Introduction

Although the existence of a right normally implies the existence of a remedy for its violation, substantial judicial discretion may exist in determining what particular remedy to apply. Such discretion provides flexibility to accomplish policy goals, and thus may be considered one of many important “policy levers” that may be applied to accomplish legislative purposes and enhance social welfare, without creating excessive specificity or differentiation in the legislation itself. Retail differentiation of remedies by judges in particular cases may be less risky for innovation policies, less costly to administer, more sensitive to contextual information or more politically feasible than wholesale differentiation of rights and remedies at the legislative level. Such legislative specificity, moreover, would encourage rent-seeking. Few (except perhaps lawyers) would want intellectual property legislation to look like the tax code or environmental regulations.

In both common law and civil law jurisdictions, some form of equity jurisprudence invariably exists as an alternative to or correction for a more rigid, codified, and universal system of enforcing legal rules, whether or not this alternative system of justice is applied by separate municipal courts. Nevertheless, separate courts of equity have a long pedigree, tracing back at least to Roman law. The basic nature of equity jurisprudence is for courts to have “jurisdiction in cases of rights, recognized and protected by the municipal jurisprudence, where a plain, adequate, [or] complete remedy
cannot be had in the courts of common law.”

Equitable jurisdiction and remedies thus are sometimes concurrent with, exclusive of or auxiliary to the remedies available at law, and provide the flexibility to render complete justice among the parties. Equity jurisprudence is distinguished by its flexible application to factual context and by the policy discretion vested in the judiciary to achieve substantive justice and more complete relief. Foremost among the remedies authorized by equity is the prospective injunction, which is directed to a party so as to prevent a wrong, when courts at law can only redress the wrong after it occurs. Injunctions can compel or prohibit different kinds of conduct, including the payment of compensation.

This Chapter examines the developing law in the United States applicable to judicial decisions to grant or to deny various forms of equitable injunctive relief as a tool for intellectual property rights enforcement. It proceeds first by addressing recent trends in American intellectual property jurisprudence, describing lower court trends (particularly over the last two decades) to restrict judicial discretion cases to deny prospective injunctive relief that orders infringers to cease their infringing activities. It then analyzes a recent US Supreme Court decision, eBay, Inc. v. MercExchange, L.L.C., which has restored greater flexibility and discretion to trial court judges in this regard. It then places such flexibility in an international context, explaining why the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) does not meaningfully limit domestic legislative and judicial decisions to grant or to deny prospective injunctive relief. Finally, it reviews some of the developing American jurisprudence since the eBay decision, to identify important considerations for legislators and judges in other countries. These considerations include: the amount of compensation
considered to be fair and adequate for different types of intellectual property rights holders; the costs of judicial supervision of injunctive remedies, and concerns that such remedies may excessively empower rights holders; the potential for injunctive remedies to deter legitimate challenges to the validity of asserted rights; and the public interests that warrant authorizing prospective infringement.

Specifically, developing countries may wish to make different choices from those of the United States, and potentially codify different policies by legislation, in regard to whether or when:

- To tailor remedies to domestic economic conditions, addressing concerns such as the need to promote domestic innovation and foreign direct investment;
- Preliminary injunctions should be refused, to better assure that any intellectual property rights being asserted will have their validity fully tested when examination and rights-granting practices are insufficiently rigorous; and
- To identify a broader range of public interests – particularly competition and public access concerns – that will justify denying injunctions that would require infringers to cease infringing activity, including determining whether to award compensation for such continuing infringement.

**Recent limits on judicial discretion to deny injunctions to stop infringing activity**

For many decades, judges in the United States have with ever-increasing rigidity applied one specific and extremely powerful equitable remedy for cases of patent infringement – injunctive relief in the inflexible form of an order to cease any continued infringing activity. Before the creation of the US Court of Appeals for the Federal Circuit (Federal
Circuit) – which has nearly exclusive jurisdiction over patent appeals – federal Circuit Courts of Appeals frequently granted injunctive relief once a patent was found (or found likely) to be valid and infringed. At least by 1988, the Federal Circuit had stated that a permanent injunction “should issue once infringement has been established unless there is a sufficient reason for denying it.” This presumption in favor of injunctive relief had expanded by 2005 to limit the reasons for denying injunctions to the point that the Federal Circuit could state a “general rule that courts will issue permanent injunctions against patent infringement absent exceptional circumstances.”

In regard to preliminary injunctions, which are an “extraordinary remedy,” the Federal Circuit had developed a strong presumption of irreparable harm upon a sufficient showing that a patent was valid and was infringed. This presumption applied without regard to differences among patent holders who licensed their inventions and those who made and sold their inventions in the market. Consequently, preliminary injunctions were routinely issued to cease patent infringing activities, which might result in a settlement or other termination of the litigation before a decision on the merits.

Similar presumptions in favor of prospective injunctive relief to stop infringing conduct have also been applied for a longer time in trademark and copyright cases within all of the federal circuits. In trademark cases, the difficulties of quantifying harm to market share, goodwill or reputation and the public interest in avoiding consumer confusion typically resulted in granting permanent injunctions, and courts provided a presumption of irreparable harm for preliminary injunctions when there was a sufficient showing of likely success on the merits. Similarly, in copyright cases courts have traditionally granted permanent injunctions once copyright infringement was proven, and
have presumed irreparable harm upon a sufficient showing of a likelihood of success. Such injunctions and presumptions reflected concerns over the forced sharing of the creative works of authors, although courts also sometimes refused to order infringement to stop when to do so would impose harms that were disproportionate to the infringement or based on the public’s interest in free expression or in access to the infringing work.18

Because intellectual property infringement normally does not require culpable intent, infringers often may have made substantial but reasonable investments in creativity, manufacturing, marketing, and other activities. By 1986, however, the Federal Circuit had stated that the potential to put the infringer out of business was not a sufficient reason to deny a prospective injunction requiring the infringer to cease infringing activity. As the Federal Circuit put it, “[o]ne who elects to build a business on a product found to infringe cannot be heard to complain if an injunction against continuing infringement destroys the business so elected.”19 This was true even though patent injunctions are authorized by law only “in accordance with the principles of equity.”20 Equitable principles traditionally required consideration of (among other factors) the balance of hardships to the parties, but the Federal Circuit’s rigid approach precluded the flexible and contextual weighing of the equities.21 Particularly when the infringement related only to a component of a larger product, the potential for injunctive relief and the presumption of irreparable harm from proof of likely infringement consequently has posed a significant “holdup problem” that may have resulted in recent decades in extortionate settlements and unreasonable licensing demands and fees.22

In earlier times, decisions about whether to grant such injunctive relief were left to the sound discretion of trial courts, which applied equitable principles
in their traditional, flexible and context-specific manner. For example before the 20th Century patent injunctions were refused where: they would cause disproportionate harm to defendants relative to the benefits to plaintiffs or would prevent the use of an essential process or device; they would be harmful to the convenience as well as the safety of the public; the defendant acted in a good faith belief in the inapplicability of or in ignorance of the patent when making substantial business investments; or the patent holder had an established fee for licensing the invention (and the defendant was solvent).

At the beginning of the 20th Century, the Supreme Court in *Continental Paper Bag Co v. Eastern Paper Bag Co.* had stated that exclusion is “the very essence of the right conferred by the patent,” and “that the right can only retain its attribute of exclusiveness by a prevention of its violation.” The Court thus held that equity jurisdiction exists to grant injunctive relief even when the patent holder did not itself use or license the patented invention. Given this language, some have argued that appellate courts have been justified in routinely granting injunctive relief, finding a presumption of irreparable harm and inadequacy of damages for infringements of valid patents. Nevertheless, the Court in *Continental Paper Bag* had reiterated general equitable principles in reaching its conclusion, specifically the concern that damages at law might not remedy continuing harms, and expressly refused to decide whether “the situation of the parties in view of the public interest” might justify withholding an injunction. Further, the view expressed in *Continental Paper Bag* – and a later Supreme Court case affirming *Continental Paper Bag*’s holding in the context of a refusal
to grant a patent—addresses only whether the patent holder must work or license the patented invention in order to assert the patent right, and not what the remedy should be for any specific violation of that right. In the 1952 Act, the Congress reaffirmed the right to relief and simultaneously retained judicial discretion over the remedy.

As with the patent experience, during the 20th Century courts also became less willing to refuse copyright injunctions than in an earlier era. In earlier times, no presumption of such relief existed, no “overheated rhetoric about copyright being a sanctified form of property” was employed, courts “revealed a balanced, and in some cases skeptical attitude toward the need for such relief,” and copyright holders were required as a condition for injunctions to reimburse innocent infringers who lacked notice before making investments that would be destroyed.

The eBay decision and restored judicial flexibility to deny injunctions

In 2006, in eBay, Inc. v. MercExchange, L.L.C., the U.S. Supreme Court explicitly rejected the Federal Circuit’s “general rule” that after finding infringement of a valid patent a permanent injunction to cease infringing activity should issue. The Supreme Court made clear that the right to exclude does not necessarily imply the powerful exclusionary remedy of such an injunction.

According to the Court of Appeals, this statutory right to exclude alone justifies its general rule in favor of permanent injunctive relief.... But the creation of a right is distinct from the provision of remedies for violations
of that right. Indeed, the Patent Act itself indicates that patents shall have the attributes of personal property “[s]ubject to the provisions of this title”… including, presumably, the provision that injunctive relief “may” issue only “in accordance with the principles of equity”….  

The importance of the highlighted statement cannot be overstated. It denies any necessary legal entitlement to an injunction, and reflects a fundamentally different understanding than that expressed by the Federal Circuit regarding the nature of exclusive patent rights and of equitable limitations on enforcing that right. The Federal Circuit had repeatedly stated its view that an exclusionary right implies the need for an exclusionary remedy, because a patent grants “the right to invoke the state's power in order to exclude others from utilizing the patentee's discovery without his consent,” and without this power, “the right to exclude granted by the patent would be diminished, and the express purpose of the Constitution and Congress, to promote the progress of the useful arts, would be seriously undermined.” Although the Federal Circuit’s language reflects a view of the importance of exclusivity granted by the patent right similar to that expressed by the Supreme Court in Continental Paper Bag, the Court in eBay had requested briefing on whether to reconsider its prior precedents and referenced Continental Paper Bag only to reject any categorical rule precluding injunctive relief. Further, the Supreme Court implicitly reiterated that the burden is on the patent holder to prove each of the traditional equitable factors, when noting that even non-working entities “may be able to satisfy the traditional four-factor test.” Thus, the Supreme Court in eBay signaled a significant change to how intellectual property is viewed in the United States.
The Supreme Court’s reaffirmation of the right-remedy distinction in *eBay* also implicitly overruled a line of Federal Circuit cases dating back at least to 1987 regarding preliminary injunctive relief. The Federal Circuit had held in that context that irreparable harm should be “presumed when a clear showing has been made of patent validity and infringement,” because the patent’s term will continue to run during any litigation and because the “nature of the patent grant … weighs against holding that monetary damages will always suffice to make the patentee whole, for the principle value of a patent is its statutory right to exclude.”39 As the Supreme Court noted in *eBay*, however, the exclusive right does not as a matter of law mandate an exclusionary remedy; this is true whether or not a diminution in the value of that right to the patent holder might result. It is only the flexible judicial decision to afford substantive justice in equity (considering the effects on a patent’s value of any infringement of the exclusive right) that supplies the basis for an injunctive remedy.

Nevertheless, as discussed below, some courts have refused to abandon this presumption of irreparable harm, seeking instead to limit the effects of *eBay* to the permanent injunction context. Such courts either have refused to resolve the question of whether a presumption of irreparable harm exists or have held that the Supreme Court at most overruled only a presumption that injunctive relief must be granted following proof on the merits of patent validity and infringement. That the Supreme Court overruled such a presumption in regard to permanent injunctions is crystal clear. The Court had analogized its decision in patent cases to that in earlier copyright cases, where it had refused to “replace traditional
equitable considerations with a rule than an injunction automatically follows a determination that a copyright has been infringed.\textsuperscript{40}

The Supreme Court also reiterated that injunctive relief in regard to patent infringement is subject to the traditional four-factor test established by courts in equity, which places the burden on the plaintiff to prove:

(1) that it has suffered an irreparable injury; (2) that remedies available at law, such as monetary damages, are inadequate to compensate for that injury; (3) that, considering the balance of hardships between the plaintiff and defendant, a remedy in equity is warranted; and (4) that the public interest would not be disserved by a permanent injunction.\textsuperscript{41}

In remanding the case for proper evaluation under the traditional test, the Court rejected both: (a) the “broad classifications” of the District Court that the patent holder’s willingness to license and failure to practice the patent necessarily precludes injunctive relief; and (b) the Federal Circuit’s “categorical grant” of relief except in “the ‘unusual’ case, under ‘exceptional circumstances’ and ‘in rare instances … to protect the public interest.’”\textsuperscript{42} Thus, the Supreme Court made clear that these equitable principles should be applied in their traditional, context-specific manner. The Court also made it clear that the “public interest” factor should encompass and should properly weigh all relevant public interests, and was not constrained to the small list of exceptions previously recognized by the Federal Circuit. The Federal Circuit had limited those exceptions to when the “‘patentee’s failure to practice the invention frustrates an important public need for the invention,’ such as the need to use an invention to protect public health”\textsuperscript{43}
Since the 2006 *eBay* decision, a body of case law has been developing regarding the conditions under which preliminary and permanent injunctions should and should not issue in patent, trademark, copyright and other intellectual property law cases. In an increasing number of cases, which inform the discussion below, preliminary or permanent injunctive relief is being denied (although permanent injunctions continue to be routinely granted in cases of direct competition\(^44\)). Following judgments of validity and infringement, prospective compensation is sometimes being awarded in the form of an equitable “ongoing royalty” injunction,\(^45\) which some argue (wrongly, as explained below) is a compulsory license\(^46\) even though the authorization to continue infringing conduct is in the form of a court order limited to the parties to the dispute.\(^47\) An ongoing royalty injunction is a prospective monetary award based on a previously determined royalty amount, and which may require continuing judicial supervision of the parties’ prospective conduct to determine the amount of payment over time.\(^48\) Because the amount of the royalty for continuing infringement is judicially imposed rather than voluntarily negotiated, the rights holder may view the injunction as providing inadequate compensation.

These decisions to deny injunctions to stop infringement reflect the roots of injunctive relief in equity, demonstrating its flexibility and its sensitivity to the factual context and the positions of the parties in achieving substantive justice. Moreover, the developing case law reflects renewed recognition of the fact that equitable remedies were not to be supplied where damage remedies at common law were adequate to compensate the plaintiff.\(^49\) Significantly, because the *eBay*
decision has restored their flexibility to deny injunctive relief, trial court judges may be encouraged to uphold the validity of intellectual property rights and to find liability more often in difficult cases, where they would otherwise have been reluctant to impose the high costs of injunctive relief on defendants or on society. The *eBay* decision may thereby bring “into alignment the issues of liability and remedy.”

The body of case law that is being developed in the United States through the discretionary judgments of trial judges may be instructive to other developed and to developing countries in assessing whether, when and how to grant prospective injunctive relief. This is true even if legislators and judges in those countries choose to exercise their policy discretion differently than judges in the United States. To the extent that social conditions or policy preferences differ from those in the United States, legislators or judges in other countries may choose to specify different conditions under which injunctive relief should be granted. Similarly, legislators may choose to codify different factors for judges to consider, different weights to be accorded or different degrees of delegated policy discretion.

**Domestic policy flexibility for injunctive relief under the TRIPS Agreement**

US legislation regarding intellectual property rights has always authorized the flexibility reflected in the recent injunctive relief case law. The US Congress has supplied an express, discretionary authorization for federal courts to grant injunctive relief in patent and copyright cases since 1819, although federal courts
granted injunctive remedies even earlier in diversity jurisdiction cases.\textsuperscript{51} Specifically, the 1819 Act provided that federal courts “should have authority to grant injunctions, \textit{according to the course and principles of courts of equity}.”\textsuperscript{52} As currently phrased in the US Patent Act, federal courts “\textit{may} grant injunctions in accordance with the principles of equity to prevent the violation of any right secured by the patent, \textit{on such terms as the court deems reasonable}.”\textsuperscript{53} Similar discretionary language and references to equity exist in regard to providing injunctive authority to redress violations of other intellectual property rights.\textsuperscript{54}

The discretionary authority vested in trial courts by the US Congress is further reinforced by deferential appellate review standards for grants and denials of preliminary and permanent patent injunctions. Such judgments are subject to reversal or modification only for an “abuse of discretion,” that is, “a clear error of judgment in weighing the relevant factors, or based a decision upon a clearly erroneous factual finding or an erroneous legal standard.”\textsuperscript{55} Similar discretionary deferential review standards apply in regard to other intellectual property rights.\textsuperscript{56}

Such domestic policy flexibility in determining whether, when and how to award injunctive relief for infringements of intellectual property rights was expressly authorized by the TRIPS Agreement. Article 44.1 of TRIPS requires only that “judicial authorities \textit{shall have the authority} to order a party to desist from an infringement, \textit{inter alia} to prevent the entry into the channels of commerce … immediately after customs clearance of such goods.”\textsuperscript{57} Article 44.1 also recognizes that Members are not required to provide such injunctive relief authority in regard to protected subject matter (typically products that infringe
patents, copyrights or trademarks) against parties that lack “reasonable grounds to know” of infringement. Similarly, Article 45.1 of TRIPS requires that the judicial authorities “shall have the authority to order” payment of damages “adequate to compensate for the injury the right holder has suffered” from infringers with “reasonable grounds to know” of the infringement. And Article 50.1 requires that the judicial authorities “shall have the authority to order prompt and effective provisional measures … to prevent an infringement … from occurring,” preserving domestic discretion in regard to whether, when and how to grant preliminary injunctive relief.

Article 44.2 of TRIPS provides additional policy flexibility. Members are not required to provide injunctive relief authority but rather may limit judicial remedies to the “payment of remuneration” in accordance with Article 31(h) – which requires payment of “adequate remuneration” – in the special circumstances of governmental use or compulsory licensing, so long as they comply with other TRIPS provisions applicable to governmental use or compulsory licensing. Article 44.2 specifically refers to the ability to limit remedies “against such use,” which necessarily refers only to these special circumstances. Finally, Article 44.2 provides that where injunctive relief would be inconsistent with national law, Members may provide for a declaratory judgment and “adequate compensation.” For this reason, resort to Article 13, Article 30 or any other limited authorizations to adopt domestic exceptions to exclusive rights are wholly unnecessary to justify even categorical legislative exclusions of injunctive relief.
Because Article 44.2 provides additional flexibility rather than imposes additional restrictions on the required injunctive relief authority under Article 44.1, Article 44.2 has no application whatsoever to judicial decisions to provide ongoing royalty injunctions (or other conditional injunctions that authorize continuing infringement) in particular cases. Such injunctions are simply a particular equitable remedy exercised as part of the broader injunctive relief authority required by Art. 44.1. The reference to compulsory licensing in Article 44.2, moreover, is the object (rather than the consequence) of the additional authorization for Members to dispense with injunctive relief authority in specified circumstances. Nor would Article 44.2 apply to damage awards that include a market entry fee or other prospective compensation, thereby authorizing prospective infringing conduct without the grant of an injunction; rather, the only limitation for such a damage award is that it be “adequate to compensate for the injury the right holder has suffered” under Article 45.67 (The adequacy of such compensation, and whether it is to be determined from an objective perspective or from the subjective perspective of the rights holder, is discussed further below.)

It is critically important not to confuse such ongoing royalty injunctions, damage awards authorizing continued infringing conduct or refusals of courts to grant preliminary injunctive relief with compulsory licenses granted by the government.68 (For this reason, the Paris Convention’s authorization for and limits on the grants of compulsory licenses also are inapplicable to judicial remedy decisions.69) Such remedial decisions authorizing continuing infringement have long been a part of the judicial arsenal of equitable and legal
Given such long-standing practices, it seems highly unlikely that the negotiating parties would (without any discussion) have subjected the continued use of such remedies to the highly controversial administrative procedures and substantive restrictions employed for compulsory licenses in Article 31. Articles 44, 45 and 50 all use the standard, discretionary language employed for the powers that Members must supply to their judicial branches – “shall have authority to” – and do not require any specific actions by the judiciary in particular cases.

Further, the negotiating history of the TRIPS Agreement reflects significant concerns to preserve differences among national legal systems in regard to enforcement authorities. These concerns resulted not only in a provision assuring that Members were not required to enforce intellectual property laws differently from other laws, but more importantly resulted in the limitation of Article 44.1 on the requirement for Members to supply injunctive relief authority in cases of innocent infringement. It is only in this context of limiting Members’ judicial obligations that any reference is made to compulsory licenses, and it seems highly unlikely that the drafting parties would have imposed additional obligations for judges to comply with Article 31 when doing so. Any argument of nullification or impairment of benefits from judicial decisions not to order parties to cease infringement in particular cases would similarly be very difficult to sustain, particularly absent “a systematic refusal (which would be difficult to demonstrate).”
In summary, TRIPS Members retain substantial discretion to determine their legislative policies and to delegate policy discretion to their judges to decide whether, when and how to grant preliminary and permanent injunctive relief, as well as to award damages that authorize continued infringing activity. Thus, we should expect significant differences of national treatment in this regard. Finally, although beyond the scope of the present analysis, additional flexibility and complexity may attend decisions regarding inter-jurisdictional enforcement of intellectual property rights, where one jurisdiction must decide whether to enforce remedial judgments issued in a differing jurisdiction. The TRIPS Agreement does not harmonize or impose any requirements on such decisions (although a non-violation complaint is a theoretical possibility).

The developing equitable jurisprudence of injunctive remedies after eBay

An exhaustive survey of recent decisions regarding injunctive relief and of each factor of the four-factor test in each of the different fields of intellectual property law is beyond the scope of the present discussion, and in any event would soon become outdated. Rather, this section seeks to identify some critical issues by reference to the developing equitable jurisprudence, focusing principally (but not exclusively) on the patent cases. These issues are to some extent interrelated, and raise important choices for policy-makers on fundamental questions regarding the nature of intellectual property rights and their functions in society. The issues are: (1) the adequacy of damage remedies and irreparable harm in regard to rights holders who make and sell products or services (practicing entities), as well as for
those who only license their rights (non-practicing entities); (2) judicial supervision and holdout concerns in regard to determining compensation and prospective remedies; (3) the potential for injunctive relief to deter socially beneficial challenges to the validity of intellectual property rights; and (4) the balancing of various public interests in permitting or prohibiting continuing infringement. In particular, judges in the United States (and by extension judges and legislators in other countries) must make policy choices regarding: (1) the types of harms that should be compensable and whether to protect intellectual property owners’ subjective valuations of the worth of their rights; (2) the degree of remedial precision required for fairness (that is, whether rough judgments should be considered adequate compensation), whether courts should be actively involved in supervising the parties obligations and whether in doing so courts can avoid sending signals that may exacerbate holdout behaviors; (3) the degree to which decisions to grant injunctions, and the timing of preliminary injunction decisions, may deter potentially successful, socially beneficial validity challenges; and (4) the kinds and weights of public interests to recognize and in particular whether and when to exert judicial control over market prices and anticompetitive behaviors. Again, different jurisdictions may and do adopt very different policies.

Assessing adequacy of damages and the potential for irreparable harm

Patent law provides practicing patent holders with the ability to recover not only for lost sales, but also for the erosion of prices affecting the profits made on sales that are nevertheless completed by the patent holder.75 Thus, it is principally the
practical problem of determining lost sales and price erosion\textsuperscript{76} – and other effects on market share or future activities resulting from infringing competition (such as lost goodwill, lost licensing and cross-licensing opportunities)\textsuperscript{77} – that might render a prospective damage award inadequate. To the extent that a retrospective damage award includes a rights-holder requested prospective, paid-up license or market-entry fee, then there is no inadequacy to the award, no potential for irreparable harm and no basis for prospective injunctive relief.\textsuperscript{78}

The adequacy of a prospective damage award and the corresponding potential for irreparable harm also reflects policy judgments regarding the kinds of harms that should or should not be compensable. Damages should be considered inadequate to remedy more remote consequences (for example, loss of cross-licensing abilities) only when those harms are legally or equitably cognizable and rise above a level where their exclusion from the damage remedy renders it not “adequate to compensate for the infringement.”\textsuperscript{79} As with proximate causation in tort cases, not all but-for harms are legally compensable, but rather only those “fairly attributable to the defendant.”\textsuperscript{80} The issue of what damages are legally cognizable, proximate and sufficient to warrant recovery most commonly arises in regard to whether lost profits should include the value of either: (1) unpatented components sold with the patented invention (under the “entire market value” rule, where the value of the patented invention is the source of demand for the entire product); or (2) product sales not directly incorporating the patented invention but competing with the infringing product (so-called “diverted” or “convoyed” sales).\textsuperscript{81} Further, in order to assert that damages are
inadequate, the plaintiff itself must be the party suffering the relevant harms (for example, non-practicing entities cannot assert the inadequacy of damages on behalf of their exclusive licensees). These rules are controversial precisely because they incorporate basic notions of fairness, which differ not only domestically but internationally.

In contrast to practicing entities who may recover lost profits from infringing competitors, non-practicing entities (both those that have licensing programs and those that do not) are entitled to damages that “in no event [are] less than a reasonable royalty for the use made of the invention.” The question thus arises as to whether such entities are entitled to any damages beyond a reasonable royalty, including royalties that by definition are in excess of what is objectively reasonable. For non-practicing entities that have established licensing programs, the answer is typically no. Damage awards in such cases can be based on straightforward prospective royalty calculations that will be considered fully adequate to compensate for any harm to the patent holder. This is true even though the patent holder could have chosen to hold out for a higher voluntary licensing fee (ex ante or in settlement) in regard to the particular infringer.

Where there is not an established program of licensing, courts have recognized that non-practicing entities may suffer irreparable harm to goodwill, reputation, potential licensing prospects or other opportunities that are difficult to measure. Nevertheless, the majority of courts since eBay have denied permanent injunctions to stop infringing activities for non-practicing patent holders, given that the infringers do not directly compete with them, and thus
reasonable royalty damages are considered to be fair and adequate compensation for such entities even if some remote harms to their interests result. Similarly, although courts “are understandably reluctant to ‘set’ prices or rates or interfere with the freedom of copyright owners to establish their own fees,” they nevertheless evaluate the adequacy of damages and market harm by carefully scrutinizing proposed licensing fees “in the context of prevailing rates in the industry and the licensing history and fees of copyright owners and users.” Judges thus routinely engage in market regulation, as discussed further below.

So long as a court can fairly determine a prospective “reasonable royalty” – which they are required to do for retrospective damage award calculations based on past history and objective market norms, using a complicated multi-factor test – an injunction to cease infringement necessarily must protect either more than objectively reasonable compensation for the value of the invention or the subjective value to the patent holder of refusing to license the invention at all. Refusal to license an invention may be a right conveyed to the patent holder, subject over time to any working requirements, compulsory licensing or government use imposed by national law. But jurisdictions are not required to provide equitable remedies to protect against harms to objectively excessive valuations or to the subjective value of suppressing exclusive rights, particularly when those valuations are balanced against harms to infringers or to public interests of which equitable injunctive relief also requires consideration. TRIPS Art. 44 clearly does not require that result. TRIPS Art. 45 similarly requires judges only to have authority to order the recovery of damages “adequate to
compensate for the injury the right holder has suffered," leaving to national law decisions about what injuries are cognizable and what compensation is adequate. Any concerns that the judicial refusal to prohibit infringement compels the patent holder to license its invention against its will, moreover, are likely to be much less strong in the patent context than similar concerns in copyright and trademark contexts, where creative expression and public confusion are at issue. This is particularly true in countries other than the US that have a strong tradition of protecting moral rights.  

Thus, for non-practicing entities, whether damages are adequate and whether irreparable harm will occur absent an injunction to cease infringing activity thus will depend principally on fundamental policy choice regarding the fairness of rejecting compensation for rights holders who refuse to license unless they receive a subjectively desired and voluntarily accepted level of compensation. Such decisions reflect a larger policy debate, commonly referred to as the choice between property rules (leaving valuations to private, market-based determinations) and liability rules (authorizing governmental determinations of prices). Again, countries have substantial policy discretion to make different choices in different contexts, in general as well as in regard to intellectual property rights. But even the rhetoric may matter here, as it may determine whether to view patents, copyrights and trademarks as private property rights subject to constitutional protections or as governmental privileges subject to governmental adjustment and regulation.
**Precision in determining remedies, supervision of relief and concerns over holdout behaviors**

Some patent cases after *eBay* continue to state that irreparable harm *necessarily* follows from the fact of infringement by direct competition and the consequent diminution of value of the exclusive right. Other cases reject the existence of a presumption of irreparable harm from proof of validity and infringement. In these cases, the courts have focused on the potential for price erosion and consequent effects on sales, market share, licensing opportunities and goodwill to demonstrate irreparable harm. The trademark cases have long recognized the difficulty of assessing the effects of infringing conduct on market behaviors resulting from reductions in goodwill and reputation, and courts in cases decided since *eBay* continue to make the same point. Similarly, copyright cases since *eBay* continue to recognize irreparable harm either from the mere fact of continued infringement or from specific facts that typically exist in regard to copyright infringement, such as the reduced incentives and value for further works of the same author or of potentially competing works.

The cases have not provided any meaningful analysis of a threshold for determining inadequacy of damages in regard to these hard-to-measure effects or of the degree of diminished value to the exclusive right that is sufficient to render a damage remedy inadequate and the harm irreparable. “Normal business losses” associated with direct competition are not necessarily incalculable, and economists and accountants regularly calculate such damages. Thus, a key question arises as to the degree of “reasonable precision” required in determining
whether a damage award would be adequate to compensate the right holder, the absence of which requires resort to equitable remedies.\textsuperscript{101} Stated differently, question is whether the somewhat rougher justice of legal damage award remedies is considered sufficient to assure fair treatment.\textsuperscript{102}

The increased precision involved in providing equitable remedies to assure fairer treatment than that available at law, however, comes at the cost of greater judicial involvement and greater expenditure of governmental resources. Prospective injunctions require monitoring. Injunctions ordering prospective compensation may require more monitoring (to address potential changes in market conditions relating to the relevant technologies\textsuperscript{103}) than injunctions that simply prohibit continuing infringement (although they may trigger contempt proceedings or subsequent requests for modification or dissolution).

However, the very premise of equitable injunctive relief is to \textit{minimize} the burdens on courts and the unfairness to property owners of repetitive judicial damage actions at law.\textsuperscript{104} Injunctions that prohibit continued infringement thus may induce the parties to enter settlement agreements or consent decrees that authorize the conduct, thereby restoring to the parties themselves the obligation to monitor compliance and to assess changes in market conditions. But even then, such settlements or consent decrees may simply defer conflicts into the future, requiring judicial resources to resolve continuing disputes in contempt proceedings or to address future infringements that are not authorized by the earlier voluntary resolution or addressed by the earlier injunction.
The question of whether to grant injunctive relief thus may ultimately depend less on what is best for the particular parties to the dispute than on decisions about the best uses of scarce judicial resources. Such decisions are likely to be better made on a retail basis by judges in particular cases than on a wholesale basis by legislative directives. Determining whether to grant and the form of prospective injunctive relief requires careful consideration and calibration to the conditions.

Intellectual property injunctions, moreover, are not necessarily harder to supervise than other types of injunctions. In many contexts, courts must supervise compliance in ways that pose much greater judicial burden, for example when addressing such controversial and recalcitrant issues as school desegregation and prison conditions.\textsuperscript{105} Courts thus have not hesitated to impose or uphold ongoing royalty injunctions when they have thought it appropriate, even when they have recognized that it would be preferable to have the parties voluntarily reach agreement over the financial terms.\textsuperscript{106} Accordingly, there may be substantial wisdom in preserving the traditional flexibility of equitable remedial discretion in determining the need for and the form of injunctive remedies.

Nevertheless, the mere potential for judicial involvement to prohibit continued infringement raises concerns about potential direct costs and sequential innovation effects on infringers and on the public (to whom competitors pass on the costs and harms). Infringers may have to pay higher settlements or higher licensing fees than they would otherwise voluntarily negotiate in the absence of the threat of injunctive relief. These holdup-cost concerns are particularly great in
regard to patents held by non-practicing entities, including universities. Non-practicing entities may not need to cross-license their intellectual property rights, and are unlikely to be defendants (or, if state entities, may not have to pay damages due to sovereign immunity). Thus, universities and other non-practicing entities may exercise significantly less restraint in seeking to maximize litigation and licensing revenues. The lack of restraint, coupled with the potential for injunctive relief, may threaten payments far exceeding any objectively reasonable royalty. Similar holdout concerns also apply to patents for inventions that are only components of larger products, as the attendant costs to the infringer of an injunction are correspondingly greater, and to patents of dubious validity or uncertain scope, given the questionable value of the patent and the attendant difficulties of avoiding its application.

The decisions that courts make in granting or denying injunctions, and in deciding on their form, send important signals to rights holders and potential infringers that either may encourage holdout behaviors or that may inadequately deter infringement. The existence of strong expectations in regard to such injunctions may predetermine these behaviors. In contrast, the greater uncertainty resulting from increased judicial flexibility and sensitivity to factual context may limit the transmission of signals that would encourage either set of behaviors. Again, the flexibility provided by equity jurisprudence and discretionary review standards may be the best solution to avoid sending the wrong signals.

These holdout and signaling concerns, moreover, apply to decisions to grant adequate compensation in damage awards, given the potential to recover
under the “entire market value rule” lost profits that are based on the larger products sold by the patent holder that incorporate the patented invention, or “reasonable royalties” based on the larger products that are sold by the infringer. A vigorous debate thus is currently raging in regard to whether to amend US patent law to further limit royalty damages to the apportioned value of the inventive contribution of the patent to the infringing product. So long as the entire market value rule authorizes recoveries that may extend beyond the objective contribution of the patented invention to the value of the products at issue, greater judicial flexibility to determine adequate compensation may be justified not only as providing fairer compensation but also to avoid having judges send the wrong signals.

These concerns about judicial supervision of remedies and holdup costs may be of particular concern to developing countries, which may lack extensive judicial infrastructure and the ability for the public to readily pay for the more expensive goods and services that more extensive intellectual property remedies may create. Further, developing countries may be more concerned with promoting local industries and innovation, and more extensive remedies may preferentially advantage foreign rights holders and inventors. “[S]tronger global [intellectual property rights] could reduce the scope for [developing country] firms to acquire new, and even mature, technologies at reasonable costs. The natural competitive disadvantages of follower countries may become reinforced by a proliferation of legal monopolies and related entry barriers that result from global minimum intellectual property (IP) standards.” Conversely, depending
on their particular situation, the provision of more extensive remedies may have the potential to attract additional foreign direct investment. Thus, careful consideration is required for developing countries to best calibrate their remedial discretion to their economic and social needs, and their choices are unlikely to reflect those of developed countries.

*Concerns about deterring legitimate challenges to validity*

Because injunctions that stop infringing activity may result in substantial lost investments for innocent infringers and may increase the litigating power of patent holders to obtain greater than objectively reasonable compensation, they may excessively deter socially valuable infringing conduct. Of perhaps greater concern, such injunctions may deter legally permissible conduct that does not infringe any valid intellectual property right. The potential to grant permanent injunctive relief potentially discourages challenges to intellectual property rights that are not valid (or to overbroad assertions of valid rights). Strong public policy interests exist in assuring vigorous challenges to invalid intellectual property rights, so as to free the public from the burdens that such rights impose.

At least since 1969, the US Supreme Court has affirmatively encouraged litigation challenges to the validity of granted patents, prohibiting contractual licensing provisions that would foreclose or deter such challenges by parties with the greatest incentives to litigate. Nevertheless, it is widely recognized that inadequate incentives exist for bringing validity challenges or for maintaining validity defenses, in light of the costs and risks of litigation compared to license
fees or settlements that may be demanded by the patent holder. Collective action problems also exist in regard to such challenges, resulting in part from the legal rule that patent holders cannot assert validity in future litigation once their patent has been declared invalid.

Concerns about deterring potentially successful challenges to the validity of granted intellectual property rights are particularly strong in regard to grants of preliminary injunctive relief. (It is possible that determining the likelihood of success on the merits when seeking preliminary relief may differ from the standards of proof at trial. For many years, the Federal Circuit has required the party opposing preliminary relief to show only a “substantial question” concerning the validity, enforceability or infringement of a patent that the patent holder cannot show to “lack[] substantial merit.” More recently, the Federal Circuit has called this differential standard into question, stating that the standard for likelihood of success should track the burdens of proof at trial. Such relief may induce parties to settle prematurely rather than to litigate validity issues to their conclusion. Although such settlements may be subject to antitrust scrutiny for collusive behavior, such as recent reverse-payments settlements in pharmaceutical patent litigation, such scrutiny in the United States is highly deferential.

Judges thus may need to consider more carefully the effects that preliminary injunction decisions may have on prematurely terminating what would otherwise be successful validity challenges. To do so, however, may conflict with other important public policies, such as encouraging settlements of
complex disputes to avoid expending judicial resources. Further, it may require not only careful balancing of the relative hardships to the parties (as already required by equitable principles), but also careful assessment of whether these hardships will lead to premature settlements. More routinely denying the extraordinary relief of preliminary injunctions to encourage validity challenges also will diminish somewhat (albeit temporarily) the value of granted intellectual property rights ultimately held valid, and thus will diminish somewhat the incentives provided for investment, invention, disclosure or distribution. All of these concerns may be taken into account under traditional the equitable balancing principles of relative hardship to the parties and the public interest.

Although the cases since eBay have not directly addressed this issue, they have implicitly done so when evaluating the relationship (if any) that exists between proof of success on the merits and other preliminary injunction factors, particularly irreparable harm. Some cases have called into question the presumption of irreparable harm for proof of likely patent infringement, as well as for proof of likely trademark infringement or false advertising. Others have limited the presumption of irreparable harm to cases where a clear showing of likely success on the merits has been made, and have refused to find irreparable harm based on the possibility of lost revenues and price erosion, lost market share, lost research opportunities, inability to service debts and lost employees where the defendants were solvent. As one court noted, it “would convert the ‘extraordinary’ relief of a preliminary injunction into a standard remedy.” Nevertheless, other cases (including those decided by the Federal Circuit) have
consciously avoided resolving whether a presumption of irreparable harm should result from a strong showing of validity and infringement. In the copyright context, some cases continue to hold that a presumption of irreparable harm should exist upon a prima facie showing of copyright infringement, and other cases question the presumption but find irreparable harm on the facts without significant analysis of the presumption question.

Of more explicit relevance, some courts have adopted a presumption that absent a showing of likely success on the merits, the public interest factor weighs strongly in favor of denying a preliminary injunction. Clearly this presumption is more favorable to the policy of not discouraging validity challenges. But it could also be more nuanced, distinguishing more clearly between likelihood of success in regard to validity and in regard to infringement. Courts also could be more conscious about the timing of their preliminary injunction rulings, deciding explicitly whether to defer decisions on preliminary injunctive relief that might cause litigation to terminate before evidence of invalidity can be fully developed and evaluated.

*Competing conceptions of the public interest and of judicial control over market prices and behaviors*

Courts since *eBay* differ significantly in their views regarding whether public interests other than those relating to health and safety (and sometimes even those so relating) are sufficient to warrant denying injunctive relief. Recall that the Supreme Court in *eBay* expressly rejected the Federal Circuit’s constricted view
of the public interest grounds for denying injunctions. Nevertheless, some courts have repeated the earlier view that exceptions to injunctive relief on public interest grounds are “rare and limited,” and that the diminution in value of the exclusive right by permitting continued infringement (and consequent diminution in ex ante incentives provided by the right) will necessarily outweigh any other public interest concerns. Thus, one court granted a permanent injunction by according (without reference to the particular facts of the case) superior weight to the public interest of encouraging investments in research and development over the public interest in obtaining lower prices and increased access to products. Another court did the same, explaining that without an injunction, the exclusive right “would have only a fraction of the value it was intended to have, and would no longer be as great an incentive to engage in the toils of scientific and technological research.” Yet another court suggested categorically that any diminution in the value of a patent would favor the patent holder when balanced against any harm incurred by an infringer, and that the public interest in “protecting patent rights, which encourage the development of useful inventions” categorically outweighs the public interest in “low cost generic alternatives to branded drugs” resulting from earlier market entry.

Other courts have focused on the particular language of the four-factor equitable balancing test articulated in eBay (that “the public interest would not be disserved”) to place the burden on the defendant opposing injunctive relief to show that the public interest would be disserved by granting an injunction, even
though *eBay* makes clear that the plaintiff bears the burden of proof.\textsuperscript{135} In the context of preliminary relief, moreover, one court suggested that the public interest factor should be governed by the likelihood of success factor, because of the public interest to enforce patents or copyrights.\textsuperscript{136} Significantly, many of these cases rely on pre-*eBay* Federal Circuit dicta suggesting that continuing an infringement can never be found to be a paramount public interest. For example, “‘selling a lower-priced product does not justify infringing a patent’ …. or ‘excuse infringement of a valid pharmaceutical patent.’”\textsuperscript{137} Similar categorical language can be found in some copyright cases. For example, since “‘Congress has elected to grant certain exclusive rights to the owner of a copyright in a protected work, it is virtually axiomatic that the public interest can only be served by upholding copyright protections and, correspondingly, preventing the misappropriation of the skills, creative energies and resources which are invested in the protected work.’”\textsuperscript{138}

But even without such categorical language, in many copyright cases the policy balance of production incentives is generally determined (without reference to the particular facts) to outweigh access concerns. For example, “[t]he public interest in receiving copyrighted content for free is outweighed by the need to incentivize the creation of original works.”\textsuperscript{139} Conversely, some courts have made the opposite error of categorically ignoring the public interest in the greater incentives provided by the increased value of patents when injunctions to cease infringement are granted. For example, in a case that refused to enjoin a product incorporating the patented invention as a small component, the court focused on
the somewhat speculative negative effects that would result from an injunction and stated that it was “unaware of any negative effects that might befall the public in the absence of an injunction.”

These categorical views of the public interests and their relative weights are untenable in the light of eBay, which required elaboration and careful consideration of the competing harms. As one court put it when denying an injunction, “although it is true that the protection of patent rights generally fosters innovation, that, in itself, is insufficient to justify permanent injunctive relief. As the Supreme Court has cautioned us, we must consider the facts of each patent case on its own merits, and not grant permanent injunctive relief based on broad principles, and generalities, of patent law.” However, it is difficult to determine how the courts are actually weighing the competing interests, as they may identify the competing interests and state their balancing outcome without detailing their reasoning.

Thus, more nuanced attention by judges to the factual context and the different public interests, and more explicit development and articulation of the competing policy judgments is clearly warranted. In particular, determining the public interest in regard to injunctive relief requires explicit balancing of the short-term interest in reduced prices, increased access and cumulative innovation that denying injunctions may provide against the long-term interest in promoting investment, creativity, disclosure and distribution that enforcing the exclusive right may provide. Yet, such policy-based judgments are often intentionally eschewed by judges as best left to legislators, even though the legislature in the
case of injunctions has delegated the policy-making decisions to the courts in equity. Thus, other countries may wish to more clearly identify the relative weight to be accorded to the competing policy considerations by legislation, and certainly need not follow the precedents of the United States in categorically privileging production and distribution incentives over competition and access considerations.

The concerns typically expressed in opposing compulsory licensing regimes regarding the fairness and social efficiency of involuntary compensation are highly relevant to the choice to grant injunctions to stop infringement (and to impose ongoing royalty compensation). These concerns include: (1) depriving rights holders of liberty and compelling actions they would otherwise refuse; (2) failing to include valuable terms that would be included in voluntary licenses or to adjust for changes to market conditions and the value of the rights over time; (3) converting courts into regulatory bodies that set prices, licensing terms and other industry requirements; (4) interfering with markets in ways that are not economically efficient and that reduce dynamic product competition; and (5) diminishing incentives for investment, invention, disclosure and dissemination. Similar concerns have been expressed in the academic literature in regard to judicial refusal to enjoin continuing infringement, including: (1) unfairly depriving inventors of the worth of their contributions (including when it is incorporated into complex products); (2) increased resort to trade secrecy (and consequent reductions in public disclosure); (3) reduction of capital investments and of consequent market competition (particularly for individuals and small
enterprises); and (4) discouragement of the transition from university-based research to commercial products. But the competing values of access and of assuring only objectively reasonable compensation and market behaviors by rights holders have not been thoroughly explored. These issues are ripe for additional scholarly analysis. As part of such analysis and of the developing jurisprudence on preliminary and permanent injunctions, and notwithstanding the traditional hostility in the United States to the issue, it may be appropriate to look to earlier precedents granting compulsory licenses (typically by the judiciary to remedy patent misuse and antitrust violations, but also by the Federal Trade Commission). The compulsory licensing precedents may be particularly relevant to determinations of whether, when and on what conditions to grant ongoing royalty awards. Similarly, courts could look for guidance for ongoing royalties to the developing body of decisions of the Copyright Royalty Board in establishing royalty rates for statutory copyright licenses.

Perhaps more importantly, the concerns expressed against compulsory licensing reflect a philosophic view that intellectual property rights, as exclusive market rights, should convey power to be free not only from competition but also from price regulation and from antitrust (competition law) scrutiny and misuse doctrines when selling products within the scope of the granted rights. As noted above, courts tend to believe that the public’s long-term interest in promoting innovation necessarily trumps its short-term interest in obtaining low-cost access to protected goods, and thus price regulation and competition concerns should not be applied to limit market returns for intellectual property rights within their scope of application and during their term.
Similarly, a recent Federal Circuit decision has held that the grant of a patent conveys broad immunity from state price regulation of patented products, at least for pharmaceuticals and other medical inventions subject to patent term extensions, because of the careful balance of incentives established by the national legislature to permit such patent holders to charge what the market will bear so as to create incentives for investment, invention, regulatory approval and ultimate marketing. There are reasons to believe that these cases are wrongly decided and overbroad, given that federal price and product regulation may co-exist with intellectual property rights and given the long-standing recognition that patents grant only a right to exclude and not any affirmative rights (including “rights to a return on investments in creating patented inventions”) or any authorization for market conduct or other immunity from market regulation for patented products. As the Supreme Court held many years ago, “[t]he franchise which the patent grants consists altogether in the right to exclude every one from making, using, or vending the thing patented without the permission of the patentee. This is all that he obtains by the patent.”

Here, in particular, differences of philosophical approach exist between the US experience and that of other developed and developing countries. Other jurisdictions view intellectual property rights grants and their relation to market regulation differently, adopting disparate approaches to price regulation of goods and services embodying exclusive rights and to determining whether and when intellectual property rights convey antitrust immunity. The TRIPS Agreement does not address price regulation of patented products, except potentially as a non-violation complaint, and at most imposes minimal restrictions on domestic
competition policies that regulate intellectual property rights. Accordingly, other countries may choose to permit greater judicial policy-making discretion to regulate market conduct than is thought to exist in the United States. Alternatively, they may further specify by legislation when the violation of an exclusive intellectual property right either should not entail an injunctive remedy or should entail only a remedy that regulates price and private market conduct through prospective conditions (that may include ongoing royalty payments).

**Conclusion**

Although the developing US experience with injunctive relief after *eBay* is highly instructive, other developed and developing countries may choose different approaches in light of the TRIPS Agreement’s flexibilities, and thus may and do make different choices regarding each of the many issues involved. Further, countries may point to the increasing flexibility in the developing equitable jurisprudence in the United States to respond to recent pressures being applied in the context of trade negotiations to restrict such flexibility and policy discretion in regard to injunctive relief.

In the context of efforts to negotiate an Anti-Counterfeiting Trade Agreement (ACTA), a proposal is circulating that would require countries to adopt border “measures to ensure that goods are not released into channels of commerce … in cases where goods have been determined by the competent authorities to be infringing IPR.” Such measures would therefore significantly restrict the equitable discretion to determine to refuse to grant permanent
injunctions or to grant injunctions on specific terms that would authorize continued infringement. Similarly, trade pressures are being exerted when injunctive relief is not ordered in particular cases, even though such decisions may properly reflect the facts of specific cases, judicial discretion and domestic policy choices. For example, in the context of a report identifying perceived unfair trade practices, the United States recently stated that “Argentina amended its patent law in December 2003, as required by a May 2002 agreement between Argentina and the United States. The intention of the amendment was to provide protections for process patents and to ensure that preliminary injunctions were available in intellectual property court proceedings. However, the injunctive relief process has thus far been too slow to be an effective deterrent to patent infringement.”

Whether or not the failure to grant preliminary injunctions adequately deters infringement in the view of any specific country, all countries retain substantial discretion to determine their policies for assessing the adequacy of damages and deciding whether to grant injunctive relief, and to apply those policies flexibly in specific cases. Such retained discretion and flexible application are particularly important for developing countries, given recognition of “differential and more favourable treatment” under Articles 7 and 8 of the TRIPS Agreement and of the universal premise that the increased flexibility of equity jurisprudence improves the quality of substantive justice.

---

1 Practitioner-in-Residence & Assistant Director, Glushko-Samuelson Intellectual Property Law Clinic, Washington College of Law, American University. The author thanks Michael Carroll, Peter Jaszi and David Ryan for helpful insights and Ida Wahlquist-Ortiz for research assistance.


5 See id., §§ 4-6, at 4-6; id., §§ 36-37, at 26-27.

6 See id.

7 See, e.g., id., § 28, at 20-21 (“one of the most striking and distinctive features of courts of equity is, that they can adapt their decrees to all the varieties of circumstances, which may arise, and adjust them to all the peculiar rights of all the parties in interest”); Hecht Co. v. Bowles, 321 U.S. 321, 329 (1944).

8 See id.

9 See, e.g., id., § 28, at 20-21 (“one of the most striking and distinctive features of courts of equity is, that they can adapt their decrees to all the varieties of circumstances, which may arise, and adjust them to all the peculiar rights of all the parties in interest”); Hecht Co. v. Bowles, 321 U.S. 321, 329 (1944).


16 See, e.g., id., § 1271-73.


24 See id. § 1200, at 620 & n.4.

25 See id. § 1197, at 611 & n.1.

26 See id. § 1088, at 400 & n.2.


28 See id.


30 Id. at 430.


35 Id. at 392 (emphasis added) (quoting 35 U.S.C. § 283).

37 See eBay, 547 U.S. at 393.

38 Id.


41 eBay, 548 U.S. at 391.

42 Id. at 393-94 (citations omitted).


45 Paice LLC v. Toyota Motor Corp., 504 F.3d 1293, 1313 & n.13 (Fed. Cir. 2007). See id. at 1316-17 (Rader, J., concurring).

46 See id. at 1314-16.

47 See id. at 1313 n.13.


50 See Robinson, Law of Patents, supra, 3: §§ 1082-83, at 891-93.


52 See, e.g., 17 U.S.C. § 502(a) (“may … grant temporary and final injunctions on such terms as it may deem reasonable” for copyright infringement); 15 U.S.C. § 1116(a) (“shall have power to grant injunctions, according to the principles of equity and upon such terms as the court may deem reasonable” for registered and unregistered trademark infringement and unfair trade practices). See also 15 U.S.C. § 1116(a), § 1125(c) (trademark dilution).


54 TRIPS, supra, Art. 44.1 (first emphasis added).

55 Id. Art. 45.1.

56 Id. Art. 50.1.

57 See id. Art. 44.2.

58 Id. Art. 31(b).

59 Id. Art. 44.2.

60 See id.

61 See, e.g., id. Arts. 13, 30.

62 Id. Art 45.1. See id. Art. 31(a)-(l).
See, e.g., Harold C. Wegner, “Post-eBay Compulsory Licenses: TRIPS Standards,” (Sept. 9, 2008): 1 (referring to an “ongoing royalty license” as a compulsory license); id. at 2-18 (suggesting that such remedies are subject to TRIPS Art. 31 and may violate treaty requirements). Cf. Innogenetics, N.V. v. Abbott Labs., 512 F.3d 1363, 1381 (Fed. Cir. 2008) (referring to a judgment imposing a “running royalty” damage award as a compulsory license); Finisar Corp. v. The DirecTV Group, Inc., 2006 WL 2037617 (E.D. Tex. July 7, 2006) (final judgment denying injunctive relief, granting a “compulsory license” and ordering payment of an “ongoing royalty”), vacated, 523 F.3d 1323 (Fed. Cir. 2008).


See Daniel Gervais, The TRIPS Agreement: Drafting History and Analysis (2003): 289, 296, 299 (discussing TRIPS Arts. 41.5, 44.1, 44.2 and 45.1).

Id. at 293 (discussing the “shall have the authority” language in Art.43.1).


See, e.g., Sanofi-Synthelabo, 470 F.3d at 1383; Carroll, “Patent Injunctions,” supra, at 433.

See, e.g., Innogenetics, N.V. v. Abbott Labs., 512 F.3d 1363, 1379-81(Fed. Cir. 2008); Rite-Hite Corp., 56 F.3d at 1574 & n.21 (Nies, J., dissenting).


Compare, e.g., Rite-Hite Corp., 56 F.3d at 1546-51, with id., 56 F.3d at 1556-74 (Nies, J., dissenting).


Cf. Carroll, “Patent Injunctions,” supra, at 434-35 (distinguishing “productive licensing” patent holders from other non-practicing entities that either do not license or do not have established rates, based on the uncertain effects on licensing market behaviors).


Dannay, supra, at 458.


TRIPS, supra, Art. 45.1.


Ellis, “Economic Implications,” supra, at 446.


See, e.g., Paice, 504 F.3d at 1314-15; id. at 1316-17 (Rader, J., concurring).


See, e.g., Biomedical Pat. Mgmt. Corp. v. State of Cal., 505 F.3d 1328 (Fed. Cir. 2007), petition for cert. pending.

See eBay, 547 U.S. at 396-97 (Kennedy, J., concurring); z4 Technologies, Inc., 434 F. Supp. 2d at 440-41.


See, e.g., Rite-Hite Corp., 56 F.3d at 1549 (citing State Indus. Inc. v. Mor-Flo Indus., Inc., 883 F.2d 1573, 1577 (Fed. Cir. 1989), Velo-Bind, Inc. v. Minnesota Mining & Mfg. Co., 647 F.2d 965 (9th Cir. 1981), and various cases applying the entire market value rule to lost profit and reasonable royalty damage awards).


See, e.g., Gambale v. Deutsche Bank AG, 377 F.3d 133, 143 (2d Cir. 2004); Holman, “Reverse Payments,” supra, at 549-50.


Id. at 683 (D.N.J. 2007) (quoting Eli Lilly & Co. v. Am. Cyanamid Co., 82 F.3d 1568, 1578 (Fed. Cir. 1996), and Illinois Tool Works, Inc. v. Grip-Pak, Inc., 906 F.2d 679, 683 (Fed. Cir. 1990)).


See, e.g., Abbott Labs. v. Andrx Pharmcs., Inc., 452 F.3d 1331, 1384 (Fed. Cir. 2006).

CSIRO, 492 F. Supp. 2d at 607.

See, e.g., id.


Everett, 2008 WL 4053447, at *11.


Id. (quoting Pfizer, Inc. v. Teva Pharmcs., USA, Inc., 429 F.3d 1364, 1382 (Fed. Cir. 2005)).


z4 Technologies, Inc., 434 F. Supp. 2d at 444.


See, e.g., CSIRO, 492 F. Supp. 2d at 606.


See id. at 161.


See id. at 32-33.

Id. at 33. See id. at 34.

Bloomer v. McQuewan, 55 U.S. 539, 549 (1852)) (second emphasis added).


