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## INTELLECTUAL PROPERTY

### LISBON COURT OF APPEAL CONFIRMS THAT IP HOLDER LIABILITY FOR UNGROUNDED PI IS NOT STRICT

The civil liability of IP holders for ungrounded PIs is currently enshrined in Portugal in Article 338-G(3) of the Portuguese Industrial Property Code (IP Code), which is heavily based on Article 9(7) of the Enforcement Directive.

The Portuguese Intellectual Property Court (IP Court) had issued its first decision on the matter of the IP holders liability for ungrounded preliminary injunctions (PIs) on March 1<sup>st</sup>, 2018 – Case no. 236/16.2YHLSB. The IP Court held that the liability arising from Article 338-G(3) of the IP Code should be considered a strict liability and ordered the PI applicant to pay damages to the generic company that had been ordered to stay out of the market while the IP rights asserted were in force.

On February 19, 2019, the Lisbon Court of Appeal (LCoA) overturned this decision and clarified that **the liability provided for in Article 338-G(3) of the IP Code demands the allegation and demonstration of the fault or negligence of the IP holder that applied for the PI.**

According to the LCoA, the relevant provision of the IP Code should be read in light of the general Portuguese provisions of tort law and, notably, Article 483(2) of the Civil Code, that clearly establishes that “strict liability only exists whenever the law so specifies”. The LCoA interpretation of Article 338-G(3) of the IP Code is that it does not suggest in any way whatsoever (expressly or even implicitly) a strict liability – whilst it would have been rather easy for the legislator to include such a reference.

**In a situation where the IP holder filed for a PI on the basis of the public record that attested a certain expiry date of its IP right, which was published in the Industrial Property Office Bulletin, the LCoA concludes that the IP holder acted in good faith and with the required prudence, in view of the official elements available at the time.**

This decision can still be appealed to the Supreme Court of Justice.