PROPORTIONALITY AND EVALUATION
The example of intellectual property law

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INTRODUCTION

For an idea of compliance that is more than a simple risk management policy, but seeks also to encompass compliance defined by monumental goals,[1] the role of the enterprise must be considered from the perspective of public interest and the common good. Compliance law addresses financial objectives, but also superior objectives assigned by States to persons and enterprises and which reside in compliance with fundamental rights: these political and societal objectives make up what are known as monumental objectives.[2] Beyond the expectation of their compliance with laws, contracts and recommendations, enterprises are invited to adopt objectives in the public interest: compliance law aims to implement not just obligations imposed by the authorities, but those linked to monumental objectives.

Implementing a compliance strategy has become a necessity for enterprises, and now the same is becoming true for intellectual property rights. Intellectual property law can constitute a compliance tool, since it aims to satisfy the aims of the legislature, namely to promote creativity and innovation in Society, and social progress more widely. To do so, intellectual property makes it possible to reward artists, inventors and innovators *ex post*, but also creates, *ex ante*, a stimulus to innovate by improvement, derived from the financial performance of enterprises and their competitiveness. To this end, monopolies of exploitation are assigned to creators, and such restrictions of the public domain can only be proportionate to the goals sought. Intellectual property is also a tool used by the legislature to achieve monumental objectives, in particular respect for fundamental rights mobilised according to the relevant sectors (freedom of expression, of creation, scientific freedom or access to treatment).

While enterprises must use intellectual property rights appropriately for their function and purpose, they must also respect the rights held by other enterprises, and sometimes the obligation to make third parties respect these rights falls to them too. In the latter case, compliance law will involve powerful actors in protecting intellectual property rights, by imposing obligations linked to the implementation of fundamental goals. These crucial actors have the means necessary to implement these fundamental goals.

Compliance can help anticipate risks associated with obtaining and exploiting intellectual property rights, as well as leading the enterprise to internalise wider objectives, applying the mechanism of proportionality.

Proportionality measures exceptions to the principles of fundamental freedoms, since it can be used to justify limits to these freedoms. Monopolies of exploitation assigned to creators can only be proportionate to the goals sought. Putting periods when it has been considered expansionist, if not too absolute, behind us, intellectual property must now be reconciled

[1] *Les outils de la Compliance* (Compliance Tools) ed. M.-A. Frison-Roche, Dalloz, Regulations & Compliance Series, 2021.

[2] *Les buts monumentaux de la Compliance* (Compliance Monumental Goals), ed. M.-A. Frison-Roche, Dalloz, Regulations & Compliance Series, forthcoming.

with contrasting interests, which are sometimes strongly opposed, numerous, and varied, according to the rights in question. Intellectual property rights interact with other rights and freedoms through the mechanism of proportionality, for which evaluation becomes crucial. It ensures the legitimacy of the monopolies granted, reconciling them with opposing contemporary requirements. Proportionality is a guarantee of rights over time, ensuring they have a foundation of legitimacy. However, each intellectual property right pertains to purposes and a specific object by which it is demarcated. There is thus no utility in conferring a stronger right than needed to achieve the objectives set by the legislature: all is a matter of proportion. The CJEU has just made this brutally clear concerning the rights of makers of databases, evaluating the proportionality of the interests involved and making the penalty for extracting and re-utilising database content conditional on a new independent factor: damage done to the maker's investment. In the absence of such damage, the Court gives precedence to how innovation is stimulated by users or competitors, permitting the unauthorised use of the content of the database.[3] The goal is definitely therefore to encourage innovation, whether by the maker of the database, or third parties.

Consequently, an intellectual property right, through the monopoly it confers, becomes an infringement of a fundamental freedom, and the proportion of that infringement must be evaluated for acceptance. The principle of proportionality then enables the courts to penalise a lack of proportion in relation to intellectual property that constitutes an infringement of a fundamental right.

Proportionality is present in all intellectual property law. Particularly important in literary and artistic property law, where it is often used for copyright cases and certain similar rights, proportionality is also used as a control technique for assessing the gravity of an infringement in the area of industrial property rights, and particularly trademark and patent law.

Confrontations between these intellectual property rights and opposing contemporary requirements require evaluations of proportionality to be used to ensure balance between the divergent interests involved. An intellectual property right must only generate damage to the fundamental freedoms involved that is proportionate to its protective purpose. To guarantee this balance, the regulator and judge must establish whether the provision is suitable for its purpose. Proportionality becomes a safeguard by balancing the interests in play.

Evaluating proportionality requires judges to take divergent interests into account: they must establish a balance between an intellectual property right and a fundamental freedom. And the consequences? The right of one will prevail over the freedom of another - or *vice versa*. Any precedence given to fundamental freedoms will lead to a suspension of the intellectual property right and, indirectly, to a weakening of its monopoly. In this case, evaluating proportionality becomes a contributor to freedom, which is renewed when the monopoly is suppressed, to the benefit of a competing third party or user, and more widely of the public; the creation enters the public domain.

Observations from intellectual property law on evaluating proportionality will reveal the fundamental role this principle, which is already at work, could play in compliance law.

This contribution will therefore consider proportionality in terms of function and evaluation: proportionality is a requirement of law-making for the legislature in balancing rights (I) and a measuring instrument for the courts in the application of rights and fundamental freedoms (II). Finally, proportionality is an assessment criterion for legal action and penalties (III).

[3] CJEU, 3 June 2021, case C-762/19 (CV-Online Latvia).

1. Proportionality, a requirement of law-making for the legislature

The legislature sets monumental goals for persons and enterprises. Proportionality becomes an assessment criterion for the legislature in determining the objectives for the law, and its evaluation aims to ensure balance between the rights and freedoms in play. It is proportionality's role to ensure the law is acceptable, by allocating rights and freedoms in suitable proportion. The legislature then acts to assign rights or obligations to enterprises according to the monumental goals sought.

Several illustrations can be given, such as establishing the *ex ante* obligation for platforms to check for and withdraw illicit content in the copyright context. Until recently subject only to the almost irresponsible hosting regime,[4] the major content sharing platforms are now responsible for ensuring their users respect copyright and related rights in relation to material uploaded to their sites. Article 17 of Directive (EU) 2019/790 of 17 April 2019 on copyright and related rights in the Digital Single Market (known as the "DAMUN" directive in French), transposed in Articles L. 137-1 et seq. of the French Intellectual Property Code[5], requires online content sharing service providers to obtain authorisation from copyright holders to distribute protected content shared by their users with the public. Without authorisation, platforms will be exonerated from responsibility only if they can prove they did all they could to obtain it, or to block access to protected content following proper notification from the rights holders. The obligations incumbent on online content sharing platforms pursuant to Article 17.4 must be assessed "in light of the principle of proportionality" according to Article 17.5 of the Directive.

In practice, the platforms have the technical and financial ability to exercise these *ex ante* checks of content, whereas rights holders do not, and struggle to have breaches of their rights addressed *ex post*. The legislature therefore places the burden of this new obligation to remove illicit content *ex ante* on the platforms.[6] These platforms contribute, as operators, to the effectiveness of the protection of intellectual property rights online.[7] This means other actors besides intellectual property rights holders are required to contribute to ensuring the effectiveness of these rights, thanks to the introduction of greater responsibility for platforms.

Furthermore, evaluating the proportionality of the interests involved can make it possible to adjust the balance of a relationship, since proportionality is an underlying principle regulating social relations. Aiming to improve sharing of online financial value, and because some online operators have hoarded press content without paying, the European legislature

[4] Art. 6-I of the Law of 21 June 2004 for trust in the digital economy.

[5] Transposition by Edict No. 2021-580 of 12 May 2021 which came into force on 7 June 2021.

[6] See among the 55 proposals already formulated, one on the creation of an obligation for platforms to withdraw illicit content *ex ante*: M.-A. Frison-Roche, Report on *L'apport du droit de la compliance à la gouvernance d'internet* (Compliance law's contribution to internet governance), 2019.

[7] For similar grounds, see the obligations imposed on Internet Service Providers (ISPs) in blocking access to sites offering fraudulent content; ISPs which the courts have also required cover the costs of these blocking and dereferencing measures: Court of Cassation 1st Civil Chamber (Cass. Civ.), 6 July 2017.

has created a new related right for media publishers and press agencies:[8] this *ex ante* regulation is intended to force operators to share financial value through the application of this new related right. The aim of this new right is to protect the investment of media publishers and press agencies against free-riding use of press content by information aggregators. The latter have until now been reproducing article extracts without remunerating the rights holders. The aim now is to ensure value is shared between the original publishers, because their "organisational and financial contribution (...) in producing press publications needs to be recognised and further encouraged to ensure the sustainability of the publishing industry and thereby foster the availability of reliable information", and the "new online services, such as news aggregators or media monitoring services, for which the reuse of press publications constitutes an important part of their business models and a source of revenue".[9] This economic goal is accompanied by another, democratic, objective, on the grounds that "a free and pluralist press is essential to ensure quality journalism and citizens' access to information. It provides a fundamental contribution to public debate and the proper functioning of a democratic society." However, this *ex ante* regulation was initially rejected by Google, one of the main content aggregators, which obliged the Competition Authority to become involved in the application of this law, to force the operator to begin negotiations to share online value.[10] This new law and the obligations it entails must therefore be adopted by the platforms in question.

Nevertheless, the proportionality of rights as determined by the legislature are open to being contested. This is the case for patents, where rights are often criticised for the excess they generate. Traditionally presented as a contract between Society and the inventor, a patent gives the inventor a monopoly of exploitation over the invention, so as to promote research and to encourage researchers to reveal their innovations.[11] In pharmaceuticals, the link between incentivising innovation and patents is so important that the commercial development of a drug is inconceivable without a patent. However, the financial interests of pharmaceutical enterprises must be balanced with public health interests and proportionality should be able to peacefully accommodate the rights of the former to the rights and freedoms of the latter. Patent law must offer a balance between private and public interests, as stated in French and international legislation.[12] But this balance is elusive: patents seem to be all-powerful, to the detriment of public interest, and this lack of proportionality is highly controversial.
Among the many criticisms of the patent system is the problem of access to medicine. A patent becomes a toll levied on access to treatment, impinging on fundamental human rights.[13] Furthermore, while intellectual property rights by their nature restrict access to and the commercialisation of protected goods, we also see patent requests being manipulated to block the entry of generic medicines to the market. The patent system is subverted to obtain

[8] Article 15 of Directive (EU) 2019/790 of 17 April 2019 on copyright and related rights in the Digital Single Market, rapidly transposed into French law by Law No. 2019-775 of 24 July 2019.
[9] Considering (54) of the Directive.
[10] In this 132 page judgement published on 12 July 2021 (Judgement No. 21-D-17), the French Competition Authority handed down its biggest ever fine of €500 million to Google.
[11] J-M. Mousseron, *Traité des brevets* (Treatise on patents), Litec 1984, No. 11 et seq.
[12] Article 7 of the WTO TRIPS Agreement.
[13] G. Velasquez, *L'accès aux médicaments est un droit de l'homme mais les médicaments pour tous sont une affaire privée* (Access to medicine is a human right but medicine for all is a private affair), in *Le médicament et la personne (Medicines and the person)*, I. Moine-Dupuis (ss la d° de), Litec 2007, p. 117.

and protect the patentee's monopoly: the purpose of the patent system is perverted, since it is no longer serving to promote innovation, but to protect the patentee from competition. This has led to the appearance of so-called secondary patents, divisional patents and defensive patents. When a patent is no longer enough to ensure exclusivity, we see excessive action taken to protect the exclusive exploitation of the medicine, at all costs, using pay-for-delay agreements to keep generic versions off the market. Some pharmaceutical producers have no hesitation in manipulating the patent system to maintain their exclusivity to the detriment of competitors and manufacturers of generic drugs. The nadir of this manipulation of the patent system is seen in the phenomenon of the "patent troll", extracting value from patents, often bought cheaply, using them against other enterprises with the aim of forcing them to acquire licenses.[14] Analysis of the relationship between patents and medicines shows that patents are exploited to strengthen holders' rights to the detriment of medical research. Pharmaceutical patents do not give enough weight to public interest and their legitimacy is often challenged.

This weaponisation of patent rights shows that the search for a new balance is essential, because patent law is moving towards strengthening exclusivity in patentee rights, and the methods used to neutralise excess in these practices are proving ineffective. Exceptions and limitations to patentee rights do exist, however, to counterbalance the effects of the monopoly; notably a license system imposed on the patentee. The compulsory license is an essential mechanism for limiting patentee rights. With it the patent can be exploited by a third party without the patent-holder's authorisation, in particular to provide better access to medicines in serious healthcare situations. Patent monopolies could therefore be neutralised by a compulsory license, but although the approach is theoretically interesting, the mechanism is not used in France. The internal physiognomy of intellectual property law makes it impossible to correct excesses and ensure fair proportionality of the interests involved simply by using exceptions and limits. This begs questions on the nature of objectives, and on the dominance promoting innovation, and financial goals in general, seem to retain over other considerations.

However, real limits must be imposed on patents, so that their supremacy can be overcome not just for certain public health imperatives, but also to protect freedom of competition and the freedom to do business.

The search for balance between the private interest of the patentee and public interest involves, we believe, an effective application of the principle of proportionality within patent law. The system of pharmaceutical patents must evolve to correct certain practices, especially to promote reasonable access to medicines.

Today, the question being asked concerns patents in the context of Covid 19, which are at the centre of international negotiations conducted under the aegis of the WTO around intellectual property rights and the Covid vaccines.[15] Under consideration is a temporary waiver of intellectual property rights relating to Covid 19 technologies, rights that appear in the WTO TRIPS Agreement. Discussed in public debate as the "lifting of the patents", this temporary waiver of intellectual property rights would constitute a form of *ex post* compliance imposed on the enterprises involved, with a view to accessing patent-protected pharmaceutical products. It falls to the WTO, therefore, to decide as regulator on whether to

[14] C. le Stanc, *Les malfaisants lutins de la forêt des brevets: à propos des patent trolls* (The wicked goblins in the patent forest: on patent trolls), Propr. ind. February 2008, Study 3.

[15] Waiver from certain provisions of the TRIPS Agreement for the prevention, containment and treatment of Covid-19, TRIPS Council, Communication by India and South Africa, 2 October 2020.

suspend an international agreement in order to impose a public health objective. If taken, this radical step would lead to an external correction of intellectual property rights, involving the removal rights, without applying the proportionality principle. Would it not be better to establish a mechanism internal to the law, or to ensure the effectiveness of the license system that already exists?

The application of proportionality, of balance and so a form of equity, would constitute a way of avoiding legitimacy disputes concerning a patent system that gives too many rights, more than what is needed to achieve the objectives set by the law: innovation, investment, and progress for Society, while protecting access to care and public health interests. Achieving a “proper” evaluation of proportionality in the matter would ensure the effectiveness of public health objectives, so as to rebalance the interests involved, which would lead to a better reception of the law and system, making it acceptable to the public.

Objectives that constitute fundamental goals could be evaluated differently at different times according to social and societal context: regulators could then assign new “concerns” for enterprises to address and internalise, which must be reconciled with the initial objectives in that area. In future, intensified mediation between rights and fundamental rights and freedoms is to be expected in certain sectors, making proportionality and its evaluation fundamental tools for compliance.

2. Proportionality, a measuring instrument for the courts

Evaluating proportionality involves judges seeking a balance between an intellectual property right and a fundamental freedom. This evaluation of proportionality often occurs in literary and artistic property law, in the context of exceptions that defendants in infringement cases always raise; most often copyright is involved, but related rights are also concerned where there is a need to establish a balance with fundamental freedoms. In particular, evaluating proportionality postulates an assessment of the behaviour of a person claiming to exercise a fundamental freedom, often freedom of expression, in seeking the suspension of the monopoly generated by the exclusive intellectual property right. Legal exceptions to copyright can justify an unauthorised use of a work and act on behalf of some fundamental freedoms, such as freedom of expression, by way of exceptions for parody, for information and for quotation. Courts have used different means of evaluation to achieve a balance of interests in the copyright field, to determine whether the fundamental freedom invoked could offer an approach independent of copyright law for justifying an infringement against an intellectual work, or could only be interpreted within the framework of copyright rules, with reference to the exceptions provided for under law.

Initially, only copyright was considered in seeking a resolution to disputes under French law. Solutions resided in the set of exceptions that counterbalanced the exclusivity of the right of the holder in certain situations. The legislature defined the scope of the monopoly by stipulating prerogatives and exceptions to those prerogatives. These exceptions to copyright are justified by considering higher interests than those of the rights holder. This is why, beyond these legal exceptions, invoking a fundamental freedom was judged inadmissible: a copyright derogation could not be external to copyright law. This was the case for the famous Utrillo affair,[16] which involved the principle of freedom of expression pursuant to Article 10 of the European Convention for the Protection of Human Rights and Fundamental Freedoms.

But on a second occasion, the European Court of Human Rights offered a different solution with two judgements issued in 2013,[17] in which it assessed whether a restriction to freedom of expression by copyright enforcement complied with Article 10 of the ECHR; the restriction led, under copyright law, to the sentencing of the petitioners for breach of intellectual property. The Court judged that copyright could be subordinated to freedom of expression, even in the absence of a copyright exception. This solution is fundamental, in that it enshrines the unauthorised use of the protected work on grounds external to the exceptions under French law that apply to copyright.

In other words, the proportionality of damage to freedom of expression can be evaluated independently of copyright provisions: disproportionate damage to freedom of expression

[16] Cass. 1st Civ. 13 November 2003, No 01-14.385, Fabris v. France 2; CCE 2004, No. 1, comm. 2, C. Caron; JCP 2004, II, 10080, C. Geiger; Legipresse March 2004, No. 209, III, p. 23, note V. Varet; Propr. Intell. January 2004, No. 10, p. 550, A. Lucas.

[17] ECHR, 10 Jan. 2013, No. 36769/08, Ashby Donald v. France, Légipresse 2013. 221, Study F. Marchadier; AJDA 2013. 1794, chron. L. Burgorgue-Larsen; D. 2013. 172, obs. C. Manara; ibid. 2487, obs. J. Larrieu, C. Le Stanc and P. Tréfigny; ibid. 2014. 2078, obs. P. Sirinelli; RTD com. 2013. 274, obs. F. Pollaud-Dulian; J.-M. Bruguière, Propr. Intell. April 2013, p. 216; CCE April 2013, No. 39, C. Caron. And ECHR, 19 Feb. 2013, No. 40397/12, Neij and Kolmisoppi v. Sweden, D. 2013. 2487, obs. J. Larrieu, C. Le Stanc and P. Tréfigny; ibid. 2014. 2078, obs. P. Sirinelli; JAC 2013, No. 2, p. 11, obs. J. Brunet.

can constitute a justification infringement against an intellectual work, independently of the exceptions forming part of copyright law. So the ECHR has added a new limit to copyright, a limit that stands outside copyright law and is based on Article 10 of the European Convention, going beyond the internal limitations stipulated by the Intellectual Property Code. The lack of proportionality in damage to freedom of expression becomes a paralysing factor for copyright that is both internal and external to copyright.[18]

This check by the ECHR involves making a concrete assessment of the facts so as to establish whether in a given case the restriction to freedom of expression is proportionate to the legitimate goal of copyright protection, and so is not in breach of Article 10 of the European Human Rights Convention.[19] In other circumstances, disproportionate damage to freedom of expression could have been penalised.

This position from the ECHR has led to an increase in possible restrictions on copyright and was incorporated into French law by the Court of Cassation in the Klasen judgement of 15 May 2015. In evaluating the proportionality of the infringement against the freedom, the Court of Cassation requires trial judges to set out in full detail their grounds for putting aside that infringement and subordinating freedom of expression to copyright. This additional application of proportionality does not seem however to have led to judgements of disproportionate harm and so to freedom of expression prevailing over copyright.[20]

Especially since a third act saw this possibility challenged by the CJEU in three judgements issued on 29 July 2019. These judgements from the Grand Chamber of the Court were on the conflict between copyright and freedom of expression as protected by Article 11 of the Union's Charter of Fundamental Rights.[21] Although the circumstances were very different, the Court ruled in similar terms on whether freedom of expression could justify a derogation of copyright (and the related right of producers of phonograms), independently of exceptions to that right. In judgement C-476/17 on Sampling, the Court says that the aim should be to seek "a fair balance between, on the one hand, the interest of the holders of copyright and related rights in the protection of their intellectual property rights now guaranteed by Article 17(2) of the Charter and, on the other hand, the protection of the interests and fundamental rights of users of protected subject matter as well as of the public interest".[22] According to the Court, there can be no derogation to copyright apart from the legal exceptions stated in Article 5 of Directive 2001/29/EC of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society. Thus, in the absence of an exception featuring in the closed list in this Directive 2001/29/EC, freedom of expression as protected by Article 11 of the Union's Charter of Fundamental Rights cannot justify an exception to or limitation of copyright that is not provided for in Article 5 of the Directive.

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[18] In this sense, V. Varet, Légipresse 2015, p. 474.

[19] A. Zollinger, *Droit d'auteur et liberté d'expression, comment procéder à la balance des intérêts* in concreto (Copyright and freedom of expression, how to achieve a concrete balance of interests), CCE April 2017, Study 7.

[20] Noting that trial judges are having difficulty applying the solution: V. Varet, Propr. Intell. April 2020, p. 70; also citable an isolated judgement in the field of moral rights: Versailles Court of Appeal (CA), 30 November 2018, case of the *Dialogue des Carmélites* opera.

[21] CJEU 29 July 2019, cases C-469/17, C-476/17 and C-516/17, D. IP/IT 2019. 464, obs. N. Maximin; ibid. 2020. 317, obs. A. Latil; RTD com. 2020. 53, obs. F. Pollaud-Dulian; ibid. 83, obs. F. Pollaud-Dulian ; RTD eur. 2019. 927, obs. E. Treppoz.

[22] Judgement C-476/17 on Sampling brought artistic freedom, as enshrined by Article 13 of the Charter, into play: "The arts and scientific research shall be free of constraint. Academic freedom shall be respected."

To justify this solution, the CJEU suggests that the Directive already creates balance within copyright by taking freedom of expression into account with several legal exceptions, the application of which is also subject to the three stage test. The structure of the Directive reflects this subtle balance and all efforts at harmonisation would be ruined if national jurisdictions could use solutions based on grounds external to the text.[23]

These CJEU judgements therefore enshrine a solution that runs contrary to that previously chosen by the ECHR and French jurisprudence. Furthermore, in one of the three judgements, the CJEU admitted that although the exceptions are to be strictly interpreted, they must "however be interpreted with their full effect, with regard to their goal, particularly when that goal is to ensure freedom of expression".

So the Court of Justice refused derogations to copyright outside the exceptions stipulated by the Directive and so by national law, while expanding the principle of interpreting the exceptions to copyright that are based on freedom of expression. "The rigidity imposed by an exhaustive list is balanced by the inclusion of this refining proportionality internal to copyright law".[24] This conciliation opens the way for unauthorised use of the work of others, which could lead to more freedom of creation and more widely to encouraging third party creation.

While there are those who questioned the position of the French court in the face of these two contradictory positions from the ECHR and the CJEU,[25] others consider that the Klasen judgement's solution has been superseded by the CJEU judgements of 29 July 2019.[26] According to the CJEU's position, exceptions to copyright are assessed in the light of the principle of proportionality, according to an internal logic that creates the law *ex ante*, in contrast to the ECHR's solution. The logic is radically different for the application of fundamental rights and freedoms, constituting an important development in evaluating proportionality to balance interests in the area of literary and artistic property.

3. **Proportionality, an assessment criterion for legal action and penalties**

The general principle of proportionality is also found in numerous aspects of rights protection, particularly infringement proceedings. Proportionality is an instrument for evaluating the behaviour of operators and the gravity of their behaviour in breaches of intellectual property.[27] Evaluating proportionality for legal action and penalties can be used

[23] This justification on grounds of European harmonisation has been criticised: only one exception of the twenty listed in in the Directive is compulsory, making the proposed harmonisation largely ineffectual: V. Varet.

[24] E. Treppoz, op.cit.

[25] Questioning the admissibility of a petition on the sole grounds of freedom of expression: V. Varet, *Droit d'auteur et liberté d'expression: de la balance des intérêts au conflit de juridictions?* (Copyright and freedom of expression: from balancing interests to jurisdictional conflict?), Légipresse 2020, p. 105; but describing a possible conciliation in cases that are certainly very rare: V. Varet: *Droit d'auteur et liberté d'expression: état des lieux après les arrêts du 29 juillet 2019* (Copyright and freedom of expression: state of play after the 29 July 2019 judgements), Prop. Intell. April 2020, No. 75, p. 68

[26] E. Treppoz, op.cit.; A. Lucas, JUSPI summary report of 10 October 2019, in *La légitimité de la propriété intellectuelle* (The legitimacy of intellectual property), Legipresse special edition 2019/2, p. 156.

[27] Proportionality is also central to the principles relating to the future Unified Patent Court. Thus, "the Unified Patent Court should be devised to ensure expeditious and high quality decisions, striking a fair balance between the interests of right holders and other parties and taking into account the need for proportionality

as necessary to demarcate the measures pronounced by judges and penalties awarded to achieve monumental goals. Because compliance law is about the effectiveness of rights, evaluating proportionality for legal action and penalties will ensure the effectiveness of rights in proportion to the objectives and monumental goals assigned to those rights. This is particularly true for penalties, and also for the *saisie-contrefaçon* (seizure for infringement)[28] that an intellectual property holder can exercise.

These being provisional measures, evaluating proportionality is particularly delicate at this stage in the procedure, and recourse to the principle of proportionality is provided for by Directive 48/2004/EC of 29 April 2004 on the enforcement of intellectual property rights. In infringement cases, the holder of the intellectual property right has the option of seeking prohibitive measures; but these measures may be limited or even refused in the name of the principle of proportionality. Article 3, 2. of Directive 48/2004/EC states that the "measures, procedures and remedies shall also be effective, proportionate and dissuasive and shall be applied in such a manner as to avoid the creation of barriers to legitimate trade and to provide for safeguards against their abuse".

In applying corrective measures, legal authority must be proportionate between the seriousness of the infraction and corrective measures ordered, as well as third party interests.[29] This evaluation of proportionality impacting directly on the measures pronounced by the judge can vary considerably by jurisdiction. This type of proportionality evaluation can be seen in infringement proceedings initiated in the United Kingdom, in Germany and in Italy concerning the same European patents for cardiac valves. In the context of multiple infringement actions brought before UK, German and Italian courts, the holder of the cardiac valve patents sought prohibitive measures and damages against the infringing parties.[30] In the UK the defendant pleaded public interest in their defence: an initial decision recognised an infringement of one of the patents and awarded prohibitive measures, before the High Court judge ruled for a twelve month deferment in executing the prohibitive measures, considering the public interest of ensuring that patients received appropriate treatment. In Germany, where the same European patent was involved, the Düsseldorf Landgericht acknowledged the infringement and awarded prohibitive measures with no deferment in their execution; the petition to destroy the goods was refused however, the court judging it disproportionate.[31] Evaluating proportionality can therefore generate legal uncertainty because of divergences in interpretation between jurisdictions.

In the matter of infringement proceedings, Directive No. 48/2004/EC of 29 April 2004 on the enforcement of intellectual property rights must be read in the light of the Commission's Communication titled "Guidance on certain aspects of Directive 2004/48/EC of the European

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and flexibility": Agreement on a Unified Patent Court, EU Council, 19 Feb. 2013, 2013/C 175/01, OJEU No. C 175, 20 June 2013, preamble p. 1; see also Article 64.4 on corrective measures in infringement proceedings.

[28] The judge's edict must, while respecting fair proportionality, make it possible to obtain information about the competitor solely in relation to the dispute.

[29] Concerning the proportionality of provisional measures: Directive No. 2004/48, Considering (22).

[30] K. Grabinski, Injunctive relief and proportionality in case of a public interest in the use of a patent, GRUR, 2, February 2021, p. 200-203; PIBD 1166, II, 3.

[31] With an edict of 16 June 2021, the Court of Turin applied the principle of proportionality by limiting the reach of an injunction, using an exception that excluded the application of the injunction to three current contracts to supply health establishments.

Parliament and of the Council on the enforcement of intellectual property rights".[32] This communication refers several times to the principle of proportionality, which must be applied in the interpretation of the Directive. It specifies that "In all cases where (...) various conflicting fundamental rights protected in the EU's legal order are at stake, it should be ensured that a fair balance is struck between them, in light of the principle of proportionality."[33]

While proportionality is an instrument for evaluating the behaviours of those potentially in breach of intellectual property rights, the rights holder can also present behaviour that is unacceptable and aggressive. In the context of patents, some holders exercise their exclusive rights abusively, leading to questions about their actions.[34] This is the case with the patent trolls mentioned above: still uncommon in the European Union in comparison to the United States, particularly in the patent context, this abusive approach to monopolies of exploitation is questionable. Consider that the patent troll seeks to acquire patents in a given technical field, generally without making actual use of these patents, so as to create legal insecurity for enterprises in the relevant sector. Patent trolls threaten or initiate infringement actions against enterprises, to extort financial payment in return for abandoning the legal action. They obtain financial recompense from threatened enterprises, which are then protected from a potential infringement case. The patent becomes a right to remuneration imposed by one enterprise on another, a sort of forced license improperly imposed by the right holder: the defendant could invoke freedom to do business in order to challenge an "illegitimate infringement action",[35] and proportionality evaluation could help encourage uses that comply with objectives, avoiding rights abuses that involve illicit offensive strategies. As a flexible factor, the proportionality of the rights and freedoms involved depends on facts and circumstances: any evaluation is in relation to context and cannot be pre-judged. It follows that the application of proportionality by the judge is unpredictable and a source of uncertainty for the parties and for anticipating solutions that compliance law might offer.

Proportionality is a precious principle, with the ability to adapt and establish balance - in law and legal proceedings - between the monumental objectives set by Society. Specifically, proportionality has a fundamental role to play in the approach that compliance law could develop for intellectual property in the future. This field of intellectual property, which is centred on monopoly and exclusivity, must more than ever incorporate this imperative for proportionality, by which intellectual property can be reconciled with different interests and given legitimacy and distance from the excesses with which it is saddled with varying degrees of legality.

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[32] EU Comm., Communication, 29 Nov. 2017, Guidance on certain aspects of Directive 2004/48/EC of the European Parliament and of the Council on the enforcement of intellectual property rights: COM (2017) 708 final.

[33] See p. 12.

[34] A. Léonard, *L'abus de droit dans le contentieux des brevets - Entre divergences nationales et vœu d'harmonisation de la juridiction unifiée du brevet – une piste à suivre?* (Rights abuses in patent disputes - Between national divergence and the Unified Patent Court's attempt at harmonisation - a way ahead?), Propriété Industrielle No. 1, January 2017, Study 2.

[35] For a prospective study of how to deal with patent trolls: Ch. Caron, *Les mauvaises actions en contrefaçon* (Illegitimate Infringement Actions), CCE No. 4, Avril 2019, Study 8.