

# Interlocutory Injunctions in IP Disputes in Australia

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# Interlocutory Injunctions in Australia

- Overview of this presentation
  - Introductory observations
  - Development of the remedy in the Common Law world
  - Practical considerations
  - Conclusions

# Interlocutory Injunctions in Australia

- The ‘big picture’
  - In Australia, ‘preliminary’ = *Interlocutory*
  - Available in cases of infringement of every IP type
  - All superior Courts have the power to grant injunctions
  - Available even in cases of *suspected* infringement
  - Can be obtained *ex parte*, in appropriate cases
  - The object of an interlocutory injunction –  
To *maintain the status quo in the dispute, pending trial*
  - Comes with a potentially heavy ‘price tag’
  - **But** – *a very powerful weapon – can end a case early*

# Interlocutory Injunctions in Australia

- **Development of the remedy**
- Common law v Equity distinction
- The distinction is now largely of historical interest only
- But – it still guides the Courts' thought processes
- The remedy is said to *bind the conscience* of the infringer
- Plaintiff must also have *'clean hands'*
- Plaintiff must normally act *quickly* to seek relief
- The remedy is *discretionary*

# Interlocutory Injunctions in Australia

## What does a plaintiff need to show?

- The answer has changed somewhat over time, and especially in the last decade
- The jurisprudence is still not completely settled
- However, most principles are established in practical terms
- The unresolved character of some questions of law is somewhat disappointing
- This is not completely surprising however, especially in a rapidly changing technological world

# Interlocutory Injunctions in Australia

## What does a plaintiff need to show?

The original test (called the “*organising principles*”)

- The Plaintiff needs to demonstrate:
- That damages *would not be an adequate remedy*
- A *prima facie case of infringement*, *and*
- That the *balance of convenience favours the grant of the injunction*
- *Note: The Plaintiff must also give the ‘usual undertaking’ as to damages, to the Court*

*American Cyanamid v Ethicon [1975] AC, 397*

(Lord Diplock, United Kingdom House of Lords)

# Interlocutory Injunctions in Australia

- What does a plaintiff need to show?
- What is a *'prima facie'* case?
- *'If the evidence remains as it is, there is a probability that at the trial of the action, the plaintiff will be held entitled to relief'*

*Beecham Group Ltd v Bristol Laboratories Pty Ltd (1968) 118 CLR, 618*

*(High Court of Australia – Kitto, Taylor, Menzies, & Owen JJ)*

# Interlocutory Injunctions in Australia

- What does a Plaintiff need to show?
- *Prima Facie Case* or *Serious Question to be Tried?*
- Prima facie case does *not* mean that the Plaintiff must show that it is more likely than not to succeed at trial
- This alternative formulation of the required strength of the Plaintiff's case was established in Australia in *Beecham v Bristol Laboratories* in 1968
- The alternative formulation was intended to avoid the Court being seen or required to provide a '*forecast*' on the eventual outcome at the trial of the action



# Interlocutory Injunctions in Australia

- What does a Plaintiff need to show?
- What is meant by a ‘*Serious question to be tried*’?

The Courts have explained that:

- The test under this formulation is whether there is a *serious issue for the trial as to the Plaintiff’s entitlement to the relief sought*; and
- The test is usually satisfied by showing that the Plaintiff’s claim is not *‘frivolous’ or ‘vexatious’*
- *Frivolous* means “*no reasonable chance of succeeding*”
- *Vexatious* means “*imposing hardship on the counter-party to defend a claim which cannot succeed*”

# Interlocutory Injunctions in Australia

## What does a Plaintiff need to show?

- The exact formulation as to the degree of strength of the Plaintiff's case that must be shown, remains somewhat unclear
- Some judges use the “prima facie case” test
- Others use the “serious question to be tried” test
- Others say that the degree of strength depends on the facts of a given case
- Some commentators say that there is no real difference between the two tests

# Interlocutory Injunctions in Australia

## Some special considerations relating to Plaintiffs

- Where the Plaintiff's right is *registered*, what account is to be taken of:
  - The right *not having been registered for a long time*?
  - The right *not previously having been tested* before the Courts?
- Arguments by the Defendant about the *scope of the right*?
- Evidence/arguments put forward by the Defendant, aimed at showing that the right may be *invalid*?

# Interlocutory Injunctions in Australia

## What does a plaintiff need to show?

- Damages would not compensate the Plaintiff adequately (*'Irreparable harm'*)
- Some judges think this is just *part of the balance of convenience*
- Balance of convenience – *balancing the relative harm* to the Plaintiff and Defendant (and third parties)
- Undertaking as to damages

# Interlocutory Injunctions in Australia

## Practical considerations

### For Plaintiffs –

- How strong is the IP right?
- How strong is the infringement case?
- Has there been delay?
- Would a money claim be enough?
- Would other remedies / procedures be suitable?
- The '*eyes wide open*' test
- Effect of losing an interlocutory injunction motion
- Would fast track final relief be acceptable?
- Undertaking as to damages

# Interlocutory Injunctions in Australia

## Practical considerations

### For Defendants –

- Challenging infringement
- Challenging validity / ownership
- Counter-suit
- Delay / other disqualification factors
- Fast track trial
- Undertaking to keep accounts
- Changing the alleged infringing product
- Undertaking as to damages – use as a weapon
- Impact of being ordered to stop infringing

# Interlocutory Injunctions in Australia

## The 'usual undertaking' as to damages

Upon the Plaintiff by its Counsel undertaking to pay any party adversely affected by the interlocutory injunction such compensation (if any) as the Court thinks just, in such manner as the Court directs, [*the Court orders that until the trial of this proceeding or further order, the Defendant be restrained from....*]

# Interlocutory Injunctions in Australia

## Practical considerations

- Is mediation or some other alternative dispute resolution technique something which should be explored?
- Assess the direct and indirect cost of litigation
- Impact on the client's management (stress/time)
- Impact on customer/public perception of the client
- Cross-border considerations
- Weighing it all up



# Interlocutory Injunctions in Australia

## Concluding remarks

- The remedy can be very powerful
- But it can come with a heavy price tag
- Australian Courts are flexible in hearing injunction cases
- Growing trend to grant interlocutory injunctions
- There are however, alternatives
- *All* suitable alternatives should *always* be considered
- A *balancing act* all round
- The guiding principle should always be—
- *What is the client trying to achieve?*