

# **Account of Profits – Landscape Post Hollister v Medik**

Rob Jacob – November 2014

# Today's talk

- A. Quick Summary
- B. Historical Position
- C. Hollister v Medik
- D. Current Landscape

## A. Quick Summary

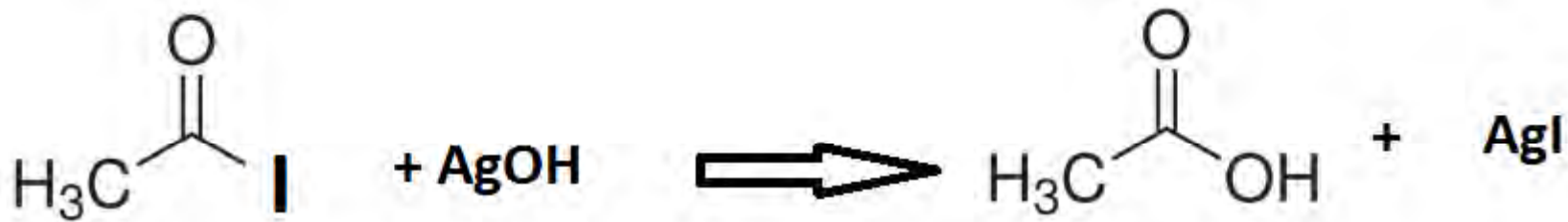
- Claimant can elect between damages or an account of profit:
  - **Damages:** Restore the claimant to the position he would have been in if the infringement had not been committed.
  - **Account of Profit:** Deprives the infringer of the profits he has made as a result of the infringement.
- Limited disclosure is available in order for the Claimant to make the election (*Island Records v Tring*)
- An account of profit is a discretionary remedy

## B. Historical Position

- *Siddell -v- Vickers* [1892] RPC 152
  - The Court of Appeal cautioned prospective plaintiffs from pursuing this pecuniary remedy because of its cost and uncertain outcome

## B. Historical Position

- **100 years later:** Celanese v BP [1992]
- Patent: Method of removing iodide impurities from acetic acid using a silver loaded resin bed



- Fact defendant's profit could have been made in a non-infringing way is irrelevant
- Where only parts of the defendant's activities infringed overall profits must be **apportioned**
- General overheads are deductible

## C. Hollister v Medik [2013] ETMR 10

- Medik failed to provide notice prior to reselling repackaged genuine Hollister's goods (a mere procedural deficiency)

### **First Instance**

- Judge allowed deduction for general overheads in calculation of net profit
- Judge awarded Hollister only 50% of net profits based on:
  - the extent of damage caused to the trade mark proprietor by the infringement
  - the issue of proportionality

### **Court of Appeal:**

- Damage suffered by the claimant is not a relevant consideration for an account
- Not permissible to weigh factors pointing to a higher or lower award to calculate net profit
- Not permissible to simply allocate a proportion of general overheads to the infringing activity
- The defendant must show that the relevant overheads are properly attributable to the infringing activity ('but for test')

## D. Current Landscape

- **Recent account cases before Chancery**
  - *Nigel Woolley v UP Global Sourcing UK Ltd* [2014] EWHC 493 (Ch)
- **Recent account cases before IPEC**
  - *OOO Abbott v Design & Display Ltd* [2014] EWHC 2924 (IPEC)
  - *Ifejika v Ifejika* [2014] EWHC 2625 (IPEC)
- £25,000 cost cap at IPEC for a damages inquiry or account of profits.



## D. Current Landscape

### ■ Conclusion

- Following Hollister v Medik an account of profits assessment is more accessible
- The changes at IPEC have allowed account of profits to be decided relatively cheaply
- Now electing for an account of profit is a viable option.

# Any Questions....



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