account whether the injunction is manifestly and substantially contrary to public interest or the interests of third parties. In the course of setting the amount of the security, the court decides on the basis of the substantiation by the applicant and the defendant relating to its potential loss (see response above). As the security is released to the defendant if the PI was unfounded, and the defendant can claim the recovery of the loss above the security, the court usually tends to set the amount of the security at a lower amount.

36. **17)** Does your law or case law allow courts to accept a "counter-guarantee" from the defendant to suspend a PI? If so, in which circumstances? Does it depend on the consent of the applicant? Are there any differences in special cases, such as in SEP/FRAND litigation or pharma/biotech disputes?

☐ (a) YES, generally

☒ (b) YES, but only in special circumstances

☐ (c) NO

37. **17)** (continued) Please comment

Art. 9(1)(a) of the Enforcement Directive provides that the Member States shall ensure that the courts may make the continuation of the alleged infringements subject to the lodging of guarantees intended to ensure the compensation of the rightholder. Even though the Hungarian Patent Act provides for this alternative, we are not aware of any case when the court ordered the alleged infringer to provide a guarantee instead of ordering injunction. The Metropolitan Court of Budapest seems to be reluctant to apply this provision. The decision lies in the full discretion of the court.

II. Policy considerations and proposals for improvements of your Group's current law

Please answer the questions of this Part II below. You may differentiate your answers based on different IP rights if appropriate and/or desirable in your view.

38. **18)** Could your Group's current law or practice relating to the requirements for compensating damage suffered by the defendant and related topics be improved? If yes, please explain.

☐ Yes

☐ No

39. **18)** (continued) Please comment

In lack of detailed court practice, we cannot evaluate whether any improvement of the rules is necessary.

It would be reasonable to introduce the same legal regime in all IP legislation, not only in the Patent Act.

40. **19)** Could any of the following aspects of your Group's current law relating to the requirements for compensating damage suffered by the defendant be improved? Please explain:

☐ (a) The existence or not of liability;

☐ (b) The nature of such liability and limits thereof;

☐ (c) The possibility of determining bonds and guarantees for securing a PI, and/or counter-bonds;

41. **19)** (continued) Please comment

See the response in Q18.

42. **20)** According to the opinion of your Group, what is the policy rationale for compensating damages suffered by the defendant in case of a PI?

The policy rationale for compensating damages is to create risk-sharing between the parties for the scenario where it is subsequently established that the PI was unfounded, and there has been no infringement. For example, the patent was invalidated with retroactive effect or the product does not fall under the patent claims.

The court orders the PI on the basis of substantiation, and not on the basis of a detailed fact-finding procedure. Due to the short period in which the court shall render its preliminary decision, it is not possible to evaluate the parties' arguments in detail, particularly the invalidity issues. Therefore, it may be subsequently found that there has been no infringement or threat of infringement of an IP right. While it is essential to provide provisional measures for the immediate termination of infringements, without awaiting a decision on the substance of the case, it is necessary to provide guarantees needed to cover the costs and the injury caused to the defendant by an unjustified request. Therefore, the defendant shall have the right to get appropriate compensation for the loss that the defendant could not enter into the market due to the PI. The IP holder's liability for such loss constitutes a safeguard against abusive enforcement of IP rights as well.

Creating a fair risk-sharing is a delicate balancing exercise though. If it is relatively easy for the IP holder to obtain a PI, i.e., because the validity of the patent or other IP right is presumed, and the court either disregards invalidity arguments or considers these only if these are clear cut, then it would make sense to require the IP holder to accept more risk in relation to a potential claim for damages by a defendant if the PI is lifted. While the number of court cases are limited, it seems that Hungarian courts are ready to apply the risk-sharing approach, thereby consider all the circumstances of the given case, in particular, the timing of each party's actions in relation to invalidity and enforcement.

43. **21)** Are there any other policy considerations and/or proposals for improvement to your Group's current law falling within the scope of this Study Question?

See the response in Q18.

III. Proposals for harmonisation

Please answer the questions of this Part III below. You may differentiate your answers based on different IP rights if appropriate and/or desirable in your view.

44. **22)** Do you believe that there should be harmonisation in relation to the requirements for compensating damage suffered by Defendant and related issues, as well as in connection with the setting of bonds or guarantees?

If YES, please respond to the following questions without regard to your Group's current law or practice.

Even if NO, please address the following questions to the extent your Group considers your Group's current law or practice could be improved.

☐ Yes

☒ No

45. **22)** (continued) Please comment

It is not necessary to have a worldwide harmonization. The basic is the TRIPS and the states are free to choose the liability regime to provide an appropriate compensation in compliance with their national liability regime in connection with sharing the risk of the PI.

46. **23)** Should the applicant of a PI be held liable for defendant's damages in case a PI is lifted or reversed? Please comment

☒ Yes

☐ No

47. **23)** (continued) Please comment

See our response to Q20.

48. **24)** Should a defendant need to request the court or relevant authority to decide on the liability of the applicant (that is, a court will not automatically issue such a finding upon revocation of the PI)? Please comment.

☒ Yes

☐ No

49. **24)** (continued) Please comment

Following the general legal principle, the court or relevant authority cannot decide ex officio on the liability of the applicant, but on the basis of the request of the other party who suffered loss from the unfounded PI.

We do not find it contrary to this general principle when the court releases the bond automatically to the defendant (like in Hungary) if the PI was unfounded since the defendant shall enforce the claim the loss above the amount of the security.

50. **25)** Should there be any particular time or moment for the defendant to request compensation?

- ☐ (a) YES, as soon as the PI is lifted or revoked;
- ☐ (b) YES, only after a final judgment is delivered;
- ☒ (c) NO, at any time.
- ☐ (d) Other. Please comment.

51. **25)** (continued) Please comment

There is no need for harmonization on the timing of enforcement, however, it would be logical that the court decides on the compensation once the final decision has been rendered that clarifies whether the PI was justified. Any other approach may result in further claims between the parties.

52. **26)** Should an applicant benefit from an exemption or safe harbour from any liability based on the fact that it holds a valid IP right and is reasonably exercising such lawful right? Please comment.

- ☐ Yes
- ☒ No

53. **26)** (continued) Please comment

It would be hard to define a safe harbour, i.e. an extent of „lawful“ enforcement since the PI is eventually either justified or not, in light of the final outcome of the legal dispute on IP infringement. The IP holder shall bear certain risk when requesting the court to order PI since the PI grants exclusivity on the market, and prevents the market entry of a competing product. The court decides on the PI based on the substantiation submitted by the IP holder. Although it is the court which decides on the PI, but court cannot have liability for such a decision.

54. **27)** Should there be any differences in assessing the applicant's liability if the dismissal of the PI is based on a finding of invalidity or of non-infringement? Please comment.

- ☒ Yes
- ☐ No

55. **27)** (continued) Please comment

In case of invalidity of a patent, there may be a presumption that the applicant's action is bona fide since the IP office has already examined the patentability and granted the patent. In case of other IPRs where there is no prior examination, such circumstance is not relevant.

In case of non-infringement, the IP holder has the possibility to analyze the infringement and the risk that the court may find the lack of infringement. It may be argued that the action against the competitor is motivated partially on the basis of commercial considerations, and its aim is to block the other party's business activities.

56. **a) Nature of Liability and limits thereof:**

28) Which should be the nature of the applicant's liability if the PI is lifted, and/or the applicant's claims are ultimately dismissed?

- ☐ (a) Strict liability (that is, the applicant is liable for damages irrespective of proof of negligence, recklessness or intent to harm).
- ☐ (b) Liability will depend on proof of negligence, recklessness or intent to harm.
- ☐ (c) Liability will depend on proof of intent to harm or recklessness only.
- ☐ (d) Liability will depend on proof of intent to harm only.
- ☒ (e) Other (Please comment).

57. **28)** (continued) Please comment

As the CJEU stated in Bayer (C-688/17) and Mylan (C-473/22), what is important is not the liability regime (system of strict liability or tort liability), but rather that the court shall be empowered to award appropriate compensation and to adjust the amount of compensation taking into account the circumstances of the case, including whether the defendant contributed to the damages suffered.

The legislator shall find a balance between the parties' interests, and regulate which party shall bear the risk, and in which proportion, if the PI turns out to be unfounded. The risk arises from the circumstance that the PI is enforceable even if the court renders the preliminary decision on the basis of the IP holder's substantiation, and not on the basis of detailed evidencing procedure which is required for rendering a judgement.

58. **29)** Should a court or relevant authority take into account the conducts of the defendant (e.g. if the defendant enabled the injury to occur or failed to take reasonable measures to avoid or mitigate the injury and thereby contributed to its occurrence) or any other particular factors? Please comment.

- ☒ Yes
- ☐ No

59. **29)** (continued) Please comment

See our response to Q28 above. The court shall take into account all circumstances of the case, including the conduct of the defendant.

60. **30)** Should the causal link between the damages being claimed, and the issuance of the PI be assessed? Please comment.

- ☒ Yes
- ☐ No

61. **30)** (continued) Please comment

The defendant shall prove the causal link between the damages being claimed (typically lost turnover and lost profit), and the issuance of the PI.

62. **31)** Should there be any limits to the damages to be compensated?

- ☒ Yes
- ☐ No

63. **32)** If YES, please indicate the ones that apply:

- ☒ (a) Damages should be limited to the actual losses of the defendant or lost profit;
- ☐ (b) Damages should be limited to by the amount of guarantee or security provided by the applicant;
- ☐ (c) Damages should also include legal costs incurred during litigation.
- ☐ (d) Other. Please Comment

64. **32)** (continued) Please comment

Damages should be limited to the actual losses of the defendant or lost profit. If the loss exceeds the amount of guarantee or security provided by the applicant, the defendant shall have the right to claim the difference.

If the loss exceeds the amount of guarantee or security provided by the applicant, the defendant shall have the right to claim the difference.

In light of the general rule that the losing party shall bear the costs of the legal dispute, the defendant shall be entitled to reimbursement of the legal costs as well, however, subject to the general procedural rules on bearing the litigation costs (legal costs are usually not considered as an element of the damages). If the court orders the PI, the defendant is ordered to pay the costs of the PI proceedings to the applicant (IP holder). If the PI turns to be unfounded, the defendant can claim reimbursement of such amount paid under the PI order and his/her own costs in the PI proceedings, in accordance with the rules on the payment of legal costs.

65. **33)** Should there be any other factors, circumstances or defences the court or relevant authority should take into account when establishing liability and the amount of damages? Please comment.

☐ Yes

☒ No

66. **33)** (continued) Please comment

In view of the Hungarian Group, the court shall have the discretion to take into account all circumstances when establishing the liability and the amount of damages. We shall not specify these factors.

67. **34)** Should there be any special circumstances in particular cases, such as SEP/FRAND litigation or pharmaceutical/biotech disputes? Please comment.

☐ Yes

☐ No

68. **34)** (continued) Please comment

N/A. see comments to Q33.

69. **b. Possible Bonds and Guarantees for securing a PI:**

35) Should there be any specific standards or requirements for a court or relevant authority to request a bond, a security or undertaking to compensate a defendant? Please comment.

☐ Yes

☒ No

70. **35)** (continued) Please comment

See response to Q36.

71. **36)** In your group's opinion, the setting of a bond should be:

☐ (a) Mandatory in all cases

☐ (b) Mandatory only in ex parte cases

☒ (c) Discretionary in all cases

☐ (d) Other. Please comment

72. **36)** (continued) Please comment

The court must determine, considering all the circumstances of the case, whether it is necessary to provide security and, if so, what amount it should be paid. In taking this into account, it must ensure that the amount of the security does not deter the claimant from enforcing their rights, but that it is not so low as to give a possibility to the right-holder to make the request for interim measures abusive.

73. **37)** Should it matter whether a PI is granted in an ex parte or an inter partes proceeding? Please comment.

☒ Yes

☐ No

74. **37)** (continued) Please comment

In an inter partes proceedings, the court shall order security if the defendant requests so and substantiates its potential loss arising from the PI.

Since in ex parte proceedings the defendant does not have the opportunity to file a defence and a request for security, the court should therefore be able to order the security ex officio in such cases, if the court finds it reasonable. We consider it important to avoid that, in the case of an ex parte order, the interests of the defendant are not adequately protected by the security.

75. **38)** Should there be any specific standards for the amount of the bond to be determined, or otherwise should a pre-set amount be established? Please comment.

☒ Yes

☐ No

76. **38)** (continued) Please comment

Both parties must have the right to make statements regarding the amount of the bond to be determined, and it must be the discretion of the court to determine its amount based on the submissions of the parties.

77. **39)** Should courts be allowed to accept a “counter-guarantee” from the defendant to suspend a PI? In which circumstances? Please comment.

☒ Yes

☐ No

78. **39)** (continued) Please comment

In light of all circumstances of the case, the court might decide, in exceptional cases, not to prohibit the alleged infringement, but to make such continuation subject to the lodging of guarantees intended to ensure the proper compensation of the rightholder. However, the court shall take into consideration that the essence of the IP right is the exclusivity and therefore the IP right cannot be limited to a monetary claim against the infringer. Otherwise, the counter-guarantee would function as a kind of compulsory licence, namely a use without the consent of the IP holder (the applicant).

79. **40)** Should the acceptance of a counter-guarantee depend on the consent of the applicant? Please comment.

☐ Yes

☒ No

80. **40)** (continued) Please comment

See response above.

81. **41)** Please comment on any additional issues concerning any aspect that you consider relevant to this Study Question.

N/A.

82. **42)** Please indicate which industry sector views provided by in-house counsels are included in your Group’s answers to Part III.

In-house counsel and in-house patent attorney from the pharmaceutical sector.