YEARBOOK 2018 / II

2018 AIPPI WORLD CONGRESS – CANCUN
SEPTEMBER 23 - 16, 2018
JOINT LIABILITY FOR IP INFRINGEMENT
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## 2018 AIPPI World Congress - Cancun, September 23 - 26, 2018

**Joint liability for IP infringement**

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Study Guidelines

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2018 – Study Question

Joint Liability for IP Infringement

Introduction

1) This Study Question concerns joint liability for infringement of patents, trademarks, designs and copyright.

2) Infringement claims that are mainly based on the actions of a single party are generally addressed by existing IP laws. However, in some cases, it is difficult, impractical or impossible for a single party to infringe the intellectual property rights (IPRs) in protected subject matter. In other cases, a party may not themselves be infringing an IPR, but may contract with, or employ or instruct others, to perform some or all of the infringing acts and thereby escape liability for direct or indirect IPR infringement. In these circumstances, it may only be possible to find infringement by combining the actions of more than one party. This is commonly referred to as “joint infringement”, and can create significant problems for courts and IP right holders.

Why AIPPI considers this an important area of study

3) There is currently a lack of harmonisation as to whether there is any liability for joint infringement scenarios. In particular, the basis for any liability and the circumstances in which any liability may exist significantly varies amongst jurisdictions.

4) The lack of a comprehensive and consistent doctrine on joint liability may lead to the situation – in particular in cross-border / international scenarios – that parties involved in IPR infringement may escape liability entirely. Alternatively, they may be held liable for the same activity in more than one jurisdiction. Either scenario results in potential imbalance between the appropriate relief (including compensation) to the IPR holder and the allocation of liability to those responsible for the relevant acts.

Relevant treaty provisions

5) TRIPS defines direct infringement, but is silent on what constitutes indirect or contributory infringement. Nonetheless, Article 41 (1) TRIPS requires that there be effective action available against “any” act of infringement.

Scope of this Study Question

7) This Study Question examines situations where acts of a party do not qualify as direct or "contributory" infringement (as defined below), but the party may nonetheless be held liable for such acts because those acts effectively endanger the exclusivity right provided by an IPR, if combined with the acts of others.

8) In AIPPI's Resolution on Q204 – "Liability for contributory infringement of IPRs" (Boston, 2008) "contributory infringement" was defined as a species of indirect infringement, as follows:

   … [comprising] only the form of indirect infringement consisting in the offering or supply of means suitable for committing an act that is a direct infringement of an IPR; "contributory infringement" shall not include other acts known as indirect infringements, such as inducement or the provision of or other assistance than the offering or supply of means for committing a direct infringement.

9) In paragraph 3 of Resolution Q204, AIPPI resolved that (emphasis added):

   The basic principles for contributory infringement should include that:

   - the means supplied or offered by the contributory infringer related to a substantial element of the subject matter of the protected IPR;
   - the means supplied or offered by the contributory infringer are for an infringing use;
   - at the time of offering or supply, the suitability and intended use were known to the supplier or obvious under the circumstances.

10) "Contributory infringement" as defined in Resolution Q204 is outside the scope of this Study Question. However, acts referred to or defined as "indirect infringement" which do not fall within the Resolution Q204 definition of "contributory infringement" are within the scope of this Study Question.

11) Accordingly, hereafter for the purposes of this Study Question:

   a) **Contributory Infringement** has the meaning given to that term in Resolution Q204 (as set out in paragraphs 8 and 9 above);

   b) **Indirect Infringement** means any infringement that is not direct infringement.

   c) a reference to **Joint Infringement, Joint Liability, or Joint Liability for IPR infringement** means the defendant is jointly liable with one or more other parties, notwithstanding the defendant may not itself be liable for any act of
direct infringement, Indirect Infringement or Contributory Infringement under existing laws;

12) By way of example, the United States (U.S.) and Canada both recognise a form of Indirect Infringement, being the cause of action of "inducement". In the U.S, this covers situations where one party actively or knowingly encourages, aids or otherwise causes another party to commit direct infringement, even if the inducing party does not supply a substantial element of the subject matter of the protected IPR. Similarly, in Canada, to make out an inducing allegation, it must be shown that but for the inducement, the direct infringer would not have engaged in the infringing act. These forms of inducement are within the scope of this Study Question.

13) The scope of this Study Question is limited to civil infringement, and excludes criminal infringement.

Previous work of AIPPI

14) In the Resolution on Q134A – “Enforcement of intellectual property rights - infringement and liability” (Vienna, 1997), AIPPI took the position that in respect of patents, liability for Indirect Infringement does not presuppose that an act of infringement is actually committed by another (the direct infringer). In addition, Resolution Q134A states (emphasis added):

2. The supplying of the means to infringe a patent will constitute indirect infringement at least under the following conditions:
   a) there is no consent of the patentee or the licensee to practice the invention; and
   b) the means supplied are capable of only one use which relates to an essential element of the invention;

or

the means supplied are capable of uses other than the practice of the invention, but they are supplied with instructions for use which involve the practice of the invention, unless the supplier supplies only staple goods generally available to the market and the supplier has not induced the receiver to infringe the patent.

15) Resolution Q204 recommends that all jurisdictions adopt rules in their IP law concerning Contributory Infringement of IPRs, and that the basic principles should be harmonized. Resolution Q204 states (emphasis added):

3) The basic principles for contributory infringement should include that:

- the means supplied or offered by the contributory infringer relate to a substantial element of the subject matter of the protected IPR;
- the means supplied or offered by the contributory infringer are for an infringing use;
- at the time of offering or supply, the suitability and intended use were known to the supplier or obvious under the circumstances.

4) It should not be a condition for an injunction against contributory infringement that an act of actual infringement is actually committed, if such actual infringement is likely to occur.

5) The remedies for contributory infringement should generally be the same for all types of IPRs.

6) Injunctive relief should, in principle, be available against contributory infringement of IPRs to the same extent as against direct infringement.

7) The IPR owner should be able to hold the contributory infringer liable in damages for any loss that is incurred as a result of the contributory infringement and is not otherwise recovered.

16) AIPPI's Resolution on Q204P – “Liability for contributory infringement of IPRs-certain aspects of patent infringement” (Paris, 2010), defined “Contributory Infringement” in the same way as that term is defined in Resolution Q204. Resolution Q204P further states (emphasis added):

2) It should be a condition for the supply or offering of means to qualify as contributory patent infringement that the means supplied or offered are suitable for committing an act that is a direct patent infringement.

3) It should be a condition for the supply or offering of means to qualify as contributory patent infringement that the person supplying or offering such means knows, or it is obvious in the circumstances, that these means are suitable and intended for putting the invention into effect.

4) It should be a condition for the supply or offering of means to qualify as contributory patent infringement that such means relate to a substantial element of the invention; what is a substantial element should be determined on the basis of the ordinary principles of claim construction and patent interpretation.

8) It need not be a requirement for contributory patent infringement that the intended use of the means offered or supplied would take place in the country where the means are supplied or offered.

9) Injunctive relief should in principle be available against acts of contributory patent infringement to the same extent as against direct infringement. This should include an injunction, if appropriate under national law, on manufacture of the means supplied or offered, if those means can exclusively or mainly be used for patent infringing purposes.

17) In summary, AIPPI has consistently taken the position that Contributory Infringement requires, inter alia, that:

a) the supplied or offered means related to a substantial element of the subject matter of the protected IPR;
b) at the time of offering or supply, the suitability and intended use were known to the supplier or obvious under the circumstances.

18) However, these previous Resolutions do not take a position as to whether acts not meeting the above two basic requirements (supply of a substantial element plus knowledge or obvious suitability) can give rise to Joint Liability for IPR infringement on the basis defined in this Study Question.

Discussion

19) This Study Question primarily concerns three distinct scenarios:

a) There is direct IPR infringement by a party, but the IPR holder wants to pursue another party involved in the relevant acts, but who either:
   i) did not supply a substantial element of the subject matter of the protected IPR (Scenario 1A); or
   ii) did not have knowledge of the IPR infringement (Scenario 1B);

b) There is no direct IPR infringement by any party, but IPR infringement nonetheless occurs as the result of the combined acts of two or more parties (Scenario 2);

c) A combination of Scenario 1 and Scenario 2: there is no direct IPR infringement by any one party, and the IPR infringement occurs by reason of an overseas entity that is controlling the acts of the participating parties described in Scenario 2, but the overseas entity is not itself performing any portion of the IPR infringement (Scenario 3).

20) Scenario 1A could arise because the party directly infringing the IP right is not a "suitable target" for litigation (e.g. because that party is a potential customer). Can the IPR holder nonetheless pursue another party which has encouraged or induced\(^1\) the direct or contributory infringer? Such other party could include the landlord of a "Silk Street" type shopping mall (i.e. the stalls in the mall are rented to independent tenants specializing in selling pirated DVDs, fake purses, etc.), the operator of an equivalent online market place, or an advertiser. Such other parties may not supply a substantial element of the subject matter of the protected IPR but nonetheless have knowledge and/or actively encourage or induce the infringement. Should these other parties be jointly liable with the direct infringer?

21) Alternatively, under Scenario 1B, what if the party did supply substantial element of the subject matter of the protected IPR, but did not have any knowledge that such component could be used to infringe an IPR? The actual end use of a product may not be known (or obvious) to the manufacturer of the means, while the means nonetheless realize substantial elements of the subject matter of the protected IPR. For example, a memory chip may implement substantial elements of a technology for...

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\(^1\) Used here in the general sense of meaning to persuade, bring about etc. In other words, including but not limited to the U.S. and Canadian concepts of "inducement", referred to in paragraph 12) above. This scenario is intended to look more broadly so as to encompass behaviour that might be less than what is required to make out an inducing allegation in the U.S. or Canada.
addressing memory space within the chip, but infringement of all elements of the claimed invention requires that the chip is built into telecommunication device (e.g. smartphone, tablet or laptop computer) having further features (e.g. a main processor, suitable software). The manufacturer of the memory chip may have no knowledge at all of the end use of its products which are distributed over multiple distribution levels to a plethora of device manufacturers. Further, the specific infringing uses to which the products are ultimately put may not be obvious to the manufacturer.

22) Turning to Scenario 2, under what situation should there be liability for any or all of the parties whose combined acts (only) together constitute IPR infringement? This is referred to as "divided infringement" under U.S. law. Questions include whether it should matter if one of the parties has knowledge of the IPR and the IPR infringement, or whether they all do, or whether one or more of those parties are outside the jurisdiction.

23) In particular in the field of internet-based services, it is often not possible to mount a case of direct infringement. This can be due to territoriality restrictions in the applicable national laws. For example, if a patent relates to a method for transmitting encrypted messages between two servers, and the two servers are owned by independent parties (possibly even located in different jurisdictions), there is question whether the two parties are jointly liable for the overall infringement.

24) A further complication may be introduced, giving rise to Scenario 3. That is, what is the liability for infringement where there is an overseas party “masterminding” or coordinating the activities of the two parties referred to in paragraph 23 above? Should the "mastermind" be jointly liable with the other two parties in those circumstances?

25) It is appreciated that the broader topic of Joint Liability involves many more aspects which could be subject of future further studies by AIPPI. However, this Study Question aims to address these three main scenarios in order to explore some basic rules suitable for harmonization which, as the following examples of the current law in a number of major jurisdictions illustrate, is presently lacking.

**German law**

26) Under German law, the general rules of tort law are applicable to acts which are outside the scope of direct infringement or Contributory Infringement. In general, an act can qualify as:

   a) support of infringing acts (Beihilfe);
   b) inducement of infringing acts (Anstiftung);
   c) joint tortfeasorship (Mittäterschaft); or
   d) indirect tortfeasorship (mittelbare Täterschaft).

27) Acts supporting infringement result at least in availability of injunctive relief, even if an element of knowledge / intent is lacking. Damages are also available if certain
subjective elements are present. Inducement of infringing acts, joint tortfeaso- 
ship and indirect tortfeaso-ship always require elements of knowledge and intent. All these 
acts need to relate to acts of direct infringement or Contributory Infringement.

Questions of conflict of laws arise if these acts of direct infringement or Contributory 
Infringement are committed (partly) outside Germany.

UK law

28) In the UK, direct and Indirect Infringement of IP are torts defined by statute. However, 
it is possible for a person to be liable for those torts even if they have not committed 
acts that would fall within the statutory definitions of infringement. This liability can 
arise because:

a) the party participated together with others in a common design to infringe, 
where at least one of the others committed a statutory infringing act. The 
parties together are joint tortfeasors, and their liability is joint and several, i.e. 
they are each separately liable in full for the total loss suffered; or

b) the party incited the commission of a statutory tort of infringement by someone 
else. This in itself is a tort.

29) An allegation of common design is the preferred approach under modern UK law. 
Mere passive receipt of information about infringing acts is not enough to trigger 
liability for joint tortfeasance / common design. The involvement has to be active 
enough to amount to real participation. For example, a parent company owning 
100% of the shares of a subsidiary that infringes does not, without more, 
automatically mean that the parent company is engaged in a common design with the 
subsidiary.

30) One of the problems of statutory infringement is that the infringing act must occur in 
the UK. This is not necessarily the case with common design: depending on the 
nature of the participation, liability as a joint tortfeasor can be established even if all 
the relevant acts that give rise to that liability took place outside the UK.

31) The jurisdiction of the court must be anchored in an actionable tort in the UK. This 
is not necessarily the case with common design: depending on the 
nature of the participation, liability as a joint tortfeasor can be established even if all 
the relevant acts that give rise to that liability took place outside the UK.

U.S. law

32) U.S. patent law defines two types of indirect patent infringement: contributory 
infringement and inducement. Regarding contributory patent infringement (hereafter 
referred to as U.S. contributory infringement, 35 U.S.C. § 271(c) provides:

*Whoever offers to sell or sells within the United States or imports into the 
United States a component of a patented machine, manufacture, combination 
or composition, or a material or an apparatus for use in practicing a patented*
Thus, both knowledge of the patent and knowledge (or “wilful blindness”) that their actions would lead to infringement of the patent are requirements for a finding of U.S. contributory infringement.

33) Regarding inducement of patent infringement, 35 U.S.C. § 271(c) provides:

> Whoever actively induces infringement of a patent shall be liable as an infringer.

Although the statute does not mention a knowledge element, case law has found active inducement to imply knowledge of the patent and knowledge that the inducing acts – such as asking another to perform the infringement or selling a product with instructions for an infringing use – would result in infringement.

34) For both U.S. contributory infringement (under U.S. law) and inducement, a threshold requirement is the existence of direct infringement. Therefore, in cases where direct infringement has not occurred or results from the activities of unrelated parties, a claim for U.S. contributory infringement is not available even when the knowledge elements are present.

35) Indirect Infringement of copyright and trademarks is not explicitly defined by statute in the U.S. However, under the case law, liability for Indirect Infringement may fall on a party who, while not directly engaging in copyright or trademark infringement, knowingly induces or materially contributes to such infringement.

You are invited to submit a Report addressing the questions below. Please refer to the 'Protocol for the preparation of Reports'.

Questions

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Please answer all questions in Part I on the basis of your Group's current law.

1) Are there any statutory provisions which specifically apply to Joint Liability? If yes, please briefly explain.

2) Under the case law or judicial or administrative practice in your jurisdiction, are there rules which specifically apply to Joint Liability? If yes, please briefly explain.

3) In the following hypotheticals, would party A be liable for Joint Infringement with party X? In each case, please explain why or why not.
a) X sells handbags in a shop which is a small stall located in a shopping mall owned by A. The handbags infringe the registered design of Z. A knows that X (and other tenants) sells infringing goods.

b) X sells handbags in an online shop which is hosted by a large market place platform owned by A. The handbags infringe the registered design of Z. A knows that X (and other web shop operators hosted by A's market place platform) sells infringing goods via their respective outline shops.

c) X sells handbags in an online shop. The handbags infringe the registered design of Z. A designed the online advertising campaign for X's shop and books online advertising resources for X on websites and in search engines. A knows that X sells infringing goods.

d) For each of the hypotheticals in (a) to (c) above, does it make a difference if A merely suspects that X sells infringing goods? If yes, what is the level of "suspicion" required, and how is it demonstrated?

4) In the following hypothetical, would party A be liable for Joint Infringement with party X? In your answer, please explain why or why not?

Z owns a patent claiming a method for addressing memory space within a memory chip which is built into telecommunication device having further features (main processor, suitable software etc.). A manufactures memory chips. The chips are objectively suitable to be used for the claimed method. A's memory chips are distributed over multiple distribution levels to a plethora of device manufacturers. A has no knowledge of the actual end use of its memory chips.

Further, under your Group's law, would it be considered obvious (in the sense of Q204P) that A's chips would be put to one or more infringing uses and if so, why?

5) In the following hypotheticals, would party A be liable for Joint Infringement with party X? Please explain why or why not.

a) Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, also located in your country. A and B know that their servers exchange encrypted messages according to the patented method.

b) Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, located outside your country. A and B know that their servers exchange encrypted messages according to the patented method.

c) Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. X operates server “a” outside your country, which exchanges encrypted messages with server “b” operated by Y, located in another country outside your country. A, located in
your country, is a software consultant advising X and Y how to use the patented method (but A does not supply any software).

6) Are there any other scenarios which result in Joint Liability for IPR infringement under your Group’s current law?

7) What remedies are available against a party found liable for Joint Infringement? In particular:
   a) Is an injunction available?
   b) Are damages or any other form of monetary compensation available; if YES, on what basis?
   c) Are any of the available remedies different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?

II. Policy considerations and proposals for improvements of your Group’s current law

8) Are there aspects of your Group’s current law that could be improved? If YES, please explain.

9) Should acts outside the scope of direct infringement or Contributory Infringement give rise to Joint Liability for IPR infringement? If YES, should that sound in availability of injunctive relieve and/or damages? Please explain why or why not.

10) Should Joint Liability be excluded if one or more acts being necessary for establishing Joint Liability for IPR infringement are committed outside the domestic jurisdiction? Please explain why or why not.

11) Are there any other policy considerations and/or proposals for improvement to your Group's current law falling within the scope of this Study Question?

III. Proposals for harmonisation

Please consult with relevant in-house / industry members of your Group in responding to Part III.

12) Is a consolidated doctrine of Joint Liability for IPR infringement desirable?

13) Is harmonisation of the laws of Joint Liability for IPR infringement desirable?
   If YES, please respond to the following questions without regard to your Group’s current law.
   
   Even if NO, please address the following questions to the extent your Group considers your Group’s current law could be improved.

14) Please propose a suitable framework for Joint Liability for IPR infringement, focussing on the hypotheticals set out in Questions 3 to 5 above:
a) The acts in question are limited to activities such as renting retail space, hosting websites, advertising etc. (as further described in Question 3 (a) to (d) above)

b) The means supplied or offered by the contributory infringer related to a substantial element of the subject matter of the protected IPR, but at the time of offering or supply, the suitability and intended use were not known to the supplier or obvious under the circumstances (as further described in Question 4 above)

c) The infringing acts are divided between two parties, and the acts of each party do not qualify as direct infringement or Contributory Infringement, as further described in Question 5 (a) to (c) above.

15) Are there any other scenarios which should result in Joint Liability for IPR infringement, and where harmonisation is desirable? If YES, please explain.

16) What remedies should be available against a party found liable for Joint Infringement? In particular:

   a) Should an injunction be available?

   b) Should damages or any other form of monetary compensation be available; if YES, on what basis?

   c) Should any available remedies be different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?

17) Please comment on any additional issues concerning any aspect of Joint Liability you consider relevant to this Study Question, having regard to the scope of this Study Question as set out in paragraphs 7 to 13 above.

18) Please indicate which industry sector views are included in your Group’s answers to Part III.
Study Question

Submission date: May 2, 2018

Sarah MATHESON, Reporter General
Jonathan P. OSHA and Anne Marie VERSCHUUR, Deputy Reporters General
Yusuke INUI, Ari LAAKKONEN and Ralph NACK, Assistants to the Reporter General

Joint liability for IP infringement

Responsible Reporter(s): Ralph NACK

National/Regional Group            Argentina
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I. Current law and practice

Please answer all questions in Part I on the basis of your Group’s current law.

1. Are there any statutory provisions which specifically apply to Joint Liability?

No

Please Explain

Under Argentine law, there are no statutory provisions specifically applying to Joint Liability on IPR infringement. Hence, general rules of tort law apply.

The new Civil and Commercial Code provides that, when harm is caused by multiple individuals, all individuals are held jointly and severally liable.

2. Under the case law or judicial or administrative practice in your jurisdiction, are there rules which specifically apply to Joint Liability?

Yes

Please Explain

A party may be held jointly liable for a third party’s direct infringement depending on the circumstances of the case. Under current case law, the following are particularly relevant factors for a finding of Joint Liability:

- that party is not a mere intermediary but rather has an active role in the infringement; and
that party is or becomes aware of the infringement and fails to correct the situation.

We are not aware of any case law or administrative practice in Argentina addressing the question of Joint Liability in IPR infringement in cases where the party did not have knowledge of the IPR infringement or where there is no direct IPR infringement by any party.

3. In the following hypotheticals, would party A be liable for Joint Infringement with party X? In each case, please explain why or why not.

3.a X sells handbags in a shop which is a small stall located in a shopping mall owned by A. The handbags infringe the registered design of Z. A knows that X (and other tenants) sells infringing goods.

Yes

Please Explain

Probably yes, depending on the specific circumstances of the case. In a recent case addressing landlord liability, the landlord was held criminally liable for the tenants’ actions, who were found to participate in an illegal organization of street vendors that occupied public sidewalks in mayor avenues of the City of Buenos Aires. Although the case did not specifically refer to IPR infringement, the same liability principles should apply.

3.b X sells handbags in an online shop which is hosted by a large market place platform owned by A. The handbags infringe the registered design of Z. A knows that X (and other web shop operators hosted by A’s market place platform) sells infringing goods via their respective outline shops.

Yes

Please Explain

Probably yes, depending on the specific circumstances of the case. Under current case law, online market place platforms are generally not deemed mere intermediaries. Hence, if A is aware of the infringing products and fails to take them down from the platform, A is likely to be held liable.

3.c X sells handbags in an online shop. The handbags infringe the registered design of Z. A designed the online advertising campaign for X’s shop and books online advertising resources for X on websites and in in search engines. A knows that X sells infringing goods.

Yes

Please Explain

Provided that it can be demonstrated that A knows that X sells infringing goods, A would probably be deemed to have an active role in the infringement. Hence, A is likely to be held liable.

3.d For each of the hypotheticals in (a) to (c) above, does it make a difference if A merely suspects that X sells infringing goods? If yes, what is the level of “suspicion” required, and how is it demonstrated?

Hypothetical A

No
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Please Explain

There is no case law on this issue. However, based on the interpretation of several legal scholars, a “suspicion” should not make a difference if it can be demonstrated that, due to the circumstances of the case, A could not be expected to ignore the infringement.

3.d.ii Hypothetical B

No

Please Explain

There is no case law on this issue. However, based on the interpretation of several legal scholars, a “suspicion” should not make a difference if it can be demonstrated that, due to the circumstances of the case, A could not be expected to ignore the infringement.

3.d.iii Hypothetical C

No

Please Explain

There is no case law on this issue. However, based on the interpretation of several legal scholars, a “suspicion” should not make a difference if it can be demonstrated that, due to the circumstances of the case, A could not be expected to ignore the infringement.

4 In the following hypothetical, would party A be liable for Joint Infringement with party X? In your answer, please explain why or why not?

Z owns a patent claiming a method for addressing memory space within a memory chip which is built into telecommunication device having further features (main processor, suitable software etc.). A manufactures memory chips. The chips are objectively suitable to be used for the claimed method. A’s memory chips are distributed over multiple distribution levels to a plethora of device manufacturers. A has no knowledge of the actual end use of its memory chips.

No

Please Explain

The answer would strongly depend on the capability of A’s memory chips to be used in a non-infringing manner. If the chips are objectively suitable to be used in a non-infringing manner, A would probably not be held liable for Joint Liability unless A is made aware of the actual end use of its memory chips and fails to correct the situation.

4.b Further, under your Group’s law, would it be considered obvious (in the sense of Q204P) that A’s chips would be put to one or more infringing uses and if so, why?

No

Please Explain

The answer would probably depend on the circumstances of the case, i.e., whether the chips are objectively suitable to be used in a non-infringing manner or whether other clients of A use the memory chip without using the claimed method.
In the following hypotheticals, would party A be liable for Joint Infringement with party X? Please explain why or why not.

5.a
Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, also located in your country. A and B know that their servers exchange encrypted messages according to the patented method.

Yes

Please Explain

No statutory provisions or case law require the infringement to be caused by one single party. Therefore, A would probably be held liable for Joint Infringement with party X.

5.b
Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, located outside your country. A and B know that their servers exchange encrypted messages according to the patented method.

No

Please Explain

There are no statutory provisions or case law addressing the question of divided infringement when the parties are located in different countries.

5.c
Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. X operates server “a” outside your country, which exchanges encrypted messages with server “b” operated by Y, located in another country outside your country. A, located in your country, is a software consultant advising X and Y how to use the patented method (but A does not supply any software).

No

Please Explain

Considering that no part of the claimed method is performed in the country, A would probably not be held liable for Joint Infringement.

6. Are there any other scenarios which result in Joint Liability for IPR infringement under your Group’s current law?

No

Please Explain

We are not aware of other case law addressing other situations which could result in Joint Liability for IPR infringement.

7. What remedies are available against a party found liable for Joint Infringement? In particular:

7.a Is an injunction available?
II. Policy considerations and proposals for improvements of your Group's current law

8. Are there aspects of your Group's current law that could be improved?

Yes

Please Explain

It would be desirable to have clearer rules on Joint Liability.

9. Should acts outside the scope of direct infringement or Contributory Infringement give rise to Joint Liability for IPR infringement?

Yes

Should that sound in availability of injunctive relieve and/or damages? Please explain why or why not.

Several of the scenarios explained above refer to cases where a party who would not be liable for direct infringement or Contributory Infringement would still be taking advantage or profiting from an IPR and performing an active role in the infringement acts. Therefore, injunctive relief and/or damages should be available against those parties.

10. Should Joint Liability be excluded if one or more acts being necessary for establishing Joint Liability for IPR infringement are committed outside the domestic jurisdiction? Please explain why or why not.

No

Please Explain
In a globalized world where everything is interconnected and trade borders tend to disappear, excluding Joint Liability in such cases could result in unreasonable limits to the protection of IPRs. However, if all acts required for a direct infringement (e.g., all steps of a claimed method) are committed outside the domestic jurisdiction, Joint Liability would be difficult to establish under local law due to the principle of territoriality that governs IPRs.

<table>
<thead>
<tr>
<th></th>
<th>Are there any other policy considerations and/or proposals for improvement to your Group’s current law falling within the scope of this Study Question?</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>Please Explain</td>
</tr>
</tbody>
</table>

### III. Proposals for harmonisation

*Please consult with relevant in-house / industry members of your Group in responding to Part III.*

<table>
<thead>
<tr>
<th></th>
<th>Is a consolidated doctrine of Joint Liability for IPR infringement desirable?</th>
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</thead>
<tbody>
<tr>
<td>Yes</td>
<td>Please Explain</td>
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</table>

<table>
<thead>
<tr>
<th></th>
<th>Is harmonisation of the laws of Joint Liability for IPR infringement desirable?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>Please Explain</td>
</tr>
</tbody>
</table>

**If YES, please respond to the following questions without regard to your Group’s current law.**

**Even if NO, please address the following questions to the extent your Group considers your Group’s current law could be improved.**

<table>
<thead>
<tr>
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<th>Please propose a suitable framework for Joint Liability for IPR infringement, focussing on the hypotheticals set out in Questions 3 to 5 above:</th>
</tr>
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<tbody>
<tr>
<td>14</td>
<td>The acts in question are limited to activities such as renting retail space, hosting websites, advertising etc. (as further described in Question 3 (a) to (d) above)</td>
</tr>
</tbody>
</table>

Even if a party does not supply or offer a substantial element of the subject matter of the protected IPR, Joint Liability should be found if that party’s role exceeds that of a mere intermediary and is fully aware of the infringement.

<table>
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<th>The means supplied or offered by the contributory infringer related to a substantial element of the subject matter of the protected IPR, but at the time of offering or supply, the suitability and intended use were not known to the supplier or obvious under the circumstances (as further described in Question 4 above)</th>
</tr>
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</table>
Joint Liability in these cases should strongly depend on the capability of the element supplied or offered by the contributory infringer to be used in a non-infringing manner.

The infringing acts are divided between two parties, and the acts of each party do not qualify as direct infringement or Contributory Infringement, as further described in Question 5 (a) to (c) above.

The fact that an infringement is caused by two parties where none of their acts qualify as direct infringement or Contributory Infringement should not exclude Joint Liability.

Are there any other scenarios which should result in Joint Liability for IPR infringement, and where harmonisation is desirable?

No

What remedies should be available against a party found liable for Joint Infringement? In particular:

Should an injunction be available?

Yes

Should damages or any other form of monetary compensation be available?

Yes

On what basis?

Monetary compensation should be available on the same basis as IPR infringement in regular cases.

Should any available remedies be different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?

No

Please comment on any additional issues concerning any aspect of Joint Liability you consider relevant to this Study Question, having regard to the scope of this Study Question as set out in paragraphs 7 to 13 above.

N/A.
Please indicate which industry sector views are included in your Group’s answers to Part III.

N/A.
I. Current law and practice

Please answer all questions in Part I on the basis of your Group’s current law.

1. Are there any statutory provisions which specifically apply to Joint Liability?

Yes

Please Explain

We have answered this question separately with respect to copyright, patents, trade marks, and designs.

Copyright

Where a person has not themselves done an act comprised in the copyright, the person may nonetheless be liable for copyright infringement under the Copyright Act 1968 (Cth) (Copyright Act) by authorisation.\[1\] The infringement provisions expressly identify authorisation as an act of infringement.\[2\]

Authorisation may be established where one party sanctions, approves or countenances conduct that constitutes an infringement.\[2\]

While authorisation is typically termed an act of direct infringement in Australia, it is discussed here on the basis it would be relevant to fact patterns like the hypotheticals discussed in question 3 below if the goods, instead of infringing a registered design, instead infringed copyright.

Authorisation may occur where a person supplies means for infringing copyright in circumstances where the person knows, or ought to know, of the intended infringing use of those means (being “contributory infringement” in the terms of AIPPI’s Resolution on Q204). It may conceivably also occur where no particular means is supplied (or where the means consists simply of a platform like the online market place platform in the hypothetical in question 3(b) below), if the three statutory factors to be taken into account in determining whether authorisation has occurred are present.

The three factors are:

(a) the extent (if any) of the person’s power to prevent the doing of the act concerned;
(b) the nature of any relationship existing between the person and the person who did the act concerned; and
(c) whether the person took any reasonable steps to prevent or avoid the doing of the act, including whether the person complied with any relevant industry codes of practice. [3]

Authorisation requires that an act of primary infringement has taken place, though injunctive relief may be available *quia timet* [4].

In addition to authorisation, the *Copyright Act* provides for two types of indirect infringement:

(a) where a person permits a place of public entertainment to be used for the public performance of a literary, dramatic, or musical work, where the performance constitutes an infringement of the copyright in the work; and
(b) where a person deals in infringing articles [5] or in imported articles that would have been infringing had they been made in Australia by the importer (ie parallel importation). [6]

Dealing includes the sale, hire, offering, or exposing for sale or hire of an infringing article, exhibiting an infringing article in public, or distributing it for the purpose of trade or otherwise for a purpose prejudicial to the copyright owner. Infringement by parallel importation is subject to a range of exceptions in relation to books, periodicals, and printed music (both in hard copy and electronic forms), and in relation to sound recordings, intended to protect Australian consumers against higher prices driven by the artificial constraining of supply in Australia by the copyright owner.

Lastly, it is noted that the *Copyright Act* separately provides civil and criminal sanctions for circumventing technological protection measures added by an owner to prevent unauthorised copying (for example of software or a sound recording), including where a person manufactures a circumvention device or provides a circumvention service. [7] It is a requirement that the person knew, or ought reasonably have known, that the device is a circumvention device or that the service is a circumvention service.

**Patents**

One of the exclusive rights of the patentee is the right to authorise another to exploit the invention (div 13 of the *Patents Act* 1990 (Cth) (*Patents Act*)).

Unlike the *Copyright Act*, the infringement provision of the *Patents Act* (div 120) does not expressly identify the acts of infringement. Nonetheless, it has been accepted that div 13 provides a statutory basis for infringement by authorisation in the same sense as under the *Copyright Act*, namely where one party has sanctioned, approved or countenanced the infringing conduct of another party. [8]

We note for completeness that s 117 provides that a party may be liable for infringement if they supply a product the use of which would infringe a patent if:

1. the product is only capable of one reasonable use, being an infringing use;
2. the product is not a staple commercial product and the supplier had reason to believe the recipient would put it to an infringing use; or
3. the use of the product in accordance with instructions or inducements given by the supplier would infringe.

However, this may be regarded as “contributory infringement” which is excluded from the scope of this study question. [9]

**Trade marks**

Section 20 of the *Trade Marks Act* 1995 (Cth) (*Trade Marks Act*) identifies the exclusive rights of the registered owner of a trade mark as including the right “to authorise other persons to use the trade mark”.

The infringement provisions [10] identify the acts of infringement (i.e., use of an identical or deceptively similar trade mark etc) but they do not expressly provide that authorisation is itself an infringement.

Doubt has been expressed whether the statutory provisions are sufficient to provide a foundation for an infringement action on the basis of authorisation. [11]

In practice, allegations of joint liability for trade mark infringement are addressed by application of relevant common law principles of joint tortfeasorship, discussed below.

**Designs**

Under Australia’s *Designs Act* 2003 (Cth) (*Designs Act*), the exclusive rights conferred upon the owner of a registered design include the right to “authorise” another person to do any of the other things encompassed by the owner’s monopoly. [12] Notably, however, authorisation is omitted from the definition of infringement provided in the *Designs Act*. [13]

The omission of authorisation from the statutory definition of infringement is all the more curious given that the *Designs Act* expressly provides a defence to infringement for a person who “authorises another person to use” an infringing product for purposes
of repair.[14]

The omission of authorisation from the statutory definition of design infringement was not discussed in the report of the Australian Law Reform Commission which led to the enactment of the Designs Act.[15]

On the other hand, the omission was discussed in a 2015 report by the Advisory Council on Intellectual Property (ACIP) on Australia's designs system.[16] The ACIP observed that the legislative history of the Designs Act provides no indication that this omission was the product of a considered policy decision.[17] Nevertheless, the ACIP recommended against amending the Designs Act to remove the anomaly, stating:[18]

"Secondary liability is itself an area of significant controversy in IP generally. Against this background, and despite the obvious anomaly in the Act, ACIP does not recommend amendment of div 71 at this time. ACIP expects that secondary liability in the area of designs would be the subject of further consideration over time as technologies and markets mature."

That recommendation was accepted by the Australian Government which, in its response, stated:[19]

"The Government notes that although ACIP considered there is an anomaly between div 71 in relation to infringement of design and div 10 in relation to the exclusive rights of owners, this has not given rise to any problems in the operation of the Designs Act. Furthermore, ACIP cautioned that 'fixing' this anomaly would create uncertainty and could have unintended effects."

In light of the Government's response to the ACIP report, and notwithstanding the apparent contradictions within the Designs Act referred to above, it now appears relatively unlikely that the legislation would be interpreted by an Australian court as providing a statutory basis to establish joint liability for design infringement. Rather, allegations of joint liability for design infringement are likely to be addressed by application of relevant common law principles. There are examples of Australian courts adopting that approach.[20]

For completeness, it may be noted that, in a first instance proceeding, a judge of Australia's Federal Court held that, in the statutory definition of infringement provided in the Designs Act, the reference to a person who "makes" an infringing product should be taken to include a reference to a person who "directs, causes or procures the product to be made by another".[21] However, as the same judge explained in a subsequent case, the Court did not thereby intend to suggest that the Designs Act impliedly establishes a statutory basis for joint liability, but merely that the concept of making infringing goods is not limited to that which a person makes by their own hands and extends to that which they cause to be made by a contractor (or employee).[22]

[1] ss 36(1) and 101(1) Copyright Act 1968 (Cth).
[3] ss 36(1A) and 101(1A) Copyright Act 1968 (Cth).
[5] ss 38 and 103 Copyright Act 1968 (Cth).
[9] The scope of the exclusion of contributory infringement from the scope of this study question is not entirely clear from the Study Guidelines.
[10] Trade Marks Act 1995 (Cth), s 120.
Under the case law or judicial or administrative practice in your jurisdiction, are there rules which specifically apply to Joint Liability?

Yes

Please Explain

Infringement of an intellectual property right is a tort. As such, a person may be liable as a joint tortfeasor if they have engaged in a common design with another to infringe; or have procured, induced, or incited another to infringe.

A person may be liable as a joint tortfeasor if they “acted with another in an enterprise pursuant to a common design in the course of which a patent infringement is committed. The parties must agree on a common action and the act of infringement must be in furtherance of that agreement”. \[1\] The same approach applies in respect of other intellectual property rights.

A person may be liable in this way even if the agreement was made outside Australia and even if that person has not themselves done any act of infringement in Australia, so long as the primary infringement occurred within Australia. \[2\]

What is sufficient to be an act “in furtherance of” infringement by common design is a matter of degree, but requires more than simple facilitation. Knowledge that the act would result in an infringement is a relevant factor, as is whether the act involved supplying some means for infringement, such as a material component of an infringing article, ie the elements of “contributory infringement” in the terms of AIPPI’s Resolution on Q204. Where one or both of these elements is absent, joint tortfeasorship will be more difficult to establish. In particular, the simple ownership or voting control of a subsidiary company by a parent is not, alone, sufficient to establish joint tortfeasorship on the part of the parent for the subsidiary’s primary infringement. \[3\]

The tort of procuring an infringement, as distinct from the tort of common design, may be committed where a person procures, “in the sense of persuading a party”, to commit the infringement. \[4\] This may be relevant in supplier-customer situations where there has been no meeting of the minds sufficient to constitute a common design, but the supplier has nonetheless persuaded its customers to infringe by, for example, selling a product that has both infringing and non-infringing uses but coupled with instructions to use it in the infringing way, or by selling a patented product that is missing some component but coupled with instructions to the customer on how to obtain the missing component. \[5\]

As with authorisation, there can be no joint tortfeasorship without a primary infringement having occurred, though again, injunctive relief may be available \textit{quia timet}. \[6\]

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\[1\] Apotex Pty Ltd v Les Laboratoires Servier (2012) 293 ALR 272 at [23].


\[3\] Apotex Pty Ltd v Les Laboratoires Servier (2012) 293 ALR 272 at [26].

\[4\] CCOM Pty Ltd v Jiejing Pty Ltd (1993) 27 IPR 557 at [152].

\[5\] Ramset Fasteners (Aust) Pty Ltd v Advanced Building Systems Pty Ltd (1999) 44 IPR 498 at [41].
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3

In the following hypotheticals, would party A be liable for Joint Infringement with party X? In each case, please explain why or why not.

3a

X sells handbags in a shop which is a small stall located in a shopping mall owned by A. The handbags infringe the registered design of Z. A knows that X (and other tenants) sells infringing goods.

No

Please Explain

In the manner explained in response to Q1, above, this question falls to be addressed by application of common law principles of joint tortfeasorship, given the absence from Australia's Designs Act of a statutory basis for joint liability.

Guidance is provided by the decision of Australia's Federal Court in Louis Vuitton Malletier SA v Toea Pty Ltd (2006) 156 FCR 158 (Louis Vuitton). The respondents were the landlord and manager of a market where a number of stallholders were infringing the applicant's trade marks, including by sale of counterfeit goods.

The respondents owned the land on which the market took place and extracted licence fees from the stallholders. The licence terms expressly prohibited illegal trade or other activities detrimental to the reputation of the market and provided for the landlord to exercise control over and management of the stallholders.

When informed by investigators acting for the trade mark owner of the infringing conduct, the respondent manager confronted the relevant stallholders and obtained assurances that the conduct would not recur (although the evidence indicated those assurances were false).

Applying common law principles of joint tortfeasorship, the trial judge considered whether the facts supported a finding that the respondents had engaged in a common design with the stallholders to sell the goods that were found to infringe ("procuring" the infringing conduct was not alleged). His Honour concluded that common design had not been established, saying:

"In my view it is simply impossible to reach that conclusion … [the respondent manager] wished to deter stallholders from infringing trademarks and took steps to do so. The primary infringing stallholders all understood that this was [the respondents'] position … The applicant's case hangs upon the assertion that he did not do enough, or could have done more, to deter infringement. It is said that from this, I should infer that he was really encouraging the stallholders in their illegal activities. In other words, it is submitted that although there was no duty on the respondents to take steps to prevent infringement, the failure to do so evidenced an intention to encourage infringement. That approach fails to take account of the fact that there may have been other reasons for not taking more draconian measures to prevent infringement. In any event, I am unpersuaded that either of the respondents acted in common with any of the stallholders in the actions which constituted infringement of the applicant's copyrights [ sic]. I am also satisfied that such infringements were not committed in the execution of any common purpose shared with the respondents. As I have said, the respondents' purpose was to conduct an efficient and profitable Market. The purpose of each stallholder was the successful conduct of his or her stall. There was no common purpose."

Provided the facts were relevantly analogous, the decision in Louis Vuitton suggests an Australian court would be unlikely to find A jointly liable for X's infringing conduct in the circumstances of hypothetical (3a).

It should be noted, however, that the evidence led in Louis Vuitton did not establish that the respondents were actually aware, in advance of any sale, that a stallholder had infringing goods at the market and intended to sell them. The case against A may be somewhat stronger if evidence was available which indicated that A had advance knowledge that X intended to engage in specific acts of infringement and failed to take reasonable measures to prevent it.

Knowledge of infringement, per se, is insufficient to establish joint liability by procurement or common design. Nevertheless, knowledge is likely to be relevant in at least the following sense. As the owner of the shopping mall, A could reasonably be expected to have an interest in ensuring that sellers such as X do not engage in unlawful conduct in the course of carrying on business at the mall. Further, A could reasonably be assumed to have some ability to intervene to prevent, or at least reduce the likelihood of, unlawful conduct by sellers such as X. Against that background, if A knows that X has engaged and is continuing to engage in conduct which infringes, then a failure by A to take steps to prevent such conduct may lend some support for an inference that A and X had tacitly agreed to the continuation of the infringing conduct. Such a finding would be relevant to (although not determinative of) whether A and X had joined in a common design to engage in conduct whereby Z's registered design was infringed.
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[4] Cf. Amstrad Consumer Electronics plc v British Phonographic Industry Ltd [1986] FSR 159 at 205-206 per Lawson LJ (“... mere knowledge on the part of the supplier of equipment that it would probably be used to infringe someone’s copyright does not make the supply unlawful …”); see also Credit Lyonnais Bank Nederland NV v Export Credit Guarantee Department [1998] 1 Lloyd's Rep 19 at 46 per Hobhouse LJ (“[m]ere assistance, even knowing assistance, does not suffice to make the 'secondary' party jointly liable as a joint tortfeasor with the primary party”).

[5] Cf. the analysis, in Louis Vuitton, of the actions taken by the respondent manager upon being informed that certain stallholders were engaging in infringing conduct: (2006) 156 FCR 158 at 188 [132]-[134] and 197-198 [172].

X sells handbags in an online shop which is hosted by a large market place platform owned by A. The handbags infringe the registered design of Z. A knows that X (and other web shop operators hosted by A's market place platform) sells infringing goods via their respective outline shops.

No

Please Explain

This hypothetical is closely similar to (3)(a) above, except that the infringing conduct occurs in an online market, rather than a physical one. On the current state of Australian law, that distinction (i.e., online versus physical market) alone would not be expected to lead to a different outcome from the one reached in the Louis Vuitton case on otherwise analogous facts. Hence, assuming the facts were relevantly analogous to those in Louis Vuitton, an Australian court would be unlikely to find A jointly liable for X's infringing conduct in the above circumstances.

Support for that view is provided by the decision of Arnold J in L'Oreal SA v eBay International AG (2009) 81 IPR 135 (L'Oreal). Although a decision of the English High Court (Chancery Division), the issue of joint liability in L'Oreal was resolved (in the negative) by the application of common law principles drawn from substantially the same authorities as those applied by the Federal Court of Australia to decide the Louis Vuitton case.[1] It has been suggested that, in this area, the law in Australia has developed along the same path as in England.[2]


X sells handbags in an online shop. The handbags infringe the registered design of Z. A designed the online advertising campaign for X’s shop and books online advertising resources for X on websites and in in search engines. A knows that X sells infringing goods.

Yes

Please Explain

The hypothetical fact scenario does not make clear in what capacity A performs the specified advertising activities for X. If A was employed by X and undertook those activities in the ordinary course of his or her employment duties, a finding of joint liability would be unlikely.[1]

However, assuming for the sake of analysis that A performed the specified advertising activities as an independent contractor to X,
then on the current state of Australian law there is a real prospect that A could be held jointly liable with X for the infringing conduct on the basis that A and X had engaged in a common design to offer for sale and sell in Australia handbags subsequently found to infringe the registered design of Z. In this regard, it is notable that A is not merely responsible for publishing or otherwise disseminating advertising for X's products. Rather, A "designed the online advertising campaign" for X's shop. In those circumstances, it does not appear that A could be said to have acted as a mere instrument of X in arranging the advertising by which infringing handbags were offered for sale.


3.d For each of the hypotheticals in (a) to (c) above, does it make a difference if A merely suspects that X sells infringing goods? If yes, what is the level of "suspicion" required, and how is it demonstrated?

3.d.i Hypothetical A

No

Please Explain

As discussed above, on the current state of Australian law, each of hypotheticals (3)(a) through (3)(c) falls to be assessed under common law principles of joint tortfeasorship (procurement; common design), rather than any statutory form of joint liability (e.g., authorisation).

To establish joint tortfeasorship at common law, it is not necessary to show that the tortfeasors realised that their actions involved infringement.[1]

However, it does not follow that knowledge of infringement is irrelevant. In the manner explained at (3)(a), above, in appropriate circumstances, an inference of tacit agreement might more readily be drawn if A, occupying a position whereby they would be expected to have an interest in preventing, and an ability to prevent or at least reduce the likelihood of, unlawful conduct by sellers such as X, having knowledge that X intended to engage in such conduct, took no steps to seek to prevent it.

However, support for such an inference would be considerably weaker if A merely suspected that X was selling infringing goods, without knowing that to be the case. If A's suspicion was at a low level, then their inaction might offer no support at all for the proposition that A tacitly agreed to X's conduct.

[1] Unilever plc v Gillette (UK) Ltd [1989] RPC 583 at 608-609 per Mustill LJ, applied in multiple Australian cases including, for example, Caterpillar Inc v John Deere Ltd (1999) 48 IPR 1 at 9-10 [22]-[23 per Carr, Sundberg and Kenny JJ.

3.d.ii Hypothetical B

No

Please Explain

see comments for 3di

3.d.iii Hypothetical C

Yes
4. In the following hypothetical, would party A be liable for Joint Infringement with party X? In your answer, please explain why or why not?

Yes

Please Explain

Possibly. Although the product has other suitable uses (and thus falls outside s 117(2)(a)) and is not provided with instructions to use it in an infringing way (as appears to be the case) (s 117(2)(c)), it may be that the manufacturer has reason to believe it will be used to infringe (and therefore falls inside s 117(2)(b)).

It is possible that the product will qualify as a staple commercial product (although Australian courts have been reluctant to characterise products in this way) but if not, there may be the requisite reason to believe if the supplier should, objectively, have been aware of the risk of infringing use. That is, if the manufacturer should have known that the products were likely to be used to infringe, it does not matter that they did not actually know: see Generic Health Pty Ltd v Otsuka Pharmaceutical Co., Ltd (2013) 296 ALR 50 at [103], [135].

That depends on the facts: the chip is objectively suitable for the claimed method, but it is not apparent how widely known it is that the chip can be used for that purpose. That will have a bearing on whether there is reason to believe, because if it is not widely known, the supplier may not have reason to believe.

5. In the following hypotheticals, would party A be liable for Joint Infringement with party X? Please explain why or why not.

Yes

Please Explain

Further, under your Group’s law, would it be considered obvious (in the sense of Q204P) that A’s chips would be put to one or more infringing uses and if so, why?

No

Please Explain

It is not clear on the facts we have, because it is not clear whether the objective suitability of the memory chips for the claimed purpose is widely appreciated.
Yes, probably. Where A and X have agreed with one another to establish this method for exchanging encrypted messages between their servers, they are likely to have engaged in a common design to engage in infringing conduct and, hence, be joint tortfeasors.

Even where A and X have not entered into any such agreement, where A has made its server available for exchanging encrypted messages according to the patented method with any other server so configured, it could be said to be sanctioning, approving or countenancing other parties, such as X, providing the means to complete the infringement. Accordingly, it may be liable for authorisation of patent infringement. However, this is likely to depend on the particular facts (for example, whether A has taken reasonable steps to prevent its server being used for infringement).

5.b
Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, located outside your country. A and B know that their servers exchange encrypted messages according to the patented method.

No

Please Explain

The resolution of this issue is unclear under Australian law. It is likely to depend on the terms of the patent claim.

5.c
Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. X operates server “a” outside your country, which exchanges encrypted messages with server “b” operated by Y, located in another country outside your country. A, located in your country, is a software consultant advising X and Y how to use the patented method (but A does not supply any software).

No

Please Explain

This would not constitute an infringement of an Australian patent since the acts of infringement are extra territorial.

6
Are there any other scenarios which result in Joint Liability for IPR infringement under your Group's current law?

No

Please Explain

7
What remedies are available against a party found liable for Joint Infringement? In particular:

7.a
Is an injunction available?

Yes

Please Explain

Yes, although there is some debate as to whether an injunction should be granted in relation to contributory infringement by the supply of products use of which may infringe a patent if there is a substantial non infringing use for those products: see AstraZeneca AB v Apotex Pty Ltd [2014] FCAFC 99; 226 FCR 324.
### II. Policy considerations and proposals for improvements of your Group's current law

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<th>8</th>
<th>Are there aspects of your Group's current law that could be improved?</th>
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<td><strong>Yes</strong></td>
<td><strong>Please Explain</strong></td>
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<tr>
<td>Yes. As described above, there are inconsistencies in the treatment of contributory infringement in Australia’s current IP legislation. In particular, not all statutes have a definition of infringement that expressly encompasses authorisation of infringing conduct. For trade marks and designs, it appears necessary to rely upon common law principles of joint tortfeasorship to establish contributory infringement. This requires a common design or for one party to procure the infringing conduct of another party. By contrast, for copyright and patents, authorisation is expressly proscribed. This has been held to be satisfied by the lower standard of sanction, approval or countenance. There is no clear policy rationale for this distinction.</td>
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<td><strong>Yes</strong></td>
<td><strong>Please Explain</strong></td>
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<tr>
<td>Yes. Both injunctive relief and damages should be available, including additional damages (such as damages calculated to act as a deterrent against future conduct). These remedies are especially important where the party undertaking the direct infringement cannot be identified or is beyond the jurisdiction of the Court, or where direct infringement is on a large scale such that it is easier to pursue the secondary infringers.</td>
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<th>10</th>
<th>Should Joint Liability be excluded if one or more acts being necessary for establishing Joint Liability for IPR infringement are committed outside the domestic jurisdiction? Please explain why or why not.</th>
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<tr>
<td><strong>No</strong></td>
<td><strong>Please Explain</strong></td>
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In principle, no. Authorising infringing conduct from outside the jurisdiction should be actionable in the jurisdiction if the primary infringement has taken place in the jurisdiction.

**III. Proposals for harmonisation**

Please consult with relevant in-house / industry members of your Group in responding to Part III.

**11 Are there any other policy considerations and/or proposals for improvement to your Group’s current law falling within the scope of this Study Question?**

No

Please Explain

**12 Is a consolidated doctrine of Joint Liability for IPR infringement desirable?**

Yes

Please Explain

**13 Is harmonisation of the laws of Joint Liability for IPR infringement desirable?**

Yes

Please Explain

*If YES, please respond to the following questions without regard to your Group’s current law.*

*Even if NO, please address the following questions to the extent your Group considers your Group’s current law could be improved.*

**14 Please propose a suitable framework for Joint Liability for IPR infringement, focussing on the hypotheticals set out in Questions 3 to 5 above:**

Whether there should be joint liability should be a question of the degree of involvement in the various activities.

The factors given in the Copyright Act may be a useful guide. The three factors are:

(a) the extent (if any) of the person’s power to prevent the doing of the act concerned;

(b) the nature of any relationship existing between the person and the person who did the act concerned; and
(c) whether the person took any reasonable steps to prevent or avoid the doing of the act, including whether the person complied with any relevant industry codes of practice. [1]

[1] ss 36(1A) and 101(1A) Copyright Act 1968 (Cth).

4. The means supplied or offered by the contributory infringer related to a substantial element of the subject matter of the protected IPR, but at the time of offering or supply, the suitability and intended use were not known to the supplier or obvious under the circumstances (as further described in Question 4 above)

In these circumstances, there should be no joint liability by the supplier. It is inherent in a conclusion that the suitability or intended use were not known to the supplier or obvious that there must be a substantial non-infringing use for the product.

4. The infringing acts are divided between two parties, and the acts of each party do not qualify as direct infringement or Contributory Infringement, as further described in Question 5 (a) to (c) above.

Liability will depend upon the facts and the precise scope of the IP rights (including as to the terms of applicable claims of a patent).

15 Are there any other scenarios which should result in Joint Liability for IPR infringement, and where harmonisation is desirable?

No

Please Explain

16 What remedies should be available against a party found liable for Joint Infringement? In particular:

6. Should an injunction be available?

Yes

Please Explain

6. Should damages or any other form of monetary compensation be available?

Yes

On what basis?

Yes. Damages should be available for proved loss. Additional damages should be available where the conduct is flagrant or to deter future conduct.

6. Should any available remedies be different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?
Please comment on any additional issues concerning any aspect of Joint Liability you consider relevant to this Study Question, having regard to the scope of this Study Question as set out in paragraphs 7 to 13 above.

n/a

Please indicate which industry sector views are included in your Group’s answers to Part III.

The answers are not influenced by any particular industry sector.
Study Question

Please answer all questions in Part I on the basis of your Group’s current law.

1. Are there any statutory provisions which specifically apply to Joint Liability?

Yes

Please Explain

The general Civil Law provision div 1301 of the General Code of Civil Law (ABGB) deals with (any) tort caused by multiple tortfeasors. It establishes joint responsibility for each person that jointly contributes, whether directly or indirectly to a tort, and specifically lists the acts of inducing, threatening, commanding, helping, concealing or omitting the prevention of a tort. Under consistent case law, this provision is applied to all forms of joint liability in IPR matters (see question 2. below).

Other related statutory provisions include:

- Section 81/1a of the Copyright Act (Urheberrechtsgesetz) contains a specific provision governing the joint liability of an intermediary providing services to a (direct) copyright infringer. Under this rule, an intermediary subject to the privileges of the Austrian E-Commerce-Act (based on the E-Commerce-Directive) must be notified before claims can be enforced against him.

- Section 22 paras. 3-5 Patent Act (Patentgesetz) deal with indirect patent infringement. The wording is identical to the German statute on indirect patent infringement. As this form of infringement requires the offer or delivery of a “means essential” to direct infringement, it falls under the term “contributory infringement” as defined in Resolution Q204, and is thus not subject of this study question.

- Sections 81/1 Copyright Act and 54 Trademark Act (Markenschutzgesetz) establish liability for cease-and-desist claims of the owner of a company if an infringement takes place in the course of its conduct of business. Under certain conditions company owners may also be liable for damages in these cases.
Sections 89 Copyright Act and 153 Patent Act deal with monetary claims directed against multiple (direct) infringers and stipulates that their liability is joint and several. This applies to all joint tortfeasors (cf. Weiser Patentgesetz², p.605).

2 Under the case law or judicial or administrative practice in your jurisdiction, are there rules which specifically apply to Joint Liability?

Yes

Please Explain

Case law on joint liability for IPR infringements under div 1301 of the General Code of Civil Law (ABGB) encompasses all forms of joint liability, and included the forms of “contributory infringement” as defined in Resolution Q204 even before the institute of “indirect patent infringement” was introduced by statute in Austria, as well as other forms of indirect infringement, which are subject to this study question. Note that, unlike indirect patent infringement, any liability under div 1301 ABGB is dependent upon an act of actual infringement, whether through another person or through a combination of acts.

Under this case law, joint infringers of IPRs may be liable if they acted in collusion or if the contributor is supporting or inducing the primary infringer. “Support” is defined to mean “bewusstes Fördern”. This again requires either

a) knowledge of the facts that make the act of the primary infringer unlawful (RIS-Justiz RS0026577, RS0077158, RS0079462); or

b) the violation of a duty to investigate (4 Ob 331/83= ÖBl 1984, 95 - Stilmöbeltisch; 4 Ob 169/99b = RdW 1999, 717; RIS-Justiz RS0114372, RS0031329[8]);...Case law restricts the duty to investigate of a potential joint infringer to severe and obvious cases of infringement. (4 Ob 169/99b= RdW 1999, 717; 4 Ob 140/06a; 4 Ob 50/07; RIS-Justiz RS0113215, RS0031329[10]; this may also be the case where a person is consciously turning a “blind eye” to infringement (RIS-Justiz RS0078656);

“Conscious support” is thus assumed where the contributor is aware or should know of the factual circumstances giving rise to the violation of the law and fails to act upon this knowledge by removing his/her contribution to infringement.

For intermediaries in an online context, case law further refined the threshold for the assumption of a duty to investigate: Content-providers are only held liable once they have knowledge about the facts and the illegality of the content provided through their resources. Under consistent case law of the Austrian Supreme Court, such knowledge is assumed if the illegality is obvious for a fictional legal layperson (whether from the facts alone or after this is pointed out to the intermediary, e.g. through a notification of the rights owner) (RIS-Justiz RS0114374). However, in light of recent CJEU case law (C-324/09, L’Oréal), scholars argue that the Austrian standard of the “legal lay person” must be given up in favour of the CJEU’s “diligent economic operator” standard (Zemann, ecolex 2015/198).

In summary, any form of joint liability under div 1301 of the General Code of Civil Law requires a subjective element and a certain form of contribution (though not of an essential element) to infringement.

3 In the following hypotheticals, would party A be liable for Joint Infringement with party X? In each case, please explain why or why not.

3.a X sells handbags in a shop which is a small stall located in a shopping mall owned by A. The handbags infringe the registered design of Z. A knows that X (and other tenants) sells infringing goods.

Yes

Please Explain

Up until recently, A could most likely not be held liable in Austria. Although A definitely fulfills the required subjective element for “conscious support”, because he has actual knowledge about the infringement, it is questionable whether the mere rental of retail space would be considered enough of a contribution to X’s act of direct infringement. In particular, the crucial issue in this regard would be the possibility of A as landlord to influence X’s behaviour. Under Austrian landlord-tenant law applicable to rental of retail space, IPR infringements would not constitute sufficient grounds for a landlord to terminate the lease.

However, in light of the recent judgment of the CJEU (C-494/15 Tommy Hilfiger Licensing LLC, et al. v Delta Center a.s.), which held that a tenant of a shopping center market hall, who sublets to traders selling trademark-infringing goods, is an intermediary within the meaning of Art
11 of the Enforcement Directive (2004/48/EC), and can as such be held liable. In light of an EU-conform approach, Austrian landlords could thus be held to provide for contractual arrangements to prevent such infringements. As far as discernible, there is so far no pertinent Austrian case law concerning liability of a landlord whose contribution consists in the mere rental of retail space.

X sells handbags in an online shop which is hosted by a large

3.b

X sells handbags in an online shop which is hosted by a large market place platform owned by A. The handbags infringe the registered design of Z. A knows that X (and other web shop operators hosted by A’s market place platform) sells infringing goods via their respective outline shops.

Yes

Please Explain

A would most likely be liable.

A’s positive knowledge of infringement in combination with his provision of means (online platform) which enable X’s direct infringement lead to joint liability under the “conscious support” case law.

3.c

X sells handbags in an online shop. The handbags infringe the registered design of Z. A designed the online advertising campaign for X’s shop and books online advertising resources for X on websites and in search engines. A knows that X sells infringing goods.

Yes

Please Explain

To determine whether a party can be held liable for “conscious support”, case law has held that the “concrete contribution to the act” of any potentially jointly liable party must be assessed (OGH 16.2.2011, 17 Ob 14/10y, relaxx.at). Generally, mere adequate causation is not sufficient to trigger liability. However, in cases of positive knowledge of a person providing a contribution, the contributor is held to be liable even for small contributions leading to infringement (RS0026577, RS0077158, RS0079462).

Under the same principles as under (b) above, A would most likely be held jointly liable with X, given that he has positive knowledge about X’s infringement. A’s contributory acts would likely be deemed as “support” of X’s infringement. Case law has e.g. found infringement for the following acts (while always assuming that the required subjective element is present):

- bottling of energy drinks in cans bearing a protected trademark (OGH 24.04.2001, 4Ob81/01t, CICLON)
- Programming and maintenance of a website, on which infringing advertisements are hosted (OGH 05.10.2010, 4Ob159/10a www.camelbase.at - Camelbase II)

3.d

For each of the hypotheticals in (a) to (c) above, does it make a difference if A merely suspects that X sells infringing goods? If yes, what is the level of “suspicion” required, and how is it demonstrated?

3.d.i

Hypothetical A

Yes

Please Explain

Yes. As set forth above, the subjective element is crucial to the determination of joint liability, and the actual knowledge of A is the decisive factor for liability under the scenario’s of b) and c) above. For the hypothetical a) above, this fact would most likely also make a difference, as a court would weigh both the subjective element as well as A’s possibility to make a factual contribution (as set forth above).
In the absence of actual knowledge, case law has determined that liability arises if a potential contributory infringer has a duty to monitor and neglects this duty. The duty to monitor is interpreted restrictively to apply to severe and obvious cases of infringement (4 Ob 169/99b = RdW 1999, 717; 4 Ob 14/06a; 4 Ob 50/07t; RIS-Justiz RS0113215, RS0031329 [T10]; 4 Ob 331/83 - Stilmöbeltisch), but also applies where a contributor consciously turns a "blind eye" on obvious facts (RIS-Justiz RS0078656:).

Regardless of any obligation to monitor, certainly from the moment an intermediary knows or ought to know about infringing content, e.g. when he is informed by a legitimate rights owner, providing substantive information about the illegality of a product or offer, the intermediary is deemed to have "actual knowledge" about the infringing acts. An unjustified failure to act upon this knowledge will be deemed "conscientious support" and thus impose contributory liability on the ISP.

Therefore, in the hypotheticals b) and c), A would have to have concrete indications about the X's intentions that would trigger a duty to monitor.

Regarding hypothetical b), as an additional barrier to liability in the field of ISPs, Austria has adopted the EU-regime based on the E-Commerce-Directive regarding the privileges of ISPs. Under these principles, ISPs hosting content provided by users are free of liability provided (i) they did not know about the illegality of the content, (ii) the illegality was not obvious to the ISP and (iii) the ISP expediently undertakes all efforts to remove the illegal content as soon as he obtains the respective knowledge. The current standard used to determine whether the illegality is "obvious" is whether a "legal lay person" would understand that the acts are illegal (although this standard may change in light of CJEU case law, see Question (2) above). At any rate, the privileges of ISPs under the Austrian E-Commerce-Act only relate to damages and further monetary claims – they do not free ISPs from any liability for cease-and-desist claims.

### Hypothetical B

Yes

Please Explain

Yes. As set forth above, the subjective element is crucial to the determination of joint liability, and the actual knowledge of A is the decisive factor for liability under the scenario's of b) and c) above. For the hypothetical a) above, this fact would most likely also make a difference, as a court would weigh both the subjective element as well as A's possibility to make a factual contribution (as set forth above).

In the absence of actual knowledge, case law has determined that liability arises if a potential contributory infringer has a duty to monitor and neglects this duty. The duty to monitor is interpreted restrictively to apply to severe and obvious cases of infringement (4 Ob 169/99b = RdW 1999, 717; 4 Ob 14/06a; 4 Ob 50/07t; RIS-Justiz RS0113215, RS0031329 [T10]; 4 Ob 331/83 - Stilmöbeltisch), but also applies where a contributor consciously turns a "blind eye" on obvious facts (RIS-Justiz RS0078656:).

Regardless of any obligation to monitor, certainly from the moment an intermediary knows or ought to know about infringing content, e.g. when he is informed by a legitimate rights owner, providing substantive information about the illegality of a product or offer, the intermediary is deemed to have "actual knowledge" about the infringing acts. An unjustified failure to act upon this knowledge will be deemed "conscientious support" and thus impose contributory liability on the ISP.

Therefore, in the hypotheticals b) and c), A would have to have concrete indications about the X's intentions that would trigger a duty to monitor.

Regarding hypothetical b), as an additional barrier to liability in the field of ISPs, Austria has adopted the EU-regime based on the E-Commerce-Directive regarding the privileges of ISPs. Under these principles, ISPs hosting content provided by users are free of liability provided (i) they did not know about the illegality of the content, (ii) the illegality was not obvious to the ISP and (iii) the ISP expediently undertakes all efforts to remove the illegal content as soon as he obtains the respective knowledge. The current standard used to determine whether the illegality is "obvious" is whether a "legal lay person" would understand that the acts are illegal (although this standard may change in light of CJEU case law, see Question (2) above). At any rate, the privileges of ISPs under the Austrian E-Commerce-Act only relate to damages and further monetary claims – they do not free ISPs from any liability for cease-and-desist claims.

### Hypothetical C

Yes

Please Explain
Yes. As set forth above, the subjective element is crucial to the determination of joint liability, and the actual knowledge of A is the decisive factor for liability under the scenario’s of b) and c) above. For the hypothetical a) above, this fact would most likely also make a difference, as a court would weigh both the subjective element as well as A’s possibility to make a factual contribution (as set worth above).

In the absence of actual knowledge, case law has determined that liability arises if a potential contributory infringer has a duty to monitor and neglects this duty. The duty to monitor is interpreted restrictively to apply to severe and obvious cases of infringement (4 Ob 169/99b = RdW 1999, 717; 4 Ob 140/06a; 4 Ob 50/07t; RIS-Justiz RS0113215, RS0031329 [T10]; 4 Ob 331/83 - Stilmöbeltisch), but also applies where a contributor consciously turns a “blind eye” on obvious facts (RIS-Justiz RS0078656).

Regardless of any obligation to monitor, certainly from the moment an intermediary knows or ought to know about infringing content, e.g. when he is informed by a legitimate rights owner, providing substantive information about the illegality of a product or offer, the intermediary is deemed to have “actual knowledge” about the infringing acts. An unjustified failure to act upon this knowledge will be deemed “conscious support” and thus impose contributory liability on the ISP.

Therefore, in the hypotheticals b) and c), A would have to have concrete indications about the X’s intentions that would trigger a duty to monitor.

Regarding hypothetical b), as an additional barrier to liability in the field of ISPs, Austria has adopted the EU-regime based on the E-Commerce-Directive regarding the privileges of ISPs. Under these principles, ISPs hosting content provided by users are free of liability provided (i) they did not know about the illegality of the content, (ii) the illegality was not obvious to the ISP and (iii) the ISP expediently undertakes all efforts to remove the illegal content as soon as he obtains the respective knowledge. The current standard used to determine whether the illegality is “obvious” is whether a “legal lay person” would understand that the acts are illegal (although this standard may change in light of CJEU case law, see Question (2) above). At any rate, the privileges of ISPs under the Austrian E-Commerce-Act only relate to damages and further monetary claims – they do not free ISPs from any liability for cease-and-desist claims.

4. In the following hypothetical, would party A be liable for Joint Infringement with party X? In your answer, please explain why or why not?

Z owns a patent claiming a method for addressing memory space within a memory chip which is built into telecommunication device having further features (main processor, suitable software etc.). A manufactures memory chips. The chips are objectively suitable to be used for the claimed method. A’s memory chips are distributed over multiple distribution levels to a plethora of device manufacturers. A has no knowledge of the actual end use of its memory chips.

No

Please Explain

As set forth under Question 1), indirect patent infringement expands the targeted infringers by limiting the subjective requirements for liability in this area. Indirect patent infringement is defined as a delivery (or any respective offer) by a supplier of an essential an feature of the invention, in cases where it is obvious from the circumstances or known to the supplier that this means are suitable and intended to be used to practice the invention. (Other acts, which would qualify as direct infringement, such as the mere use or possession of an infringing element, do not suffice for indirect patent infringement).

The memory chip manufactured and supplied by A may qualify as the supply of an “essential feature”. Since A has no actual knowledge of the eventual use of his chips, liability will hinge upon whether it was obvious from the circumstances that the chips would be used for the patented method. Since in this case the chips are distributed to a variety of recipients, it does not appear that the infringing use could have been obvious to A. Liability of A is thus unlikely.

Outside of indirect patent infringement, A would not be liable under the general principles established by case law under div 1301 ABGB, unless additional facts would give rise to a “duty to investigate” by A.

Further, under your Group’s law, would it be considered obvious (in the sense of Q204P) that A’s chips would be put to one or more infringing uses and if so, why?

No

Please Explain
In the context of indirect patent infringement, the fact that the chips are in principle “objectively suitable to be used for the claimed method” does not suffice in itself to constitute the threshold of “obviousness” required. Rather, the law requires that it is “obvious based on the factual circumstances” that the supplied items are “suitable and intended” for use within the protected invention. In this case, there is no indication of their “intention” for such use. It must be emphasized that there is no Supreme Court case law on indirect patent infringement in Austria. Thus, a court would look for German case law to decide a matter in this regard.

Outside of indirect patent infringement, the facts presented under this scenario would most likely not suffice to render the patent infringement “obvious”, since – as set forth above – the required standard of a “duty to investigate” would likely not be reached, given that A’s chips are sold to a plethora of device manufacturers and A has no concrete indications about the actual end use of its memory chips.

5 In the following hypotheticals, would party A be liable for Joint Infringement with party X? Please explain why or why not.

5.a Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, also located in your country. A and B know that their servers exchange encrypted messages according to the patented method.

Yes

Please Explain

A may be liable under the concept of indirect patent infringement, provided that the server may be considered a “means essential” for patent infringement, and provided that A is “offering or supplying” its server to a third party, and not merely using. (The fact that there is a direct infringement subsequently taking place, because both servers are in the country, is negligible under this doctrine.)

Moreover, A may also be liable under the doctrine of joint liability for “conscious support”, because A has actual knowledge and because a subsequent direct infringement is taking place in the country where patent protection exists through the combined action of the two servers.

5.b Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, located outside your country. A and B know that their servers exchange encrypted messages according to the patented method.

Yes

Please Explain

A may be liable under the concept of indirect patent infringement under the same principles as outlined under a) above (even if there is no subsequent direct infringement, because server “b” is outside the country). However, a court might require in addition – in accordance with the German doctrine of a double connection (“doppelter Inlandsbezug”) concerning indirect patent infringement, that the invention is subsequently used or offered in Austria in some way.

However, A cannot be held liable for “conscious support”, because no subsequent direct infringement is taking place, as server “b” is outside the country. Joint liability under div 1301 ABGB requires a direct infringement or at least an imminent danger thereof.

5.c Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. X operates server “a” outside your country, which exchanges encrypted messages with server “b” operated by Y, located in another country outside your country. A, located in your country, is a software consultant advising X and Y how to use the patented method (but A does not supply any software).

No

Please Explain
A is not liable under the concept of indirect patent infringement because he is not providing a “means essential” (which would not require subsequent direct infringement).

At the same time, A would not be held liable for “conscious support” either, because this requires a subsequent direct infringement, which under the scenario described does not take place in the country.

6 Are there any other scenarios which result in Joint Liability for IPR infringement under your Group's current law?

No

Please Explain

No. All possible concepts of joint liability have been set forth under Question 1) above.

7 What remedies are available against a party found liable for Joint Infringement? In particular:

7.a Is an injunction available?

Yes

Please Explain

Yes. Both preliminary and permanent injunctions to cease and desist are available against joint infringers.

Case law clarified that the liability of joint infringers for cease and desist obligations is not jointly, but severally, because one party’s compliance with this obligation does not implicate the other party’s compliance. (OGH 18.11.2003, 4 Ob 209/03v; OGH 17.1.2012, 4 Ob 104/11i).

Additional notification requirement for cease-and-desist claims under Copyright Law

As regards liability for copyright infringement, § 81/1a UrhG deals with cease-and-desist claims against intermediaries, implementing Art 8/3 of the InfoSoc Directive. This provision extends liability to intermediaries whose services were used by a copyright infringer. Under this rule, an intermediary subject to the privileges of the Austrian E-Commerce-Act (based on the E-Commerce-Directive) must be notified before claims can be enforced against him. In this regard, recent case law clarified that even notification only in the course of already pending proceedings may suffice, if the intermediary does not act upon his knowledge from that moment onwards (OGH 21.10.2014 4 Ob 140/14p).

7.b Are damages or any other form of monetary compensation available?

Yes

On what basis?

Yes. Damages are available against joint infringers under the same principles applied to direct infringers. Multiple joint infringers are liable jointly and severally (see e.g. § 89 Copyright Act, § 153 Patent Act, OGH 22.9.2015, 4 Ob 3/15t).

Additional Privileges of the E-Commerce Directive regarding other claims (damages)

Austria has adopted the EU-regime based on the E-Commerce-Directive regarding the privileges of ISPs. Under these principles, ISPs hosting content provided by users are free of liability provided (i) they did not know about the illegality of the content, (ii) the illegality was not obvious to the ISP and (iii) the ISP expeditiously undertakes all efforts to remove the illegal content as soon as he obtains the respective knowledge.

At any rate, the privileges of ISPs under the Austrian E-Commerce-Act (“E-CommerceG”) only relate to damages and further monetary claims – they do not free ISPs from any liability for cease-and-desist claims.
7.c Are any of the available remedies different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?

No

Please Explain

As set forth above, the remedies concerning cease and desist injunctions and damages are largely identical, taking into account the privileges for intermediaries under copyright law and E-Commerce law as set forth above.

Moreover, as set forth under Question 1), companies and its owners may be liable in addition under specific provisions which differ slightly under patent, copyright and patent law. Under the Patent Act and the Trademark Act, a company or its owner(s) may be held responsible for infringements committed by its employees in the course of service for the company. The responsible persons of the company (for example, managing directors and members of the board) can also be held liable in certain circumstances. However, claims against boards of directors of larger companies may require additional evidence to hold individuals personally liable.

II. Policy considerations and proposals for improvements of your Group's current law

8 Are there aspects of your Group's current law that could be improved?

No

Please Explain

9 Should acts outside the scope of direct infringement or Contributory Infringement give rise to Joint Liability for IPR infringement?

Yes

Should that sound in availability of injunctive relieve and/or damages? Please explain why or why not.

Yes. We believe that under the standard of “conscious support” established by Austrian case law as set forth above, it is justified that acts outside of direct infringement or Contributory Infringement give rise to Joint Liability for IPR infringement.

10 Should Joint Liability be excluded if one or more acts being necessary for establishing Joint Liability for IPR infringement are committed outside the domestic jurisdiction? Please explain why or why not.

No

Please Explain

No. At least under the concept of indirect patent infringement, it is justified that a contributor fulfilling these requirements (as per Resolution 204) can be held liable, even if not all acts for IPR infringement are committed inside the domestic jurisdiction.

11 Are there any other policy considerations and/or proposals for improvement to your Group's current law falling within the scope of this Study Question?

No

Please Explain

III. Proposals for harmonisation
Please consult with relevant in-house / industry members of your Group in responding to Part III.

12 Is a consolidated doctrine of Joint Liability for IPR infringement desirable?

No

Please Explain

No, it would seem critical to use a different standard for IPR infringements than for other civil liability cases.

13 Is harmonisation of the laws of Joint Liability for IPR infringement desirable?

No

Please Explain

No, for the reason set forth under Question 12) above.

If YES, please respond to the following questions without regard to your Group's current law.

Even if NO, please address the following questions to the extent your Group considers your Group's current law could be improved.

14 Please propose a suitable framework for Joint Liability for IPR infringement, focussing on the hypotheticals set out in Questions 3 to 5 above:

42 The acts in question are limited to activities such as renting retail space, hosting websites, advertising etc. (as further described in Question 3 (a) to (d) above)

42 The means supplied or offered by the contributory infringer related to a substantial element of the subject matter of the protected IPR, but at the time of offering or supply, the suitability and intended use were not known to the supplier or obvious under the circumstances (as further described in Question 4 above)

42 The infringing acts are divided between two parties, and the acts of each party do not qualify as direct infringement or Contributory Infringement, as further described in Question 5 (a) to (c) above.

In our opinion, the existing standard of “conscious support” established by Austrian case law as set forth above, is satisfactory. If, as in Question 5 (c), no direct infringement is taking place in the jurisdiction and the requirements for Contributory Infringement (i.e. indirect patent infringement) are not fulfilled, no infringement should be found in the jurisdiction. Rather, the party aiding/abetting/otherwise contributing may be found liable in the other country where primary acts of infringement are taking place.
### 15. Are there any other scenarios which should result in Joint Liability for IPR infringement, and where harmonisation is desirable?

No

Please Explain

### 16. What remedies should be available against a party found liable for Joint Infringement? In particular:

- **Should an injunction be available?**
  - Yes
  
  Please Explain

- **Should damages or any other form of monetary compensation be available?**

- **Should any available remedies be different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?**
  - No
  
  Please Explain

### 17. Please comment on any additional issues concerning any aspect of Joint Liability you consider relevant to this Study Question, having regard to the scope of this Study Question as set out in paragraphs 7 to 13 above.

N/A

### 18. Please indicate which industry sector views are included in your Group's answers to Part III.

The Austrian Chamber of Commerce (which represents the full range of industry sectors) was involved in answering the questionnaire
I. Current law and practice

Please answer all questions in Part I on the basis of your Group’s current law.

1 Are there any statutory provisions which specifically apply to Joint Liability?

No

Please Explain

There are no statutory provisions in Belgium which apply per se to Joint Liability within the strict meaning referred to in the questionnaire. However, various statutory provisions are of peculiar interest.

Under Belgian law:

Article XI.29, §2, of the Belgian Code of Economic Law (hereafter ‘CEL’) governs the possible liability for indirect patent infringement:

§ 2. The patent also confers the right to prevent any third party, without the patent owner’s consent, from the delivery or the offering for delivery, on the Belgian territory, to a person other than those entitled to exploit the patented invention, means for implementing, in this territory, this invention relating to an essential element thereof, when the third party knows or when the circumstances make it obvious that these means are suitable and intended for this implementation. The provisions of the preceding paragraph are not applicable when the means of implementation are products that are commonly in commerce, unless the third party incites the person to whom it delivers to commit acts prohibited by paragraph 1. Persons performing the acts referred to in Article XI.34 (1) (a) to (c) shall not be considered as persons entitled to exploit the invention within the meaning of paragraph 1 of this paragraph”.

More generally, in case of any IPR infringement (not only patents), the President of the Commercial Court or the Court of First Instance, or as the case may be the ordinary chamber of these courts, can issue cease and desist orders against “intermediaries”. Art. XVII.14, §4, CEL states in this respect that:
§ 4. The President may also issue an injunction against intermediaries whose services are used by a third party to infringe a right referred to in paragraphs 1 to 3 [3].

Two “catch-all” provisions should also be mentioned, as their broad scope could extend to some of the situations mentioned in the questionnaire:

- Article VI.104 CEL, which provides for a general prohibition of unfair trade practices among economic actors (undertakings), stating that: ‘Any act contrary to the fair market practices whereby an undertaking causes or threatens to cause prejudice to the professional interests of one or more other undertakings is prohibited’.

- Article 1382 of the Belgian Civil Code according to which: ‘Any act whatever of man which causes damage to another obliges him whose fault caused the damage to compensate it’.

Finally, Articles XII.17 to XII.20 CEL should be mentioned, which implement into Belgian law the provisions of the e-Commerce Directive [4] concerning the liability of certain intermediary service providers in the information society (see below).

At the European level:

Two Directives must be taken into account: the IP Rights Enforcement Directive [5], which contains the principle that cease and desist orders should also be available against intermediaries [6] (see above regarding the transposition thereof in Belgian law) and the e-Commerce Directive.

Section 4 of the e-Commerce Directive, entitled “Liability of intermediary service providers”, provides conditional liability exemptions (“safe harbours”) in favour of certain intermediaries providing specific services at the heart of the information society, namely the services of mere conduit (Art. 12) [7], caching (Art. 13) [8] and hosting (Art. 14) [9]. In addition, Article 15 prohibits the imposition on intermediaries of general monitoring obligations [10].

Footnotes

1. Although the words “indirect infringement” do not appear in the statute, it is recognized that this is the subject matter of para 2 of Art. XI.29. The first paragraph, regarding direct infringement, provides that: “The patent shall confer the right to prevent any third party, without the patentee’s consent, from: (a) manufacturing, offering, offering for sale, using or importing or holding for the aforementioned purposes the product which is the subject of the patent; (b) the use of a process which is the subject of the patent or, where the third party knows or where circumstances make it obvious that the use of the process is prohibited without the consent of the patent owner, the offering of its use on Belgian territory; (c) the supply, offering for sale or use, or the importation or holding for the above purposes of the product obtained directly by the process which is the subject of the patent”.

2. See Art. XI.334. § 1, CEL.

3. The first three paragraphs under Article XVII.14 CEL provide the basis for cease and desist proceedings against the infringers themselves: § 1. The President of the Commercial Court establishes the existence and orders the cessation of any infringement of an intellectual property right, except for patent law including the law on supplementary protection certificates, copyright, neighbouring rights and the rights of the producer of a database. § 2. The President of the Commercial Court of Brussels shall establish the existence and order the cessation of any infringement of patent law, including the law relating to supplementary protection certificates. § 3. The President of the Court of First Instance and the President of the Commercial Court, in matters falling respectively within the jurisdiction of these courts, shall ascertain the existence and order the cessation of any infringement of a copyright, a neighbouring right or the right of the producer of a database.


6. Article 11 of Directive 2004/48 provides that IPR right holders may apply for an injunction against intermediaries whose services are used by a third party to infringe an IPR.
7. ^ "1. Where an information society service is provided that consists of the transmission in a communication network of information provided by a recipient of the service, or the provision of access to a communication network, Member States shall ensure that the service provider is not liable for the information transmitted, on condition that the provider: (a) does not initiate the transmission; (b) does not select the receiver of the transmission; and (c) does not select or modify the information contained in the transmission. 2. The acts of transmission and of provision of access referred to in paragraph 1 include the automatic, intermediate and transient storage of the information transmitted in so far as this takes place for the sole purpose of carrying out the transmission in the communication network, and provided that the information is not stored for any period longer than is reasonably necessary for the transmission. 3. This Article shall not affect the possibility for a court or administrative authority, in accordance with Member States' legal systems, of requiring the service provider to terminate or prevent an infringement."

8. ^ "1. Where an information society service is provided that consists of the transmission in a communication network of information provided by a recipient of the service, Member States shall ensure that the service provider is not liable for the automatic, intermediate and temporary storage of that information, performed for the sole purpose of making more efficient the information's onward transmission to other recipients of the service upon their request, on condition that: (a) the provider does not modify the information; (b) the provider complies with conditions on access to the information; (c) the provider complies with rules regarding the updating of the information, specified in a manner widely recognised and used by industry; (d) the provider does not interfere with the lawful use of technology, widely recognised and used by industry, to obtain data on the use of the information; and (e) the provider acts expeditiously to remove or to disable access to the information it has stored upon obtaining actual knowledge of the fact that the information at the initial source of the transmission has been removed from the network, or access to it has been disabled, or that a court or an administrative authority has ordered such removal or disablement. 2. This Article shall not affect the possibility for a court or administrative authority, in accordance with Member States' legal systems, of requiring the service provider to terminate or prevent an infringement."

9. ^ "1. Where an information society service is provided that consists of the storage of information provided by a recipient of the service, Member States shall ensure that the service provider is not liable for the information stored at the request of a recipient of the service, on condition that: (a) the provider does not have actual knowledge of illegal activity or information and, as regards claims for damages, is not aware of facts or circumstances from which the illegal activity or information is apparent; or (b) the provider, upon obtaining such knowledge or awareness, acts expeditiously to remove or to disable access to the information. 2. Paragraph 1 shall not apply when the recipient of the service is acting under the authority or the control of the provider. 3. This Article shall not affect the possibility for a court or administrative authority, in accordance with Member States' legal systems, of requiring the service provider to terminate or prevent an infringement, nor does it affect the possibility for Member States of establishing procedures governing the removal or disabling of access to information."

10. ^ "1. Member States shall not impose a general obligation on providers, when providing the services covered by Articles 12, 13 and 14, to monitor the information which they transmit or store, nor a general obligation actively to seek facts or circumstances indicating illegal activity. 2. Member States may establish obligations for information society service providers promptly to inform the competent public authorities of alleged illegal activities undertaken or information provided by recipients of their service or obligations to communicate to the competent authorities, at their request, information enabling the identification of recipients of their service with whom they have storage agreements."

2

Under the case law or judicial or administrative practice in your jurisdiction, are there rules which specifically apply to Joint Liability?

No

Please Explain

There cannot be found any rules in case law or administrative practice in Belgium that specifically apply to Joint Liability as defined in the Study Question. Nonetheless, judicial practice allows to ascertain certain cases where the statutory provisions mentioned above in Question 1) will apply. Consequently, we may derive some tendencies regarding the 'actionability' and, as the case may be, the liability, of intermediaries and other entities who have contributed to the infringement of IP rights.

This case law essentially concerns several types of intermediaries, i.e. parties whose activities allow, facilitate, encourage or increase the consequences of a direct IP infringement by other parties. It may be that the intermediary provides an element of the infringing good, either essential or non-essential, or provides a facility to the infringer, either online (e.g. an online market place; hosting services or internet access) or in the real world (physical market place [1]; transport or stocking of infringing goods; making reproduction facilities available [2], etc.). The term 'intermediaries' is interpreted broadly by the Courts [3]. Further on, the intermediary may or may not have knowledge of the IPR infringement.

An important distinction has to be made between the mere 'actionability' of the intermediary and its liability in a strict meaning. Whereas intermediaries whose services are used by a main infringer will in most cases be 'actionable', in the sense that they can be ordered by the court to cease and desist from providing their services to the infringer (thereby contributing to stop, or limiting the scope, of the infringement), they may not necessarily be held liable for such infringement, i.e. they may not be condemned to compensate the harm or loss incurred by the
IPR holders as a result of the infringement and pay damages. This may be because they do not perform themselves an act which is reserved to the IP right owner (e.g., under copyright law, an act of reproduction or of communication of the public) or because they enjoy the benefit of one of the safe harbours described by the e-Commerce Directive (in case of mere conduit, neutral and passive hosting or caching of electronic content).

On the basis of the examined case law, and without being exhaustive, the following three topic situations prove recurring:

a. **Internet Service Providers (ISP’s):** quite an extensive jurisprudence concerns the actionability and possible liability of ISP’s. Holders of IPR (typically copyright), or their representative (in Belgium for example the collective management society SABAM), have on several occasions reached out to the courts with the view to block access, by the ISPs clients, to peer-to-peer file sharing sites (e.g., The Pirate Bay). Even though ISP’s cannot strictly speaking be held liable for IPR infringements as long as they respect the conditions under Articles XII.17-19 CEL, they can nonetheless be required to block access to specific websites, or contents, that have been found to infringe or facilitate infringement of IPR rights (cease and desist order).

However, while it is possible for right holders, or their representative, to request and obtain an order to block access to a specific website, or content, which is found to be infringing upon the complainant’s copyright in particular works (DNS-blocking order), it has been held by the Court of Justice of the European Union (hereafter CJEU), on the basis of Article 15 of the e-commerce Directive, implemented in Belgium by Article XII.20 CEL, that it is precluded to order an ISP to install a system for filtering (i) all electronic communications passing via its services, in particular those involving the use of peer-to-peer software, which (ii) applies indiscriminately to all its customers, as a preventive measure, exclusively at its expense and for an unlimited period, which is capable of identifying on that provider’s network the movement of electronic files containing a musical, cinematographic or audio-visual work in respect of which the applicant claims to hold intellectual-property rights, with a view to blocking the transfer of files of the sharing of which infringes copyright. The exact delineation between an admissible blocking order and a non-admissible general monitoring obligation remains however to be determined.

b. **(Online) market places:** A second trend of cases involves online market places, such as eBay. These market places allow both individuals and undertakings to offer and sell goods online. Given the limited control exercised by the operators of such online market places, these have been massively used to advertise and sell counterfeit goods. In Belgium, this eventually led Lancôme, a well-known luxury perfumes manufacturer, to initiate proceedings against eBay. By way of this procedure, Lancôme sought both an injunction for eBay to refrain from selling any infringing goods and a compensation for the damage incurred. However, the Court dismissed the request, stating that eBay, as an intermediary, cannot be obliged to actively monitor its platform, but can only be requested to react when it has been made aware of specific infringing goods offered on a specific place on its websites.

b. **Transporters, shipping agents, etc.:** a third category of recurring cases concerns intermediaries that play a role in the transportation and importation of goods that enter the territory of the European Union and infringe IPR’s (either patent rights, trademarks or copyright) in force in this area. Quite an extensive jurisprudence has been established in this regard, often at the initiative of the Dutch electronics company Philips, by the courts of Antwerp which had jurisdiction since the counterfeit and pirate goods were seized by the customs authorities in the major sea harbour of Antwerp.

Even though, in contrast to the previous two categories of intermediaries, this type of cases involves an intermediary in an offline environment, the results are comparable to online intermediaries. Offline intermediaries are not protected by a specific provision limiting their liability as some online intermediaries do (cf. supra). Nonetheless the jurisprudence appears to confirm that while they may be requested to cease offering their services, that facilitate the infringement of IPR’s, they are not liable to pay damages, as long as there are no particular indications that they were aware of the infringing nature of the goods.

Footnotes

1. See e.g. Court of First Instance Antwerp, 17 November 2008, AR A/08/2661 (available on www.darts-ip.com).
4. See also infra question 7.
5. See also for example: President Commercial Court Brussels, 26 September 2012, IRDI 2013, p. 203 (can filling service provider); Court of Appeal Liège, 19 April 2012, Ing. Cons. 2012, p. 415 (bottle filling service provider); Court of Appeal Ghent, 16 June 2003, 2002/AR/0730 (available on www.darts-ip.com).
In the following hypotheticals, would party A be liable for Joint Infringement with party X? In each case, please explain why or why not.

3.a X sells handbags in a shop which is a small stall located in a shopping mall owned by A. The handbags infringe the registered design of Z. A knows that X (and other tenants) sells infringing goods.

Yes

Please Explain

In this case, it is likely that Party A would be held liable for joint infringement and hence condemned to compensate the aggrieved IPR right holder. To that end, the conditions referred to in point II hereunder (Liability under article 1382 of the Belgian Civil Code) must however be met.

Moreover, as already mentioned above, even if it would be found that Party A has not itself infringed, neither directly nor indirectly, the IP right in question, and has moreover not committed any wrongful act or negligence within the meaning of Article 1382 of the Civil Code, and hence does not incur any ‘liability’, it might well receive an injunction to stop making its stalls available to vendors of infringing goods (I).

I. Injunction

Under Belgian law, it is possible to force the operator of a physical marketplace to put an end to IPR infringements committed by market-traders [I]. As we have seen, IPR holders may indeed apply for an injunction against intermediaries whose services are used by a third party
to infringe an intellectual property right. Belgian case law gives a large interpretation to the term “intermediaries” and has already found an operator of a physical marketplace to be an intermediary actionable under such provision [2].

Likewise, the CJEU has held in its “Hilfiger” judgment [3] that an operator of a physical marketplace which provides a service to third parties relating to the letting or subletting of pitches in a marketplace, and which thus offers the possibility to those third parties of selling counterfeit products in that marketplace, must be classified as an ‘intermediary’ within the meaning of Directive 2004/48.

The CJEU stated in this judgment that whether the provision of a sales point is within an online marketplace or a physical marketplace is irrelevant because the scope of the Directive 2004/48 is not limited to electronic commerce.

The CJEU considered that, like the operators of online marketplaces covered by the judgment in L’Oréal/eBay [4] (see hereunder), the operator of a physical marketplace may, pursuant to the Directive 2004/48, be forced by law to bring trademark infringements committed by market-traders to an end and to take measures in order to prevent new infringements.

It is therefore more than likely that under Belgian law, Party Z will be able to obtain an injunction against Party A in the contemplated circumstances.

I. Liability under Article 1382 of the Belgian Civil Code

In addition, under the cited circumstances, as Party A was apparently aware that Party X was selling counterfeit goods, it could be argued that Party A committed a fault and that it is liable pursuant to article 1382 of the civil code.

This implies, however, that Party Z convinces the court, not only that Party A has not behaved like a normally cautious owner of a shopping mall would have (breach of the general rule of prudence) [5], but also that without this fault the harm or loss suffered by Party Z would not have been incurred.

It should also be noted that the owner of a physical marketplace does not enjoy the liability privilege provided for by the E-commerce directive for some providers of online services.

In the case at hand, as Party A apparently knew that the goods sold by Party X were counterfeited, it could be held liable for joint infringement together with Party X.

Footnotes

1. ^ For an example regarding copyright infringement: Court of First Instance Antwerp, 17 November 2008, AR A/08/2661 (available on http://www.darts-ip.com/).


3. ^ CJEU, 7 July 2016, Tommy Hilfiger Licensing e.a., C-494/15, (ECLI:EU:C:2016:528).


5. ^ Belgian legal doctrine and case-law considers that the fault is established when the intermediary knew – or had every reason to know – that he was helping with the counterfeiting activities. See Benelux Court of Justice, 28 juin 1982, A 81/5, Hagens Transporten B.V. et Joh. Jacobs & Co. GMBH / Theodorus Niemeyer; V. Fossoul, « La responsabilité des intermédiaires en droit des marques et en droit d’auteur à la lumière de la récente jurisprudence européenne », RDC, 2014/4, p. 474.

X sells handbags in an online shop which is hosted by a large marketplace platform owned by A. The handbags infringe the registered design of Z. A knows that X (and other web shop operators hosted by A’s marketplace platform) sells infringing goods via their respective outline shops.

Yes

Please Explain

The answer to the question depends whether Party A plays an “active role” in the commercialisation of the infringing goods (II) or merely act as a passive provider of hosting services (I)

I. If Party A is a mere (passive) provider of hosting services

In this case, one has to take into account the “safe harbour” offered by the E-commerce directive (Art. 14) and the Belgian CEL (Art. XII.19)
regarding liability exemption/privilege for providers of hosting services.

In the present case, the possibility for Party A to rely on the liability privilege will depend both upon the type of knowledge which it has of the infringing character of the goods commercialized on its platforms and on the measures it takes to prevent such commercialisation.

In L’Oréal v. eBay, the CJEU held that a hosting provider loses its privilege under Article 14 of Directive 2000/31, and may hence be held liable for damages, if it does not act as a “diligent economic operator” [1]. The hosting provider is thus denied the privilege in cases where it had been aware of facts or circumstances on the basis of which a diligent economic operator should have identified the illegality in question and did not act in consequence [2] and, more certainly, when it has become aware of a particular unlawful activity or information which it hosts. The CJEU adds that the service provider may become aware of an unlawful activity or information, either (i) as a result of an examination carried out on his own initiative or by (ii) a notification of the existence of such an activity made to it by a third party.

In the second case, although such a notification admitted cannot automatically preclude the exemption from liability provided for in Article 14 of Directive 2000/31, given that notifications of allegedly illegal activities or information may turn out to be insufficiently precise or inadequately substantiated, such notification represents, as a general rule, “a factor of which the national court must take account when determining, in the light of the information so transmitted to the operator, whether the latter was actually aware of facts or circumstances on the basis of which a diligent economic operator should have identified the illegality” [3]. Said more concretely, where the owner of a platform receives from a right holder a notification of the existence of concrete offers for counterfeiting goods on its platform, the owner is under the duty to remove, or disable access to, the offers in question. What is more a matter of controversy, is whether the hosting provider must take technical measures to prevent the reappearance of similar offers, either by the same vendor or other vendors [4].

Belgian case-law already found a hosting services provider liable where it hosted mainly websites containing links to unauthorized reproductions of musical recordings [5]. In this case, the Court of Appeal of Brussels found that the host provider was liable because the host provider had knowledge of the unlawful nature of the links and had not taken proper action.

Nevertheless, in the case envisaged under the questionnaire, Party Z will bear the burden of proving A’s knowledge of the counterfeiting character of the goods sold by Party X. An appropriate notice to take down the unlawful content appears to be the most convenient way to prove such knowledge. Once this notice has been received by the intermediary, it should act promptly and adequately if it wishes to avoid liability.

I. If Party A plays an “active role”.

In L’Oréal/eBay [6], the CJEU observed that eBay not only allowed sellers to propose counterfeiting goods but assisted the sellers, in order to enhance their offers for sale, to set up online shops, to promote and increase their sales. It also advertised some of the products sold on its marketplace using search engine operators such as Google to trigger the display of advertisements. L’Oréal complained that eBay was involved in trademark infringements committed by users of its website. Moreover, it claimed that, by purchasing from paid internet referencing services (such as Google’s AdWords) keywords corresponding to the names of L’Oréal trademarks, eBay directs its users towards goods that infringe trademark law, which are offered for sale on its website. The CJEU held that, when the operator has played an “active role” of that kind, it cannot rely on the exemption from liability under Directive 2000/31.

Therefore, if Party A, as a large market place platform, provides assistance to its clients which entails, in particular, optimising the presentation of the offers for sale or promoting those offers, for example through advertising Party X offers with own advertisements on Google search engine, then, Party A might be considered to play an “active role” [7] and might hence, upfront, not be able to rely the liability privilege under article 14 E-commerce directive and Article XII.19 CEL. If Party A plays such an active role, it will definitively be held liable for infringement, under Belgian law, if it does not take any measures to try and prevent the sale of infringing goods on its shopping platform.

Footnotes

1. Cf. J. Bern Nordemann., Liability of Online Service Providers for copyrighted Content – Regulatory action needed?, doc. European Parliament, IP/A/IMCO/2018-08, 2018, p. 11. ; CJEU, 12 July 2011 ; L’Oréal and Others v. eBay, C-324/09, §120 et seq. (ECLI:EU:C:2011:474). See in particular §145, 6.: “(…) even in cases in which the operator has not played an active role (…) it cannot rely on that exemption from liability if it was aware of facts or circumstances on the basis of which a diligent economic operator should have realised that the online offers for sale were unlawful and, in the event of it being so aware, failed to act promptly to remove the data concerned from its website or to disable access to them”.


3. CJEU, 12 July 2011, L’Oréal and Others v. eBay, C-324/09, (ECLI:EU:C:2011:474), § 122; A new trend has however emerged in recent years regarding the “knowledge” criterion, influenced by the case-law of the European Court of Human Rights in the Delphi case (see question 3.c) hereunder).

X sells handbags in an online shop. The handbags infringe the registered design of Z. A designed the online advertising campaign for X’s shop and books online advertising resources for X on websites and in in search engines. A knows that X sells infringing goods.

Please Explain

In such a case, Party A will definitively not be able to rely on one of the three liability safe harbours provided for under Directive 2000/31 (respectively for mere conduit, caching and hosting services). This does not mean, as such, that Party A will be held liable. However, it is likely that such liability will be established under either Article 1382 of the Civil Code or Article VI.104 CEL, i.e. the general standards of good behaviour. Designing the online advertising campaign for someone else’s shop and booking advertising resources to that effect while knowing the counterfeiting character of the goods sold by that person, would most likely be held as a fault and a behaviour contrary to honest trade practises.

For each of the hypotheticals in (a) to (c) above, does it make a difference if A merely suspects that X sells infringing goods?

If yes, what is the level of “suspicion” required, and how is it demonstrated?

Hypothetical A

No

Please Explain

In principle, a mere suspicion should not suffice to establish liability, as intermediaries are not under a general obligation to monitor the information which they transmit or store, nor to actively seek facts or circumstances indicating illegal activity [1]. Article 14 of the E-commerce Directive and Article XII.19 CEL refers to “actual knowledge” of the illegal activity or information. However, as regards claims for damages – as opposed, in our understanding, to criminal liability – the threshold appears lower: the provider of hosting services will be protected from liability only if it “is not aware of facts or circumstances from which the illegal activity or information is apparent”.

It should also be noted that the recent case law of the European Court for Human Rights [2] and Belgian and European Doctrine [3] tend to advocate for a more flexible criterion of knowledge.

A working document of the European parliament indeed states that “an active knowledge of the individual information and its unlawfulness (thus of the specific infringement) may no longer be used as criterion for losing the privilege (…) It seems too narrow to ask for actual knowledge of the specific infringement committed in order to dis-apply Article 14 E-commerce Directive. Rather, in particular if hosting providers are running a dangerous business model fostering infringements of their users, the standards of knowledge should be lowered in order not to let bad faith hosting providers profit from the liability privilege of Article 14 E-commerce Directive. (…) The wording of Article 14 E-commerce Directive should give sufficient room to treat such dangerous business models adequately, as not only the absence of actual knowledge is required for the liability privilege, but also that the service provider is not aware of facts or circumstances from which the illegal activity or information is apparent” [4].

It is therefore not excluded that the “mere suspicion” of infringing information or activity could in some cases be sufficient to exclude the liability privileges under the e-commerce Directive, when the business model and concrete activity of the intermediary creates a particular risk of entailing infringing activities and the intermediary does not take adequate measures to mitigate such risk.

Footnotes

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1. Article 14 of the E-commerce Directive and Article XII.19 CEL refers to “actual knowledge” of the illegal activity or information.

2. The recent case law of the European Court for Human Rights.


4. A working document of the European parliament indeed states that “...
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1. Article 15 of the E-commerce Directive; Article XII.20 CEL.


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Hypothetical B

No

Please Explain

See our response in Hypothetical A above.

Hypothetical C

No

Please Explain

See our response in Hypothetical A above.

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4. In the following hypothetical, would party A be liable for Joint Infringement with party X? In your answer, please explain why or why not?

Hypothetical D

Z owns a patent claiming a method for addressing memory space within a memory chip which is built into telecommunication device having further features (main processor, suitable software etc.). A manufactures memory chips. The chips are objectively suitable to be used for the claimed method. A’s memory chips are distributed over multiple distribution levels to a plethora of device manufacturers. A has no knowledge of the actual end use of its memory chips.

No

Please Explain

For the following reasons, we consider it very unlikely under Belgian law that A could be held liable for Joint Infringement in the above scenario, no matter whether X has directly infringed Z’s patent or not.

I. Conditions to establish a possible (co)liability

In Belgium, it is settled case-law – at least on the basis of the few available decisions – that a (natural or legal) person whose means are used to implement a protected invention may be held (co)liable for the infringement of the patent rights relating to the considered invention only if its liability can be established under the specific rules of patent law or under the general rules on civil liability (torts).

In patent law, Article XI.29 §2 of the Belgian Code of Economic Law (“CEL”) governs the possible (co)liability for “indirect” (contributory) infringement. Under this provision, for a person to be held (co)liable for an indirect infringement of a patent right, it must be established that:

- the means which are supplied are suitable and intended to implement a protected invention in that they relate to an essential element

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of the invention[9];

- the supplier knows, or it is obvious from the circumstances, that the supplied means will be used to implement the protected invention[3].

In view of these cumulative conditions, Article XI.29 §2 CEL is in our view limited to Contributory Infringement within the meaning under points 8 and 9 of the Study Guidelines.

On the other hand, indirect infringement as defined in Article XI.29 §2 CEL is independent of a finding of direct infringement; in other words, it is sufficient that the means may be used to infringe the patent in question[4].

Finally, Article XI.29 §2 CEL does not apply when the means are staple commercial products, except when the supplier of the essential means of implementation further on induces the person supplied to commit acts prohibited by paragraph 1 of Article XI.29 CEL.

If (co)liability cannot be established under Article XI.29 §2 CEL, it might still be established on the basis of general tort law (Articles 1382 and following of the Belgian Civil Code) or, provided the “infringing” party can be considered an undertaking[5], on the basis of the general provision on unfair trade practices (Article VI.104 CEL). However, it will be necessary to demonstrate that the conditions of such liability are met[6]. To that end, the claimant should establish a fault, a damage and a causal link between the fault and the damage.

In most cases, it will be difficult to prove a fault, which may consist either in the breach of statutory law, or in the not abiding to a general standard of prudence and good behaviour. In any event, it will always be a case-by-case analysis: It is indeed excluded to make a finding of (co)liability merely on the basis of the supply of technical means which allowed a third party to implement a protected invention. Moreover, it is not reasonable to require intermediaries whose means might possibly be used to implement a protected invention, that they systematically check the use that any purchaser actually makes, or intends to make, of the supplied means[7]. Such an obligation would exceed the precautions that can legitimately be expected from normally diligent undertakings and would endanger their freedom of trade.

A finding of fault will however often be made when it is established that the supplier knew - or should have known, considering the circumstances - that it was “assisting” a possible act of infringement (because it knew that the supplied means would be used for such purpose or it carried on its activities despite a Court order recognizing the subsequent act as infringing, and while knowing the existence of such order[8]).

It infers from the above that whatever the liability regime that is applied, the (constructive) knowledge of the supplier regarding the potential infringement, is critical[9]. Such knowledge has been found only in limited cases:

- "A patent infringement as stipulated in Article 27 §1 of the Belgian Patent Act is not proven in respect of the defendants [...] The liability of these defendants invoked by the claimants on the grounds of Article 1382 of the Belgian Civil Code has not been proven. The latter states that Ari Trans, SBL Logistique and MSC Belgium, by providing their services as cargo handlers in respect of the disputed DVD players, committed a fault, and are liable under Article 1382 of the Civil Code, since they provide the services after having been informed of the infringing nature of the goods. There is no exhibit which shows that those defendants had knowledge of the infringing nature of the goods at issue when they were ordered to handle or at the time they provided their services. The claim, in so far as it is based on Article 1382 of the Civil Code, is unfounded, since no fault on the part of the aforementioned defendants has been proven in causal connection with the damage claimed by the claimants"[10] (case concerning the possibility to establish the joint liability of intermediaries that were involved in the importation into the EU of DVD-players infringing Philips’ patent - we underline).

- "It does not appear that Unitex, shipper of the goods, or Sonatrans, ordered by the buyer to accept the goods, or CMA-CGM Belgium, the shipping agent, has committed an infringing act as described in Article 27 §1 of the Belgian Patent Act. They are neither liable nor co liable for the patent infringements by Hung Kwong Screws and Sonexi. The liability of Unitex, Sonatrans and CMA-CGM Belgium on the grounds of Article 1382 of the Civil Code has not been proven. The claimant does not prove wrongful or careless action by these defendants. It does not appear that these defendants had knowledge of the patent-infringing nature of the goods, with the services they had to provide[...][11] (case concerning the possibility to establish the joint liability of intermediaries that were involved in the importation into the EU of DVD-players infringing Philips’ patent - we underline).

*The respondents do not show that the appellant would know that her customers use the CD-writer in an illegal manner. The files do not contain any exhibit that allows this conclusion to be drawn. The official report of the SABAM inspector also does not allow concluding that a copy was made in violation of the legislation on copyright and neighbouring rights. Finally, the respondents also do not prove that the appellant would deliberately set up the possibility to realize illegal copies of protected works with her help. Again, nothing in the files allows this conclusion"[12] (case concerning the provision by a copy center of a CD-writer or CD-copier allowing the direct or indirect reproduction of copyrighted work without the authorization of their authors - we underline).

- "The Veenhuis company considers that its distributors do not commit an infringement of Joskin’s patent EP 0 520 974. The reason given in support of this position is that the manufacture of machinery by Veenhuis, in accordance with his patent NL 1011803, includes the fixing of the knives as opposed to the fact that the knives in Joskin’s distributor are free."
However, it turns out that, in the two cases covered by the descriptive-seizure [by Joskin against Veenhuis], the fixing had been ground and that the knives were therefore free resulting in the obliteration of fundamental differences between Joskin’s distributor and Veenhuis’ distributor.

The descriptive-seizure ordered at the premises of the interveners thus reveals the existence of an infringement or, at least, supplies of means (article 27 §2 of the Belgian patent law). The seizure highlights - regarding Mister Broekx [Veenhuis customer] - that it was the case regarding the distributor used by him and acquired from Veenhuis and delivered by this one.

It should also be noted that Broekx, once interrogated, explained that the pins have been ground because experience has shown that it improves the performance of the machine delivered by Veenhuis [...]

The conditions required by Article 27 §2, which prohibits the indirect infringement of the invention or, in other words, acts that are intended to allow any direct infringement of the patent, are met namely:

- the delivery or the delivery offer took place on the Belgian territory,
- the delivery or the delivery offer concerns the exploitation of the invention in Belgium,
- the means relate to an essential element of the invention [...],

- The supplier must know that the delivered means are suitable and intended for the implementation of the patented invention or the circumstances must make this obvious. This is the case here. The user of the machine clearly states that it cannot properly function if the knives are fixed. We also should mention that the knife has a central hole for its fixation as the pins are ground, a hole that would be useless if the fixings are maintained [...] It is therefore necessary to at least conclude that there are obviously some acts of indirect infringement, which can be punished" [13] (case concerning the producing and/or marketing of agricultural machinery indirectly infringing patent rights over similar agricultural machinery - we underline).

- "At the hearing, the lawyer of PREFARAILS and FERONIA noted that ALM had to realize that it was not normal that the order was passed by CDM. ALM must have been aware, through its past relationships, of the organization and division of tasks between PREFARAILS and CDM. Such a grievance would have made sense in an unfair competition proceeding. It is irrelevant as part of an infringement action. The purpose of the current proceeding is only to establish whether a patent infringement has occurred and not to determine whether the agreements between PREFARAILS and CDM have been infringed with the assistance of a third party" [14] (case concerning the alleged infringement to patents relating to a technology to isolate railway tracks from stray electrical currents).

I. In the case at hand: Absence of (co)liability

Before answering the question under examination, certain elements of the question should be specified:

- Given the wording of the question, we assume that the chip developed by A is an essential element of Z’ invention.
- In the light of the scarce relevant case-law in Belgium [15], we tend to think that A’s chip is not a “staple commercial product” within the meaning of Article XI.29 §2 CEL.

It is stated in the question that “A has no knowledge of the actual end use of its memory chips”. If, on the basis of the few elements at our disposal, we further on assume that it was not obvious for A, considering the circumstances, that the chips were or would be effectively used in infringing telecommunication devices, then A should not be held liable on the basis of Article XI.29 §2 CEL.

The mere fact that A’s chips are “objectively suitable” to be used to implement the method covered by Z’ patent should not alter that finding. A has no obligation to systematically check the use that device manufacturers actually intend to make of its chips. Such an obligation would, in view of the Belgian group, exceed the precautions that can legitimately be expected from a chips manufacturer, especially when the chips are distributed over multiple distribution levels to a plethora of device manufacturers. If the chips were distributed to a unique device manufacturer, A’s lack of enquiry might have been questioned [16].

This said, as A’s chips are objectively suitable to be used for the claimed method, it could be submitted that in order to behave as a cautious chip manufacturer, A should mention either in the instructions manual or on the products packaging that it is forbidden to use the chip for the patented method without a valid license. However existing, scarce, Belgian case law, does not allow to state that such indication would have been recognized as mandatory [17].

In conclusion, we consider that A would not be held (co)liable either under Article XI.29 §2 CEL, or under Article 1382 of the Civil Code / Article XI.104 CEL, in the circumstances mentioned under question 4, principally due to a lack of knowledge on A’s part of the infringing use of its products.

Footnotes
1. "The criteria to qualify as contributory infringement is the intention (and the suitability) of using the means ‘for putting the invention into effect’ [...] The mere fact that the means concerned can also be used for other purposes than putting the invention into effect is not decisive as long as said means are 'suitable' and 'intended' to this end. However, in this last case, the criteria for assessing the knowledge required on the part of the supplier could be different. E.g., the judge could consider that specific facts are necessary to conclude that ‘it is obvious in the circumstances’ that the means are intended for putting the invention into effect. In the Senseo-case, the court came to such a conclusion because of indications by the supplier for the use of the means in the invention “(B. MICHAUX, G. PHILIPSEN, C. EYERS, N. D’HALLEWEYN, M. DEMEUR and E. DE GRYSE, ‘Liability for contributory infringement of IPRs’, AIPPI - Q 204P, Belgian report, p. 4); K. CALLEWAERT, A. CLERIX, N. D’HALLEWEYN, B. DAUWE, E. DE GRYSE, C. DE CONINCK, C. RONSE, P. THEUNIS and M. VERLINDEN, ‘Liability for contributory infringement of IPRs – certain aspects of patent infringement’, AIPPI - Q 204P, Belgian report, p. 1-3); “The circumstance that the means to use the invention are such that they can also be applied outside the invention, does not stop the fact that there could be indirect infringement of the patent. The means using the invention must indeed not be exclusively intended to use the invention. It suffices that these means are effectively and deliberately offered with the intention to use the invention in such a way that their neutral character is not anymore relevant” (Court of Appeal of Antwerp, 8 November 2005, Ing. Cons., 2005, p. 504); “Dit moreel element is vooral delicat in situaties waarin het aangeboden middel op verschillende wijzen kan worden aangewend – ook op wijzen die niet tot een rechtstreekse inbreuk kunnen leiden, b.v. er is een mogelijkheid de koffiebuiljes ook in machines zonder het geotrooiende systeem met aangepaste houder te gebruiken. Men zal dan aan de hand van de omstandigheden de intente van degene die ze aanbiedt of levert moeten bewijzen”, free translation: This moral element is especially delicate when the means which are supplied can be used in different ways – including in a way which does not constitute a direct infringement, for instance when it is possible to use the coffee pads in machines that do not include the patented system with an adapted holder. One will then have to prove the intent of the person offering or delivering them on the basis of the circumstances, (E. DE GRYSE, “Straffe koffie (met een laagje schuim)!”, note under Court of Appeal of Antwerp, 8 November 2005, Ing. Cons., 2005, p. 538-541); See also C. RONSE, K. VAN LINT, T. BEDERT, S. FLECUIN, D. OP DE BEEK, C. DEKONINCK, A. CLERIX, K. VANHALST, “Second medical use or indication claims, AIPPI – Q 238, Belgian Report.

2. “According to the Antwerp Court of Appeal, means relating to an essential element of the patented invention are means that are functional in realizing or helping to realize the protected inventive concept (Senseo-case)” (B. MICHAUX, G. PHILIPSEN, C. EYERS, N. D’HALLEWEYN, M. DEMEUR and E. DE GRYSE, ‘Liability for contributory infringement of IPRs’, AIPPI - Q 204P, Belgian report, p. 4).

3. “Het bijzondere aan de rechtstreekse octrooi-inbreuk is in de eerste plaats dat er naast een materieel element ook een moreel element aanwezig moet zijn in hoofde van de beweerde inbreukmaker: niet alleen moet hij middelen leveren die toelaten de uitvinding toe te passen, hij moet ook weten of het moet duidelijk zijn dat deze middelen voor die toepassing geschikt en bestemd zijn […] Het intencioneel element is in essentie een subjectief vereiste: de persoon die de middelen aanbiedt of levert moet weten of het moet gezien de omstandigheden duidelijk zijn dat de aangeboden of geleverde middelen geschikt en bestemd zijn voor de (inbreukmakende) toepassing”, free translation: The peculiarity of the indirect patent infringement is primarily that, in addition to a material element, a moral element must also be present on the part of the alleged infringer: not only must he supply means that allow the invention to be applied, he must also know or it must be obvious that these means are suitable and intended for that implementation [...] The intentional element is in essence a subjective requirement: the person who offers or supplies the means must know whether, given the circumstances, it must be obvious that the means offered or provided are suitable and intended for the (infringing) implementation, (E. DE GRYSE, “Straffe koffie (met een laagje schuim)!”), note under Court of Appeal Antwerp, 8 November 2005, Ing. Cons., 2005, p. 538-541).


6. “Contrairement à certains systèmes de droit commun, le droit civil ne connaît pas de mécanismes similaires à la doctrine générale du contributif infringement laquelle permet d’engager la responsabilité des personnes aidant ou encourageant des activités de contrefaçon lorsqu’il est démontré qu’elles avaient connaissance des activités contrevasantes et que le support qu’elles ont donné a permis de faciliter voire de déclencher les activités contrevasantes, […] Ainsi, dans l’affaire Jakobs, le transporteur savait que les produits qu’il transportait vers les Pays-Bas portaient atteinte à une marque. Il avait été informé de l’interdiction judiciaire prononcée contre son donneur d’ordre et conformément à laquelle ce dernier ne pouvait livrer du café sous la marque JACOBS à des détailleurs néerlandais. De même, dans l’affaire Red Bull, Winters avait déjà fourni ses services à Red Bull et connaissait dès lors bien ces marques. Chargé du remplissage de canettes portant des signes ressemblant à ces marques, aurait-il dû réagir? La réponse est ici moins évidente dès lors qu’il n’y avait pas, comme dans l’affaire Jakobs, une décision de justice constatant la contrefaçon. En l’absence d’une décision de justice, les intermédiaires sont dans une situation peu enviable, tiraillés entre les prétentions du titulaire de droits, d’ordre et en présence d’une plainte de contrefaçon. Dans la jurisprudence relative aux activités en ligne, on observe une influence certaine du système particulier de responsabilité mis en place par la directive n° 2000/31. Ainsi, la doctrine s’accorde généralement à considérer que la responsabilité des moteurs de recherche ne peut être engagée en raison de l’usage abusif d’un métatag – à moins que mis au courant, ils ne prennent pas de mesure. Préalablement à l’adoption en droit belge de la loi du 11 mars 2003, la cour d’appel de Bruxelles avait conclu à la responsabilité d’un hébergeur de sites en raison de la présence sur des sites qu’il hébergeait de liens renvoyant à du contenu illicite. La cour d’appel a conclu à la responsabilité de l’hébergeur dès lors qu’ayant connaissance du..."
caractère illicite, il n’avait pas agi. Cependant, comme mentionné ci-dessus, ce raisonnement a dû en grande partie être influencé par le système mis en place par la directive sur le commerce électronique. On observe cependant qu’il s’agit là de conditions qui trouvent parfois à s’appliquer pour des activités qui ne relèvent pas des cas de figure envisagés par la directive n° 2000/31/CE.

Unlike some common law systems, civil law does not have mechanisms similar to the general doctrine of contributory infringement, which allows for the liability of persons assisting or encouraging counterfeiting activities when it is shown that they knew of the counterfeit activities and that the support they have given has facilitated or even triggered counterfeit activities. […] Thus, in the Jakobs case, the carrier knew that the goods he was transporting to the Netherlands infringed a trademark. He had been informed of the judicial prohibition against his client and in accordance with which the latter could not deliver JACOBS coffee to Dutch retailers. Similarly, in the Red Bull case, Winters had already provided its services to Red Bull and was therefore familiar with these brands. In charge of the filling of cans bearing signs resembling these trademarks, should he have reacted? The answer here is less obvious since there was no court decision finding the infringement, as in the Jakobs case. In the absence of a court decision, the intermediaries are in an unenviable situation, torn between the claims of the right holder and their contractual obligations towards the client with the risk of a potential conviction in responsibility. To avoid any eventuality, certain intermediaries use specific clauses in their general agreement allowing them, for example, to suspend their services or to abandon suspicious goods, in the absence of a reaction from the client and in the presence of a counterfeit complaint. In the case-law relating to online activities, there is a certain influence of the special system of liability set up by Directive No 2000/31. Thus, the doctrine generally agrees to consider that the responsibility of search engines cannot be bound because of the misuse of a metatag - unless informed, they do not take action. Prior to the adoption of the Belgian law of 11 March 2003, the Brussels Court of Appeal had found that a web host was liable for the presence on sites that he hosted of illegal content. The Court of Appeal held the host liable since he knew of the unlawfulness, he had not acted. As mentioned above, this reasoning is largely influenced by the system put in place by the e-commerce directive. However, these conditions are sometimes found to apply to activities that are not covered by the situations envisaged by Directive 2000/31. (V. FOSSOUL, “La responsabilité des intermédiaires en droit des marques et en droit d’auteur à la lumière de la récente jurisprudence européenne”, R.D.C., 2014, p. 473-475).


Further, under your Group's law, would it be considered obvious (in the sense of Q204P) that A’s chips would be put to one or more infringing uses and if so, why?

No

Please Explain

See our response 4.a above.
In the following hypotheticals, would party A be liable for Joint Infringement with party X? Please explain why or why not.

Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, also located in your country. A and B know that their servers exchange encrypted messages according to the patented method.

No

Please Explain

Assuming that the patent requires both sending and receiving, and that neither A nor B (or is it X?) uses or offers the entirety of the patented method, they will not commit an act of direct infringement in the sense of article XI.29, §1.b) Belgian Economic Law Code.

Typically, under Belgian law, both parties could be challenged as indirect/contributory infringers in the sense of article XI.29, §2 CEL (since the service they offer is likely to be a "means relating to an essential part of the claimed method" and they are aware of this use of the method). One might also argue that A commits a contributory infringement and that B is merely actionable as an intermediary, on the basis of Article XVII.14, §4, CEL, because its server is used by A to (indirectly) infringe the patented method (or vice versa). That may be relevant in case a direct challenge of B is undesirable.

One might then consider arguing that both A and B would have committed a general tort in the sense of article 1382 Civil Code (or an act of unfair competition). This requires proof of a fault, a damage and a causal link between the two. However, it is questionable whether A or B can be held liable under such general provision while the Belgian patent Act (article XI.29 Belgian Economic Law Code) enumerates and describes with precision the various forms of patent infringement. If certain acts, closely related to a patented invention, are not covered by this provision, it is doubtful that these very same acts (without additional circumstances) could constitute a tort pursuant to the general rule of extra-contractual liability.

Footnotes


Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, located outside your country. A and B know that their servers exchange encrypted messages according to the patented method.

No

Please Explain

Since the patented method is not used (or offered) in its entirety in Belgium, A and B (or is it X?) will not commit an act of direct infringement in the sense of article XI.29, §1.b) CEL, as that provision is limited to acts accomplished on the Belgian territory. For that same reason, A and B will not commit an act of indirect infringement (within the meaning of Art. XI.29, §2, CEL) even if one of them supplied means relating to an essential part of the claimed method in Belgium, as long as those means are not used/implemented in Belgium.

For the sake of completeness, we point out that this restriction would not apply under the UPC system.

Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. X operates server “a” outside your country, which exchanges encrypted messages with server “b” operated by Y, located in another country outside your country. A, located in your country, is a software consultant advising X and Y how to use the patented method (but A does not supply any software).

No
Please Explain

One should consider whether A is offering the patented method and is liable for direct infringement. He is liable if (i) he knew or should have known that such use of the method needed consent of the patentee and (ii) the method is used in Belgium. At least the latter condition is not met in our hypothesis, so there is again no direct infringement. Both the offer and the subsequent use need to take place in Belgium for there to be an act of patent infringement, as recently confirmed by the Belgian Constitutional Court. The Court found that this double nationality requirement for process patents does not amount to a discriminatory distinction with product patents, which are infringed as soon as the offer takes place in Belgium, irrespective of where the product is then used. The alternative infringement arguments as set out in 5.a) and 5.b) are (mutatis mutandis) inapplicable.

Footnotes


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6

Are there any other scenarios which result in Joint Liability for IPR infringement under your Group’s current law?

No

Please Explain

We have not spotted other scenarios which result in Joint Liability for IPR infringement under our Group’s current law.

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7

What remedies are available against a party found liable for Joint Infringement? In particular:

7.a

Is an injunction available?

Yes

Please Explain

As already mentioned in our response to question 2, a person, and in particular an intermediary who provides services to a direct infringer, will often be subject to an injunction (‘actionable’) without being necessarily liable in the strict meaning. Indeed, under Belgian law, an injunction is available against intermediaries that, by offering their services to direct infringers, help facilitate infringements of IPR. It is not necessary for the intermediary to commit a direct infringement and/or to be liable for damages. The only relevant element is whether the intermediary is capable of stopping the infringement, or at the least contributing thereto. Therefore, an injunction is often the primary remedy claimed by the plaintiff. This possibility follows directly from specific statutory provisions which determine that the courts which determine the existence of an infringement of IP rights can render an injunction against intermediaries whose services are being used to commit such infringement (see above, question 1). Courts have clarified that there is no “moral” requirement applicable, like being in bad faith or even having knowledge of the infringement, for these provisions to apply.

Even though they enjoy a broad protection against liability under articles XII.17-19 CEL, online intermediaries, such as ISP’s and providers of hosting services, may also be the addressees of injunctions. The ‘safe harbours’ offered by these provisions concern (criminal and civil) liability in the strict meaning, not cease and desist orders (injunctions).

Footnotes

1. In the event of an infringement of patent rights, the (President of the) Commercial Court of Brussels has exclusive jurisdiction (art. XVII.14 § 2 CEL). In copyright and related right cases, the competence sometimes belongs to the presidents of the Courts of First Instance.

Are damages or any other form of monetary compensation available?

No

Please Explain

There are no specific statutory provisions stipulating that intermediaries are liable for damages or any other form of monetary compensation. To the contrary, as mentioned above (supra, question 2), these intermediaries, insofar as they have not themselves infringed, either directly or indirectly, the IP right in question[1], are ‘actionable’ (above, under a) but not ‘liable’, which means they cannot be held to compensate the aggrieved IP right owner.

In theory, damages could well be available under the general rule of extra-contractual liability, based on article 1382 of the Belgian Civil Code[2]. This implies, however, that the IPR holder can convince the court that the intermediary has committed a fault (either voluntarily or by negligence) and that without this fault the harm or loss suffered by the right owner would not have been incurred (causal link). In such case, the intermediary would be obliged to compensate the IPR owner, and the aggrieved party would be entitled to claim the totality of such damage to the intermediary instead of the (direct) infringer (if any). However, in practice proving a fault or negligence appears very difficult[3]. One has indeed to convince the court that any diligent and cautious intermediary, placed in the same circumstances, would have behaved differently from the defendant.

Moreover statutory provisions expressly exclude the liability of certain categories of online intermediaries, namely providers of mere conduit, caching and hosting services[4]. The so-called ‘safe-harbours’ introduced by articles XII.17-19 CEL protect these intermediaries as long as they respect some conditions (including, as far as hosting services providers are concerned, acting expeditiously, upon obtaining awareness of facts or circumstances from which the illegal activity or information is apparent, to remove or to disable access to the infringing information).

But even intermediaries that do not fall under the scope of these provisions, for example transporters of infringing goods or shipping agents, are generally not found liable for damages. This is in essence due to the fact that they only have a limited involvement with the IPR infringement and/or have no actual, or even construed, knowledge of the infringing nature of the goods they transport or detain.[5]

Footnotes

1. ^ It is to be noted that while patent law provides for a specific liability in case of direct infringement – by providing knowingly, in Belgium, an essential element for the working of the invention, in Belgium, by another, the same does not exist, at least under statutory law, in case of copyright or trademark infringement. For examples of patent indirect infringement, see Court of Appeal Antwerp, 8 November 2005, Ing. Cons. 2005, 502 (Sensio); Court of First Instance Liège, 6 December 2007, Ing. Cons. 2008, 118 (Joskin agricultural machines); Commercial Court Mons, 28 June 2012 (provision of molds).

2. ^ This well-known provision states that “any act of man, which causes damages to another, shall oblige the person by whose fault it occurred to repair it”.

3. ^ Cf. for example Court of Appeal Brussels 30 April 2013, Meta Media Uitgeverij, AR 2010/AR/766 (liability of a forum administrator for hosting of pictures (no)) (available on www.darts-ip.com); President Commercial Court Brussels, 14 October 2008, IRDI 2009, 65, holding jointly liable the operator of a warehouse where infringing goods were stocked on the basis of Art. 1384 (1) of the Civil Code regarding custody of defective goods.

4. ^ Seesupra.

In theory, the remedies available to acts of Joint Liability do not differ from those available in case of direct or Contributory infringement. In both instances it is possible to obtain an injunction and damages, as well as other available remedies. [1]

However, as has already been described above, acts of Joint Liability lead most often to mere ‘actionability’, not to liability in a strict meaning. This implies that while injunctions are easily available both for direct (or Contributory) and for Joint infringement, the same cannot be said as far as damages are concerned. Given that intermediaries rarely have actual knowledge of the infringing nature of the acts where they are involved in, it shall be rather difficult for an IPR holder to obtain damages from such parties.

Footnotes

1. Such as, for example, the publication of the judgement, the seizure and/or destruction of infringing goods, etc.

II. Policy considerations and proposals for improvements of your Group’s current law

8 Are there aspects of your Group’s current law that could be improved?

No

Please Explain

We do not consider that our current legislation should be drastically modified, in particular because the CJUE case law has already provided numerous clarifications and nuances on the matter, which have allowed to better circumscribe the scope of intermediaries’ liability and safe harbours.

Some points are however subject to discussion and could therefore be further clarified, such as:

- the interaction between specific IP provisions defining direct and/or indirect infringement on IP rights and provisions of general civil and/or economic law which could apply in addition to the former provisions or, where appropriate, in the absence of such specific provisions;

- the asymmetry between patent law, which explicitly addresses the issue of indirect infringement (Article XI.29 §2 CEL), and other IP rights regulations that do not include any similar provision.

However, we do not consider that the aforementioned points alone justify the intervention of the legislator to modify Belgian statutory law. We believe that our current legislation is rather adequate and that it provides a sufficiently flexible framework. It makes it possible to obtain injunction measures relatively easily, and also offers the possibility of obtaining damages under general civil law.

9 Should acts outside the scope of direct infringement or Contributory Infringement give rise to Joint Liability for IPR infringement?

No

Please Explain

To answer this question correctly, it is first necessary to recall the scope of the term “(joint) liability” under Belgian law (see question 2): In Belgium, for a person to be held (jointly) liable of an IP right infringement (and as the case may be to be liable for damages), such person must necessarily be aware (or, considering the circumstances, should have been aware) of the infringing character of the act that he is being blamed for. Injunction measures may however be ordered against an intermediary even in the absence of constructive knowledge if said measure can contribute to stop or to limit the infringement.

In other words, in Belgium, even if an act cannot be qualified as a direct or indirect infringement and, therefore, cannot give rise to (joint) liability in the strict sense of the word, it may entail injunctions aimed at stopping or limiting the scope of an IP infringement.

We consider that our current system is satisfactory and that an act falling outside the scope of direct or indirect infringement should not necessarily give rise to (joint) liability, provided that it is possible, even in the absence of any liability in the strict sense of the word, to impose injunction measures to stop or limit the infringement.

Nevertheless, it could be appropriate to expressly include in the Belgian legislation the notion of inducement as known in the United States, which only requires (specific) knowledge (by inducement) of a direct infringement (which must actually take place), independently of the offer
or supply of means suitable to commit the considered infringement (see point 12 of the Study Guideline).

In Belgium, the notion of inducement to commit an IP right infringement is only referred to in Article XI.29 §2 CEL and hence applicable only in patent cases. Moreover, inducement is considered in the context of Contributory Infringement and comes as an exception to the rule that the provision of non-essential means, suitable to commit the infringement, shall in principle not be regarded as an infringement (in other words, provision of non-essential means is an infringement only when the provider moreover induces the infringing use of such means).

That being said, the absence of a broader, express, provision in respect of IP rights inducement is not necessarily a major issue since it should still be possible to fall back on Article 1382 of the Civil Code if the inducement, taking into account the particular circumstances of the fact, can be considered as a wrongful act (fault).

10 Should Joint Liability be excluded if one or more acts being necessary for establishing Joint Liability for IPR infringement are committed outside the domestic jurisdiction? Please explain why or why not.

No

Please Explain

The Belgian legislation is governed by the principle of territoriality, pursuant to which to qualify as indirect (infringement) and hence to give rise to (joint) liability, an act should in principle be committed on the Belgian territory.

However, in the event that it is plain that someone performed an act outside Belgium while knowing that it would contribute to the infringement of an IP right in Belgium, and did this abroad in order to circumvent the principle of territoriality, it should be possible to establish joint liability on the basis of Article 1382 of the Civil Code. Provided, however, that in such a case, a stringent knowledge, if not inducement, requirement should apply, in order to avoid that such person acting abroad could be found liable in Belgium without even knowing that what he was doing was prohibited under Belgian law.

11 Are there any other policy considerations and/or proposals for improvement to your Group’s current law falling within the scope of this Study Question?

No

Please Explain

We have nothing to add.

III. Proposals for harmonisation

Please consult with relevant in-house / industry members of your Group in responding to Part III.

12 Is a consolidated doctrine of Joint Liability for IPR infringement desirable?

Yes

Please Explain

Considering the disparities between the national law of the groups, that will probably appear from the general report, a consolidated doctrine of Joint Liability for IPR infringement is desirable. The question of Joint Liability has not been sufficiently studied under Belgian law and such consolidated doctrine should hence be particularly useful to our jurisdiction.

13 Is harmonisation of the laws of Joint Liability for IPR infringement desirable?
Yes

Please Explain

There is no doubt that harmonisation of the laws of Joint Liability for IPR infringement is desirable. It should however occur under a flexible approach and, in the interest of all undertakings, both IP rights owners and other providers of products and services, including (on-line) intermediaries.

If YES, please respond to the following questions without regard to your Group's current law.

Even if NO, please address the following questions to the extent your Group considers your Group's current law could be improved.

Please propose a suitable framework for Joint Liability for IPR infringement, focussing on the hypotheticals set out in Questions 3 to 5 above:

The acts in question are limited to activities such as renting retail space, hosting websites, advertising etc. (as further described in Question 3 (a) to (d) above)

As such activities or services allow the infringement to take place, or broaden its scope, the right holder should at least be able to obtain an injunction against the person who provides them. In addition, if the service provider has knowledge, either effective or construed, of the infringing activities, he should be held liable in the strict meaning, i.e. be under a duty to compensate for the harm suffered by the right owner, without prejudice provider's right to exercise a recourse against the direct infringer.

The means supplied or offered by the contributory infringer related to a substantial element of the subject matter of the protected IPR, but at the time of offering or supply, the suitability and intended use were not known to the supplier or obvious under the circumstances (as further described in Question 4 above)

Without (construed) knowledge there should be no liability. Such condition must be met at the time when the means in question are offered or supplied.

Injunctions (against intermediaries/contributory infringers) should nevertheless be available: see above, sub (a).

The infringing acts are divided between two parties, and the acts of each party do not qualify as direct infringement or Contributory Infringement, as further described in Question 5 (a) to (c) above.

There should be no finding of infringement if the legal criteria are not met, unless there is evidence of an organized division of activities to circumvent enforcement measures. In addition, the fact that infringing activity takes place abroad should not per se exclude a finding of infringement if it is established that the whole scheme has been set up on purpose to take advantage of the territoriality of IP rights; this is especially the case if the copied item is protected by parallel rights which are valid and enforceable in all relevant countries.

Are there any other scenarios which should result in Joint Liability for IPR infringement, and where harmonisation is desirable?

No

Please Explain
What remedies should be available against a party found liable for Joint Infringement? In particular:

6. Should an injunction be available?

Yes

Please Explain

Injunctions should be widely available in the event a party is found liable for Joint Infringement. In connection hereto, we refer firstly to our response to question 9). It is important for an IPR holder to have easy access to injunctive relief for acts of Joint Liability. Even if the involved party has no actual knowledge of the infringing nature of the acts they were involved in as an intermediary, it should still be possible for an IPR holder to obtain an injunction against this party (without however interfering with this intermediary’s non-infringing, legitimate, business).

The availability of such injunction is important because the IPR holder may sometimes experience difficulties in identifying or pursuing the parties liable for direct or Contributory infringement, for example if they are located abroad or in an online environment. In such cases, it is important that the IPR holder has access to an effective measure that can help stopping, or mitigating the scope of, the infringement. This can often be achieved through an injunctive relief measure against a (local) intermediary.

6. Should damages or any other form of monetary compensation be available?

No

Please Explain

Damages or any other form of monetary relief should not be as widely available as injunctions to IPR holders against parties found liable of Joint Infringement. No such remedy should be available as long as the party: (i) has no actual or construed knowledge of the infringing nature of the acts in which they are involved and (ii) does not induce the party committing acts of direct or contributory infringement. This exemption of liability should furthermore be made subject to the condition that once put on notice of the infringement (with sufficient details), or a fortiori following an injunction, the indirect infringer takes proper measures to cease providing the means, or services, in question to the main infringer.

6. Should any available remedies be different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?

No

Please Explain

As already explained above, the remedies should not be different in theory, but a party committing acts of Joint infringement should not be held liable for damages if the conditions described above under (b) are respected.

17 Please comment on any additional issues concerning any aspect of Joint Liability you consider relevant to this Study Question, having regard to the scope of this Study Question as set out in paragraphs 7 to 13 above.

We haven't encounter any relevant additional issues concerning any aspect of Joint Liability.
Corporate members of the Belgian group were questioned but no views were expressed on their behalf.
I. Current law and practice

Please answer all questions in Part I on the basis of your Group’s current law.

1. Are there any statutory provisions which specifically apply to Joint Liability?

Yes

Please Explain

Although the expression “joint liability” is not used, article 185 of Brazilian Industrial Property Act addresses the cases where a party has provided the infringer with elements used to violate a patent, as follows [1]:

Article 185 - Supplying a component of a patented product, or material or equipment for carrying out a patented process, provided that the final application of the component, material or equipment necessarily leads to the exploitation of the subject matter of the patent. Penalty - detention of 1 (one) to 3 (three) months or a fine.

Moreover, articles 104 and 110 of Brazilian Copyright Act [2] foresee jointly liability for copyright infringement, as well as violation of neighboring rights. These provisions are reproduced below:

Article 104 - Any person who, for the purposes of sale or the securing of direct or indirect gains, advantages or profits for himself or for another, sells, displays for sale, receives and conceals, acquires, distributes, keeps on deposit or uses as a fraudulent reproduced work or phonogram shall be jointly liable with the infringer in terms of the foregoing Articles; if the reproduction has been carried out abroad, the importer and the distributor shall answer for the infringement.

Art. 110. Owners, director, managers, agents and renters shall be jointly liable with the organizers of shows for copyright violations committed in the course of gigs and recitals held on their premises or in their establishments referred to in Article 68.
Besides such provisions, the Brazilian Civil Code \(^{[3]}\) subsidiarily applies to practices that are not listed in the Brazilian Industrial Property Act (such as indirect infringement related to trademarks and designs). Concerning joint liability, article 942 of Brazilian Civil Code says that all who contribute to cause a damage shall be jointly liable. In this sense, according article 186 of Brazilian Civil Code, a party will be liable for damages cause by their direct acts, voluntary omissions, negligence or imprudence.

Footnotes

1. \(^{[1]}\) The full text of Brazilian Industrial Property Act is available at http://www.planalto.gov.br/ccivil_03/Leis/L9279.htm, last retrieved on April 19, 2018.

2. \(^{[2]}\) The full text of Brazilian Copyright Act is available at http://www.planalto.gov.br/ccivil_03/leis/L9610.htm, last retrieved on April 19, 2018.


2 Under the case law or judicial or administrative practice in your jurisdiction, are there rules which specifically apply to Joint Liability?

Yes

Please Explain

Since Brazil is a Civil Law country, the jurisprudence of Brazilian Courts is not binding (at least, not as a rule). In this sense, jurisprudence is rather used as a guideline on how to apply statutory provisions.

That being said, there are no clear guidelines set for joint liability in case of IP infringement, although there are precedents where such joint liability was recognized in view of the circumstances of the case.

3 In the following hypotheticals, would party A be liable for Joint Infringement with party X? In each case, please explain why or why not.

3.a X sells handbags in a shop which is a small stall located in a shopping mall owned by A. The handbags infringe the registered design of Z. A knows that X (and other tenants) sells infringing goods.

Yes

Please Explain

The act of causing damage to the holders of intellectual property rights for a voluntary unlawful act to allow third parties to sell counterfeit products in their commercial establishment is liable to liability, in accordance with Article 927 of the Brazilian Civil Code. The company is co-responsible for the unlawful act carried out through the third parties who rented spaces in the commercial establishment \(^{[1]}\).

Article 931 of the Brazilian Civil Code also provides that business owners and companies respond independently to the fault caused by the products put into circulation (risk of the activity). It can be applied to commercial establishments, as in the present case. The establishment that creates conditions for the activity of selling counterfeit products, in a continuous and notorious manner, has at least “in omittendo” and “in vigilando”.

The owner of the commercial establishment who is aware of the sale of counterfeit products by his tenants and does not suppress such an attitude may be liable for the damages caused.

In this case, A is permissive with the illicit act, which results in damage to third parties, even if carried out by one of its tenants and not itself. Therefore, A may be liable for committing an unlawful act (being aware and not frustrating his property is used by some tenants for sale of counterfeit goods), causing damage to Z (holder of industrial property rights).
X sells handbags in an online shop which is hosted by a large market place platform owned by A. The handbags infringe the registered design of Z. A knows that X (and other web shop operators hosted by A’s market place platform) sells infringing goods via their respective outline shops.

Yes

Please Explain

Internet application provider is liable for content generated by third parties only if it does not take the necessary steps to remove the content after judicial injunction, as provided in Article 19 of the Brazilian Internet Law Framework (Law 12.965/2014). In this sense, Party A would only be liable for tort with party X in this scenario if, after a specific court order, it does not take the necessary arrangements for, within its scope and technical limits of its service and within the stated time limit, make the infringing content unavailable. In this case, should Party A fails to take the necessary steps to remove the content generated by third parties after receiving the injunction, may be responsible for joint liability.

The above provisions do not apply to infringements of copyright rights. As provided in Article 19, § 2 of the Brazilian Internet Law Framework, depends on specific legal provisions, which must respect the freedom of expression and other guarantees provided in Article 5 of the Federal Constitution. If the internet application provider fails to take the necessary steps to remove the content generated by third parties and identification of the perpetrator of the damage upon receiving an extrajudicial notification with indication of the illegal content and, may be jointly liable. In this case, if the internet application provider remains inert after being provoked, it cannot be held liable for damage already done, but exclusively for damages for which it has contributed to its inertia, that is to say, future damages, which arose after it was communicated.

In any case, after receiving an extrajudicial notification, the internet application provider may always by its sole discretion remove the content based on violation of Law or terms of use of the platform.

Nowadays, it is widely accepted in Brazilian courts that a functioning and effective system of notice takedown is enough good-faith evidence for the internet application provider to argue that it is not liable in any way, being the burden of the adverse party or, in this case, the IP right owner, to prove that Party A knows or should have known that IP rights are being consistently infringed in its online shop.

Footnotes

1. ^ The administrator of a popular trade center, which, as established in the analysis of the facts, by the state court of origin, allows and encourages the violation of the right of industrial property of the perpetrators by tenants of their stands and boxes, , becomes jointly responsible for the harmful damage done through the third party assignees of the premises of the establishment (STJ, Resp. 1125739/SP, Ministro Relator Sidnei Beneti, Julg, 03.03.11).

2. ^ (...) 5. On the internet application, the thesis of subjective liability, according to which the application provider becomes jointly and severally liable with the one who generated the offending content, if, upon being notified about the make arrangements for their removal. Precedents. (...) 7. With the advent of Law 12.965 / 2014, the initial term of the responsibility of the application provider was postponed in time, starting only after judicial notification of the application provider (...) (STJ, Resp. 1.642.997/RJ, Ministra Relatora Nancy Andrighi,, Julg. 12.09.17).

3. ^ §2. The implementation of the provisions of this article for infringement of copyright or related rights is subject to a specific legal provision, which must respect freedom of speech and other guarantees provided for in art. 5º of the Federal Constitution.

X sells handbags in an online shop. The handbags infringe the registered design of Z. A designed the online advertising campaign for X’s shop and books online advertising resources for X on websites and in in search engines. A knows that X sells infringing goods.
Please Explain

Those involved in misleading advertising, which leads the consumer to error either by voluntary action or inaction on the essential data of the product, may be liable if they are aware of the counterfeit product.

Specifically in relation to the contracting of sponsored link services associated with the trademarked search term, it causes damage to the owner of the trademark registration, and the act is considered a civil wrongdoing resulting in civil liability [1] for improper use of trademark.

In this way, A can be held responsible for the advertising on websites and in search engines.

Footnotes

1. INTERLOCUTORY RELIEF. Reformed refusal. Franchisor asks that e-commerce company immediately cease to make unauthorized use of the brand of its ownership. Unequivocal proof of the alleged right, founded fear of irreparable damage or difficult to repair and reversibility. Art. 273 CPC. Query to a search site that confirms that, when performing a search for a certain brand, the user is directed to the e-commerce site of the aggravated. Confusion in the consumer market. Interference over other e-commerce sites, however, depends on proof. Appeal provided in part (TJSP, AI nº 2091400-76.2014.8.26.0000, Relator Teixeira Leite, julg. 03.07.14).

For each of the hypotheticals in (a) to (c) above, does it make a difference if A merely suspects that X sells infringing goods? If yes, what is the level of "suspicion" required, and how is it demonstrated?

Yes

Hypothetical A

Please Explain

In item (a), the owner of the shopping mall may supervise the activities of its tenants. Thus, if he becomes aware of any legal infringement, he must act in such a way as to cease marketing of counterfeit products.

Yes

Hypothetical B

Please Explain

In item (b), due to the legal imposition of Brazilian Internet Law Framework, A may not merely suspects that X sells infringing goods. The acknowledgment by A is essential.

Yes

Hypothetical C

Please Explain
In item (c), it is essential A knows the infringement of intellectual property right by the online store to be liable.

4. In the following hypothetical, would party A be liable for Joint Infringement with party X? In your answer, please explain why or why not?

Z owns a patent claiming a method for addressing memory space within a memory chip which is built into telecommunication device having further features (main processor, suitable software etc.). A manufactures memory chips. The chips are objectively suitable to be used for the claimed method. A’s memory chips are distributed over multiple distribution levels to a plethora of device manufacturers. A has no knowledge of the actual end use of its memory chips.

Yes

Please Explain

Considering that the patent claims a method for addressing a memory chip (and not the memory chip itself), it should be verified if the chips made by A can only be addressed using the claimed method. If positive, and according to Articles 42 (§1) and 185 of the Brazilian Industrial Property Act, Z could enforce the patent against A (contributory infringement).

If the chips made by A can be addressed by many forms, including the claimed method but additionally by many other ways, the enforceability of the patent is considerably reduced.

Article 42 - A patent confers on its proprietor the right to prevent third parties from manufacturing, using, offering for sale, selling or importing for such purposes without his consent:

§ 1 - The patentee is further guaranteed the right to prevent third parties from contributing to the practice by other parties of the acts referred to in this article.

CRIMES AGAINST PATENTS - Article 185 - Supplying a component of a patented product, or material or equipment for carrying out a patented process, provided that the final application of the component, material or equipment necessarily leads to the exploitation of the subject matter of the patent.

4.b Further, under your Group’s law, would it be considered obvious (in the sense of Q204P) that A’s chips would be put to one or more infringing uses and if so, why?

Yes

Please Explain

Yes, it would be considered obvious but only if the chips can only be addressed using the claimed method and A knows about the patent.

5. In the following hypotheticals, would party A be liable for Joint Infringement with party X? Please explain why or why not.

Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, also located in your country. A and B know that their servers exchange encrypted messages according to the patented method.

Yes

Please Explain
In this case A and X are infringing the patent. The suit should be filed against A and X.

Further, the Brazilian Industrial Property Act does not clearly define Joint Infringement (contributory infringement is addressed in Articles 42 (§1) and 185), however, in this case, and as A and X perform the claimed method, the infringement suit should be filed by Z against A and X.

Further, and considering that the claim defines the necessity of two servers, the lawsuit should be filed on the basis of Articles 42 (§1) and 185 (contributory infringement).

Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, located outside your country. A and B know that their servers exchange encrypted messages according to the patented method.

Yes

Please Explain

In this case it is clear that company A uses the claimed method. So, Z could enforce the patent against A.

Further, there is room to enforce the patent against X, especially if X is configured to only exchange messages according to the claimed method and only with A.

Even if X is configured to exchange messages by many other forms (including the claimed method), Z would enforce the patent against X on the basis that X knows about the patent and knows about the infringement (contributory infringement – Articles 42 (§1) and 185).

If Z enforces the patent against X, it should addressed that some claimed steps (or part of the claimed steps) of the patent (and performed by X) occurs in the country of the patent. An analysis of the amount of data that flows in both countries may be made to support the lawsuit.

Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. X operates server “a” outside your country, which exchanges encrypted messages with server “b” operated by Y, located in another country outside your country. A, located in your country, is a software consultant advising X and Y how to use the patented method (but A does not supply any software).

Yes

Please Explain

The negative point for Z to suit A for contributory patent infringement is that the infringing act is occurring in a country where the patent is not filed, in other words, there is no clear infringing act in the country of Z.

If Z enforces the patent against A (based on contributory infringement), A would easily argue that they are not supplying any software and that X and Z are located in another country (although the fact that from the literal reading of Article 42, §1, is clear that A is contributing to X and Y to infringe the "patent", however, the fact that there is no patent in the country of Z considerably reduces the chances of success).

Further, it should be evaluated where the "advising" takes place, if A is advising X and Y in the country wherein the patent is filed, it might be room to enforce against A based on contributory infringement.

As X and Y are located outside the country where the patent is valid, there is no legal basis for Z to argue contributory infringement (or any kind of infringement) against X or Z.

If at least one of X or Z were located in the same country of the patent, there would be a room to enforce the patent, as addressed in the previous question.

Are there any other scenarios which result in Joint Liability for IPR infringement under your Group’s current law?

No
II. Policy considerations and proposals for improvements of your Group's current law

8 Are there aspects of your Group's current law that could be improved?

Yes

Please Explain

Yes. There are no provisions concerning indirect infringement that are aimed at trademark infringement or design infringement. That leads to a situation where in case of indirect infringement IP owners must base their claims on the Civil Code – which was not specifically designed to deal with IP. Given that there are specific provisions concerning indirect patent infringement and indirect copyright infringement, it would be highly advisable for purposes of harmonization to have specific provisions for trademarks and designs as well.

9 Should acts outside the scope of direct infringement or Contributory Infringement give rise to Joint Liability for IPR infringement?

No, there is not.
Yes

Should that sound in availability of injunctive relieve and/or damages? Please explain why or why not.

Yes, as per answer to question 8 and considering that in cases of piracy it is very hard to establish who actually practiced the acts of infringement, although it is not necessarily difficult to identify agents that are making profit of acts of infringement. That is the case, for example, of malls that are known for having shops selling counterfeited goods although the mall itself is not selling anything. For the same reason, injunctive relief and damages should be available.

No

Should Joint Liability be excluded if one or more acts being necessary for establishing Joint Liability for IPR infringement are committed outside the domestic jurisdiction? Please explain why or why not.

No, it should not. Currently, the rules concerning jurisdiction are regulated by the Brazilian Civil Procedure Code. In this sense, article 21, item I of Brazilian Civil Procedure Code establishes that Brazilian Courts shall have jurisdiction in cases where the Defendant is a Brazilian national or has domicile in Brazil – irrespective of where the infringement took place. Moreover, if the lawsuit is in any way related to consumers rights and the consumer is Brazilian, Brazil shall have jurisdiction as well in view of article 22, item II of Brazilian Civil Procedure Code[1].

Considering that these are general rules applicable to any lawsuit, change the rules only for IP could distort the system, especially considering that the current rule does not exclude the jurisdiction of other countries.

Footnotes

No

Are there any other policy considerations and/or proposals for improvement to your Group’s current law falling within the scope of this Study Question?

No further considerations.

III. Proposals for harmonisation

Please consult with relevant in-house / industry members of your Group in responding to Part III.

Yes

Is a consolidated doctrine of Joint Liability for IPR infringement desirable?

Considering the lack of specific provisions for trademark and design infringements and still the reduced number of precedents concerning Joint Liability in patent and copyright infringement cases, a consolidated doctrine of Joint Liability would be highly desirable within the framework of IPR protection.
13 Is harmonisation of the laws of Joint Liability for IPR infringement desirable?

No

Please Explain

Brazil is not behind countries that already afforded protection through Joint Liability and the Jurisprudence tends to enforce IPRs (if not based on specific provisions, at least under the umbrella of the Civil Code). We do not foresee need for harmonization though as the existing laws are not contradictory or behind a suitable framework of protection. Nonetheless, laws and regulations should be improved to create a more predictable environment and consistent jurisprudence on the matter.

If YES, please respond to the following questions without regard to your Group's current law.

Even if NO, please address the following questions to the extent your Group considers your Group's current law could be improved.

14 Please propose a suitable framework for Joint Liability for IPR infringement, focussing on the hypotheticals set out in Questions 3 to 5 above:

14.a The acts in question are limited to activities such as renting retail space, hosting websites, advertising etc. (as further described in Question 3 (a) to (d) above)

Not applicable.

14.b The means supplied or offered by the contributory infringer related to a substantial element of the subject matter of the protected IPR, but at the time of offering or supply, the suitability and intended use were not known to the supplier or obvious under the circumstances (as further described in Question 4 above)

Not applicable.

14.c The infringing acts are divided between two parties, and the acts of each party do not qualify as direct infringement or Contributory Infringement, as further described in Question 5 (a) to (c) above.

Not applicable.

15 Are there any other scenarios which should result in Joint Liability for IPR infringement, and where harmonisation is desirable?

Yes

Please Explain

Not applicable.
What remedies should be available against a party found liable for Joint Infringement? In particular:

<table>
<thead>
<tr>
<th>16.a</th>
<th>Should an injunction be available?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>Please Explain</td>
</tr>
<tr>
<td></td>
<td>Injunctive orders are already available in the Civil Procedure Code.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>16.b</th>
<th>Should damages or any other form of monetary compensation be available?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>On what basis?</td>
</tr>
<tr>
<td></td>
<td>Monetary compensation is also already foreseen in both the Brazilian IP Law and in the Civil Code.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>16.c</th>
<th>Should any available remedies be different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?</th>
</tr>
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<tbody>
<tr>
<td>Yes</td>
<td>Please Explain</td>
</tr>
<tr>
<td></td>
<td>The remedies available have a suitable scope to tackle contributory infringement.</td>
</tr>
</tbody>
</table>

Please comment on any additional issues concerning any aspect of Joint Liability you consider relevant to this Study Question, having regard to the scope of this Study Question as set out in paragraphs 7 to 13 above.

Not applicable.

Please indicate which industry sector views are included in your Group's answers to Part III.

Manufacturing.
I. Current law and practice

Please answer all questions in Part I on the basis of your Group’s current law.

1. Are there any statutory provisions which specifically apply to Joint Liability?

No

Please Explain

There are no special provisions on joint liability in IP law under Bulgarian law. Joint liability is defined by the general tort rules, which provide for joint and several liability for damages caused by several persons. Criminal law also provides for liability for different forms of joint criminal conduct.

IP statutory provisions only define direct infringement, i.e. any use of IP subject matter within the scope of the owner’s rights and without the consent of the latter. In addition, trade mark law defines contributory infringement as affixing a mark on packaging or labelling material or supplying means for reproduction of a mark, where the suitability or the intended use to infringe third party’s rights were known to the manufacturer or supplier.

It follows that the liability of a party, which does not directly engage in direct or contributory infringement, can only be sought under the general rules of tort law or criminal law. Tort liability may be sought for any negligent or wilful conduct affecting the subject-matter of other’s exclusive rights and resulting in damages to the right holder.

In addition, Article 8(3) of Directive 2009/21/EC and Article 11 of Directive 2004/48/EC require that, aside from any liability, injunctions must available against intermediaries whose services are used by a third party to infringe intellectual property rights.

2. Under the case law or judicial or administrative practice in your jurisdiction, are there rules which specifically apply to Joint Liability?

No
There are no rules which specifically apply to Joint Liability for IPR infringement under the case law or judicial or administrative practice in Bulgaria.

3. In the following hypotheticals, would party A be liable for Joint Infringement with party X? In each case, please explain why or why not.

3.a. X sells handbags in a shop which is a small stall located in a shopping mall owned by A. The handbags infringe the registered design of Z. A knows that X (and other tenants) sells infringing goods.

Yes

Please Explain

A may be held liable for infringement under the general rules of joint tortfeasorship as long as it is within the limits of the due care expected from a shopping mall owner under the circumstances to control and prevent the sale of infringing goods by its tenants. Whether this is the case must be resolved by the case law. As of yet we are unable to cite any national case law in this respect. In any event, the actual knowledge of the illegal activities carried out by X is among the prerequisites for holding A liable.

In addition, Z may be entitled for injunctive relief against A. In judgment of 7 Jul 2016, C-494/15 (Tommy Hilfiger Licensing e.a.), CJEU provides that injunctive relief must be available against the tenant of market halls who sublets the various sales points situated in those halls to market-traders, some of whom use their pitches in order to sell counterfeit branded products. Such injunctions must be effective, proportionate, and dissuasive and must not create barriers to legitimate trade.

3.b. X sells handbags in an online shop which is hosted by a large marketplace platform owned by A. The handbags infringe the registered design of Z. A knows that X (and other web shop operators hosted by A’s market place platform) sells infringing goods via their respective Outline shops.

Yes

Please Explain

The same considerations as in question 3.a apply.

In addition, the Bulgarian Electronic Commerce Act exempts from liability information society intermediaries for acts of "hosting", where such hosting providers do not have actual knowledge of the illegal activity or information or are not aware of facts or circumstances from which the illegal activity or information is apparent. It could be concluded a contrario that hosting providers should be held liable for any infringing information in the absence of these conditions. However, it is not yet confirmed by the case law whether the actual knowledge of the illegal activity or information or awareness of facts or circumstances from which the illegal activity or information is apparent will suffice to hold a hosting provider liable for the hosted content.

Z may be entitled for injunctive relief against A. In judgment of Judgment of 12 Jul 2011, C-324/09 (L’Oréal), CJEU provides that the national courts are able to order the operator of an online marketplace to take measures which contribute, not only to bringing to an end infringements of those rights by users of that marketplace, but also to preventing further infringements of that kind.

3.c. X sells handbags in an online shop. The handbags infringe the registered design of Z. A designed the online advertising campaign for X’s shop and books online advertising resources for X on websites and in search engines. A knows that X sells infringing goods.

Yes

Please Explain
A may be held jointly liable with Z for design infringement because it plays an active role in support of the infringement and has knowledge of the IPR infringement. As opposed to the role of the owner of a shopping mall or an online marketplace, which is more neutral by nature, the online advertising campaign organiser plays an active role in the infringing activity and the due care requirements are higher towards it.

3.d

For each of the hypotheticals in (a) to (c) above, does it make a difference if A merely suspects that X sells infringing goods?
If yes, what is the level of "suspicion" required, and how is it demonstrated?

3.d.i

Hypothetical A

Yes

Please Explain

A may not be held jointly liable with X in absence of actual knowledge of the infringing activity of the latter or in absence of awareness of facts or circumstances on the basis of which a diligent economic operator should have realised that X sells infringing goods. A mere suspicion (without certain proof) as opposed to actual knowledge or awareness of facts may not be sufficient to give rise to liability.

3.d.ii

Hypothetical B

Yes

Please Explain

Same as in 3.d.i, Hypothetical A.

3.d.iii

Hypothetical C

Yes

Please Explain

A plays an active role in designing the online advertising campaign for X as opposed to the role of the owner of a shopping mall or an online marketplace. It is therefore required to exercise a higher degree of due care to avoid infringing third-party rights. Nevertheless, a mere suspicion (without certain proof) as opposed to actual knowledge or awareness of facts may not be sufficient to give rise to liability.

4

In the following hypothetical, would party A be liable for Joint Infringement with party X? In your answer, please explain why or why not?

4.a

Z owns a patent claiming a method for addressing memory space within a memory chip which is built into telecommunication device having further features (main processor, suitable software etc.). A manufactures memory chips. The chips are objectively suitable to be used for the claimed method. A's memory chips are distributed over multiple distribution levels to a plethora of device manufacturers. A has no knowledge of the actual end use of its memory chips.

No

Please Explain
The Bulgarian patent statute does not explicitly recognise contributory infringement. Any possible civil liability for the described activities must be derived from the general tort law.

In absence of knowledge of the actual end use of its memory chips, A will rather not be held liable for Joint Infringement with party X. Considering that A lacks knowledge or awareness of facts of the possible infringing use of its chips, any infringement cannot be considered a direct consequence of the failure of A to exercise due care in respecting Z’s rights.

4.b
Further, under your Group’s law, would it be considered obvious (in the sense of Q204P) that A’s chips would be put to one or more infringing uses and if so, why?

No

Please Explain
Currently, there is no guidance on this possibility in Bulgarian case law.

5
In the following hypotheticals, would party A be liable for Joint Infringement with party X? Please explain why or why not.

5.a
Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, also located in your country. A and B know that their servers exchange encrypted messages according to the patented method.

Yes

Please Explain
A and B must be held jointly liable for direct infringement as the patented method is exercised as a result of their joint activity.

5.b
Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, located outside your country. A and B know that their servers exchange encrypted messages according to the patented method.

Yes

Please Explain
The location of server “b” outside the country, where the patent is pending, should not relieve B from liability as long as its conduct directly results in infringement of rights in that country.

5.c
Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. X operates server “a” outside your country, which exchanges encrypted messages with server “b” operated by Y, located in another country outside your country. A, located in your country, is a software consultant advising X and Y how to use the patented method (but A does not supply any software).

Yes

Please Explain
A can be held jointly liable with X and Y if the infringement takes place in the country where Z's patent is pending and A has actual knowledge of the infringement.

6 Are there any other scenarios which result in Joint Liability for IPR infringement under your Group's current law?

7 What remedies are available against a party found liable for Joint Infringement? In particular:

7.a Is an injunction available?
Yes
Please Explain
Injunctions are available against any activity that infringes or threatens to infringe IPRs.

7.b Are damages or any other form of monetary compensation available?
Yes
On what basis?
Damages are available on basis of the general provisions of tort law providing for joint and several liability for damages caused by several persons.

7.c Are any of the available remedies different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?
No
Please Explain

II. Policy considerations and proposals for improvements of your Group's current law

8 Are there aspects of your Group's current law that could be improved?
No
Please Explain
Determining the limits of joint liability for IPR infringement should be a matter of case law, not statutory regulation. Given the lack of case law on similar issues in our jurisdictions, we cannot suggest aspects of improvement.

9 Should acts outside the scope of direct infringement or Contributory Infringement give rise to Joint Liability for IPR infringement?
III. Proposals for harmonisation

Please consult with relevant in-house / industry members of your Group in responding to Part III.

10 Should Joint Liability be excluded if one or more acts being necessary for establishing Joint Liability for IPR infringement are committed outside the domestic jurisdiction? Please explain why or why not.

No

Please Explain

The place of committing the acts should have no bearing on the possible liability in the domestic jurisdiction as long as they directly result in infringement of rights in that jurisdiction.

11 Are there any other policy considerations and/or proposals for improvement to your Group’s current law falling within the scope of this Study Question?

No

Please Explain

III. Proposals for harmonisation

Please consult with relevant in-house / industry members of your Group in responding to Part III.

12 Is a consolidated doctrine of Joint Liability for IPR infringement desirable?

13 Is harmonisation of the laws of Joint Liability for IPR infringement desirable?

If YES, please respond to the following questions without regard to your Group’s current law.

Even if NO, please address the following questions to the extent your Group considers your Group’s current law could be improved.

14 Please propose a suitable framework for Joint Liability for IPR infringement, focussing on the hypotheticals set out in Questions 3 to 5 above:

14.a The acts in question are limited to activities such as renting retail space, hosting websites, advertising etc. (as further described in Question 3 (a) to (d) above)
4. The means supplied or offered by the contributory infringer related to a substantial element of the subject matter of the protected IPR, but at the time of offering or supply, the suitability and intended use were not known to the supplier or obvious under the circumstances (as further described in Question 4 above).

4. The infringing acts are divided between two parties, and the acts of each party do not qualify as direct infringement or Contributory Infringement, as further described in Question 5 (a) to (c) above.

15. Are there any other scenarios which should result in Joint Liability for IPR infringement, and where harmonisation is desirable?

16. What remedies should be available against a party found liable for Joint Infringement? In particular:

16.a. Should an injunction be available?

16.b. Should damages or any other form of monetary compensation be available?

16.c. Should any available remedies be different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?

17. Please comment on any additional issues concerning any aspect of Joint Liability you consider relevant to this Study Question, having regard to the scope of this Study Question as set out in paragraphs 7 to 13 above.

18. Please indicate which industry sector views are included in your Group’s answers to Part III.
Study Question

Submission date: May 10, 2018

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Joint liability for IP infringement

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I. Current law and practice

**Please answer all questions in Part I on the basis of your Group's current law.**

1. **Are there any statutory provisions which specifically apply to Joint Liability?**

   No

   Please Explain

   There are no statutory provisions in the Patent Act or Industrial Design Act that apply specifically to Joint Liability.

   The Copyright Act provides for joint and several liability in certain instances of copyright infringement. In particular, div 38.1 of the Copyright Act authorizes a copyright owner to elect statutory damages for which any one infringer is liable individually "or for which any two or more infringers are liable jointly and severally". Paragraph 2.4(1)(c) of the Copyright Act provides for joint and several liability in certain instances of telecommunication of an infringing work to the public. The Copyright Act and the Trade-marks Act also provide for joint and several liability in certain circumstances for charges relating to the detention of goods pursuant to the Customs Act that were suspected of being infringing.

2. **Under the case law or judicial or administrative practice in your jurisdiction, are there rules which specifically apply to Joint Liability?**

   Yes

   Please Explain

   In the recent case of Packers Plus v Essential Energy et al. 2017 FC 1111, a judge of the Federal Court considered a patentee's allegation that the defendant was liable for acting in concert with others to infringe a patent. The Court, in addressing this allegation,
AIPPI 2018 - Study Question - Joint liability for IP infringement

cited a UK case, Sea Shepherd UK v Fish & Fish Limited, [2015] UKSC 10 at para. 40, in support of the proposition that parties who act in concert to commit a tortious act can each be found liable if all of the parties involved arrived at an agreement to carry out the tort.

In *Sea Shepherd*, Lord Neuberger summarized the general principles of accessory liability in tort as follows:

1. First, the defendant must have assisted the commission of an act by the primary tortfeasor;
2. Secondly, the assistance must have been pursuant to a common design on the part of the defendant and the primary tortfeasor that the act be committed; and,
3. Thirdly, the act must constitute a tort as against the claimant.

The Packers Plus decision provides some support in Canada for the doctrine of infringement through acting in concert (sometimes referred to as “common design”). While this was a patent infringement action, the legal principles may apply more generally to other forms of IPR. It should be noted that the Packers Plus decision is under appeal (A-31-18) and that the scope of the doctrine of infringement by common design therefore remains unclear in Canada.

Canadian jurisprudence also recognizes joint liability for infringement by inducement. A determination of patent infringement by inducement is a question of fact, and requires satisfying each prong of a three-prong test (*Weatherford Canada Ltd et al v Corlac Inc et al*, 2011 FCA 228 at para 162):

1. The act of infringement must have been completed by the direct infringer;
2. The completion of the acts of infringement must be influenced by the acts of the alleged inducer to the point that, without the influence, direct infringement would not take place; and
3. The influence must knowingly be exercised by the inducer. That is, the inducer knows that this influence will result in the completion of the act of infringement.

In the following hypotheticals, would party A be liable for Joint Infringement with party X? In each case, please explain why or why not.

**3.a**
X sells handbags in a shop which is a small stall located in a shopping mall owned by A. The handbags infringe the registered design of Z. A knows that X (and other tenants) sells infringing goods.

No

Please Explain

A would not be liable with X for Joint Infringement. There would be no induced infringement by A because A did not influence X to the point that there would not have been infringement without A’s involvement. Additionally, there would not be infringement through acting in concert given the lack of the necessary agreement to infringe between A and X.

**3.b**
X sells handbags in an online shop which is hosted by a large marketplace platform owned by A. The handbags infringe the registered design of Z. A knows that X (and other web shop operators hosted by A’s marketplace platform) sells infringing goods via their respective outline shops.

No

Please Explain
AIPPI 2018 - Study Question - Joint liability for IP infringement

A would not be liable with X for Joint Infringement. A’s activities likely do not meet the influence requirement for infringement by inducement. It is also unlikely that A’s mere knowledge of X’s infringement and its provision of an online shop would meet the test for acting in concert. More particularly, A’s mere hosting of the platform on which X sells its handbags would not be likely to constitute an agreement with X to commit the infringing acts.

3. X sells handbags in an online shop. The handbags infringe the registered design of Z. A designed the online advertising campaign for X’s shop and books online advertising resources for X on websites and in search engines. A knows that X sells infringing goods.

Yes

Please Explain

A may be liable with X for Joint Infringement. Joint Infringement for acting in concert may arise if it is shown that A and X co-operated to a sufficient extent that they would be held to have formed an agreement to commit the infringing acts (and therefore infringed by acting in concert). Joint Liability by inducement of infringement would depend on whether or not X would have infringed in the absence of A’s activities.

3. For each of the hypotheticals in (a) to (c) above, does it make a difference if A merely suspects that X sells infringing goods? If yes, what is the level of “suspicion” required, and how is it demonstrated?

3. Hypothetical A

Yes

Please Explain

The answer to this question is unclear under Canadian law. For direct infringement, it is irrelevant whether the person knows that they are infringing an IPR. Similarly, for Joint Infringement arising by two or more parties acting in concert, it should be irrelevant whether the parties know or suspect that their activities constitute infringement. The situation may, however, be different when it comes to Joint Infringement by way of inducement. In such cases, the alleged inducer must know that the other person’s actions will constitute infringement or be willfully blind to whether or not there is infringement in order for it to be jointly liable with the direct infringer.

In Cinar Corporation v Robinson, the Supreme Court of Canada held that for a director or an officer to be held liable for a copyright infringement by a corporation, the director or officer must have committed infringements willfully and knowingly or been indifferent to the risk of infringement.

3. Hypothetical B

3. Hypothetical C

4. In the following hypothetical, would party A be liable for Joint Infringement with party X? In your answer, please explain why or why not?
4.a
Z owns a patent claiming a method for addressing memory space within a memory chip which is built into telecommunication device having further features (main processor, suitable software etc.). A manufactures memory chips. The chips are objectively suitable to be used for the claimed method. A’s memory chips are distributed over multiple distribution levels to a plethora of device manufacturers. A has no knowledge of the actual end use of its memory chips.

No

Please Explain

Party A does not appear to be liable for Joint Infringement by inducement with Party X (the direct infringer) based on the facts provided.

We have been asked to assume that the direct infringer (Party X) infringes the method claim of the patent owned by Party Z by using the memory chip manufactured by Party A. As such, the first prong of the inducement test is satisfied.

The second prong of the induced infringement test requires that the acts of direct infringement (by Party X) be influenced by the acts of the inducer (Party A) to the point that direct infringement by Party X would not have taken place without the inducement. Based on the facts provided, Party X’s direct infringement does not appear to have been influenced by Party A to such a degree that, without A’s influence, direct infringement would not have taken place. Party A’s memory chips were distributed over multiple distribution levels to a plethora of device manufacturers, and Party A had no knowledge of the actual end use of its memory chips. The hypothetical does not provide information as to whether or not Party A acted in a manner to influence Party X to infringe the method claim of Z’s patent.

The third prong of the induced infringement test requires the influence to have been exercised knowingly by the inducer (Party A). That is, the inducer Party A must have known that its influence would result in the completion of the act of infringement by Party X. The hypothetical does not provide information as to whether or not Party A knowingly influenced Party X to infringe the method claim of the patent owned by Party Z. Accordingly, without additional facts, there is insufficient information to determine if Party A knowingly exercised any influence over Party X sufficient to commit patent infringement by inducement.

4.b
Further, under your Group’s law, would it be considered obvious (in the sense of Q204P) that A’s chips would be put to one or more infringing uses and if so, why?

Yes

Please Explain

In the scenario provided, A’s chips are objectively suited to the claimed method. It also appears that A’s memory chips can be used for other purposes. As a result, without additional facts, it is difficult to determine to what extent any infringement by A’s chips would be obvious.

5
In the following hypotheticals, would party A be liable for Joint Infringement with party X? Please explain why or why not.

5.a
Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, also located in your country. A and B know that their servers exchange encrypted messages according to the patented method.

Yes

Please Explain

There is little jurisprudence on Joint Infringement and Canadian courts have not recognized contributory infringement as a cause of action. As a result, where a patented method requires multiple actors to complete an act of infringement, Canadian law provides inadequate guidance regarding whether the parties will be liable for Joint Infringement.

Based on first principles, “a person who infringes a patent is liable to the patentee and to all persons claiming under the patentee for all
Infringement has been held to mean any act that interferes with exclusive rights granted by a patent, namely the exclusive right, privilege and liberty of “making, constructing and using the invention and selling it to others to be used…”

A patented invention will be “used” if the patentee is deprived, in whole or in part, of the full enjoyment of the monopoly conferred by the patent.

In the scenario at hand, if A and X each performed all the elements of the patented method, then both A and X will be liable to Z for direct infringement of the method claims.

If neither A nor X completes all required steps of the patented method, but together these parties complete an infringing act with knowledge of their coordinated conduct, then A and X’s conduct may be viewed as infringing the patent since Z will have suffered deprivation of the full enjoyment of their monopoly. Canadian courts may draw on the general common law concept of joint tortfeasorship and the doctrine of common design as applied to patent infringement in other countries.

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5.b Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, located outside your country. A and B know that their servers exchange encrypted messages according to the patented method.

**Yes**

**Please Explain**

In the scenario at hand, if A and X each perform all elements of the patented method, then A but not X will be liable to Z for direct infringement.

Although X performed the same technical acts as A, X’s acts appear to have taken place in a foreign jurisdiction beyond the scope of the Canadian monopoly. The Federal Court of Appeal has held that the patentee’s exclusive right is limited territorially to Canada and that “[a] person who, beyond Canada, makes, constructs, uses, or sells the invention commits no breach of the Canadian patent.”

That said, Courts have held in pharmaceutical cases that a patented process carried out abroad can result in infringement where the result of the process is imported into Canada, depriving the patentee of the full enjoyment of its monopoly. As such, it is plausible that this doctrine may be applied outside the pharmaceutical context where the commercial benefit of a patented method is realized in Canada. However, to date, Canadian courts have not extended the infringement-by-importation doctrine to the scenario at hand.

If neither A nor X completes all required steps of the patented method, but together these parties complete an infringing act with knowledge of their coordinated conduct, then A and X’s conduct may be viewed as infringing the patent. Canadian courts may draw on the general common law concept of joint tortfeasorship and the doctrine of common design as applied to patent infringement in other countries.

However, although Z may have suffered an economic loss from A and X’s coordinated conduct, it is unclear whether this deprivation arose in Canada such that a domestic infringement can be concluded (for the reasons set out above).

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5.c Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. X operates server “a” outside your country, which exchanges encrypted messages with server “b” operated by Y, located in another country outside your country. A, located in your country, is a software consultant advising X and Y how to use the patented method (but A does not supply any software).

**No**

**Please Explain**
In this scenario, none of A, X or Y would be liable for infringement in Canada.

In respect of X and Y, since neither actor operates in Canada, there is insufficient nexus to Canada to cause their activities to constitute infringement of Z's Canadian patent. X and Y’s acts took place in foreign jurisdictions beyond the scope of the Canadian monopoly. The patentee’s exclusive right is limited territorially to Canada. “[A] person who, beyond Canada, makes, constructs, uses, or sells the invention commits no breach of the Canadian patent.”

Although X and Y operate outside Canada, A operates in Canada and appears to be instructing or directing X and/or Y to commit acts that come within the technical scope of the patent claims. However, since neither X nor Y is infringing the patent, A cannot be liable for inducing infringement of the patent.

**6. Are there any other scenarios which result in Joint Liability for IPR infringement under your Group’s current law?**

Yes

**Please Explain**

The Copyright Act states that only copyright owners have the right to copy or authorize the copying of their works. Authorize has been held to mean “sanction, approve and countenance”. If anyone other than the copyright owner grants or purports to grant an authorization to a third party, then they are jointly liable for infringement, even though they did not personally copy the work. [1]

In patent law, in addition to infringement by inducement, supra, Canadian courts have recognized indirect infringement in the following circumstances:

(a) if a vendor, alone or in association with another person, sells all the components of the invention to a purchaser in order that they be assembled by him; and

(b) if a vendor, knowingly and for his own ends and benefit, induces or procures the purchaser to infringe the patent.

For example, if we assume that: (i) X owns a patent claiming a method for exchanging (sending/receiving) encrypted messages; (ii) Y operates server “a” in Canada; (iii) Z operates server “b” in Canada; (iv) A provides Y and Z with the ability and instructions to use the patented encrypting method knowing that its influence will lead Y and Z to use the method; (v) Y and Z subsequently use the method to send and receive encrypted messages, then in this scenario, Y and Z have directly infringed the patent. A will also be liable for indirect patent infringement, even though it is not a direct infringer, as it had induced Y and Z to infringe the patent.

Finally, in all areas of intellectual property law, a director or officer of a company may be held personally liable for infringement if there are “circumstances from which it is reasonable to conclude that the purpose of the director or officer was not the direction of the manufacturing and selling activity of the company in the ordinary course of his relationship to it but the deliberate, wilful and knowing pursuit of a course of conduct that was likely to constitute infringement or reflected an indifference to the risk of it”. [2]

**7. What remedies are available against a party found liable for Joint Infringement? In particular:**

**7.a Is an injunction available?**

Yes

**Please Explain**

Canadian courts may enjoin a person from infringing a patent regardless of whether that person has infringed the patent directly or indirectly. In particular, the Court may make an order “restraining or enjoining the opposite party from further use, manufacture or sale of the subject-matter of the patent, and for his punishment in the event of disobedience of that order”. Injunctions may by granted on an interim, interlocutory
and/or permanent basis. The same analysis would apply to other types of IPRs.

**Are damages or any other form of monetary compensation available?**

Yes

On what basis?

The same monetary remedies that are available for indirect infringement are also available for direct infringement.

In addition, in patent law, a person who infringes a Canadian patent is liable to compensate the patentee and all persons claiming under the patentee for all damage sustained by the patentee or to elect an accounting of the infringer’s profits in some cases.

An infringer is also liable to pay reasonable compensation for infringing acts that are committed between the time when the patent application is published and when the patent is granted.

The Federal Court routinely orders damages in cases where a party has infringed or induced another party to infringe the patents at issue.

**Are any of the available remedies different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?**

Yes

Please Explain

A defendant who is liable for acting in concert would be jointly and severally liable with the entities with whom it acted in concert for all of the damage suffered by the IPR owner.

The Patent Act does not distinguish between a direct infringer’s liability and an indirect infringer’s liability, although the quantum of damages or profits attributable to different actors may of course differ based on the circumstances. Contributory infringement is not recognized under Canadian law, and hence no remedy is available for this form of arrangement.

**II. Policy considerations and proposals for improvements of your Group's current law**

**Are there aspects of your Group’s current law that could be improved?**

Yes

Please Explain

It would be helpful if the Patent Act, Industrial Design Act, Copyright Act and Trade-marks Act were amended to specify the circumstances in which Joint Liability for infringement may arise.

**Should acts outside the scope of direct infringement or Contributory Infringement give rise to Joint Liability for IPR infringement?**

Yes

Should that sound in availability of injunctive relieve and/or damages? Please explain why or why not.
There are circumstances in which parties who have not individually directly infringed an IPR should nevertheless be held liable for infringement. The available remedies should be the same as for direct infringement.

10. Should Joint Liability be excluded if one or more acts being necessary for establishing Joint Liability for IPR infringement are committed outside the domestic jurisdiction? Please explain why or why not.

Yes

Please Explain

If a first person induces a second person to commit acts that the first person knows will take place in Canada, and if the second person’s acts constitute direct infringement of a Canadian IPR, then there are no policy considerations that would militate against a finding of Joint Liability for infringement. Similarly, an agreement among a group of defendants to commit acts that would infringe a Canadian IPR are as deserving of condemnation when that agreement is made, in whole or in part, outside of Canada as when it is made in Canada. In each case, the defendants are deliberately targeting the Canadian marketplace with a view to profiting from their activities.

11. Are there any other policy considerations and/or proposals for improvement to your Group’s current law falling within the scope of this Study Question?

Yes

Please Explain

There is a need for a clear set of criteria, either in statute or the case law, to determine if and when infringement will have occurred.

III. Proposals for harmonisation

Please consult with relevant in-house / industry members of your Group in responding to Part III.

12. Is a consolidated doctrine of Joint Liability for IPR infringement desirable?

Yes

Please Explain

We think it would be helpful if the Patent Act, Industrial Design Act, Copyright Act and Trade-marks Act were amended to specify the circumstances in which Joint Liability for infringement may arise. This would ensure that the law is applied in a clear and consistent manner. Liability should not depend on the jurisdiction in which the act of infringement arose, or the court in which the cause of action was asserted. There is a possibility that liability for causes of action at common law (e.g., trade secrets) may vary from one province to another. However, Courts should apply principles of comity to minimize these deviations.

13. Is harmonisation of the laws of Joint Liability for IPR infringement desirable?

Yes

Please Explain

The Group believes that harmonisation of IPR infringement is desirable, but difficult to achieve across sovereign nations.
If YES, please respond to the following questions without regard to your Group's current law.

Even if NO, please address the following questions to the extent your Group considers your Group's current law could be improved.

14 Please propose a suitable framework for Joint Liability for IPR infringement, focusing on the hypotheticals set out in Questions 3 to 5 above:

The Committee believes that the principles developed by the US Court of Appeals for the Federal Circuit (on remand from the Supreme Court) in Akamai Techs., Inc. v. Limelight Networks, Inc. 797 F.3d 1020 would be a useful legal framework. In particular, where more than one actor is involved in practicing the steps, a court must determine whether the acts of one are attributable to the other such that a single entity is responsible for the infringement. The Courts should hold an entity responsible for others' performance of method steps in two sets of circumstances:

1. where that entity directs or controls others' performance, and
2. where the actors form a joint enterprise. Liability may also be found when an alleged infringer conditions participation in an activity or receipt of a benefit upon performance of a step or steps of a patented method and establishes the manner or timing of that performance. In those instances, the third party's actions are attributed to the alleged infringer such that the alleged infringer becomes the single actor chargeable with direct infringement. Alternatively, where two or more actors form a joint enterprise, all can be charged with the acts of the other, rendering each liable for the steps performed by the other as if each is a single actor. A joint enterprise requires proof of four elements: (1) an agreement, express or implied, among the members of the group; (2) a common purpose to be carried out by the group; (3) a community of pecuniary interest in that purpose, among the members; and (4) an equal right to a voice in the direction of the enterprise, which gives an equal right of control. As with direction or control, whether actors entered into a joint enterprise is a question of fact.

15 Are there any other scenarios which should result in Joint Liability for IPR infringement, and where harmonisation is desirable?

Yes

Please Explain
This should be a question of fact in each case. The Court should have discretion to consider a range of factors in determining whether joint liability exists. Any statutory language should be permissive and not mandatory.

### 16. What remedies should be available against a party found liable for Joint Infringement? In particular:

#### 6a. Should an injunction be available?

Yes

Please Explain

The Court should have discretion to grant interim, interlocutory and permanent injunctions in appropriate cases.

#### 6b. Should damages or any other form of monetary compensation be available?

Yes

On what basis?

The Court should be able to award damages in appropriate cases. The Court should have a common law or statutory discretion to award damages on a joint and several basis, but this should not be the general rule in all cases. Parties who only played a small role in an overall act of infringement should not be held jointly and severally liable for the total loss, as this could be unfair to parties with deep pockets.

#### 6c. Should any available remedies be different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?

Yes

Please Explain

In principle, the same remedies should be available for all types of infringement, but this should be a fact-specific exercise. The Court should have the discretion to ensure that remedies are not unfair, e.g., no disgorgement of a joint infringer’s profits for *de minimis* or unintentional acts.

### 17. Please comment on any additional issues concerning any aspect of Joint Liability you consider relevant to this Study Question, having regard to the scope of this Study Question as set out in paragraphs 7 to 13 above.

N/A

### 18. Please indicate which industry sector views are included in your Group’s answers to Part III.

The Group includes lawyers and agents who practice in all areas of IP law and represent the following industries, *inter alia*: pharmaceuticals, biotechnology, chemical, high technology, medical devices, and oil and gas.
I. Current law and practice

Please answer all questions in Part I on the basis of your Group’s current law.

1. Are there any statutory provisions which specifically apply to Joint Liability?

No

Please Explain

Chilean law does not explicitly include any Joint Liability cases regarding infringement of IPR, except for the responsibility for Internet Service Providers (ISP), in which specific exceptions are made through which the ISP can avoid liability. Even more, Chilean statute does not consider any cases of Contributory Infringement. Hence, every infringement to IP rights must be either direct or indirect infringements.

Nevertheless, both the Industrial Property Act and the Copyright Act contain certain provisions that could be considered relevant to this issue.

Article 84 of the Chilean Copyright Act establishes cases of indirect infringement of copyright, when a Party not authorized by the author and knowing or having to know that will induce, allow, support or hide an infringement of IP rights performs a series of actions related to the commercialization of protected works with fake or adulterated copyright management information.

On the other hand, the Industrial Property Act expressly states in its Article 109 that individuals who have marketed goods that infringe an industrial property right shall not be liable for damages unless those same persons have manufactured, produced or have marketed them in the knowledge that they were committing an infringement of an industrial property right.

Under these circumstances, Chilean law does not contemplate a scenario of Joint Liability, in which the basic requirements (supply of a substantial element of the subject matter of the protected IPR plus knowledge or obvious suitability for the infringement) can give rise to Joint Liability for IPR infringement.

2. Under the case law or judicial or administrative practice in your jurisdiction, are there rules which specifically apply to Joint Liability?

No

Please Explain

Under the case law or judicial or administrative practice in your jurisdiction, there are no rules which specifically apply to Joint Liability.
As stated in the previous question, Chilean law does not include cases of Joint Liability as described in this report. This is confirmed by the judicial practice, as there are no cases, of which we are aware, in which Joint Liability has been considered.

Nevertheless, the Industrial Property Act in its Article 110 contains a special rule that could be considered as the closest disposition in case of infringement committed by several parties. The articles establish that the judge hearing the case shall be empowered to order the infringer in the decision to provide any information in his possession on the persons who have participated in the production or preparation of the goods or procedures involved in the infringement and regarding the distribution channels of said goods.

Although this article does not establish a rule for the cases of Joint Liability, it is the only disposition of the Industrial Property Act that considers the possibility that the infringer is not acting alone.

Also, the draft of the article is vague in the sense that it does not precise what could be considered as the “procedures involved in the infringement”, and it does not establish any sanction if the infringer refuses to give the mentioned information. It does not mention any sanction for the eventual another involved person; it does not give them the qualification of infringer either.

In consequence, even when the disposition of Article 110 could, in some way, be considered as the vehicle for Joint Liability cases through the judicial practice, it does not have the required elements to actually be a said vehicle.

In the following hypotheticals, would party A be liable for Joint Infringement with party X? In each case, please explain why or why not.

3. X sells handbags in a shop which is a small stall located in a shopping mall owned by A. The handbags infringe the registered design of Z. A knows that X (and other tenants) sells infringing goods.

No

Please Explain

Under local civil law A would not be liable for Joint Infringement with party X, as mere knowledge of the sale of illegal goods would raise liability, unless it is proven that he actively participated in the distribution channels, as stated in Article 110 of the Industrial Property Act.

3. X sells handbags in an online shop which is hosted by a large market place platform owned by A. The handbags infringe the registered design of Z. A knows that X (and other web shop operators hosted by A’s market place platform) sells infringing goods via their respective outline shops.

No

Please Explain

Under local civil law, A would not be liable for Joint Infringement, unless A is actively selling the infringing goods through his website, rather than simply tolerating the selling made by third parties.

3. X sells handbags in an online shop. The handbags infringe the registered design of Z. A designed the online advertising campaign for X’s shop and books online advertising resources for X on websites and in search engines. A knows that X sells infringing goods.

No

Please Explain

Under local civil law, A would not be liable for Joint Infringement, as it is clearly stated in Article 109 of Chilean Industrial Property Act that...
individuals who have marketed goods that infringe an industrial property right shall not be liable for damages unless those same persons have manufactured or produced them or have marketed them in the knowledge that they were committing an infringement of an industrial property right. Here the term “marketed” is referring to offering for sale, which is a different from providing advertising services, as individual A, would not be considered to be offering these counterfeit products himself.

3.d

For each of the hypotheticals in (a) to (c) above, does it make a difference if A merely suspects that X sells infringing goods? If yes, what is the level of “suspicion” required, and how is it demonstrated?

Hypothetical A

No

Please Explain

If A merely suspects that X sells infringing goods, this would not affect his liability, as in those cases even the fact of “knowing” that X sells infringing goods is not enough to make him immediately liable.

Hypothetical B

No

Please Explain

If A merely suspects that X sells infringing goods, this would not affect his liability, as in those cases even the fact of “knowing” that X sells infringing goods is not enough to make him immediately liable.

Hypothetical C

No

Please Explain

If A merely suspects that X sells infringing goods, this would not affect his liability, as in those cases even the fact of “knowing” that X sells infringing goods is not enough to make him immediately liable.

4

In the following hypothetical, would party A be liable for Joint Infringement with party X? In your answer, please explain why or why not?

Z owns a patent claiming a method for addressing memory space within a memory chip which is built into telecommunication device having further features (main processor, suitable software etc.). A manufactures memory chips. The chips are objectively suitable to be used for the claimed method. A’s memory chips are distributed over multiple distribution levels to a plethora of device manufacturers. A has no knowledge of the actual end use of its memory chips.

No

Please Explain

Under local civil law A would not be liable for Joint Infringement, as A is simply a manufacturer of a tool that may be used to potentially...
infringe a patent, and Chilean law does not contemplate a scenario of Joint Liability, in which the basic requirements, supply of a substantial element of the subject matter of the protected IPR plus knowledge or obvious suitability for the infringement, are met.

Further, under your Group’s law, would it be considered obvious (in the sense of Q204P) that A’s chips would be put to one or more infringing uses and if so, why?

No, under our Group’s law it would not be considered obvious.

Further, under your Group’s law, would it be considered obvious (in the sense of Q204P) that A’s chips would be put to one or more infringing uses and if so, why?

No

Please Explain

No, under our Group’s law it would not be considered obvious.

In the following hypotheticals, would party A be liable for Joint Infringement with party X? Please explain why or why not.

Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, also located in your country. A and B know that their servers exchange encrypted messages according to the patented method.

No

Please Explain

Under local civil law A would not be liable for Joint Infringement with party X, assuming that it is third parties, though their servers, which are actively using the patented method to exchange messages. In other words, the mere knowledge that through their servers a patented method is being infringed does not result in liability, in terms of patent infringement. This answer would be different in relation to copyright infringement, given the express norms regarding Internet Service Providers liability.

Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, located outside your country. A and B know that their servers exchange encrypted messages according to the patented method.

No

Please Explain

No, under local civil law A would not be liable for Joint Infringement, for the same reasons explained above.

Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. X operates server “a” outside your country, which exchanges encrypted messages with server “b” operated by Y, located in another country outside your country. A, located in your country, is a software consultant advising X and Y how to use the patented method (but A does not supply any software).

No

Please Explain
No, under local civil law A would not be liable for Joint Infringement, for the same reasons explained above.

Are there any other scenarios which result in Joint Liability for IPR infringement under your Group’s current law?

Yes

Please Explain

The closest scenario is the express liability and exceptions for Internet Service Providers, in Chilean Copyright law. ISPs are exempt from liability if they remove infringing content as soon as they learn of its existence, among other requirements, and are considered to know that such content is being transmitted or hosted in their systems only after having received legal notice.

What remedies are available against a party found liable for Joint Infringement? In particular:

Is an injunction available?

Yes

Please Explain

Assuming that a party, in practice, is being considered jointly liable, injunctions are available in order to prevent further infringement.

Are damages or any other form of monetary compensation available?

Yes

On what basis?

Assuming that a party, in practice, is being considered liable, damages are considered in these three scenarios:

(i) the profits that the rights holder would have ceased to earn as a consequence of the infringement;
(ii) the profits that the infringer would have earned as a consequence of the infringement;
(iii) the price that the infringer would have paid to the rights holder for the granting of a license, taking into account the commercial value of the infringed right and contractual licenses that have already been granted.

Are any of the available remedies different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?

Yes

Please Explain

In addition to the above, Industrial Property Act in its Article 110 establishes that the judge hearing the case shall be empowered to order the infringer in the decision to provide any information in his possession on the persons who have participated in the production or preparation of the goods or procedures involved in the infringement and regarding the distribution channels of said goods.

II. Policy considerations and proposals for improvements of your Group's current law
III. Proposals for harmonisation

Please consult with relevant in-house / industry members of your Group in responding to Part III.

12 Is a consolidated doctrine of Joint Liability for IPR infringement desirable?

No

Please Explain

No. Considering the different nature and extent of the different IP rights, it would be difficult to propose a consolidated doctrine of Joint Liability.
13. Is harmonisation of the laws of Joint Liability for IPR infringement desirable?

No

Please Explain

*If YES, please respond to the following questions without regard to your Group’s current law.*

*Even if NO, please address the following questions to the extent your Group considers your Group’s current law could be improved.*

14. Please propose a suitable framework for Joint Liability for IPR infringement, focussing on the hypotheticals set out in Questions 3 to 5 above:

14.a. The acts in question are limited to activities such as renting retail space, hosting websites, advertising etc. (as further described in Question 3 (a) to (d) above)

We believe that the current law is sufficient.

14.b. The means supplied or offered by the contributory infringer related to a substantial element of the subject matter of the protected IPR, but at the time of offering or supply, the suitability and intended use were not known to the supplier or obvious under the circumstances (as further described in Question 4 above)

We believe that the current law is sufficient.

14.c. The infringing acts are divided between two parties, and the acts of each party do not qualify as direct infringement or Contributory Infringement, as further described in Question 5 (a) to (c) above.

We believe that the current law is sufficient.

15. Are there any other scenarios which should result in Joint Liability for IPR infringement, and where harmonisation is desirable?

Yes

Please Explain

Liability of Internet Service Providers (ISP) should be an area in which there should be further harmonization, as in some jurisdictions, limitation of liability is given by the ISP’s knowledge of the infringement made through a judicial notice, wherein other jurisdictions ISPs are notified privately by the IPR holder.

16. What remedies should be available against a party found liable for Joint Infringement? In particular:
Should an injunction be available?

Yes

Please Explain

Assuming that a party, in practice, is being considered jointly liable, the injunction should be available in order to prevent further infringement.

Should damages or any other form of monetary compensation be available?

Yes

On what basis?

Assuming that a party, in practice, is being considered jointly liable, damages should be considered in these three scenarios:

(i) the profits that the rights holder would have ceased to earn as a consequence of the infringement;
(ii) the profits that the infringer would have earned as a consequence of the infringement;
(iii) the price that the infringer would have paid to the rights holder for the granting of a license, taking into account the commercial value of the infringed right and contractual licenses that have already been granted.

Should any available remedies be different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?

No

Please Explain

No, if the level of liability attributed to that party is similar to that involved in acts of Director Contributory Infringement

Please comment on any additional issues concerning any aspect of Joint Liability you consider relevant to this Study Question, having regard to the scope of this Study Question as set out in paragraphs 7 to 13 above.

Please indicate which industry sector views are included in your Group’s answers to Part III.

These answers have taken the views of private practitioners and feedback mostly from the pharmaceutical sector.
I. Current law and practice

Please answer all questions in Part I on the basis of your Group's current law.

1. Are there any statutory provisions which specifically apply to Joint Liability?

Yes

Please Explain

Joint liability is stipulated in General Provisions of the Civil Law, Tort Law and some department laws. Tort Law stipulates that the one who abets or assists others to commit a tort, or two or more persons with joint fault jointly commit a tort are liable jointly and severally. Under the framework of Tort Law, more specific rules are stipulated in some department laws. For example, Trademark Law stipulates that the one who intentionally provides convenience for someone who infringes other's trademark, thus assisting said trademark infringing act, is liable jointly and severally. In Copyright Law, for the right of information network dissemination, if a network service provider knows that a network user uses network service to commit infringing act but does not take necessary measures, the network service provider and the network user bear joint liability.

2. Under the case law or judicial or administrative practice in your jurisdiction, are there rules which specifically apply to Joint Liability?

Yes

Please Explain

With regard to joint liability in intellectual property infringement, more specific rules are formed in judicial practice. In patent aspect, there formed the criterion of "with substantial meaning" and "without other substantial non-infringement usage", i.e. if one
knows some product is special for implementing a patent and provides, without authorization, said special product for the purpose of production and operation for other(s) who actually commits patent infringing act, the providing act constitutes contributory infringement, the providing party and said other(s) bear joint liability.

In trademark aspect, with regard to the determination of the internet presence provider's liability, the provider is usually not deemed to be obliged to pre-check the legality of transaction information or transaction behaviour. However, if the provider intentionally induces or encourages online seller to infringe a trademark, or knows some seller uses network service to infringe other's trademark but does not take necessary measures, the provider and the online seller bear joint liability.

In copyright aspect, an act of providing works, performance and audio-video product without authorization constitutes infringement of the right of information network dissemination, if said act is carried out by parties cooperating with each other, which means each alleged infringer or the alleged infringer and others have joint subjective meaning contact to provide works, performance and audio-video product, and actually commit corresponding act to fulfill said subjective meaning contact. The infringers shall bear joint liability.

3 In the following hypotheticals, would party A be liable for Joint Infringement with party X? In each case, please explain why or why not.

3.a X sells handbags in a shop which is a small stall located in a shopping mall owned by A. The handbags infringe the registered design of Z. A knows that X (and other tenants) sells infringing goods.

Yes

Please Explain

According to Chinese judicial practice, if A is only the proprietor of the building where the shopping mall locates, instead of the actual operator of the mall, then A is not liable for infringement. If A is the actual operator, and A knows infringement exists, but still provides X with place of business, A's act constitutes contributory infringement, and A and X shall bear joint liability for design patent infringement.

3.b X sells handbags in an online shop which is hosted by a large market place platform owned by A. The handbags infringe the registered design of Z. A knows that X (and other web shop operators hosted by A's market place platform) sells infringing goods via their respective outline shops.

Yes

Please Explain

As the operator of online shop, A knows infringement exists, but still provide X with business channel, A's act constitutes contributory infringement, and A and X shall bear joint liability for design patent infringement.

3.c X sells handbags in an online shop. The handbags infringe the registered design of Z. A designed the online advertising campaign for X's shop and books online advertising resources for X on websites and in in search engines. A knows that X sells infringing goods.

No

Please Explain

A's act does not reach the extent of providing substantive assistance, therefore, A's act does not constitute contributory infringement.

3.d For each of the hypotheticals in (a) to (c) above, does it make a difference if A merely suspects that X sells infringing goods? If yes, what is the level of "suspicion" required, and how is it demonstrated?
### Hypothetical A

**Yes**

**Please Explain**

When determining whether A’s act constitutes infringement, A’s subjective fault is an important factor. If A doesn’t know that X sells infringing goods and there is no reasonable ground that A should know that X sells infringing goods, A is not liable for joint infringement. In Chinese legal system and practice, operators of marketplace usually are not obliged to check if there are infringing goods on sale, especially goods that might infringe somebody’s patent right, so the level of “suspicion” is not a factor to be considered. But if the right holder has sent a warning letter to a marketplace, informing that some specific seller sells infringing goods, the operator will be deemed as knowing that there is infringing act in the market.

### Hypothetical B

**Yes**

**Please Explain**

When determining whether A’s act constitutes infringement, A’s subjective fault is an important factor. If A doesn’t know that X sells infringing goods and there is no reasonable ground that A should know that X sells infringing goods, A is not liable for joint infringement. In Chinese legal system and practice, operators of online platform usually are not obliged to check if there are infringing goods on sale, especially goods that might infringe somebody’s patent right, so the level of “suspicion” is not a factor to be considered. But if the right holder has sent a warning letter to a online platform, informing that some specific seller sells infringing goods, the operator will be deemed as knowing that there is infringing act in the market or online platform.

### Hypothetical C

**No**

**Please Explain**

A’s act does not reach the extent of providing substantive assistance, therefore, A’s act does not constitute contributory infringement, regardless of the level of “suspicion”.

### In the following hypothetical, would party A be liable for Joint Infringement with party X? In your answer, please explain why or why not?

#### 4.a

Z owns a patent claiming a method for addressing memory space within a memory chip which is built into telecommunication device having further features (main processor, suitable software etc.). A manufactures memory chips. The chips are objectively suitable to be used for the claimed method. A’s memory chips are distributed over multiple distribution levels to a plethora of device manufacturers. A has no knowledge of the actual end use of its memory chips.

**No**

**Please Explain**

According to Article 21 of Interpretation on Several Issues Concerning the Application of Law in the Adjudication of Patent Infringement Dispute Cases by the Supreme People's Court (II), the constitution of patent infringement requires the raw material, equipment, part, intermediate, etc., to be exclusively for the implementation of a patent. Further, reference to Guidelines for Patent Infringement Determination (2017) Beijing High People's Court, "exclusively"mentioned in the Interpretation shall be determined by the criteria whether the material, product, part, etc., has substantial meaning for implementing the technical solution of the patent in suit and has substantial non-infringing use,
that is, if the corresponding material, product, part, etc., is indispensable for implementing the technical solution of the patent in suit and does not have another substantial non-infringing use except being used in the patent in suit, the material, product, part, etc. shall be determined as "exclusively" in general.

Therefore, given that the memory chip has other usages besides implementing the method of addressing memory space protected in the patent, it should not be determined as an exclusive part. In this way, party A won't infringe the patent right and thus would not be liable for joint infringement with party X.

4.b

Further, under your Group's law, would it be considered obvious (in the sense of Q204P) that A's chips would be put to one or more infringing uses and if so, why?

No

Please Explain

As the memory chips are distributed over multiple distribution levels and it is unlikely that A has knowledge of the infringing use of its memory chips, it would not be considered obvious that A's chips would be put to one or more infringing uses.

5

In the following hypotheticals, would party A be liable for Joint Infringement with party X? Please explain why or why not.

5.a

Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, also located in your country. A and B know that their servers exchange encrypted messages according to the patented method.

Yes

Please Explain

According to Guidelines for Patent Infringement Determination (2017) Beijing High People’s Court, the implementation of patent infringement with conspiracy or with division of labor and cooperation of two or more parties constitutes joint infringement. Therefore, given that A and B have the conspiracy for patent infringement and committed patent infringement based on this conspiracy, the operations of A and X constitute patent infringement, and hence party A is liable for Joint Infringement with party X.

Please noted that, in IWNCOMM Vs. Sony case, both the trial court and appellate court held that the R&D testing activity in which one party carries out all steps of a patented method by itself, constitute patent infringement.

5.b

Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, located outside your country. A and B know that their servers exchange encrypted messages according to the patented method.

No

Please Explain

There's no clear rule or regulation governing this specific scenario in China. In general China holds a conservative opinion regarding patent infringement where part of the infringement activity takes place outside China.

5.c

Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. X operates server “a” outside your country, which exchanges encrypted messages with server “b” operated by Y, located in another country outside your country. A, located in your country, is a software consultant advising X and Y how to use the patented method (but A does not supply any software).
There's no clear rule or regulation governing this specific scenario in China. In general China holds a conservative opinion regarding patent infringement where part of the infringement activity takes place outside China.

6. Are there any other scenarios which result in Joint Liability for IPR infringement under your Group's current law?

No

7. What remedies are available against a party found liable for Joint Infringement? In particular:

7.a. Is an injunction available?

Yes

7.b. Are damages or any other form of monetary compensation available?

Yes

On what basis?

Damages are determined on basis of the actual losses of the patentee caused by the infringement.

Legal basis:

Article 65 of Chinese Patent Law prescribes that the amount of compensation for patent right infringement shall be determined according to the actual losses of the patentee caused by the infringement. If the actual losses cannot be easily determined, the compensation amount may be determined according to the benefit acquired by the infringer through the infringement. If the losses of the patentee or the benefit of the infringer cannot be easily determined, the compensation amount may be determined reasonably by referring to the times of the royalties of that patent. The amount of compensation shall include the reasonable expenditures paid by the patentee for preventing the infringement act.

If the losses of the patentee, gains of the infringer, or royalties of the patent cannot be easily determined, the people's court may, on the basis of the factors such as the type of patent right, nature of the infringement, and severity of the case, determine the amount of compensation within the range from RMB 10,000 to RMB 1,000,000.

Article 16 of the Opinions of the Supreme People's Court on Certain Issues Towards Ensuring that Trial of Intellectual Property Rights Cases Serve the Overall Interests of China in the Current Economic Situation prescribes that where the exact amount of the damage caused by the infringement or profits generated by such infringement is difficult to prove, but there is competent evidence shows that the aforementioned amount is apparently higher than the maximum compensation amount as provided by law, the court shall, on the basis of a comprehensive consideration of all evidence in the case, determine a compensation amount in excess of said maximum amount.
II. Policy considerations and proposals for improvements of your Group's current law

8. Are there aspects of your Group's current law that could be improved?

Yes

Please Explain

I. Amendments to the Patent Law under discussion: Draft of Revised Chinese Patent Law

i. Newly added Article 62 clarifies the liability for indirect infringement.

Article 62 (Newly added)

Where a party that knows that a product is a raw material, intermediate item, part or equipment exclusively used for exploiting a patent, without the authorization of the patentee, provides the product to help others to conduct the act of patent infringement for production and business purpose, it shall be liable for joint infringement with the infringer.

Where a party that knows that a product or a method belongs to a patented product or method, without the authorization of the patentee, induces others to conduct the act of patent infringement for production or business purpose, it shall be liable for joint infringement with the infringer.

ii. Newly added Article 63 clarifies the liability for indirect infringement.

Article 63 (Newly added)

Where an internet service provider that knows or should know that an internet user is infringing or counterfeiting a patent by using the internet services it provides but fails to take necessary measures in a timely manner to stop the infringement by deleting, blocking, unlinking the URL address of the infringing products and so on, it shall be liable for joint infringement with the internet user.

If a patentee or an interested person can prove that an internet user is infringing or counterfeiting the patent right by using the internet services, it may notify the internet service provider to stop the infringement by taking necessary measures described in the preceding paragraph. If the internet service provider fails to take necessary measures in a timely manner upon receiving valid and qualified notice, it shall be liable for joint infringement with the internet user for the extended loss incurred after the notice.

If the patent administration department affirms that the internet service provider infringes or counterfeits the patent right by using the internet services, it shall notify the internet service provider to stop the infringement by taking necessary measures described in the first paragraph. If the internet service provider fails to take necessary measures in a timely manner, it shall be liable for joint infringement with the internet user for the extended loss incurred after the notice.

II. Proposals for Improvements

i. We suggest introduction of provisions on the joint infringement of detachable product (e.g., separately manufactured product parts) / separable method (e.g., separately carrying out respective steps) patents directly participated and separately implemented by multiple parties.

ii. We suggest considering the independent liability of patent indirect infringement.

iii. We suggest adding provisions on infringement liability of shopping market (such as Silk Street) in the light of Article 63 of the revised draft of the Patent Law (draft for review) regarding infringement liability of internet platform providers.

9. Should acts outside the scope of direct infringement or Contributory Infringement give rise to Joint Liability for IPR infringement?

Yes
III. Proposals for harmonisation

Please consult with relevant in-house / industry members of your Group in responding to Part III.

10 Should Joint Liability be excluded if one or more acts being necessary for establishing Joint Liability for IPR infringement are committed outside the domestic jurisdiction? Please explain why or why not.

No

Please Explain

Theoretically, this is in line with the provisions of the Tort Liability Law on joint liability and the judicial spirit of strengthening the protection of rights holders.

However, China is relatively cautious about the liability of IPR infringement committed outside China.

11 Are there any other policy considerations and/or proposals for improvement to your Group’s current law falling within the scope of this Study Question?

No

Please Explain

III. Proposals for harmonisation

Please consult with relevant in-house / industry members of your Group in responding to Part III.

12 Is a consolidated doctrine of Joint Liability for IPR infringement desirable?

Yes

Please Explain

13 Is harmonisation of the laws of Joint Liability for IPR infringement desirable?

Yes

Please Explain

If YES, please respond to the following questions without regard to your Group’s current law.

Even if NO, please address the following questions to the extent your Group considers your Group’s current law could be improved.
14 Please propose a suitable framework for Joint Liability for IPR infringement, focussing on the hypotheticals set out in Questions 3 to 5 above:

14.a The acts in question are limited to activities such as renting retail space, hosting websites, advertising etc. (as further described in Question 3 (a) to (d) above)

Liability for Indirect Infringement or joint infringement shall presuppose that an act of infringement is actually committed by another. For establishing liability of indirect infringement, the following requirements need to be met: i) the existence of direct infringement act; ii) the indirect infringer has subjective fault; iii) there is a causal relationship between the act of indirect infringer and the result of infringement.

For indirect infringers that collaborate in patent infringement, each infringer should take the liability in accordance with his role in the infringement. For inducement infringement, the inducer and the direct infringer should take joint liability.

14.b The means supplied or offered by the contributory infringer related to a substantial element of the subject matter of the protected IPR, but at the time of offering or supply, the suitability and intended use were not known to the supplier or obvious under the circumstances (as further described in Question 4 above)

In this scenario, the supplier has no subjective fault and therefore shall not be held liable for the infringement.

14.c The infringing acts are divided between two parties, and the acts of each party do not qualify as direct infringement or Contributory Infringement, as further described in Question 5 (a) to (c) above.

Liability for Indirect Infringement or joint infringement shall presuppose that an act of infringement is actually committed by another. For establishing liability of indirect infringement, the following requirements need to be met: i) the existence of direct infringement act; ii) the indirect infringer has subjective fault; iii) there is a causal relationship between the act of indirect infringer and the result of infringement.

For indirect infringers that collaborate in patent infringement, each infringer should take the liability in accordance with his role in the infringement. For inducement infringement, the inducer and the direct infringer should take joint liability.

15 Are there any other scenarios which should result in Joint Liability for IPR infringement, and where harmonisation is desirable?

No

Please Explain

16 What remedies should be available against a party found liable for Joint Infringement? In particular:

16.a Should an injunction be available?

Yes

Please Explain
Should damages or any other form of monetary compensation be available?

Yes

On what basis?

Damages or other form of monetary compensation should be available, and usually the calculation of damages should be based on the loss of the rights holders.

Should any available remedies be different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?

No

Please Explain

Please comment on any additional issues concerning any aspect of Joint Liability you consider relevant to this Study Question, having regard to the scope of this Study Question as set out in paragraphs 7 to 13 above.

No further comment.

Please indicate which industry sector views are included in your Group’s answers to Part III.

Chemical industry, Biotechnology, Mechanics, Communication technology, Electronics, Trademark, Copyright.
I. Current law and practice

Please answer all questions in Part I on the basis of your Group’s current law.

1. Are there any statutory provisions which specifically apply to Joint Liability?

No

Please Explain

Introductory remarks

Reference should be made to AIPPI 2010 Question Q204P submitted by the Danish Group, where the group outlines the general principles of co-actor liability acts.

According to these principles, it is generally accepted that a person can incur co-actor liability for infringement in accordance with the general principles of co-actor liability acts in Danish criminal law and tort law.

According to Section 23(1) of the Danish Criminal Code, “The penalty in respect of an offence shall apply to any person who has contributed to the execution of the direct infringement by inducement, aid or abetting…”.

Danish tort law does not have a similar specific or central provision governing co-actor liability. However, it is accepted in Danish legal theory that the basic standards and interpretations developed in judicial criminal literature and case law in general are similar to the perception of co-actor liability in tort law.

A person, thus, can incur co-actor liability for infringement to the extent (i) a direct infringement has occurred, (ii) the person in question knew or ought to have known about the infringement, and (iii) the person in question contributed to the execution of the direct infringement by inducement, advice or action.

Regarding (iii) it is accepted that this does not have to be “active” acts per se, but that co-actor liability can also be incurred in a situation where infringement occurs because an act is not carried out (co-actor liability by acts of omission).
Notwithstanding the above, there are some limitations to the scope of these principles in terms of information society services. Directive 2000/31/EC of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market (the E-Commerce Directive) was partly implemented in Danish law by the Danish E-Commerce Act, no. 227 of 22 April 2002.

Sections 14-16 of the E-Commerce Act exempts, under specific circumstances, information society service providers from Joint Liability when their contribution to an infringement consist in (i) mere conduit, (ii) caching or (iii) hosting. The following judgments from the Court of Justice of the European Union (Grand Chamber) have confirmed this state of law, see e.g. C-324/09 (L’Oréal and others v. eBay) and C-326/08 - C-238/08 (Google France and Google v. Luis Vuitton and others).

2 Under the case law or judicial or administrative practice in your jurisdiction, are there rules which specifically apply to Joint Liability?

No

Please Explain

However, see the introductory part under question 1 above concerning criminal co-actor liability. As mentioned it is generally accepted that liability for IPR infringements may follow from the general criminal law / tort law concept of co-actor liability.

3 In the following hypotheticals, would party A be liable for Joint Infringement with party X? In each case, please explain why or why not.

3.a X sells handbags in a shop which is a small stall located in a shopping mall owned by A. The handbags infringe the registered design of Z. A knows that X (and other tenants) sells infringing goods.

Yes

Please Explain

There are no Danish statutory provisions, case law or theory dealing specifically with this hypothetical.

According to the non-codified principles of co-actor liability, anyone who procures illegal activity by inducement, advice or action may be held liable for said illegal activity.

In the Danish Group's view there are no facts supporting that A is actively inducing and/or aiding and abetting X's infringing sales, and in that sense A would as such not be liable for Joint Infringement in this hypothetical.

However, the Danish Group has considered whether A may have incurred co-actor liability by acts of omission, nonetheless by passively facilitating / making possible that X is able to sell the infringing handbags or by not preventing and/or intervening against X's continued infringing activities.

There is Danish case law establishing co-actor liability for a publisher of an advertising booklet, where one of the advertisements contained illegal information. The Danish Supreme Court held that the publisher had aided and abetted the (direct) infringement by publishing the booklet and that the publisher ought to have known that the advertisement contained illegal information. The case turned on criminal co-actor liability in accordance with Section 23 of the Danish Criminal Code.

The scope of this decision outside a criminal liability situation is unclear, but there might be an argument that A has aided and abetted to the (direct) infringement, thereby incurring co-actor liability, by facilitating / making possible that X is able to sell the infringing handbags in A's shopping mall or by not preventing and/or intervening against X's continued infringing activities of which A has positive knowledge. In this regard, it may play a role that A presumably is benefitting financially from X's activities (assuming that X pays rent to A).

However, the situation is unclarified in Danish law, and the Danish Group is inclined to think that A most likely would be considered liable for Joint Infringement in this hypothetical. Generally, however, it depends on the circumstances and there may be certain situation that would speak against imposing a Joint Liability on A.
3.b

X sells handbags in an online shop which is hosted by a large market place platform owned by A. The handbags infringe the registered design of Z. A knows that X (and other web shop operators hosted by A's market place platform) sells infringing goods via their respective outline shops.

Yes

Please Explain

There are no Danish statutory provisions, case law or theory dealing specifically with this hypothetical.

In this scenario, in particular, Section 16 of the E-Commerce Act relating to hosting is relevant (corresponding to Article 14 of E-Commerce Directive), cf. the introductory part above. Section 16(1) of the E-Commerce Act states:

“16. A service provider is not liable for storage of information or for the content of the information stored, where such storage takes place at the request of a recipient of the service who has supplied the information, on condition that the service provider

1) does not have actual knowledge of illegal activity or information and, as regards claims for damages, is not aware of facts or circumstances from which the illegal activity or information is apparent, or

2) the provider, upon obtaining such knowledge or awareness (cf. point 1), acts expeditiously to remove or to disable access to the information.”

Further, to rely on the exemption from liability referred to in Section 16 of the E-Commerce Act, the service provider - as an intermediary provider - must provide its services neutrally by a merely technical and automatic processing of the data provided by its customers, cf. The Court Justice of the European Union’s decision in case C-324/09 (L’Oréal and others v. Ebay).

In this hypothetical, A knows that X (and other web shop operators) sells infringing goods via A's online platform, and accordingly, already for that reason, A cannot refer to the exemption for liability in Section 16 of the E-Commerce Act. Furthermore, A cannot be said to merely act as an intermediary provider who provides its services neutrally by a merely technical and automatic processing of the data provided by its customers, as A has actual knowledge about X's (and other web shop operators') sale of infringing goods. Also for that reason, A cannot refer to the exemption for liability in Section 16 of the E-Commerce Act.

Accordingly, the question then arises whether A has incurred co-actor liability by aiding and abetting to the (direct) infringement in accordance with Danish basic legal principles in this regard. The Danish Group refers to the considerations under the answer to Q3(a) above, which equally applies to this hypothetical.

Thus, the Danish Group is inclined to think that A most likely would be considered liable for Joint Infringement in this hypothetical. Generally, however, it depends on the circumstances and there may be certain situation that would speak against imposing a Joint Liability on A.

3.c

X sells handbags in an online shop. The handbags infringe the registered design of Z. A designed the online advertising campaign for X's shop and books online advertising resources for X on websites and in search engines. A knows that X sells infringing goods.

Yes

Please Explain

There are no Danish statutory provisions, case law or theory dealing specifically with this hypothetical.

However, the Danish Group takes the view that A in all likelihood is liable for Joint Infringement in this hypothetical, since A is actively aiding and abetting to the infringing activities. Also, A has an actual knowledge about X's sale of infringing goods and consequently is in bad faith in relation to X's infringement of IP rights.

According to Danish case law, a marketing and/or advertising agency may be held liable for Joint Infringement if the agency knew or ought to have known that the advertising campaign is infringing IP rights.

3.d

For each of the hypotheticals in (a) to (c) above, does it make a difference if A merely suspects that X sells infringing goods? If yes, what is the level of “suspicion” required, and how is it demonstrated?

112
### Hypothetical A

<table>
<thead>
<tr>
<th>No</th>
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Please Explain

Co-actor liability is also acknowledged in situations where the liable person only has demonstrated negligence, including both ordinary negligence (i.e. that he/she "ought to have known of the (direct) infringement") and gross negligence (i.e. that he/she "suspects" the (direct) infringement). Under Danish law, the crucial factor is not what the infringer really believed but what the infringer ought to have known.

Also, in terms of storage/hosting of information online, cf. Q3(b) above, if the service provider exhibits ordinary negligence, he/she can no longer refer to the exemption for liability in Section 16 of the E-Commerce Act.

According to Danish case law, traders are required to examine whether any IP rights are infringed as part of their business. This implies that a trader cannot stay in conscious ignorance if the trader merely suspects that X sells infringing goods. In this scenario, the trader should examine whether X infringes any IP rights or has the necessary licenses. It should be noted that the duty to investigate applies to a greater extent for traders with specific industry knowledge.

### Hypothetical B

<table>
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<th>No</th>
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Please Explain

Co-actor liability is also acknowledged in situations where the liable person only has demonstrated negligence, including both ordinary negligence (i.e. that he/she "ought to have known of the (direct) infringement") and gross negligence (i.e. that he/she "suspects" the (direct) infringement). Under Danish law, the crucial factor is not what the infringer really believed but what the infringer ought to have known.

Also, in terms of storage/hosting of information online, cf. Q3(b) above, if the service provider exhibits ordinary negligence, he/she can no longer refer to the exemption for liability in Section 16 of the E-Commerce Act.

According to Danish case law, traders are required to examine whether any IP rights are infringed as part of their business. This implies that a trader cannot stay in conscious ignorance if the trader merely suspects that X sells infringing goods. In this scenario, the trader should examine whether X infringes any IP rights or has the necessary licenses. It should be noted that the duty to investigate applies to a greater extent for traders with specific industry knowledge.

### Hypothetical C

<table>
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Please Explain

Co-actor liability is also acknowledged in situations where the liable person only has demonstrated negligence, including both ordinary negligence (i.e. that he/she "ought to have known of the (direct) infringement") and gross negligence (i.e. that he/she "suspects" the (direct) infringement). Under Danish law, the crucial factor is not what the infringer really believed but what the infringer ought to have known.

Also, in terms of storage/hosting of information online, cf. Q3(b) above, if the service provider exhibits ordinary negligence, he/she can no longer refer to the exemption for liability in Section 16 of the E-Commerce Act.

According to Danish case law, traders are required to examine whether any IP rights are infringed as part of their business. This implies that a trader cannot stay in conscious ignorance if the trader merely suspects that X sells infringing goods. In this scenario, the trader should examine whether X infringes any IP rights or has the necessary licenses. It should be noted that the duty to investigate applies to a greater extent for traders with specific industry knowledge.

### In the following hypothetical, would party A be liable for Joint Infringement with party X? In your answer, please explain why or why not?

<table>
<thead>
<tr>
<th>In the following hypothetical, would party A be liable for Joint Infringement with party X? In your answer, please explain why or why not?</th>
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4.a  Z owns a patent claiming a method for addressing memory space within a memory chip which is built into telecommunication device having further features (main processor, suitable software etc.). A manufactures memory chips. The chips are objectively suitable to be used for the claimed method. A's memory chips are distributed over multiple distribution levels to a plethora of device manufacturers. A has no knowledge of the actual end use of its memory chips.

No

Please Explain

4.b  Further, under your Group's law, would it be considered obvious (in the sense of Q204P) that A's chips would be put to one or more infringing uses and if so, why?

No

Please Explain

5  In the following hypotheticals, would party A be liable for Joint Infringement with party X? Please explain why or why not.

5.a  Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, also located in your country. A and B know that their servers exchange encrypted messages according to the patented method.

Yes

Please Explain

A knows about the infringement and contributes thereto by way of action and is therefore jointly liable for the infringement.

5.b  Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, located outside your country. A and B know that their servers exchange encrypted messages according to the patented method.

No

Please Explain

There are no Danish statutory provisions, case law or theory dealing specifically with this hypothetical.

Accordingly, the answer is uncertain, but the Danish Ground is inclined to believe that there probably is not basis for a co-actor liability for infringement in this hypothetical, since no direct infringement of the patented method appears to take place in Denmark.

The Danish Group has also considered Section 9(4) of the Danish Criminal Code. This Section, which concerns Danish jurisdiction, determines that when an offence has been committed partly in the Kingdom of Denmark, such offence is considered to have been committed in full in this country. This may create an argument that at least criminal liability for patent infringement as well as injunction and - most likely - also damages etc. would be available remedies in Denmark, since A arguably in part would be committing the offence in Denmark.

However, it is uncertain whether Section 9(4) will apply in relation to acts such as the ones in question which are committed partly in Denmark, since the Danish provisions on patent infringements are territorially limited to Denmark.

5.c  Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. X operates server “a” outside your country, which exchanges encrypted messages with server “b” operated by Y, located in another country outside your country. A, located in your country, is a software consultant advising X and Y how to use the patented method (but A does not supply any software).
AIPPI 2018 - Study Question - Joint liability for IP infringement

No

Please Explain

There are no Danish statutory provisions, case law or theory dealing specifically with this hypothetical.

Accordingly, the answer is uncertain, but the Danish Ground is inclined to believe that there most likely is not basis for a co-actor liability for infringement in this hypothetical, since no direct infringement of the patented method appears to take place in Denmark.

Again, the Danish Group has considered Section 9(4) and Section 9(3) (which stipulates that acts of aiding and abetting is regarded as having been committed in Denmark, even if the completion of the offence takes place outside Denmark) of the Danish Criminal Code in relation to this hypothetical, cf. above. As indicated under Q 5b) it is uncertain whether these divs will apply in relation to acts such as the ones in question which are committed partly in Denmark, since the Danish provisions on patent infringements are territorially limited to Denmark.

Are there any other scenarios which result in Joint Liability for IPR infringement under your Group's current law?

Yes

Please Explain

It should be noted that under Danish law there can be Joint Liability for infringing an injunction. If an injunction has been granted and A knows or ought to have known about the injunction and by inducement, advice or action contributes to B's violation of the injunction, A would also be jointly liable with B for IPR infringement. Section 430(2) of the Danish Administration of Justice Act, and Section 23(2) of the Danish Criminal Code.

What remedies are available against a party found liable for Joint Infringement? In particular:

Is an injunction available?

Yes

Please Explain

In principle yes, but probably difficult to phrase an operative injunction request based on Joint Liability, as the liability presupposes than a direct infringement is committed subsequently.

Are damages or any other form of monetary compensation available?

Yes

On what basis?

The conditions are the same as for any other infringer, i.e. the general rules in tort law. The Danish Liability for Damages Act has various provisions which can be used to ease the damages which a contributing party would be liable to pay if he has only contributed with a minor act.

Are any of the available remedies different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?

No

Please Explain
In principle no, but in patent law the scope for remedies under direct infringement and Contributory Infringement are different.

II. Policy considerations and proposals for improvements of your Group's current law

8 Are there aspects of your Group's current law that could be improved?

No

Please Explain

9 Should acts outside the scope of direct infringement or Contributory Infringement give rise to Joint Liability for IPR infringement?

Yes

Should that sound in availability of injunctive relieve and/or damages? Please explain why or why not.

Yes, in order to ensure that a right holder has effective remedies to enforce its rights. Also, in some situations it may even be so that the “chief culprit” is not the direct infringer, but rather the person procuring the illegal activity behind the scene by inducement, advice or action. In other situations, it may even be difficult to distinguish between the person committing the direct infringement and the person who is merely contributing by inducement, action or advice. This also speaks in favor of Joint Liability for acts outside the scope of direct infringement and Contributory Infringement.

10 Should Joint Liability be excluded if one or more acts being necessary for establishing Joint Liability for IPR infringement are committed outside the domestic jurisdiction? Please explain why or why not.

No

Please Explain

If all the acts necessary to constitute an infringement are committed outside the domestic jurisdiction, Joint Liability should be excluded (see Q5(c)) above. If the acts necessary to constitute an infringement are committed partly in the domestic jurisdiction and partly in another jurisdiction (the scenario described in Q5(b), there should be co-actor liability in the domestic jurisdiction if at least a substantial part of the act(s) in question is committed in the domestic jurisdiction. If it was a requirement for infringement that the whole act required for an infringement had to have been committed in the domestic jurisdiction, there could occur situations where the situation described in Q5(b) would not be an infringement in any jurisdiction. However, it is a very concrete assessment (i.a. of the patent claims, if it is a patent) and the Danish Group is generally reluctant to introduce too categorical principles/rules to address this hypothetical.

The court should have the discretion to ease the liability (e.g. the damages) for one of the parties if said party has committed only a minor part of the infringement. This is for instance possible under the Danish Liability for Damages Act.

11 Are there any other policy considerations and/or proposals for improvement to your Group's current law falling within the scope of this Study Question?

No

Please Explain

III. Proposals for harmonisation

Please consult with relevant in-house / industry members of your Group in responding to Part III.
Is a consolidated doctrine of Joint Liability for IPR infringement desirable?

No

Please Explain

The substantive discrepancies already existing between the different countries' rules on contributory infringement will presumably lead to severe difficulties in terms of reaching consensus on a common set of rules in that respect.

Is harmonisation of the laws of Joint Liability for IPR infringement desirable?

No

Please Explain

However, if the laws should be harmonised, only the rules exempting from Joint Liability should be harmonised. The E-Commerce Directive, as mentioned under the introductory remarks, is an example of such harmonisation.

If YES, please respond to the following questions without regard to your Group's current law.

Even if NO, please address the following questions to the extent your Group considers your Group's current law could be improved.

Please propose a suitable framework for Joint Liability for IPR infringement, focussing on the hypotheticals set out in Questions 3 to 5 above:

The acts in question are limited to activities such as renting retail space, hosting websites, advertising etc. (as further described in Question 3 (a) to (d) above)

We believe that a suitable framework for Joint Liability for IPR infringements would be one inspired by the Danish regulation on Joint Liability, entailing that a person can incur co-actor liability for infringement to the extent the following four cumulative criteria are met:

(i) a direct infringement has occurred (by another party) in the territory,
(ii) the person in question knew or ought to have known about the infringement,
(iii) the person in question contributed to the execution of the direct infringement by inducement, advice or action, and
(iv) the possibility of easing the damages for a party who has only contributed by minor acts.

Question 4.a

A would be liable for joint infringement if he knows or ought to have known about the infringement and contributes to the execution of the wrongful act by way of action. Such actions could be renting retail space, hosting websites etc.

The means supplied or offered by the contributory infringer related to a substantial element of the subject matter of the protected IPR, but at the time of offering or supply, the suitability and intended use were not known to the supplier or obvious under the circumstances (as further described in Question 4 above)
A would not be liable for joint infringement, since the suitability and intended use were not known or obvious under the circumstances to A.

4. The infringing acts are divided between two parties, and the acts of each party do not qualify as direct infringement or Contributory Infringement, as further described in Question 5 (a) to (c) above.

QS(a) A would be liable for joint infringement if he knows or ought to have known about the infringement and contributes to the execution of the wrongful act by way of action and if at least a substantial part of the act(s) in question is committed within the domestic jurisdiction.

QS(b) A would be liable for joint infringement if he knows or ought to have known about the infringement and contributes to the execution of the wrongful act by way of action. There should be a possibility for easing the liability (e.g. damages) for persons only contributing with minor acts.

QS(c) A would not be liable for joint infringement given the assumption that there is no liability for contribution in the jurisdiction to offences consummated outside of the jurisdiction.

15 Are there any other scenarios which should result in Joint Liability for IPR infringement, and where harmonisation is desirable?

No

Please Explain

16 What remedies should be available against a party found liable for Joint Infringement? In particular:

6. Should an injunction be available?

Yes

Please Explain

6. Should damages or any other form of monetary compensation be available?

Yes

On what basis?

6. Should any available remedies be different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?

No

Please Explain

17 Please comment on any additional issues concerning any aspect of Joint Liability you consider relevant to this Study Question, having regard to the scope of this Study Question as set out in paragraphs 7 to 13 above.

No comments.
Please indicate which industry sector views are included in your Group’s answers to Part III.

Unfortunately, the Danish Group has not been able to benefit from industry sector views in the preparation of this questionnaire.
I. Current law and practice

Please answer all questions in Part I on the basis of your Group’s current law.

1. Are there any statutory provisions which specifically apply to Joint Liability?

Yes

Please Explain

The IP Law (Social Economy of Knowledge, Creativity and Innovation Code) regulates the joint liability in Article 565, stating that, the offender and the intermediary will be sanctioned with precautionary measures, which may become definitive, in cases of: public communication of protected content in digital media; or web portal services with an alleged violation of intellectual property rights.

2. Under the case law or judicial or administrative practice in your jurisdiction, are there rules which specifically apply to Joint Liability?

No

Please Explain

In the Ecuadorian jurisdiction, the legal provisions are applied preferentially, without having developed an administrative or judicial case that extends the rules of joint liability in infractions committed against intellectual property rights.

3. In the following hypotheticals, would party A be liable for Joint Infringement with party X? In each case, please explain why or why not.

...
X sells handbags in a shop which is a small stall located in a shopping mall owned by A. The handbags infringe the registered design of Z. A knows that X (and other tenants) sells infringing goods.

No

Please Explain

“A” does not participate in the profits that ”X” receives for the sales of products that infringe intellectual property rights. “A” just fulfills the business of renting the commercial space in the shopping mall.

X sells handbags in an online shop which is hosted by a large marketplace platform owned by A. The handbags infringe the registered design of Z. A knows that X (and other web shop operators hosted by A’s marketplace platform) sells infringing goods via their respective outline shops.

Yes

Please Explain

As a host,” A” receives commissions for the sales made by ”X”, even knowing the violation of intellectual property rights, so he/she becomes an intermediary, which implies jointly responsibility for the infringement committed by ”X”.

X sells handbags in an online shop. The handbags infringe the registered design of Z. A designed the online advertising campaign for X’s shop and books online advertising resources for X on websites and in search engines. A knows that X sells infringing goods.

Yes

Please Explain

A “is directly responsible, not as an intermediary. According to the Ecuadorian jurisdiction, to carry out an advertising that violates intellectual property rights, is understood as an immediate violation according to Article 565 numeral 2 of the Social Economy of Knowledge, Creativity and Innovation Code, which states that the authority shall order the withdrawal from the commercial circuits, of the products obtained from the alleged infringement, including containers, packaging, labels, printed material, advertising or other materials, as well, as the main materials and means used to commit the alleged infraction.

For each of the hypotheticals in (a) to (c) above, does it make a difference if A merely suspects that X sells infringing goods? If yes, what is the level of “suspicion” required, and how is it demonstrated?

Hypothetical A

No

Please Explain

In none of the two hypothetical cases (a) and (c), differences would occur if the prior knowledge factor of the infringement committed by X is altered. This, do to the fact that, at the first scenario, A performs an independent business from the one made by X and simply rents the space, but does not participate in any profit or intermediate in the transactions that are made. In the second scenario, A is directly responsible for the infringement as he/she advertises content; therefore, ignorance does not exempt it from liability.
Hypothetical B

Yes

Please Explain

As a host, “A” receives commissions for the sales made by “X”, even knowing the violation of intellectual property rights, so he/she becomes an intermediary.

Hypothetical C

No

Please Explain

In none of the two hypothetical cases (a) and (c), differences would occur if the prior knowledge factor of the infraction committed by X is altered. This, do to the fact that, at the first scenario, A performs an independent business from the one made by X and simply rents the space, but does not participate in any profit or intermediate in the transactions that are made. In the second scenario, A is directly responsible for the infringement as he/she advertises content; therefore, ignorance does not exempt it from liability.

4. In the following hypothetical, would party A be liable for Joint Infringement with party X? In your answer, please explain why or why not?

No

Please Explain

“A” is not responsible for the use that X or any third party made of the chips that “A” manufactures and sells, because “A” is not violating any property right when manufacturing the aforementioned chips, as these are not protected through the patent, but the method.

4.b. Further, under your Group’s law, would it be considered obvious (in the sense of Q204P) that A’s chips would be put to one or more infringing uses and if so, why?

No

Please Explain

“A” is unaware of the illegal use that “X” or any third party can make of the chips, and additionally, the chips manufactured by “A” could have multiple uses that could be infringers, not because of the chip itself, but because of the use that a third party makes of it.

5. In the following hypotheticals, would party A be liable for Joint Infringement with party X? Please explain why or why not.
**5.a** Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, also located in your country. A and B know that their servers exchange encrypted messages according to the patented method.

Yes

Please Explain

In the event that “A” and “X” do not have the proper authorization of “Z” for the placement of the patented method on their server, both would be jointly liable for committing the infringement, by allowing in their servers the referred violation of the intellectual property right.

**5.b** Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, located outside your country. A and B know that their servers exchange encrypted messages according to the patented method.

Yes

Please Explain

The joint liability of “A” remains, regardless of the location of “X”, since he/she is contributing to the development of the infraction.

**5.c** Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. X operates server “a” outside your country, which exchanges encrypted messages with server “b” operated by Y, located in another country outside your country. A, located in your country, is a software consultant advising X and Y how to use the patented method (but A does not supply any software).

No

Please Explain

Article 294 num. 3 of the Social Economy of Knowledge, Creativity and Innovation Code states as limitations of the rights of the patent holder, those made for teaching purposes, which is precisely the activity of “A”, which does not implies any infringement of intellectual property rights.

**6** Are there any other scenarios which result in Joint Liability for IPR infringement under your Group’s current law?

No

Please Explain

Only the cases described in the Social Economy of Knowledge, Creativity and Innovation Code, in which the joint liability of the offender and the intermediary is sanctioned with precautionary measures.

**7** What remedies are available against a party found liable for Joint Infringement? In particular:

**7.a** Is an injunction available?

Yes

Please Explain
According to the Social Economy of Knowledge, Creativity and Innovation Code, Article 565, the suspension of public communication of the content protected by digital media, can be ordered as a precautionary measure against the offender and the intermediary, and the suspension of the web portal service in which the violation of the rights occurs.

7.b Are damages or any other form of monetary compensation available?

No

Please Explain

The Law only recognizes to the defendant, the possibility of claiming damages, if the requested precautionary measure was revoked, ineffective, or if it was determined that no violation of rights took place; in such cases, the counterparty can sue the actor of the tutelage for damages, according to the article 570 of the Social Economy of Knowledge, Creativity and Innovation Code.

7.c Are any of the available remedies different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?

No

Please Explain

Measures applies equally to the offender and the intermediary.

II. Policy considerations and proposals for improvements of your Group's current law

8 Are there aspects of your Group's current law that could be improved?

Yes

Please Explain

According to the policies of ICANN, “Uniform Domain Name Dispute Resolution Policy”, a judicial authority order is required to sanction through arbitration, the servers located abroad that violate rights or allow the infringement of intellectual property rights, through the cancellation or withdrawal of their domain (Point 3.b).

In this way, it would be appropriate to include a statute in the judicial legislation of Ecuador, where an enforcement process conducted by a National Judge recognizes the decision previously issued by the administrative authority (SENADI) about the violation of rights made by a domain of a third party located abroad, to proceed according to the rules of ICANN and be able to submit to arbitration according to this policy.

9 Should acts outside the scope of direct infringement or Contributory Infringement give rise to Joint Liability for IPR infringement?

No

Please Explain

As in the case of the owner of the mall that only leases the store or the sales point, it is not possible to assume a joint liability participation, as he/she does not intervene or obtain a benefit from the action.
III. Proposals for harmonisation

**Please consult with relevant in-house / industry members of your Group in responding to Part III.**

10. Should Joint Liability be excluded if one or more acts being necessary for establishing Joint Liability for IPR infringement are committed outside the domestic jurisdiction? Please explain why or why not.

No

Please Explain

The precautionary measures contained in the law are aimed at sanctioning websites and infringing digital content that have effects in Ecuadorian territory. Generally, the servers and the persons who commit these illegal actions are not inside the Ecuadorian territory; however, this does not prevent the competent authority from deciding the corresponding sanction for the infringement of intellectual property rights.

11. Are there any other policy considerations and/or proposals for improvement to your Group's current law falling within the scope of this Study Question?

Yes

Please Explain

According to the Ecuadorian legislation, the administrative entity has been strengthened and specialized to carry out this kind of infractions, so it is necessary to include a legal provision that makes possible the judicial execution of the precautionary or definitive measures that have sanctioned the offender in the administrative stage, to be able to execute them directly according to the policies of ICANN, "Uniform Domain Name Dispute Resolution Policy".

III. Proposals for harmonisation

**Please consult with relevant in-house / industry members of your Group in responding to Part III.**

12. Is a consolidated doctrine of Joint Liability for IPR infringement desirable?

Yes

Please Explain

Due to the limited provisions that regulate joint liability in cases of infringement of intellectual property rights in Ecuador, it will be necessary to strengthen the doctrine in this regard, establishing defined parameters that will be reflected into express norms that regulate joint liability in the future.

13. Is harmonisation of the laws of Joint Liability for IPR infringement desirable?

No

Please Explain

It is not possible, because the provisions regarding joint liability are minimal and not provided in other regulations, only in the Social Economy of Knowledge, Creativity and Innovation Code. In such manner, it would be necessary to include more regulations for specific cases.
If YES, please respond to the following questions without regard to your Group’s current law.

Even if NO, please address the following questions to the extent your Group considers your Group’s current law could be improved.

14 Please propose a suitable framework for Joint Liability for IPR infringement, focussing on the hypotheticals set out in Questions 3 to 5 above:

14.a The acts in question are limited to activities such as renting retail space, hosting websites, advertising etc. (as further described in Question 3 (a) to (d) above)

In Ecuadorian law, joint liability in infringements of intellectual property rights is limited exclusively to the media that digitally broadcast protected content by intellectual property, and web portal services where the protection of rights intellectual property is infringed.

In this sense, it would be necessary that the Ecuadorian legislation provide a joint liability in other cases that involve an intermediary, such as rental of commercial spaces, or public communication by non-digital means, to sanction or establish justified exceptions, in order to avoid a gap in the law.

14.b The means supplied or offered by the contributory infringer related to a substantial element of the subject matter of the protected IPR, but at the time of offering or supply, the suitability and intended use were not known to the supplier or obvious under the circumstances (as further described in Question 4 above)

The Ecuadorian legislation does not provide any regulations regarding the substantiality of the object provided, to determine, if intermediation incurred or not. In this sense, it is appropriate to regulate the parameters to measure whether the object provided by the intermediary is substantial or not for the infringement, and additionally, must be clarified as a major requirement, the bad faith of the actions to consider a supplier as an intermediary.

14.c The infringing acts are divided between two parties, and the acts of each party do not qualify as direct infringement or Contributory Infringement, as further described in Question 5 (a) to (c) above.

The regulation could be broaden, specifying that the judged action is the result of the infraction, without taking into account the percentage of participation of each one, either as an offender or as an intermediary, but assuming that the infraction could not be consummated without the cooperation of the parties involved.

15 Are there any other scenarios which should result in Joint Liability for IPR infringement, and where harmonisation is desirable?

Yes

Please Explain

At first, joint liability could arise in cases of public communication by non-digital means of protected content by intellectual property rights, additionally; joint liability may arise from the bad faith in the provision of substantial objects for the manufacture of products that infringe intellectual property rights, content in patents, for example.
### What remedies should be available against a party found liable for Joint Infringement? In particular:

#### Should an injunction be available?

**Yes**

Please Explain

As determined by the national legislation, precautionary measures must be available against the jointly responsible persons, in order to proceed immediately against the offenders.

#### Should damages or any other form of monetary compensation be available?

**Yes**

On what basis?

In the event that the precautionary measure becomes final, the possibility to generate the right of the affected party to claim economic compensation should be included.

#### Should any available remedies be different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?

**No**

Please Explain

It would be necessary to take into account the subsidiary applicability in Ecuador of the uniform policies of ICANN, to sanction acts of infringement of intellectual property rights in internet domains whose servers are located abroad.

### Please comment on any additional issues concerning any aspect of Joint Liability you consider relevant to this Study Question, having regard to the scope of this Study Question as set out in paragraphs 7 to 13 above.

It would be necessary to take into account the subsidiary applicability in Ecuador of the uniform policies of ICANN, to sanction acts of infringement of intellectual property rights in internet domains whose servers are located abroad.

### Please indicate which industry sector views are included in your Group’s answers to Part III.

Only from the legal point of view. A different role actor has not been involved.
I. Current law and practice

Please answer all questions in Part I on the basis of your Group’s current law.

1. Are there any statutory provisions which specifically apply to Joint Liability?

No

Please Explain

There are no provisions which specifically regulate Joint Liability regarding IPR in Estonia. Therefore, general rules of tort law provided in Law of Obligations Act regarding Joint Liability are applicable. According to these rules, the behaviour of the person who induces or aids with regard to an infringement are considered to be equal to the behaviour of the tortfeasor and they are liable for damage on the same basis. The tortfeasor and the inducer or aider are considered to be jointly liable for payment of compensation.

2. Under the case law or judicial or administrative practice in your jurisdiction, are there rules which specifically apply to Joint Liability?

No

Please Explain

There is currently no case law or administrative practice regarding Joint Liability in IPR infringement. There is one case pending, however the results or its significance cannot be predicted at the moment.
In the following hypotheticals, would party A be liable for Joint Infringement with party X? In each case, please explain why or why not.

3.a
X sells handbags in a shop which is a small stall located in a shopping mall owned by A. The handbags infringe the registered design of Z. A knows that X (and other tenants) sells infringing goods.

No
Please Explain

As there is no case law, it is difficult to say whether courts would rule it as Joint Infringement or not. The law suggests that liability Joint Infringement would require coordinated activities based on an agreement to commit an unlawful infringement between A and X. According to that, as long as A is only aware of or suspects the selling of infringing goods, A is not liable for Joint Infringement. However, if Z requests from A to stop allowing the infringing sales then A is obligated to act, and inactivity would result in liability for Joint Infringement.

3.b
X sells handbags in an online shop which is hosted by a large market place platform owned by A. The handbags infringe the registered design of Z. A knows that X (and other web shop operators hosted by A's market place platform) sells infringing goods via their respective outline shops.

Yes
Please Explain

As there is no case law, it is difficult to say whether courts would rule it as Joint Infringement or not. However, the law suggests that if A is aware of or suspects the selling of infringing goods, then A is obligated to inform the supervisory authority of illegal activities. If A does not fulfil this obligation, then A can be found liable for Joint Infringement.

3.c
X sells handbags in an online shop. The handbags infringe the registered design of Z. A designed the online advertising campaign for X's shop and books online advertising resources for X on websites and in search engines. A knows that X sells infringing goods.

Yes
Please Explain

It is likely that A is liable for Joint Infringement as A is actively helping X to sell the handbags, the parties work together with the purpose of committing unlawful infringement.

3.d
For each of the hypotheticals in (a) to (c) above, does it make a difference if A merely suspects that X sells infringing goods? If yes, what is the level of “suspicion” required, and how is it demonstrated?

Yes
Please Explain

If A suspects infringement and does not inform the supervisory authority, then A is liable for Joint Infringement in cases (b) and (c). The required level of suspicion is not clear, A has the obligation to inform in case of “alleged illegal activities”. If A knows of the infringement on the
basis of an agreement between the parties, then A is liable for Joint Infringement in all cases.

---

**Hypothetical B**

Yes

Please Explain

If A suspects infringement and does not inform the supervisory authority, then A is liable for Joint Infringement in cases (b) and (c). The required level of suspicion is not clear, A has the obligation to inform in case of “alleged illegal activities”. If A knows of the infringement on the basis of an agreement between the parties, then A is liable for Joint Infringement in all cases.

---

**Hypothetical C**

Yes

Please Explain

If A suspects infringement and does not inform the supervisory authority, then A is liable for Joint Infringement in cases (b) and (c). The required level of suspicion is not clear, A has the obligation to inform in case of “alleged illegal activities”. If A knows of the infringement on the basis of an agreement between the parties, then A is liable for Joint Infringement in all cases.

---

In the following hypothetical, would party A be liable for Joint Infringement with party X? In your answer, please explain why or why not?

---

**Z** owns a patent claiming a method for addressing memory space within a memory chip which is built into telecommunication device having further features (main processor, suitable software etc.). A manufactures memory chips. The chips are objectively suitable to be used for the claimed method. A’s memory chips are distributed over multiple distribution levels to a plethora of device manufacturers. A has no knowledge of the actual end use of its memory chips.

No

Please Explain

Please see 3 (a). As A is not even aware whether there is infringement or not, is likely that A would not be liable for Joint Infringement. It is possible that the memory chips do not infringe Z’s patent at all.

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Further, under your Group’s law, would it be considered obvious (in the sense of Q204P) that A’s chips would be put to one or more infringing uses and if so, why?

No

Please Explain

The current law does not provide an answer to this question.

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In the following hypotheticals, would party A be liable for Joint Infringement with party X? Please explain why or why not.
### 5. Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, also located in your country. A and B know that their servers exchange encrypted messages according to the patented method.

Yes

**Please Explain**

If the patent is valid in Estonia, then exchanging the messages infringes Z’s patent. A is liable for Joint Infringement as A is obliged to inform the supervisory authority of illegal activities (please see 3 (b)).

### 5.a

If the patent is valid in Estonia, then exchanging the messages infringes Z’s patent. A is liable for Joint Infringement as A is obliged to inform the supervisory authority of illegal activities (please see 3 (b)).

### 5.b

Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, located outside your country. A and B know that their servers exchange encrypted messages according to the patented method.

Yes

**Please Explain**

According to the Brussels I bis Regulation Section 7 (2) Estonian courts may have jurisdiction as the harmful event, the infringement of Z’s patent, occurred in Estonia, in server “a”. A may be liable for Joint Infringement (please see 5 (a)).

### 5.c

Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. X operates server “a” outside your country, which exchanges encrypted messages with server “b” operated by Y, located in another country outside your country. A, located in your country, is a software consultant advising X and Y how to use the patented method (but A does not supply any software).

No

**Please Explain**

There is no infringement in this situation as the patent is used by the patent owner Z and Z’s partner X and A is a software consultant for both.

### 6

**Are there any other scenarios which result in Joint Liability for IPR infringement under your Group’s current law?**

No

**Please Explain**

### 7

**What remedies are available against a party found liable for Joint Infringement? In particular:**

#### 7.a

**Is an injunction available?**

Yes

**Please Explain**

#### 7.b

**Are damages or any other form of monetary compensation available?**
Yes

On what basis?

The claim for monetary compensation for damages is available based on Estonian tort law (Law of Obligations Act Sections 1045 (4) and Section 137 (1)). No other form of monetary compensation is available.

**7.c Are any of the available remedies different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?**

No

Please Explain

The same remedies are applied to the party liable for Joint Infringement as to the party responsible for direct infringement.

Please note that based on Estonian laws it is impossible to differentiate “contributory infringement”, i.e. indirect infringement which consists in the offering or supply of means suitable for committing an act that is direct infringement from the type of indirect infringement which includes provision of other assistance than the offering or supply of means for committing direct infringement.

**II. Policy considerations and proposals for improvements of your Group's current law**

**8 Are there aspects of your Group’s current law that could be improved?**

No

Please Explain

Although there are no specific laws regarding Joint Liability for IPR infringement, the applicable provisions in tort law are sufficient.

**9 Should acts outside the scope of direct infringement or Contributory Infringement give rise to Joint Liability for IPR infringement?**

Yes

Should that sound in availability of injunctive relieve and/or damages? Please explain why or why not.

Already available.

**10 Should Joint Liability be excluded if one or more acts being necessary for establishing Joint Liability for IPR infringement are committed outside the domestic jurisdiction? Please explain why or why not.**

No

Please Explain

Liability should be determined according to the provisions of private international law.

**11 Are there any other policy considerations and/or proposals for improvement to your Group's current law falling within the scope of this Study Question?**
III. Proposals for harmonisation

Please consult with relevant in-house / industry members of your Group in responding to Part III.

12 Is a consolidated doctrine of Joint Liability for IPR infringement desirable?

13 Is harmonisation of the laws of Joint Liability for IPR infringement desirable?

If YES, please respond to the following questions without regard to your Group's current law.

Even if NO, please address the following questions to the extent your Group considers your Group's current law could be improved.

14 Please propose a suitable framework for Joint Liability for IPR infringement, focussing on the hypotheticals set out in Questions 3 to 5 above:

4. The acts in question are limited to activities such as renting retail space, hosting websites, advertising etc. (as further described in Question 3 (a) to (d) above)

4. The means supplied or offered by the contributory infringer related to a substantial element of the subject matter of the protected IPR, but at the time of offering or supply, the suitability and intended use were not known to the supplier or obvious under the circumstances (as further described in Question 4 above)

4. The infringing acts are divided between two parties, and the acts of each party do not qualify as direct infringement or Contributory Infringement, as further described in Question 5 (a) to (c) above.

15 Are there any other scenarios which should result in Joint Liability for IPR infringement, and where harmonisation is desirable?

16 What remedies should be available against a party found liable for Joint Infringement? In particular:

8. Should an injunction be available?
| 6.b | Should damages or any other form of monetary compensation be available? |
| 6.c | Should any available remedies be different in scope to the remedies available against any acts of direct infringement or Contributory Infringement? |
| 17 | Please comment on any additional issues concerning any aspect of Joint Liability you consider relevant to this Study Question, having regard to the scope of this Study Question as set out in paragraphs 7 to 13 above. |
| 18 | Please indicate which industry sector views are included in your Group’s answers to Part III. |
I. Current law and practice

Please answer all questions in Part I on the basis of your Group's current law.

1. Are there any statutory provisions which specifically apply to Joint Liability?

No

Please Explain

There are no statutory provisions in Finnish law expressly addressing Joint Liability. However, certain provisions of Finnish law may become relevant when assessing the availability of Indirect Infringement of IPRs as defined in the Study Guidelines.

Finland, as a member of the European Union (EU), has implemented, i.a., the E-Commerce Directive (2000/31/EC), the Enforcement Directive (2004/48/EC), and the Regulation (EU) no 608/2013 concerning customs enforcement of IPRs into Finnish law. In addition, related guidelines and documentation on EU level are applicable in Finland. Consequently, e.g., interlocutory injunctions concerning intermediaries (discontinuation orders) as well as blocking orders concerning copyright protected content that may apply to Joint Liability are available in Finland. Moreover, certain provisions of the TRIPS Agreement adopted by Finland (such as Article 50 concerning provisional measures and preserving evidence) may become relevant when assessing Joint Liability.

Furthermore, in assessing the availability of Joint Liability under Finnish law, the Finnish Unfair Business Practices Act (1978/1061, as amended) may also be considered: The Unfair Business Practices Act prohibits, i.a., violation of good business practices and the use of practices that are otherwise unfair against others and, thus, could be argued to apply also to Joint Liability, e.g. in cases concerning inducement to IPR infringements.

2. Under the case law or judicial or administrative practice in your jurisdiction, are there rules which specifically apply to Joint Liability?

Yes
Case law in Finland dealing with the question of Joint Liability, as set out in the Study Guidelines, is scarce.

Some guidance may be sought from the Finnish Supreme Court ruling KKO:1981-II-184 in which the Court considered the requirements for indirect infringement in relation to a patent claim concerning mudguards for cars. The Court concluded that the mere possibility that a mudguard detached from a car could be used to commit a patent infringement (essentially by installing it back to another car) was not enough to establish that the importer and distributor of the car had committed indirect patent infringement.

In addition to the national Finnish case law, the rulings of the Court of Justice of the EU (CJEU) may also be considered when assessing Joint Liability. The CJEU has considered, e.g., the liability of intermediaries (see, e.g., cases C-484/14, C-610/15, and C-324/09 as well as joined cases C?236/08, C?237/08, and C?238/08). In its decision C-494/15 (Tommy Hilfiger), the CJEU further established that the definition of an "intermediary" under the Enforcement Directive is not limited to e-commerce. Thus, the CJEU extended the definition to the offline environment rendering operators of physical marketplaces intermediaries who may become obligated to take measures to prevent IPR infringements conducted by third parties in the marketplace under the Enforcement Directive.

3. In the following hypotheticals, would party A be liable for Joint Infringement with party X? In each case, please explain why or why not.

3.a X sells handbags in a shop which is a small stall located in a shopping mall owned by A. The handbags infringe the registered design of Z. A knows that X (and other tenants) sells infringing goods.

Yes

Please Explain

The Finnish Registered Designs Act (221/1971, as amended) does not expressly specify the person/persons that may conduct the infringement, nor does it contain other provisions addressing expressly Joint Liability. The case law in Finland on this specific point is also scarce and there is no clear guidance on Joint Liability in the preparatory works relating to the statutory law. Consequently, there are no definite interpretations of the hypothetical under Finnish law. While, i.a., the wording of the law (both national and the EU Enforcement Directive (2004/48/EC)) leaves some room for argumentation, under the current legislative framework it seems, however, that the likelihood that A would be held liable for Joint Infringement with X under the Registered Designs Act would be low. However, in view of the CJEU decision C-494/15 (Tommy Hilfiger), it may be argued that an interlocutory injunction (discontinuation order) under the Registered Designs Act may be ordered against A as an "intermediary" as defined in the Enforcement Directive. In assessing the liability of A, factors such as the contractual agreements between the A and X, including any provisions concerning IPR infringements, may be considered.

Depending on the specifics of the case and the arrangements between A and X, A could be held liable under the Finnish Unfair Business Practices Act (1061/1978, as amended) for unfair business practices. The risk of holding also X liable would be heightened, e.g., if an agreement between A and X would set an arrangement whereby A would be more intensely involved in the sale or marketing of the infringing goods.

3.b X sells handbags in an online shop which is hosted by a large market place platform owned by A. The handbags infringe the registered design of Z. A knows that X (and other web shop operators hosted by A's market place platform) sells infringing goods via their respective outline shops.

Yes

Please Explain

As outlined above in the answer to question 3.a), the Finnish Registered Designs Act does not expressly specify the personhood of the party committing the infringement or contain provisions addressing expressly Joint Liability. However, under the Information Society Code, an intermediary in data transfer, network, and hosting services may be exempted from liability, i.a., if it has failed to take action to remove or disable access to the infringing content. Consequently, some liability may be constructed under the Information Society Code. Furthermore, an interlocutory injunction under the Registered Designs Act (discontinuation order) may be ordered against A as an "intermediary" as defined in the Enforcement Directive.

Furthermore, depending on the specifics of the case and the arrangements between A and X, A could also be held liable under the Finnish...
Unfair Business Practices Act (1061/1978, as amended) for unfair business practices. The risk of holding also X liable would be heightened, e.g., if an agreement between A and X would set an arrangement whereby A would be more intensely involved in the sale or marketing of the infringing goods.

As outlined above in answer 3.a) the case law in Finland on this specific point is scarce and there is no clear guidance on Joint Liability in the preparatory works relating to the statutory law. Consequently, there are no definite interpretations of the hypothetical under Finnish law.

X sells handbags in an online shop. The handbags infringe the registered design of Z. A designed the online advertising campaign for X’s shop and books online advertising resources for X on websites and in search engines. A knows that X sells infringing goods.

Yes

Please Explain

As outlined above in the answers to questions 3.a) and 3.b), the Finnish Registered Designs Act does not expressly specify the personhood of the party committing the infringement or contain provisions addressing expressly Joint Liability.

Based on the hypothetical it is somewhat unclear, how the registered design would be used in the activities by A and whether such use would fall under the activities prohibited under the Registered Designs Act. The described activity of A could, however, be prohibited under the Unfair Business Activities Act. In such a case the prohibited activity carried out by A might, however, potentially be so separate from X, that Joint Liability might be unlikely in the case.

For each of the hypotheticals in (a) to (c) above, does it make a difference if A merely suspects that X sells infringing goods? If yes, what is the level of "suspicion" required, and how is it demonstrated?

Hypothetical A

Yes

Please Explain

Under Finnish law, there are no express provisions or case law addressing the threshold of "suspicion" required to establish Joint Liability in the case of potential selling of infringing goods. However, the different theories under which A could be held Jointly Liable for the infringement are to a certain extent dependent on A's knowledge of the illicit activity and on A's response thereto. Other factors affecting the threshold could be A's duty of care and duty to examine as relates to the legality of the activity it enables in the hypotheticals (a) to (c).

Hypothetical B

Yes

Please Explain

See the answer in 3.d.i

Hypothetical C

Yes

Please Explain
In the following hypothetical, would party A be liable for Joint Infringement with party X? In your answer, please explain why or why not?

Z owns a patent claiming a method for addressing memory space within a memory chip which is built into telecommunication device having further features (main processor, suitable software etc.). A manufactures memory chips. The chips are objectively suitable to be used for the claimed method. A's memory chips are distributed over multiple distribution levels to a plethora of device manufacturers. A has no knowledge of the actual end use of its memory chips.

No

Please Explain

Yes or No, depending on the merits of the case. The Finnish Patent Act does not expressly specify the person/persons that may conduct the infringement, nor does it contain other provisions addressing expressly Joint Liability. The case law in Finland on this specific point is also scarce and there is no clear guidance on Joint Liability in the preparatory works relating to the statutory law. Consequently, there are no definite interpretations of the hypothetical under Finnish law. Some analogy for analysing the obviousness of the potential infringement could be sought, e.g. by examining the obviousness analysis (including, i.a., the assessment of suitable uses, advertising, and instructions given) in relation to indirect infringement.

Further, under your Group's law, would it be considered obvious (in the sense of Q204P) that A's chips would be put to one or more infringing uses and if so, why?

No

Please Explain

In the following hypotheticals, would party A be liable for Joint Infringement with party X? Please explain why or why not.

Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, also located in your country. A and B know that their servers exchange encrypted messages according to the patented method.

Yes

Please Explain

The Finnish Patent Act does not expressly specify the person/persons that may conduct the infringement, nor does it contain other provisions addressing expressly Joint Infringement. The case law in Finland on this specific point is also scarce and there is no clear guidance on Joint Infringement in the preparatory works relating to the statutory law. Consequently, there are no definite interpretations of the hypothetical under Finnish law. To analyze whether Joint Liability could be established as regards A's activity, attention could be paid, e.g., also to the level of cooperation between the parties involved and the potential intentions of the parties for making the arrangement. Some analogy could also be sought from the product-by-process protection.

Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, located outside your country. A and B know that their servers exchange encrypted messages according to the patented method.

Yes
As stated above, the Finnish Patent Act does not expressly specify the person/persons that may conduct the infringement nor does it contain other provisions addressing expressly Joint Infringement. While the Finnish Patent Act refers to the use of the patented invention “in Finland” as a basis for infringement, the Finnish Patent Act is silent on the express stand on whether all the steps have to take place in Finland and especially on any express provisions concerning territoriality relating to Joint Infringement. The case law in Finland on this specific point is also scarce and there is no clear guidance in the preparatory works relating to the statutory law either. Consequently, there are no definite interpretations of the hypothetical under Finnish law. Some analogy could also be sought from the product-by-process protection.

One strict interpretation of the Finnish Patent Act is that, the infringement can occur only if the method is used in Finland. Under this line of narrow interpretation, A would not be liable for Joint Infringement, as each element of the infringement would not be carried out in Finland. The question of whether infringement can occur if some steps are performed outside Finland has been brought before the Courts in Finland, but there is yet no case law in Finland on this point as the matters have been resolved on other points and the Court has not taken a stand on this question. As a related note, there is case law that establishes that a Finnish Court has jurisdiction regarding an infringement action of a Finnish patent where some steps of the alleged infringement of the patent are allegedly performed outside Finland.

**5.c**

Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. X operates server “a” outside your country, which exchanges encrypted messages with server “b” operated by Y, located in another country outside your country. A, located in your country, is a software consultant advising X and Y how to use the patented method (but A does not supply any software).

No

**6**

Are there any other scenarios which result in Joint Liability for IPR infringement under your Group’s current law?

Yes

Please Explain

Some additional scenarios in which Joint Liability could be construed, could relate, e.g., to situations involving combination products or other situations where no single actor alone provides an essential element of the invention. Examples of combination products could include, e.g., a combination product of a substance and a device (e.g., a medicinal product and its dispenser or ink and a printer) or a combination of a product and its spare parts.

**7**

What remedies are available against a party found liable for Joint Infringement? In particular:

**7.a**

Is an injunction available?

Yes

Please Explain

There are no statutory provisions which expressly apply to Joint Infringement but liability for Joint Infringement may be established under existing legislation. The remedies available depend on the provisions under which protection is sought. If the act of Joint Infringement can be
considered to constitute infringement under the relevant IP laws, the remedies available are the same as with regard to direct or Contributory Infringement. In particular:

Under the relevant IP laws, as a primary remedy for infringement, the right holder may apply for an injunction against the infringing party to refrain the infringing party from continuing with the alleged act of infringement. If the infringing act is considered to constitute unfair business practice rather than an infringement under the relevant IP laws, injunction is available under the Unfair Business Practices Act.

Preliminary injunction is also available provided that the prerequisites set out in Chapter 7 Section 3 of the Code of Judicial Procedure are met. Preliminary injunction may be granted if the acts or negligence of the opposing party may hinder or undermine the realization of the right of the applicant or decrease its value or significance. As such, granting a preliminary injunction does not require determining whether the act of Joint Infringement can actually be considered to constitute an infringement under the relevant IP laws.

Resulting from the implementation of the EU Enforcement Directive (2004/48/EC), there are also a number of other remedies available.

The Court may grant a discontinuation order under the relevant IP laws. In considering an action for an injunction, the Court may order the maintainer of a transmitter, server, or other device or any other service provider acting as an intermediary to discontinue, on threat of fine, the allegedly infringing use of the patent, utility model, registered design, or trademark, or, in the case of copyright, the making of the allegedly copyright-infringing material available to the public.

Under the Copyright Act, the Court may grant a blocking order also when it is not possible to file an action for an injunction because the alleged infringer is unknown. The Court may, upon application by the right holder, order the intermediary to block, on threat of a fine, the making of the allegedly copyright-infringing material available to the public.

Moreover, under the relevant IP laws, the Court may order the infringing goods to be altered, destroyed, held in storage until the expiry of the period of protection, or delivered to the right holder for redemption. The Court may also order the infringing party to compensate the plaintiff for the costs of publishing information concerning a decision where the respondent has been found to infringe the IPR(s) of the plaintiff.

7.b Are damages or any other form of monetary compensation available?

Yes

On what basis?

Under the relevant IP laws, the infringing party is liable to pay reasonable compensation for the exploitation of the IPR and damages for other injury caused by the infringement. In addition, the Copyright Act expressly stipulates that damages for other injury caused by the infringement shall also be governed by the provisions of the Tort Liability Act which includes, i.a., provisions on the division of liability.

If the infringing act is considered to constitute unfair business practice rather than an infringement under the relevant IP laws, compensation may be awarded under the Unfair Business Practices Act. Compensation will be determined in accordance with the principles of the Tort Liability Act. Under the Tort Liability Act, compensation for economic loss shall be paid only where the damage has been caused by an act punishable by law or in the exercise of public authority, or in other cases, where there are especially weighty reasons for the same.

Moreover, liability for damages may be established under divs 182–185 of the Information Society Code, which provide for the exemptions from the liability of an intermediary in data transfer, network, and hosting services. An intermediary may be held liable for infringement under certain conditions, i.a., if it has failed to take action to remove or disable access to the infringing content.

7.c Are any of the available remedies different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?

Yes

Please Explain

If the act of Joint Infringement can be considered to constitute infringement under the relevant IP laws, the remedies available are the same as with regard to direct or Contributory Infringement – i.e., the main remedies being injunction, reasonable compensation for the exploitation of the IPR, and damages for other injury caused by the infringement. However, if protection is sought under the Unfair Business Practices Act, injunction is available, but the right holder is not automatically entitled to compensation for economic loss, which, in practice, may limit the right holder’s right to compensation.

II. Policy considerations and proposals for improvements of your Group’s current law
Are there aspects of your Group's current law that could be improved?

Yes

Please Explain

The current statutory provisions concerning IPR infringement leave room for interpretation on the scope of application of the relevant provisions to the various scenarios of Joint Liability, in particular in the absence of clear precedential case law on the matter.

The preparatory materials relating to the Finnish IP laws as well as the Unfair Business Practices Act are somewhat old, due to which many challenges faced in the application of the laws today have not been addressed therein. This reduces legal clarity and makes it more difficult to predict how the Courts would apply the law, for example, in the various scenarios relating to Joint Liability addressed in the Study Guidelines. Further, under the current law, Joint Liability could be subject to different legal tests and remedies, such as liability for damages, depending on whether liability was assessed under the IP laws or the Unfair Business Practices Act, for example. This could lead to unequal rights for IPR holders in different scenarios of Joint Liability.

Despite the above, questions concerning Joint Liability appear not to have been very common in practice at least to date in Finland.

Should acts outside the scope of direct infringement or Contributory Infringement give rise to Joint Liability for IPR infringement?

Yes

Should that sound in availability of injunctive relieve and/or damages? Please explain why or why not.

Yes, please see questions 14-15 for the Finnish Group’s views on the scope of such liability.

Injunctive relief should be available in matters involving potential Joint Liability under the same legal test as in cases of direct or Contributory Infringement under the IP laws. The availability of injunctive relief in cases of Joint Liability would, e.g., serve the purpose of stopping likely infringement at an early stage. This could help to reduce the damages and potentially irreversible effects, such as changes on the market, caused by such infringement in cases where the statutory requirements for such injunction are met.

Where Joint Liability is at hand, also damages should, as a general principle, be available under a similar legal test as in cases of direct or Contributory Infringement under the IP laws. Any different treatment of Joint Liability as compared to direct or Contributory Infringement, for example on the question of damages, should have firm policy grounds. The justification for the availability of damages would be the same as in the case of other types of IPR infringement, such as, compensating the damages arising from breach of the exclusive right granted by the IPR in question and ultimately encouraging the creation of intellectual property. The division of liability between the joint infringers should be assessed separately from the IPR holder’s right to compensation for damages as a general matter.

Should Joint Liability be excluded if one or more acts being necessary for establishing Joint Liability for IPR infringement are committed outside the domestic jurisdiction? Please explain why or why not.

No

Please Explain

The Finnish Group finds that Joint Liability for IPR infringement should not be categorically excluded for cases where one or more acts being necessary for establishing the Joint Liability are committed outside the domestic jurisdiction. Enabling Joint Liability in such situations would be of importance, e.g., in certain scenarios referred to in responses to questions 14 and 15 depending on the circumstances at hand. Moreover, the Finnish Group finds that the framework for such Joint Liability should be carefully balanced, please see answer to question 14.c) below for more details.

Are there any other policy considerations and/or proposals for improvement to your Group’s current law falling within the scope of this Study Question?

Yes
III. Proposals for harmonisation

Please consult with relevant in-house / industry members of your Group in responding to Part III.

12. Is a consolidated doctrine of Joint Liability for IPR infringement desirable?
Yes

Please Explain
The Finnish Group finds that in creating such a doctrine all right holders of various IPRs should be treated equally while taking into account the legitimate interests of third parties.

13. Is harmonisation of the laws of Joint Liability for IPR infringement desirable?
Yes

Please Explain

If YES, please respond to the following questions without regard to your Group’s current law.

Even if NO, please address the following questions to the extent your Group considers your Group’s current law could be improved.

14. Please propose a suitable framework for Joint Liability for IPR infringement, focussing on the hypotheticals set out in Questions 3 to 5 above:

The acts in question are limited to activities such as renting retail space, hosting websites, advertising etc. (as further described in Question 3 (a) to (d) above)

With the increase of online activity, such types of enablement of infringement are likely to become more common in the coming years and, therefore, the legislative framework on liability should be as predictable, clear, and uniformly applicable as possible while enabling appropriately the taking into account of the specific features of each case.

It is important to all users of the patent system (right holders and others alike) that the law and practice on this point is predictable and reliable in order for each party appropriately plan their operations. Therefore, the Finnish Group would consider it possible that at least the types of divided infringement which are: (i) carried out with the purpose of avoiding the execution of all of the elements of the infringement by one party; or (ii) are carried out by the same interest group or otherwise with common benefit or other interest, would be considered to be included within the scope of liability for Joint Infringement.

The Finnish Group finds that activities with very distant connection to potential infringement, such as certain types of broad scale web hosting services, should be generally exempted from joint liability for the infringement provided that such parties were unaware of the infringement and took preventive actions immediately upon becoming aware of such infringement. Legislation should set clearer, adaptable test for
establishing the level of knowledge required to extend Joint Liability to such operators.

4. The means supplied or offered by the contributory infringer related to a substantial element of the protected IPR, but at the time of offering or supply, the suitability and intended use were not known to the supplier or obvious under the circumstances (as further described in Question 4 above)

As set forth above in question a), legislation should set clearer, adaptable test for establishing the level of knowledge required to extend Joint Liability to such contributory infringer. Furthermore, as with intermediaries, suppliers' liability could be linked to becoming aware of the potential infringing use as well as also to contractual undertakings under which the products are sold. Attention should also be paid that the prerequisites for due process are met.

4. The infringing acts are divided between two parties, and the acts of each party do not qualify as direct infringement or Contributory Infringement, as further described in Question 5 (a) to (c) above.

The legislative framework should clarify the interpretation of such situations, as they are likely to become more and more common as technology evolves. Such types of infringement pose actual risks to the relevance of the patent system for rights holders with patents relating to technology, which enables these fragmented infringements. The Finnish Group finds that the framework could possibly be constructed similarly as proposed with respect to 14.a) above.

15 Are there any other scenarios which should result in Joint Liability for IPR infringement, and where harmonisation is desirable?

Yes

Please Explain

The Finnish Group finds that further harmonization regarding Joint Liability in particular in case of combination products and spare parts could be considered (please see examples of such scenarios in answer to question 6 above). Furthermore, it could be considered whether a framework similar to piercing the corporate veil could be applied to situations as in Scenario 3.

In addition, the Finnish Group finds that cross-border scenarios (with reference to Scenario 2) where various actions occur within different geographical boundaries and together would be deemed to constitute IPR infringement, but at the moment remain outside the competence of local courts, could be considered for harmonization. In cases of potential cross-border liability, factors such as the knowledge of the protected IPR in both countries could be considered.

Please also see answers to the questions No. 10, 11 and 14 above.

16 What remedies should be available against a party found liable for Joint Infringement? In particular:

6. Should an injunction be available?

Yes

Please Explain

The Finnish Group considers that if the act of Joint Infringement can be considered to constitute an infringement under the relevant IP laws, the same remedies should be available as with regard to direct or Contributory Infringement. However, remedies should not be granted categorically, but legislation should enable the adjusting of the remedies on a case-by-case basis taking into account the nature of the act of infringement. Moreover, the Finnish Group considers that the division of liability should be considered as a separate question.
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<tr>
<th><strong>6.b</strong></th>
<th>Should damages or any other form of monetary compensation be available?</th>
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<tr>
<td><strong>Yes</strong></td>
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<td><strong>On what basis?</strong></td>
<td>Yes, please see answer to question 16.a) above.</td>
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<th><strong>6.c</strong></th>
<th>Should any available remedies be different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?</th>
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<td><strong>No</strong></td>
<td>Please Explain</td>
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<tr>
<td><strong>In principle, no. Please see answer to question 16.a) above.</strong></td>
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<tr>
<th><strong>17</strong></th>
<th>Please comment on any additional issues concerning any aspect of Joint Liability you consider relevant to this Study Question, having regard to the scope of this Study Question as set out in paragraphs 7 to 13 above.</th>
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<td><strong>N/A</strong></td>
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<th><strong>18</strong></th>
<th>Please indicate which industry sector views are included in your Group’s answers to Part III.</th>
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<td><strong>Pharmaceutical sector</strong></td>
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I. Current law and practice

Please answer all questions in Part I on the basis of your Group’s current law.

1. Are there any statutory provisions which specifically apply to Joint Liability?

Yes

Please Explain

First of all, the notion of “Joint Liability” needs to be defined according to the concepts of general French civil law.

According to the Study Guidelines, as far as this question is concerned, the notion of Joint Liability (like that of Joint Infringement or Joint Liability for IPR infringement) means that the defendant is jointly liable with one or more other parties, notwithstanding that the defendant may not itself be liable for any act of direct infringement, indirect infringement or contributory infringement.

The notion of Joint Liability (liability of a person with one or more others) may therefore be translated into French as responsabilité conjointe or co-responsabilité (whether this joint liability be joint and several or not).

As far as the statutory provisions which apply to joint liability are concerned, Directive 2004/48 of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights (the “Directive”) provides for the possibility of obtaining an injunction against an “intermediary”. More specifically, Art. 9(1)(a) of the Directive relates to provisional and precautionary measures and Art. 11 relates to injunctions on the merits of the case.

The regime of interlocutory injunctions was modified following the transposition of the Directive into French law and is now set out, in particular, in Articles L. 521-6, L. 615-3 and L. 716-6 of the Intellectual Property Code.

However, no piece of national legislation provides for the possibility of issuing injunctions on the merits of the case against intermediaries. As a result, the transposition does not appear to be entirely consistent with the Directive and the “horizontal” direct effect of the latter could not a priori
be invoked in a case between private individuals according to European case law (CJEC, *Paola Faccini Dori v. Recreb Srl*, 14 July 1994, C-91/92).

There is no other specific statutory provision which applies to joint liability under French civil law, and in particular under intellectual property law.

2. **Under the case law or judicial or administrative practice in your jurisdiction, are there rules which specifically apply to Joint Liability?**

Yes

Please Explain

The *in solidum* obligation is a case law creation which was explicitly established by the Supreme Court ("Cour de cassation") in a decision on 4 December 1939: "each of the co-authors of the same damage caused by their respective wrongs has to be ordered in solidum to compensate for the damage in full, each of these wrongs having contributed to causing it as a whole".

The *in solidum* obligation is therefore the rule according to which the author of one of the causes of damage is obliged to compensate the victim for the latter in full, subject only to subsequent recourse against the co-authors of the causes of this damage.

The current scope of the *in solidum* obligation extends to all liabilities and the case law does not require the various co-authors to incur the same type of liability.

3. **In the following hypotheticals, would party A be liable for Joint Infringement with party X? In each case, please explain why or why not.**

3.a. X sells handbags in a shop which is a small stall located in a shopping mall owned by A. The handbags infringe the registered design of Z. A knows that X (and other tenants) sells infringing goods.

Yes

Please Explain

When facing hypothetical scenario (a), the Court of Appeal of Aix-en-Provence found that A was not liable because it had not "participated directly in the commercial operation of its “occupant”", and therefore that it "[had] not participated directly in the infringing acts" (2 April 2009, No. 2009/137). On reading the reasons for the decision, however, it does not seem to us to be impossible for A to be found liable, provided that it was aware of the infringing acts being committed by X and, in particular, that it played an active role in the committing of these acts.

As far as the injunctions that may be issued by a court on the merits of the case against A are concerned, reference should be made to Article 11 of Directive 2004/48/EC of 29 April 2004 on the enforcement of intellectual property rights, which states that Member States must ensure “that rightholders are in a position to apply for an injunction against intermediaries whose services are used by a third party to infringe an intellectual property right” (see point 1).

In a decision reached on 7 July 2016 (*Tommy Hilfiger Licensing e. a. v. Delta Center SA*, C?494/15), the CJEU looked at the application of this legislation to intermediaries where infringing acts were committed in a physical shop.

In the case giving rise to that decision, a market hall manager was subletting retail outlets to traders who used them to sell infringing products. Several holders of trademarks acted to have various injunctions issued against this manager. The CJEU found that the manager fell within the definition of an intermediary according to Article 11 of the Directive and that, as a result, injunctions on the merits of the case could be issued against that manager.

The Court is thus aligning the regime relating to intermediaries of physical shops with that relating to intermediaries of online shops, as it outlines in its *L’Oréal* decision.

As explained under point 1, Article 11 of the Directive has not been transposed consistently into internal law and its horizontal direct effect cannot be invoked. The solution in the *Tommy Hilfiger* decision has thus not yet been adopted in French case law.

On the other hand, the Intellectual Property Code provides for the possibility of interlocutory injunctions being issued against “intermediaries” (Articles L. 521-6, L. 615-3, L. 716-6 and L. 722-3). On this basis, it might be believed that a French court facing hypothetical scenario (a),
according to CJEU case law based on the above Tommy Hilfiger decision, might consider A to be an intermediary whose services are being used by X to commit infringing acts and issue interlocutory injunctions against it in that capacity if the conditions laid down in the legislation on provisional measures have been met (see the answer to question 1 above).

3.b

X sells handbags in an online shop which is hosted by a large market place platform owned by A. The handbags infringe the registered design of Z. A knows that X (and other web shop operators hosted by A’s market place platform) sells infringing goods via their respective outline shops.

Yes

Please Explain

According to Article 14 of Directive 2000/31/EC of the European Parliament and of the Council of 8 June 2000 on certain legal aspects of information society services, “where an information society service is provided that consists of the storage of information provided by a recipient of the service, Member States shall ensure that the service provider is not liable for the information stored at the request of a recipient of the service, on condition that:

a) the provider does not have actual knowledge of illegal activity or information and, as regards claims for damages, is not aware of facts or circumstances from which the illegal activity or information is apparent;

or

b) the provider, upon obtaining such knowledge or awareness, acts expeditiously to remove or to disable access to the information”.

This legislation was transposed into French law in Article 6-I-2 of law No. 2004-575 of 21 June 2004 concerning confidence in the digital economy.

As far as an assessment of the host’s knowledge is concerned, the Court of Justice of the European Union holds that “in order to establish whether the liability of a referencing service provider may be limited under Article 14 of Directive 2000/31, it is necessary to examine whether the role played by that service provider is neutral, in the sense that its conduct is merely technical, automatic and passive, pointing to a lack of knowledge or control of the data which it stores” (CJEU, 23 March 2010, C-236/08). Conversely, the “active role” played by the host will be such that it is “assumed to have knowledge or control of the data” (Supreme Court, Commercial Division, 3 May 2012, 11-10508).

If, in the case under consideration, it is formally established that the provider of hosting services was aware of the infringing nature of the bags, it may be found to be liable for infringement.

Awareness by the provider of hosting services of the infringing nature of the bags may also be presumed owing to its active role in the presentation or use of the data stored on the platform. In a decision of 20 July 2010, the Court of Appeal of Reims thus hold liable for infringement, alongside the primary infringer, the manager of a market place storing advertisements for infringing bags because the manager had played an active role “in the initiation, conclusion and monitoring of transactions”.

3.c

X sells handbags in an online shop. The handbags infringe the registered design of Z. A designed the online advertising campaign for X’s shop and books online advertising resources for X on websites and in in search engines. A knows that X sells infringing goods.

No

Please Explain

In the hypothetical scenario envisaged, A is not committing an infringing act directly but contributing to the distribution of X’s infringing products by improving the visibility of its online shop on the Internet.

It therefore seems that A cannot be held liable for infringement proper. However, its joint liability could be sought on the basis of ordinary tort
As a result, the relationship between A and X could be considered to correspond to a mandate agreement since it relates to the purchase of advertising space on the Internet.

This is because paragraph 1 of Article 20 of law No. 93-122 of 29 January 1993 concerning prevention of corruption and the transparency of economic life and of public procedures (known as the “Sapin” law) states that "any purchase of advertising space, in any medium whatsoever, or of services aimed at publishing or distributing advertising material may be carried out by an intermediary only on behalf of an advertiser and within the framework of a written mandate agreement", which is governed by Articles 1984 et seq. of the Civil Code.

The Supreme Court has ruled in relation hereto that "the professional agent (…) is personally liable to third parties who are the victims of intentional or non-intentional torts which that party may commit either of its own accord or on the instructions of the principal in the performance of its mission" (Civ. 1, 13 October 1992, No. 91-10619).

It is a question here of examining the extra-contractual personal liability of A and of assessing its "fault" and the "loss" suffered by the holder of the rights as a result of its acts within the meaning of Articles 1240 et seq. of the Civil Code.

Moreover, A could also be considered to be an "intermediary" whose services are being used to infringe an intellectual property right within the meaning of the above Directive 2004/48/EC of 29 April 2004, and justify the issuing of injunctions against it.

This is because the Court of Justice nevertheless did not state, in its Tommy Hilfiger Licensing LLC decision of 7 July 2016, whether or not the services supplied by the intermediary had to be essential to the infringement. According to the doctrine, it would seem that services that are simply accessory could be included on condition that they are sufficiently directly linked to the infringement.

A’s awareness of the infringing nature of the products being sold by X on its website might possibly be considered to be a factor when assessing the link existing between the service provided by the intermediary and the infringement.

However, as explained above (points 1 and 3), only Article 9 of the Directive relating to provisional and precautionary measures has been transposed into French law, not Article 11 relating to injunctions on the merits of the case.

For each of the hypotheticals in (a) to (c) above, does it make a difference if A merely suspects that X sells infringing goods? If yes, what is the level of "suspicion" required, and how is it demonstrated?

Hypothetical A

Yes

Please Explain

The question of the degree of suspicion needed to establish the liability of the intermediary is not directly addressed by the CJEU in its decision of 7 July 2016 referred to above. On this point, the Court essentially refers to the solution suggested in its L’Oréal decision of 12 July 2011, merely stating that the intermediary of a physical shop, in exactly the same way as the intermediary of an online shop, cannot be asked to carry out general and permanent surveillance of its customers (pt. 34).

An approach strictly in parallel with the solution suggested in the L’Oréal decision may therefore be adopted with respect to online sales.

In that decision, the Court found that the manager of an online market place, despite not having played an active role in the committing of the infringing acts, cannot rely on the exemption from liability set out in Article 14 of Directive 2000/31/EC on electronic commerce if it appears "that it was aware of facts or circumstances on the basis of which a diligent economic operator ought to have noticed the illegality of the offers for sale and failed to act promptly to withdraw these offers or make them impossible to access" (pt 124).

It therefore seems plausible that the same logic could be followed in relation to physical commerce, the intermediary’s awareness of illegal acts then being susceptible to incur its liability according to the model set out in Article 14 of Directive 2000/31/EC. According to this logic, the victim of infringing acts could apply for an injunction against an intermediary in physical commerce if the latter has failed to act promptly to bring the infringing acts to an end after finding out about them, in particular through notification provided by the victim.

If applicable, the degree of awareness required for such an interlocutory injunction to be requested and the nature of the efforts that are likely to enable an intermediary to escape one remain to be determined.

As far as proceedings on the merits of the case are concerned, it cannot be ruled out that this awareness by X alone might not be sufficient to incur its liability according to French law if it cannot be proven that X played an active role in the infringement.
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3.d.ii Hypothetical B

Yes

Please Explain

As indicated above, in the L’Oréal decision of 12 July 2011 (C-324/09), the Court of Justice of the European Union found that it was sufficient that the provider of hosting services “was aware of facts or circumstances on the basis of which a diligent economic operator ought to have noticed the wrongfulness in question” in order to prevent it from being able to benefit from the regime exempting hosts from liability.

The liability of the provider of hosting services for infringement in the case under consideration in question 3-b may be incurred if it has not been a diligent operator, if it has not acted “as a reasonable person” within the meaning of the Civil Code.

If the provider of hosting services reasonably suspected the infringement given the particular facts and circumstances, its liability for infringement may be incurred if it failed to withdraw the infringing products from the site.

No precise criteria have been drawn up as far as the effort that is reasonably expected of the provider of hosting services is concerned, the latter resulting from a body of evidence assessed by judges on a case by case basis (low sale price, reputation of the trademark or design, seller particularly geographically mobile, poor quality of the product compared to what might reasonably be expected of a luxury bag, etc.).

3.d.iii Hypothetical C

No

Please Explain

The degree of suspicion by A as to the infringing nature of the products could possibly affect the assessment:

- of the link between the service provided by the intermediary and the infringement, which would then be more debateable;

- of its extra-contractual liability, Article 1241 of the Civil Code stating that “each party is liable for the damage they have caused not only through their actions, but also through their negligence or through their carelessness”.

This degree of suspicion will be assessed on a case by case basis and it may be difficult to provide proof thereof other than in the most obvious cases.

4 In the following hypothetical, would party A be liable for Joint Infringement with party X? In your answer, please explain why or why not?

4.a Z owns a patent claiming a method for addressing memory space within a memory chip which is built into telecommunication device having further features (main processor, suitable software etc.). A manufactures memory chips. The chips are objectively suitable to be used for the claimed method. A’s memory chips are distributed over multiple distribution levels to a plethora of device manufacturers. A has no knowledge of the actual end use of its memory chips.

No

Please Explain
As far as patents, in particular, are concerned, French law only imposes sanctions for two types of patent infringement: direct infringement, which is combated under Article L.613-3 IPC, or, as an exception, indirect infringement, where the specific conditions of supplying means that are suitable and intended for putting the invention into effect are combined (pursuant to Article L. 613-4 IPC).

The party filing an infringement action usually has to specify precisely, for each defendant, the infringing acts of which it is personally being accused.

If, as in the hypothetical scenario under examination, X is infringing Z’s patent rights by selling telephones containing a chip which uses the method covered by Z’s patent, this does not mean that A, the supplier of the chip inserted in the telephone, who has therefore intervened at some stage in placing the supposedly infringing product on the market, can also be found guilty of direct or indirect infringement.

To answer the question of whether, given the scenario under examination, it might be obvious that the chips sold by A could be used for infringing acts, reference needs to be made to the case law on the supply of means concerning the definition of means intended for putting the invention into effect.

It is not necessary to prove that the third party knew about the patent or the infringing nature of the product: it may be found liable for infringement if the circumstances make it obvious that the product in question could be used to put the invention into effect. These circumstances may, in particular, result, for example, from particular characteristics of the product making it suitable and intended for putting the invention into effect.

Similarly, A’s area of business might lead one to think that it could not have been unaware that the memory chips being sold were intended for integration in a telecommunications device.

If (as is admitted) A was unaware of the final application of its chips and if one considers that it could legitimately have been unaware of it, it has to be concluded that A bears no liability for the infringement.

At most, it is conceivable that, by virtue of Article 1240 of the Civil Code (according to which “An act of any kind by a person which causes harm to another obliges the person whose fault caused it to provide compensation for it”), liability for the tort of a third party may be sought; however, as far as we know, no court decision involving a patent has been handed down to that effect. Nor is it clear what tort A is supposed to have committed.

1. Further, under your Group’s law, would it be considered obvious (in the sense of Q204P) that A’s chips would be put to one or more infringing uses and if so, why?

No

Please Explain

5. In the following hypotheticals, would party A be liable for Joint Infringement with party X? Please explain why or why not.

Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, also located in your country. A and B know that their servers exchange encrypted messages according to the patented method.

Yes

Please Explain

The only case under consideration is the one where neither A nor X is carrying out, on their own, all of the steps of the claimed method. This may consist, for example, of a step in which a packet of data is emitted and a step in which that same packet is received, both steps having to be carried out by two separate pieces of equipment.

As far as we know, this specific case has not been addressed in French case law. Nevertheless, a relatively recent decision by the Court of Paris (Paris, Division 5, Court 1, 19 September 2012, SARL CONTEGO PACKAGING SARREGUEMINES v. SAS PACKETIS) could shed some light on the situation. In that case, the patent related to an installation for implementing a method which was not being claimed as such. The claimed installation consisted of several “stations” each carrying out one step of the method. The defendant possessed and used at its premises an installation containing most of these stations with the exception of the last two. It delivered semi-finished products to its customers who completed the manufacture using machines corresponding to the last “stations” of the claimed installation.

The Court found that “the installation which is the subject of claim 3 […] has been reproduced and that the circumstances according to which the various stations of the patented installation are possessed and used by different people but who act in concert and seek to achieve the shared aim of producing the result promised by the invention, is not such as to exonerate the [defendant] from infringement”
.. The defendant's customers were not party to the activity, but one might suppose that, if they had been, they would also have been found guilty.

The Court points out that it is common in the industry concerned to separate the various stations of the installation and this may have made it easier to prove concerted action.

It seems that this solution, reached in respect of a device patent, could have applied even more easily to a method claim, it being specified in the case referred to in the question that concerted action between A and X appears to be inevitable.

It may therefore be considered that, in the case referred to in hypothetical scenario 5a), a French court might have found both A and X liable in so far as A and X are manifestly acting in concert.

On the other hand, it does not seem that knowledge of the infringing nature of implementing the method is required. This is because this condition is not laid down under French law where a patented method is being used.

However, this decision seems to be an isolated one.

5.b

Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, located outside your country. A and B know that their servers exchange encrypted messages according to the patented method.

Please Explain

As far as we know, there is no French case law covering this hypothetical scenario involving a foreign element.

Before considering the question of liability, the substance of the infringement first needs to be examined.

I. The substance of the infringement

As in case 5a, the only case under consideration is the one where neither A nor X is carrying out, on their own, all of the steps of the claimed method.

It may nevertheless be considered that, in so far as A and X have acted in concert, the patented method has indeed been used in French territory even if certain steps have been carried out abroad.

This solution, which is hypothetical, would be opportune.

II. Liability

If the substance of the infringement has been established, it seems certain that A, which has been carrying out the acts in France, may be found guilty.

The question of X’s liability, with X having been carrying out its acts outside national territory, is more difficult. One might nevertheless think that the party based abroad may be liable, particularly if it was at the source of the infringement.

The decision of the Court of Limoges, Civil Division, First Section of 27 June 2002 in S.A. CONSTRUCTIONS MECANIQUES A. DESHORS – Ets. A. DESHORS v. S.A. ELEKTA Instrument et al., may be cited by way of analogy. In that case, the company DESHORS was producing in France, on behalf of the Chinese company OUR, the essential components of a patented machine which were then exported to China where the remaining components were added. The Court considered that the patent was being infringed and found the companies DESHORS and OUR guilty in solidum. The latter was not carrying out any substantive act in France, but "the operation in which the company OUR was participating, as a party having concluded a contract with the company DESHORS at whose request the infringing product was being produced in French territory based on plans drawn up and supplied by OUR under its references, is sufficient to constitute infringing acts incurring the liability of that company”.

The case in which X was not the organizer of the infringement appears to be more uncertain. It might nevertheless be considered that X’s liability could be incurred in so far as it was sending encrypted messages to France and that, without its involvement, the infringement would not have been possible.
Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. X operates server “a” outside your country, which exchanges encrypted messages with server “b” operated by Y, located in another country outside your country. A, located in your country, is a software consultant advising X and Y how to use the patented method (but A does not supply any software).

Please Explain

In this case, the method is carried out entirely outside national territory and its use cannot constitute an infringing act. Since X and Z cannot be held liable, A cannot be held liable with them. The provision of a consultancy service by A therefore does not seem to be able to incur its liability.

Are there any other scenarios which result in Joint Liability for IPR infringement under your Group’s current law?

Yes

Please Explain

1. A first scenario was identified in a decision handed down by the Court of Appeal of Paris on 7 April 2004.

In that case, the company WATERS CORPORATION, based in the United States, manufactured devices which were stored in the Netherlands where WATERS’ European companies, including a French subsidiary, the company WATERS SA, received supply.

The Court of Appeal upheld the judgment of the High Court of Paris which agreed to include in the in solidum liability the participants in the operation introducing the supposedly infringing devices into French territory, that is to say the companies WATERS CORPORATION and WATERS SA, finding that by [importing […] devices 2690 and 2695 and their variations 2690D and 2690XE, the company WATERS CORPORATION and the company WATERS SA have committed acts infringing claims 1, 2, 10, 11 and 12 of European patent 0 309 596 […].]

Given the active role played by the company WATERS CORPORATION in the importation of the supposedly infringing devices into French territory, the Court of Appeal believed that it should not be exonerated, finding that it mattered “little that the devices passed through the Netherlands before being delivered in France to customers of the company WATERS SA, since the company WATERS CORPORATION, by supplying its French subsidiary, participated in the act of importation into France; whereas these acts constituted […] importation of the devices in suit onto the French market by the company WATERS CORPORATION”.

As a result, and in light of this decision, a company that has actively participated in importation could be found guilty jointly and severally with the company that is importing the supposedly infringing goods.

2. A second scenario corresponds to the above decision (point 5b) by the Court of Appeal of Limoges of 27 June 2002.

As a reminder, in that case, the company Etablissements Constructions Mécaniques A. DESHORS (referred to hereinbelow as DESHORS) manufactured in France, based on orders from the company SHENZHEN OUR MEDICAL, various mechanical parts of a gamma radiation unit, with the exception of the sources of radiation, the electronics being supplied by a third company. The assembly of the various parts of the machine was carried out in China.

Both DESHORS and SHENZHEN OUR MEDICAL were found guilty of infringement.

Although DESHORS only manufactured the mechanical parts of the machine, the Court of Appeal believed that this company was carrying out infringing acts because it “was specifically manufacturing and selling in France parts of the machine reproducing the essential characteristics of the subject matter protected by the patent”.

What remedies are available against a party found liable for Joint Infringement? In particular:

Is an injunction available?
If industrial property rights are being infringed:

Generally speaking, if a number of people have committed infringing acts jointly, an interlocutory injunction or an injunction on the merits of the case can usually be obtained against each of them.

Moreover, in France, the Intellectual Property Code allows an interlocutory injunction to be obtained (on request or in interlocutory proceedings) against an intermediary whose services a being used by the alleged infringer (Articles L. 521-6, L. 615-3, L. 623-27, L. 716-6 and L.722?3 – transposition of Art. 9(1)(a) of Directive 2004/48).

An action on the merits of the case has to be brought within a period laid down in the regulations, otherwise, at the defendant's request, even without giving any reasons, the measures that have been ordered are cancelled, without prejudice to damages that may be claimed.

A permanent injunction cannot be issued against an "intermediary" under French law (non-transposition of Art. 11 of the abovementioned Directive, see points 1, 3a and 3c).

In addition:

If copyright is being infringed:

Article L.336-2 of the Intellectual Property Code, which transposes Article 8.3 of Directive No. 2001/29 on the harmonisation of certain aspects of copyright and related rights in the information society provides for the possibility of requesting “all measures capable of preventing or bringing to an end such an infringement of copyright or a related right against any person capable of contributing to remedying it”.

Hence, in the Allostreaming case, for example, the Court of Appeal of Paris ordered Internet service providers and search engines to block and discontinue websites which enabled Internet users to access infringing content by streaming or downloading (Court of Appeal of Paris, 15 March 2016, RG No. 14/01359).

Regime specific to certain technical intermediaries if any intellectual property right is being infringed:

Law No. 2004-575 of 21 June 2004 concerning Confidence in the Digital Economy (LCEN) states, in paragraph 8 of Article 6(I), that the judicial authority may order, in interlocutory proceedings or on request, any natural person or legal entity carrying out, even free of charge, for provision to the public through online public communication services, the storage of signals, text, images, sounds or messages of any kind supplied by recipients of these services, or otherwise any persons whose activity involves offering access to online public communication services, to take any measures capable of preventing damage or of bringing to an end damage caused by the content of an online public communication service.

In practice, this regime is mainly used to impose sanctions on copyright infringements.

Yes

Are damages or any other form of monetary compensation available?

Yes

On what basis?

It should be emphasized here that, generally speaking, if a number of people have committed infringing acts jointly, they may be found jointly and severally liable (liability *in solidum*).

Website hosts may find that their civil liability is incurred and that they owe damages as a result of activities or information stored at the
request of a recipient of these services if, despite being duly notified of the existence of the infringement (according to legal conditions), they have failed to act promptly to remove the data and make access thereto impossible (Article 6.2 LCEN).

In any case, if a party is considered to be jointly liable for an infringing act, compensation will be provided in accordance with the specific rules of intellectual property: taking the profits made by the infringer into account, the option of lump-sum compensation may be possible.

Are any of the available remedies different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?

No

Please Explain

No, other than in specific cases:

Bearing of costs relating to blocking / discontinuation measures that have been ordered:

According to recent case law of the Supreme Court, the cost of blocking and discontinuation measures applied to sites giving access to infringing content, when these measures are ordered to be carried out by suppliers of access and search engines, has to be borne by these technical intermediaries (1st Civil Division of the Supreme Court, 6 July 2017, Nos. 16-17.217, 16-18.298, 16-18.348 and 16-18.595; the solution formed the subject of a recent application by the High Court of Paris regarding ISPs, 3rd Division, 1st Section, 2 November 2017, No. 17/021124).

Obligation borne by ISPs and hosts to inform the public authorities promptly of alleged illegal activities by recipients of their services and to disclose to them the identity of the recipients of their services

Although ISPs and hosts are not subject to a general obligation to monitor the information that they are transmitting or storing, or a general obligation to look for facts or circumstances indicating illicit activities, the judicial authority can ask them to carry out any targeted and temporary monitoring activity and to provide data which might make it possible to identify anyone who has helped to create the content or parts of the content of the services provided by them (recital 47 and Article 15 of Directive 2000/31 and Article 6(I)(7) and (II) LCEN).

Are there aspects of your Group’s current law that could be improved?

Yes

Please Explain

Firstly, Art. 11 of Directive 2004/48 should be consistently transposed in order to enable an injunction to be issued against an intermediary on the merits of the case (and not just on a provisional basis). The current situation is unsatisfactory and is the source of uncertainty over the correct procedure (an interlocutory injunction presupposes an action on the merits of the case, but it is unclear what action could be taken against an intermediary under the law as it stands).

More generally, in the absence of any specific legislative provisions or any well-established case law, the rules covering joint infringement are uncertain. Clarification would therefore be welcome. More particularly, specific rules need to be put in place relating to joint liability when an infringing act has been carried out in concert by a number of parties each of whom has played an active and substantial role. These specific rules could come under liability in tort or infringement.

Moreover, even where certain steps or means of the invention are put into effect outside this territory (see point 14c hereinbelow), it should be possible to punish participation in concert (or in the form of joint enterprise, or else in seeking to achieve the shared aim of producing the result promised by the invention) in the putting the invention into effect such that it has a useful effect in the territory.
AIPPI 2018 - Study Question - Joint liability for IP infringement

III. Proposals for harmonisation

Please consult with relevant in-house / industry members of your Group in responding to Part III.

9 Should acts outside the scope of direct infringement or Contributory Infringement give rise to Joint Liability for IPR infringement?

Yes

Should that sound in availability of injunctive relieve and/or damages? Please explain why or why not.

Yes. Joint liability rules should be put in place in cases of active, substantial and concerted participation in the committing of an infringing act. This joint liability should give rise to both injunctions and damages.

This is because, in certain cases, in order to bring an infringement to an end and compensate for its effects, it may be more effective to attack a jointly liable party that is acting, for example, in an organizing capacity, than the direct infringer.

10 Should Joint Liability be excluded if one or more acts being necessary for establishing Joint Liability for IPR infringement are committed outside the domestic jurisdiction? Please explain why or why not.

No

Please Explain

No. The simple fact that certain acts have been committed outside national territory should not exclude the liability of a party from the moment that putting the invention into effect has a useful effect in the territory.

The reverse solution would make it easy to circumvent numerous patents, in particular in the field of computers, because it would be sufficient to carry out certain tasks on servers located in a country where there was no patent.

11 Are there any other policy considerations and/or proposals for improvement to your Group's current law falling within the scope of this Study Question?

No

Please Explain

- 

III. Proposals for harmonisation

Please consult with relevant in-house / industry members of your Group in responding to Part III.

12 Is a consolidated doctrine of Joint Liability for IPR infringement desirable?

Yes

Please Explain

Yes, in order to offer a high degree of protection of intellectual property and, more particularly, to prevent intellectual property rights easily being avoided, particularly in new technologies, by a number of parties acting in concert.

13 Is harmonisation of the laws of Joint Liability for IPR infringement desirable?
If YES, please respond to the following questions without regard to your Group's current law.

Even if NO, please address the following questions to the extent your Group considers your Group's current law could be improved.

14. Please propose a suitable framework for Joint Liability for IPR infringement, focussing on the hypotheticals set out in Questions 3 to 5 above:

14.a. the acts in question are limited to activities such as renting retail space, hosting websites, advertising etc. (as further described in Question 3 (a) to (d) above)

14.b. the means supplied or offered by the contributory infringer related to a substantial element of the subject matter of the protected IPR, but at the time of offering or supply, the suitability and intended use were not known to the supplier or obvious under the circumstances (as further described in Question 4 above)

In the hypothetical scenario according to this question, and in line with the answer to Question 4, contributory infringement or any other form of joint liability according to French law cannot be found to exist:

- where A is unaware of the final application of its chips and could legitimately have failed to know what it was;
- where A supplied a chip which was objectively suitable for use in carrying out the method to which the patent relates or, a priori, an essential element of the invention to which that patent relates.

According to the criteria established in the answers to the questions in Part II of this report, A would no longer be found to be liable.

A sells its chip to a plethora of manufacturers at multiple distribution levels, but it does not know that its chip is intended to be integrated in a telecommunications device. As none of the particular circumstances apply, A has therefore not been acting in concert with the manufacturers of the telecommunications device in which the chip is inserted.

A has not played an active and substantial role in the infringement.

Nor was it aware of the patent or the infringing nature of the product.
It should not therefore be held liable. To decide otherwise would mean ignoring the condition that it had knowledge (either proven or assumed) of the final application which is required for contributory infringement. This would be prejudicial to legal certainty.

4.
The infringing acts are divided between two parties, and the acts of each party do not qualify as direct infringement or Contributory Infringement, as further described in Question 5 (a) to (c) above.

The case looked at under 5a) corresponds to the situation known in US law as "divided infringement". This type of situation is tending to arise increasingly frequently because of the development of information and communication technologies. In these technological fields it is sometimes impossible to draft a method or system claim in such a way that all of the steps or means are carried out by just one party. A harmonization of the law in this area could draw from the doctrine of "divided infringement" known under US and German law. Various alternative criteria may be envisaged for the harmonization. Hence, where the joint action of two or more parties results in all of the steps of a patented method being carried out, there has to be an infringement here not only where one party controls the other, but also:
- where the parties form a "joint enterprise"; or
- in the case of "concerted action" between the parties; or
- where the parties are seeking to achieve the shared aim of producing the result promised by the patented invention.

These doctrines should not be limited to method inventions, but could be extended to include the use of a patented system.

It would be necessary to ensure that an overly broad application of these criteria did not lead to simple suppliers of services or of means of calculation or storage, who were unaware that they were participating in the implementation of the patented invention, being found to be liable.

The case looked at under 5b) is distinguished from the above by the fact that certain steps of the method are carried out abroad. A situation like this is liable to arise, for example, in the case of a computer-implemented method where the user, located in a first country, is connected to a server located in a second country through an interface.

It would be desirable, in this case, for the infringement to be found to have been committed by any participant in a territory where the invention is patented, provided that the useful effect of the invention is produced in that territory. In the above example, the useful effect is produced in the first country (where the user is located), even though most of the steps are carried out in the second.

With respect to the case under 5c) where all of the steps of the method are carried out abroad, on the other hand, the third party should not be found to be liable. This is because use of the method does not constitute an infringement unless it is in the territory under consideration. The act of providing assistance in this use should not therefore be considered tortious.

15.
Are there any other scenarios which should result in Joint Liability for IPR infringement, and where harmonisation is desirable?

Yes

Please Explain

Yes, in the following two cases:

- When a party A, based abroad, actively participates in importing into a territory merchandise infringing an intellectual property right valid in that territory, even if the act of importation is carried out by another party B, and if A does not carry out any act whatsoever in the territory in question.

- Where a company A, acting in concert with at least one company B, manufactures in a territory of a first part reproducing one or more essential characteristics of a device patented in that territory, while company B manufactures a second part of said device (in the territory in question or outside it), the assembly of the different parts being carried out outside the territory such that the device, once assembled, reproduces the characteristics of the patented device.

16.
What remedies should be available against a party found liable for Joint Infringement? In particular:
6. **Should an injunction be available?**

Yes

**Please Explain**

An injunction should only be issued if it ensures a fair balance between the protection of intellectual property and the absence of obstacles to legitimate trade. For example, the rules in force in France allowing an injunction to be sought against third parties other than the direct or indirect infringer, such as intermediaries, appear to be satisfactory and strike this fair balance.

6. **Should damages or any other form of monetary compensation be available?**

Yes

**On what basis?**

Generally speaking, third parties other than the direct or indirect infringer (such as intermediaries) may be liable for damages based on their civil liability under common law if it is possible to show that they are the source of distinct damage. For example, the hosts of websites should be able to be found liable and therefore to have to pay damages if they were notified of the existence of the infringement but failed to take action promptly.

6. **Should any available remedies be different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?**

17 **Please comment on any additional issues concerning any aspect of Joint Liability you consider relevant to this Study Question, having regard to the scope of this Study Question as set out in paragraphs 7 to 13 above.**

Beyond the existing ad hoc measures mentioned under question 7, it would be desirable to harmonize the elements taken into account in determining the amount of damages. As a result, provisions authorizing courts to take into account any profits made by third parties other than the direct or indirect infringer, for example from making their platform available to the infringer, would be of a desirable dissuasive nature.

18 **Please indicate which industry sector views are included in your Group's answers to Part III.**

Software and telecommunications.
I. Current law and practice

Please answer all questions in Part I on the basis of your Group's current law.

1 Are there any statutory provisions which specifically apply to Joint Liability?

Yes

Please Explain

A. Patents

According to Section 9 in conjunction with Section 139 German Patent Act ("PatG"), a patent owner is entitled to take legal action against any third party that infringes his patent in the German territory, unless the action by the third party falls within one of the exceptions set forth in Section 11 PatG. Section 9 defines the rights of the patent holder and describes actions of third parties with respect to the patent, which are prohibited (Benkard/Scharfen, PatG, § 9, para. 1). Thus, in *Radio Controlled Clock I* (Federal Court of Justice (hereinafter: BGH) GRUR 2002, 599 – Funkuhr I), the BGH held that a party who unlawfully uses an invention, which is the subject matter of a patent, is liable for patent infringement in Germany, just as much as a party who markets or sells the invention in Germany or imports it into Germany.

With its very broad and general wording, Section 9 PatG covers all types of infringement by third parties, direct, indirect or joint infringement, as long as they fulfil the general criteria set out by Section 9 PatG (Benkard/Grabinski/Zülich, PatG, § 139, para. 20; BGH GRUR 1999, 977, 979 – Räumscheld; BGH GRUR 2009, 1142 – MP3-Player-Import (see infra)). However, the provision does not define special criteria for any of these types of infringement. As a special type of indirect infringement, Section 10 PatG sets out rules for contributory infringement. The implications of this provision have been discussed at length in the German Answer to Q 204 (Liability for contributory infringement of IPRS) as well as Nos 7, 8 and 9 of the study guidelines, which are hereby referred to.
Concerning other categories of infringement, the PatG is lacking specific provisions. While the PatG in general is exhaustive on the protective effect of a patent, it still is to be put in the context of the general German Civil Law as provided for in the German Civil Code (Bürgerliches Gesetzbuch – "BGB") (Benkard/Scharen, PatG, Vor §§ 9-14, para. 2). Concerning questions of joint liability it hence is necessary to draw upon the general categories established by the BGB, namely in its Section 830, 840 (see infra Q 1) E.).

B. Copyright

With respect to copyright infringement, the statutory mechanism is quite the same as with respect to patent infringement. The general provision in Section 97 German Copyright Act ("UrhG") grants the copyright owner general claims for injunction or damages in case of an infringement. There are no specific provisions on the question of joint liability, though, so it has to be established by drawing upon the general criteria set up by Section 830, 840 BGB (see infra Q 1) E.).

C. Trademarks

The German Trademark Act ("MarkenG") contains a number of provisions that are important for understanding and perhaps also for establishing direct or indirect infringement. (Section 3 MarkenG states that signs that are capable of distinguishing the goods or services of one enterprise from those of other enterprises are eligible for the protection as trademarks. The div is subject to the condition that there is no bar to the protection of registered trademarks under Section 8 MarkenG. Section 5 MarkenG lists company names and the symbols of business operations used in the course of trade. Such names and symbols enjoy protection as commercial designations, and owners thereof are granted exclusive rights thereto under the same div.)

Section 14 (2) MarkenG grants trademark owners whose trademarks are registered in accordance with the stipulation of Section 4 MarkenG exclusive rights to their protected marks. An aggrieved trademark holder has the right under Section 14 (5) MarkenG to require any one including first offenders infringing his trademark to refrain therefrom, if there is a danger of recurrence. Furthermore, he can claim damages under Section 14 (6) MarkenG.

There are no specific provisions on the question of joint liability, though, so it has to be established by drawing upon the general criteria set up by Section 830, 840 BGB (see infra Q 1) E.).

D. Designs

Under Section 38 and 42 German Design Act ("DesignG"), an action can be brought for design infringement, if a third party without the consent of the owner of the design. The DesignG is silent on the question of contributory infringement of registered designs.

There are no specific provisions on the question of joint liability, though, so it has to be established by drawing upon the general criteria set up by Section 830, 840 BGB (see infra Q 1) E.).

E. German Civil Code ("BGB")

As explained in the preceding divs, the special German IP-Law statutes (PatG, UrhG, MarkenG and DesignG) only contain general provisions on infringement without further defining special criteria for cases of joint infringement. Hence, it is necessary to draw upon the principles established by general German Civil Law, as codified in the BGB.

According to Section 830 BGB, the aggrieved party shall have a claim against each of several infringers acting jointly. It comprises three cases: joint or indirect tortfeasorship ("Mittäterschaft"or "mittelbare Täterschaft"), support of infringing acts ("Beihilfe") or inducement of infringing acts ("Anstiftung").

a) Joint or indirect tortfeasorship requires an intentional collaboration of several actors regarding a specific infringement. For intention to be established, they must act together knowingly and wilfully. Hence the collaboration is basis for liability of those contributing to the action. Each one of the joint tortfeasors appropriates itself the actions committed by its collaborators. However, it is not necessary for each of the single tortfeasors to know what exactly the contributions of the other tortfeasors are as long as he does at least take into account ("billigend in Kauf nehmen") the possibility of an infringement. Additionally each tortfeasor has to contribute to the infringement in some way, at least intellectually (e.g. by planning) or psychologically (e.g. by encouraging other tortfeasors) or by omission of acts to hinder infringements (Palandt- Sprau, BGB, 2018, Section 830, para. 3).

b) In case of support, the supporter must intentionally support the action of an infringer acting himself intentionally. In case of inducement, the instigator must intentionally instigate the intentional infringement of the main actor.

Hence, joint liability according to Section 830 BGB, in relation to both, injunctive relief and damages, requires all relevant acts contributing to the infringement to be carried out intentionally. Intent is required in relation to the tortfeasor's own actions as well as to the achievement of an unlawful infringement (BGHGRUR 2007, 890, 892 – Jugendgefährdende Medien bei Ebay).
c) Cases where the negligent actions of several actors by their combination cause the infringement ("negligent contribution"—"fahrlässige Nebentäterschaft") do not come within the scope of Section 830 BGB. Concerning the treatment of those cases in the German judicial practice, please refer the answer provided in Q 2 c).

2 Under the case law or judicial or administrative practice in your jurisdiction, are there rules which specifically apply to Joint Liability?

Yes

Please Explain

In addition to statutory law, German courts have developed a case law specifying and partly broadening the basis for joint liability. This concerns liability for disturbance ("Störerhaftung"). Under Störerhaftung each act or omission contributing to another party's infringement may constitute contributor's liability. There is no requirement that the Störer (contributor) must have acted with intention or negligence. In order to contain liability within reasonable boundaries, courts exclude acts or omissions from liability when reasonable measures were taken in order to prevent infringements. The definition of such measures is developed on a case by case basis and varies depending on the economic and technical circumstances. In cases involving selling platforms or search engines for example, a notice and take down procedure is regarded as sufficient measure whereas other market participants may have to actively monitor their offers or services and to take action against potential infringements.

It is important to note, however, that different senates of the BGH, each having exclusive competence for different IP-rights, differ in their opinions as to the concept of Störerhaftung.

The concept of Störerhaftung has been adopted by the 1. Senate at the BGH with respect to trademarks, copyrights and designs (BGH GRUR 2016, 936 – Angebotsmanipulation bei Amazon, para. 16; BGH GRUR 2010, 633 – Sommer unseres Lebens, para. 19; BGH GRUR 2016, 803 – Armbanduhr, para. 61). On the other hand for patents and utility models, the X. Senate did not rely in its decisions on the concept of Störerhaftung. Instead it continues to rely on the statutory categories of perpetrator and participant (BGH GRUR 2009, 1142 – MP3-Player-Import) (see Q 1 E. in this respect). The same approach is taken for claims resulting from unfair competition law (BGH GRUR 2011, 152 – Kinderhochstühle im Internet, para. 48). In the jurisprudence of the X. Senate, the categories of perpetrator and participant have been interpreted expansively so that they also include the omission of reasonable measures to prevent infringements (cf. BGH GRUR 2017, 785 – Abdichtsystem, para. 51 et seq.). Since this approach could possibly also fall under the concept of Störerhaftung as applied by the 1. Senate, the practical difference between both approaches appears to be limited.

b) Section 830 BGB (see Q 1 E.) does not encompass cases where the negligent actions of several actors by their combination cause the infringement so there is no intentioned and willingly conducted cooperation between the tortfeasors (Nebentäter). In cases of negligent violations of IP rights, the BGH has ruled that such persons causing part of an infringement may be liable for the whole infringement (including all damages) as secondary offender/negligent contributor ("fahrlässiger Nebentäter") according to Section 840 BGB (BGH GRUR 2015, 467 – Audiosignalcodierung).

The Nebentäter thus is not required to act with intention or based on a plan made with other infringers. The Nebentäter is liable if he/she acts negligently or to omits reasonable measures to prevent third party IP-infringements, for example to control commercial customers or to use part of a method without assessment whether the use of the whole method constitutes a patent violation (BGH GRUR 2015, 467. – Audiosignalcodierung, para. 48 et seq.). In order to limit the extensive negligent contributor liability, the BGH excludes all cases of necessary contribution ("notwendige Teilnahme") so that for example customers buying infringing goods are not liable for infringement merely due to the sole act of buying them. Further, all cases falling under the scope of Section 10 PatG with its specific requirements for constituting liability are not covered by the negligent contribution test (BGH GRUR 2007, 313, 314 – Funkuhr II).

Therefore, any party having the legal possibility to prevent infringement of property rights committed by third parties primarily has a duty to examine, if and as soon as such party acquires knowledge of such infringement of property rights (BGH GRUR 2013, 1229, 1231 – Kinderhochstühle im Internet II; BGH GRUR 2014, 657 – Bear Share). If the examination leads to the conclusion that an infringement of property rights is or could be present, said party has to take suitable measures in order to prevent continuous or future legal infringement. However, a general examination obligation, pursuant to which such party has to permanently monitor this party’s sphere of influence would be an untenable burden for the party concerned (BGH GRUR 2013, 1229, 1231 –
Kinderhochstühle im Internet II).

With regard to case law in the field of online portals it is consequently recognized that once an operator of such a portal realizes an obvious infringement of rights, he/she has to examine the offer or proposition concerned, remove it and take suitable measures in order to ensure that any such infringement of rights is excluded in the future (notice and take down) (BGH GRUR 2011, 1038, 1040 – Stiftparfüm – with reference to CJEU GRUR 2011, 1025 – L’Oréal/eBay). Against the background of the provision of Art. 11 sentence 3 of Directive 2004/48/EC, however, there is no objective reason not to apply this viewpoint recognized for online portals offline as well (cf. OLG (Higher Regional Court) of Düsseldorf, judgment of 19.10.2017, case no. I-20 U 29/17, para. 19, with reference to CJEU GRUR 2016, 1062, 1064 – Tommy Hilfiger et al./Delta Center).

c) For completeness, the jurisprudence regarding the ancillary liability of CEOs alongside the company they represent should be mentioned. The I. Senate of the BGH has recently limited such liability in the context of unfair competition law (BGH GRUR, 2014, 883 – Geschäftsführerhaftung). In general, the CEO is not obliged to prevent any violation of applicable law but has to take reasonable measures to prevent such violations. In further judgments the I. Senate puts the notion of CEO responsibility more precisely by saying that it may be established if the CEO intentionally and causally contributed in some way to the infringement of an absolute right and thereby disrespected reasonable duties of care ((copyright law) BGH GRUR 2015, 672 – Videospiel-Konsolen II, confirmed in BGH GRUR 2016, 803 – Armbanduhr, para. 61 (design law); BGH GRUR 2017, 397 – World of Warcraft II (competition law and trademark law); BGH GRUR 2017, 1265 – Preisportal, para. 29 with further references (competition law)).

In comparison, the X. Senate of the BGH holds CEOs liable under less restrictive preconditions. It agrees with the I. Senate insofar as the CEO of a company in general will be personally liable for a violation of absolute rights of third persons committed within the company if he/she either was personally and actively involved in activities leading to this violation or was obliged by general principles of tort law to guarantee that such actions are effectively prevented ("Garantenstellung") (BGH GRUR 2016, 630 – Unberechtigte Schutzrechtsverwarnung II, para. 16 (patent law)). In a follow-up judgment the X. Senate specifies that it does go as far as the liability of any given member of a company whose area of responsibility encompasses the protection of the rights of third persons (BGH GRUR 2016, 257 – Glasfasern II, para. 112 et seq. (patent law)). However, the X. Senate sees these preconditions generally and typically to be fulfilled with respect to the violation of competitors patents where a company manufactures technical products or imports such products to the market (see above, para. 114).

3 In the following hypotheticals, would party A be liable for Joint Infringement with party X? In each case, please explain why or why not.

3.a X sells handbags in a shop which is a small stall located in a shopping mall owned by A. The handbags infringe the registered design of Z. A knows that X (and other tenants) sells infringing goods.

Yes

Please Explain

Preliminary Remarks

According to Questions 3 a) to 3 c) A "knows" that X sells infringing goods whereas Question 3 d) refers to a situation where A "suspects" that X sells infringing goods. Questions 3 a) to 3 c) do not specify what the meaning of "knows" is. For the following considerations in Questions 3 a) to 3 c) it is understood that A positively knows about the infringing facts, i.e. knows about the design of the handbags and further knows about the registered design of Z. In contrast, question 3 d) refers to the different levels of "suspicion", e.g. tolerating the occurrence of infringement, or trusting that the infringement will not happen.

Answer

Under German law, liability for tort as well as liability for disturbance (Breach of Duty of Care) could be considered. The main difference between these liabilities is that liability for tort requires, amongst others, a fault of the party concerned, whereas liability for disturbance does not require any such fault.

1. Liability for tort:

In the present case A positively knows that the handbags are infringing, i.e. A tolerates infringement. Therefore, A is liable under the law of torts.
2. Liability for disturbance (Breach of Duty of Care, "Störerhaftung"): 

Contrary to liability for tort, liability for disturbance (Breach of Duty of Care) does not require fault; however it is consequently limited to injunctive relief.

Non-intentional acting does not exclude liability for the supported infringement of property rights committed by a third party. But, not every contribution to damage of a person suffices for assuming liability – and thus for establishing a claim for injunctive relief against such person. Contributory negligence establishes liability only if such person violated a legal duty that in any event also serves to protect an absolute right (BGH GRUR 2009, 1142, 1144 – MP3-Player-Import). The BGH thus – in an obiter dictum – negates the liability of a lessor of commercial premises who rents out to a patent infringer, considering such liability as otherwise 'boundless' (BGH GRUR 2009, 1142 (1144) – MP3-Player-Import at para. 37).

In the present case, A knows that in the shop of X handbags are sold that infringe the design of Z. A owns the shopping mall and lets the small shop to X. Yet regarding liability in same situations, e.g. establishing levels of duty of care. There is case law, however, with respect to internet platforms (see below under 3 b)). In these cases, there is an obligation to remove the auction from the platform if the provider was informed about the infringement of a third parties’ property right. The context of internet platforms seems to be different though and might not allow a transfer of the criteria. For example, there are more sales activities of many different sellers on an internet platform and it therefore is a higher risk of unlawful behaviour. Also, activities on an internet platform are more fluid so that a higher level of monitoring duty is justified.

As a result, a liability for disturbance in general does not seem to be justified with respect to a lessor and his/her tenant. However, it is at least conceivable with respect to extraordinary case that liability for disturbance could be established.

3.b

X sells handbags in an online shop which is hosted by a large market place platform owned by A. The handbags infringe the registered design of Z. A knows that X (and other web shop operators hosted by A's market place platform) sells infringing goods via their respective outline shops.

No

Please Explain

Preliminary Remarks

According to Questions 3 a) to 3 c) A "knows" that X sells infringing goods whereas Question 3 d) refers to a situation where A "suspects" that X sells infringing goods. Questions 3 a) to 3 c) do not specify what the meaning of "knows" is. For the following considerations in Questions 3 a) to 3 c) it is understood that A positively knows about the infringing facts, i.e. knows about the design of the handbags and further knows about the registered design of Z. In contrast, question 3 d) refers to the different levels of "suspection", e.g. tolerating the occurrence of infringement, or trusting that the infringement will not happen.

Answer

1. Liability for Tort

A does not act personally, i.e. does not sell the infringing bags himself. Therefore, A is not infringing the design of Z in the sense of direct infringement.

Further, A is not acting together with X in the sense of joint tortfeasorship (Mittäterschaft) or indirect tortfeasorship (mittelbare Täterschaft). At least, this cannot be assumed in the present case because there are no hints that A and X are acting wilfully and knowingly together.

A, however, "knows" that X is infringing the design of Z and tolerates that X is selling the infringing handbags through A’s market place platform. In the present case, there seems to be an argument that A supports the infringing act intentionally because A has knowledge of the infringing acts of X and knows that these acts are unlawful. According to the principles described above under E.1. to E.3., A therefore might be liable as an instigator/supporter (Beihilfe), i.e. might be liable under the law of torts. However, there is no case law addressing this question yet.

2. Liability for disturbance (Breach of Duty of Care, "Störerhaftung")

A is also liable because he has otherwise contributed to the infringement of the protected right (design) in a deliberate and adequate causal manner (cf. BGH GRUR 2011, 152, para. 45 – Kinderhochstühle im Internet I; BGH GRUR 2013, 1229, para. 29 – Kinderhochstühle im Internet II):

A offers the service, through his market place platform, that others (being a private person or a commercial seller) can sell their products by installing a small shop within this market place platform. A normally would offer this service only in case that the seller accepts his General Terms and Conditions (GTC). Based on these GTC A has certain possibilities to control or even exclude a seller from using the market place platform.
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platform. In this context, the European Court of Justice (hereinafter: ECJ) has decided that an operator of an internet market place is obligated to prevent sellers from selling infringing products once the owner of a property right informed the operator that a seller using the market place platform is selling infringing products by using the platform (ECJ GRUR 2011, 1025, para. 124 – L’Oréal/eBay). The ECJ’s decision is based on Art. 14 of the Directive of the European Parliament and of the Council of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market (Directive 2000/31/EC). According to Art. 14 (1) Directive 2000/31/EC, the provider is not liable for the information stored at the request of a recipient of the service, on condition that:

1. The provider does not have actual knowledge of illegal activity or information and, as regards claims for damages, is not aware of facts or circumstances from which the illegal activity or information is apparent; or
2. The provider, upon obtaining such knowledge or awareness, acts expeditiously to remove or to disable access to the information.

The ECJ further ruled that the provider has knowledge in the sense of Art. 14 (1) lit. (a) Directive 2000/31/EC if the provider himself finds that a seller is acting unlawfully or if the provider received the information from a third person, e.g. the owner of a property right, that the seller is acting unlawfully. In the present case, A knows about the infringing acts of X. Further A did not undertake any measures to remove or disable the sale of the infringing products according to Art. 14 (1) lit. (b) Directive 2000/31/EC.

As a result, A is liable because he has otherwise contributed to the infringement of the protected right (design) in a deliberate and adequate causal manner. As indicated above, liability for disturbance only provides a claim for injunctive relief but not for damages.

3.c

X sells handbags in an online shop. The handbags infringe the registered design of Z. A designed the online advertising campaign for X’s shop and books online advertising resources for X on websites and in search engines. A knows that X sells infringing goods.

Please Explain

Preliminary Remarks

According to Questions 3 a) to 3 c) A "knows" that X sells infringing goods whereas Question 3 d) refers to a situation where A "suspects" that X sells infringing goods. Questions 3 a) to 3 c) do not specify what the meaning of "knows" is. For the following considerations in Questions 3 a) to 3 c) it is understood that A positively knows about the infringing facts, i.e. knows about the design of the handbags and further knows about the registered design of Z. In contrast, question 3 d) refers to the different levels of "suspicion", e.g. tolerating the occurrence of infringement, or trusting that the infringement will not happen.

Answer

1. Liability for Tort

A is likely liable for joint tortfeasorship under German law in this scenario. An infringer is therefore any person, who conducts the infringing actions himself or as an indirect infringer. Joint infringement requires a collaborative action, i.e. the conscious and intentional cooperation of the joint infringers (BGH GRUR 2011, 152, 154 – Kinderhochstühle im Internet; see above under 1) E).

A’s design and booking activities for X’s shop contribute to A’s sales activities. Since A knows about the infringement, A and X act collaboratively together in a manner that is in the present case sufficient to establish joint tortfeasorship.

2. Liability for disturbance (Breach of Duty of Care, "Störerhaftung")

A liability of A might also be at hand on basis of the principles of Liability for Disturbance, which requires that A causes the infringement by X in an adequate way and that it is possible and reasonable for A to prevent the infringement by X, as outlined under 3a) and 3b).

However, in this case A designed the online advertising campaign for X’s shop. According to German case law e.g. a platform provider who is also actively involved in the advertisement of certain products has the obligation to assess whether these products are infringing. Accordingly, due to A’s involvement in X’s advertising activities an increased duty of care applies to A with regard to the relevant product and the infringement of rights of third parties (BGH GRUR 2013, 1229, 1231 – Kinderhochstühle im Internet II). Thus, assuming that A’s activities in the advertising campaign concern also the infringing handbags and since A has knowledge that these handbags infringe X’s registered design, A is liable because he breached the applicable duty of care when he/she contributed to the infringement. As outlined above, this liability for disturbance provides for a claim for injunctive relief but not for damages.
For each of the hypotheticals in (a) to (c) above, does it make a difference if A merely suspects that X sells infringing goods? If yes, what is the level of "suspicion" required, and how is it demonstrated?

**Hypothetical A**

Yes

Please Explain

1. **Liability for Tort**

As outlined before, liability for tort requires intent. Thus, if A merely suspects that X sells infringing goods, the primary question seems to be whether A has sufficient intent in relation to the unlawful infringement.

Whether suspicion of infringement can constitute the required intent depends on the circumstances of the case, and in particular the level and subject matter of the suspicion:

On the one hand, suspicion of infringement and failure to act accordingly could be seen as mere negligence, which German law clearly distinguishes from intent, and which would thereby not be sufficient for liability for tort (but possibly for liability for disturbance, see below). On the other hand, suspicion of infringement and failure to act accordingly could also be regarded as "conditional intent" ("dolus eventualis"), which German law generally accepts as one form of the required intent.

According to established case law, conditional intent could only be assumed if A considered infringement of Z's registered design as highly likely and tolerated its occurrence, even if the infringement itself and any harm caused by it was not desired or specifically approved of by A (BGH GRUR 2008, 810 – Kommunalversicherer). To the contrary, if A saw any such infringement as a possibility only, but trusted that the infringement would not happen, German courts are likely to assume negligence, rather than intent.

This general distinction should apply to all of questions 3 a) to 3 c), irrespective of the further circumstances of A's individual contributions to the infringement. Under the general laws of civil procedure, Z would also need to provide evidence for the fact that A's suspicion reached the level of conditional intent, as described before (cf. BGH GRUR 2004, 860 - Internetversteigerung I; BGH MMR 2014, 55 – Kinderhochstühle im Internet II). However, in some instances, the burden of proving the presence of any such intrinsic factors can be lifted by referring to extrinsic factors (such as recurring patterns of behaviour indicating a corresponding tolerance of infringement, see e.g. MüKoBGB/Wagner, 7th ed. 2017, BGB Section 826, para. 51-52).

Still, general knowledge about a possible infringement, or even about recurring infringements, would usually not be enough, if it cannot be tied to specific infringement (i.e. of a specific right by a specific product), and most of these cases would then be dealt with under the concept of liability for disturbance, as follows. In this regard, for example, the BGH has frequently ruled that Internet platform providers (such as share hosting services), do not have the required intent even if the service is structured in a way that makes it very attractive for infringing uses, and where some form of knowledge therefore needs to be assumed (BGH MMR 2013, 733 – File-Hosting-Dienst). Consequently, while there seems to be very limited case law on this particular question, the same should be true for the mere suspicion of general infringement.

2. **Liability for disturbance (Breach of Duty of Care, "Störerhaftung")**

Again, as discussed above with respect to questions 3 a) to 3 c), further liability could arise under the concept of liability for disturbance. As outlined before, intent is not a direct requirement in this regard, but instead liability is tied to a failure to act against a duty to care (whereas case law has established these duties in instances where a specific risk is being set in relation to the infringement of third party rights).

However, the relevant duties to act against an infringement of IP rights depend, to some extent, on the person's ability to act accordingly, which again may require at least some degree of knowledge of the actual or possible infringement. Thus, while such knowledge does not need to reach the level of (at least conditional) intent, the question would need to be answered, in each instance, whether "suspicion" entails sufficient knowledge to trigger a duty to care:

For scenario 3 a), as outlined before, the BGH, in obiter dicta, has rejected finding a liability for disturbance of a lessor even in cases of actual knowledge of the infringement absent a legal duty to act. Even more so, no liability should apply in cases of mere suspicion.

**Hypothetical B**

No

Please Explain

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1. Liability for tort

See above 3.d.i).

2. Liability for disturbance (Breach of Duty of Care, "Störerhaftung")

Again, as discussed above with respect to questions 3 a) to 3 c), further liability could arise under the concept of liability for disturbance. As outlined before, intent is not a direct requirement in this regard, but instead liability is tied to a failure to act against a duty to care (whereas case law has established these duties in instances where a specific risk is being set in relation to the infringement of third party rights).

However, the relevant duties to act against an infringement of IP rights depend, to some extent, on the person’s ability to act accordingly, which again may require at least some degree of knowledge of the actual or possible infringement. Thus, while such knowledge does not need to reach the level of (at least conditional) intent, the question would need to be answered, in each instance, whether "suspicion" entails sufficient knowledge to trigger a duty to care.

For scenario 3 b), as described in more detail before, substantial case law exists on the duties of care of an Internet platform provider. Here, however, what is being required by the German courts is actual knowledge of the infringement by the platform provider (A), in particular through the means of user notification. At the same time, as European and German media law regulations largely restrict a pro-active review of content by Internet providers (cf. Section 7, 10 Telemediengesetz), mere suspicion of infringement will likely not be regarded as sufficient to trigger any relevant duty of care in this specific environment.

--- Hypothetical C ---

No

Please Explain

1. Liability for tort

See above 3.d.i).

2. Liability for disturbance (Breach of Duty of Care, "Störerhaftung")

Again, as discussed above with respect to questions 3 a) to 3 c), further liability could arise under the concept of liability for disturbance. As outlined before, intent is not a direct requirement in this regard, but instead liability is tied to a failure to act against a duty to care (whereas case law has established these duties in instances where a specific risk is being set in relation to the infringement of third party rights).

However, the relevant duties to act against an infringement of IP rights depend, to some extent, on the person’s ability to act accordingly, which again may require at least some degree of knowledge of the actual or possible infringement. Thus, while such knowledge does not need to reach the level of (at least conditional) intent, the question would need to be answered, in each instance, whether "suspicion" entails sufficient knowledge to trigger a duty to care:

For scenario 3c), in a similar case on copyright infringement, the BGH has ruled that in a case in which an Internet platform provider is actively advertising for a specific product, he has to assess beforehand whether this product might be infringing or not, to avoid liability for breach of a duty of care (BGH MMR 2014, 55 – Kinderhochstühle im Internet II). Based on this case law, liability would depend on whether A’s advertising campaign included advertising for the infringing products, or any other contribution directed towards any such specific product. Also here, a general suspicion of possible infringements might not be sufficient (subject to an individual assessment of the case).

--- In the following hypothetical, would party A be liable for Joint Infringement with party X? In your answer, please explain why or why not? ---

Z owns a patent claiming a method for addressing memory space within a memory chip which is built into telecommunication device having further features (main processor, suitable software etc.). A manufactures memory chips. The chips are objectively suitable to be used for the claimed method. A’s memory chips are distributed over multiple distribution levels to a plethora of device manufacturers. A has no knowledge of the actual end use of its memory chips.

Yes

Please Explain
**Preliminary Remarks**

The hypothetical is understood in the sense that telecommunication devices carrying out the patented method in operation and comprising A's chip are offered, sold or used in Germany. The question does not specify who "party X" is. It is understood that this is a party that uses the patent in Germany and that this party is not necessarily a direct customer of A.

**A's Liability for Joint Infringement**

Since A has no knowledge of the actual end use of its memory chips, it is likely that A does not qualify as a joint infringer ("Mittäter", who commits the infringing acts with deliberate and intentional collaboration with X, or as an aid ("Gehilfe") to X, who would have to have intent to assist X in his patent infringement.

However, a party can be liable not only if it intentionally facilitates or assists in a third party's infringement, but also if it is capable of obtaining with reasonable effort the knowledge that the act it is supporting infringes the patent (BGH GRUR 2009, 1142 – MP3-Player-Import). Liability in this case requires the breach of a legal obligation that serves to protect the absolute right of the patentee.

In any of these cases, and differently from contributory infringement in the sense of Section 10 PatG, there needs to be an infringing act in Germany for A to be held liable. Using the telecommunication device for private and non-commercial purposes is no infringement pursuant to Section 11 No. 1 PatG. As the patented method is entirely carried out in the telecommunication device, there will be no direct infringement and thus no joint infringement, if X is a private end-user. Rather, joint infringement requires activities of X in Germany that have commercial character or which are not private.

Joint infringement in the sense of the study question may, however, also occur, if X itself only commits a contributory infringement in Germany. This may be the case, if X is a manufacturer or distributor of telecommunication devices. In such cases, A may be jointly liable for contributory infringement, together with X.

The BGH specified the above-mentioned legal obligation in more detail in a case where a foreign defendant had delivered products realizing the claims of the plaintiff's German patent to its foreign customer outside of Germany, without positive knowledge that this customer subsequently imported the goods into Germany (BGH GRUR 2017, 785 - Abdichtsystem). The court said that the foreign defendant was generally not obliged to verify or monitor the use of the products by a foreign customer (headnote 4) because the sale outside of Germany does not create a specific risk to the rights of the owner of the German Patent (reasons, 61). The abstract possibility that a foreign customer might use the goods in an infringing manner in Germany was not enough to trigger a related obligation of the defendant (reasons, 63). However, the defendant has an obligation to check the facts of the case if there are specific indications that suggest to the defendant that his customer will import the products for offers in Germany.

The court's findings lend themselves for an application to the present hypothetical, because also a defendant who does not provide directly infringing products but only chips which are suitable to be used for infringement supports an infringement in Germany. Applying the principles of the decision "Abdichtsystem", the general and abstract possibility of an infringing use in Germany itself will not be sufficient to cause a liability of A. However, A may be jointly liable for infringement, if there are concrete indications which suggest that an offer or use of the telecommunication device for non-commercial purposes takes place and A does not undertake reasonable efforts to stop the infringement (cf. BGH GRUR 2017, 785 - Abdichtsystem, paras. 52, 57 and 62). In the absence of positive knowledge, these reasonable efforts may comprise a closer examination of the infringing acts and, in case this examination reveals an infringement, advising its customers of the infringement and, to the extent this is reasonable, terminating the delivery of articles to infringing customers (cf. id. para. 64).

German case law has not yet established reliable criteria for concrete indications of an infringement. The abstract possibility that customers serve the German market and that the products could be used for direct or contributory infringement will in general not be sufficient. Depending on the circumstances of the case, instructions for use in German language may be an indication of infringement, in particular, if there is no non-infringing use in Germany or a non-infringing use in Germany is unlikely (in principle, this may indicate non-infringement, cf. BGH GRUR 2017, 785 – Abdichtsystem,para. 69). Generally, it should certainly matter, if there is no non-infringing use of the chips. A substantial number of infringing uses of the chips in devices on the German market may also be an indication of an infringement to X.

Concrete indications in the above-mentioned sense are certainly given, if the producer is notified of the possibility of an infringement by the patentee, e.g. by way of a warning letter, as will frequently happen in practice.

The German Group considers that concrete indications for infringement are given if the criteria used for assessing obviousness of an infringing use in the context of contributory infringement are met (see below). In particular, indications that require further examination should include that there can be no reasonable doubt of infringing acts downstream in the distribution chain. This may also be the case if the architecture of the chip is configured to implement the patented method and the use of the chip in telecommunication devices is known or known to be possible. In other words, A would probably be found jointly liable under the same circumstances under which A would be found liable for contributory infringement. A difference remains, though, in that contributory infringement pursuant to Section 10 PatG requires an act of offering or delivering in Germany, whereas a joint infringement can be established by activities of A outside of Germany.

Thus, A should be considered to have reasons for a closer examination of the legal situation, if the use of the chip in a telecommunication device and operating according to the patented method is a known or likely application of the chip and A is
Further, under your Group’s law, would it be considered obvious (in the sense of Q204P) that A’s chips would be put to one or more infringing uses and if so, why?

Yes

Please Explain

The case of the hypothetical would in fact typically be dealt with in Germany by the rules of contributory infringement. Even though the parties distributing telecommunication devices with A’s chip will not commit direct infringement because they do not use the patented method, A may still commit or be part of a contributory infringement in spite of the chips being distributed over multiple distribution levels. This requires that A knows or it is obvious that the end users put the patented method into use with the help of the chips built into the devices manufactured by the device manufacturers (cf. OLG Karlsruhe GRUR 2014, 59 – MP2-Geräte). Obviousness requires that there is a sufficiently certain expectation that the end user will use the chips offered or supplied to him in a patent infringing way (BGH GRUR 2006, 839, 841 – Deckenheizung). In the case of the hypothetical, this is arguably tantamount to a sufficiently certain expectation that the device manufacturers will build the chips into their devices in such a way that during the use of the device, the patented method is carried out.

There are not enough facts provided in the hypothetical to say whether or not it would be considered obvious under German law that A’s chips would be put to one or more infringing uses. However, the fact alone that the chips are objectively suitable for such a use is not sufficient (cf. BGH GRUR 2005, 848, 851 – Antriebscheibenaufzug). On the other hand, if there is no substantial non-infringing use, it will normally be obvious that the recipient will use the means for infringement (BGH GRUR 2007, 679, 684 – Haubenstrechautomat). The same is true if the chips are specifically adapted for or tailored to infringing use (BGH GRUR 2005, 848, 851 – Antriebscheibenaufzug) or if A recommends using the chips in an infringing way (BGH GRUR 2001, 228, 231 – Luftheizgerät).

In the following hypotheticals, would party A be liable for Joint Infringement with party X? Please explain why or why not.

Yes

Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, also located in your country. A and B know that their servers exchange encrypted messages according to the patented method.

Yes

Please Explain

According to German law, A and X commit joint infringement in scenario a), because the patented method is entirely carried out in Germany, both A and B know that their servers a and b cooperate to perform the patented method and A and B have control over the respective servers a and b. Thus, there is deliberate and intentional collaboration in realizing the claimed process, in particular both knowledge and intent, which are prerequisites for joint infringement (see also answer to question 4).

Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, located outside your country. A and B know that their servers exchange encrypted messages according to the patented method.

Yes

Please Explain

In case of scenario b) the question arises whether there is a patent infringement committed in Germany. The opinions on this issue are divided (for an overview, see Busse/Keukenschnijver, Patentgesetz, 8th Edition 2016, § 9, para. 138 and 139, Benkard/Scharen, Patentgesetz, 11th Edition 2015, § 9, para. 10). Some hold that in order to infringe a method claim, all method steps need to be carried out in
Germany. Another opinion holds that it is sufficient, if only a part of the method steps are carried out in Germany. An intermediate position is taken by the only decision of a German court of appeal addressing this issue we are aware of to date (OLG Düsseldorf, 2 U 51/08 InstGE 11, 203; similarly the first instance decision of LG (District Court) Düsseldorf, 4a O 235/06, para. 168). It holds that process steps realized by the defendant or by a third party outside Germany can be attributed to the steps realized within Germany, and therefore be treated as if they were performed in Germany, if the defendant appropriates the method steps realized abroad and takes advantage of them so that the result of infringement takes place in Germany. The activity abroad must be purposefully tailored to have an effect in Germany.

Applying the rationale of this decision to scenario b), A would commit direct infringement in Germany. X and A knowingly and deliberately cooperate with each other in the performance of the patented method. The steps performed by X would be attributed to the steps performed by A because A arguably appropriates the method steps realized by X and takes advantage of them so that the result of infringement (also) takes place in Germany (even though in a two-way communication, the result may also take place abroad, where X is located).

Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. X operates server “a” outside your country, which exchanges encrypted messages with server “b” operated by Y, located in another country outside your country. A, located in your country, is a software consultant advising X and Y how to use the patented method (but A does not supply any software).

No

Please Explain

In scenario c), there is no infringement by A, because A itself does not perform any of the activities that are reserved for the patentee (applying or offering the patented method). As the entire method is carried out abroad, there is no infringement by Z and X and, accordingly, A can also not be an accessory to an infringement.

Are there any other scenarios which result in Joint Liability for IPR infringement under your Group’s current law?

Yes

Please Explain

In a decision of the Dusseldorf District Court, the act performed by another party was attributed to the defendant even in a case where the third party did not collaborate deliberately. The Court found that the defendant had used the other party as a “tool” to perform the last act of the claimed process such that the process was predictably and inevitably finished by the other party, and independent of any knowledge of the invention by the other party (LG (District Court) Düsseldorf, GRUR-RR 2001, 201 – Cam-Carpet).

Similarly, it is irrelevant if the infringing acts are performed by the defendant himself or by a third party who acts for the defendant (BGH GRUR 1990, 997, 999 – Ethofumesal).

In cases concerning indirect infringement, where the recipients of devices supplied by the defendant used the devices to perform only a second part of the patented process, whereas the first part was performed by other parties, German courts found that the recipients of the devices directly infringed by using the patented process. For example, in a case underlying a decision of the BGH, the patented process was a welding method according to which a data carrier with welding data was created in a first set of steps, which were performed by a third party, and the data carrier was used in a second set of steps, performed with the devices supplied by the defendant, for controlling the welding activity (BGH GRUR 2007, 773 – Rohrschweißverfahren). In a case underlying a decision of the Karlsruhe Court of Appeal, the process consisted of the steps of coding and decoding, building upon each other (OLG (Court of Appeal) Karlsruhe GRUR 2014, 59). The coding was performed (independently) by broadcasting stations, and the decoding was performed by the end customers of the defendant with the help of the devices delivered by the defendant.

What remedies are available against a party found liable for Joint Infringement? In particular:

Is an injunction available?

Yes

Please Explain
Yes, as soon as an infringement can be established – irrespective of it being of direct, contributory or joint nature – the relevant statutory provisions on the grant of an injunction apply. In this respect, it is necessary to note that these provisions do not give discretion to the judges as to whether or not to grant an injunction. If the statutory preconditions are fulfilled, an injunction is mandatory – albeit leaving the judges a certain discretion as to its specifications.

According to Section 139 (1) Patent Act, any person who uses a patented invention contrary to divs 9 to 13 may, in the event of the risk of recurrent infringement, be sued by the aggrieved party for cessation and desistance. This right may also be asserted in the event of the risk of a first-time infringement.

Section 14 (5) Trademark Act and Section 97 (1) Copyright Act have a similar wording.

Hence, for an injunction to be granted it is necessary to establish that there is a risk of an illegal infringement to be committed by the defendant in the future. This may be assumed in cases where there has been actual infringement in the past (danger of repetition – “Wiederholungsgefahr”) (see, e.g. BGH GRUR 2003, 1031, 1033 – Kupplung für optische Geräte) but may also be established where there is an imminent risk of an infringement in the future (danger of first infringement – “Erstbegehungsgefahr”). The notions of danger of repetition and danger of first infringement are harmonized in the statutory injunction provisions concerning all intellectual property rights (Benkard/Grabinski/Zülch, PatG, 2015, § 139, para. 27). However, the factual indications for an imminent infringement have to be concrete enough so as to allow for a reliable assessment satisfying the requirements of the respective IP law (see, e.g. BGH GRUR 2017, 1140 – Testkauf im Internet, para. 35 (with regard to patent rights); BGH GRUR 1992, 612, 614 et seq. – Nicola (variety protection)).

A mere theoretical possibility of an infringement is not enough. However, the danger of first infringement may, for example, be established where a supplier signals readiness to supply DVDs supposedly infringing an existing patent without being aware that the patented right in reality is exhausted (BGH GRUR 2012, 1230 – MPEG-2-Videosignalcodierung, para. 37).

It is important to note that – contrary to a claim for damages – an injunction according to the statutory provisions does not require an (subjective) element of intention on the part of the infringer (BGH GRUR 1955, 97, 98 – Constanze II; BGH GRUR 2016, 493 – Al di Meola, para. 16 (copyright law)). This fact has given rise to a considerable discussion evolving around the question in how far persons who have made a causal contribution to an infringement without necessarily acting intentionally – thus effectively endangering the exclusivity right provided by an IPR, if combined with the acts of others – may be sued for an injunction under Section 139 (1) Patent Act or similar provisions in intellectual property laws. In other words, the point of interest is the differentiation between the (negligent or intentional) infringer (“Verletzer”) in the classical sense and the mere ‘disturber’ (“Störer”), who makes a causal contribution to an act of infringement and breaches a duty of care. Concerning the mere ‘disturber’ it is necessary to exactly determine the limits of liability for causal contributions to infringing acts. Different senates of the BGH have established different notions in this context. Drawing the line between these notions however is not easy (see supra, Question 2).

Are damages or any other form of monetary compensation available?

Yes

On what basis?

All forms of direct, contributory or joint infringement alike will give rise to a claim for damages. Compensation is only granted for damages actually suffered.

The relevant statutory provisions on damages are:

Section 139 (2) GPA: Any person who performs the act intentionally or negligently shall be obliged to compensate the aggrieved party for the damage caused. When assessing the compensation, consideration may also be given to the profit which the infringer has obtained by infringing the right. The claim for compensation may also be calculated on the basis of the amount which the infringer would have been required to pay as equitable remuneration if he had obtained permission to use the invention.

Section 14 (6) Trademark Act and Section 97 (2) Copyright Act have a similar wording.

Are any of the available remedies different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?

No

Please Explain
II. Policy considerations and proposals for improvements of your Group's current law

8 Are there aspects of your Group's current law that could be improved?
Yes
Please Explain

The German group sees room for improvement but considers that this must not necessarily be achieved by codification of new statutory provisions. In the group's view it would be sufficient if the relevant jurisprudence could provide for further clarification of the categories applied to cases of joint liability. The overall view expressed by the members of the German group was that the judgments rendered provide satisfactory outcomes in general but could be more precise and explicit regarding the standards applied to achieve these results. In particular, a uniform application of the principles across the different IPR would be helpful where there are no objective reasons for differentiation. This would allow for more legal and more definite answers in the scenarios of Q 3-5 presented above.

However, when it comes to the liability of actions in foreign countries (see answer to Q 5 b)) a positive codification is considered preferable in order to guarantee a sufficient degree of notice emanating from positive law. A mere regulation of this liability by jurisprudence is considered to create legal uncertainty.

9 Should acts outside the scope of direct infringement or Contributory Infringement give rise to Joint Liability for IPR infringement?
Yes

Should that sound in availability of injunctive relieve and/or damages? Please explain why or why not.

As outlined in the answers to Q3 to 5, there are a number of different scenarios where a limitation only to actions of one party fulfilling the requirements of direct and contributory infringement would seem to not sufficiently protect the IPR owner's legitimate interests. In case of Joint
Liability for direct or indirect infringement, the same remedies – injunctive relief and damages (in case of fault and actual damage) – should be available. As in case of contributory infringement, the scope of an injunction could be limited and not prohibit the actions that resulted in a finding of liability per se.

Should Joint Liability be excluded if one or more acts being necessary for establishing Joint Liability for IPR infringement are committed outside the domestic jurisdiction? Please explain why or why not.

No

Please explain

Denying Joint Liability for infringement already where one or more acts are performed abroad would allow an infringer to circumnavigate liability, in particular in the ITC field, while not sufficiently curtailing the ability to reap the benefits of the IPR in the country of interest. Consequently, the approach outlined by the Düsseldorf Court of Appeal (see above Q 5 b)) appears to provide a reasonable basis for the assessment of which actions should trigger liability.

Are there any other policy considerations and/or proposals for improvement to your Group’s current law falling within the scope of this Study Question?

No

Please explain

Are a consolidated doctrine of Joint Liability for IPR infringement desirable?

Yes

Please explain

It would be preferable to have a consolidated doctrine for joint liability especially with regard to the fact that national (German) courts have held that actions committed in foreign countries may constitute national IP-infringements. Cross border cases like these show the urgency to establish a consolidated doctrine in order to guarantee legal certainty.

Is harmonisation of the laws of Joint Liability for IPR infringement desirable?

Yes

Please explain

While an international harmonization of the laws of joint liability for IPR infringement is desirable not least with respect to the above mentioned cross border cases such harmonization should only establish a very broad standard. Thus, statutory provisions should be phrased in rather general terms in order to allow for an application, which would welcome different national approaches to the question of joint liability. The statutory texts should be drafted to reflect the (lowest) common denominator within the different national approaches. Such drafting style would foster a broad international acceptance of the harmonized rules, which would constitute the necessary basis for gradually establishing a more differentiated solution to the problem acceptable to a multitude of jurisdictions.
If YES, please respond to the following questions without regard to your Group's current law.

Even if NO, please address the following questions to the extent your Group considers your Group's current law could be improved.

Please propose a suitable framework for Joint Liability for IPR infringement, focussing on the hypotheticals set out in Questions 3 to 5 above:

The acts in question are limited to activities such as renting retail space, hosting websites, advertising etc. (as further described in Question 3 (a) to (d) above)

In the view of the German group a suitable framework for joint liability for IPR infringement should not differentiate between certain IPR or certain infringement scenarios. Instead, joint liability scenarios should be dealt with by drawing upon the categories established by general civil law. These categories are considered fit to provide adequate solutions to the majority of case scenarios. Hence, there should be a general distinction between genuine perpetrators and a mere liability for disturbance. Genuine perpetrators could be identified along the categories established by German Civil Law of joint or indirect tortfeasorship ("Mittäterschaft" or "mittelbare Täterschaft"), support of infringing acts ("Beihilfe") or inducement of infringing acts ("Anstiftung"). All these categories have in common that the perpetrators are acting with intent.

For actions, which are below the threshold of intentional behaviour there should still be a liability in cases where the behaviour nevertheless amounted to a violation of a duty of care to prevent the infringement. However, for such duty of care to be assumed, regard should be had to the particular circumstances of the case, especially taking into consideration whether it is reasonable to expect of the disturber to prevent the infringement.

For cases with a cross border element the principle of territoriality should be respected in general. Thus IP infringement should only be assumed with respect to actions committed within the national borders of the country where the IPR is protected. However, in order to prevent a circumvention of liability by carrying out certain actions fostering a national IP infringement in a foreign country, there should be a liability of third parties acting in foreign countries who intentionally facilitate or support a national IP infringement.

The means supplied or offered by the contributory infringer related to a substantial element of the subject matter of the protected IPR, but at the time of offering or supply, the suitability and intended use were not known to the supplier or obvious under the circumstances (as further described in Question 4 above)

A party should be liable if it is capable of obtaining with reasonable effort the knowledge that an act it is supporting by supplying a means infringes a patent. However, the mere abstract possibility that a customer might use the means in an infringing manner should not be enough to trigger such an obligation of the defendant. Rather, the defendant should have an obligation to verify or monitor the use of the means by its customer only if there are specific indications that suggest to the defendant that the customer will use them in an infringing manner.

The German Group considers that the defendant in the scenario of Question 4 should be found jointly liable under the same circumstances under which the defendant would be found liable for contributory infringement, i.e. only when the suitability and intended use were at least obvious under the circumstances.

The infringing acts are divided between two parties, and the acts of each party do not qualify as direct infringement or Contributory Infringement, as further described in Question 5 (a) to (c) above.

In a case where the infringing acts are divided between two parties, the parties should be found to commit joint infringement if there is deliberate and intentional collaboration in realizing the claimed process. If one or more steps are carried out abroad, they should be attributed to the steps realized in the country of protection if the defendant appropriates the method steps realized abroad and takes advantage of them so that from an economical point of view the result of infringement takes place in the country of protection.

In scenario c), where the defendant located in the country of protection advises a third party about how the carry out a patented method
abroad, the defendant should not be found infringing as long as he does not offer to carry out the method himself.

**Are there any other scenarios which should result in Joint Liability for IPR infringement, and where harmonisation is desirable?**

Yes

Please Explain

Two other scenarios come to mind where harmonization is desirable.

First, a scenario similar to the one of question 5, but where the claim is a system claim instead of a method claim. Parts of the protected system are owned or controlled by party X, other parts are owned or controlled by Party A, and the parts owned or controlled by both parties together realize the claimed system.

Second, a scenario where the defendant used the other party as a "tool" to perform one or more acts of the claimed process such that the process is predictably and inevitably finished by the other party, and independent of any knowledge of the patent infringement by the other party.

**What remedies should be available against a party found liable for Joint Infringement? In particular:**

**Should an injunction be available?**

Yes

Please Explain

In the German group's view it is preferable to have a definite legal consequence in case of an impending or actual infringement as provided for in German statutory law. Hence, the question whether an injunction is to be granted at all should not be left to the discretion of the judges but should be definitely ordered by statutory law. Concerning the extent and modalities of an injunction, however, the judges should be given leeway. Also concerning the grant of protection against enforcement the judges should be able to use their discretion. Protection against enforcement should be granted as a rule, however, and only be denied in exceptional circumstances.

**Should damages or any other form of monetary compensation be available?**

Yes

On what basis?

Damages should be available on a statutory legal basis, but only if a damage has actually been suffered. A clear cut legal consequence provided for in statutory law is preferable. The usual methods for calculating the damages should remain available.

**Should any available remedies be different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?**

No

Please Explain

There should be no difference in the remedial system for cases where liability for direct or indirect infringement is established individually or under the concept of joint liability.
Please comment on any additional issues concerning any aspect of Joint Liability you consider relevant to this Study Question, having regard to the scope of this Study Question as set out in paragraphs 7 to 13 above.

Please indicate which industry sector views are included in your Group’s answers to Part III.

Our group consisted of academics and practitioner representing clients from diverse industries and the report was drafted with the purpose of reflecting the potentially diverging interests different sectors.
I. Current law and practice

Please answer all questions in Part I on the basis of your Group’s current law.

1. Are there any statutory provisions which specifically apply to Joint Liability?

Yes

Please Explain

Article 35 of the Patent Act deals with patent infringement. Paragraphs (4), (5) and (6) of this Article deal with situations which may also apply to situations of joint liability for infringement, and read as follows:

“(4) The patentee may submit the claim referred to in paragraph (2)(b) [i.e. claim for injunction] also against any person whose services were used in the infringing activities.

(5) The patentee may submit the claim referred to in paragraph (2)(c) [i.e. claim for data provision] also against any person who

(a) was found in possession of the infringing goods on a commercial scale;

(b) was found to be using the infringing services on a commercial scale;

(c) was found to be providing on a commercial scale services used in infringing activities;

(d) was indicated by the person referred to in points (a) to (c) as being involved in the production or distribution of the infringing goods or the provision of the infringing services.

(6) For the purposes of paragraph (5)(a) to (c), the acts are carried out on a commercial scale if it is obvious from the nature and quantity of the infringing goods or services that these acts are carried out for direct or indirect economic or commercial advantage. In the absence of proof to the contrary, acts carried out by consumers in good faith shall not be regarded as acts carried out on a commercial scale.”

The similar indirect infringement situations are practically identically regulated for trademarks, designs and copyrights in the respective specific laws. We note herein that these provisions duly reflect the rules of the Enforcement Directive (Directive 2004/48/EC of the European
Furthermore, as the background law of the different specific IPR Acts is generally the Civil Code, its concerning regulations should also be mentioned as they may cover special joint liability situations for which there is no specific IPR regulation. The relevant part of the Civil Code reads as follows:

"Section 6:524 [Joint tortfeasors]

(1) If the damage is caused jointly by two or more persons, their liability shall be joint and several towards the aggrieved person.

(2) The court shall be entitled not to establish joint and several liability if the aggrieved person has himself contributed to the occurrence of the damage or if appears unjustified in cases of exceptional circumstances. In the event of non-application of joint and several liability the court shall condemn the tortfeasors consistent with the degree of their culpability, or - if this cannot be determined - in proportion to their respective involvement. If the degree of involvement cannot be verified either, the court shall condemn the tortfeasors equally.

(3) Liability for damages shall be borne by the tortfeasors involved consistent with the degree of their culpability, or - if this cannot be determined - in proportion to their respective involvement. If the degree of involvement cannot be verified, the tortfeasors shall cover the damages equally.

(4) The provision applicable to joint tortfeasors shall apply mutatis mutandis also if any one of the activities carried out concurrently would in itself be sufficient to cause the damage, or if the particular activity that in fact caused the damage cannot be identified."

2 Under the case law or judicial or administrative practice in your jurisdiction, are there rules which specifically apply to Joint Liability?

No

Please Explain

In Hungary, there is no compulsorily applicable precedent based case-law and there are only a very few published cases in connection with the rules presented in Question 1) above. It is possible to refer to the lessons of adjudicated cases in similar court cases, but the consideration of such reference is within the discretion of the judge. In the following, we briefly describe the only closely related case this group could identify:

The Internet service provider, as a company providing services in commercial scale to the infringement by file-sharing, as a legal consequence of a copyright infringement cannot be obliged to disclose personal data of its subscriber in the absence of the consent of the person concerned (BH 2017.20, 25 May 2016). The court referred to the CJEU decision in C-275/06, Promusicae, that the EU law does not require the Member States to lay down a general obligation to communicate personal data in order to ensure effective protection of copyright in the context of civil proceedings. The court found that in the given case the data can be used for profiling certain persons, and therefore the limitation to the protection of personal data would not be proportionate with the enforcement of claims arising from copyright infringement.

3 In the following hypotheticals, would party A be liable for Joint Infringement with party X? In each case, please explain why or why not.

3.a X sells handbags in a shop which is a small stall located in a shopping mall owned by A. The handbags infringe the registered design of Z. A knows that X (and other tenants) sells infringing goods.

Yes

Please Explain

Concerning the remedies available against design infringement, the Design Act refers to the Patent Act and renders it applicable mutatis mutandis. On the basis of the regulations of the Patent Act, party A is liable for Joint Infringement with party X. We are not aware of similar adjudicated cases in Hungary, on the other hand, the European Court of Justice rendered a similar judgment in a preliminary ruling matter in the case C-494/15 (Tommy Hilfiger Licensing LLC, et al. v Delta Center a.s.).
As it was detailed above under Question 1, on the basis of Article 35 paragraph (4) of the Patent Act the Patentee (here the owner of the design protection) “may request an injunction that the infringer cease his infringement or any acts directly threatening with it” “also against any person whose services were used in the infringing activities”.

Moreover, under Article 35(5) of the Hungarian Patent Act, the IPR owner may request data provision from a person, who “was found to be providing on a commercial scale services used in infringing activities”.

Since A, as the owner of the shopping mall, leases the space for the stall surely on a commercial basis, both injunction and data provision shall be available for Z, the IPR owner.

We are of the view that A shall have no further liability (i.e. account of profits, indemnification or other ancillary remedies), since A does not engage in any actually infringing activity and A’s actual activity is not sufficiently closely related to the actual infringing activity.

3.b X sells handbags in an online shop which is hosted by a large market place platform owned by A. The handbags infringe the registered design of Z. A knows that X (and other web shop operators hosted by A’s market place platform) sells infringing goods via their respective outline shops.

Yes

Please Explain

On the basis of the regulations of the Patent Act, party A is liable for Joint Infringement with party X, but we are not aware of similar adjudicated cases in Hungary.

On the basis of our arguments concerning hypothetical a), Z may request both injunction and data provision against A.

Furthermore, if A complies with the notice-and-take-down rules of the Act CVIII on E-Commerce and acts in good faith, A shall not be liable for the successful enforcement of the removal of the content (rules based on theInfosoc Directive).

We are of the view that if A does not comply with the notice-and-take-down rules of the E-Commerce Act and/or acts in bad faith, A could be held jointly liable for X’s infringing activity (including account of profits, indemnification or other ancillary remedies). Our opinion is based on the a contrario interpretation of the rules of the E-Commerce Act.

3.c X sells handbags in an online shop. The handbags infringe the registered design of Z. A designed the online advertising campaign for X’s shop and books online advertising resources for X on websites and in search engines. A knows that X sells infringing goods.

Yes

Please Explain

On the basis of the regulations of the Patent Act, party A is liable for Joint Infringement with party X, consequently Z may request both injunction and data provision against A. See our reasoning under hypothetical a) above, but we are not aware of similar adjudicated cases in Hungary.

We are of the view that A shall have no further liability (i.e. account of profits, indemnification or other ancillary remedies), since A does not engage in any actually infringing activity and A’s actual activity is not sufficiently closely related to the actual infringing activity.

3.d For each of the hypotheticals in (a) to (c) above, does it make a difference if A merely suspects that X sells infringing goods? If yes, what is the level of “suspicion” required, and how is it demonstrated?

Hypothetical A

No

Please Explain
AIPPI 2018 - Study Question - Joint liability for IP infringement

Suspicion on the side of A does not seem to be relevant. Where A acts in bad faith, which requires actual knowledge instead of suspicion, A shall not be relieved from liability through compliance with the E-Commerce Act.

### Hypothetical B

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Please Explain

Suspicion on the side of A does not seem to be relevant. Where A acts in bad faith, which requires actual knowledge instead of suspicion, A shall not be relieved from liability through compliance with the E-Commerce Act.

### Hypothetical C

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Please Explain

Suspicion on the side of A does not seem to be relevant. Where A acts in bad faith, which requires actual knowledge instead of suspicion, A shall not be relieved from liability through compliance with the E-Commerce Act.

### In the following hypothetical, would party A be liable for Joint Infringement with party X? In your answer, please explain why or why not?

#### Z owns a patent claiming a method for addressing memory space within a memory chip which is built into telecommunication device having further features (main processor, suitable software etc.). A manufactures memory chips. The chips are objectively suitable to be used for the claimed method. A’s memory chips are distributed over multiple distribution levels to a plethora of device manufacturers. A has no knowledge of the actual end use of its memory chips.

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Please Explain

The relevant provisions of the Hungarian Patent Act are again Article 35(4)-(6) (see our arguments under Question 1).

On the basis of the relevant regulations of the Patent Act, we think that no injunctive relief can be requested against company A, which manufactures a memory chip, but infringement of all elements of the claimed invention requires that the chip is built into a telecom device (as described in point 21 of the Study Guidelines) and the manufacturer has no knowledge on the infringement, furthermore the specific infringing use may not be obvious to it. However, we are not aware of similar adjudicated cases in Hungary.

In our view, with special attention to the fact that the manufacturer has no reasonable grounds to know about the infringement, any request for information and/or seizure should be rejected by the Hungarian Courts in this hypothetical case.

### Further, under your Group’s law, would it be considered obvious (in the sense of Q204P) that A’s chips would be put to one or more infringing uses and if so, why?

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Please Explain
We are of the view that with respect to the evaluation of the above situation, it is immaterial whether it is obvious (in the sense of Q204P) that A's chips would be put to one or more infringing uses or not because A is not aware of the end use of the chips and there are also non-infringing uses of the chips.

5. In the following hypotheticals, would party A be liable for Joint Infringement with party X? Please explain why or why not.

5.a Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, also located in your country. A and B know that their servers exchange encrypted messages according to the patented method.

Yes

Please Explain

[We suppose that in the above Question B should be correctly X]

On the basis of the regulations of the Patent Act, party A is liable for Joint Infringement with party X, but we are not aware of similar adjudicated cases in Hungary.

On the basis of our arguments concerning hypothetical a) of Question 3, Z may request both injunction and data provision against A.

Explanation: the eventual fault (culpability), bad faith behavior, knowledge, or expected knowledge is irrelevant from the aspect of this joint (mitigated) liability. Therefore the only precondition of this liability is that the service of the contributor should be provided on commercial scale.

§ 35(6) of the Patent Act provides that acts carried out on a commercial scale are those where the nature and quantity of the products or services involved clearly indicate that they are carried out for direct or indirect economic or commercial advantage. Pending proof to the contrary, the definition of acts carried out on a commercial scale would normally exclude acts carried out by end consumers acting in good faith.

As a result, if the operation of the server is carried out on a commercial scale, the provision of information can be ordered. If not, the only claim to be enforced is the injunction (cease and desist order).

For the eventual liability of this joint infringer under the background Civil Code, please see the answer to Question 6.

5.b Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, located outside your country. A and B know that their servers exchange encrypted messages according to the patented method.

Yes

Please Explain

[We suppose that in the above Question B should be correctly X]

On the basis of the regulations of the Patent Act, party A is liable for Joint Infringement with party X.

On the basis of our arguments concerning hypothetical a) of Question 3, Z may request both injunction and data provision against A.

The cease and desist order (injunction) and the order to provide information against A) can be rendered by the HU courts like in hypothetical a). As far as X is concerned, first the issue of jurisdiction has to be answered. The jurisdiction of the HU court can be established under Art 8 (1) or also under Art 7 (2) of the Brussels II Regulation.

The operation of the server is the essential precondition of the infringement. Without the operation of the server the patent cannot be infringed. As a result Art 7(2) of Brussels II Regulation can also apply.

The applicable law is HU law under Art 8 (1) of the Rome II Regulation. The claim is arising out of the infringement of an IP right.

Please see the eventual sanctions in the answer to Question 5 a).
5.c Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. X operates server “a” outside your country, which exchanges encrypted messages with server “b” operated by Y, located in another country outside your country. A, located in your country, is a software consultant advising X and Y how to use the patented method (but A does not supply any software).

Yes

Please Explain

On the basis of the regulations of the Patent Act, party A is liable for Joint Infringement with party X.

On the basis of our arguments concerning hypothetical a) of Question 3, Z may request both injunction and data provision against A.

In our view the issue of jurisdiction can be answered in a similar way. Article 7 (2) of the Brussels II Regulation offers a legal ground for the bringing in the lawsuit before HU courts against both foreign contributors. Since A) is located in HU, and also provides services indirectly on commercial scale to the infringement, also Art. 8 (1) of the Brussels II regulation applies.

The applicable law is HU law under Art. 8(2) of the Rome II Regulation.

6 Are there any other scenarios which result in Joint Liability for IPR infringement under your Group’s current law?

Yes

Please Explain

All IP laws’ background statute is the Civil Code (Act V of 2013). All IP Acts provide that the rightowners may enforce claims for compensation of damages caused by the infringement. Here the background statute is the Civil Code.

Under § 6:524(1) of the Civil Code, if the damage is caused jointly by two or more persons, their liability shall be joint and several towards the aggrieved person. (Anyway this rule applies to contractual liability as well via § 6:144 of the Civil Code.)

There is however an exception under paragraph (2). The court shall not hold liable the joint tortfeasors under the joint and several liability rule if the aggrieved person has himself contributed to the occurrence of the damage or the joint and several liability appears unjustified in cases of exceptional circumstances.

In the event of non-application of joint and several liability the court shall decide upon the liability of the tortfeasors consistent with the degree of their culpability, or - if this cannot be determined - in proportion to their respective involvement in the causation of the damage. If the degree of involvement cannot be verified either, the court shall hold the tortfeasors liable in an equal proportion.

Under the court practice, the joint and several liability applies both on a contractual and on a non contractual basis. As a result, if a licensee breaches the IP licensing agreement intentionally by stepping over the scope of the license (= infringement) and thereby causes damage to the IP rightowner and the licensee has a contributor (abettor, accomplice) whose behavior

- proves to be culpable (acts in a way which may not generally be expected from a person under the given circumstances), and is part of the causal link that resulted in the damage suffered by the rightholder, and
- does not qualify as a contribution that falls within the scope of limitation of liability for IP infringements (in particular the acts of the intermediary service providers),

such a contributor may be held liable under the joint and several liability rule of the Civil Code.

The same applies if the infringement is committed outside any contractual relationships.

The application of the Civil Code is thus always subsidiary in relation to the IP Acts.

7 What remedies are available against a party found liable for Joint Infringement? In particular:
II. Policy considerations and proposals for improvements of your Group’s current law

8. Are there aspects of your Group’s current law that could be improved?

No

Please Explain

We think that the regulations present in our IP Acts in harmony with the EU Enforcement Directive together with the background joint liability regulations present in the Civil Code duly address the most typical joint infringement situations (see our response to Question 1)) and we do not see any significant need for improvement.

9. Should acts outside the scope of direct infringement or Contributory Infringement give rise to Joint Liability for IPR infringement?

Yes

Should that sound in availability of injunctive relieve and/or damages? Please explain why or why not.
Yes, there are acts outside the scope of direct infringement or contributory infringement which should give rise to Joint Liability for IPR infringement. If the joint infringer is not liable for causing damages, only injunctive relieve and data provision should be available against him. If the joint infringer is also liable for causing damages than it should also be possible to claim against him (in Hungary it is possible on the basis of the Civil Code).

10. **Should Joint Liability be excluded if one or more acts being necessary for establishing Joint Liability for IPR infringement are committed outside the domestic jurisdiction? Please explain why or why not.**

No

Please Explain

Joint Liability should not be excluded if one or more acts being necessary for establishing Joint Liability for IPR infringement are committed outside the domestic jurisdiction because the liability of the domestic infringers stands even in these situations. Nevertheless, it might be difficult to obtain any relieve against the joint infringer residing outside the domestic jurisdiction.

11. **Are there any other policy considerations and/or proposals for improvement to your Group’s current law falling within the scope of this Study Question?**

No

Please Explain

We are not aware of any need that would require improvement to our concerning present regulations.

### III. Proposals for harmonisation

*Please consult with relevant in-house / industry members of your Group in responding to Part III.*

12. **Is a consolidated doctrine of Joint Liability for IPR infringement desirable?**

No

Please Explain

We think that there is no need for any further doctrine with respect to infringement of IPRs. It is clear enough that all indirect infringement which is not contributory infringement is joint infringement. We think that such situations can duly be regulated on the basis of the EU Enforcement Directive and by background Civil Code regulations on joint liability for causing damages.

13. **Is harmonisation of the laws of Joint Liability for IPR infringement desirable?**

Yes

Please Explain

*If YES, please respond to the following questions without regard to your Group’s current law.*

*Even if NO, please address the following questions to the extent your Group considers your Group’s current law could be improved.*
Please propose a suitable framework for Joint Liability for IPR infringement, focusing on the hypotheticals set out in Questions 3 to 5 above:

The acts in question are limited to activities such as renting retail space, hosting websites, advertising etc. (as further described in Question 3 (a) to (d) above)

The means supplied or offered by the contributory infringer related to a substantial element of the subject matter of the protected IPR, but at the time of offering or supply, the suitability and intended use were not known to the supplier or obvious under the circumstances (as further described in Question 4 above)

The infringing acts are divided between two parties, and the acts of each party do not qualify as direct infringement or Contributory Infringement, as further described in Question 5 (a) to (c) above.

We think that the suitable framework for regulating the above situations are IP Acts being in harmony with the concerning EU Enforcement Directive regulations plus background Civil Code regulations on joint liability for causing damages.

Are there any other scenarios which should result in Joint Liability for IPR infringement, and where harmonisation is desirable?

No

We are not aware of such further situations.

What remedies should be available against a party found liable for Joint Infringement? In particular:

Should an injunction be available?

Yes

Should damages or any other form of monetary compensation be available?

Yes

On what basis?

Yes, but only if joint liability in causing damages can be proved.
6. Should any available remedies be different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?

Yes

Please Explain

Yes, the possibility of claiming damages against a joint infringer should not be automatic.

17. Please comment on any additional issues concerning any aspect of Joint Liability you consider relevant to this Study Question, having regard to the scope of this Study Question as set out in paragraphs 7 to 13 above.

We do not have any further related issues.

18. Please indicate which industry sector views are included in your Group’s answers to Part III.

Pharma, biotech, IT and mechanical engineering.
Study Question
Submission date: April 30, 2018
Sarah MATHESON, Reporter General
Jonathan P. OSHA and Anne Marie VERSCHUUR, Deputy Reporters General
Yusuke INUI, Ari LAAKKONEN and Ralph NACK, Assistants to the Reporter General
Joint liability for IP infringement

Responsible Reporter(s): Ralph NACK

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I. Current law and practice

Please answer all questions in Part I on the basis of your Group’s current law.

1 Are there any statutory provisions which specifically apply to Joint Liability?

Yes

Please Explain

Yes. In Taiwan, the Copyright Act has specific provisions with regard to Joint Liability. Paragraph 1, Article 88 of the Copyright Act provides that "where multiple persons engage in unlawful infringement, they shall bear joint and several liability for damages."

As for Joint Liability in trademark and patent cases, since there are no specific regulations in such Acts, a right holder can only rely on Article 185 of the Civil Code if attempting to claim joint liability: "If several persons have wrongfully damaged the rights of another jointly, they are jointly liable for the injury arising therefrom. The same rule shall apply even if it cannot be ascertained which one has actually caused the injury. Instigators and accomplices are deemed to be joint tortfeasors." Under the court's practice, accomplices refer to a person that assists others in consummating torts.

2 Under the case law or judicial or administrative practice in your jurisdiction, are there rules which specifically apply to Joint Liability?

Yes

Please Explain
Yes. A famous judicial precedent rendered by the Judicial Yuan states that, in Joint Liability, a connection of intent among the tortfeasors is not necessary. The accused infringers are jointly liable for damages as long as the negligent act of each infringer is the common cause of the damage.

Also, the majority view of the Intellectual Property Court (herein referred to as “IP Court”) holds that there are two requirements for Indirect Infringement liability – that there should be a direct infringer and direct infringement, and that causation should exist between the indirect infringement and the damage.

3. In the following hypotheticals, would party A be liable for Joint Infringement with party X? In each case, please explain why or why not.

3.a

X sells handbags in a shop which is a small stall located in a shopping mall owned by A. The handbags infringe the registered design of Z. A knows that X (and other tenants) sells infringing goods.

Yes

Please Explain

Yes. Since A knows his act of renting the stall to X will result in the infringement of Z's right, and A's act is also the cause of infringement of Z's right, pursuant to Article 185 of the Civil Code, A and X should be jointly liable for Joint Infringement. One judgment rendered by the IP Court deemed that A at least acted as accomplice to the infringement.

3.b

X sells handbags in an online shop which is hosted by a large market place platform owned by A. The handbags infringe the registered design of Z. A knows that X (and other web shop operators hosted by A's market place platform) sells infringing goods via their respective outline shops.

Yes

Please Explain

Yes. Since A knows his act of letting X sell the infringing products on his platform will result in the infringement of Z's right, and A's act is also the cause of infringement of Z's right, pursuant to Article 185 of the Civil Code, A and X should be jointly liable for Joint Infringement.

3.c

X sells handbags in an online shop. The handbags infringe the registered design of Z. A designed the online advertising campaign for X's shop and books online advertising resources for X on websites and in search engines. A knows that X sells infringing goods.

Yes

Please Explain

Yes. Under this scenario, A's act facilitated the sale of the infringing products, which led to the infringement of Z's rights and A clearly knows that X sells infringing goods. Pursuant to Article 185 of the Civil Code, A and X should be jointly liable for Joint Infringement.

3.d

For each of the hypotheticals in (a) to (c) above, does it make a difference if A merely suspects that X sells infringing goods? If yes, what is the level of “suspicion” required, and how is it demonstrated?

Hypothetical A
Yes

Please Explain

Yes, it may be different if A merely suspects that X sells infringing goods. The level of "suspicion" required differs from case to case. Generally, the court will often deem that the manufacturers and/or the competitors have a higher level of due diligence compared to small retailers. The IP court would take the following elements into consideration when determining which level of due diligence should apply:

1. The business items run by both parties;
2. The business scale, including the capital amount and revenue;
3. Whether there is R&D department in parties' company; and
4. Others.

Hypothetical B

No

Please Explain

Hypothetical C

4 In the following hypothetical, would party A be liable for Joint Infringement with party X? In your answer, please explain why or why not?

Z owns a patent claiming a method for addressing memory space within a memory chip which is built into telecommunication device having further features (main processor, suitable software etc.). A manufactures memory chips. The chips are objectively suitable to be used for the claimed method. A's memory chips are distributed over multiple distribution levels to a plethora of device manufacturers. A has no knowledge of the actual end use of its memory chips.

No

Please Explain

Since A only manufactures a memory chip and does not implement all the elements of the Patent, A's act does not fulfill the All-Elements Rule. Also, A has no knowledge of the actual end use of its memory chips, which means A does not intentionally or negligently infringe on Z's patent right. Given the above, A's act may be deemed as not to constitute Joint Infringement.

Further, under your Group's law, would it be considered obvious (in the sense of Q204P) that A's chips would be put to one or more infringing uses and if so, why?

No

Please Explain

If the memory chip has other uses (other than the claimed method), the court may tend to consider it non-obvious.

In the following hypotheticals, would party A be liable for Joint Infringement with party X? Please explain why or why not.
Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, also located in your country. A and B know that their servers exchange encrypted messages according to the patented method.

No

Please Explain

Under the All-Elements Rule stipulated by the Taiwan Patent Act, neither A's nor X's acts constitute patent infringement. Nevertheless, A and X might still be liable for Joint Infringement under the Taiwan Civil Code. One Supreme Court judgment held that if each of the infringers only performs part of the infringement act and takes advantage of the other's act to achieve the purpose of joint infringement, all of them are jointly liable for the damages arising therefrom. Based on the judgment, since A and X take advantage of each other's act to infringe on Z's patent right, they may be deemed jointly liable for the damages.

Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, located outside your country. A and B know that their servers exchange encrypted messages according to the patented method.

No

Please Explain

Under court practice, IPR in Taiwan are all subject to territorial principle. Hence, if the patent at issue is implemented outside the territory of Taiwan, it does not constitute patent infringement under applicable laws. However, under the rule of jurisdiction, if the result of the infringement occurs in the territory of Taiwan, it may be possible for A to be held liable for Joint Infringement with party X. Nevertheless, there seems to be no reported cases in this regard so far.

Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. X operates server “a” outside your country, which exchanges encrypted messages with server “b” operated by Y, located in another country outside your country. A, located in your country, is a software consultant advising X and Y how to use the patented method (but A does not supply any software).

No

Please Explain

The question is not clear. Z is the patent owner, and its implementation of the patented method with X and A would normally have no infringement concern. Unless the questions should be that A is a software consultant advising two parties (whose servers are outside of this jurisdiction) to use the patented method owned by Z. If so, A could hardly be held liable. Firstly, A merely advising without performing the infringing act, which does not meet criteria for patent infringement under the Patent Act. Secondly, Even if A might be deemed as an accomplice under the Civil Code, A could never be held liable because the infringing act and those who perform the infringing act (tortfeasors) are outside of this jurisdiction. The three tortfeasors cannot be joined into one case as co-defendants in this jurisdiction.

Are there any other scenarios which result in Joint Liability for IPR infringement under your Group's current law?

Yes

Please Explain
The most common scenario in Taiwan IP Court’s reported cases regarding Joint Liability should be that, when a company is held to be an infringer, the statutory representative of said company would be deemed jointly liable under the Company Act.

7. What remedies are available against a party found liable for Joint Infringement? In particular:

7.a Is an injunction available?

Yes

Please Explain

Yes. The right owner may file a petition with the court for an injunction order to prohibit the alleged infringer from committing any continuous or anticipated infringing acts.

7.b Are damages or any other form of monetary compensation available?

Yes

On what basis?

Yes. The way of calculating damages differs by each Act. Please be advised that though there is no Joint Infringement in the Taiwan Patent Act and the Trademark Act, when the court holds two parties liable for Joint Infringement, it still refers to the articles set forth below when calculating damages. Further, according to Article 273 of the Civil Code, the right holder is entitled to demand that one or several or all of the joint infringers, simultaneously or successively, tender total or partial performance.

**Patent Act**

Pursuant to Article 97 of the Patent Act, the patentee is allowed to adopt any one of the following options to calculate damages:

1. Claiming the actual damage caused by the infringement, including damages and lost profit (like price erosion). It is rarely used by plaintiffs due to difficulty of proving the causation link between infringement activities and losses.

2. Claiming the profit earned by the infringer as a result of the infringing act. Profit hereof refers to gross profit. It is the most commonly used approach, since it is easy to prove and usually ends up with the largest damages calculation.

3. Claiming the amount calculated on the basis of reasonable royalties that may be collected from exploiting the invention patent being licensed.

**Trademark Act**

Based on Article 71 of the Trademark Act, damages demanded by the proprietor of a registered trademark may be calculated according to any of the following:

1. The method provided in Article 216 of the Civil Code; the proprietor is entitled to demand damages based on the amount of the balance derived by subtracting the profit earned through using the trademark after infringement from the profit normally expected through using the same trademark, if no method of proof can be furnished to prove the damage suffered;

2. The profit earned by the infringer as a result of trademark infringement; if no proof on costs or necessary expenses can be furnished by the infringer, the total amount of income from selling the infringing goods shall be presumed to be the amount of profit;

3. An amount not more than 1,500 times of the unit retail price of the infringing goods; if over 1,500 pieces of infringing goods were found, the amount of damages shall be a lump sum of the market value of the infringing goods; or

4. The equivalent amount of royalty that may be collected from using the trademark under licensing.
A court may, at its discretion, reduce the amount of damages referred to in the preceding paragraph if such amount is apparently disproportionate.

**Copyright Act**

Paragraphs 2 and 3, Article 88 of the Copyright Act provides that with regard to the damages referred to in the preceding paragraph, the injured party may make a claim in any of the following manners:

1. In accordance with the provisions of Article 216 of the Civil Code; provided, when the injured party is unable to prove damages, it may base the damages on the difference between the amount of expected benefit from the exercise of such rights under normal circumstances and the amount of benefit from the exercise of the same rights after the infringement.

2. Based on the amount of benefit obtained by the infringer on account of the infringing activity; provided, where the infringer is unable to establish costs or necessary expenses [of the infringing act or articles], the total revenue derived from the infringement shall be deemed to be its benefit.

If it is difficult for the injured party to prove actual damages in accordance with the provisions of the preceding paragraph, it may request that the court, based on the seriousness of the matter, to set compensation at an amount of not less than ten thousand and not more than one million New Taiwan Dollars. If the damaging activity was intentional and the matter serious, the compensation may be increased to five million New Taiwan Dollars.

**7.c** Are any of the available remedies different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?

No

Please Explain

No. The scopes of remedies to direct infringement and Contributory Infringement are the same under Taiwan regulations, as provided in the above-mentioned Article 273 of the Civil Code.

**II. Policy considerations and proposals for improvements of your Group's current law**

**8** Are there aspects of your Group's current law that could be improved?

Yes

Please Explain

Yes. It is desirable to have specific regulations on Joint Infringement and Indirect Infringement stipulated in the Taiwan relevant acts.

As mentioned earlier, in the existing Taiwan intellectual property legal framework, except for the Copyright Act, there is no concept of "Indirect Infringement" in current Taiwan Patent Act and Trademark Act. Therefore, the IPR holder can only rely on the joint torts theory of the Civil Code if an attempt to claim liability is made against an infringer discussed in the examples above. Nevertheless, since the Civil Code and IP laws have different legislative purposes and provide different requirements for torts, problems arise in applying the Civil Code in IP infringement cases. Therefore, regulations on Joint Infringement and Indirect Infringement in an IP legal framework are desirable.

**9** Should acts outside the scope of direct infringement or Contributory Infringement give rise to Joint Liability for IPR infringement?

Yes

Should that sound in availability of injunctive relieve and/or damages? Please explain why or why not.

An act such as inducement of infringement will give rise to Joint Liability for IPR infringement. Since such act is the root cause of infringement
and gives rise to direct infringement, it would be deemed as infringement under the Civil Code.

Also, in the situation where a company is held to be infringing, its responsible person may also be deemed to Joint Liable for IPR infringement, according to the current practices of the Taiwan IP Court.

Basically, injunctive relief would be available for the above cases, but whether to grant it should be within the court's discretion.

10. Should Joint Liability be excluded if one or more acts being necessary for establishing Joint Liability for IPR infringement are committed outside the domestic jurisdiction? Please explain why or why not.

Yes

Please Explain

Globalization has made it common for related acts of infringement to be committed in multiple countries. Since the infringer in each jurisdiction has profited from his/her act, in order to fully protect the right holder, even if the IPR infringement is committed outside the domestic jurisdiction, as long as there is evidence showing that the "result" of infringement takes place within the territory of Taiwan, the IPR holder may have the room to claim against such act.

11. Are there any other policy considerations and/or proposals for improvement to your Group's current law falling within the scope of this Study Question?

Yes

Please Explain

The IPO proposed a draft on Indirect Infringement and has recently held several hearings to discuss such. We expect that it will soon submit the draft to the Executive Yuan for their review. Such draft will further be submitted to the Legislative Yuan for the procedure of amending the laws.

III. Proposals for harmonisation

Please consult with relevant in-house / industry members of your Group in responding to Part III.

12. Is a consolidated doctrine of Joint Liability for IPR infringement desirable?

Yes

Please Explain

A consolidated doctrine would be desirable if it can successfully deter and prevent IPR infringement and reduce the patentee's cost to protect its rights. Said doctrine can also help the Court make judgments on relevant disputes.

13. Is harmonisation of the laws of Joint Liability for IPR infringement desirable?

Yes

Please Explain
It would be desirable if the harmonisation of laws of Joint Liability could lower the IPR holder's burden in proving infringement compared to the current Taiwan law.

**If YES, please respond to the following questions without regard to your Group's current law.**

**Even if NO, please address the following questions to the extent your Group considers your Group's current law could be improved.**

14. Please propose a suitable framework for Joint Liability for IPR infringement, focussing on the hypotheticals set out in Questions 3 to 5 above:

   14.a The acts in question are limited to activities such as renting retail space, hosting websites, advertising etc. (as further described in Question 3 (a) to (d) above)

   A person who knowingly provides a physical or online space to another, or knowingly advertise for another, for sale of products that may infringe IP rights of a third party shall be jointly liable with the IP infringers.

   14.b The means supplied or offered by the contributory infringer related to a substantial element of the subject matter of the protected IPR, but at the time of offering or supply, the suitability and intended use were not known to the supplier or obvious under the circumstances (as further described in Question 4 above)

   A person may be liable for contributory infringement if the means supplied or offered related to a substantial element of the subject matter of the protected IPR, and the suitability and intended use at the time when supplied or offered is known to him or is obvious under the circumstances.

   14.c The infringing acts are divided between two parties, and the acts of each party do not qualify as direct infringement or Contributory Infringement, as further described in Question 5 (a) to (c) above.

   Two parties take advantage of each other's act to achieve the purpose of joint infringement may be held jointly liable for the damages arising therefrom.

15. Are there any other scenarios which should result in Joint Liability for IPR infringement, and where harmonisation is desirable?

   No

   Please Explain

   N/A

16. What remedies should be available against a party found liable for Joint Infringement? In particular:
6. Should an injunction be available?

Yes

Please Explain

Yes, the IPR holder should have the right to petition for an injunction against Joint Infringement. However, the products having uses other than claimed method may be appropriately excluded.

6. Should damages or any other form of monetary compensation be available?

Yes

On what basis?

Yes, it is desirable that damages be available. The amount of damages may be calculated on the basis of the interest gained by the joint infringers. If the joint infringers committed infringement intentionally, the IPR holder may be able to claim punitive damages.

6. Should any available remedies be different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?

No

Please Explain

No. All available remedies such as injunctions and damages claim should be the same regardless of direct or indirect infringement. However, since the damages to the IPR caused by direct infringement and Contributory Infringement are different, the amount of damage claimed may also be different. Such opinion has been recognized by one of the judges in IP court.

17 Please comment on any additional issues concerning any aspect of Joint Liability you consider relevant to this Study Question, having regard to the scope of this Study Question as set out in paragraphs 7 to 13 above.

N/A

18 Please indicate which industry sector views are included in your Group's answers to Part III.

Our answers are informed by consultations with related persons from tech and medicine industries.
I. Current law and practice

Please answer all questions in Part I on the basis of your Group’s current law.

1. Are there any statutory provisions which specifically apply to Joint Liability?

Yes

Please Explain

The issue of Joint liability is governed both by specific Intellectual Property legislation, specifically the Copyright Act 5768-2007 (hereinafter: “the Copyright Act”) and the Design Act 5777-2017 (hereinafter: “the Design Act”), as well as by the Torts Ordinance, which contains general provisions that apply in cases of Joint Liability, see the answer to question 2, below.

2. Under the case law or judicial or administrative practice in your jurisdiction, are there rules which specifically apply to Joint Liability?

Yes

Please Explain

As provided by Israeli case law, provision 12 of the Tort Ordinance, which concerns joint liability, applies both to torts defined in the Ordinance and to torts that are external to the Ordinance, such as intellectual property infringement (e.g. patent infringement and trademark infringement) [See CA 817/77 Beecham Group Ltd. v. Bristol-Myers Co., 33(3) P.D. 757 (1979) at 766 (hereinafter: “the Beecham Case”) and the matter of CA 1636/98 Rav Bariach Ltd. v. Havshush Car Accessories Trading House (1987) Ltd. (Rav Bariach), 55(5) P.D. 337 (2001) at 352 (hereinafter: “Havshush Case”)]
In accordance with the Tort Ordinance joint tortfeasors are seen as liable jointly and severally.

In the following hypotheticals, would party A be liable for Joint Infringement with party X? In each case, please explain why or why not.

3.a X sells handbags in a shop which is a small stall located in a shopping mall owned by A. The handbags infringe the registered design of Z. A knows that X (and other tenants) sells infringing goods.

Yes

Please Explain

Section 66 of the Design Act provides that a person who uses a registered design, whether by himself or through another person, in a manner listed in div 37 of the Design Act, without permission from the Design’s Owner infringes the registered design. In accordance with Section 37 of the Design Act the owner of a registered design has an exclusive right to perform the following acts with respects to the design:

1. Manufacturing;
2. Selling or renting; including offering or displaying for sale or rental, a product that is the subject of the register design, an all in a commercial manner;
3. Distributing said product in a commercial quantity or importing it to Israel for a purpose other than self-use, apart from importing such product to Israel which was manufactured with the permission of the design owner or a person on his behalf.

Section 68 of the Design Act provide that a person who performs one of the aforementioned acts with respect to a product which the subject of an unregistered design infringes the unregistered design if when performing the act he knew, or should have known that the product, subject of the design, is an infringing product.

In accordance with the above, the Design Act does to give not answer to the question of the shopping mall’s responsibility in regards to an infringement that takes place in a store owned by A. However, as stated in the answer to question 2 above, provision 12 of the Tort Ordinance, which concerns joint liability, applies both to torts defined in the Ordinance and to torts that are external to the Ordinance, so that it may apply to torts stemming from the Design Act. In the matter of CA 5977/07 The Hebrew University of Jerusalem v. Schocken Publishing House 64(3) P.D 740 (2011) at 758-766 (hereinafter: “the Schocken Case”), it was ruled, with respect to copyright infringement that in order to determine that contributory infringement occurs, three conditions must be fulfilled:

1. The existence of actual direct infringement;
2. The contributing infringer having knowledge that the direct infringement took place;
3. The existence of a significant, substantial and tangible contribution to the infringement.

In this hypothetical, the first two conditions are fulfilled. As to the third condition, it was ruled in the Schocken Case that while there is no demand that the infringement could not take place without the actions of the contributory infringer, one must consider the contributory infringer actions, including actions he took to encourage the existence of the infringement, the extent of his involvement in the chain of events leading to the infringement and his ability within the circumstances of the case to prevent the infringement. It was ruled that a university, in whose territory an infringement was committed, was not a contributory infringer since it did not encourage the infringement and could not prevent it with reasonable measures, it appears that the circumstance of the hypothetical are similar although the difference between the nature of a mall and the nature of a university may lead to a different outcome.

Under div 47 of the Copyright Act a person who permits another person to commit an act which constitutes copyright infringement is also considered an infringer (a similar provision also existed in div 2(3) of the old Israeli Copyright Act of 1911). Although a similar provision does not exist in other Intellectual Property legislation (e.g. the Patent Act or the Design Act, for example), it is possible that a court dealing with a suitable case will choose to interpret Intellectual Property legislation in a broad manner, in the spirit of the copyright law, but there is no case law so holding.
X sells handbags in an online shop which is hosted by a large market place platform owned by A. The handbags infringe the registered design of Z. A knows that X (and other web shop operators hosted by A’s market place platform) sells infringing goods via their respective outline shops.

Yes

Please Explain

Although there is no Israeli case law which deals with a matter such as the one described in this hypothetical, it was recently ruled in the matter of CF 13758-04-14 Charlton Ltd. V. 012 Smile Telecom Ltd. (Published in Nevo 31.12.17) that an internet service provider (ISP), is not a contributing infringer with respect to a direct infringement done by a website operator, after a consideration of the three conditions established in the Schocken Case, which was mentioned in the answer to question 3a, and it was determined that there was no direct infringement, as a result the Internet Service Provided could not have known that an infringement took place, and that the internet service provider did not contribute a substantial contribution to the infringement. Thus the ruling may be different in a matter such as the one described in the hypothetical, being that there is direct infringement, of which the market place platform owner is aware, and one could argue the a market place platform owner plays a bigger role in an infringement than an internet service provider (although it is not possible to know if the market place platform owner will be perceived as having contributed a substantial contribution to the infringement, since Israeli courts have yet to rule on such matter).

In the matter of CF 567-08-09 (Central Distr.) ‘ALICE’ Association for the Protection of Cinematographic Works (1993) Ltd et al. v. Rotter.net Ltd (Published in Nevo 08.08.2011) it was held by the court that the operator of an internet forum is will not be held responsible, as a contributing infringer, for links to infringing content (i.e. links to websites containing material that infringes on the copyrights of others) posted by third-party users on the forum, as long as the operator implements a policy of ‘notice and take down’ (i.e. a policy where once the operator is notified as to the existence of the infringing link, he acts to remove the link at an acceptable speed – which was not defined in the judgment). In this matter, it was also held that in accordance with the aforementioned Schocken Case a forum operator whose activity encourages the publication of infringing links on his forum, may find himself liable for contributing infringement, but one must take in consideration the full circumstances of the case including name of the website (namely, whether the names suggests that it is intended for downloading, etc.), the way the website is marketed to the public, the instructions given to the website users, statements made by the website owner, etc.

Thus, if it can be proven that A is aware that X sells infringing goods via his online shop, which is located in A’s market place platform, and that A did not implement and of ‘notice and take down’, he may held responsible for infringement, all the more so if it is proven that A encouraged the sale of infringing goods in the shops hosted by the market place platform owned by him.

X sells handbags in an online shop. The handbags infringe the registered design of Z. A designed the online advertising campaign for X’s shop and books online advertising resources for X on websites and in search engines. A knows that X sells infringing goods.

Yes

Please Explain

In the matter of CA 407/89 Tzuk Or Ltd. v. Car Security Ltd., 48(5) P.D. 661 (1994) (hereinafter: “the Tzuk Or Case”), it was ruled that when a company’s action infringe upon someone else's intellectual property rights, the company’s managers could also be held as infringers. The question is whether that ruling applies in a case of an independent contractor, such as the one described in the hypothetical as opposed to a company’s manager, in light of Israeli case law it could be that in specific circumstances the court might answer the question in the affirmative.

For each of the hypotheticals in (a) to (c) above, does it make a difference if A merely suspects that X sells infringing goods? If yes, what is the level of “suspicion” required, and how is it demonstrated?

Hypothetical A

Yes

Please Explain

With respect to hypotheticals (a) and (b), it was ruled in the Schocken Case that in order to fulfill the second demand of “the contributing
infringer having knowledge that the direct infringement took place”, the contributing infringer has to actually know of the infringement (as opposed to merely a situation where he should have known). However it is important to note that a person who heavily suspects the occurrence of tort being committed, but who chooses to be “willfully blind” instead of trying to see if his suspicion can be confirmed is deemed to have actual knowledge about occurrence of the tort, and thus may be held liable as a contributing infringer.

**Hypothetical B**

Yes

Please Explain

See above.

**Hypothetical C**

Yes

Please Explain

With respect to hypothetical (c) it was held in the *Tzuk Or Case* that for a company’s manger to be considered liable for infringement committed by the company only if he himself committed all the elements of the tort, and the fact that he did so in his/her capacity as a manager of a company is not a defence.

**In the following hypothetical, would party A be liable for Joint Infringement with party X? In your answer, please explain why or why not?**

**Z** owns a patent claiming a method for addressing memory space within a memory chip which is built into telecommunication device having further features (main processor, suitable software etc.). **A** manufactures memory chips. The chips are objectively suitable to be used for the claimed method. **A**’s memory chips are distributed over multiple distribution levels to a plethora of device manufacturers. **A** has no knowledge of the actual end use of its memory chips.

Yes

Please Explain

In the *Havshush* Case, which was mentioned in the answer to question 2, it was ruled, with respect to patent infringement that in order to determine that contributory infringement occurs, three conditions must be fulfilled:

1. The component sold by the contributory infringer (i.e. the distributor of the infringing component) constitutes a significant part of the invention;
2. The distributor knew, or should have known (having regard to the circumstances of the matter, that component specifically fit to a combination which infringes the patent rights and that they are specifically meant for that purpose;
3. The distributor is not liable in a case where the component sold by him is a staple commercial product that fits another significant non-infringing use.

Therefore, in accordance with the aforementioned conditions, for party **A** to be held liable for joint infringement it must be proven that **A** should have known that the chips are objectively suitable to be used for the claimed method, and that the chips are specifically meant for that purpose. It must also be proven that the chips do not fit any other significant use but the claimed method. If any of the two conditions isn’t fulfilled **A** cannot be held liable for joint infringement. The term “objectively suitable” is not sufficiently clear so as to allow a conclusion regarding the possibility of suitability for another non-infringing use.
### 4.b
Further, under your Group’s law, would it be considered obvious (in the sense of Q204P) that A’s chips would be put to one or more infringing uses and if so, why?

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<tbody>
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<td>It would only be considered obvious if condition 2 and 3 listed above (div 4.a) are fulfilled.</td>
<td></td>
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</tbody>
</table>

### 5
In the following hypotheticals, would party A be liable for Joint Infringement with party X? Please explain why or why not.

#### 5.a
Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, also located in your country. A and B know that their servers exchange encrypted messages according to the patented method.

<table>
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<tr>
<th>No</th>
<th>Please Explain</th>
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<tr>
<td>This hypothetical appears to be a case of what is known under U.S. law as “divided infringement”, i.e. a case where a patent claiming a method is infringed by multiple infringers, and no single accused infringer has performed the method in its entirety. Based the legal search we have conducted, it appears that the “divided infringement” doctrine had not been applied by Israeli courts. However past experience teaches that if such a case were to come before an Israeli court, the court well may turn to American case law for guidance and inspiration and as a result the court may apply the aforementioned doctrine. That said, many of such putative disputes may be avoided be careful drafting of the claims, namely, drafting the steps from the vantage point of a sole user of the method.</td>
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#### 5.b
Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, located outside your country. A and B know that their servers exchange encrypted messages according to the patented method.

<table>
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<th>Yes</th>
<th>Please Explain</th>
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<tr>
<td>In accordance with the <em>Beecham Case</em>, which was mention in the answer to question 3a above, a pharmaceutical company which was only present outside of Israel, and which produced a medicine that infringed upon a patent which was registered in Israel, was found to be liable for patent infringement along with the exclusive distributor of one of the medicines, in Israel, since its actions (providing the distributor with the medicine and advertising material) helped bring the infringing product (i.e. the medicine) to the Israeli market. Thus B may be held a liable for infringement since his actions enable A to infringe the patented method within Israel.</td>
<td></td>
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</table>

#### 5.c
Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. X operates server “a” outside your country, which exchanges encrypted messages with server “b” operated by Y, located in another country outside your country. A, located in your country, is a software consultant advising X and Y how to use the patented method (but A does not supply any software).

<table>
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<tr>
<th>No</th>
<th>Please Explain</th>
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<tr>
<td>The <em>Beecham Case</em> further mentioned a hypothetical case where a merchant, who is located in Israel, sells goods to a buyer who is located outside of Israel, and the goods themselves never reach Israel, it was noted that although it can be said that a “marketing action” was done in Israel, it cannot be said that the merchant infringed upon a patent registered in Israel with respect to the goods being sold, being that the no</td>
<td></td>
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</table>
action which actually harms the patent owner exclusive right to use the patent in Israel was done. The *Beecham Case*'s reasoning can be applied to this hypothetical, and thus A will not be held liable for infringement since although he consulted X and Z, all of the infringing actions were done outside of Israel, and the patent's owner exclusive right to use the method within Israel was not harmed.

### Are there any other scenarios which result in Joint Liability for IPR infringement under your Group's current law?

Yes

Please Explain

As described above, in accordance with the *Beecham Case* the manufacturer of a patent infringing product, maybe held as liable for patent infringement along with the exclusive distributor of the product, even if all the actions concerning the sale of the product to Israeli customers are done in Israel.

### What remedies are available against a party found liable for Joint Infringement? In particular:

#### Is an injunction available?

Yes

Please Explain

In accordance with the Torts Ordinance, joint tortfeasors are seen as liable jointly and severally. Being that, in Israel, both injunction and damages are available remedies against a party found to be infringing upon intellectual property rights, the IPR owner will be able to sue each of the joint infringers for these remedies, whether jointly or severally. In Israel, injunction is considered as a primary and preferred remedy for intellectual property infringement, however, in div 53 of the Copyright Act (2007) the legislator first granted the courts the option of refusing to grant an injunction in favor of the infringed party, in cases where the court finds grounds for refusing this remedy. This arrangement was also included in the new Design Act, but it does not exist in the Patent Act or in the Trademark Ordinance that statutorily entitle a successful plaintiff to the remedy of injunction.

However, the court has authority to decide the scope of the responsibility of each of the parties in accordance with the extent it perceives the parties to be guilty for the infringement, thus the scope of the remedy available against a joint or contributory infringer may be narrower than the scope of the remedy available against a direct infringer, depending on the joint/contributory infringing act, and the circumstances of the case.

#### Are damages or any other form of monetary compensation available?

Yes

On what basis?

See above

#### Are any of the available remedies different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?

Yes

Please Explain
II. Policy considerations and proposals for improvements of your Group's current law

8. Are there aspects of your Group’s current law that could be improved?

Yes

Please Explain

Yes, as mentioned in the answer to question 1, joint liability is governed only by a few Intellectual Property Law Statutes, and not by all of them. And as can be understood from the above, the existing legislation and case law do not provide answers to many possible scenarios which may arise with innovations in technology and globalization. Thus, an harmonization legislation would be appropriate.

9. Should acts outside the scope of direct infringement or Contributory Infringement give rise to Joint Liability for IPR infringement?

Yes

Should that sound in availability of injunctive relieve and/or damages? Please explain why or why not.

Yes, acts outside the scope of direct and contributory infringement should give rise to Joint Liability for IPR infringement, where the circumstances of the case are suitable. Not doing so may lead to a situation were IPR infringement occurs and IPR owner cannot receive any remedy only because the infringing acts fall outside the scope of direct or contributory infringement. Injunctive relief as well as damages should be available remedies to a person whose IPRs were infringed by joint infringement, as they are available to a person whose IPRs were infringed by direct infringement.

10. Should Joint Liability be excluded if one or more acts being necessary for establishing Joint Liability for IPR infringement are committed outside the domestic jurisdiction? Please explain why or why not.

No

Please Explain

We would submit that Joint Liability should not be excluded if one or more acts being necessary for establishing Joint Liability for IPR infringement are committed outside the domestic jurisdiction, because such exclusion may lead to situation where an IPR infringement occurs and no is held liable since there is no jurisdiction where establishing such liability is possible, which would hurt IP holders. For example, if Joint Liability were excluded in a case where one or more of the acts necessary for establishing patent infringement were committed outside of Israel, then no infringement would have been found in the *Beecham Case*, due to the fact the infringing pharmaceutical product was manufactured outside of Israeli Jurisdiction.
III. Proposals for harmonisation

Please consult with relevant in-house / industry members of your Group in responding to Part III.

12 Is a consolidated doctrine of Joint Liability for IPR infringement desirable?

Yes

Please Explain

It is our belief that a consolidated doctrine of Joint Liability for IPR infringement is desirable, since it may prevent confusion by creating a clearer legal framework (instead of relying on a combination of Intellectual property and tort legislation as well as case law), by eliminating differences between how joint liability is applied for various IPRs (i.e. patents, copyright, trademarks, etc.).

13 Is harmonisation of the laws of Joint Liability for IPR infringement desirable?

Yes

Please Explain

It is our belief that harmonization of laws of joint liability for IPR infringement is desirable from the point of view of an IP owner, inter alia, in order to prevent a situation where parties involved in IPR infringement escape liability, due to the fact that the issue is not governed by law or because the difference in law between various countries creates a “loophole” through which infringers can avoid liability.

However, the answer is different when considering this question from the point of view of the Israeli high-tech industry. Much of the Israeli high-tech industry is made up of manufacturers of components, software, etc., most of it purchased by larger companies or exported. Given that it would not be to the advantage of these companies to possibly be liable for infringement due to the fact that they make a piece of the puzzle, it appears that the interests of the Israeli high-tech industry as a whole would be better served by less stringent laws on joint liability.

If YES, please respond to the following questions without regard to your Group's current law.

Even if NO, please address the following questions to the extent your Group considers your Group's current law could be improved.

14 Please propose a suitable framework for Joint Liability for IPR infringement, focussing on the hypotheticals set out in Questions 3 to 5 above:
The acts in question are limited to activities such as renting retail space, hosting websites, advertising etc. (as further described in Question 3 (a) to (d) above)

The means supplied or offered by the contributory infringer related to a substantial element of the subject matter of the protected IPR, but at the time of offering or supply, the suitability and intended use were not known to the supplier or obvious under the circumstances (as further described in Question 4 above)

The infringing acts are divided between two parties, and the acts of each party do not qualify as direct infringement or Contributory Infringement, as further described in Question 5 (a) to (c) above.

Are there any other scenarios which should result in Joint Liability for IPR infringement, and where harmonisation is desirable?

What remedies should be available against a party found liable for Joint Infringement? In particular:

Should an injunction be available?

Yes

Please Explain

As stated in the answer to question 9, Injunctive relieve and damages should be available as remedies to a person whose IPRs were infringed by joint infringement, as they are available to a person whose IPRs were infringed by direct infringement. The scope of the remedies granted should be decided by the court in accordance with the circumstances of the case before it.

Should damages or any other form of monetary compensation be available?

Yes

On what basis?

See above

Should any available remedies be different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?

Yes

Please Explain

See above
Please comment on any additional issues concerning any aspect of Joint Liability you consider relevant to this Study Question, having regard to the scope of this Study Question as set out in paragraphs 7 to 13 above.

Please indicate which industry sector views are included in your Group’s answers to Part III.
II. Current law and practice

Please answer all questions in Part I on the basis of your Group’s current law.

1 Are there any statutory provisions which specifically apply to Joint Liability?

Yes

Please Explain

There are a few specific provisions that deals with joint liability in relation to intellectual property rights.

The law of patent was modified in 2016 to introduce a provision dealing with contributory infringement. It is almost identical to §26 of the Unified Patent Court Agreement, which in turn corresponds to art. 26 of the 1989 text of the Community Patent Convention. All these provisions cover the supply of both non-staple and staple commercial means. Knowledge, either actual or constructive, of the potential infringing use of the means suffices in the former case; inducement to infringe is required in the latter.

Since 2015, EU trademarks law contains a provision on “preparatory acts”. It gives the trademark owner the right to prohibit dealings with packaging, labels, tags, security or authenticity features or devices or any other means to which the mark may be affixed, if the risk exists that they could be used in relation to goods or services and such use would constitute an infringement of the rights of the trademark owner. This provision shall be included in the Italian law of trademarks in the next months.

Additionally, it is worth mentioning that some Italian IP laws define the scope of protection granted by coupling general clauses to a non-exhaustive list of infringing acts. For instance, art. 66 of the Code of Industrial Property grants to the patentee the right to work the invention and to profit from the same in the territory of the Country. It is submitted that such general clauses might apply at least in some cases falling in the definition of Joint Liability used in this questionnaire.
2. Under the case law or judicial or administrative practice in your jurisdiction, are there rules which specifically apply to Joint Liability?

Yes

Please Explain

There seems to be a trend in Italian case law in favour of considering Jointly Liable all those who contributed causally to the coming into existence of the infringement, although their behaviour might not consist in one of the explicitly restricted acts, as long as they did so with knowledge or culpable ignorance of contributing to an infringement. This trend started with a decision of the Supreme Court of 12 June – 24 October 1956, no. 3387 in a case dealing with contributory infringement of a patent.

Italian Courts considered jointly liable under art. 2055 c.c. all those who performed conducts that concurred in causing the same damage, notwithstanding the fact such conducts were different, autonomous and undertaken in different periods of time. The relevant decisions (Court of Milan no. 5151/16; Court of Milan no. 5439/15; Supreme Court no. 7618/2010) refer to cases in which all the individual conducts were autonomously infringing. This later case law seems to overrule a previous trend that considered simple distributors as extraneous to any obligation of compensation. According to this earlier jurisprudence, liability for damages rested only on those who took part in the unauthorized reproduction and first commercialisation of protected works (Supreme Court no. 3353/1999, in Riv. Dir. Ind., 2000, II, p. 8; Supreme Court no.1996/1993; Supreme Court no 6160/1980; Court of Milan, I civil div, 02/05/2002, no. 5166, unpublished; Court of Milan, 27/02/2001, I Civil Section, Dr. Migliaccio, unpublished; Court of Milan, Order 5/11/1998, I Civil Section, Dr. Marangoni; Court of Rome 28/03/1995, in AIDA, 1996, page 519).

According to our IP laws, claims for damages requires evidence that the infringer acted with intent or negligence. This rule has been applied also in cases of joint liability. Recent decisions have elaborated on this point. For instance, Supreme Court 26/01/2018 no. 2039 considered jointly liable the author of an infringing canvas and the operator of a tv auction program who tried to sell it, making reference to the duty of qualified diligence according to art. 1176 civil code falling on the experts of the market of art. Similarly, publishers have been considered jointly liable for not having being cautious enough when they chose a contractor and afterwards for failing to adopt the proper surveillance of his work (Court of Appeal 678/1999, Court of Milan 832/2004). In another case, our Supreme Court decided that both the advertising agency and the broadcasting station were jointly liable because they failed to clear all rights on a song they used for advertising purposes (Supreme Court May 29, 2003, no. 8597).

3. In the following hypotheticals, would party A be liable for Joint Infringement with party X? In each case, please explain why or why not.

3.a X sells handbags in a shop which is a small stall located in a shopping mall owned by A. The handbags infringe the registered design of Z. A knows that X (and other tenants) sells infringing goods.

Yes

Please Explain

Most likely, if A knows that X (and other tenants) are selling infringing goods and allows and contributes to the marketing of such goods with knowledge of their infringing nature, this would be considered sufficient by Italian courts to establish joint liability of A with X. Elements to support this view might be found also in the ECJ case-law, particularly in the decision Tommy Hilfiger v. Delta Center (C-494/15), where the Court considers that an operator which provides to third parties a service relating to the letting or subletting of pitches in a marketplace, thanks to which they have access to that marketplace and offer for sale in that marketplace counterfeit branded products, must be classified as an 'intermediary whose services are being used by a third party to infringe an intellectual property right' within the meaning of Article 11 of Directive 2004/48, and that that the conditions for an injunction against such intermediary are identical to those for injunctions which may be addressed to intermediaries in an online marketplace as set out by the ECJ, particularly in the decision L'Oreal v. eBay (C?324/09). X sells handbags in an online shop which is hosted by a large market place platform owned by A.

3.b X sells handbags in an online shop which is hosted by a large market place platform owned by A. The handbags infringe the registered design of Z. A knows that X (and other web shop operators hosted by A's market place platform) sells infringing goods via their respective outline shops.

No
In principle, if the platform of the online marketplace owned by A has not played an active role allowing it to have knowledge or control of the data stored (i.e. by providing assistance which entails, in particular, optimising the presentation of the offers for sale in question or promoting them) and is qualified as a mere hosting provider within the meaning of Article 16 of the Italian Legislative Decree no. 70/03, enacting Article 14 of Directive 2000/31 (Directive on electronic commerce), A is not obliged to monitor the information which it transmits or stores, nor has a general obligation to actively seek facts or circumstances indicating illegal activity. However, A cannot exclude its liability before Italian courts if it has “an actual knowledge” that the handbags offered for sale by X infringe the registered design of Z.

### Hypothetical A

X sells handbags in an online shop. The handbags infringe the registered design of Z. A designed the online advertising campaign for X’s shop and books online advertising resources for X on websites and in search engines. A knows that X sells infringing goods.

**Yes**

### Hypothetical B

For each of the hypotheticals in (a) to (c) above, does it make a difference if A merely suspects that X sells infringing goods? If yes, what is the level of “suspicion” required, and how is it demonstrated?

**No**

### Hypothetical C

By itself, suspicion does not seem to be relevant. As long as online activities are concerned, the Italian case law requires that the knowledge of contributing to an infringing activity is actual or at least constructive. Notably, the knowledge is actual if a court decision has been served upon A ordering to stop selling the infringing goods or a detailed cease and desist letter has been served upon A by the right holder. As long as offline activities are concerned, what seems to be essential is knowledge, either actual or constructive, of contributing to an infringing activity. From this perspective, the question that has to be answered is the following: given the circumstances, a diligent market operator would have been able to recognize the infringing nature of the goods or business to which he/she is contributing? Considering that the standard of diligence has to be tailored to the kind of activity being performed, it is impossible to identify a general “level of suspicion” which might lead to liability.
might lead to liability.

Hypothetical C

No

Please Explain

By itself, suspicion does not seem to be relevant. As long as online activities are concerned, the Italian case law requires that the knowledge of contributing to an infringing activity is actual or at least constructive. Notably, the knowledge is actual if a court decision has been served upon A ordering to stop selling the infringing goods or a detailed cease and desist letter has been served upon A by the right holder. As long as offline activities are concerned, what seems to be essential is knowledge, either actual or constructive, of contributing to an infringing activity. From this perspective, the question that has to be answered is the following: given the circumstances, a diligent market operator would have been able to recognize the infringing nature of the goods or business to which he/she is contributing? Considering that the standard of diligence has to be tailored to the kind of activity being performed, it is impossible to identify a general "level of suspicion" which might lead to liability.

4

In the following hypothetical, would party A be liable for Joint Infringement with party X? In your answer, please explain why or why not?

4.a

Z owns a patent claiming a method for addressing memory space within a memory chip which is built into telecommunication device having further features (main processor, suitable software etc.). A manufactures memory chips. The chips are objectively suitable to be used for the claimed method. A’s memory chips are distributed over multiple distribution levels to a plethora of device manufacturers. A has no knowledge of the actual end use of its memory chips.

No

Please Explain

If the memory chips are staple commercial goods, according to art. 66 co. 2-ter CPI, there will be no liability unless inducement be proved. If they are non-staple commercial goods, knowledge, either actual or construed, of their attitude and destination to infringing use need to be proved. To this end, ordinary diligence should be taken as the governing standard.

4.b

Further, under your Group’s law, would it be considered obvious (in the sense of Q204P) that A’s chips would be put to one or more infringing uses and if so, why?

5

In the following hypotheticals, would party A be liable for Joint Infringement with party X? Please explain why or why not.

5.a

Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, also located in your country. A and B know that their servers exchange encrypted messages according to the patented method.

Yes

Please Explain
It seems that A and B would be held jointly liable. Both of them provide a causal contribution to the working of the patented method and they do so consciously. That seems to be enough to grant injunctive relief to the patentee. If it can be assumed that they know the existence of the patent and the infringing nature of their activity, they would be held liable also for damages.

Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, located outside your country. A and B know that their servers exchange encrypted messages according to the patented method.

5.b

Yes

Please Explain

As before.

Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. X operates server “a” outside your country, which exchanges encrypted messages with server “b” operated by Y, located in another country outside your country. A, located in your country, is a software consultant advising X and Y how to use the patented method (but A does not supply any software).

6

Are there any other scenarios which result in Joint Liability for IPR infringement under your Group’s current law?

Yes

Please Explain

This case resembles a case decided some twenty years ago by the Italian Court of Cassation, in which a broker domiciled in Italy was held liable of patent infringement although the seller and buyer of the goods were domiciled abroad and the goods were not going to cross Italian borders. According to the Court, the broker was profiting from the Italian patent. Some have criticized this decision. However, it seems that it would exert some authority in favour of the patentee in a case such as the one depicted in the hypothetical.

6

Are there any other scenarios which result in Joint Liability for IPR infringement under your Group’s current law?

Yes

Please Explain

Yes, there are. Cases are listed below.

i) Information supply. It has been held that injunctive relief can be obtained against websites that provide information on how to access to audio-visual programs covered by IP rights of a third parties. See Court of Rome decision no. 19349/2013, which ordered to an online newspaper to cease supplying information about websites engaged in illegal live streaming of football matches. A similar reasoning might lead to affirm joint liability of those who make available information and instructions on how to make a patented item or apply a patented method, i.e. in cases that do not fall under the specific provision on contributory infringement of patents, which requires provision of (material) “means”.

ii) 3D printing. Risk areas in 3D printing are various. Operators of 3D printing services, as well as website owners hosting user generated CAD files or even digital copies of 3D scanned goods, may be exposed to joint liability with users of their services (in particular, clients and uploaders).

iii) Transportation. A decision of the EU Court of Justice (21 June 2012, No. C-5/11, Donner) shows that, under specific circumstances, an operator of courier services can be held jointly liable of copyright infringement with the seller of the infringing goods.

7

What remedies are available against a party found liable for Joint Infringement? In particular:
7.a Is an injunction available?

Yes

Please Explain

Under the Italian Law, an injunction is available as a provisional relief (art. 131 of the Industrial Property Code and art. 163 of the Copyright Law) and as a final relief (art. 124 of the Industrial Property Code and art. 156 of the Copyright Law).

Both remedies can be sought against anyone who participates to a counterfeiting act. For instance, in the Italian jurisprudence we find examples of injunctions issued against the producer and the exporter, the producer and the reseller, the co-producers of an infringing good, as recently held by Tribunal of Milan with decision 11766/2017).

Injunctions have also been issued against defendants whose involvement in the infringement was less clear, although they had probably provided a causal contribution to its happening. For instance, the Court of Rome (February 10th, 2012, Louis Vuitton Malletier v. Pichini s.n.c. di Roberto e Vittorio Pichini e Rodan s.r.l.) issued an injunction against an hotel’s owner who rented a shop window used by the tenant to show counterfeiting goods, considering that the hotel’s employees actively cooperated in marketing of the goods. The Court of Turin (order of October 26th, 2012, Edico v. Thomson S.A. - MSI s.r.l. - Chiale s.a.s. - C.Pampiglione s.r.l. - Unieuro s.p.a.) issued an injunction against a parent company, holding it jointly liable for a patent infringement committed by its subsidiary.

It is worth mentioning that the case law of the European Court of Justice seems to allow injunctive relief against “innocent” third parties, and particularly against any intermediary whose services are used by a third party to infringe an intellectual property right (see C 324/09 “Ebay” and C 494/15 “Tommy Hilfiger”). This precedents seem somehow reflected in a recent decision of the Court of Turin, which granted a future-oriented injunctive relief against the operator of a video sharing platform (order of November 11th , 2017 “Delta TV Programs s.r.l./. Daylimotion S.A”).

b) Damages are available under Art. 2055 of the Italian civil code which states that: “If the harmful event is imputable to several people, they are all jointly and severally liable for damages”. The Italian Court of Cassation recently held that “all those who gave a significant contribution to the harmful event are jointly responsible” (decision n. 2039/2018). In that case, the author of the plagiarism of a work of contemporary art and the art gallery which sold the works via teleshopping were considered as jointly responsible for damages. In particular, the art gallery was considered responsible for damages occurred because of lack of due diligence.

7.b Are damages or any other form of monetary compensation available?

Yes

On what basis?

Damages can be claimed from all those who took part to the infringement and that did so with intent or negligence. According to Art. 2055 of the Italian civil code, “If the harmful event is imputable to several people, they are all jointly and severally liable for damages”. The Italian Court of Cassation recently held that “all those who gave a significant contribution to the harmful event are jointly responsible” (decision n. 2039/2018). In that case, the author of the plagiarism of a work of contemporary art and the art gallery which sold the works via teleshopping were considered as jointly responsible for damages. In particular, the art gallery was considered responsible for damages occurred because of lack of due diligence.

7.c Are any of the available remedies different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?

Yes

Please Explain
Art. 125 of the Italian Industrial Property Code allows the right owner to claim “the return of profits made by the author of the violation, as an alternative to compensation for lost profits or to the extent to which they exceed this compensation”. In cases of joint liability, it seems likely that the contributor would be considered as an “author of the violation”. It is worth mentioning that, unlike the compensation for damages, this remedy does not require the subject element of intent or negligence. However, joint liability would have to be excluded in the first place if the contributor has no consciousness of contributing to an infringing activity.

### II. Policy considerations and proposals for improvements of your Group's current law

#### 8. Are there aspects of your Group's current law that could be improved?

No

Please Explain

It is not advisable, and in any case premature, to introduce specific rules dealing with Joint Liability, either at the national, regional, or international level. Applicable laws should remain flexible to accommodate new and unforeseeable cases. To this end, our legal system has the advantage of combining general clauses (such as the right to use and profit from an invention, or the right to use a trademark in the course of trade, or the right to exploit a work in any form or manner) with specific instances of infringing acts, which now include also contributing to others’ infringements in the case of patents and preparatory acts in that of trademarks. Altogether, these rules provides a wide and adaptable scope of protection. Cases that fall outside should be considered according to general principles of (tort) law, at least for the time being and absent convincing evidence of the need for legislative action.

#### 9. Should acts outside the scope of direct infringement or Contributory Infringement give rise to Joint Liability for IPR infringement?

Yes

Should that sound in availability of injunctive relieve and/or damages? Please explain why or why not.

Acts falling outside the scope of direct infringement or Contributory Infringement should give rise to Joint Liability for IPR infringement if they represent a material causal contribution to infringement, according to general principles of tort law. In such cases, injunctive relief should be available on the basis of mere contribution to the infringement, while claims for damages should remain dependent on intent or negligence.

#### 10. Should Joint Liability be excluded if one or more acts being necessary for establishing Joint Liability for IPR infringement are committed outside the domestic jurisdiction? Please explain why or why not.

Yes

Please Explain

It should be considered irrelevant where one or more acts necessary for establishing Joint Liability are committed, as long as the subject-matter of the relevant IPR is being exploited within the domestic jurisdiction.
III. Proposals for harmonisation

Please consult with relevant in-house / industry members of your Group in responding to Part III.

12 Is a consolidated doctrine of Joint Liability for IPR infringement desirable?
Yes

Please Explain
Joint Liability rests on the interplay between IP law, which has been extensively harmonized over the time, and tort law, which is still basically rooted in national law. Hence, it seems unlikely that solutions practiced around the world are sufficiently similar to be consolidated in a (global) doctrine of Joint Liability. Data should be gathered and studied, though. Therefore, efforts such as the present consultation are needed and might help substantially to make moves in the direction of harmonization, either through soft law instruments or by way of treaty making.

13 Is harmonisation of the laws of Joint Liability for IPR infringement desirable?
Yes

Please Explain
See reply to the previous question.

If YES, please respond to the following questions without regard to your Group’s current law.

Even if NO, please address the following questions to the extent your Group considers your Group’s current law could be improved.

14 Please propose a suitable framework for Joint Liability for IPR infringement, focussing on the hypotheticals set out in Questions 3 to 5 above:

14.a The acts in question are limited to activities such as renting retail space, hosting websites, advertising etc. (as further described in Question 3 (a) to (d) above)

It seems that our current law, as discussed in connection with the mentioned questions, provides balanced solutions and an adequate framework to deal with Joint Liability issues.
14.b The means supplied or offered by the contributory infringer related to a substantial element of the subject matter of the protected IPR, but at the time of offering or supply, the suitability and intended use were not known to the supplier or obvious under the circumstances (as further described in Question 4 above).

It seems that our current law, as discussed in connection with the mentioned questions, provides balanced solutions and an adequate framework to deal with Joint Liability issues.

14.c The infringing acts are divided between two parties, and the acts of each party do not qualify as direct infringement or Contributory Infringement, as further described in Question 5 (a) to (c) above.

It seems that our current law, as discussed in connection with the mentioned questions, provides balanced solutions and an adequate framework to deal with Joint Liability issues.

15 Are there any other scenarios which should result in Joint Liability for IPR infringement, and where harmonisation is desirable?

No

Please Explain

- 

16 What remedies should be available against a party found liable for Joint Infringement? In particular:

16.a Should an injunction be available?

Yes

Please Explain

- 

16.b Should damages or any other form of monetary compensation be available?

Yes

On what basis?

Damages should remain conditional on intent or negligence.

16.c Should any available remedies be different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?

No
Please comment on any additional issues concerning any aspect of Joint Liability you consider relevant to this Study Question, having regard to the scope of this Study Question as set out in paragraphs 7 to 13 above.

N/A

Please indicate which industry sector views are included in your Group’s answers to Part III.

Our group is formed by IP lawyers, patent and trademark Agents and University Professors and, in replying to this questionnaire, they have surveyed and taken into account opinion and interest of their client and contacts operating in several strategic industry sectors.
I. Current law and practice

Please answer all questions in Part I on the basis of your Group's current law.

1. Are there any statutory provisions which specifically apply to Joint Liability?

Yes

Please Explain

Under Japanese law, means to hold a party liable for IP infringement are classified into injunctive relief and damages.

An injunction is available under each IP law against a party who commits an act of infringement ("infringer"). Acts of infringement includes the types of act that are deemed to be an infringement (e.g. indirect infringement, as described in (1) below) under each IP law. Finding of infringement has an aspect of legal assessment. Therefore, it is possible that a party who does not physically or directly commit an act of infringement may be legally assessed as an infringer (see (1) in our answer to Question 2 below).

Damages are established in provisions relating to torts under the Civil Code and are available against a party who commits directly an act of infringement and a party who is indirectly involved in such an act (as described in (2) below). Therefore, those against whom damages are available are not necessarily the same as those against whom an injunction is available.

(1) According to statutory provisions relating to indirect infringement, the supply of not only 1) an "exclusive product" that is used only for infringing acts (under the Patent, Design, and Trademark Acts), but also 2) a "non-exclusive product" (under the Patent Act) may constitute an indirect infringement.
In Article 101 (ii) and (v) of the Patent Act, an indirect infringement is defined as: an act of supplying something (except staple articles) that is indispensable for solving technical problems by the invention and is used for the manufacture of a patented product or for the exploitation of a process invention, knowing that it is used for the working of the patented invention. An injunction and damages are available against such types of indirect infringement.

(2) Provisions relating to torts under the Civil Code: Articles 709 (general tortfeasorship) and 719 (joint tortfeasorship) may also be applicable. In this case, damages are available.

2 Under the case law or judicial or administrative practice in your jurisdiction, are there rules which specifically apply to Joint Liability?

Yes

Please Explain

For information on the relevant statutory provisions, see our answer to Question 1 above.

(1) Liability as infringer

According to court decisions, if an act by a party is normatively deemed to be an act of infringement, an injunction and damages may be available against this party (infringer) as described below.

(a) Patents

Even if the party in question does not physically carry out at least part of the constituent features, an injunction and damages are available on the grounds of a patent infringement in the following cases according to court decisions, in addition to the acts of indirect infringement described in (1) of our answer to Question 1 above:

1) Where the party in question is judged to have used another party as a tool to commit an act of infringement ("Tool Theory").

2) Where, based on the claim construction and concepts employed, the party in question is practically found to be a principal party of infringement.

3) Where the party in question is deemed to have acted in combination with other parties to carry out the patented process as a whole (joint direct infringement). Generally, in addition to the presence of an objective element (combination of the parties' acts), the presence of a subjective element (combination of the parties' intentions) is required.

(b) Copyrights

According to a court precedent, if the direct copyright infringer's activities are found to be controlled, a wide range of parties, including those who provide a service or a place, are found to be principal parties of infringement and an injunction / damages are available, regardless of whether they exploit the copyrighted work. The test for copyright infringement used to be 1) whether the direct infringer's activities are controlled by the party in question, and 2) whether the party in question profits from the infringing act ("Karaoke Doctrine"). However, according to a recent court decision, a party who plays a key role while controlling the direct infringer's activities is found to be a principal party of infringement, without regard to the question of profits.

(c) Trademarks

According to a court decision, if the owner who controls and profits from their online shopping mall knows or is in a position to know an
infringing act by an online shop operator in the mall, the right holder can file a claim for injunctive relief and damages against the owner on the
grounds of a trademark infringement, as long as the owner does not delete the relevant pages within a reasonable period of time.

(2) Liability as aider and abettor

According to a court precedent, an injunction is generally not available against an aider / abettor but there is a copyright infringement case in
which an injunction was granted.

However, regardless of the availability of an injunction, damages are available on the grounds of a tortious act as described in (2) of our
answer to Question 1 above.

3 In the following hypotheticals, would party A be liable for Joint Infringement with party X? In each case, please explain why
or why not.

3.a X sells handbags in a shop which is a small stall located in a shopping mall owned by A. The handbags infringe the
registered design of Z. A knows that X (and other tenants) sells infringing goods.

No

Please Explain

(The answer above is to the question about liability as an infringer)

A cannot be held liable for infringement merely on the grounds that A knows that X sells goods which infringe a design right. However, it is
possible that A may be held liable for infringement if A is normatively deemed to be a principal party of infringement, as described in (1) of our
answer to Question 2 above.

For example, if A knows that not only X but also most of the other tenants sell infringing goods and therefore, A's shopping mall, as a whole,
seems to specialize in selling infringing goods, it is possible that A may be held liable for infringement based on one of the theories described
in (1)(a) of our answer to Question 2 above (e.g. Tool Theory).

Liability for damages

Article 719 (2) of the Civil Code provides that a party who aided or abetted the principal party shall be liable as a joint tortfeasor. A's act of
providing a place for solely selling infringing goods seems to actively encourage or induce X to commit an infringement. At least, such an act
can fall under an act of aiding or abetting the infringer and therefore, damages are available against A on the grounds of aiding or abetting the
infringer.

3.b X sells handbags in an online shop which is hosted by a large market place platform owned by A. The handbags infringe the
registered design of Z. A knows that X (and other web shop operators hosted by A's market place platform) sells infringing
goods via their respective outline shops.

No

Please Explain
A cannot be held liable for infringement merely on the grounds that A knows that X sells goods which infringe a design right. However, it is possible that A may be held liable for infringement if A is normatively deemed to be a principal party of infringement, as described in (1) of our answer to Question 2 above.

For example, if A knows that not only X but also most of the other web shop operators sell infringing goods and therefore, A's marketplace, as a whole, seems to specialize in selling infringing goods, we think that A can be held liable for infringement based on one of the theories described in (1)(a) of our answer to Question 2 above (e.g. Tool Theory).

Compared to the owner of a brick-and-mortar shopping mall, the owner of an online marketplace platform is more strongly committed to the operation of each shop in the sense that the owner provides a single platform to be shared by the shops. Therefore, the owner of an online shopping mall is more likely to be found to be a principal party of infringement than the owner of a physical shopping mall.

As mentioned in (1)(c) of our answer to Question 2 above, there is a court case in which a trademark holder tried to hold the owner of an online marketplace liable for trademark infringement committed by a shop operator in that marketplace (IP High Court Judgment, 14 February 2012 (2010 (ne) 10076)): The court ruled that if the marketplace owner knows an infringing act by the shop operator or there are reasonable grounds to judge that the owner is in a position to know such an act, but they do not delete the relevant pages within a reasonable period of time, the trademark holder can, after the passage of that period of time, file a claim for injunctive relief and damages against the owner, in the same manner as in the case of the shop operator, on the grounds of a trademark infringement.

Although there is argument about whether a court decision on a trademark case is directly applicable to a design case, the decision suggests that A may be held accountable if A knows an infringing act or there are reasonable grounds to judge that A is in a position to know such an act, but they do not take necessary measures (i.e. deletion of the relevant pages) within a reasonable period of time.

Liability for damages

As in a) above, at least, A's act can fall under an act of aiding or abetting the infringer.
3.d For each of the hypotheticals in (a) to (c) above, does it make a difference if A merely suspects that X sells infringing goods? If yes, what is the level of “suspicion” required, and how is it demonstrated?

3.d.1 Hypothetical A

No

Please Explain

In the same manner as in a) above, A cannot be held liable for infringement merely on the grounds that A suspects so. Only when A knows or approves of X’s specific act of infringement, it is possible that A may be held liable for infringement.

According to the above mentioned IP High Court decision on a trademark infringement case, 1) It is possible that the owner of a web shopping mall may be convicted as an aider / abettor for breach of the Trademark Act if the owner knows and approves of a specific fact that an act by the shop operator infringes a third party’s trademark right, and 2) When notified by the trademark holder of a breach of the Trademark Act, the owner should investigate immediately whether the trademark right is actually infringed or not, by questioning the shop operator. Therefore, in the hypothetical case b), A may be held liable for design infringement if they fail to take necessary measures after finding infringing goods being sold or when notified by the right holder of the infringement. We think that A’s negligence can be demonstrated by the notification sent from the right holder to A (in the form of content-certified mail, service of the complaint, etc.) or the fact that the situation is not rectified within a reasonable period of time.

Liability for damages

A may be liable for damages depending on the type and the degree of difficulty of possible measures to be taken to prevent X from committing the act of infringement.

3.d.2 Hypothetical B

No

Please Explain

See our answer in i) above. A cannot be held liable for infringement merely on the grounds that A suspects so.

3.d.3 Hypothetical C

No

Please Explain

See our answer in i) above. A cannot be held liable for infringement merely on the grounds that A suspects so.

4 In the following hypothetical, would party A be liable for Joint Infringement with party X? In your answer, please explain why or why not?
Z owns a patent claiming a method for addressing memory space within a memory chip which is built into telecommunication device having further features (main processor, suitable software etc.). A manufactures memory chips. The chips are objectively suitable to be used for the claimed method. A's memory chips are distributed over multiple distribution levels to a plethora of device manufacturers. A has no knowledge of the actual end use of its memory chips.

No

Please Explain

Party A would not be liable for joint Infringement.

We answer this question on the assumption that A's memory chips have a non-infringing use.

As described in our answer to Question 1 above, according to the statutory provisions, acts of "indirect infringement" also include an act of supplying a "non-exclusive (multi-functional) product." Therefore, this question is about whether these provisions are applicable to A's act.

In relation to a process invention, a type of indirect invention is defined: acts of producing, assigning, etc., importing or offering for assignment, etc. any product (excluding those widely distributed within Japan) in business that is used for the use of the process and indispensable for the resolution of the problem by the invention, having the knowledge of relevant circumstances (Article 101 (v) of the Patent Act).

To fit the definition of an indirect infringement shown above, A's memory chips need to be "indispensable for solving technical problems," which is the essential part of the patented invention, not merely "objectively suitable to be used for the claimed method."

Moreover, A's memory chips can be regarded as a staple article that might be used for other purposes than for the working of the patented invention, because their chips are "distributed to a plethora of device manufacturers" and "A has no knowledge of the actual end use of its memory chips."

Consequently, we think that A's chips are a kind of products that are "widely distributed within Japan" and do not meet the requirements for indirect infringement in the above-mentioned provisions.

In relation to subjective elements, a Supreme Court decision on acts of aiding or abetting the copyright infringer (9 December 2011, Keishu Vol.65, No.9, at 1380) holds: "The requirements are not satisfied if it is considered generally possible that the product may be used to infringe someone else's copyright and the party, knowing and approving of that possibility, supplies or makes available the software in question, which is used to infringe the copyright." There must be a more specific situation of infringing use, not merely a general possibility, and the supplier needs to know and approve of that situation. Therefore, the subjective requirements are not satisfied by the mere knowledge of "objectively suitable to be used for the claimed method," although there is not always a need for A's knowledge of a specific situation of infringing use by X.

Further, under your Group's law, would it be considered obvious (in the sense of Q204P) that A's chips would be put to one or more infringing uses and if so, why?

No

Please Explain

As described in our answer to the question in the preceding paragraph, the provisions relating to an "indirect infringement by a non-exclusive (multi-functional) product" are not applicable to A's act. Consequently, A's chips are not deemed to be a product that "would be obviously put to one or more infringing uses."
In the following hypotheticals, would party A be liable for Joint Infringement with party X? Please explain why or why not.

Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, also located in your country. A and B know that their servers exchange encrypted messages according to the patented method.

Yes

Please Explain

Party A would be liable for Joint Infringement. As described in our answer to Question 2 above, if 1) there is a parent-subsidiary or contractee-contractor relationship and therefore, one party controls the other to a considerable degree, acts by the controlled party can be normatively deemed to be acts by the controlling party. For example, acts carried out by X can be deemed to be A’s acts, and, as a whole, A can be deemed to have done all of the acts corresponding to the constituent features (Tool Theory).

2) If A is practically found to be a principal party of infringement based on the claim construction and concepts employed, it is possible to decide that A directly infringes the patent in our country.

3) A will be liable for joint direct infringement if there is communication of their intentions between A and X, and A knows that the constituent features of the patented invention are readable upon the acts by both parties as a whole.

Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, located outside your country. A and B know that their servers exchange encrypted messages according to the patented method.

No

Please Explain

Party A would not be liable for Joint Infringement.

A court decision on a process invention (Tokyo District Court decision dated 20 September 2001, Hanrei Jihou No. 1764 page 112) holds, “The acts in the entire process correspond to all constituent features of the patented invention, part of which is carried out in Japan and the rest, outside the country. This means that the acts in the technical scope of the process invention are not brought to completion in Japan. Therefore, they cannot be deemed to have carried out the process invention in Japan.”

In the case b), an infringement is not found in the first place because A’s act to work the process invention is partly carried out outside Japan.

However, if the constituent feature are partly carried out outside Japan, but an essential part of the claimed features is carried out in the country, it is possible that the patented invention is assessed to be worked in Japan, regardless of whether the other features are carried out in a foreign country.

Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. X operates server “a” outside your country, which exchanges encrypted messages with server “b” operated by Y, located in another country outside your country. A, located in your country, is a software consultant advising X and Y how to use the patented method (but A does not supply any software).

No
Please Explain

Party A would not be liable for Joint Infringement.

As described in our answer to b), if acts by X and Y do not constitute a direct or indirect infringement, there is no possibility that A may be held liable as a joint tortfeasor.

If acts by X and Y are found to constitute a direct infringement, damages are available under Article 719 (joint tortfeasorship) of the Civil Code against an abettor (and aider), but an injunction is not available against A on the grounds of other forms of indirect infringement than those defined in the subparagraphs of Article 101 of the Patent Act.

6 Are there any other scenarios which result in Joint Liability for IPR infringement under your Group's current law?

Yes

Please Explain

In addition to the typical scenarios described above, if acts by two or more parties are judged to have acted together to infringe an intellectual property right, each of the parties will be liable for joint direct infringement (see (1)(a) in our answer to Question 2 above). In this case, both an injunction and damages will be available.

If a party is not directly involved in the act of infringement but is found to have aided or abetted the principal party, they will be liable for damages as an aider / abettor.

7 What remedies are available against a party found liable for Joint Infringement? In particular:

7.a Is an injunction available?

Yes

Please Explain

If acts by two or more parties are judged to have acted together to infringe an intellectual property right, the right holder will be able to file a claim for an injunction against each of them on the grounds of a joint direct infringement (see (1)(a) in our answer to Question 2 above) as provided in Article 100 of the Patent Act, Article 37 of the Design Act, Article 36 of the Trademark Act, and Article 112 of the Copyright Act.

On the other hand, an injunction is generally not available against a party who aids or abets the principal party (except in the case of indirect infringement, as described in our answer to Question 1 above. Under the Patent Act, a party may be liable for indirect infringement on the grounds of supplying not only an "exclusive product" but also a "non-exclusive product." In this case, an injunction is available.) According to court decisions on copyright cases, an injunction is available against parties found liable for joint infringement, when certain requirements are satisfied, as described in our answer to Question 2 above.

7.b Are damages or any other form of monetary compensation available?

Yes

On what basis?
If two or more parties are found to have committed joint tortious acts, which may be a joint direct infringement or an act of aiding or abetting the principal party, damages are available against any of the parties, whose liability is joint (and not several), according to a court precedent. The right holder may file a claim for part or the full amount of damages against one or some of the parties involved in the infringement, one by one or at one time.

**Are any of the available remedies different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?**

Yes

Please Explain

There is no equivalent to contributory infringement under Japanese law although an "indirect infringement by an exclusive product" is similar in concept to contributory infringement. On the grounds of a direct infringement or an "indirect infringement by an exclusive product," both an injunction and damages are available (note: both remedies are also available against certain types of joint infringement that are legally deemed to be a direct infringement (see "(1) Liability as infringer" in our answer to Question 2 above)).

Aside from the types of joint infringement that are legally deemed to be a direct infringement and an "indirect infringement by an exclusive product," both remedies are available against only one type of indirect infringement, i.e. an "indirect infringement by a non-exclusive (multi-functional) product." Against the other types of joint infringement (e.g. aiding and abetting), damages are available but an injunction is generally not available.

**II. Policy considerations and proposals for improvements of your Group's current law**

**Are there aspects of your Group's current law that could be improved?**

Yes

Please Explain

Our current law could be improved in terms of predictability. For example, in the case where a computer networking technology invention is used on servers across the border, the level of predictability is low as to whether the patent can be found infringed, or cannot be found infringed due to strict application of the territoriality principle. Different types of interested parties have different views on whether or not the current law should be revised in such a way as to strengthen protection for IP right holders. However, we think there should at least be clear rules so that business activities may not be hindered by the poor predictability.

**Should acts outside the scope of direct infringement or Contributory Infringement give rise to Joint Liability for IPR infringement?**

Yes

Should that sound in availability of injunctive relieve and/or damages? Please explain why or why not.

Such acts should give rise to joint liability.

Actually, an injunction and damages are available against an "indirect infringement by a non-exclusive (multi-functional) product" (Article 101 (ii) and (v) of the Patent Act).
Injunctive relief and damages should be available if parties on an equal footing are judged to have acted together to infringe a right (joint direct infringement) and if one party uses another party as a tool (Tool Theory) (see (1) in our answer to Question 2 above). When a joint direct infringement is found, damages are available against any of the parties under the provisions relating to joint tortfeasorship (Article 719 (1) of the Civil Code, see b) in our answer to Question 7 above).

An aider / abettor may be liable for damages on the grounds of a tortious act (Article 719 (2) of the Civil Code), but an injunction is not available. However, in the case of a certain act of aiding or abetting, i.e. an "indirect infringement by a non-exclusive (multi-functional) product" (Article 101 (ii) and (v) of the Patent Act), an injunction is available.

Acts outside the scope of direct infringement or contributory infringement can inflict damage on a right holder. Enforcement of IPR against other parties than the direct infringer is often effective in eliminating the infringing acts. Therefore such acts should give rise to joint liability for IPR infringement.

Should Joint Liability be excluded if one or more acts being necessary for establishing Joint Liability for IPR infringement are committed outside the domestic jurisdiction? Please explain why or why not.

No

Joint liability should not be excluded on the grounds that one or more acts being necessary for establishing joint liability for IPR infringement are committed outside the country.

One reason is that, in the case of a process invention (a pure process invention, in particular), part of the constituent features (e.g. one process) can be easily carried out outside the country. It is also easy to locate a constituent feature (e.g. a server) of a system invention outside the country. In this way, it is possible to get economic benefits from exploitation of a patented invention even if it is carried out across the border. Therefore, if a third party can easily avoid joint liability for patent infringement merely on the grounds that part of the constituent features is carried out abroad while they can get the results from exploitation of the invention in the domestic market, inventors will be discouraged from obtaining patents.

Are there any other policy considerations and/or proposals for improvement to your Group's current law falling within the scope of this Study Question?

Yes

• Invention of pure process

In relation to this question, there is a problem with inventions of pure process, not with inventions of process for making a product (see our answer to Question 5 c)). For example, an invention of diagnostic process can be worked as follows: Company A located in Japan receives a sample from the subject and sends it to a foreign country where Company B uses an invention of diagnostic process to diagnose the sample and sends the results (i.e. data) back to Japan. In this way, the final results are put into use in Japan, but under the current law, it is difficult for the patentee to hold A or B liable for patent infringement.

Given that they can get the results from exploitation of an invention in the domestic market, legislative measures seem to be an option for improving the situation.

• Jurisdiction

Let us assume that a patented invention is exploited by A located in Japan in combination with B located abroad, and the patentee is allowed to hold B liable for joint infringement. To ensure the effectiveness of enforcement by the patentee in this case, it is necessary that the court
Assume jurisdiction over B.

According a court precedent, the requirements for the assumption of international jurisdiction over joint tortfeasorship are (i) an act to commit the tort, (ii) a fact that establishes an objective connection or an objective fact about the act of aiding or abetting, (iii) damages incurred, and (iv) factual causation (Tokyo District Court Judgement, 28 November 2007 (2004 (wa) 100667)). However, there is a case where the court denies an objective connection (mentioned in (ii) above) between A (a manufacturer) and B (a trading company) (Tokyo District Court decision dated 28 April 2015, Hanrei Jihou No. 2264 page 59). Regarding the requirement of an objective connection, it is hoped that court decisions will accumulate.

### III. Proposals for harmonisation

*Please consult with relevant in-house / industry members of your Group in responding to Part III.*

<table>
<thead>
<tr>
<th>No.</th>
<th>Question</th>
<th>Answer</th>
<th>Please Explain</th>
</tr>
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<tbody>
<tr>
<td>12</td>
<td>Is a consolidated doctrine of Joint Liability for IPR infringement desirable?</td>
<td>No</td>
<td>A broad range of acts may give rise to joint liability for various types of illegality. It is hoped that an adequate doctrine will develop for each type.</td>
</tr>
<tr>
<td>13</td>
<td>Is harmonisation of the laws of Joint Liability for IPR infringement desirable?</td>
<td>Yes</td>
<td>Today, business activities are often carried out across the border. Harmonization is desirable from the viewpoint of improvement of legal predictability for the benefit of international business activities.</td>
</tr>
</tbody>
</table>

**If YES, please respond to the following questions without regard to your Group’s current law.**

**Even if NO, please address the following questions to the extent your Group considers your Group’s current law could be improved.**

<table>
<thead>
<tr>
<th>No.</th>
<th>Please propose a suitable framework for Joint Liability for IPR infringement, focussing on the hypotheticals set out in Questions 3 to 5 above:</th>
</tr>
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<tbody>
<tr>
<td>14</td>
<td>The acts in question are limited to activities such as renting retail space, hosting websites, advertising etc. (as further described in Question 3 (a) to (d) above)</td>
</tr>
</tbody>
</table>

As a general rule, parties liable for infringement should be limited to (i) those who directly committed an act of infringement (i.e. direct infringers), and (ii) those who were indirectly involved in infringement and whose act is explicitly specified in the national law of each country (e.g. indirect infringers). A party should not be liable if they merely engage in such activities as renting retail space, hosting websites, advertising etc. but do not sell any infringing goods. However, if such a party practically controls another party’s activities, e.g. the former is
the parent company of the latter or if the two parties can be assessed to have acted together, e.g. the latter sells infringing goods in conspiracy with the former, it seems reasonable that both of them be jointly liable.

If you ask Question 3a) (about a physical shopping mall) on the assumption that A set up a shopping mall by actively attracting sellers of infringing goods, who are "X (and other tenants)," it is possible to judge that activities of X and other sellers are controlled by A, or they sell infringing goods in conspiracy with A. Consequently, it seems reasonable that A be jointly liable.

However, it will be overly severe if A is held liable for infringement merely on the grounds that A simply runs a shopping mall and becomes aware of X's act of selling infringing goods when notified by Z (the right holder). In this case, it seems desirable for A to make a voluntary effort to eliminate the infringing goods (e.g. by advising X to stop selling or get rid of the goods, or by taking further measures (e.g. termination of or refusal to renew the lease agreement) in the event of failure to do so). However, if such an effort is made obligatory, mall owners, like A, will have to bear an excessive burden and opposition from the industry can be expected. As an obligation (and liability in the event of failure to perform the obligation) on the part of A, it seems reasonable to add to the lease agreement a clause to the effect that A can terminate the agreement if the tenant is found to sell infringing goods.

In the case 3b) (about a web shopping mall), it will also be overly severe if A is liable for joint infringement merely on the grounds that, as the owner of a large marketplace, A simply provides X with space for an online shop and becomes aware of X's act of selling infringing goods. However, it may be possible to hold A liable to a certain extent, on an exceptional basis. Possible grounds for joint infringement would be: after notification by the right holder Z of X's act of selling infringing goods, (i) A continues to tacitly approve of X's infringing act or leave the problem unaddressed for a certain period of time, without providing cooperation to stop the infringing act, or (ii) A responds to the problem in a considerably dishonest manner. Practical reasons why A should be jointly liable on an exceptional basis are (i) unlike a brick-and-mortar mall, a cybermall tends to become a hotbed of infringing sales due to its certain level of anonymity, against which effective counter-measures are needed, and (ii) compared to a physical mall, the online environment makes it easier for the owner to take measures such as the closing of a shop when informed of the fact of infringing acts committed by that shop.

We see the need for a framework to address the issues specific to online shopping malls, but we think that careful consideration should be given to the applicability of considerably severe measures to an online mall owner when found liable for joint infringement, compared to a physical mall owner. This is because (i) the field of Internet shopping has been rapidly growing in recent years, and thus unduly heavy responsibility can hinder the growth of such an emerging industry, and (ii) if a large marketplace platform is stopped from providing its hosting service, there could be a great impact on many platform users.

As to 3c), A continues advertising activities for an online shop, in spite of the knowledge that the shop sells infringing goods. Since this act is inevitably deemed to be an act of aiding the infringer, A should be held liable for joint infringement to a certain extent.

4. The means supplied or offered by the contributory infringer related to a substantial element of the subject matter of the protected IPR, but at the time of offering or supply, the suitability and intended use were not known to the supplier or obvious under the circumstances (as further described in Question 4 above)

In this case, A should not be held liable as an infringer. This is a typical case for debate on whether the liability for infringement can be extended to an indirect party. In each country, the national law specifies under what circumstances an indirect party should be liable in the same manner as the direct infringer. According to relevant provisions in many jurisdictions, A will not be liable in this case, and we think this is reasonable.

If the party does not know that their product is intended to be used for the working of the patented invention, beyond the scope of indirect infringement, or such an intended use is not obvious under the circumstances, it is unreasonable to hold the party liable merely on the grounds that they supply means suitable for the working of the invention. Because this means that the party will be held liable even when a customer uses the product to infringe a patent, despite its other possible intended uses that are not infringing.

4. The infringing acts are divided between two parties, and the acts of each party do not qualify as direct infringement or Contributory Infringement, as further described in Question 5 (a) to (c) above.
In principle, each of the parties can be held liable for their infringing act only within the scope as stipulated by their respective national law. Generally, the more constituent features added to an invention, the greater the degree of novelty of that invention. As a result of this, however, it becomes relatively less likely that all of the constituent features read on a single party's acts. If the constituent features are only readable on acts by two or more parties from different countries, it will not be possible to hold any party liable for infringement of that patent under the national law.

However, if the parties are related to each other, e.g. the parent company and its subsidiary, regardless of whether they are located in the same or different jurisdiction(s), or they are in conspiracy to evade the liability intentionally and technically through a division of roles between them, we think it is possible to hold them jointly liable for patent infringement on an exceptional basis.

The enforceability of a patent on network-related technology outside the jurisdiction should be determined without regard to where (in which country) the servers are located, because these days there is practically no difference in technical performance provided by servers depending on their locations, except when features of the patent are related to server configuration or functionality. Infringement of the patent should be determined in the country (or countries) where the relevant service is actually provided or where the essential part of the patented invention is carried out.

Are there any other scenarios which should result in Joint Liability for IPR infringement, and where harmonisation is desirable?

No

Please Explain

What remedies should be available against a party found liable for Joint Infringement? In particular:

Should an injunction be available?

Yes

Please Explain

An injunction should be available against a party found liable for joint infringement in the same manner as a party liable for direct infringement. However, an act of merely aiding / abetting the principal party does not meet the requirement for an injunction. An injunction should be available against certain types of acts that are comparable in the degree of illegality to a direct infringement, i.e. where such an act can be deemed to be an indirect infringement, or where the party in question is practically found to be a principal party of infringement (e.g. if their act is combined with acts by other parties to constitute an infringement; if they control the direct infringer's activities and profit from the infringing act, etc.).

Should damages or any other form of monetary compensation be available?

Yes

On what basis?

Damages or any other form of monetary compensation should be available against a party found liable for joint infringement. Unlike the case of a) (see the 2nd paragraph of our answer), if the act of joint infringement is not comparable in the degree of illegality to a direct infringement (e.g. if they aided / abetted the principal party), they should still be liable as joint tortfeasors for damages or any other form
of monetary compensation.

6. Should any available remedies be different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?

Yes

Please Explain

If an act is comparable in the degree of illegality to a direct infringement as described in the 2nd paragraph of our answer to a) above, an injunction should be available, in addition to damages or any other form of monetary compensation.

On the other hand, a party who merely aided / abetted the principal party should be liable for damages or any other form of monetary compensation, but not for an injunction.

17 Please comment on any additional issues concerning any aspect of Joint Liability you consider relevant to this Study Question, having regard to the scope of this Study Question as set out in paragraphs 7 to 13 above.

Nothing in particular.

18 Please indicate which industry sector views are included in your Group's answers to Part III.

In our answers to Part III, we included views from the sectors of electronic and optical equipment.
I. Current law and practice

Please answer all questions in Part I on the basis of your Group’s current law.

1. Are there any statutory provisions which specifically apply to Joint Liability?

Yes

Please Explain

Latvian law is familiar with the concept of joint liability of persons. There are several statutory provisions which provide regulation concerning joint liability within the framework of two legal liability types, namely civil liability and criminal liability. At the same, Latvian law does not provide specific rules concerning joint liability in regulation of intellectual property rights (IPR; within this Study, IPR cover patents, trademarks, designs and copyright).

General regulation of joint (or solidary) obligations from the perspective of civil law is provided within the framework of law of obligations [1]. specifically, joint obligations (together with shared obligations) are governed by Chapter IV of the Fourth Part ‘Law of obligations’ of the Civil Law of 1937 of the Republic of Latvia (CL). The term ‘solidary obligation’ (this term is used by Latvian civil law as a synonym for the term ‘joint obligation’) is defined by the CL in Article 1670 which provides as follows:

[a] claim or an obligation shall be recognized as joint or solidary when each of several creditors may claim the entire subject-matter, or when each of several debtors has the duty to perform it all; the subject-matter may, however, be claimed and is required to be performed only once. In such case the former are called joint creditors, but the latter joint debtors.

The CL establishes that solidary obligations may be established pursuant to a contract, a will or by law (Article 1672 CL).
Likewise, joint liability is also provided on the basis of Criminal law concerning joint commission of a criminal offence which may take place either as participation or joint participation (Article 18 of the Criminal law). \[2\]

Article 19 of the Criminal law clarifies the term 'participation' by providing as follows:

[c]riminal acts committed knowingly by which two or several persons (that is, a group) jointly, knowing such, have directly committed an intentional criminal offence shall be considered to be participation (joint commission). Each of such persons is a participant (joint perpetrator) in the criminal offence.

Article 20 (1) of the Criminal law defines the term 'joint participation' and envisages:

[a]n act or failure to act committed knowingly by which a person (joint participant) has jointly with another person (perpetrator) participated in the commission of an intentional criminal offence, but he himself or she herself has not been the direct perpetrator of it, shall be considered to be joint participation. Organisers, instigators, and abettors are joint participants in a criminal offence.

As the scope of this Study is limited to civil law infringements, criminal liability will not be considered further within this Report.

Footnotes


2 Under the case law or judicial or administrative practice in your jurisdiction, are there rules which specifically apply to Joint Liability?

Yes

Please Explain

Rules which apply to joint liability in Latvia are based on statutory provisions referred to in the answer to the previous question. These statutory provisions are part of substantive law but not of procedural law. In Latvia, however, one may refer to interaction of different kinds of liability concerning establishing joint liability. It should be noted that as far as anonymised data base of Latvian court rulings is concerned, Latvian courts have not considered whether liability of an intermediary may be considered as based on a joint obligation (i.e. covering an intermediary together with an infringer).

Thesis: The legal composition of Article 1675 of the Civil Law is related to the provisions of the Criminal Law, which establishes the concept of a jointly committed criminal offense[1].

In the opinion of the court, the legal composition of Article 1675 of the Civil Law is related to the Criminal Law provisions, which establishes the concept of jointly committed criminal offense. Thus, Article 19 of the Criminal Law determines that participation (joint commission) is a deliberate criminal act in which two or more persons (that is, a group) jointly, knowing such, have directly committed an intentional criminal offence. Each of these persons is a member of the criminal offense. On the other hand, Article 20 of the Criminal Law prescribes that joint participation is an act committed knowingly by a person (joint participant) jointly with another person (perpetrator), but first person has not been the direct perpetrator of offense. The joint participants of the offense are the organizer, instigator, and abettor.

In this regard, the Senate acknowledges that, in the meaning of Article 1675 of the Civil Code for the damage caused by a criminal offense, both the direct perpetrator and the organizer, instigator, and abettor are jointly and severally liable.
In the following hypotheticals, would party A be liable for Joint Infringement with party X? In each case, please explain why or why not.

3.a
X sells handbags in a shop which is a small stall located in a shopping mall owned by A. The handbags infringe the registered design of Z. A knows that X (and other tenants) sells infringing goods.

Yes

Please Explain

Yes, party A would be liable for Joint Infringement with party X.

Directive 2001/29/EC[1] sets obligation for Member States to ensure that rightholders are in a position to apply for an injunction against intermediaries whose services are used by a third party to infringe a copyright or related right (Article 8(3)).

Latvia’s Copyright Law provides that rightholders may request intermediaries providing services which are used to infringe copyright or related rights, or which make such infringement possible, to perform relevant measures in order to prevent users from performing such infringements. If the intermediary does not perform these measures, then he/she may be sued (Article 69(1) No. (7)). This provision specifically implements the obligations under Article 8(3) of the Directive 2001/29/EC with regard to injunctive relief against intermediaries.

Law on Designs of Latvia sets that an action in court regarding the illegal use of a design may be brought also if the exclusive rights of the owner of a design may be violated or will be violated soon (possible violation), because the defendant him or herself or with the assistance of other persons (intermediary) has performed measures, which are considered to be preparations for the illegal use of a design (Article 48.3).

According to the Law on Designs - the action for the illegal use of a design may also be substantiated by the provisions of the Copyright Law, laws and regulations regarding unfair competition or other laws and regulations (Article 48.6).

EUCJ has ruled in in Tommy Hilfiger (C?494/15)[2], that the tenant of market halls who sublets the various sales points situated in those halls to market-traders, some of whom use their pitches in order to sell counterfeit branded products, falls within the concept of ‘an intermediary whose services are being used by a third party to infringe an intellectual property right’.

So, if the court in Latvia will handle the case on liability of shopping mall under similar circumstances, most likely it will make a ruling in accordance with findings of EUCJ in Tommy Hilfiger (C?494/15).

Alternatively, one may observe that obligation of an infringer and obligation of an intermediary is based on different legal grounds. Article 1671 CL provides that a precondition of every joint (solidary) obligation is that it is based on one and the same basis. In this situation, therefore, one may arrive at conclusion that obligations of both these persons are not based ‘on one and the same basis’ as referred in this provision as the contents of the obligation for the infringer and the intermediary is different and, therefore, liability is construed on different grounds for both of these persons. If such a conclusion is made, the obligations of the infringer and the intermediary shall be recognised as shared but not joint obligations.
As it is indicated previously in this Report, as far as anonymised data base of Latvian court rulings is concerned, Latvian courts have not considered whether liability of an infringer or an intermediary may be considered as based on a joint obligation or shared obligations.

Footnotes


2. *Case C?494/15, Judgment of the Court (Second Chamber) 7 July 2016 (Article 30)*

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X sells handbags in an online shop which is hosted by a large market place platform owned by A. The handbags infringe the registered design of Z. A knows that X (and other web shop operators hosted by A's market place platform) sells infringing goods via their respective outline shops.

Yes

Please Explain

Yes, party A would be liable for Joint Infringement with party X.

**Directive 2004/48/EC** sets obligation for Member States to ensure that rightholders are in a position to apply for an injunction against intermediaries whose services are used by a third party to infringe an intellectual property right (Article 11 (third sentence)).

According to the findings of EUCJ in case *L'Oréal and Others (C?324/09)* - the third sentence of Article 11 of Directive 2004/48/EC must be interpreted as requiring the Member States to ensure that national courts are able to order the operator of an online marketplace to take measures which contribute, not only to bringing to an end infringements of those rights by users of that marketplace, but also to preventing further infringements of that kind. Those injunctions must be effective, proportionate, and dissuasive and must not create barriers to legitimate trade.

According to the ruling of EUCJ in *Tommy Hilfiger (C?494/15)* - the conditions for an injunction within the meaning of that provision against an intermediary who provides a service relating to the letting of sales points in market halls are identical to those for injunctions which may be addressed to intermediaries in an online marketplace, set out by the Court in the judgment of 12 July 2011 in *L’Oréal and Others (C?324/09).*

So, if the court in Latvia will handle the case on liability of online shop under similar circumstances, most likely it will make a ruling in accordance with findings of EUCJ in *L’Oréal and Others (C?324/09).*

For the alternative opinion concerning a joint obligation in respect of the infringer or the intermediary, please see the answer to the previous Question.

Footnotes


2. *Case C 324/09 Judgment of the Court (Grand Chamber) 12 July 2011 (Article 7)*

3. *Case C?494/15, Judgment of the Court (Second Chamber) 7 July 2016 (Article 37)*
X sells handbags in an online shop. The handbags infringe the registered design of Z. A designed the online advertising campaign for X's shop and books online advertising resources for X on websites and in search engines. A knows that X sells infringing goods.

No

Please Explain

No clear answer if party A would be liable for Joint Infringement with party X.

In advertising, national law is more concerned with consumer protection, cares less about the protection of intellectual property rights.

Advertising Law of Latvia sets that advertising shall be lawful and truthful and it shall comply with the principles of fair competition (Article 3). In advertising is prohibited to use property of person without the consent of this person (Article 4.4) and to exploit any identifying designation (including a trade mark) of another person without the consent of the person (Article 4.6).

Unfair Commercial Practices Prohibition Law provides that commercial practice has to be considered as misleading, if the performer of commercial practices implements measures for the promotion of the trade in relation to goods or service similar to the goods or service of a specific manufacturer or service provider in such a way as to create thereby a misleading impression to the consumer that the relevant goods have been manufactured or service has been provided by the particular manufacturer or service provider, but it is not true (Article 11.13).

As national regulation is not clear enough, and there is no EUCJ decision on this issue, it is difficult to predict what might be the case law of Latvia in such a case.

For each of the hypotheticals in (a) to (c) above, does it make a difference if A merely suspects that X sells infringing goods?

If yes, what is the level of "suspicion" required, and how is it demonstrated?

Hypothetical A

No

Please Explain

No clear answer if party A would be liable for Joint Infringement with party X.

No specific regulation regarding level of "suspicion" is provided in Civil Law. However, Article 1671 CL provides that a precondition of every joint (solidary) obligation is that it is based on one and the same basis. Therefore, the suspicion element should not be taken into account for establishing a joint (solidary) obligation. But Criminal Procedure Law requires for recognition a person as a suspect to indicate the grounds for assumption that a criminal offence is likely to have been committed by the certain person (Article 398.1 (3) of the Criminal Procedure Law).
No clear answer if party A would be liable for Joint Infringement with party X.

No specific regulation regarding level of "suspicion" is provided in Civil Law. However, Article 1671 CL provides that a precondition of every joint (solidary) obligation is that it is based on one and the same basis. Therefore, the suspicion element should not be taken into account for establishing a joint (solidary) obligation. But Criminal Procedure Law requires for recognition a person as a suspect to indicate the grounds for assumption that a criminal offence is likely to have been committed by the certain person (Article 398. 1 (3) of the Criminal Procedure Law).

### Hypothetical C

No

Please Explain

No clear answer if party A would be liable for Joint Infringement with party X.

No specific regulation regarding level of "suspicion" is provided in Civil Law. However, Article 1671 CL provides that a precondition of every joint (solidary) obligation is that it is based on one and the same basis. Therefore, the suspicion element should not be taken into account for establishing a joint (solidary) obligation. But Criminal Procedure Law requires for recognition a person as a suspect to indicate the grounds for assumption that a criminal offence is likely to have been committed by the certain person (Article 398. 1 (3) of the Criminal Procedure Law).

### 4

**In the following hypothetical, would party A be liable for Joint Infringement with party X? In your answer, please explain why or why not?**

**4.a**

Z owns a patent claiming a method for addressing memory space within a memory chip which is built into telecommunication device having further features (main processor, suitable software etc.). A manufactures memory chips. The chips are objectively suitable to be used for the claimed method. A’s memory chips are distributed over multiple distribution levels to a plethora of device manufacturers. A has no knowledge of the actual end use of its memory chips.

No

Please Explain

This answer is provided on an assumption that X is a manufacturer of a device which consists also of a memory chip produced by A. In this situation, there would be no joint liability as a non-contractual obligation would arise from the different basis. As Article 1671 CL provides in this regard, the essential nature of every solidary obligation is that it is based on one and the same basis. Therefore, this obligation would not be considered as a joint (solidary obligation).

**4.b**

Further, under your Group’s law, would it be considered obvious (in the sense of Q204P) that A’s chips would be put to one or more infringing uses and if so, why?

No

Please Explain

The answer to this question concerns evaluation of the obviousness which depends on the circumstances of a particular case which cannot be predicted beforehand.
In the following hypotheticals, would party A be liable for Joint Infringement with party X? Please explain why or why not.

5.a

Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, also located in your country. A and B know that their servers exchange encrypted messages according to the patented method.

Yes

Please Explain

Yes, party A would be liable for Joint Infringement with party X.

This liability is set forth in the following acts of national law.

By Patent Law is prohibited to third persons without the permission of the owner of the patent to supply or offer for supply essential elements of the patented product if third persons knew that such elements are suitable and intended for the implementation of the invention (Article16.1 (4))

Civil Procedure Law provides that court may by the judgment to stop and prohibit the provision of services, which are used for unlawful activities with objects of IPR: a) the services of whom are used in order to infringe the rights of the holder of the intellectual property rights, or b) who make possible the performance of such infringements (Article 250. 17 1 (3)). Upon an application of a plaintiff a court may specify measures to be performed on the account of the infringer: to cancel or withdraw completely from trade the facilities and materials used or intended to be used for making of the infringing goods (infringing copies) if the owner thereof knew that such facilities and materials have been used or intended for the performance of unlawful activities; (Article 250. 17 1 (2))

5.b

Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, located outside your country. A and B know that their servers exchange encrypted messages according to the patented method.

Yes

Please Explain

According to Article 8 (1) of the Rome II Regulation[^1], the law applicable shall be established on the connecting factor lex loci protectionis. Therefore, the law applicable in this hypothetical situation depends on a country where a claim is brought.

If a claim is brought in a Latvian court and, consequently, Latvian law applies, the answer would be the same as for hypothetical 5 a).

Footnotes


5.c

Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. X operates server “a” outside your country, which exchanges encrypted messages with server “b” operated by Y, located in another country outside your country. A, located in your country, is a software consultant advising X and Y how to use the patented method (but A does not supply any software).

Yes
Please Explain

Yes, party A would be liable for Joint Infringement with party X.

According to the Criminal Law, person who has knowingly promoted the commission of a criminal offence, providing advice, direction, or means, or removing impediments for the commission of such, shall be considered to be an abettor. (Article 20(4) of the Criminal Law). Such abettor shall be held liable in accordance with the same Article of the Law which provides for the liability of the perpetrator (Article 20(5) of the Criminal Law).

There are any other scenarios which result in Joint Liability for IPR infringement under your Group’s current law?

No

What remedies are available against a party found liable for Joint Infringement? In particular:

Is an injunction available?

Yes

Directive 2004/48/EC sets obligation for Member States for other objects of intellectual property rights: (without prejudice to any other measures, procedures and remedies available) rightholders should have the possibility of applying for an injunction against an infringer or an intermediary whose services are being used by a third party to infringe the rightholder's intellectual property right. This Directive sets the obligation for EU Member States to ensure that, where a judicial decision is taken finding an infringement of an intellectual property right, the judicial authorities may issue against the infringer an injunction aimed at prohibiting the continuation of the infringement. [...] Member States shall also ensure that rightholders are in a position to apply for an injunction against intermediaries whose services are used by a third party to infringe an intellectual property right (Recital 23, Article 11).

According to the Civil Procedure Law of Latvia (if there are grounds to believe that the rights of a holder of IPR are being infringed or could be infringed) a court on the basis of a reasoned application of a plaintiff may take a decision on the specification of means of provisional remedy (Article 250.10.1).

The means of provisional remedy (among others) is a prohibition to perform specific activities by persons whose provided services are used in order to infringe the intellectual property rights, or persons who make it possible for the committing of such infringements.

Are damages or any other form of monetary compensation available?

Yes

Footnotes

On what basis?

Yes, monetary compensation is available according to legislative acts. However, due to incomplete wording and burden of proof, right holders are not always in a position to receive this compensation.

Civil Procedure Law provides that the court may specify following measures in the judgment - reimburse the losses and moral damages caused due to unlawful use of an object of intellectual property rights. (Article 250.17.1 (4))

In Latvia, the rules for monetary compensation are set in three different ways: one for patents, designs and trademarks, another for copyrights and plant varieties, and another for semiconductors.

Rightholders of trademarks, patents and designs may request one of the following monetary compensation (Trademark Law, Article 28; Patent Law, Article 64; Law on Designs, Article 48):

1. compensation of damages;
2. license fee (the amount which rightholder may receive for the grant of the right to use the object);
3. the profits made as a result of an infringement by a person who has unlawfully exploited the subject matter of the right.

The owner of the semiconductor topography has the right to receive fair compensation from the offender and prohibit the use of topography product. In the event of a dispute, the amount of fair compensation shall be determined by the court, taking into account the economic value of the use of the topography (Semiconductor Protection Law, Article 19).

The owners of copyright and plant varieties, requiring the indemnification of property damage, must calculate the amount of damages in accordance with the Civil Law. The unfair earnings gained by the person who has illegally used the object of right may be taken into consideration. Only when the amount of actual losses cannot be determined in accordance with the Civil Law, the amount of compensation may be determined in accordance with the amount which could be received by the rightholder for the issue of a permit to use the object of rights (License fee) (Copyright Law Article 69; Plant Varieties Law, Article 38).

The legal framework of Latvia does not include the right to request a double license fee. The calculation of the license price in several legal acts is only intended as an alternative. There should be improvements in legislative acts regarding calculation of monetary compensation.

Are any of the available remedies different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?

No

Please Explain

Latvian law does not differentiate remedies depending on a type of an infringement, i.e. whether this infringement is a direct infringement, an infringement based on contributory liability (joint liability) or an infringement is based on a joint (solidary) obligation.

II. Policy considerations and proposals for improvements of your Group's current law

Are there aspects of your Group’s current law that could be improved?

Yes

Please Explain
As regards joint (solidary) obligations in the case of IP infringements, Latvian law may provide specific rules for establishing those obligations by taking into account specifics of intellectual property rights and their infringements. Likewise, liability for advertising of counterfeited goods and methods of monetary compensation should be improved.

9. Should acts outside the scope of direct infringement or Contributory Infringement give rise to Joint Liability for IPR infringement?

No

Please Explain

The current approach of Latvian law concerning establishing of joint (solidary) obligations establishes reasonable balance of interests of persons, including those involved in an IPR infringement. Therefore, it is not purposeful to establish a joint (solidary) obligation outside of direct or contributory IPR infringement.

10. Should Joint Liability be excluded if one or more acts being necessary for establishing Joint Liability for IPR infringement are committed outside the domestic jurisdiction? Please explain why or why not.

No

Please Explain

Civil liability arising from a joint (solidary) obligation cannot be dependent on the fact whether an infringing activity or infringing activities took place abroad.

11. Are there any other policy considerations and/or proposals for improvement to your Group's current law falling within the scope of this Study Question?

No

Please Explain

There are no other proposals except those indicated in the answer to Question 8 above.

III. Proposals for harmonisation

Please consult with relevant in-house / industry members of your Group in responding to Part III.

12. Is a consolidated doctrine of Joint Liability for IPR infringement desirable?

Yes

Please Explain

Commonly accepted doctrine of joint liability for IPR infringements is desirable even if it may contradict national civil law approaches. At least as EU Member States are concerned, deeper harmonisation of liability for IPR infringements is welcomed to overcome differences among EU Member States in the IP field.
Is harmonisation of the laws of Joint Liability for IPR infringement desirable?

Yes

Please Explain

By continuing answer to the previous Question, such harmonisation is also desirable, however, it should take place within general framework of liability for IPR infringements. At the EU level harmonisation of national laws of EU Member States already exists in several areas (such as renting retail space, hosting websites, etc.). But it still does not exist in such areas as monetary compensation and advertising.

If YES, please respond to the following questions without regard to your Group’s current law.

Even if NO, please address the following questions to the extent your Group considers your Group’s current law could be improved.

Please propose a suitable framework for Joint Liability for IPR infringement, focussing on the hypotheticals set out in Questions 3 to 5 above:

The acts in question are limited to activities such as renting retail space, hosting websites, advertising etc. (as further described in Question 3 (a) to (d) above)

The joint obligation should be considered generally and cannot be limited to specific activities.

The means supplied or offered by the contributory infringer related to a substantial element of the subject matter of the protected IPR, but at the time of offering or supply, the suitability and intended use were not known to the supplier or obvious under the circumstances (as further described in Question 4 above)

It is not disputed that a person who is claimed to be a joint debtor may have certain justifications. It is desirable that such justifications are provided statutorily within the framework of specific rules in respect of IPR infringements.

The infringing acts are divided between two parties, and the acts of each party do not qualify as direct infringement or Contributory Infringement, as further described in Question 5 (a) to (c) above.

If persons have divided their roles within an infringement, it does not influence qualification of a particular infringement as based on a joint obligation.

Are there any other scenarios which should result in Joint Liability for IPR infringement, and where harmonisation is desirable?

No

Please Explain
Possible scenarios are discussed above.

**16.** What remedies should be available against a party found liable for Joint Infringement? In particular:

**6.a** Should an injunction be available?

Yes

Please Explain

Yes, the injunction should be available.

**6.b** Should damages or any other form of monetary compensation be available?

Yes

On what basis?

The duty to cover damages should be provided for joint debtors (i.e. infringers in IPR infringements). As it was already indicated above, general regulation of law of obligations (in conjuncture with special rules on collection of damages in IP legal acts within the framework of the Directive 2004/48/EC) already provides for such possibility.

**6.c** Should any available remedies be different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?

No

Please Explain

It is not purposeful (as the currently effective Latvian law provides) to differentiate remedies depending on a type of an infringement, i.e. whether this infringement is a direct infringement, an infringement based on contributory liability (joint liability) or an infringement is based on a joint (solidary) obligation (see also the answer to Question 7 (c) above).

**17.** Please comment on any additional issues concerning any aspect of Joint Liability you consider relevant to this Study Question, having regard to the scope of this Study Question as set out in paragraphs 7 to 13 above.

No additional comments.

**18.** Please indicate which industry sector views are included in your Group’s answers to Part III.

Legal practitioners’ views included. No views of industry members.
I. Current law and practice

Please answer all questions in Part I on the basis of your Group’s current law.

Are there any statutory provisions which specifically apply to Joint Liability?

No

Please Explain

There are no statutory provisions which specifically address Joint Liability as defined in the Study Guidelines but the following may apply to extend liability to situations which fall within the definition of Joint Liability–

Copyright

Section 36(1) Copyright Act 1987 – A person who “causes any other person” to commit an infringing act is liable for copyright infringement

Section 36(2) Copyright Act 1987 – A person who imports an article into Malaysia where he knows or ought reasonably to know that the making of the article was carried out without the consent or licence of the owner of copyright is liable for copyright infringement.

Patents

Section 59(2) Patents Act 1983 – The owner of a patent shall have the same right to institute patent infringement proceedings against any person who has performed “acts which make it likely that an infringement will occur” which is also referred to as “imminent infringement”.

Industrial Designs

Section 33(2) Industrial Designs Act 1996 – The owner of a registered design shall have the same right to institute infringement proceedings against any person who has performed “acts which make it likely that an infringement will occur”.


Under the case law or judicial or administrative practice in your jurisdiction, are there rules which specifically apply to Joint Liability?

Yes

Please Explain

1. Syarikat Duasama Sdn Bhd v Chevron Malaysia Limited [2015] (unreported) – The High Court held that the landlord of the petrol station cannot be held liable for the alleged act of trade mark infringement and passing off occurring on the said premises operated by an independent retailer. The landlord had no involvement in the day-to-day operations of the retail shop where the alleged infringing goods were sold.

1. Motordata Research Consortium Sdn Bhd v Ahmad Shahril bin Abdullah & Ors [2017] MLJU 1187 – The High Court provided the following test for the 2nd limb of Section 36(1) Copyright Act 1987:

"a person (V) commits copyright infringement under the 2nd Limb when V "causes" another person (W) to commit copyright infringement under the 1st Limb in the following circumstances:

(1) V has authority over W and V orders or directs W to commit copyright infringement under the 1st Limb; or
(2) V has an express or positive mandate to cause W to commit copyright infringement under the 1st Limb and V has caused W to do so"

3. Rhone-Poulenc Nederland BV & Anor v MT Agro Industrial Engineering (M) Sdn Bhd & Anor [1992] MLJU 103 – In this case, the court found that although the first defendant did not manufacture the component that infringes the plaintiff’s patent, it is nevertheless liable under Section 59(2) of the Patents Act 1983 as it had performed acts which make it likely that an infringement will occur such as preparations to enter into a joint venture agreement with a company that was already exploiting the plaintiff’s patents and purchasing the co-owner’s share in the plaintiff’s patents.

4. Sime Darby Bhd & Ors v. Dato’ Seri Ahmad Zubair & Ors [2012] 9 MLJ 464 – The Court held that in order to establish joint tortfeasorship, there should be more than passive presence and participation in the decision making process and there must be the element of active and purposeful procurement of the tort. There was no joint tortfeasorship in this case however, as the non-executive directors were not involved, directly or indirectly, in the operational or implementation issues in respect of the two projects.

In the following hypotheticals, would party A be liable for Joint Infringement with party X? In each case, please explain why or why not.

3.a X sells handbags in a shop which is a small stall located in a shopping mall owned by A. The handbags infringe the registered design of Z. A knows that X (and other tenants) sells infringing goods.

No

Please Explain

It would be difficult to argue that A is jointly liable for the infringement of design rights as A, being merely a landlord [albeit with knowledge of the infringing acts] cannot be said to have performed “acts which make it likely that an infringement will occur” as required under Section 33(2) Industrial Designs Act 1996.

Section 33(2) requires that acts must be performed and as such mere knowledge is unlikely to be sufficient.
The Courts here have held [albeit in a trade mark infringement matter] that a landlord is not liable for the infringing acts of tenants if the landlord was not involved in the daily operations of the tenant (Syarikat Duasama Sdn Bhd v Chevron Malaysia Limited [2015] (unreported)). The Courts here appear to prefer the approach that mere knowledge, without any actual involvement or act, is insufficient to establish liability.

3.b

X sells handbags in an online shop which is hosted by a large market place platform owned by A. The handbags infringe the registered design of Z. A knows that X (and other web shop operators hosted by A’s market place platform) sells infringing goods via their respective outline shops.

No

Please Explain

It would be difficult to argue that A is jointly liable for the infringement of design rights as A, being merely the owner of the online market platform [albeit with knowledge of the infringing acts] cannot be said to have performed “acts which make it likely that an infringement will occur” as required under Section 32(2) Industrial Designs Act 1996.

3.c

X sells handbags in an online shop. The handbags infringe the registered design of Z. A designed the online advertising campaign for X’s shop and books online advertising resources for X on websites and in in search engines. A knows that X sells infringing goods.

Yes

Please Explain

It is arguable that A is jointly liable pursuant to Section 33(2) Industrial Design Act 1996 as A has actively participated in certain acts, namely, designing the advertising campaign and coordinating booking efforts, by reason of which it may be argued that A has performed “acts which make it likely that an infringement will occur”.

There is no reported case where the Court has defined acts which fall within the phrase ‘acts which make it likely that an infringement will occur’. Whether A will be held jointly liable will likely depend on the extent of A’s involvement and whether the A’s acts can be said to make it likely an infringement will occur.

3.d

For each of the hypotheticals in (a) to (c) above, does it make a difference if A merely suspects that X sells infringing goods? If yes, what is the level of “suspicion” required, and how is it demonstrated?

Hypothetical A

Yes

Please Explain

Knowledge alone is insufficient to establish liability under Section 33(2) Industrial Design Act 1996. Section 33(2) requires the performance of acts which make it likely that an infringement will occur. As such, the level of knowledge is irrelevant.

Hypothetical B

Yes

Please Explain
Knowledge alone is insufficient to establish liability under Section 33(2) Industrial Design Act 1996. Section 33(2) requires the performance of acts which make it likely that an infringement will occur. As such, the level of knowledge is irrelevant.

In the following hypothetical, would party A be liable for Joint Infringement with party X? In your answer, please explain why or why not?

4

Z owns a patent claiming a method for addressing memory space within a memory chip which is built into telecommunication device having further features (main processor, suitable software etc.). A manufactures memory chips. The chips are objectively suitable to be used for the claimed method. A’s memory chips are distributed over multiple distribution levels to a plethora of device manufacturers. A has no knowledge of the actual end use of its memory chips.

No

Please Explain

In our view it would be difficult to argue that A is liable as A has not performed acts which make it likely that an infringement of Z’s patent will occur as required under Section 59(2) Patents Act 1983. A’s memory chips may be used by a plethora of non-infringing device manufacturers and A has no knowledge of its actual end use to infringe.

Further, under your Group’s law, would it be considered obvious (in the sense of Q204P) that A’s chips would be put to one or more infringing uses and if so, why?

No

Please Explain

In our view, given that A’s memory chips, whilst objectively suitable to be used for the claimed method, are distributed over multiple distribution levels to a plethora of device manufacturers [who we assume use the chips for various uses] it would not be considered obvious that A’s chips are suitable and intended for use in the claimed method.

In the following hypotheticals, would party A be liable for Joint Infringement with party X? Please explain why or why not.

5

Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, also located in your country. A and B know that their servers exchange encrypted messages according to the patented method.

Yes

Please Explain
Yes, A is jointly liable for patent infringement with X under Section 58 Patents Act 1983 as both have jointly exploited the patented method in Malaysia without the license and authority of Z.

Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, located outside your country. A and B know that their servers exchange encrypted messages according to the patented method.

Yes

Please Explain

In our view it is arguable that A is liable for patent infringement under Section 58 Patents Act 1983 [although X is operating outside Malaysia], as A’s server, located in Malaysia, exchanges encrypted messages and exploits the patent in Malaysia.

Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. X operates server “a” outside your country, which exchanges encrypted messages with server “b” operated by Y, located in another country outside your country. A, located in your country, is a software consultant advising X and Y how to use the patented method (but A does not supply any software).

No

Please Explain

Whilst the act of ‘advising’ is an act which arguably falls within ‘acts that make it likely an infringement will occur’ [depending on the extent of the advice and involvement], as both servers are located outside Malaysia, A is in our view not liable.

Are there any other scenarios which result in Joint Liability for IPR infringement under your Group’s current law?

Yes

Please Explain

The High Court in Syarikat Faiza Sdn Bhd & Anor v Faiz Rice Sdn Bhd & Anor and another suit [2017] MLJU 1595 held that the 2nd Defendant (the director of the 1st Defendant) is personally and jointly liable with the 1st Defendant (a company) for passing off because:

- The 2nd Defendant is the controller, alter ego, and “directing mind and will” of the 1st Defendant
- The High Court accepted the English authority of Lever v Goodwin (1887) 4 RPC 492 which held that a person is liable for the tort of passing off even though the person does not sell a product (which is the subject matter of a tort of passing off) if the person provides the means or facilities to enable the commission of the tort of passing off. The High Court judge found that the 2nd Defendant had access to the 1st Plaintiff’s Logo and Rice Packaging when he was the 1st Plaintiff’s General Manager and had provided the means or facilities to enable the commission of 1st Defendant’s Passing Off. Accordingly, it was held that the 2nd Defendant should be personally liable as a joint tortfeasor in respect of 1st Defendant’s Passing Off.

What remedies are available against a party found liable for Joint Infringement? In particular:

Is an injunction available?

Yes
Are damages or any other form of monetary compensation available?

Yes

On what basis?

Yes, damages are available and are typically compensatory and not punitive. The objective is to restore the owner to the position he would have been in had the defendant not infringed. Exemplary damages are also available. As an alternative option, the owner may seek an account of the infringer’s profits.

Section 37(7) Copyright Act 1987 provides expressly for additional damages if there is flagrancy in copyright infringement by the defendant.

Are any of the available remedies different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?

No

Are there aspects of your Group’s current law that could be improved?

Yes

Please Explain

Yes. It would be beneficial if laws on joint liability are defined or codified under statute. Although, there are provisions in the Copyright Act 1987, Industrial Designs Act 1996, and Patents Act 1983 which arguably apply to such situations, we are of the view that the provisions ought to expressly define and widen the situations when 3rd parties may be held liable.

The Malaysian courts do apply the common design doctrine in finding joint liability, similar to the position taken in the U.K. Mere knowledge that an act is infringing is not sufficient. In addition to knowledge, a common design to infringe must exist or there must be active participation or inducement.

The common law position ought to be codified and there should also be a provision that liability for infringement can arise even if the infringing acts took place outside the country.

Should acts outside the scope of direct infringement or Contributory Infringement give rise to Joint Liability for IPR infringement?

Yes

Should that sound in availability of injunctive relief and/or damages? Please explain why or why not.

Yes, and injunctive relief and/or damages should be made available for Joint Liability for IPR Infringement. Acts which can threaten or cause imminent or infringement can be as damaging to the owner of the IPR as direct infringement situations. Further, the interest of the IPR holder will not be sufficiently protected if a person(s) who is/are found to be jointly liable, within the context of this Study and
question, is/are not subject to the same injunctive reliefs or damages.

**10** Should Joint Liability be excluded if one or more acts being necessary for establishing Joint Liability for IPR infringement are committed outside the domestic jurisdiction? Please explain why or why not.

No

Please Explain

We take the view that it should not be excluded. In view of the present digital age where cross-border infringement through the internet is a common problem, the law requires more inclusion of circumstances where joint liability could be imposed by the court.

The doctrine of *forum non conveniens* makes it difficult for a plaintiff to sue for IPR infringement that is committed outside jurisdiction. Further, the courts will likely not find a party jointly liable if the infringing acts are all committed outside jurisdiction.

Hence, we take the view that there should be clear provisions in the relevant IP legislation to address this.

**11** Are there any other policy considerations and/or proposals for improvement to your Group’s current law falling within the scope of this Study Question?

No

Please Explain

**III. Proposals for harmonisation**

*Please consult with relevant in-house / industry members of your Group in responding to Part III.*

**12** Is a consolidated doctrine of Joint Liability for IPR infringement desirable?

Yes

Please Explain

Yes, this would make harmonization of laws easier.

**13** Is harmonisation of the laws of Joint Liability for IPR infringement desirable?

Yes

Please Explain

Yes. There will be more effective cross-border protection and enforcement of IPRs.
If YES, please respond to the following questions without regard to your Group's current law.

Even if NO, please address the following questions to the extent your Group considers your Group's current law could be improved.

14 Please propose a suitable framework for Joint Liability for IPR infringement, focussing on the hypotheticals set out in Questions 3 to 5 above:

14.a The acts in question are limited to activities such as renting retail space, hosting websites, advertising etc. (as further described in Question 3 (a) to (d) above)

i. A landlord/online market place platform is presumed not to be jointly liable unless there is active participation in / facilitation of the infringing act, and/or has received monetary benefit and he has knowledge of the infringement

ii. The element of ‘knowledge’ will be imputed if a notice is issued to the landlord/online market place platform

iii. There should be “safe-harbour” mechanisms to encourage such parties to take action against the direct infringers.

iv. There must also be a fair and workable mechanism in place to ensure that the landlord / online market place platform is able to refer the matter to Court or that the IPR owner must take action if the alleged direct infringer provides a response to any action taken by the landlord / online market place platform for e.g. removal of content etc., and the landlord / online market place platform is unable to decide on the merits of the case.

14.b The means supplied or offered by the contributory infringer related to a substantial element of the subject matter of the protected IPR, but at the time of offering or supply, the suitability and intended use were not known to the supplier or obvious under the circumstances (as further described in Question 4 above)

There should be actual knowledge of the suitability and intended use, and a common design to commit the infringement.

14.c The infringing acts are divided between two parties, and the acts of each party do not qualify as direct infringement or Contributory Infringement, as further described in Question 5 (a) to (c) above.

i. There should be actual knowledge and a common design to infringe.

ii. Mere assistance or merely advising on how to use the patented method, without actual knowledge and a common design to infringe would be insufficient.

15 Are there any other scenarios which should result in Joint Liability for IPR infringement, and where harmonisation is desirable?

No

Please Explain
### What remedies should be available against a party found liable for Joint Infringement? In particular:

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<td>6.a</td>
<td>Should an injunction be available?</td>
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<tr>
<td>Yes</td>
<td>Please Explain</td>
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<tr>
<td>Yes, as it is important for an IPR owner to have legal remedies to prevent further or imminent infringement.</td>
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| 6.b | Should damages or any other form of monetary compensation be available? |
| Yes | On what basis? |
| Yes, damages on compensatory basis or an account of profits. |
| There could be limited situations where the Court could order punitive damages for instance, joint infringer had acted recklessly and in bad faith notwithstanding that it had actual knowledge that its acts have or will likely give rise to infringement. |

| 6.c | Should any available remedies be different in scope to the remedies available against any acts of direct infringement or Contributory Infringement? |
| No | Please Explain |

### Please comment on any additional issues concerning any aspect of Joint Liability you consider relevant to this Study Question, having regard to the scope of this Study Question as set out in paragraphs 7 to 13 above.

No additional issues.

### Please indicate which industry sector views are included in your Group’s answers to Part III.

Legal.
I. Current law and practice

Please answer all questions in Part I on the basis of your Group’s current law.

1. Are there any statutory provisions which specifically apply to Joint Liability?

No

Please Explain

2. Under the case law or judicial or administrative practice in your jurisdiction, are there rules which specifically apply to Joint Liability?

No

Please Explain

3. In the following hypotheticals, would party A be liable for Joint Infringement with party X? In each case, please explain why or why not.

3a. X sells handbags in a shop which is a small stall located in a shopping mall owned by A. The handbags infringe the registered design of Z. A knows that X (and other tenants) sells infringing goods.

No

Please Explain
No, language in the relevant statute limits liability to entities actually using a registered mark.

X sells handbags in an online shop which is hosted by a large market place platform owned by A. The handbags infringe the registered design of Z. A knows that X (and other web shop operators hosted by A’s market place platform) sells infringing goods via their respective outline shops.

No

Please Explain

A could eventually be held liable for unfair competition if a profit is directly obtained from the sale of the bags. At any rate, liability for joint infringement could hardly be inferred.

X sells handbags in an online shop. The handbags infringe the registered design of Z. A designed the online advertising campaign for X’s shop and books online advertising resources for X on websites and in search engines. A knows that X sells infringing goods.

No

Please Explain

In as much as A does not appear to use the registered design, it could not be held liable for joint infringement or for direct infringement.

For each of the hypotheticals in (a) to (c) above, does it make a difference if A merely suspects that X sells infringing goods? If yes, what is the level of “suspicion” required, and how is it demonstrated?

Hypothetical A

No

Please Explain

No, neither knowledge nor suspicion are compulsory elements to establish trademark infringement, whether direct or joint. Use of the given mark or design is a most to meet infringement requirements.

Hypothetical B

No

Please Explain

No, neither knowledge nor suspicion are compulsory elements to establish trademark infringement, whether direct or joint. Use of the given mark or design is a most to meet infringement requirements.

Hypothetical C

No
No, neither knowledge nor suspicion are compulsory elements to establish trademark infringement, whether direct or joint. Use of the given mark or design is a must to meet infringement requirements.

4. In the following hypothetical, would party A be liable for Joint Infringement with party X? In your answer, please explain why or why not?

No

4. Z owns a patent claiming a method for addressing memory space within a memory chip which is built into telecommunication device having further features (main processor, suitable software etc.). A manufactures memory chips. The chips are objectively suitable to be used for the claimed method. A’s memory chips are distributed over multiple distribution levels to a plethora of device manufacturers. A has no knowledge of the actual end use of its memory chips.

No

Mexican Patent Law does not provide for joint infringement. To be held liable for patent infringement, the alleged infringer would need to have manufactured, offered for sale or market products claimed in a patent or products manufactured with a process claimed in a patent or used patented processes. If a given component used in the manufacturing of a product infringes on a patent, its manufacturer or seller could be held liable for patent infringement. However, if the component by itself does not directly infringe on a patent, its manufacturer or seller could not be held accountable for patent infringement, whether direct or on reason of contributory activity.

4. Further, under your Group’s law, would it be considered obvious (in the sense of Q204P) that A’s chips would be put to one or more infringing uses and if so, why?

No

No, in consideration of the fact that the chips are only objectively suitable to be used for a claimed method, it would be only fair to assume that they are also suitable for use with other products or methods.

4. In the following hypotheticals, would party A be liable for Joint Infringement with party X? Please explain why or why not.

No

4. Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, also located in your country. A and B know that their servers exchange encrypted messages according to the patented method.

No

Under current legal provisions each one, A and X could be found liable for patent infringement, however, independent from one another. Joint infringement is not defined nor considered in current Mexican Patent Law.
Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, located outside your country. A and B know that their servers exchange encrypted messages according to the patented method.

Yes

Please Explain

Under current legal provisions, A could be found liable for patent infringement, irrespective of X involvement in the operation. Therefore, if the claims cover the independent activities of the sender / receiver, A could result liable.

Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. X operates server “a” outside your country, which exchanges encrypted messages with server “b” operated by Y, located in another country outside your country. A, located in your country, is a software consultant advising X and Y how to use the patented method (but A does not supply any software).

No

Please Explain

A could not be found liable for infringement, whether direct or joint, in as much as it does not exploit the claimed invention.

Are there any other scenarios which result in Joint Liability for IPR infringement under your Group’s current law?

No

Please Explain

No, joint liability is not considered in current Mexican Patent Law.

What remedies are available against a party found liable for Joint Infringement? In particular:

Is an injunction available?

No

Please Explain

Since joint infringement is not considered in Mexican Industrial Property Law, neither of the remedies described above would be available in such scenarios.

Are damages or any other form of monetary compensation available?

No

Please Explain
Since joint infringement is not considered in Mexican Industrial Property Law, neither of the remedies described above would be available in such scenarios.

7.c Are any of the available remedies different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?

No

Please Explain

Since joint infringement is not considered in Mexican Industrial Property Law, neither of the remedies described above would be available in such scenarios.

II. Policy considerations and proposals for improvements of your Group's current law

8 Are there aspects of your Group's current law that could be improved?

Yes

Please Explain

What needs to be taken care of is to introduce these concepts into the Industrial Property Law, for they are currently absent. Joint Liability conducts are unable to be tried in México as the law does not address them. The improvement would be to include these additional means of IP infringement to allow for their enforcement.

9 Should acts outside the scope of direct infringement or Contributory Infringement give rise to Joint Liability for IPR infringement?

Yes

Should that sound in availability of injunctive relieve and/or damages? Please explain why or why not.

Yes, relevant amendments to the law shall include the ability to seek injunctive relieve for all sorts of infringement. Damages would need to be treated in the same way as are for current direct infringement provisions.

10 Should Joint Liability be excluded if one or more acts being necessary for establishing Joint Liability for IPR infringement are committed outside the domestic jurisdiction? Please explain why or why not.

Yes

Please Explain

Yes, the Industrial Property Law shall be applied to for acts that took place in México exclusively. Extraterritorial applicability of the law is not allowed in México.
III. Proposals for harmonisation

Please consult with relevant in-house / industry members of your Group in responding to Part III.

11. Are there any other policy considerations and/or proposals for improvement to your Group's current law falling within the scope of this Study Question?

Yes

Please Explain

In consideration of the fact that Mexican Industrial Property Law does not recognize other than direct infringement, additional considerations or proposals are to remain in abeyance of the introduction of these concepts in the law.

12. Is a consolidated doctrine of Joint Liability for IPR infringement desirable?

Yes

Please Explain

Yes, Mexican Group believes that it is desirable to have it.

13. Is harmonisation of the laws of Joint Liability for IPR infringement desirable?

Yes

Please Explain

Yes, we do believe that harmonisation is desirable, especially bearing in mind the scope of this Question, where we are evaluating and discussing Joint Liability in cases where one or more of the involved parties could be abroad. The idea is to be able to enforce the IPR against those involved parties that could be liable and subject to a lawsuit regardless of where they are, in each appropriate jurisdiction.

If YES, please respond to the following questions without regard to your Group's current law.

Even if NO, please address the following questions to the extent your Group considers your Group's current law could be improved.

14. Please propose a suitable framework for Joint Liability for IPR infringement, focussing on the hypotheticals set out in Questions 3 to 5 above:

14.a. The acts in question are limited to activities such as renting retail space, hosting websites, advertising etc. (as further described in Question 3 (a) to (d) above)
In this case, Mexican Group suggests having a legal framework where the above parties could be subject to liability provided they have knowledge of the IPR violation. If they have no knowledge, they would need to be warned or be informed on the violation. Failure to cure would then result in the possibility of being liable.

4. The means supplied or offered by the contributory infringer related to a substantial element of the subject matter of the protected IPR, but at the time of offering or supply, the suitability and intended use were not known to the supplier or obvious under the circumstances (as further described in Question 4 above).

If the means do not directly infringe an IPR, the Mexican Group believes that such party should not be subject to liability. If the supplier is warned that its means are going to be used in an infringing subject matter of a protected IPR, legal means should be available to the owner of the protected IPR to secure an injunction or a judicial order to the supplier preventing the latter to continue selling the means, if the supplier fails to cease on the then illegal activity.

A legal mechanism should be adopted to help/assist the IPR owner to prevent third parties (in cases such as this one), once they are warned or informed of the infringement, to continue contributing to the infringement.

4. The infringing acts are divided between two parties, and the acts of each party do not qualify as direct infringement or Contributory Infringement, as further described in Question 5 (a) to (c) above.

In case of 5 (a) legal means should be available to enforce the IPR against all parties involved, due that all of them are contributing to the infringement of the IPR.

In case of 5 (b), the Mexican Group believes that the same legal framework as above should apply. This is the reason why harmonization is desirable. Thus, to have certainty and the ability to enforce an IPR in another country, provided the IPR is also protected in such country. All countries should have a legal framework to assist a foreign owner of an IPR to prevent and stop the infringement providing means to effectively stop it.

For 5 (c) “A” should also be liable for advising how to infringe an IPR. In this case it is clear that “A” is assisting and/or inducing the infringement, thus, liability should be direct. This is, knowledge of the infringement should be inferred by the law without need to evidence that “A” knew about the existence of the IPR which is violated.

15 Are there any other scenarios which should result in Joint Liability for IPR infringement, and where harmonisation is desirable?

Yes

Please Explain

Even though there is no Joint Liability doctrine in Mexico, Article 199 BIS of the Law of Industrial Property allows for the imposition of injunctions to different entities that execute different conducts. In practice, the Mexican Patent and Trademark Office grants injunctions against different entities that commit different conducts, and the federal courts do rule finding joint infringements. An example of this is the “Ba-k” case (AIPPI Study Report 2016 – Study Question (Copyright) - Linking and making available on the Internet)[1].

In regards with copyright digital environment, the Notice and Take Down procedures are frequently used, but this should be clearly regulated to introduce safe harbours for Internet and Applications Service Providers. This obligation derives from Article 41 of the TRIPS Agreement[2], and more recently, from the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (though being suspended). Examples of relevant legislations that pave the way for this are the Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society, and the Digital Millennium Copyright Act.

For these reasons, and considering the international scenario and the complexities that the ISPs and ASPs are faced with today, there should be harmonisation in the legal framework for Joint Liability.
For these reasons, and considering the international scenario and the complexities that the ISPs and ASPs are faced with today, there should be harmonisation in the legal framework for Joint Liability.

Footnotes

1. The Ba-k case (docket number I.M.C. 2036/2014(M-340)20996) is an administrative precedent in which IMPI imposed a fine to the owner of the site www.ba-k.com, and ordered an injunction to several ISPs to take down the site where the illegal making available of copyrighted works took place. The website contained digital fora and chats regarding a wide variety of topics, such as jokes, love, sports, gossips, fitness, etc. The site used to offer a forum dedicated to music and movie downloads, in which people could upload their files and post links where others could download content. Some affected rights holders filed suit for infringement, and requested an injunction asking for the immediate cease of copyright violations. IMPI issued an injunction and ordered the website owner to take down the infringing content. The injunction also ordered ISPs to block public access to said website. The grounds for the infringement claim were: unauthorized public use or communication of a copyrighted work, by any means, and unauthorized production, reproduction, warehousing, distribution, transportation or commercialization of copyrighted works. The case was resolved in favour of the plaintiffs on November 2014, based on the Mexican Federal Copyright Law and the WIPO Internet Treaties. IMPI resorted to Article 8 of the WCT, because Mexican law does not contemplate a making available right. IMPI’s ratio decidendi was that www.ba-k.com was making available infringing contents to the public, which were in its opinion being publicly communicated massively. IMPI imposed a fine, and a permanent injunction against the owner of the www.ba-k.com site, and the ISPs implicated.

2. Members shall ensure that enforcement procedures as specified in this Part are available under their law so as to permit effective action against any act of infringement of intellectual property rights covered by this Agreement, including expeditious remedies to prevent infringements and remedies which constitute a deterrent to further infringements.

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What remedies should be available against a party found liable for Joint Infringement? In particular:

1. Should an injunction be available?
   Yes
   Please Explain

2. Should damages or any other form of monetary compensation be available?
   Yes
   On what basis?
   Yes. The Mexican Law of Industrial Property (Article 221 BIS) establishes statutory damages for at least 40% of the sales price of the declared infringing product or service. However, a decision from the First Chamber of the Mexican Supreme Court (Amparo trial 3/2015), issued in November 2017, supersedes this rule and sets forth that the damages or lost profits must be quantified in accordance to the general civil rules. Thus, despite the special rule referred to before, a claimant must fully prove that he suffered i) a material damage, ii) as a direct consequence of iii) unlawful act, to obtain a compensation in an action for damages. It is imperative to harmonise the law and its application for rights holders’ certainty.

3. Should any available remedies be different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?
   Yes
   Please Explain
The Mexican legal framework only establishes direct infringement. The only variant is regarding infringements to the Copyright Law, where it is established that a conduct can be carried out with direct or indirect profit-making purposes, but the infringement would still be direct. Therefore, under Mexican legal framework remedies would not be different in scope to those available against acts of direct infringement.

Please comment on any additional issues concerning any aspect of Joint Liability you consider relevant to this Study Question, having regard to the scope of this Study Question as set out in paragraphs 7 to 13 above.

It is important to consider the Amparo trial 1/2017 from the Second Chamber of the Mexican Supreme Court, issued last year, in which the powers of the IP Enforcement Authority (‘IMPI’) to impose injunctions, regarding IP infringement on the internet, were considerably restricted. The Second Chamber determined that injunctions related to copyright infringement on the internet will be constitutional if they meet the following requirements: 1) are established in law, 2) pursue a legitimate objective, and 3) are necessary and proportionate. In those terms, it would be unconstitutional for IMPI to order the complete blocking of the information, data and expressions contained in a website, thus impeding users to access it.

This decision is relevant and must be taken into account when assessing the introduction of safe harbours in the Mexican legal framework.

Please indicate which industry sector views are included in your Group’s answers to Part III.

Automobile, food, entertainment, tourism and pharmaceutical.
I. Current law and practice

**Please answer all questions in Part I on the basis of your Group’s current law.**

1. Are there any statutory provisions which specifically apply to Joint Liability?

   No

   Please Explain

   1) Joint liability

   There are no statutory provisions that specifically apply to joint liability. However there is a statutory provision that prescribes that all members of a group can be held jointly liable for unlawful damage caused by a single member of that group if the chance of causing unlawful damage should have kept the group from their acts in group capacity (6:166 Dutch Civil Code ("DCC")).

   **Alternative causation: damage caused by one of multiple events**

   Furthermore, the DCC has a provision which deals with the situation that a party suffers damages which could have been caused by two or more events, for which different persons are liable (i.e. Article 6:99 DCC). If it is certain that the damages were caused by at least one of these events, then the injured party can hold each of these persons liable. It is then up to the person that is held liable by the injured party to prove that this party’s damages were not caused by the event for which this person is liable.

   **Vicarious liability**

   Further still, four statutory types of vicarious liabilities are recognized: of parents for their minor children (art. 6:168 DCC), of employers for their employees (art. 6:170 DCC), of principals for their independent contractors (art. 6:171 DCC), and of principals for their commercial agents (art. 6:172 DCC).

   **General tort law as developed further in case law**

   Article 6:162 DCC provides that a person who commits an unlawful act against another person that can be attributed to him, must compensate the damage that this other person has suffered as a result thereof. Under certain circumstances, as developed in case law (see
under 2 below), an act relating to the IPR infringement of another can in itself be considered an unlawful act for which that person is liable. For example: when a person profits of or incites another person’s infringement; when a person is a director of a legal entity which commits an infringing act; or when a person is an intermediary whose services are used for infringement.

There is no reason to assume the aforementioned articles (and the case law based thereon) cannot be relied on in the context of IPRs. This could result in a situation in which a party is held liable for specific damages that were not caused by its own infringing act.

2 Under the case law or judicial or administrative practice in your jurisdiction, are there rules which specifically apply to Joint Liability?

Yes

Please Explain

The general rules of tort law are applicable to acts which are outside the scope of direct infringement or Contributory Infringement. In principle, these general rules can also be applied to IPR infringement since this in itself is also considered an unlawful act.

Alternative causation: damage caused by one of multiple events

An example of application of Article 6:99 DCC (see under 1 above) is the case DES-dochters (Supreme Court 9 October 1992, ECLI:NL:HR:1992:ZC0706). In this case, a group of women who suffered from cancer caused by the use of a type of medicine by their mothers during their pregnancy, sued multiple pharmaceutical companies that produced the same type of medicine for damages. Due to the passage of time, the claimants were unable to identify from which specific company their mothers had taken the medicine and therefore which specific company was responsible for damages. The Supreme Court applied Article 6:99 DCC (see above) and ruled that all companies were jointly liable for damages if every company produced the same harmful medicine and if there would be no method of identifying which company was responsible for the illness of each specific individual. The Supreme Court accepted that in this case each injured daughter could suffice to file a claim against only one of the manufacturers of the product that might have caused the damages.

Interference

Profiting from another person’s tort (or: infringing actions) may give rise to liability (‘Joint Liability’). In general tort law the point of departure is that for such ‘Joint liability’ a knowledge of the fact that an act is in breach of a legal obligation to a third party or is infringing third party rights is not sufficient, and that additional circumstances are required (Supreme Court 26 January 2007, NJ 2007, 78). The knowing provocation or inducement to infringe, and / or the deliberate profiting from such a violation may amount to such additional circumstances, but a high threshold applies (Supreme Court 8 January 2010, NJ 2010, 187, and with respect to patent law: Supreme Court 18 February 1949, NJ 1949, 357 (‘Bonda/Staat’) and Hague Court of Appeal, 24 July 2012 (ECLI:NL:GHSGR:2012:BX6075 (‘Pfizer/Uvit’)).

Misuse of identity

Pursuant to case law concerning misuse of difference in identities, it is possible to disregard the legal distinction between two or more parties in case the legal distinction is used as an instrument to perform an unlawful act while escaping liability. A typical situation would be one in which a natural person has a controlling interest over one or several legal entities and uses these to put for example creditors at a disadvantage (see e.g. Supreme Court 27 February 2009, ECLI:NL:HR:2009:BG6445).

Director’s liability

Director’s liability may arise where a director (or, a de facto manager) in his role as director of a company under his control carries serious personal blame for the company’s tort (Supreme Court 5 September 2014, ECLI:NL:HR:2014:2628, NJ 2015/21). In an IP setting, a director can be directly subject to injunctions (and liable) when infringement is perpetrated through his direction, or knowingly condoned by him, whilst he could have taken measures to prevent the infringements (Supreme Court 15 February 2002, ECLI:NL:HR:2002:AD6095, NJ 2002/464 (‘Jack Daniel’s’). A high threshold is held to apply for this type of liability, and it is sparsely established in case law.

Intermediaries

As is determined in art. 11 of the EU Enforcement directive (2004/48/EC), a person whose services are used by third-parties to infringe on IP rights can be subject to orders or injunctions to stop providing the services that are used to infringe (art. 2.22 Benelux Convention on Intellectual Property, art. 26d Dutch Copyright Act, art. 70 (9) Dutch Patent Act, and CJEU 7 July 2016, ECLI:EU:C:2016:528 (Tommy Hilfiger Licensing)). Injunctions ordering measures based on art. 26d Copyright Act must satisfy considerations of proportionality and subsidiarity. If necessary, these injunctions against intermediaries can be handed down in ex parte proceedings (Hague District Court 28 April 2015, ECLI:NL:RBDHA:2015:16168 (Ecatel/FAPL)).
Notwithstanding the above, online intermediaries are exempted from liability for damages (‘safe harbors’) for the mere transmission, caching or hosting of information provided by others under art. 6:194c DCC, which implements art. 12-14 of the E-commerce directive. This exemption extends to intermediaries hosting internet platforms (CJEU 12 February 2011, C-324/09 (eBay - L’Oreal, and Court of Appeal Leeuwarden 22 May 2012, ECLI:NL:GHLEE:2012:BW6296 (Stokke/Marktplaats).

Examples from patent cases

Furthermore, there are a few examples of Joint Liability in patent cases. It was held in summary proceedings that a Netherlands-based company acted unlawfully in view of its involvement in the infringement on the Portuguese part of a European patent by a Portugal-based company from the same group of companies (Pres. District Court Utrecht 15 August 2012, case KG ZA 12-319, Boehringer Ingelheim v. Teva Pharma). Also in summary proceedings, it was held that the Dutch State (i.e. the Dutch Medical Agency) was found to be liable for unlawful conduct because it had facilitated infringement of a patent of Warner-Lambert by not inserting a carve-out in the information for the generic version of the drug pregabaline (Pres. Hague District Court 15 January 2016, case C/09/498943 / KG ZA 15-1656 Warner Lambert v. Staat der Nederlanden). Also in summary proceedings, the Hague District Court held that “Involvement with infringement can result in a tort. This is certainly the case when it relates to parties that are connected to the infringing party, which themselves do not infringe, but which facilitate the infringement” (Pres. Hague District Court 30 March 2016, case C/09/500844 / KG ZA 15-1829, Novartis v. Teva).

3. In the following hypotheticals, would party A be liable for Joint Infringement with party X? In each case, please explain why or why not.

3.a. X sells handbags in a shop which is a small stall located in a shopping mall owned by A. The handbags infringe the registered design of Z. A knows that X (and other tenants) sells infringing goods.

Yes

Please Explain

Party A is potentially Jointly Liable as an intermediary (see under 1 above and ECLI:EU:C:2016:528 (Hilfiger / Delta Centre). This exposes A to injunctions, fortified with penalty clauses. This is, provided that party Z can show that such injunctions are equitable and proportionate. In this hypothetical it is not likely that A is directly or Jointly liable for tort, considering that a general knowledge of some infringing sales does not f.i. suffice to establish the tort of interference, or give rise to a specific duty of care to Z, requiring action by A..

3.b. X sells handbags in an online shop which is hosted by a large market place platform owned by A. The handbags infringe the registered design of Z. A knows that X (and other web shop operators hosted by A’s market place platform) sells infringing goods via their respective outline shops.

Yes

Please Explain

We refer to the answer above. In addition, in this hypothetical X may benefit from the liability exemption for online hosting providers

3.c. X sells handbags in an online shop. The handbags infringe the registered design of Z. A designed the online advertising campaign for X’s shop and books online advertising resources for X on websites and in search engines. A knows that X sells infringing goods.

No

Please Explain

We deem that A would not be considered to be an intermediary and therefore an injunction is less likely. It could be argued that A commits a tort.
For each of the hypotheticals in (a) to (c) above, does it make a difference if A merely suspects that X sells infringing goods? If yes, what is the level of "suspicion" required, and how is it demonstrated?

Hypothetical A

No

Please Explain

For an injunction, suspicion does not appear to be relevant, merely being an intermediary is sufficient for an injunction. For torts, suspicion is relevant although there is no clear doctrine regarding this aspect. It is noted that the "mere conduit" liability exemption is only applicable insofar as the online intermediary is not informed of an infringement. We do not believe this a contrario directly leads to liability when the intermediary becomes aware of the infringing character.

Hypothetical B

Hypothetical C

In the following hypothetical, would party A be liable for Joint Infringement with party X? In your answer, please explain why or why not?

Z owns a patent claiming a method for addressing memory space within a memory chip which is built into telecommunication device having further features (main processor, suitable software etc.). A manufactures memory chips. The chips are objectively suitable to be used for the claimed method. A's memory chips are distributed over multiple distribution levels to a plethora of device manufacturers. A has no knowledge of the actual end use of its memory chips.

No

Please Explain

A cannot be held liable for joint infringement with party X. Under the specific circumstances, A cannot be held liable on the basis of contributory infringement, even if its chips are assumed to be essential means. The law requires that a contributory infringer has at least some level of knowledge on both the suitability and the destination of the essential means for the application of the invention. The alternative would be to hold A liable on the basis of the general provisions on tort. However, this requires that A’s act of manufacturing/selling the chips has a sufficiently strong connection with the infringing act. Since it is assumed that A has no knowledge of the actual end use of its memory chips, it is not possible to hold A liable on the basis of the principles of Dutch tort law.

Further, under your Group’s law, would it be considered obvious (in the sense of Q204P) that A’s chips would be put to one or more infringing uses and if so, why?

No

Please Explain

No, under our Group’s law, it would not be considered obvious that A’s chips would be put to one or more infringing uses. In general, however, this would depend on the specific circumstances of the case. If the demand in the market for A’s chips would for example be far greater than can be explained by the size of the market for non-infringing uses, then it is likely that it would be considered obvious that A’s
chips would be put to one or more infringing uses. For example, the Dutch Court of Appeal for patent cases has held that a manufacturer of a medicinal product which is suitable for both an infringing and a non-infringing application can be assumed to have knowledge of the use of the product for the infringing application in view of specific market conditions (e.g. very small market for the non-infringing use). See Hague Court of Appeal 27 January 2015, ECLI:NL:GHDHA:2015:1769 (Novartis v Sun).

In the following hypotheticals, would party A be liable for Joint Infringement with party X? Please explain why or why not.

<table>
<thead>
<tr>
<th>Hypothetical</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.a</td>
<td>Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, also located in your country. A and B know that their servers exchange encrypted messages according to the patented method.</td>
</tr>
<tr>
<td>No</td>
<td>Please Explain</td>
</tr>
<tr>
<td></td>
<td>Z cannot rely on direct infringement or contributory infringement in view of the absence of a party who performs the entire method. The fact that A and X know that they jointly perform the method is insufficient to hold A and/or X liable for joint infringement. However, this would change if the acts of A could be attributed to X (or vice versa). This may be the case in the presence of a legal and/or contractual relationship. For example, if A would be a subsidiary of X, then Z could argue that A’s acts should be attributed to its parent company X. The same would apply if A performs part of the method on the basis of a contractual obligation towards X (or vice versa).</td>
</tr>
<tr>
<td>5.b</td>
<td>Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, located outside your country. A and B know that their servers exchange encrypted messages according to the patented method.</td>
</tr>
<tr>
<td>No</td>
<td>Please Explain</td>
</tr>
<tr>
<td></td>
<td>For the same reasons as given under a), Z cannot rely on direct or contributory infringement. In fact, it is even harder in this hypothetical, since part of the method is performed outside of the Netherlands and for both direct and contributory infringement, there needs to be a party who performs the entire method in the Netherlands. Even if A and X have purposely chosen to apply the claimed method in this manner, they will most likely escape liability in view of the fact that a patent can only offer protection if the entire infringement is performed within the Netherlands (see for example Supreme Court 18 May 1979, ECLI:NL:PHR:1979:AC6578 in which case to companies from the same group of companies produced an infringing product, however, the final step of the production was performed outside of the Netherlands). Z may be able to rely on the rules of general tort law, but Z would need to show that the acts of X outside of the Netherlands are considered to be infringing acts in the country where these acts are performed (whether Z would be successful would depend on the laws of that other country).</td>
</tr>
<tr>
<td>5.c</td>
<td>Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. X operates server “a” outside your country, which exchanges encrypted messages with server “b” operated by Y, located in another country outside your country. A, located in your country, is a software consultant advising X and Y how to use the patented method (but A does not supply any software).</td>
</tr>
<tr>
<td>No</td>
<td>Please Explain</td>
</tr>
<tr>
<td></td>
<td>Also in this hypothetical, Z cannot rely on direct or contributory infringement. Also in this situation, Z may be able to rely on the rules of general tort law, but Z would need to show that the acts of X outside of the Netherlands are considered to be infringing acts in the country where these acts are performed (whether Z would be successful would depend on the laws of that other country).</td>
</tr>
</tbody>
</table>
6. Are there any other scenarios which result in Joint Liability for IPR infringement under your Group’s current law?

Yes

Please Explain

See under questions 1 and 2 above.

7. What remedies are available against a party found liable for Joint Infringement? In particular:

7.a. Is an injunction available?

Yes

Please Explain

Injunctions are available in all cases where a party is Jointly liable, provided there is a (continuing) likelihood of infringement by or through the involvement of that party.

7.b. Are damages or any other form of monetary compensation available?

Yes

On what basis?

Liability for damages or monetary compensation can only be based on a tort (including direct or Contributory infringement) by that party, and not merely on a concept of Joint liability. In the above identified categories of Joint Liability, this excludes the mere intermediary who does not infringe himself. Specifically for online intermediaries which serve as access provider or store information on request, the remedy of damages is generally not available if the intermediary can invoke the safe harbour exemptions for storage or mere conduit. Notably, under Benelux law, penalties incurred when a court injunction is breached are directly due to the party who was granted the injunction.

Further, the remedy of damages is generally available on the basis of a comparison between the actual situation and a hypothetical situation in which the Joint Infringement would not have been committed by the liable party.
Are any of the available remedies different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?

Yes

Please Explain

A first consideration is that the implementation of the EU Enforcement Directive (2004/48/EC) has introduced specific remedies in cases regarding IP infringement, whether direct or Contributory. These are: (i) orders for intermediary evidentiary descriptions and taking of samples, (ii) injunction orders in ex parte proceedings, (iii) orders for information on the origin and distribution networks against any commercially involved party, and (iv) the award of ‘reasonable and proportionate’ legal costs and other expenses, which exceed cost awards in cases not based on IP enforcement-grounds (art. 1019a et seq. DCCP). The group considers that - with the exception of the liable intermediary - these specific remedies may not directly available against Jointly Liable persons if only liable for ‘simple’ tort.

The second consideration regards the scope of liability which may differ from that of the direct / contributory infringer due to considerations of legal causality. E.g., a director will not be liable for infringing acts prior to acceding to his post. Therefore the availability of specific remedies may depend on all relevant facts of the specific case.

Are there aspects of your Group’s current law that could be improved?

Yes

Please Explain

The Group considers that rules concerning Joint Liability are scattered among statutory provisions and case law (see under questions 1 and 2 above). From a legal certainty perspective, it would be preferable if such rules would be laid down in clear statute.

Should acts outside the scope of direct infringement or Contributory Infringement give rise to Joint Liability for IPR infringement?

Yes

Should that sound in availability of injunctive relieve and/or damages? Please explain why or why not.

The Group considers that in certain specific situations, acts outside the scope of direct infringement or Contributory Infringement should give rise to Joint Liability for IPR infringement, i.e. if multiple parties working together perform certain acts that would constitute infringement if done by a single company.

Aside from situations described under questions 1 and 2 above, the Group considers that Joint Liability for IPR infringement should only apply in exceptional cases, where it has been established beyond doubt that the parties that together are held responsible for Joint IPR infringement. Key indicators could be that the involved parties belong to the same group of companies or, if this is not the case, that these parties conspire to evade liability for direct IPR infringement and/or knew or should have known that their joint actions constitute IPR infringement.

Should Joint Liability be excluded if one or more acts being necessary for establishing Joint Liability for IPR infringement are committed outside the domestic jurisdiction? Please explain why or why not.

No

Please Explain

The Group considers that the mere fact that one or more acts being necessary for establishing Joint Liability for IPR infringement are
committed outside the domestic jurisdiction, should be insufficient for excluding Joint Liability.

Are there any other policy considerations and/or proposals for improvement to your Group’s current law falling within the scope of this Study Question?

No

Please Explain

III. Proposals for harmonisation

Please consult with relevant in-house / industry members of your Group in responding to Part III.

Is a consolidated doctrine of Joint Liability for IPR infringement desirable?

Yes

Please Explain

Yes. Nowadays, IPR infringement often has a cross-border character, on the one hand because holders of IPRs are often part of groups of companies that operate internationally, or even globally, and infringement encompasses various jurisdictions, and on the other hand because parties (allegedly) involved in Joint IPR infringement may be situated in different jurisdictions, with differing legislation. This often results in complex IPR infringement situations, which are costly to handle for the holders of the respective IPRs.

Legal certainty on Joint IPR infringement and clarity on the availability of appropriate legal remedies is a key requirement for making a proper business and risk analysis.

A consolidated doctrine of Joint Liability is seen as a solution that may be realized on a relatively short term to improve legal certainty and predictability in Joint Liability IPR situations, and could in applicable cases reduce legal spend.

Is harmonisation of the laws of Joint Liability for IPR infringement desirable?

Yes

Please Explain

Yes, see under 12). This Group considers that national and/or regional legislation for most types of IP rights, such as patents, address infringement on a local level. Without harmonisation, those (allegedly) involved in Joint IPR infringement can align their actions in different jurisdictions with differing legislation, to avoid Direct or Indirect IPR infringement. This lack of harmonisation creates legal difficulties for right holders trying to (efficiently) enforce their IPRs.

It is anticipated that harmonizing laws would be a difficult and time-consuming process, and hence is perceived as a more long-term approach compared to a consolidated doctrine on IPR infringement. Among the participating industry professionals, there is a slight preference for the consolidated doctrine approach.

If YES, please respond to the following questions without regard to your Group’s current law.

Even if NO, please address the following questions to the extent your Group considers your Group’s current law could be improved.
Please propose a suitable framework for Joint Liability for IPR infringement, focussing on the hypotheticals set out in Questions 3 to 5 above:

The acts in question are limited to activities such as renting retail space, hosting websites, advertising etc. (as further described in Question 3 (a) to (d) above)

a) In order to realize appropriate legal certainty, strict conditions or a clear test should be applied in order for a person or party to be held liable for IPR infringement when no direct IPR infringement nor Contributory infringement is applicable. However, at this moment a clear legal concept for Joint Liability in IPR Infringement does not exist in the Netherlands.

It seems unfair that multiple parties working together would be allowed certain acts that would constitute infringement if done by a single company in a single country.

In this Group’s opinion, Joint Liability for IPR infringement should only apply in cases, where it has been established that the parties that together are held responsible for Joint IPR infringement. Key indicators could be that the involved parties belong to the same group of companies or, if this is not the case, that these parties conspire to evade liability for direct IPR infringement. It should not be sufficient for joint liability that they could or should have known that their actions, if performed by a single party, constitute IPR infringement. In the opinion of the Dutch Group, it is necessary that it is shown that there is some form of coordination between the parties that act jointly.

When this strict requirement is applied to the hypotheticals set out in Questions 3 to 5, Joint IPR infringement cannot be found solely on the basis of the information provided.

The means supplied or offered by the contributory infringer related to a substantial element of the subject matter of the protected IPR, but at the time of offering or supply, the suitability and intended use were not known to the supplier or obvious under the circumstances (as further described in Question 4 above)

The infringing acts are divided between two parties, and the acts of each party do not qualify as direct infringement or Contributory Infringement, as further described in Question 5 (a) to (c) above.

Are there any other scenarios which should result in Joint Liability for IPR infringement, and where harmonisation is desirable?

Yes

Please Explain

This Group would like to add the following common scenarios, derived from a number of Industries.

In chemical technology so-called ‘tolling’ is quite common. In this process, a starting material is sold to a company for performing a certain process step, and then the resulting product is bought back from the tolling company. A realistic scenario could be that different process steps of a patented process are done by different independent companies that could be located in different countries that may or may not have an equivalent patent in force. In such a case, the separate steps may not infringe, but the chain of involved companies as a whole could infringe.

What remedies should be available against a party found liable for Joint Infringement? In particular:

Should an injunction be available?

Yes
Please Explain

In case the strict requirements as indicated under 14) c) are met and Joint Liability for IPR infringement can be established, the same remedies that are available against direct IPR infringement should be available. In other words, this Joint IPR infringement is to be handled in the same way as direct IPR infringement or Contributory Infringement. This Group considers that it should be possible to obtain an injunction against any party involved in Joint IPR infringement and the general principles of monetary relief under national and/or regional tort law should apply to the question whether such parties are liable for damages.

6. Should damages or any other form of monetary compensation be available?

6. Should any available remedies be different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?

17. Please comment on any additional issues concerning any aspect of Joint Liability you consider relevant to this Study Question, having regard to the scope of this Study Question as set out in paragraphs 7 to 13 above.

None

18. Please indicate which industry sector views are included in your Group’s answers to Part III.

Industry members in this Group come from the following industry sectors: Food industry (Alcoholic beverages, Oils & fats), Healthcare and Consumer Goods.
I. Current law and practice

**Please answer all questions in Part I on the basis of your Group’s current law.**

1. Are there any statutory provisions which specifically apply to Joint Liability?

No

Please Explain

There are no statutory provisions creating or governing joint liability for IP infringement.

Section 17 of the Law Reform Act 1936 generally applies to proceedings against, and contribution between, joint and several tortfeasors. It provides that:

1. judgment recovered against a tortfeasor liable in respect of damages does not bar action against any other person who would, if sued, have been liable as a joint tortfeasor

2. if more than 1 action is brought in respect of damages, the sums recoverable under the judgments must not, in the aggregate, exceed the amount of damages awarded by the first judgment

3. any tortfeasor liable in respect of damages may recover contribution from any other joint tortfeasor who is, or if sued, would have been liable, unless that person is entitled to be indemnified by the party seeking contribution

4. in any proceeding for contribution, the amount of contribution recoverable from any person shall be such as the court finds just and equitable having regarding to the extent of the person’s responsibility, and

5. the Court has the power to exempt any person from making a contribution, or to direct that the contribution to be recovered from any person shall amount to a complete indemnity.
This provision abrogated the common law rule that judgment against one tortfeasor barred any subsequent action against the other.

2 Under the case law or judicial or administrative practice in your jurisdiction, are there rules which specifically apply to Joint Liability?

Yes

Please Explain

Joint Tortfeasors

The common law provides that persons may be held jointly liable for IP infringement if their acts would make them joint tortfeasors under the general law. This includes classes of persons such as agent and principal, employer and employee, and two persons acting in concert with each other in the commission of the infringing act.

The following three factors are essential to establish that a party is liable as a joint tortfeasor:

1. The party must have acted together with another in a common design to infringe by procurement or participation.
2. At least one party must have committed an infringing act.
3. The common design must result in an act or acts by one or more of the joint tortfeasors by which damage is caused to the IP right holder.

For joint liability to arise there must be a connection between the alleged actions of the parties. It will not be sufficient if two or more parties’ separate and independent acts have caused the same damage. Rather, there must be a concerted action towards a common end. The threshold is relatively high and requires some degree of common intention.

Inducement

A person may also be held jointly liable for infringement where they wilfully induce another to do an unlawful act which, but for that persuasion, would or might never have been committed.

Inducement, incitement or persuasion to infringe must be by a defendant to an individual infringer and must identifiably procure a particular infringement in order to make the defendant liable as a joint infringer. Mere assistance or facilitation will not be sufficient.

3 In the following hypotheticals, would party A be liable for Joint Infringement with party X? In each case, please explain why or why not.

3.a X sells handbags in a shop which is a small stall located in a shopping mall owned by A. The handbags infringe the registered design of Z. A knows that X (and other tenants) sells infringing goods.

No

Please Explain

A will not be held liable for joint infringement with X. A’s mere knowledge of X’s infringing conduct and failure to stop such conduct, or at most A’s tacit acceptance of X’s conduct, will not amount to A engaging with X in a concerted action towards a common end. Where A’s purpose is to operate the shopping mall and X’s purpose is to operate its stall, A cannot be said to have acted together with X in a common design to infringe Z’s IPR.

3.b X sells handbags in an online shop which is hosted by a large market place platform owned by A. The handbags infringe the registered design of Z. A knows that X (and other web shop operators hosted by A’s market place platform) sells infringing goods via their respective outline shops.

No

Please Explain

A will not be held liable for joint infringement with X. A’s mere knowledge of X’s infringing conduct and failure to stop such conduct, or at most A’s tacit acceptance of X’s conduct, will not amount to A engaging with X in a concerted action towards a common end. Where A’s purpose is to operate the shopping mall and X’s purpose is to operate its stall, A cannot be said to have acted together with X in a common design to infringe Z’s IPR.
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No

Please Explain

A will not be held liable for joint infringement with X. Here, even if A’s operation of a platform were deemed to assist X’s infringement of Z’s rights by providing some degree of facilitation, if the platform can be used for lawful purposes, A cannot be said to have acted in common design with X or identifiably procured X’s individual infringing conduct.

3.c

X sells handbags in an online shop. The handbags infringe the registered design of Z. A designed the online advertising campaign for X’s shop and books online advertising resources for X on websites and in search engines. A knows that X sells infringing goods.

No

Please Explain

Liability will depend on the nature of the relationship between the parties. Assuming A’s acts were contracted by X and the consideration of the contract was unrelated to X’s profits from selling the infringing goods, A is unlikely to be deemed to have acted in common design with X to infringe. A’s purpose and intention will have been limited to satisfying the terms of the contract. Again, mere knowledge that X sells infringing goods will not amount to A acting in common design with X to sell infringing goods.

3.c

For each of the hypotheticals in (a) to (c) above, does it make a difference if A merely suspects that X sells infringing goods? If yes, what is the level of “suspicion” required, and how is it demonstrated?

3.d

Hypothetical A

No

Please Explain

Whether A suspects or knows of X’s infringing acts will not be relevant in the above circumstances. In these scenarios, the relevant consideration will be whether A’s acts amount to acting in a common design with X or an identifiable procurement of X’s acts.

Hypothetical B

No

Please Explain

Whether A suspects or knows of X’s infringing acts will not be relevant in the above circumstances. In these scenarios, the relevant consideration will be whether A’s acts amount to acting in a common design with X or an identifiable procurement of X’s acts.

Hypothetical C

No

Please Explain

Whether A suspects or knows of X’s infringing acts will not be relevant in the above circumstances. In these scenarios, the relevant consideration will be whether A’s acts amount to acting in a common design with X or an identifiable procurement of X’s acts.
4. In the following hypothetical, would party A be liable for Joint Infringement with party X? In your answer, please explain why or why not?

Z owns a patent claiming a method for addressing memory space within a memory chip which is built into telecommunication device having further features (main processor, suitable software etc.). A manufactures memory chips. The chips are objectively suitable to be used for the claimed method. A’s memory chips are distributed over multiple distribution levels to a plethora of device manufacturers. A has no knowledge of the actual end use of its memory chips.

No

Please Explain

A will not be liable for joint infringement with X. Because A has no knowledge of the end use of its memory chips it cannot be said to be acting together with X in a common design to infringe Z’s patent.

It is unlikely that, under New Zealand law, it would be considered ‘obvious’ in the sense of Q204P that A’s chips would be put to one or more infringing uses. The equivalent wording in the New Zealand law, from div 141 of the Patents Act 2013, is ‘ought reasonably to know’.

New Zealand has not established a clear threshold test for what ‘ought reasonably to know’ means in respect of s141, however, in the copyright context the Court has found that the test is objective and sets a higher standard than the alternative ‘has reason to believe’ test.

While the chips are objectively suitable to be used for the claimed method, provided the chips have alternative uses, the factual matrix would also need to positively show that A ought to have known that the chips were intended to be used to put the method into effect.

4.b Further, under your Group’s law, would it be considered obvious (in the sense of Q204P) that A’s chips would be put to one or more infringing uses and if so, why?

No

Please Explain

It is unlikely that, under New Zealand law, it would be considered ‘obvious’ in the sense of Q204P that A’s chips would be put to one or more infringing uses. The equivalent wording in the New Zealand law, from div 141 of the Patents Act 2013, is ‘ought reasonably to know’.

New Zealand has not established a clear threshold test for what ‘ought reasonably to know’ means in respect of s141, however, in the copyright context the Court has found that the test is objective and sets a higher standard than the alternative ‘has reason to believe’ test.

While the chips are objectively suitable to be used for the claimed method, provided the chips have alternative uses, the factual matrix would also need to positively show that A ought to have known that the chips were intended to be used to put the method into effect.

5. In the following hypotheticals, would party A be liable for Joint Infringement with party X? Please explain why or why not.

Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, also located in your country. A and B know that their servers exchange encrypted messages according to the patented method.

Yes

Please Explain

A may be held liable for joint infringement with party X as joint tortfeasor. A and X have arguably acted together in a common design to infringe by participation and together A and X have committed an infringing act causing damage to Z.
AIPPI 2018 - Study Question - Joint liability for IP infringement

5.b
Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, located outside your country. A and B know that their servers exchange encrypted messages according to the patented method.

Yes

Please Explain

A may be held liable for joint infringement with party X as joint tortfeasor in New Zealand. A and X have arguably acted together in a common design to infringe by participation and together A and X have committed an infringing act causing damage to Z. The fact that X is located outside New Zealand does not affect A’s liability.

5.b
Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, located outside your country. A and B know that their servers exchange encrypted messages according to the patented method.

No

Please Explain

A’s actions in advising X as to how to use the patented method would not amount to A having willfully induce another to do an unlawful act which, but for his persuasion, would or might never have been committed. As such, there is unlikely to be a cause of action against A, irrespective of any additional jurisdictional issues.

5.c
Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. X operates server “a” outside your country, which exchanges encrypted messages with server “b” operated by Y, located in another country outside your country. A, located in your country, is a software consultant advising X and Y how to use the patented method (but A does not supply any software).

6
Are there any other scenarios which result in Joint Liability for IPR infringement under your Group’s current law?

Yes

Please Explain

Where a company is formed for the express purpose of doing a wrongful act or if, when formed, those in control expressly direct that a wrongful act be done, the directors may be jointly liable with the company for the wrongful act.

Although not strictly a scenario of joint liability, div 16(1)(i) of the Copyright Act 1994 provides that authorising a person to infringe copyright is itself actionable.

7
What remedies are available against a party found liable for Joint Infringement? In particular:

7.a
Is an injunction available?

Yes

Please Explain

Generally, remedies available for the relevant direct infringement will be available against a party found liable for joint infringement.

If an injunction would be available for the act of direct infringement, it will usually be available against a party found liable for joint infringement in respect of that act.
7.b Are damages or any other form of monetary compensation available?

Yes

On what basis?

Damages or an account of profits may be available, if available for the relevant act of direct infringement. Damages will be available on a joint and several basis, however, see discussion of s17 of the Law Reform Act 1936 at question 1 above for provisions regarding contribution.

7.c Are any of the available remedies different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?

No

Please Explain

No, the scope of remedies will reflect those available against any acts of direct or contributory infringement.

II. Policy considerations and proposals for improvements of your Group’s current law

8 Are there aspects of your Group’s current law that could be improved?

9 Should acts outside the scope of direct infringement or Contributory Infringement give rise to Joint Liability for IPR infringement?

10 Should Joint Liability be excluded if one or more acts being necessary for establishing Joint Liability for IPR infringement are committed outside the domestic jurisdiction? Please explain why or why not.

11 Are there any other policy considerations and/or proposals for improvement to your Group’s current law falling within the scope of this Study Question?

III. Proposals for harmonisation

Please consult with relevant in-house / industry members of your Group in responding to Part III.

12 Is a consolidated doctrine of Joint Liability for IPR infringement desirable?

13 Is harmonisation of the laws of Joint Liability for IPR infringement desirable?

If YES, please respond to the following questions without regard to your Group’s current law.

Even if NO, please address the following questions to the extent your Group considers your Group’s
**current law could be improved.**

Please propose a suitable framework for Joint Liability for IPR infringement, focussing on the hypotheticals set out in Questions 3 to 5 above:

<table>
<thead>
<tr>
<th>Question</th>
<th>Hypotheticals</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1</td>
<td>The acts in question are limited to activities such as renting retail space, hosting websites, advertising etc. (as further described in Question 3 (a) to (d) above)</td>
</tr>
<tr>
<td>4.2</td>
<td>The means supplied or offered by the contributory infringer related to a substantial element of the subject matter of the protected IPR, but at the time of offering or supply, the suitability and intended use were not known to the supplier or obvious under the circumstances (as further described in Question 4 above)</td>
</tr>
<tr>
<td>4.3</td>
<td>The infringing acts are divided between two parties, and the acts of each party do not qualify as direct infringement or Contributory Infringement, as further described in Question 5 (a) to (c) above.</td>
</tr>
</tbody>
</table>

Are there any other scenarios which should result in Joint Liability for IPR infringement, and where harmonisation is desirable?

What remedies should be available against a party found liable for Joint Infringement? In particular:

<table>
<thead>
<tr>
<th>Sub-question</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.1</td>
<td>Should an injunction be available?</td>
</tr>
<tr>
<td>6.2</td>
<td>Should damages or any other form of monetary compensation be available?</td>
</tr>
<tr>
<td>6.3</td>
<td>Should any available remedies be different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?</td>
</tr>
</tbody>
</table>

Please comment on any additional issues concerning any aspect of Joint Liability you consider relevant to this Study Question, having regard to the scope of this Study Question as set out in paragraphs 7 to 13 above.

Please indicate which industry sector views are included in your Group’s answers to Part III.
I. Current law and practice

Please answer all questions in Part I on the basis of your Group's current law.

Are there any statutory provisions which specifically apply to Joint Liability?

No

Please Explain

No, there is no regulation of Joint Liability in the statutory provisions. However, there are specific regulations regarding contributory liability and direct liability, but not for Joint Liability as it has been defined in the Study Question.

With regard to contributory liability, these are regulated in the relevant statutory provisions as follows:

- The Trademark Act (No: varemerkeloven) divs 57 – 58,
- Patent Act (No: patentloven) divs 56a, 58 and 59b,
- Design Act (No: designloven) divs 39a, 40 and 41b

The abovementioned provisions allow for civil sanctions to apply against those who contribute to trademark, patent and design infringements respectively. It does not specifically address joint liability and whether there is joint or several liability between the parties.

The Patent Act div 3 paragraph 2 sets out further that:
"The exclusive right shall also imply that no one but the patent holder may, without his consent, exploit the invention by offering or supplying any person who is not entitled to exploit the invention in this country with the means for carrying out the invention, provided that the means relate to an essential element of the invention and the person supplying or offering the means knows, or it is obvious from the circumstances, that the means are suitable and intended for such exploitation. If the means are staple commodities, this provision shall only apply where the person offering or supplying the means attempts to induce the recipient to commit acts infringing the exclusive right provided for in the first paragraph."

This therefore means that a party may be held directly liable if they provide the essential element needed to exploit an invention and knows that this will be used for such circumstances.

The Copyright Act previously stated that those who contribute to copyright infringement would be liable to the same extent as the infringer. However, div 55 of the Copyright Act states that a party who contributes to circumvention of technical measures to protect a work will not be liable unless he acted wilfully.

In divs 79 and 82 of a proposal for a new Copyright Act currently being finalised by the Government, it is stated more clearly that various civil sanctions are allowed against those who have assisted with infringing a third party's copyright.

The Electronic Commerce Act (No: ehandelsloven) includes provisions regarding the information society service's responsibility for transfer, storage of and access to information on their services under divs 16-18. These set out that an information service provider will not be held liable for contributory infringement unless they willfully or with gross negligence assist with illegal transfer, storage or access to information. The Electronic Commerce Act is particularly relevant in relation to breach of copyright or trademark rights.

Under the case law or judicial or administrative practice in your jurisdiction, are there rules which specifically apply to Joint Liability?

No

Please Explain

There is no case law or judicial or administrative practice that sets out specific rules for Joint Liability.

In relation to copyright and information service providers there is case law that demonstrates that systematic linking to protected works will be seen as a contributory copyright infringement (Rt. 2005 s. 41 – Napster case). However, it was held in Napster that the mere fact that an internet service provider allowed access to websites that allow customers to illegally download films/TV-series was not contributory infringement and was protected under the Electronic Commerce Act (TAHER-2009-96202 – Telenor case). Where an information service provider however not only provides bittorrent facilities, but also provides customer service advice on how to use these facilities, then this will be seen as direct copyright infringement and would not allow the service provider to be protected under the Electronic Commerce Act.

In relation to trademarks, Norwegian law follows the principles set out under EU law. In a recent case an ice cream production company claimed that it had not breached the essential function of a trademark by putting ice cream into prepared tubs with the infringing logo, as they only performed a technical phase of the production on behalf of a customer who owned and directed what would be the content of the ice cream and what logo was to be used (LB-2016-168560 – Charlotte's Iskrem). The court held however that since the company contributed by buying in certain of the ingredients, and also sold tubs of the product in their factory shop, they were directly infringing as user of the trademark, and not a mere technical provider.

When it comes to liability in accordance with the Patent Act div 3, the SINTEF case (HR-2009-02402-A) has set out certain guidelines. SINTEF is a research and development (R&D) organisation that provides such services for consideration. The owner of a patent directed at the counting of fish sued SINTEF as they had assisted a company in developing software and algorithms for use in its fish counters that competed directly with the patentee's. The Supreme Court held that SINTEF could be in breach of sec. 3 of the Patent Act, as they had provided means that enabled the infringer to work the invention. Even if the R&D itself could be exempt under the experimental exemption, that did not apply to supplying the software that had been developed, and which was installed on the fish counters and became an essential part of them.

In the following hypotheticals, would party A be liable for Joint Infringement with party X? In each case, please explain why or why not.
X sells handbags in a shop which is a small stall located in a shopping mall owned by A. The handbags infringe the registered design of Z. A knows that X (and other tenants) sells infringing goods.

Yes

Please Explain

Depending on the circumstances of the case, the statutory law for contributory liability (ref Q 204) may be applicable, such as Sections 39 and 40 of the Norwegian Design Act. Relevant circumstances might be the level of involvement by A in the business of X.

X sells handbags in an online shop which is hosted by a large market place platform owned by A. The handbags infringe the registered design of Z. A knows that X (and other web shop operators hosted by A's market place platform) sells infringing goods via their respective outline shops.

Yes

Please Explain

Under the Electronic Commerce Act (No: ehandelsloven) div 18 paragraph 1, someone like A, who provides electronic services such as a market place platform, will only be held liable for damages for third parties' information postings of illegal information (which would include infringing information), if the service provider knows this is illegal (knows there is infringement) and acts wilfully or with gross negligence. The service provider A could avoid liability if he takes action without undue delay to remove or block access to the information.

This would also be in line with div 39 of the Design Act which sets out that a party can be held liable if they contribute to breach of design rights.

X sells handbags in an online shop. The handbags infringe the registered design of Z. A designed the online advertising campaign for X's shop and books online advertising resources for X on websites and in search engines. A knows that X sells infringing goods.

Yes

Please Explain

There is a high risk that A may be held liable for contributory liability (ref Q 204) in this matter, ref a)-c) above. To some extent, and depending on the circumstances, including the independency of the design process, A may also be held directly liable for infringement (independent of liability by X).

For each of the hypotheticals in (a) to (c) above, does it make a difference if A merely suspects that X sells infringing goods? If yes, what is the level of “suspicions” required, and how is it demonstrated?

Hypothetical A

Yes

Please Explain

The Design Act is setting out a strict liability for infringement. However, the amount awarded as compensatory damages will reflect the degree of negligence.
d. Hypothetical B

Yes

Please Explain

The Design Act is setting out a strict liability for infringement. However, the amount awarded as compensatory damages will reflect the degree of negligence.

d. Hypothetical C

Yes

Please Explain

The Design Act is setting out a strict liability for infringement. However, the amount awarded as compensatory damages will reflect the degree of negligence.

4 In the following hypothetical, would party A be liable for Joint Infringement with party X? In your answer, please explain why or why not?

4.a Z owns a patent claiming a method for addressing memory space within a memory chip which is built into telecommunication device having further features (main processor, suitable software etc.). A manufactures memory chips. The chips are objectively suitable to be used for the claimed method. A’s memory chips are distributed over multiple distribution levels to a plethora of device manufacturers. A has no knowledge of the actual end use of its memory chips.

4.b Further, under your Group's law, would it be considered obvious (in the sense of Q204P) that A’s chips would be put to one or more infringing uses and if so, why?

5 In the following hypotheticals, would party A be liable for Joint Infringement with party X? Please explain why or why not.

5.a Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, also located in your country. A and B know that their servers exchange encrypted messages according to the patented method.

5.b Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, located outside your country. A and B know that their servers exchange encrypted messages according to the patented method.
Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. X operates server “a” outside your country, which exchanges encrypted messages with server “b” operated by Y, located in another country outside your country. A, located in your country, is a software consultant advising X and Y how to use the patented method (but A does not supply any software).

### Policy considerations and proposals for improvements of your Group's current law

<table>
<thead>
<tr>
<th>Question</th>
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<tbody>
<tr>
<td>5.c</td>
<td>Are there any other scenarios which result in Joint Liability for IPR infringement under your Group’s current law?</td>
</tr>
<tr>
<td>6</td>
<td>What remedies are available against a party found liable for Joint Infringement? In particular:</td>
</tr>
<tr>
<td>7.a</td>
<td>Is an injunction available?</td>
</tr>
<tr>
<td>7.b</td>
<td>Are damages or any other form of monetary compensation available?</td>
</tr>
<tr>
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<td>Are any of the available remedies different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?</td>
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**II. Policy considerations and proposals for improvements of your Group's current law**

<table>
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<tr>
<th>Question</th>
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<tbody>
<tr>
<td>8</td>
<td>Are there aspects of your Group’s current law that could be improved?</td>
</tr>
<tr>
<td>9</td>
<td>Should acts outside the scope of direct infringement or Contributory Infringement give rise to Joint Liability for IPR infringement?</td>
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<td>Should Joint Liability be excluded if one or more acts being necessary for establishing Joint Liability for IPR infringement are committed outside the domestic jurisdiction? Please explain why or why not.</td>
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<td>11</td>
<td>Are there any other policy considerations and/or proposals for improvement to your Group’s current law falling within the scope of this Study Question?</td>
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**III. Proposals for harmonisation**

*Please consult with relevant in-house / industry members of your Group in responding to Part III.*

<table>
<thead>
<tr>
<th>Question</th>
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</tr>
</thead>
<tbody>
<tr>
<td>12</td>
<td>Is a consolidated doctrine of Joint Liability for IPR infringement desirable?</td>
</tr>
</tbody>
</table>
Is harmonisation of the laws of Joint Liability for IPR infringement desirable?

If YES, please respond to the following questions without regard to your Group’s current law.

Even if NO, please address the following questions to the extent your Group considers your Group’s current law could be improved.

Please propose a suitable framework for Joint Liability for IPR infringement, focussing on the hypotheticals set out in Questions 3 to 5 above:

The acts in question are limited to activities such as renting retail space, hosting websites, advertising etc. (as further described in Question 3 (a) to (d) above)

The means supplied or offered by the contributory infringer related to a substantial element of the subject matter of the protected IPR, but at the time of offering or supply, the suitability and intended use were not known to the supplier or obvious under the circumstances (as further described in Question 4 above)

The infringing acts are divided between two parties, and the acts of each party do not qualify as direct infringement or Contributory Infringement, as further described in Question 5 (a) to (c) above.

Are there any other scenarios which should result in Joint Liability for IPR infringement, and where harmonisation is desirable?

Yes

Please Explain

It is thought to be desirable to achieve harmonisation with regard to scenarios in which multiple parties are involved, but where no party’s acts alone fulfil the requisites for being an infringement, yet furthers the infringement by advice or physical action. Particularly difficult issues arise in this type of situation where some parties operate in or from different jurisdictions, for example by providing advice or offering to provide physical means that are essential to work an invention, on the Internet.

What remedies should be available against a party found liable for Joint Infringement? In particular:

Should an injunction be available?

Yes

Please Explain

Yes, both preliminary and final injunctions should be available
### Should damages or any other form of monetary compensation be available?

**Yes**

**On what basis?**

Yes; same as set out above for direct infringement.

### Should any available remedies be different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?

**No**

**Please Explain**

### Please comment on any additional issues concerning any aspect of Joint Liability you consider relevant to this Study Question, having regard to the scope of this Study Question as set out in paragraphs 7 to 13 above.

Potential Joint Liability for violations of Unfair Competition laws and what remedies should be available against such violations should be considered and taken into account in this context.

### Please indicate which industry sector views are included in your Group’s answers to Part III.

**Technology (software/hardware)**

**IP advisers / IP professionals**
I. Current law and practice

Please answer all questions in Part I on the basis of your Group’s current law.

1. Are there any statutory provisions which specifically apply to Joint Liability?

No

Please Explain

IP Laws of Pakistan do not specifically recognize and apply to Joint Liability.

2. Under the case law or judicial or administrative practice in your jurisdiction, are there rules which specifically apply to Joint Liability?

No

Please Explain

The body of Case Law (Common Law) developed in Pakistan does not specifically recognize and apply to Joint Liability.

3. In the following hypotheticals, would party A be liable for Joint Infringement with party X? In each case, please explain why or why not.
3.a

X sells handbags in a shop which is a small stall located in a shopping mall owned by A. The handbags infringe the registered design of Z. A knows that X (and other tenants) sells infringing goods.

No

Please Explain

IP Laws of Pakistan do not specifically recognize and apply to Joint Liability. In Pakistan, Land Lord (or Lessor) is not liable for the Infringement committed by Lessee (or Tenant).

3.b

X sells handbags in an online shop which is hosted by a large marketplace platform owned by A. The handbags infringe the registered design of Z. A knows that X (and other web shop operators hosted by A's marketplace platform) sells infringing goods via their respective outline shops.

No

Please Explain

This point can be argued both ways. There is no specific statutory provision of law or Judicial precedent which directly applies to this case.

3.c

X sells handbags in an online shop. The handbags infringe the registered design of Z. A designed the online advertising campaign for X's shop and books online advertising resources for X on websites and in search engines. A knows that X sells infringing goods.

No

Please Explain

This point can be argued both ways. There is no specific statutory provision of law or Judicial precedent which directly applies to this case.

3.d

For each of the hypotheticals in (a) to (c) above, does it make a difference if A merely suspects that X sells infringing goods?

If yes, what is the level of "suspicion" required, and how is it demonstrated?

3.d.i

Hypothetical A

No

Please Explain

This point can be argued both ways. There is no specific statutory provision of law or Judicial precedent which directly applies to this case.

3.d.ii

Hypothetical B

No

Please Explain

This point can be argued both ways. There is no specific statutory provision of law or Judicial precedent which directly applies to this case.
Hypothetical C

No

Please Explain

This point can be argued both ways. There is no specific statutory provision of law or Judicial precedent which directly applies to this case.

4

In the following hypothetical, would party A be liable for Joint Infringement with party X? In your answer, please explain why or why not?

4.a

Z owns a patent claiming a method for addressing memory space within a memory chip which is built into telecommunication device having further features (main processor, suitable software etc.). A manufactures memory chips. The chips are objectively suitable to be used for the claimed method. A's memory chips are distributed over multiple distribution levels to a plethora of device manufacturers. A has no knowledge of the actual end use of its memory chips.

Yes

Please Explain

Yes. However, it depends on the circumstances/facts of each case.

4.b

Further, under your Group's law, would it be considered obvious (in the sense of Q204P) that A's chips would be put to one or more infringing uses and if so, why?

No

Please Explain

No

5

In the following hypotheticals, would party A be liable for Joint Infringement with party X? Please explain why or why not.

5.a

Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, also located in your country. A and B know that their servers exchange encrypted messages according to the patented method.

Yes

Please Explain

Yes. However, it depends on the circumstances/facts of each case.

5.b

Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, located outside your country. A and B know that their servers exchange encrypted messages according to the patented method.
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Yes

Please Explain

Yes. However, it depends on the circumstances/facts of each case.

Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. X operates server “a” outside your country, which exchanges encrypted messages with server “b” operated by Y, located in another country outside your country. A, located in your country, is a software consultant advising X and Y how to use the patented method (but A does not supply any software).

Yes

Please Explain

Yes. However, it depends on the circumstances/facts of each case.

Are there any other scenarios which result in Joint Liability for IPR infringement under your Group's current law?

No

Please Explain

Yes. However, it depends on the circumstances/facts of each case.

What remedies are available against a party found liable for Joint Infringement? In particular:

Is an injunction available?

Yes

Please Explain

This is remedy of choice of the right holder.

Are damages or any other form of monetary compensation available?

Yes

On what basis?

Yes, however, damages are difficult to prove.

Are any of the available remedies different in scope to the remedies available against acts of direct infringement or Contributory Infringement?

No

Please Explain
### II. Policy considerations and proposals for improvements of your Group's current law

8. Are there aspects of your Group’s current law that could be improved?

Yes

Please Explain

The concept of Joint liability for IP infringement should be recognized under IP laws.

9. Should acts outside the scope of direct infringement or Contributory Infringement give rise to Joint Liability for IPR infringement?

No

Please Explain

Acts outside the scope of direct infringement or Contributory Infringement should not give rise to Joint Liability for IPR infringement.

10. Should Joint Liability be excluded if one or more acts being necessary for establishing Joint Liability for IPR infringement are committed outside the domestic jurisdiction? Please explain why or why not.

No

Please Explain

Joint Liability should not be excluded if one or more acts being necessary for establishing Joint Liability for IPR infringement are committed outside the domestic jurisdiction. This policy is better for IPR enforcement and will plug loopholes in the IP Regime.

11. Are there any other policy considerations and/or proposals for improvement to your Group’s current law falling within the scope of this Study Question?

No

Please Explain

### III. Proposals for harmonisation

_Please consult with relevant in-house / industry members of your Group in responding to Part III._

12. Is a consolidated doctrine of Joint Liability for IPR infringement desirable?

Yes

Please Explain
Pakistan group favours harmonization of IP Laws. As such, consolidated doctrine of Joint Liability for IPR infringement is desirable.

Is harmonisation of the laws of Joint Liability for IPR infringement desirable?

Yes

Please Explain

Pakistan group favours harmonization of IP Laws. As such, harmonisation of the laws of Joint Liability for IPR infringement is desirable.

If YES, please respond to the following questions without regard to your Group’s current law.

Even if NO, please address the following questions to the extent your Group considers your Group’s current law could be improved.

Please propose a suitable framework for Joint Liability for IPR infringement, focussing on the hypotheticals set out in Questions 3 to 5 above:

Activities such as renting retail space, hosting websites, advertising etc. (as further described in Question 3 (a) to (d) above)

Activities such as above should give rise to Joint Liability for IPR infringement

The means supplied or offered by the contributory infringer related to a substantial element of the subject matter of the protected IPR, but at the time of offering or supply, the suitability and intended use were not known to the supplier or obvious under the circumstances (as further described in Question 4 above)

Activities such as above should give rise to Joint Liability for IPR infringement

The infringing acts are divided between two parties, and the acts of each party do not qualify as direct infringement or Contributory Infringement, as further described in Question 5 (a) to (c) above.

Activities such as above should not give rise to Joint Liability for IPR infringement

Are there any other scenarios which should result in Joint Liability for IPR infringement, and where harmonisation is desirable?

No

Please Explain
What remedies should be available against a party found liable for Joint Infringement? In particular:

Should an injunction be available?

Yes

Please Explain

Injunction is the remedy of choice for IP right holders. It preserves status quo as well as protects damage to business and goodwill of right holder.

Should damages or any other form of monetary compensation be available?

Yes

On what basis?

Damages as well as Monetary compensation should be available as a remedy to right holder.

Should any available remedies be different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?

No

Please Explain

Scope of remedies should be identical and should not depend on the acts of the Infringer.

Please comment on any additional issues concerning any aspect of Joint Liability you consider relevant to this Study Question, having regard to the scope of this Study Question as set out in paragraphs 7 to 13 above.

Not Applicable

Please indicate which industry sector views are included in your Group’s answers to Part III.

Not Applicable
I. Current law and practice

Please answer all questions in Part I on the basis of your Group’s current law.

1. Are there any statutory provisions which specifically apply to Joint Liability?

Yes

Please Explain

Law No. 35 of 1996 (Industrial Property Law) provides that whoever participates in the circulation of products that infringe patent, design or trademark rights is liable for unlawful use of industrial property rights. However, the statute does not define what is understood as "putting into circulation". Therefore, it seems that the statute would only reach carriers who knowingly transports infringing products.

2. Under the case law or judicial or administrative practice in your jurisdiction, are there rules which specifically apply to Joint Liability?

No

Please Explain

There has been no case law development on joint liability for IP infringement.

3. In the following hypotheticals, would party A be liable for Joint Infringement with party X? In each case, please explain why or why not.
X sells handbags in a shop which is a small stall located in a shopping mall owned by A. The handbags infringe the registered design of Z. A knows that X (and other tenants) sells infringing goods.

No

Please Explain

We believe under the current legislation A would not be liable because the law only refers to whoever puts into circulation products that infringe IP rights and does not refer to someone that contributes to the circulation of the goods, which could be the case of a landlord who know that his property is being used to sell infringing products.

X sells handbags in an online shop which is hosted by a large marketplace platform owned by A. The handbags infringe the registered design of Z. A knows that X (and other web shop operators hosted by A’s marketplace platform) sells infringing goods via their respective outline shops.

Yes

Please Explain

In this case, we believe A’s acts would fall within the scope of “putting into circulation” because A is knowingly providing the means for the circulation of the infringing products.

X sells handbags in an online shop. The handbags infringe the registered design of Z. A designed the online advertising campaign for X’s shop and books online advertising resources for X on websites and in search engines. A knows that X sells infringing goods.

No

Please Explain

We believe the acts of an advertiser would not fall within the scope of “putting into circulation” infringing products; therefore, under the current statute, A would not be liable.

For each of the hypotheticals in (a) to (c) above, does it make a difference if A merely suspects that X sells infringing goods? If yes, what is the level of “suspicion” required, and how is it demonstrated?

Hypothetical A

No

Please Explain

Because there is no liability for landlords under current statute.

Hypothetical B

Yes

Please Explain
It would have to very obvious to have a finding of liability.

**Hypothetical C**

No

**Please Explain**

Because there is no liability for advertisers under current statute.

In the following hypothetical, would party A be liable for Joint Infringement with party X? In your answer, please explain why or why not?

Z owns a patent claiming a method for addressing memory space within a memory chip which is built into telecommunication device having further features (main processor, suitable software etc.). A manufactures memory chips. The chips are objectively suitable to be used for the claimed method. A’s memory chips are distributed over multiple distribution levels to a plethora of device manufacturers. A has no knowledge of the actual end use of its memory chips.

No

**Please Explain**

Our law requires use of the patented method in order to have a liability finding. In this case, A is not using the patented method; therefore, is not liable.

Further, under your Group’s law, would it be considered obvious (in the sense of Q204P) that A’s chips would be put to one or more infringing uses and if so, why?

No

**Please Explain**

There is no provision in our law contemplating an obvious use of an IP right.

In the following hypotheticals, would party A be liable for Joint Infringement with party X? Please explain why or why not.

Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, also located in your country. A and B know that their servers exchange encrypted messages according to the patented method.

Yes

**Please Explain**

Because A is knowingly using the patented method without Z’s consent.
5. Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, located outside your country. A and B know that their servers exchange encrypted messages according to the patented method.

No

Please Explain

Only A would be liable under our local law. X is not liable because it is not within Panamanian jurisdiction.

5. Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. X operates server “a” outside your country, which exchanges encrypted messages with server “b” operated by Y, located in another country outside your country. A, located in your country, is a software consultant advising X and Y how to use the patented method (but A does not supply any software).

No

Please Explain

A would not be liable under our law because he is not using the patented method.

6. Are there any other scenarios which result in Joint Liability for IPR infringement under your Group’s current law?

No

Please Explain

There are no other situations contemplated in our law that would result in joint liability.

7. What remedies are available against a party found liable for Joint Infringement? In particular:

7.a. Is an injunction available?

Yes

Please Explain

It is available because our law includes injunctions as one of the provisional remedies that can be granted in cases of infringement of patent, design or trademark rights.

7.b. Are damages or any other form of monetary compensation available?

Yes

On what basis?

Calculation of damages can be based on the financial benefits obtained by the infringer as a result of the infringement.
II. Policy considerations and proposals for improvements of your Group's current law

8. Are there aspects of your Group's current law that could be improved?

Yes

Please Explain

There should be specific and well defined provisions concerning joint liability for IP infringement. The few provisions that our current law contain are very vague.

9. Should acts outside the scope of direct infringement or Contributory Infringement give rise to Joint Liability for IPR infringement?

Yes

Should that sound in availability of injunctive relieve and/or damages? Please explain why or why not.

Yes, that should be the case so that everyone knowingly aiding or facilitating the commission of an IP infringement could be held liable.

10. Should Joint Liability be excluded if one or more acts being necessary for establishing Joint Liability for IPR infringement are committed outside the domestic jurisdiction? Please explain why or why not.

No

Please Explain

If there are parties that can be held liable within the domestic jurisdiction, they should not be exempted of liability because there are others outside the domestic jurisdiction.

11. Are there any other policy considerations and/or proposals for improvement to your Group's current law falling within the scope of this Study Question?

Yes

Please Explain

The same improvements should be made to our Copyright Law, which currently does not contemplate any case of joint liability.

III. Proposals for harmonisation
Please consult with relevant in-house / industry members of your Group in responding to Part III.

Is a consolidated doctrine of Joint Liability for IPR infringement desirable?

Is harmonisation of the laws of Joint Liability for IPR infringement desirable?

If YES, please respond to the following questions without regard to your Group's current law.

Even if NO, please address the following questions to the extent your Group considers your Group's current law could be improved.

Please propose a suitable framework for Joint Liability for IPR infringement, focusing on the hypotheticals set out in Questions 3 to 5 above:

The acts in question are limited to activities such as renting retail space, hosting websites, advertising etc. (as further described in Question 3 (a) to (d) above)

The law should have a more broad description of what constitutes IP rights infringement, so that not only the parties involved in the circulation of infringing products could be held liable, but also the ones that knowingly facilitate the infringement, specifically, in cases of landlords, online commercial platforms, and website hosts. We do not believe that our law could impose liability on advertisers.

The means supplied or offered by the contributory infringer related to a substantial element of the subject matter of the protected IPR, but at the time of offering or supply, the suitability and intended use were not known to the supplier or obvious under the circumstances (as further described in Question 4 above)

We believe our law should not contemplate this situation as joint liability for IP infringement.

The infringing acts are divided between two parties, and the acts of each party do not qualify as direct infringement or Contributory Infringement, as further described in Question 5 (a) to (c) above.

We do not find any reason that could impede a finding of liability on a party within the local jurisdiction just because the liability is shared with another party outside the jurisdiction. Our law should be amended so that this situation is specifically addressed and regulated.

Are there any other scenarios which should result in Joint Liability for IPR infringement, and where harmonisation is desirable?

No

Please Explain
We believe the scenarios herein described encompass the situations that should result in joint liability for IPR infringement.

16. **What remedies should be available against a party found liable for Joint Infringement? In particular:**

   16.a. **Should an injunction be available?**
   
   Yes
   
   Please Explain
   
   Injunctions should be available to avoid the occurrence of the infringement or its continuation.

   16.b. **Should damages or any other form of monetary compensation be available?**
   
   Yes
   
   On what basis?
   
   Based on the financial benefits obtained by the infringer as a result of the infringement.

   16.c. **Should any available remedies be different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?**
   
   Yes
   
   Please Explain
   
   The fines set forth for cases of joint liability should not be the same as the ones provided for acts of direct infringement or contributory infringement. They should be lower.

17. **Please comment on any additional issues concerning any aspect of Joint Liability you consider relevant to this Study Question, having regard to the scope of this Study Question as set out in paragraphs 7 to 13 above.**

   We have no other comment.

18. **Please indicate which industry sector views are included in your Group’s answers to Part III.**

   We were not able to collect views from an industry sector since there are no in house counsels or industry representatives in our National Group. Hence, we could not answer questions 12 and 13.
I. Current law and practice

**Please answer all questions in Part I on the basis of your Group's current law.**

1. Are there any statutory provisions which specifically apply to Joint Liability?

No

Please Explain

2. Under the case law or judicial or administrative practice in your jurisdiction, are there rules which specifically apply to Joint Liability?

No

Please Explain

3. In the following hypotheticals, would party A be liable for Joint Infringement with party X? In each case, please explain why or why not.

3.a. X sells handbags in a shop which is a small stall located in a shopping mall owned by A. The handbags infringe the registered design of Z. A knows that X (and other tenants) sells infringing goods.

No

Please Explain
No, because our current law only addresses liability for direct infringement.

3.b X sells handbags in an online shop which is hosted by a large market place platform owned by A. The handbags infringe the registered design of Z. A knows that X (and other web shop operators hosted by A’s market place platform) sells infringing goods via their respective outline shops.

No

Please Explain

No, because our current law only addresses liability for direct infringement.

3.b X sells handbags in an online shop. The handbags infringe the registered design of Z. A designed the online advertising campaign for X’s shop and books online advertising resources for X on websites and in search engines. A knows that X sells infringing goods.

No

Please Explain

No, because our current law only addresses liability for direct infringement.

3.c For each of the hypotheticals in (a) to (c) above, does it make a difference if A merely suspects that X sells infringing goods? If yes, what is the level of “suspicion” required, and how is it demonstrated?

3.d Hypothetical A

No

Please Explain

No, because our current law only addresses liability for direct infringement.

3.d Hypothetical B

No

Please Explain

No, because our current law only addresses liability for direct infringement.

3.d Hypothetical C

No

Please Explain
No, because our current law only addresses liability for direct infringement.

In the following hypothetical, would party A be liable for Joint Infringement with party X? In your answer, please explain why or why not?

Z owns a patent claiming a method for addressing memory space within a memory chip which is built into telecommunication device having further features (main processor, suitable software etc.). A manufactures memory chips. The chips are objectively suitable to be used for the claimed method. A's memory chips are distributed over multiple distribution levels to a plethora of device manufacturers. A has no knowledge of the actual end use of its memory chips.

No

Please Explain

No, because our current law only addresses liability for direct infringement.

Further, under your Group's law, would it be considered obvious (in the sense of Q204P) that A's chips would be put to one or more infringing uses and if so, why?

No

Please Explain

This is irrelevant as under our current law liability only exists for direct infringement.

In the following hypotheticals, would party A be liable for Joint Infringement with party X? Please explain why or why not.

Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, also located in your country. A and B know that their servers exchange encrypted messages according to the patented method.

No

Please Explain

No, because our current law only addresses liability for direct infringement.

Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, located outside your country. A and B know that their servers exchange encrypted messages according to the patented method.

No

Please Explain

No, because our current law only addresses liability for direct infringement.
<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.c Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. X operates server “a” outside your country, which exchanges encrypted messages with server “b” operated by Y, located in another country outside your country. A, located in your country, is a software consultant advising X and Y how to use the patented method (but A does not supply any software).</td>
<td>No. Because our current law only addresses liability for direct infringement.</td>
</tr>
<tr>
<td>6 Are there any other scenarios which result in Joint Liability for IPR infringement under your Group’s current law?</td>
<td>No.</td>
</tr>
<tr>
<td>7 What remedies are available against a party found liable for Joint Infringement? In particular:</td>
<td></td>
</tr>
<tr>
<td>7.a Is an injunction available?</td>
<td>No. This question is not applicable as a party would not be found liable for Joint Infringement under our current law.</td>
</tr>
<tr>
<td>7.b Are damages or any other form of monetary compensation available?</td>
<td>No. This question is not applicable as a party would not be found liable for Joint Infringement under our current law.</td>
</tr>
<tr>
<td>7.c Are any of the available remedies different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?</td>
<td>No. This question is not applicable as a party would not be found liable for Joint Infringement under our current law.</td>
</tr>
</tbody>
</table>

II. Policy considerations and proposals for improvements of your Group’s current law
III. Proposals for harmonisation

Please consult with relevant in-house / industry members of your Group in responding to Part III.

12. Is a consolidated doctrine of Joint Liability for IPR infringement desirable?
Yes
Please Explain

13. Is harmonisation of the laws of Joint Liability for IPR infringement desirable?
Yes
Please Explain
If YES, please respond to the following questions without regard to your Group's current law.

Even if NO, please address the following questions to the extent your Group considers your Group’s current law could be improved.

14 Please propose a suitable framework for Joint Liability for IPR infringement, focussing on the hypotheticals set out in Questions 3 to 5 above:

14.a The acts in question are limited to activities such as renting retail space, hosting websites, advertising etc. (as further described in Question 3 (a) to (d) above)

N/A

14.b The means supplied or offered by the contributory infringer related to a substantial element of the subject matter of the protected IPR, but at the time of offering or supply, the suitability and intended use were not known to the supplier or obvious under the circumstances (as further described in Question 4 above)

N/A

14.c The infringing acts are divided between two parties, and the acts of each party do not qualify as direct infringement or Contributory Infringement, as further described in Question 5 (a) to (c) above.

N/A

15 Are there any other scenarios which should result in Joint Liability for IPR infringement, and where harmonisation is desirable?

No

Please Explain

No, we believe that the mentioned scenarios include the usual situations.

16 What remedies should be available against a party found liable for Joint Infringement? In particular:

16.a Should an injunction be available?

Yes

Please Explain
6. Should damages or any other form of monetary compensation be available?

Yes

On what basis?
Based on the loss of the owner of the IPR and the profits gained by the infringing parties

6. Should any available remedies be different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?

No

Please Explain

17. Please comment on any additional issues concerning any aspect of Joint Liability you consider relevant to this Study Question, having regard to the scope of this Study Question as set out in paragraphs 7 to 13 above.

N/A

18. Please indicate which industry sector views are included in your Group’s answers to Part III.

Mainly consumer goods sector.
I. Current law and practice

Please answer all questions in Part I on the basis of your Group’s current law.

1. Are there any statutory provisions which specifically apply to Joint Liability?

No

Please Explain

No, there are no statutory provisions in the Philippines which specifically apply to Joint Liability (as defined in this Study) in the context of infringement of IPR. Like in the United States, the concept of contributory infringement has its genesis in tort law and stems from the notion that one who directly contributes to another’s infringement should be held accountable. Put differently, the Philippines subscribes to the U.S. common law doctrine that one who knowingly participates in or furthers a tortious act is jointly and severally liable with the prime tortfeasor.

However, Section 4, Chapter 3, Title 1, Book IV of the Civil Code of the Philippines states the law on joint obligations. Under Article 1207 thereof, when there are two or more obligors in one and the same obligation, the presumption is that the obligation is joint so that each of the obligors is liable only for the proportionate part of the debt.

The Civil Code of the Philippines recognizes the primordial limitation of rights that in their exercise, the norms of human conduct as set forth by law must be observed. Even if a particular provision of law does not expressly provide for indemnification in case of violation of a right, so long as there is a violation of law and damage resulting therefrom, there is liability for damages under Article 20 of the Civil Code of the Philippines.

Therefore, a person whose right was violated is entitled to an adequate compensation only for such pecuniary loss suffered by him as he has duly proved. Article 2200 of the Civil Code of the Philippines provides that “indemnification for damages shall comprehend not only the value of the loss suffered, but also that of the profits which the obligee failed to obtain”.

2. Under the case law or judicial or administrative practice in your jurisdiction, are there rules which specifically apply to Joint Liability?

---
As stated in the answer in the preceding question, the Philippines has invariably adopted the U.S. concept of joint liability which is an outgrowth of enterprise liability, and imposes liability where one person knowingly contributes to the infringing conduct of another.

In *Inciong, Jr. v. Court of Appeals* [G.R. No. 96405, 26 June 1996], the Philippine Supreme Court explained the principle of joint obligations wherein if there are two or more obligors in one and the same obligation, the presumption is that the obligation is joint. However, this ruling generally applies to contractual obligations.

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**3. In the following hypotheticals, would party A be liable for Joint Infringement with party X? In each case, please explain why or why not.**

**3.a** X sells handbags in a shop which is a small stall located in a shopping mall owned by A. The handbags infringe the registered design of Z. A knows that X (and other tenants) sells infringing goods.

Yes

Please Explain

Generally, Section 155 of Republic Act No. 8293, or otherwise known as the Intellectual Property Code of the Philippines, provides that:

“Any person who shall, without the consent of the owner of the registered mark:

155.1. Use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark or the same container or a dominant feature thereof in connection with the sale, offering for sale, distribution, advertising of any goods or services including other preparatory steps necessary to carry out the sale of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or

155.2. Reproduce, counterfeit, copy or colorably imitate a registered mark or a dominant feature thereof and apply such reproduction, counterfeit, copy or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive, shall be liable in a civil action for infringement by the registrant for the remedies hereinafter set forth:

Provided, That the infringement takes place at the moment any of the acts stated in Subdiv 155.1 or this subdiv are committed regardless of whether there is actual sale of goods or services using the infringing material”.

Yes, party A may be liable for Trademark Infringement because party A profited from the sale of infringing handbags of party X.

Unlike in other jurisdictions that require intent for a criminal prosecution of Trademark Infringement, the Philippines does not statutorily countenance good faith as a defense. Therefore, lack of knowledge of infringement is not a valid defense. When an act is prohibited by a special law, it is considered injurious to public welfare, and the performance of the prohibited act is the crime itself. Since the Intellectual Property Code (Republic Act No. 8293, as amended) is a special law providing for the protection of Intellectual Property Rights, the performance of any of the prohibited acts indicated under such law is the crime itself.

The Philippine Supreme Court has consistently ruled in many cases that knowledge of the infringement is not required to constitute Trademark Infringement. One does not need to know that he is copying a mark without consent of the rightful owner to violate Intellectual Property Rights.

**3.b** X sells handbags in an online shop which is hosted by a large marketplace platform owned by A. The handbags infringe the registered design of Z. A knows that X (and other web shop operators hosted by A's marketplace platform) sells infringing goods via their respective outline shops.

Yes

Please Explain

Yes, party A may be liable for Trademark Infringement because party A profited from the sale of infringing handbags of party X. Same
3.c X sells handbags in an online shop. The handbags infringe the registered design of Z. A designed the online advertising campaign for X's shop and books online advertising resources for X on websites and in search engines. A knows that X sells infringing goods.

Yes
Please Explain
Yes, party A may be liable for Trademark Infringement because party A designed the online advertising campaign for party X's shop that sells infringing handbags and profited therefrom. Section 155 of the Intellectual Property Code of the Philippines penalizes the advertising of infringing goods or services as an act constituting Trademark Infringement.

3.d
For each of the hypotheticals in (a) to (c) above, does it make a difference if A merely suspects that X sells infringing goods? If yes, what is the level of “suspicion” required, and how is it demonstrated?

3.d.i Hypothetical A
No
Please Explain
No, it does not make any difference. Mere suspicion that party X sells infringing goods is not material for a person to commit Trademark Infringement. To reiterate, performance of any of the prohibited acts, with or without knowledge of infringement, indicated under the Intellectual Property Code of the Philippines is punishable as a crime itself.

3.d.ii Hypothetical B
No
Please Explain
No, it does not make any difference. Mere suspicion that party X sells infringing goods is not material for a person to commit Trademark Infringement. To reiterate, performance of any of the prohibited acts, with or without knowledge of infringement, indicated under the Intellectual Property Code of the Philippines is punishable as a crime itself.

3.d.iii Hypothetical C
No
Please Explain
No, it does not make any difference. Mere suspicion that party X sells infringing goods is not material for a person to commit Trademark Infringement. To reiterate, performance of any of the prohibited acts, with or without knowledge of infringement, indicated under the Intellectual Property Code of the Philippines is punishable as a crime itself.
In the following hypothetical, would party A be liable for Joint Infringement with party X? In your answer, please explain why or why not?

Z owns a patent claiming a method for addressing memory space within a memory chip which is built into telecommunication device having further features (main processor, suitable software etc.). A manufactures memory chips. The chips are objectively suitable to be used for the claimed method. A’s memory chips are distributed over multiple distribution levels to a plethora of device manufacturers. A has no knowledge of the actual end use of its memory chips.

No

Please Explain

No, party A will not be held liable for Patent Infringement because there was no indication that party A was specifically manufacturing memory chips to be used to infringe the patented method owned by party Z in order to profit therefrom. The fact that party A’s memory chips are “distributed over multiple distribution levels to a plethora of device manufacturers” indicate that such memory chips are not specifically made to be used to infringe the patented method owned by party Z.

Further, under your Group's law, would it be considered obvious (in the sense of Q204P) that A’s chips would be put to one or more infringing uses and if so, why?

No

Please Explain

No, it cannot be considered obvious. The manufacturing of memory chips alone does not necessarily constitute infringement. If there is no act performed that will indicate that the said memory chips are being manufactured to infringe a patent rightfully owned by another. Mere conjecture will not suffice to prove that patent infringement has been committed under the Intellectual Property Code of the Philippines.

In the following hypotheticals, would party A be liable for Joint Infringement with party X? Please explain why or why not.

Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, also located in your country. A and B know that their servers exchange encrypted messages according to the patented method.

Yes

Please Explain

Section 76 of Republic Act No. 8293, or otherwise known as the Intellectual Property Code of the Philippines, provides that:

“SECTION 76. Civil Action for Infringement. — 76.1. The making, using, offering for sale, selling, or importing a patented product or a product obtained directly or indirectly from a patented process, or the use of a patented process without the authorization of the patentee constitutes patent infringement”.

Yes, party A may be held liable for Patent Infringement because party A profited from the use of the patented method with party X.
Unlike in other jurisdictions that require intent for a criminal prosecution of Patent Infringement, the Philippines does not statutorily countenance good faith as a defense. Therefore, lack of knowledge of infringement is not a valid defense. When an act is prohibited by a special law, it is considered injurious to public welfare, and the performance of the prohibited act is the crime itself. Since the *Intellectual Property Code of the Philippines* is a special law providing for the protection of Intellectual Property Rights, the performance of any of the prohibited acts indicated under the law is the crime itself.

Again, the Philippine Supreme Court has consistently ruled in many cases that knowledge of the infringement is not required to constitute Patent Infringement. One does not need to know that he is copying a patented work or method without consent of the rightful owner to violate Intellectual Property Rights.

5.b Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, located outside your country. A and B know that their servers exchange encrypted messages according to the patented method.

Yes

Please Explain

Party A may be held liable for Patent Infringement under the Intellectual Property Code of the Philippines since party A profited from the use of the patented method owned by party Z without his consent.

However, party X may arguably not be jointly liable with party A since he is located outside the jurisdiction of the Philippines.

5.c Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. X operates server “a” outside your country, which exchanges encrypted messages with server “b” operated by Y, located in another country outside your country. A, located in your country, is a software consultant advising X and Y how to use the patented method (but A does not supply any software).

Yes

Please Explain

Party A may be liable for Patent Infringement under Section 76 of the Intellectual Property Code of the Philippines for inducing party X to infringe the patent owned by party Z, viz.:

“76.6. Anyone who actively induces the infringement of a patent or provides the infringer with a component of a patented product or of a product produced because of a patented process knowing it to be especially adopted for infringing the patented invention and not suitable for substantial non-infringing use shall be liable as a contributory infringer and shall be jointly and severally liable with the infringer”.

6 Are there any other scenarios which result in Joint Liability for IPR infringement under your Group’s current law?

Yes

Please Explain

Other than Trademark and Patent Infringement, the *Intellectual Property Code of the Philippines* also penalizes Copyright Infringement. Copyright Infringement occurs when there is a violation of any of the exclusive economic or moral rights granted to the copyright proprietor. It may also consist in aiding or abetting such infringement.

Section 217 of Intellectual Property Code of the Philippines provides for the liability of a person who at the time when copyright subsists in a work has in his possession an article which he knows, or ought to know, to be an infringing copy of the work for the following purposes: (a) selling or letting for hire, or by way of trade offering or exposing for sale or hire, the article; (b) distributing the article for the purpose of trade,
or for any other purpose to an extent that will prejudice the rights of the copyright owner in the work; or (c) trade exhibit of the article in public.

7. What remedies are available against a party found liable for Joint Infringement? In particular:

7.a. Is an injunction available?
Yes

Please Explain

Yes, an injunctive relief lies against a party found liable for joint infringement: 1) Section 155 of the Intellectual Property Code for trademark infringement; 2) Section 76 of the Intellectual Property Code for patent infringement; and 3) Section 216 of the Intellectual Property Code for copyright infringement.

7.b. Are damages or any other form of monetary compensation available?
Yes

On what basis?

Yes, the measure of damages or monetary compensation available differ on the kind of intellectual property that is infringed as set forth in Section 155 (for trademark infringement), Section 76 (for patent infringement), and Section 216 (for copyright infringement) of the Intellectual Property Code.

7.c. Are any of the available remedies different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?
Yes

Please Explain

As earlier stated, the Philippine courts generally cite precedential and applicable U.S. cases in adjudicating intellectual property rights cases. Thus, for both contributory infringement and inducement, a threshold requirement is the existence of direct infringement. Accordingly, in cases where direct infringement has not occurred or results from the activities of unrelated parties, a claim for contributory infringement is not available even when the knowledge elements are present. The remedies as set forth above on finding of Direct Infringement or Contributory Infringement may vary on the degree of the prejudice or damage inflicted on the IPR proprietor and the whether the intent to infringe exists as may be established in the course of litigation.

II. Policy considerations and proposals for improvements of your Group's current law

8. Are there aspects of your Group's current law that could be improved?
Yes

Please Explain

Given the dearth of applicable jurisprudence in intellectual property law in this jurisdiction, a new case law should evolve which clarifies and provides judicial guideposts on uncharted issues relating to joint liability within the purview of the various classes of intellectual property rights.
III. Proposals for harmonisation

Please consult with relevant in-house / industry members of your Group in responding to Part III.

12. Is a consolidated doctrine of Joint Liability for IPR infringement desirable?

Yes

Please Explain

The consolidated doctrine of joint liability for IPR infringement is desirable because it will establish a clear set of principles that may be applied or enforced in different jurisdictions around the world.

13. Is harmonisation of the laws of Joint Liability for IPR infringement desirable?

Yes

Please Explain

It is earnestly hoped that a local study group may be organized to explore in greater detail and depth the possibility of crafting an amendatory statute addressing the two basic requirements (supply of a substantial element plus knowledge or obvious suitability) formulated by this Study that can give rise to Joint Liability for IPR infringement.
If YES, please respond to the following questions without regard to your Group's current law.

Even if NO, please address the following questions to the extent your Group considers your Group's current law could be improved.

14. Please propose a suitable framework for Joint Liability for IPR infringement, focussing on the hypotheticals set out in Questions 3 to 5 above:

14.a The acts in question are limited to activities such as renting retail space, hosting websites, advertising etc. (as further described in Question 3 (a) to (d) above)

In response to a), b) and c) above, whilst on a limited scale, the analytical framework provided in the U.S. leading case of Fonavisa, Inc. v. Cherry Auction, Inc., Richard Pilegard, W.D. Mitchell, Margaret Michell, United States Court of Appeals for the Ninth Circuit, 25 January 1996, may suffice as an starting point. Moreover, the classic statement of the doctrine is in Gershwin applies: One who, with knowledge of the infringing activity, induces causes or materially contributes to the infringing conduct of another may be held liable as a “contributory infringer.”

14.b The means supplied or offered by the contributory infringer related to a substantial element of the subject matter of the protected IPR, but at the time of offering or supply, the suitability and intended use were not known to the supplier or obvious under the circumstances (as further described in Question 4 above)

In response to a), b) and c) above, whilst on a limited scale, the analytical framework provided in the U.S. leading case of Fonavisa, Inc. v. Cherry Auction, Inc., Richard Pilegard, W.D. Mitchell, Margaret Michell, United States Court of Appeals for the Ninth Circuit, 25 January 1996, may suffice as an starting point. Moreover, the classic statement of the doctrine is in Gershwin applies: One who, with knowledge of the infringing activity, induces causes or materially contributes to the infringing conduct of another may be held liable as a “contributory infringer.”

14.c The infringing acts are divided between two parties, and the acts of each party do not qualify as direct infringement or Contributory Infringement, as further described in Question 5 (a) to (c) above.

In response to a), b) and c) above, whilst on a limited scale, the analytical framework provided in the U.S. leading case of Fonavisa, Inc. v. Cherry Auction, Inc., Richard Pilegard, W.D. Mitchell, Margaret Michell, United States Court of Appeals for the Ninth Circuit, 25 January 1996, may suffice as an starting point. Moreover, the classic statement of the doctrine is in Gershwin applies: One who, with knowledge of the infringing activity, induces causes or materially contributes to the infringing conduct of another may be held liable as a “contributory infringer.”

15. Are there any other scenarios which should result in Joint Liability for IPR infringement, and where harmonisation is desirable?

Yes
In light of the dearth of domestic jurisprudence or case law relating to IPR issues in this jurisdiction, we cannot conceive of any other scenarios which should result in joint liability for IPR infringement and inspire harmonization at this time.

**16. What remedies should be available against a party found liable for Joint Infringement? In particular:**

**6.a. Should an injunction be available?**

Yes

Please Explain

As earlier mentioned in the answer to Item 7(a) above, injunctive reliefs are available which may apply to joint liability.

**6.b. Should damages or any other form of monetary compensation be available?**

Yes

On what basis?

See Item 7(b) above which may apply to joint liability as well.

**6.c. Should any available remedies be different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?**

Yes

Please Explain

See Item 7(c) above.

**17. Please comment on any additional issues concerning any aspect of Joint Liability you consider relevant to this Study Question, having regard to the scope of this Study Question as set out in paragraphs 7 to 13 above.**

For the moment, we have no additional issues to provide which may impact on the relevancy of this Study Question.

**18. Please indicate which industry sector views are included in your Group’s answers to Part III.**

Aside from colleagues in the legal industry, we consulted the local pharmaceutical and allied industry sectors as well.
I. Current law and practice

Please answer all questions in Part I on the basis of your Group’s current law.

1. Are there any statutory provisions which specifically apply to Joint Liability?

Yes

Please Explain

1. GENERAL INFORMATION

Polish law does not contain any special provisions governing the indirect infringements of intellectual property rights [further: IPRs]. In cases of indirect infringements of IPRs the general provisions on liability for torts shall apply, in particular the provisions of:

a. Article 415 of the Polish Civil Code [further: CC]  
   A person who has inflicted damage to another person by his own fault shall be obliged to redress it.;

and

a. Article 422 CC  
   Not only a person who has directly inflicted damage but also the person who has induced another person to inflict the damage or who has assisted him, as well as the person who consciously benefited from the damage inflicted to another person shall be liable for the damage.

It should be emphasized that the abovementioned regulations and consequently the case-law, in large extent relate to regular civil claims (not IPRs), yet they do find appropriate application for IPRs cases, what is confirmed by jurisprudence:

a. the Supreme Court [further: SN] 24.06.2014, I CSK 540/13
“According to the article 422 of the CC it is not only the direct perpetrator who is responsible for the damage, but also the one who knowingly took benefit of that damage. This provision also applies to claims arising from infringement of industrial property rights, including the one provided in the article 296 div 1 of the Industrial Property Law Act, it is a claim for unjustified benefits.”

a. SN 30.04.1974, II CR 161/74

“On the basis of Act on Inventive Law, when it comes to the claims arising from an infringement of the right to exclusive use of an invention or utility model, the provision of the article 422 of the CC applies, which includes, apart from the direct perpetrator, the person who induced other person to cause damage or was helpful to him, as well as who consciously benefitted from the damage caused to a third party.”

a. SN 11.08.2011, I CSK 633/10

“Provision included in the article 79 div 1 point 3 letter a) of the Act on Copyright and Related Rights – which is a reference to ‘general principles’ (Article 415 of the CC) is an alternative to the detailed regulation of damages in the article 79 div 1 point 3 letter b), which means that this second provision is a special provision with respect to the article 415 of the CC. The uniqueness of the regulation contained in the article 79 div 1 point 3 letter b) manifests itself only in a withdrawal from the principle of restitution in favour of a statutory compensation in lump sum (twice or three times the amount of remuneration), objectification of liability, and the introduction of a repressive element in the case of the perpetrator’s guilt. The remaining elements of responsibility are characteristic of the classical approach to tort liability. For this reason, in both the case-law and the literature, the accepted view is that due to infringement of copyrights the assistant and instigator are liable on the basis of the article 422 of the CC.”

a. Appeal Court in Białystok 21.11.2013, I ACa 455/13

“The publisher of the plagiarised work should be treated as an assistant of the perpetrator due to the nature of the relationship existing between the author of plagiarism, who directly infringes the protected copyrights and the person duplicating plagiarism by publishing process and during the distribution of the plagiarised work. Article 422 CC constitutes a (related to the Article 415 CC) basis of liability for both of them.”

Indirect IPRs infringements may take form of an assistance, instigation or benefiting from the damage caused by direct infringement. In order to effectively pursue claims for damages related to indirect infringements, it should be demonstrated that the actions of a given entity constitutes one of the forms of indirect infringement and an appropriate degree of guilt must be proven. The three elements must be present:

a. damage caused by the infringement,

b. normal relationship between the damage that occurred and the indirect infringement of IPRs,

c. guilt in a degree that is required for given form of perpetration,

Entity, that has suffered damage as a result of indirect IPRs infringement, is entitled to claim only for damages. When there is a risk that the indirect infringement may occur in future, but it has not yet happened such entity can use preventive claim based on Article 439 of the CC) but is not entitled to file an interim injunction motion.

Due to the unique nature of the services provided via the Internet, liability for indirect IPRs infringements as a result of these services is significantly limited. Party indirectly infringing IPRs in such way (service provider) may be released from liability on the conditions described point 1.4 below. The justification for the regulation are the principles of business transactions. It is emphasized that it should not be required that the entities providing hundreds of thousands of micro-services for many other entities, often anonymous, shall control all the data they deal with.

1. DAMAGE

Article 415 CC and article 422 CC indicate that there must be damage incurred to the entity that presents its claim. If there is no damage whatsoever, then one cannot claim tort liability of the infringing party. In other words, an entity violating the IPRs indirectly is liable only if its action has contributed to the damage.

Burden of proof of the existence of damage, its type and amount is held by the entity whose rights have been infringed. In the event that the damage or its amount is not proven, the claim against the indirect infringer cannot be effective. Apart from the damage itself and its amount, it is also necessary to demonstrate a normal relationship between the indirect violator’s activity and the damage it caused.

1. PERPETRATION FORM / GUILT
Regarding the actus reus of the infringing party, the provisions establish three forms of indirect infringements of IPRs:

a. an assistant,

b. an instigator and

c. entity benefiting from the infringement.

If several people are liable for the damage inflicted by a tort, their liability shall be joint and several (art. 441(1) CC). Bearing in mind the above, the all infringers are jointly liable with the party that caused direct infringement of IPRs

1. ASSISTANT AND INSTIGATOR

Assistance and instigation are forms of performance that are very similar and often overlaps, thus they will be discussed jointly.

ASSISTANT

Assistant is an entity whose actions or omissions allow or simplify causing a direct infringement of IPRs by a third party. Any activity or inactivity of an assistant, which constitutes any and all ‘help’ to the direct violator, may be considered as such action or omission. “Assistance may therefore take a form of enabling or facilitating damage to another person, including, for example, conceptual support (so-called intellectual help), which means help in causing damage, but not facilitating the concealment the traces of the damage that had been previously caused by the direct perpetrator.” (SN 20.09.2013, II CSK 657/12). It is an open list of activities. The entity who claims that the indirect violator assisted the direct violator holds the burden of proof in such case.

INSTIGATOR

Instigator is an entity that induces a third party to inflict damage on the other party by infringing the IPRs. The Supreme Court stated that: “one who encourages others to do damage to others and gives advice on how to act contrary to the law, is an instigator within the meaning of art. 136 obligation code (now: art. 422 CC). The instigator, like an assistant, is responsible for all the damage he caused the perpetrator to do.” (6.12.1972 r., I PR 212/72).

The instigator, like an assistant, is jointly liable with the direct violator, for all the damage he caused. In practice, this is a very rare form of indirect infringement. Due to the nature of the acts that may constitute instigation (inducement), it is assumed that such actions have to be intentional - but this only concern the act of violation itself and not the type of damage or its size.

AWARENESS OF FAULT AND GUILT

In the case of both forms of an assistant and instigator, there is a sine qua non condition to attribute a liability to them by showing their awareness of fault and guilt. The jurisprudence stays that “assistance can only be committed intentionally, although both with direct intention or recklessly. Only a person who cooperates with the one causing the damage, i.e. person that helps him consciously, can be considered as an assistant. Awareness of assistance with unlawful action determines the assistant’s guilt. The opposite view, assuming that the person who acts unintentionally or does not realise that he is helping someone, would expand responsibility to an extent that could not be reconciled with the principles of equity. The view that assisting can only be committed intentionally connects with the assumption that unlawful (as an act contrary to the principles of social coexistence) is an intentional act or omission facilitating or conducive to causing damage by the direct perpetrator to another person, even if the act or omission was not unlawful itself.” (SN 18.05.2017, III CSK 190/16).

Intention should be understood as the awareness of an indirect infringing party of the fact that it helps or induces a third party (direct violator). Guilt may take form of any and all negligence, so it is defined by courts widely. In particular, it is not required to demonstrate that the assistant or instigator acted with willful misconduct. By contrast, inadvertent guilt should be understood as recklessness, this is when the entity is aware of the fact that its behaviour may cause damage, but unjustifiably thinks that the damage will not happen. Also, gross negligence is sufficient to attribute guilt, this is when the indirect infringing party did not foresee the possibility of causing damage, although it could and should have foreseen this.

It should be emphasized that even proving ‘any negligence’ might be in practice complicated, especially in cases, where the direct infringement itself causes doubts in a given case. The court shall assess each case individually, e.g. a much stricter caution rule will be required from professional entities (entrepreneurs) if it is a part of their business (SN 11.08.2011, I CSK 633/10).

As a consequence of the above considerations, it should be assumed that the assistant must not be the entity that ‘helped’ the direct violator only after the infringement, unless it had been assured about the willingness of such assistance before this infringement (SN 20.09.2013, II CSK 657/12). Similarly, with the definition of inducement itself - as activities encouraging to infringement, there can be no such action made after a direct infringement had been done.

Both the assistant and the instigator are liable only for the damage that is in normal relation to their own infringement, but to its full extent, regardless of their knowledge or foreseeability of its scope.
1. ENTITY BENEFITING FROM THE INFRINGEMENT

The indirect IPRs infringement in the form of benefiting from the direct infringement is a very specific form of infringement and is connected with additional rigors imposed on the plaintiff (entity whose IPRs were violated).

The definition of the benefit-making is simple - the indirectly infringing entity obtains a property advantage as a result of third party direct infringement. The liability of such an entity is limited by the degree of guilt which must be attributed to it. It should be demonstrated that it jointly occurred:

a. entity benefited from the damage done to a third party,

b. there is a normal relationship between the direct infringement of IPRs and the profit of the indirectly infringing party,

c. awareness of this entity that it obtains the benefit from the damage done to a third party and the desire to obtain this benefit, i.e. intentional fault.

Intentional fault should be understood as the behaviour of the indirectly infringing party when it wants to cause damage or, at least, does not want to cause such damage, but is aware of the possibility of doing it and nevertheless it behaves in a manner that can lead to this damage and agrees with its possible consequences.

The above was confirmed by the jurisprudence, which stated that “one’s liability on the basis of the article 422 of the CC, that is, among other things, for the conscious benefitting from the damage caused by someone else’s fault, is the liability for his own deed, but it is not the kind of doer’s liability, because the one is not the perpetrator of this damage. Three elements must be included in such action: benefits must be obtained, the benefitting person must be aware of the benefits gained and be aware of the damage that was done to another, and the source of the benefit must be this damage. By benefit coming from the damage is understood any property advantage or gain in the form of an increase in assets, reduction of liabilities, avoidance of a possible decrease in assets, or any non-property gain (personal). However, in order to impute fulfillment of a crime by the beneficiary, he must be aware of benefitting from the damage caused to another person, this is a situation when the one who has benefited from the damage can be attributed with intention or gross negligence.” (SA in Katowice 13.02.2014, I ACa 1090/13). The awareness of the fact that benefits come from someone else’s forbidden act, was underlined by Supreme Court (SN 21.12.2017, III CZP 89/17).

1. EXCLUSION OF LIABILITY OF SERVICE PROVIDERS VIA INTERNET

Issues related to the technological development and a relatively new type of indirect IPRs violations, this is indirect infringement of IPRs that may be caused by service providers via Internet, needs to be discussed separately.

In Polish law, these issues have been separately regulated in the Act on Electronic Services of July 18, 2002. For the purposes of this report, these amendments (in comparison to the general tort provisions described above) will be presented with a breakdown due to the type of services that are provided.

SHEER TRANSFER SERVICES

Entities that provide sheer transmission services, this is entities that only provide tools enabling data transmission on the network, are released from liability for indirect IPRs infringements of the content they transfer.

In order to effectively release from such liability, these entities have to fulfil the following conditions jointly:

a. they do not initiate the transfer of data,

b. they do not choose the recipient of transfer,

c. they do not the data being transferred.

CACHING SERVICE

Entities that provide caching services, are the entities that exclusively provide services consisting of automated, short-term and indirect storage of data in order to speed up the re-access to that data on request of a third party, released from liability for indirect IPRs infringements of the content they send.

In order to effectively release from such liability, these entities have to immediately delete infringing data or prevent access to it if:

a. data has been deleted from the original source of the transmission or access to it has been prevented,
or

a. the caching provider is notified that the court or other competent authority has ordered that the data has to be removed or access to this data has to be prevented.

HOSTING SERVICE

Entities that provide hosting services, this is entities providing tools to enable the storage of data by third parties, are released from liability for indirect IPRs infringements of the content they storage.

In order to effectively release from such liability, these entities have to fulfil the following conditions:

a. the entity must not know about the unlawful nature of data stored for a third party or unlawful nature of related to that data activities,

b. in the event of obtaining information about the unlawful nature of stored data or unlawful nature of related to that data activities, it will immediately prevent access to that data.

2 Under the case law or judicial or administrative practice in your jurisdiction, are there rules which specifically apply to Joint Liability?

Yes

Please Explain

There is a case law, which establishes ‘rules’ relating to joint liability of indirectly infringing parties. As well as there is case-law that indicates that the provisions regarding the liability under Article 422 CC should be applied accordingly for IPRs infringements, see the citation in answer to the question 1) above. Note that, case-law in Poland is not a source of law itself, but it is only a supplement to the provisions contained in the statutes. It indicates the direction in which any given provision of statute law should be interpreted.

3 In the following hypotheticals, would party A be liable for Joint Infringement with party X? In each case, please explain why or why not.

3.a X sells handbags in a shop which is a small stall located in a shopping mall owned by A. The handbags infringe the registered design of Z. A knows that X (and other tenants) sells infringing goods.

Yes

Please Explain

Given the fact that A is aware that the sale of goods infringes the rights of other entities, it should be found liable for indirect infringement of IPRs as an assistant and might be found liable as the entity benefiting from the damage caused by direct infringement.

As an assistant, A should be liable for an indirect IPRs infringement, this is because A is aware of infringements done by X and other entities, and nevertheless assists them by providing surface that is necessary to trade and due to that A should be found acting in guilt. There is a normal connection between actions of A and the direct infringements committed by X, i.e. if A did not provide to X its premises, X could not sell goods that violates the rights of other entities.

As a benefit recipient, A might be liable for an indirect IPRs infringement, this is because A benefits from the damage resulting from direct infringement of X (A gets the rent). There is also a normal relationship between action A and the violation committed by X, as explained above. We assume that A knows about infringements committed by X, in a real case, however, it would have to be proved that A is aware of it (consciousness). Moreover, it would be extraordinarily difficult to prove that A benefits from this very damage done to the third part and not only benefits from the regular rent that would be paid regardless of the infringement.
Having regard to the provision of Article 441 of the CC, A would be jointly liable with X.

3.b

X sells handbags in an online shop which is hosted by a large market place platform owned by A. The handbags infringe the registered design of Z. A knows that X (and other web shop operators hosted by A’s market place platform) sells infringing goods via their respective outline shops.

Yes

Please Explain

Given the fact that A is aware that the sale of goods infringes the rights of other entities, it should be found liable for indirect infringement of IPRs as an assistant and might be found liable as the entity benefiting from the damage caused by direct infringement.

A should be found liable on the very same basis and for the very same reasons as in answer to question a), however the assistance act would be manifested by providing hosting service.

Note mentioned in div 1.4.C. above restrictions on the liability of entities providing the hosting service, but given that the entity is aware of infringements, it should be responsible for the indirect infringement. Again, it would be extraordinarily difficult to prove that A benefits from this very damage done to the third part and not only benefits from the regular payment for services that would be paid regardless of the infringement – this would be much easier to be proved if A received a fee for each transaction done by X.

Having regard to the provision of Article 441 of the CC, A would be jointly liable with X.

3.c

X sells handbags in an online shop. The handbags infringe the registered design of Z. A designed the online advertising campaign for X’s shop and books online advertising resources for X on websites and in in search engines. A knows that X sells infringing goods.

Yes

Please Explain

Given the fact that A is aware that the sale of goods infringes the rights of other entities, it should be found liable for indirect infringement of IPRs as an assistant and might be found liable as the entity benefiting from the damage caused by direct infringement.

As an assistant, A should be liable for an indirect IPRs infringement, this is because A is aware of infringements done by X and other entities, and nevertheless assists them by advertising their goods and due to that A should be found acting in guilt. There is a normal connection between actions of A and the direct infringements committed by X, i.e. if A did not provide to X its services, X could not sell so many goods that infringes third party’s IPRs.

As a benefit recipient, A might be liable for an indirect IPRs infringement; this is because A benefits from the damage resulting from direct infringement of X (A gets the payment). There is also a normal relationship between action A and the violation committed by X, as explained above. We assume that A knows about infringements committed by X. in a real case, however, it would have to be proved that A is aware of it (consciousness). Again, it would be extraordinarily difficult to prove that A benefits from this very damage done to the third part and not only benefits from the regular payment for services that would be paid regardless of the infringement, unless this is the only service A provides for X.

Having regard to the provision of Article 441 of the CC, A would be jointly liable with X.

3.d

For each of the hypotheticals in (a) to (c) above, does it make a difference if A merely suspects that X sells infringing goods? If yes, what is the level of “suspicion” required, and how is it demonstrated?

Hypothetical A
A should be considered as an assistant if it could be demonstrated that A was aware of the infringement or was guilty of (any) negligence in this regard. In theory, an appropriate level of 'suspicion' would be any suspicion in this respect, but in practice it would cause vast difficulties in proving this, e.g. it would be difficult to demonstrate that A had any suspicions and this is due to a lack of appropriate evidences.

In this case, A could not be found liable as an entity benefiting from the infringement, this is because it would require proof that A gained benefit from this damage consciously (intentionally), i.e. A knew about the infringements and intended to profit from them.

Hypothetical B

Note the exclusions of liability of services providers via Internet, mentioned is div 1.4.C. above

A should be considered as an assistant if it could be demonstrated that A was aware of the infringement or was guilty of (any) negligence in this regard. In theory, an appropriate level of 'suspicion' would be any suspicion in this respect, but in practice it would cause vast difficulties in proving this, e.g. It would be difficult to demonstrate that A, while conducting a hosting service for many entities, investigated this very case of its services. A specific circumstance would have to be revealed, which would indicate that A had a basis for the suspicion, but in such case any and all suspicion is sufficient.

In this case, A could not be found liable as an entity benefiting from the infringement, this is because it would require proof that A gained benefit from this damage consciously (intentionally), i.e. A knew about the infringements and intended to profit from them.

Hypothetical C

In such case A should be responsible as an assistant on the same basis and on the same conditions as in answer for a) above, this is it must be shown that A was aware of the infringement or was guilty of (any) negligence in this regard

A could not be found liable as an entity benefiting from the infringement, this is because it would require proof that A gained benefit from this damage consciously (intentionally), i.e. A knew about the infringements and intended to profit from them.

It should be pointed out that the additional ‘care’ might be required from A, which is an entity that professionally provides advertising services (vide I AcA 455/13).

In the following hypothetical, would party A be liable for Joint Infringement with party X? In your answer, please explain why or why not?

Z owns a patent claiming a method for addressing memory space within a memory chip which is built into telecommunication device having further features (main processor, suitable software etc.). A manufactures memory chips. The chips are objectively suitable to be used for the claimed method. A’s memory chips are distributed over multiple distribution levels to a plethora of device manufacturers. A has no knowledge of the actual end use of its memory chips.

No
Please Explain

Such actions of A should not be considered as direct or indirect IPRs infringement on the basis of Polish law.

Such behaviour of A should, at most, qualify as a ‘threat’ of a future infringement. As a consequence, Z could on the basis of the Article 439 of the CC demand from A to take an action that would prevent future infringements, e.g. the appropriate programming of chips.

Due to a lack of A’s awareness and lack of a ‘normal’ relationship between its actions and the damage that occurred it is impossible to recognise this as an indirect IPRs infringement. It is also not possible to acknowledge joint liability A with X (vide III CSK 190/16).

Further, under your Group’s law, would it be considered obvious (in the sense of Q204P) that A’s chips would be put to one or more infringing uses and if so, why?

Yes

Please Explain

It should not be considered as obvious that A’s chips would be put to one or more infringing uses. The fact that suitability and intended use were known to the supplier or obvious under the circumstances shall be proven by patent owner.

In the following hypotheticals, would party A be liable for Joint Infringement with party X? Please explain why or why not.

Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, also located in your country. A and B know that their servers exchange encrypted messages according to the patented method.

Yes

Please Explain

For the purposes of this hypothetical, we assume that the Z’s patent is valid on the territory of Poland. Such behaviour of A should constitute a direct IPRs infringement and provision regarding direct infringement shall apply.

Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, located outside your country. A and B know that their servers exchange encrypted messages according to the patented method.

Yes

Please Explain

For the purposes of this hypothetical, we assume that the Z’s patent is valid on the territory of Poland. Similarly, to the point a) above, behaviour of A would constitute a direct IPRs infringement.

Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. X operates server “a” outside your country, which exchanges encrypted messages with server “b” operated by Y, located in another country outside your country. A, located in your country, is a software consultant advising X and Y how to use the patented method (but A does not supply any software).
For the purposes of this hypothetical, we assume that the Z's patent is valid on the territory of X's country and/or Y's country.

**With assumption that A is aware of the fact that X and Y violate Z's patent:**

As an assistant, A should be liable for an indirect IPR infringement, this is because A is aware of infringements done by X and Y but assists them by consulting them. A should be found acting in guilt. There is a normal connection between actions of A and the direct infringements committed by X and Y, i.e. if A did not advise X and Y, they would be unable to violate that very patent.

As a benefit recipient, A might be liable for an indirect IPR infringement, this is because A benefits from the damage resulting from direct infringement of X and Y (A gets payment for its services). There is also a normal relationship between action A and the violation committed by X and Y as explained above. We assume that A knows about infringements committed by X and Y, in a real case, however, it would have to be proved that A is aware of it (consciousness). Moreover, it would be extraordinarily difficult to prove that A benefits from this very damage done to the third party, unless this is the only service A provides to X and Y.

Having regard to the provision of Article 441 of the CC, A would be jointly liable with X and Y.

**With assumption that A is not aware of the fact that X and Y violate Z's patent:**

In such case A should be responsible as an assistant on the same basis and on the same conditions as in first part of this answer, this is it must be shown that A was aware of the infringement or was guilty of (any) negligence in this regard.

A could not be found liable as an entity benefiting from the infringement, this is because it would require proof that A gained benefit from this damage consciously (intentionally), i.e. A knew about the infringements and intended to profit from them.

It should be pointed out that the additional ‘care’ might be required from A, which is an entity that professionally advises. A having knowledge about the application of a given patent at a level that allows advising indicates the professionalism of A (vide I ACa 455/13).

Having regard to the provision of Article 441 of the CC, A would be jointly liable with X and Y.

---

**6 Are there any other scenarios which result in Joint Liability for IPR infringement under your Group's current law?**

Yes

Please Explain

The instigator, who is described in detail in div 1. above, also can be found liable for indirect IPR infringement.

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**7 What remedies are available against a party found liable for Joint Infringement? In particular:**

**7.a Is an injunction available?**

No

Please Explain

The classic injunction (based on art. 730 an next of Polish Proceeding code) as refers to direct infringement is not available for the indirect infringement. Nevertheless, based on the general civil law provisions, a person who is threatened directly by damage as a result of another person's behaviour, may demand that such a person undertakes measures indispensable to ward off the peril and where necessary, to provide an adequate collateral (439 CC). It shall be noticed that this is just a prohibition claim and not an prohibition in injunction mode.
7.b Are damages or any other form of monetary compensation available?

Yes

On what basis?

Obtaining appropriate compensation for indirect IPR infringements is allowed on the basis of the articles 415 and 422 CC. The plaintiff (damaged party) who claims this compensation is obliged to prove the scope of the damage.

Article 441 CC statutes that each of the violators (direct and indirect) is jointly liable for the damage to which he contributed. This means that it is possible to claim damages from each offender up to the full amount of the damage that occurred, and it is sufficient that only one of the perpetrators will pay compensation to release all others from the liability.

7.c Are any of the available remedies different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?

Yes

Please Explain

Yes, there are differences. In case of direct infringement, the plaintiff may claim:

a. discontinue of the infringement,

b. remove the effects of the infringement,

c. surrender of any benefits gained,

d. redress the damage.

Moreover, it is possible to demand the distribution of the unlawfully manufactured or marked goods and materials that were used to make the goods or mark them. In particular, it might be demanded that these goods and materials will be withdrawn from the market and transferred to the party that was damaged on the account of the amount awarded to this party (art. 286 of the Act of June 30, 2000 - Industrial Property Law). The court, in its adjudication on infringement, may rule, on the petition of the proprietor, that part of or the whole ruling or information on the ruling may be made publicly available to the extent and in the manner determined by the court (art. 287(2) of Industrial Property Law; art. 79(2) Copyright law). Notwithstanding the above claims, the copyright’s right holder may request publication of one or more than one press statements of the appropriate content (art. 79(2) Copyright law).

In case of indirect infringement, the entity whose rights have been infringed may only claim compensation for the damage already incurred as a result of an indirect IPR infringement.

8 Are there aspects of your Group's current law that could be improved?

Yes

Please Explain


Pursuant to the Directive 2004/48/EC, Member States law shall ensure that courts may, at the request of the applicant, issue against the alleged indirect infringer an interlocutory injunction intended to prevent any imminent infringement of IPRs (art. 9.1.a Directive 2004/48). Additionally, where a judicial decision is taken finding an infringement of an IPRs, the judicial authorities may issue against the indirect infringer an injunction aimed at prohibiting the continuation of the infringement (art. 11 Directive 2004/48). The analyse of the Polish law shows that there is a risk that the above Directive 2004/48 regulations have not been implemented
properly. There are voices that the injunction is possible based on art. 439 CC. Nevertheless, it shall be noticed that this is the civil law provision and it is just a prohibition claim. It is not an injunction in procedural meaning. Considering the above the IPRs holder is devoid of procedural tools to fight with the IPRs indirect infringements.

The entity whose IPRs have been infringed indirectly shall have the right to use all remedies available against any acts of direct infringement. In Poland based on article 422 CC and 415 CC, just the damage claim is available, which is contrary to Directive 2004/48 and EU case law (vide: ECJ dated 07.07.2016, C-494/15 Tommy Hilfiger and others vs. Delta Center).

As the claim for compensation is the only relief, the law should ensure a more efficient way to: (i) calculate the claim; and (ii) enforce the obligation to disclose information and documents regarding proving the quantum of actual loss when such obligation is imposed by the court in accordance with the current procedure.

The provisions on indirect infringements described in the article 422 CC should be incorporated directly into the acts related to intellectual property. At the moment there are no specific provisions regarding indirect IPRs infringements that would reflect the nature of these infringements.

It shall be noticed that the draft law amending the Industrial Property Law of 30 June 2000 (O.J. of 2017, item 776) (further: IPL), which was first made publicly available on 6 December 2017, includes amendments regarding joint liability. Pursuant to the proposed amendment:

(i) the patentee shall have the right to forbid a third party who does not hold his authorisation from supplying or offering to supply an unauthorized person to use from the invention protected by a patent, into measures relating to the essential element of this invention enabling its use, if the third party knows or should have known that such means are suitable and intended for use with this invention. The above provision should not apply when the means are standard products commercial use, except in cases where a third party induces to patent infringement (new art. 66).

(ii) as to the trademark infringement, the novel includes new art. 296.3 IPL, which clearly stays that all claims available for the direct infringement shall apply to the indirect infringement.

Unfortunately, the IPL’s amendment does not include provision expanding all claims available for the direct infringement to the indirect infringement in case of patent infringement.

The amending draft is following an extensive consultation process. It is expected to be adopted by the Parliament by the end of 2018. Due to the consultation process regulations regarding the joint liability could be modified.

9 Should acts outside the scope of direct infringement or Contributory Infringement give rise to Joint Liability for IPR infringement?

Yes

Should that sound in availability of injunctive relieve and/or damages? Please explain why or why not.

Acts outside of the scope of direct infringement and Contributory Infringement should also lead to joint liability of the indirect infringer. Such liability shall be imposed upon assistants, instigators and entities benefitting from the damaged caused by direct infringement. The damaged party shall also be able to seek injunctions against such indirect infringements.

10 Should Joint Liability be excluded if one or more acts being necessary for establishing Joint Liability for IPR infringement are committed outside the domestic jurisdiction? Please explain why or why not.

No

Please Explain

Joint Liability should not be excluded in such case, this is because with currently available technologies it might be easily abused. Specifically, entities that seek to profit from such infringements would vastly abuse this exclusion of liability, while seeking compensation would become too complicated or impossible.

11 Are there any other policy considerations and/or proposals for improvement to your Group’s current law falling within the scope of this Study Question?


III. Proposals for harmonisation

Please consult with relevant in-house / industry members of your Group in responding to Part III.

12 Is a consolidated doctrine of Joint Liability for IPR infringement desirable?
Yes
Please Explain

The answers for questions 12. and 13. are congruous and they overlap, thus both will be discussed jointly.

Any and all attempt to consolidate and harmonize regulations in this area is necessary and this is due to the fact it simplify the protection of IPRs. Consistency and transparency of regulations due to their harmonisation would make it easier to avoid accidental infringements of IPRs and would facilitate the pursuit of possible claims. The nature of IPRs and technological progress should be taken into account - at present, it is virtually irrelevant where the entity is located in relation to where its rights might be violated. Unifying the regulations and adapting them to the same standards would introduce legal certainty and ensure the safety of rights holders and their work.

13 Is harmonisation of the laws of Joint Liability for IPR infringement desirable?
Yes
Please Explain

The answers for questions 12. and 13. are congruous and they overlap, thus both will be discussed jointly.

Any and all attempt to consolidate and harmonize regulations in this area is necessary and this is due to the fact it simplify the protection of IPRs. Consistency and transparency of regulations due to their harmonisation would make it easier to avoid accidental infringements of IPRs and would facilitate the pursuit of possible claims. The nature of IPRs and technological progress should be taken into account - at present, it is virtually irrelevant where the entity is located in relation to where its rights might be violated. Unifying the regulations and adapting them to the same standards would introduce legal certainty and ensure the safety of rights holders and their work.

If YES, please respond to the following questions without regard to your Group’s current law.

Even if NO, please address the following questions to the extent your Group considers your Group’s current law could be improved.

14 Please propose a suitable framework for Joint Liability for IPR infringement, focussing on the hypotheticals set out in Questions 3 to 5 above:
The acts in question are limited to activities such as renting retail space, hosting websites, advertising etc. (as further described in Question 3 (a) to (d) above)

The answers for questions a), b) and c) are compatible and they overlap, thus all of them will be discussed jointly as they concern the general principles of determining liability.

The liability shall base on the principle of three elements:

a. consciousness,

b. normal relationship between the activity of the infringer and the damage incurred,

c. guilt,

It is a concept that may make difficulties with proving guilt of infringer in practice, but it allows to balance between the protection of IPRs of creators and the freedom of other entities. This solution introduces general principles that are convenient to understand, yet allow to deal with each and every matter individually.

The means supplied or offered by the contributory infringer related to a substantial element of the subject matter of the protected IPR, but at the time of offering or supply, the suitability and intended use were not known to the supplier or obvious under the circumstances (as further described in Question 4 above)

The answers for questions a), b) and c) are compatible and they overlap, thus all of them will be discussed jointly as they concern the general principles of determining liability.

The liability shall base on the principle of three elements:

a. consciousness,

b. normal relationship between the activity of the infringer and the damage incurred,

c. guilt,

It is a concept that may make difficulties with proving guilt of infringer in practice, but it allows to balance between the protection of IPRs of creators and the freedom of other entities. This solution introduces general principles that are convenient to understand, yet allow to deal with each and every matter individually.

The infringing acts are divided between two parties, and the acts of each party do not qualify as direct infringement or Contributory Infringement, as further described in Question 5 (a) to (c) above.

The answers for questions a), b) and c) are compatible and they overlap, thus all of them will be discussed jointly as they concern the general principles of determining liability.

The liability shall base on the principle of three elements:

a. consciousness,

b. normal relationship between the activity of the infringer and the damage incurred,

c. guilt,

It is a concept that may make difficulties with proving guilt of infringer in practice, but it allows to balance between the protection of IPRs of creators and the freedom of other entities. This solution introduces general principles that are convenient to understand, yet allow to deal with
Are there any other scenarios which should result in Joint Liability for IPR infringement, and where harmonisation is desirable?

Yes

Please Explain

The additional scenario which should result in Joint Liability for IPR is the instigator, i.e. an entity that does not commit a direct infringement itself, but induces a third party to commit such a tort (see div 1.3.1 above). The instigation form of an indirect infringement is vastly similar to assistance and it happens rarely in practice, yet it has enough distinct features that should be regulated separately.

What remedies should be available against a party found liable for Joint Infringement? In particular:

Should an injunction be available?

Yes

Please Explain

The remedies against indirect and direct infringements should not differ. Since the injunction is subject to judicial and administrative control anyway, there is no risk of abuse of this right, while it significantly increases the security of the entity whose IPRs are being violated.

Should damages or any other form of monetary compensation be available?

Yes

On what basis?

Compensation is an appropriate form of redress. It should be allowed to claim compensation at least in the amount of the damage incurred.

Should any available remedies be different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?

No

Please Explain

Remedies should be the very same in relation to all infringers, irrespective of their form. Only this solution allows solid protection of IPRs. Identity in remedies shall prevent situations where an IPRs infringer will try to avoid all the liability by dividing an infringement on several different entities.

Please comment on any additional issues concerning any aspect of Joint Liability you consider relevant to this Study Question, having regard to the scope of this Study Question as set out in paragraphs 7 to 13 above.
No additional comments

Please indicate which industry sector views are included in your Group's answers to Part III.

N/A
I. Current law and practice

Please answer all questions in Part I on the basis of your Group’s current law.

1. Are there any statutory provisions which specifically apply to Joint Liability?
   Yes
   Please Explain

   The general Portuguese civil law - Civil Code arts. 490 and 497 - provides that the agents, instigators or assistants participating on an unlawful act shall all be liable for the damages caused, and they are all bound to joint liability. However, these agents can only be held liable if the unlawful act defined in the law is effectively practiced.

2. Under the case law or judicial or administrative practice in your jurisdiction, are there rules which specifically apply to Joint Liability?

3. In the following hypotheticals, would party A be liable for Joint Infringement with party X? In each case, please explain why or why not.

3a. X sells handbags in a shop which is a small stall located in a shopping mall owned by A. The handbags infringe the registered design of Z. A knows that X (and other tenants) sells infringing goods.
   No
Please Explain

Considering that A merely provides by lease the stall which is one of the means used for the practice of the illicit acts although knowing about the practice of such acts, does not have however any participation in the direct performance of the illicit act. Objectively A provides means for the practice of this act, but is not concerted with the infringement agents, nor the provision of a stall is integrated into the plan of the joint illicit action. The mere knowledge is not generally considered as an aid or participation in the infringement plan and so A cannot be liable for Joint Infringement with X.

3.b X sells handbags in an online shop which is hosted by a large market place platform owned by A. The handbags infringe the registered design of Z. A knows that X (and other web shop operators hosted by A’s market place platform) sells infringing goods via their respective outline shops.

Yes

Please Explain

The liability of Internet service providers is foreseen in Decree-Law no. 7/2004, of January 7 (Law of Electronic Commerce). Under the terms of this legal regulation (article 16), service providers are only held responsible, under the general terms, for the information they store if they are aware of activity or information whose illegality is manifest and do not immediately remove it or block its access. The same provision also provides that there is civil liability where, having knowledge of the circumstances, the service provider knows or must be aware of the unlawful nature of the information.

In this scenario, A may be held liable for keeping the storage of that illicit content in the platform by virtue of these legal regulations, but not as an auxiliary or participant of X in the sale of infringing goods that infringe the registered designs rights belonging to Z, since A is not concerted with X in the performance of the infringing acts, nor does it integrate the subjective structure (the agents) of the infringement of those rights.

3.c X sells handbags in an online shop. The handbags infringe the registered design of Z. A designed the online advertising campaign for X’s shop and books online advertising resources for X on websites and in search engines. A knows that X sells infringing goods.

Yes

Please Explain

In a first analysis the level of liability of A can be deemed as similar to that described in the previous answer, but in this hypothetical scenario the performance of A may be seen as presenting a degree of an arrangement with X in the practice of illicit acts that goes beyond mere knowledge about the application of the means it provides to X. In this case A may be held liable as assistant in the practice of the wrongful act as it will be involved in its continued performance.

3.d For each of the hypotheticals in (a) to (c) above, does it make a difference if A merely suspects that X sells infringing goods? If yes, what is the level of “suspicion” required, and how is it demonstrated?

3.d.i Hypothetical A

Yes

Please Explain

According to the answers given above, in order for these assistants to be held responsible, their participation must go from an objective level of participation to a subjective level of participation, i.e. more than a suspicion and knowledge about the practice of the wrongful act, in order for an agent to be held responsible as a participant or an assistant there must be some
degree of concertation of his will with the will of the principal agent regarding the performance of the illicit or production of the illicit facts. A must integrate the illicit action plan together with X.

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**Hypothetical B**

Yes

Please Explain

According to the answers given above, in order for these assistants to be held responsible, their participation must go from an objective level of participation to a subjective level of participation, i.e. more than a suspicion and knowledge about the practice of the wrongful act, in order for an agent to be held responsible as a participant or an assistant there must be some degree of concertation of his will with the will of the principal agent regarding the performance of the illicit or production of the illicit facts. A must integrate the illicit action plan together with X.

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**Hypothetical C**

Yes

Please Explain

According to the answers given above, in order for these assistants to be held responsible, their participation must go from an objective level of participation to a subjective level of participation, i.e. more than a suspicion and knowledge about the practice of the wrongful act, in order for an agent to be held responsible as a participant or an assistant there must be some degree of concertation of his will with the will of the principal agent regarding the performance of the illicit or production of the illicit facts. A must integrate the illicit action plan together with X.

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**4. In the following hypothetical, would party A be liable for Joint Infringement with party X? In your answer, please explain why or why not?**

**4.a**

Z owns a patent claiming a method for addressing memory space within a memory chip which is built into telecommunication device having further features (main processor, suitable software etc.). A manufactures memory chips. The chips are objectively suitable to be used for the claimed method. A’s memory chips are distributed over multiple distribution levels to a plethora of device manufacturers. A has no knowledge of the actual end use of its memory chips.

No

Please Explain

A would not be held liable under Portuguese law because liability could only be addressed if the chip had no other characteristics and applications and if that application is the only one possible, and A is not aware of the end use or application of that product after sale.

The Portuguese law does not contain any specific provisions on indirect patent infringement as an independent and autonomous illicit of the direct violation foreseen by law - art. 101 (2) of the Industrial Property Code (approved by Decree-Law no. 36/2003, of March 5, with the wording updated by Decree-Law no. 83/2017 of 18 August). This rule is a closed rule of exhaustive content, i.e. the rule specifies or typifies which acts constitute patent infringement, and it is not possible to extend its scope to other acts by judicial interpretation (case law). For this reason, actions of assistance in the performance of acts of direct patent infringement may only be legally subsumed for civil liability effects if there is an imminent or effective direct infringement and the assistant is willingly and actively involved in its performance.

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**4.b**

Further, under your Group's law, would it be considered obvious (in the sense of Q204P) that A’s chips would be put to one or more infringing uses and if so, why?
It would not be considered obvious because A’s chips have potentially other applications. In order to formulate a judgment of obviousness there would have to be other circumstances that concurred as clear indications or necessarily pointed to such illicit applications.

In the following hypotheticals, would party A be liable for Joint Infringement with party X? Please explain why or why not.

5.

Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, also located in your country. A and B know that their servers exchange encrypted messages according to the patented method.

No

This hypothesis does not apply in view of Portuguese law because such inventions are not patentable. Nevertheless, if such protection would be possible in Portugal and there was a patent in this country, considering the hypothesis in view of the allegedly unlawful event territoriality, having the facts been practiced in a territory in which the Portuguese law has jurisdiction, if A and B are aware of the illicit nature of their activity, they both might be held responsible for those acts.

5.b

Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, located outside your country. A and B know that their servers exchange encrypted messages according to the patented method.

Yes

Assuming that Z’s patent would be valid in Portugal, only A would be held liable for the infringement of Z’s patent right because X acted outside the territorial scope of that patent right.

5.c

Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. X operates server “a” outside your country, which exchanges encrypted messages with server “b” operated by Y, located in another country outside your country. A, located in your country, is a software consultant advising X and Y how to use the patented method (but A does not supply any software).

No

Since the efficacy of the Z’s patent is confined to the territory of Portugal and the facts occurred outside the territorial scope of that patent right, A’s performance cannot be legally subsumed as infringing act once those are out of the scope of the acts that the patent holder may prohibit by enforcing its exclusive right.

6.

Are there any other scenarios which result in Joint Liability for IPR infringement under your Group’s current law?

No

Please Explain
What remedies are available against a party found liable for Joint Infringement? In particular:

**7. Is an injunction available?**

Yes

Please Explain

It is possible to request an injunction with respect to infringements of industrial property rights under art. 338-L of the Industrial Property Code; this remedy is also provided regarding the Copyright in art. 210-G of Author’s Right and Neighboring Rights Code. These remedies are dependent to the infringement occurrence to take place in the Portuguese territory where the IP right are effective.

**7. Are damages or any other form of monetary compensation available?**

Yes

On what basis?

Compensation for damages caused by the infringement (Article 338-L of the Industrial Property Code, Articles 86 and 211, paragraph 2 of the Author’s Right and Neighboring Rights Code) may be claimed. Payment shall be borne by all the joint participants, jointly, under the terms of arts. 483, 490 and 497 of the Civil Code.

**7. Are any of the available remedies different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?**

No

Please Explain

Punitive damages are a type of remedy that are only foreseen in relation to the main offender, that is the agent of the direct infraction. These remedies are provided in art. 338-L of the Industrial Property Code, and in arts. 86 and 211, paragraph 2 of the Author’s Right and Neighboring Rights Code.

II. Policy considerations and proposals for improvements of your Group's current law

**8. Are there aspects of your Group's current law that could be improved?**

Yes

Please Explain

We believe that the current regime complies with principles of balance, even because IP rights are exclusive rights that constitute an exception to the principle of free economic initiative.
III. Proposals for harmonisation

Please consult with relevant in-house / industry members of your Group in responding to Part III.

12 Is a consolidated doctrine of Joint Liability for IPR infringement desirable?

Yes

Please Explain

A consolidation of the Joint Liability doctrine would lead to a clarification of the aims and purposes of the law and would provide for a more steady and ready enforcement of IP rights by the courts.
Is harmonisation of the laws of Joint Liability for IPR infringement desirable?

Yes

Please Explain

Legislative harmonization prevents the creation of “paradises” for the practice of certain acts essential to the implementation of direct infringements of intellectual property rights, which would allow a more effective fight against counterfeiting.

If YES, please respond to the following questions without regard to your Group’s current law.

Even if NO, please address the following questions to the extent your Group considers your Group’s current law could be improved.

Please propose a suitable framework for Joint Liability for IPR infringement, focussing on the hypotheticals set out in Questions 3 to 5 above:

The acts in question are limited to activities such as renting retail space, hosting websites, advertising etc. (as further described in Question 3 (a) to (d) above)

The means supplied or offered by the contributory infringer related to a substantial element of the subject matter of the protected IPR, but at the time of offering or supply, the suitability and intended use were not known to the supplier or obvious under the circumstances (as further described in Question 4 above)

The infringing acts are divided between two parties, and the acts of each party do not qualify as direct infringement or Contributory Infringement, as further described in Question 5 (a) to (c) above.

Are there any other scenarios which should result in Joint Liability for IPR infringement, and where harmonisation is desirable?

No

Please Explain

NA

What remedies should be available against a party found liable for Joint Infringement? In particular:

Should an injunction be available?

Yes

Please Explain
### Should damages or any other form of monetary compensation be available?

**Yes**

**On what basis?**

### Should any available remedies be different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?

**No**

**Please Explain**

Except for punitive damages the remedies should be the same.

### Please comment on any additional issues concerning any aspect of Joint Liability you consider relevant to this Study Question, having regard to the scope of this Study Question as set out in paragraphs 7 to 13 above.

### Please indicate which industry sector views are included in your Group’s answers to Part III.

We were not able to gather a view from the industry sector in our answers.
I. Current law and practice

Please answer all questions in Part I on the basis of your Group’s current law.

1. Are there any statutory provisions which specifically apply to Joint Liability?

Yes

Please Explain

The following statutory provisions may specifically apply to Joint Liability under Korean law:

1. Korean Civil Act, art. 756(1) (Employer’s Liability for Compensation)

   A person who employs another to perform a specific affair is liable for compensating for any loss inflicted on a third person by the employee in the course of performing the specific affair: provided that this shall not apply where the employer has exercised due care in appointing the employee, and in supervising the performance of the specific affair, or where the loss has been inflicted even if the employer has exercised due care. (“Vicarious Liability”)

2. Korean Civil Act, art. 757 (Liability of Person who Ordered Work to be Done)

   The person who placed an order for a work to be done shall not be bound to make compensation for an damages caused to a third person by the contractor with respect to such work: provided that this shall not be the case, if the former was guilty of gross negligence in placing he order, or in providing instructions therefor. (“Contractor Liability”)

3. Korean Civil Act, art. 760 (Liability of Joint Tortfeasors)

   (1) If two or more persons have by their joint unlawful acts caused damages to another, they shall be jointly and severally liable to make compensation for such damages. (“Joint Tortfeasors Liability”)


Korean Civil Act, art. 760 sets out the basic principle for joint liability. Joint Tortfeasor Liability requires (i) two or more persons jointly cause damages to another person; (ii) the illegal conduct of each of the tortfeasors was the cause of the damages; and (iii) all tortfeasors are independently at fault for their own wrongful acts. Seoul High Court, 2006Ra1245, Oct. 10, 2007.

Under Article 760(3) of the Korean Civil Act, any person aiding or abetting the illegal conduct of a tortfeasor may be liable for the underlying tort. A person may also be liable for Aiding and Abetting by omission, if such person (i) having a duty of care (i.e., obliged to prevent the tort), (ii) fails to take necessary measures to prevent the underlying tort, and (iii) such act of omission facilitates or renders easier for another tortfeasor to commit a tort. Supreme Court, 98Da31264, Dec. 23, 1998.

Vicarious Liability refers to a situation where an employer is held responsible for the torts of his employees. Vicarious Liability may be regarded as a specific form of the employer’s Aiding and Abetting by omission, except that the burden of proof regarding the employer’s fault is on the employer. Clients are not vicariously liable for acts or omissions of the contractors unless clients are grossly negligence.

2 Under the case law or judicial or administrative practice in your jurisdiction, are there rules which specifically apply to Joint Liability?

Yes

Please Explain

1. Supreme Court, 2003Da15006, April 27, 2006

   If ‘all elements rule’ is to be strictly followed, a person whose act does not include every element of a patent claim shall not constitute an infringement of the patent. However, joint liability may expand the scope of the infringers to effectively protect patents.

   For example, in Supreme Court, 2003Da15006, April 27, 2006, Koninklijke Philips N.V. ("Philips") owns a patent that relates to a method of coding digital signal data to recording means, such as an audio compact disc ("CD") ("Philips Patent"). Philips granted a CD manufacturing company ("CD Maker") a license to Philips Patent for making and selling audio CDs pursuant to a standard provided by Philips and in no other ways. Defendant had the CD Maker produce 'stampers,' from which CDs are produced in large number of copies. Defendant then purchased CD manufacturing equipment that can produce audio CDs from stampers. Defendant then delivered its recorded tapes to CD Maker and asked the CD Maker to manufacture and supply stampers to Defendant.

   Although it was CD Maker, not Defendant, who fulfilled all elements of Philips Patent, the court found that CD Maker’s actions may be regarded as Defendant’s. for the following reasons: (i) the stampers were manufactured solely at Defendant’s request, (ii) the stampers contained recorded data that Defendant provided to the CD Maker, (iii) the number of stampers produced by the CD Maker were determined by Defendant; and (iv) all of the stampers produced by the CD Maker at Defendant’s request were delivered to Defendant.

   The court further held that even if Defendant cannot be considered as practicing Philips Patent, Defendant should be jointly liable with the CD Maker for patent infringement, as it aided and abetted the CD Maker to manufacture and sell stampers.

   In short, the court held that even if a person did not directly practice a patent, such person can be deemed liable for patent infringement, if not jointly liable for patent infringement for aiding and abetting a third party in practicing the patent.


   Defendant 1 ("Contractor"), a company engaged in construction business, provided blueprints of apartments to a subcontractor (Defendant 2, "Subcontractor"), and Subcontractor agreed to build the apartments according to the designs and instructions provided in the blueprints. During the construction, Subcontractor painted Plaintiff’s trademark on the exterior wall of the apartments, as the blueprints required the exterior wall of the apartments to display Plaintiff’s trademark.

   Plaintiff sued Contractor and Subcontractor for a trademark infringement.

   The court found that, in view of the following facts, Subcontractor should be jointly liable for Contractor’s trademark infringement: (i) the blueprints did not restrict Subcontractor’s work scope; (ii) the CEO of Subcontractor testified that (i) Subcontractor was in charge of the entire processes of the construction, and (ii) Subcontractor delivered the blueprints to another subcontractor and requested such subcontractor to paint Plaintiff’s trademark on the exterior wall; and
(iii) the CEO of Contractor testified that Subcontractor promised that it will build the entire apartment for Contractor.

3. In the following hypotheticals, would party A be liable for Joint Infringement with party X? In each case, please explain why or why not.

3.a

X sells handbags in a shop which is a small stall located in a shopping mall owned by A. The handbags infringe the registered design of Z. A knows that X (and other tenants) sells infringing goods.

Yes

Please Explain

Yes, A is probably liable for Joint Infringement with X, as A aided and abetted X’s infringement.

According to Article 760(3) of the Korean Civil Act, a person aiding or abetting the underlying tort is jointly liable for the underlying tort.

In fact in Supreme Court, 2005Da11626, Jan. 25, 2007, the Korean Supreme Court held that Defendant, who (i) developed a program for users to download music files from a server called “Soribada”, and (ii) distributed Soribada at free of cost, was jointly liable with software users for copyright infringement, as Defendant aided and abetted the software users’ copyright infringement by facilitating the user’s unauthorized acts of accessing, downloading, and copying Plaintiff’s music files.

Here, X’s act of selling handbags displaying Z’s design clearly constitute design infringement, as X is practicing (i.e., selling) Z’s design without Z’s consent or license. A will probably be jointly liable with X for A’s act of providing the place (i.e., a shopping mall) for X’s sales of handbags displaying Z’s design.

3.b

X sells handbags in an online shop which is hosted by a large marketplace platform owned by A. The handbags infringe the registered design of Z. A knows that X (and other web shop operators hosted by A’s market place platform) sells infringing goods via their respective outline shops.

Yes

Please Explain

As explained above, under Article 760(3) of the Korean Civil Act, a person can be liable for an illegal conduct of another tortfeasor, if such person (i) aids or abets the underlying tort, or (ii) having a duty of care, fails to take necessary measures to prevent the underlying tort, and such act of omission assists another in committing a tort.

First, a court will probably not hold A jointly liable for aiding and abetting X’s design infringement. This is because, unlike Case 3(a), A provided the place for X’s sales of infringing products, without knowing that such products infringe Z’s design right (i.e., while A knew that X sells infringing goods via its outline shop, A did not know whether X was selling infringing goods on A’s online platform).

On the other hand, in regard to A’s act of omission, a court will hold that A’s failure to prevent X’s design infringement amounts to Joint Liability, if the court finds the following additional facts.

1. A should have known that X is selling infringing goods, and A was able to control X’s act of selling infringing goods

   In Supreme Court, 2009Da5643, March 11, 2010, an online service provider provided an online platform, where the users of the platform can freely upload photographs to such platform. The uploaded photographs were displayed in a form of thumbnail images, together with respective links to access the full version of the photographs. Plaintiff sued the online service provider for aiding and abetting copyright infringement.

   The court considered whether the online service provider has a duty of care to prevent any uploads of infringing photographs on its platform. The court held that if (i) the online service provider knew, or should have known (as the infringing feature is apparent) the infringing act of its users, and (ii) the online service provider was equipped with technical and financial capabilities to control and prevent its users’ infringing act, the online service provider has a duty of care to prevent its users’ infringing act. See also Supreme
Court, 3009Da80637, March 11, 2010. In regard to service provider’s knowledge, the court noted that along with the advent of digital photography, it was a popular trend for a number of people to take photographs and share those photographs with others by uploading them on an online platform (without any copyright marks). In addition, because the uploaded photographs were displayed in a form of thumbnail images and links, rather than in a readily recognizable form, the court found that the online service provider was unable to notice users’ infringing act. The court further found that the online service provider did not have any technical means to filter infringing photographs or prevent the uploading of infringing photographs. As a result, the court held that the online service provider was not jointly liable with the users of the online platform.

Here, a court will first determine whether A knew, or should have known that X is selling infringing goods, in light of surrounding facts, including A’s knowledge of X’s sales (and other web shop operators) of infringing goods in its outline shops. Then, the court will determine whether A is, both technically and financially, capable of monitoring or preventing X’s sales on its platform.

Apart from the issues of Aiding and Abetting, the court will probably hold that A is not vicariously liable for X’s act of selling infringing goods, as A merely provided the place to sell, and has no control over X with respect to X’s use of A’s platform. See Supreme Court, 2009Da5643, March 11, 2010 and Supreme Court, 2009Da80637, March 11, 2010.

2.

A knowingly picked X’s infringing product, among other non-infringing products, and sold those infringing products on its platform.

A’s act can be considered similar to an act of an online service provider who selected specific news articles and posted such articles on its online platform. In fact, in Supreme Court, 2008Da53812, April 16, 2009, an online service provider received news articles from several media, and among various news articles, knowingly selected the articles containing libellous content. The service provider then posted those articles on its online platform. The Court held that the online service provider should be held jointly liable for libel with the news media, which prepared the actual libellous articles, as the service provider knowingly and actively spread the libellous articles. Therefore, in view of Supreme Court, 2008Da53812, April 16, 2009, A can be held jointly liable with X, if A knowingly selected X’s infringing goods and sold such goods on A’s online platform.

3.c

X sells handbags in an online shop. The handbags infringe the registered design of Z. A designed the online advertising campaign for X’s shop and books online advertising resources for X on websites and in search engines. A knows that X sells infringing goods.

Yes

Please Explain

Yes, A is probably liable for Joint Infringement with X, as A aided and abetted X’s infringement.

According to Article 760(3) of the Korean Civil Act, a person aiding or abetting the underlying tort is jointly liable for the underlying tort. The Korean Supreme Court in Supreme Court, 98Da31264, Dec. 23, 1998, found that aiding and abetting under Article 760(3) means any direct or indirect acts of assisting, facilitating, or encouraging the underlying tort (emphasis added).

Here, since A is indirectly assisting and facilitating X’s sales of infringing products, e.g., advertising X’s shop, A will probably be jointly liable with X.

In addition, A’s act can be considered similar to an act of an online service provider who selected specific news articles and posted such articles on its online platform. In fact, in Supreme Court, 2008Da53812, April 16, 2009, an online service provider received news articles from several media, and among various news articles, knowingly selected the articles containing libellous content. The service provider then posted those articles on its online platform. The Court held that the online service provider should be held jointly liable for libel with the news media which prepared the actual libellous articles, as the service provider knowingly and actively spread the libellous articles. Therefore, in view of Supreme Court, 2008Da53812, April 16, 2009, A will probably be jointly liable with X.

3.d

For each of the hypotheticals in (a) to (c) above, does it make a difference if A merely suspects that X sells infringing goods? If yes, what is the level of “suspicion” required, and how is it demonstrated?

Hypothetical A

Yes
Please Explain

Yes, mere suspicion that someone is infringing another’s IPRs may be sufficient, and the requisite level of suspicion to be held jointly liable must be determined in view of the relevant facts of each case. In fact, a joint tortfeasor does not have to know the time or the place of infringement, an infringed subject, or the identity of an infringer, in order to be held liable for aiding and abetting another joint tortfeasor from infringing another’s IP rights. Supreme Court, 2005Da11626, Jan. 25, 2007. Moreover, a court may find that a joint tortfeasor should have known the presence of infringing acts, and impose either a duty not to assist an infringer or a duty to prevent any future infringing acts (i.e., regardless of the level of A’s suspicion, a court may find that A should have known that X is selling infringing goods). Supreme Court, 2005Da11626, Jan. 25, 2007.

In regard to an issue of when a court can impute constructive notice of infringement, the following cases provide some insight:

In Supreme Court, 2009Da4343, Mar. 11, 2010, Yahoo Korea provided online services called the “image box,” where individuals can upload any photographs. When a group of individual uploaded Plaintiff’s photographs on their image box, without Plaintiff’s consent, Plaintiff sued Yahoo Korea for aiding and abetting copyright infringement. In particular, Plaintiff asserted that Yahoo Korea aided and abetted copyright infringement by providing the online platform to illegally copy and upload Plaintiff’s photographs and facilitating the process of searching Plaintiff’s photographs through Yahoo Korea’s search function.

The court pointed out that Yahoo Korea (i) was unable to identify the source of each photograph uploaded, (ii) was unable to determine whether uploading Plaintiff’s photographs, which did not display any signs showing that the photographs are copyrighted materials, would constitute copyright infringement, and (iii) did not possess any technological means to control and monitor each photographs uploaded, and filter any photographs infringing other’s copyright. Thus, the court found that based on the relevant facts of the case, Yahoo Korea was unable to know the presence of infringing photographs on its platform and the illegality of copying or uploading Plaintiff’s photographs to individual’s image box. As a result, the court held that Yahoo Korea did not have a duty to delete photographs infringing Plaintiff’s copyright or block the act of uploading such photographs, and thus Yahoo Korea’s failure to do so did not constitute aiding or abetting of copyright infringement.

In Supreme Court, 2005Da11626, Jan. 25, 2007, Defendant (i) developed a program allowing users to download and share music files via P2P networks (“Soribada”) and (ii) distributed Soribada at free of cost for public use. Plaintiffs, the copyright owners of the music, filed a copyright infringement asserting that Defendant aided and abetted the copyright infringers by providing the means to download the files and assisting them to download music files via Soribada.

Unlike 2009Da4343, the court found that Defendant should have known that his act of developing and distributing Soribada will cause copyright infringement, as (i) Defendant knew that other programs, similar to Soribada that were operated in foreign countries, were facing legal disputes involving similar copyright infringement issues; and (ii) based on its previous business practices, Defendant could have reasonably foreseen that most of the music files shared via P2P networks are likely to infringe copyright of another. As a result, the court held that despite its duty not to assist in furtherance of the infringing acts, Defendant aided and abetted the individuals who downloaded music files via Soribada, and thus held Defendant jointly liable for copyright infringement with such individuals.

In short, under Korean law, a person does not need to know the time or the place of infringement, an infringed subject, or the identity of an infringer, in order to be held liable for aiding and abetting a third party who infringes another’s IPRs. While mere suspicion that someone is infringing another’s IPRs may be sufficient, the requisite level of suspicion should be determined in view of specific facts of each case.

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<th>Hypothetical B</th>
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<td>Please see Section 3.d.i.</td>
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<th>Hypothetical C</th>
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<td>Yes</td>
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<td>Please Explain</td>
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<td>Please see Section 3.d.i.</td>
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</table>
In the following hypothetical, would party A be liable for Joint Infringement with party X? In your answer, please explain why or why not?

Z owns a patent claiming a method for addressing memory space within a memory chip which is built into telecommunication device having further features (main processor, suitable software etc.). A manufactures memory chips. The chips are objectively suitable to be used for the claimed method. A’s memory chips are distributed over multiple distribution levels to a plethora of device manufacturers. A has no knowledge of the actual end use of its memory chips.

Yes

Please Explain

For purposes of this question, we assume that (i) X practices Z’s patent, i.e., X is a party “addressing memory space within a memory chip”, and (ii) A aids and abets X by supply the memory chips to X.

Article 127 of the Korean Patent Act (“Article 127”) provides that an act for business purposes of making assigning, or importing an article, which is used exclusively for practicing a process patent, can be deemed patent infringement.

**Article 127 (Conduct Deemed Infringement)**

Conducting either of the following activities for business purposes shall be deemed infringement of a patent or an exclusive license:

1. (omitted)
2. If the patent is for the invention of a process: Manufacturing, assigning, leasing, or importing a thing used exclusively for practicing the process or offering to assign or lease the thing.

Liability under Article 127 does not require any specific notice, knowledge, or intent; so long as an accused party carries out the action banned under Article 127, the accused can be deemed infringing other’s patent.

Here, Pursuant to Article 127, even if A did not have knowledge of the actual end use of its memory chips, A may be deemed infringing Z’s method patent if A manufactured memory chips that can only be used in practicing infringing Z’s method patent for A’s business purposes. In other word, in order to hold A liable under Article 127, merely showing that the memory chips are “objectively suitable” to be used for Z’s method patent is insufficient: if must be shown that A’s memory chips has no other reasonable use other than to practice Z’s method patent. (Supreme Court, 98Hu2580, January 30, 2001; Supreme Court, 2007Hu3356, September 10, 2009).

Further, under your Group’s law, would it be considered obvious (in the sense of Q204P) that A’s chips would be put to one or more infringing uses and if so, why?

No

Please Explain

Please see Section 4.a (“Liability under Article 127 does not require any specific notice, knowledge, or intent; so long as an accused party carries out the action banned under Article 127, the accused can be deemed infringing other’s patent.”).
For purposes of this question, we assume that “B” in the hypothesis above should be “X.”

The general rule is that each element of an independent claim must be present in an allegedly infringing device/method in order to establish literal infringement. However, as an exception, even if an accused party does not practice all elements of a patent claim, the accused party can still be liable for patent infringement if it practices all of the essential elements of the patent claims. Patent Court, 98Heo8014, Dec. 23, 1999. In view of this exception, three different cases can be considered:

1. **A only practices non-essential elements of Z’s method patent**

   If A practices only non-essential elements of Z's method patent, A will probably be not jointly liable for patent infringement.

2. **Both A and X practice essential elements of Z’s method patent. (A and X deal at arm’s length)**


3. **Both A and X practice essential elements of Z’s method patent. (A and X at special business relationship, e.g., parent-subsidiary or contractor-subcontractor relationship)**

   If X deliberately agrees with A to practice certain elements of Z’s method patent, thereby practicing all elements of Z’s method patent, in order for both parties to avoid potential patent infringement claims, the act of X and A practicing each elements of Z’s method patent can trigger joint liability for patent infringement.

   However, if X demands or forces A to practice the essential elements of Z’s method patent, using X’s superior position, e.g., a parent company, or a contractor, X may be solely liable for patent infringement. Supreme Court, 2003Da15006, April 27, 2006.

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**Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b.” A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, located outside your country. A and B know that their servers exchange encrypted messages according to the patented method.**

---

**Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b.” X operates server “a” outside your country, which exchanges encrypted messages with server “b” operated by Y, located in another country outside your country. A, located in your country, is a software consultant advising X and Y how to use the patented method (but A does not supply any software).**

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**Are there any other scenarios which result in Joint Liability for IPR infringement under your Group’s current law?**

No
II. Policy considerations and proposals for improvements of your Group's current law

8. Are there aspects of your Group's current law that could be improved?

Yes

Please Explain

Korean case law strictly apply the all element rule to the joint liability for the patent infringement. Up to now one Korean Supreme Court precedent (2014Da42110 decision) is to be found but several lower courts case law generally keep the strict position. Seoul High Court's 2015Ra20296 takes some different position in applying the joint liability recently (August 21 2017). Some critics argue that this makes Korean Patent weaker because to avoid the patent infringement simply by sending the infringing goods only without an element being omitted and assembling in some other jurisdictions. Korean patent law has to think of an improvement in this regard.
III. Proposals for harmonisation

Please consult with relevant in-house / industry members of your Group in responding to Part III.

12 Is a consolidated doctrine of Joint Liability for IPR infringement desirable?

Yes

Please Explain

Partly Yes and No. We have to think of the all element rule in the very first place. If we cannot find the direct infringer, no infringement can be found basically. The undesirable aspect is coming from this issue. However recently without having a consolidated doctrine of joint liability, it is very hard to regulate the patent infringement especially in the case of system patent, which includes a number of steps and some part of the steps are being done by an end user who did not know his or her completion of the patent infringement. In this setting the element of patent infringement are scattered here and there, internationally sometimes. If we have a consolidated joint liability rule, we can regulate these cases. This is a desirable aspect of the consolidated doctrine of Joint Liability. We have to find a balance between these two points.
Is harmonisation of the laws of Joint Liability for IPR infringement desirable?

Yes

Please Explain

Of course. Under the current regime, single act can be interpreted as infringement of the patent in a jurisdiction, however not in another jurisdiction. This problem also can be found between Korea and United States. Korea is a jurisdiction where all element rule is strictly abided by. As a result no infringement is to be found when only a single small element of a patent is not implemented in Korea. As a result a patent infringement under US law cannot be a patent infringement in Korea. This sort of discrepancy has to be resolved by the harmonisation of the laws of Joint Liability for IPR infringement.

If YES, please respond to the following questions without regard to your Group’s current law.

Even if NO, please address the following questions to the extent your Group considers your Group’s current law could be improved.

Please propose a suitable framework for Joint Liability for IPR infringement, focussing on the hypotheticals set out in Questions 3 to 5 above:

The acts in question are limited to activities such as renting retail space, hosting websites, advertising etc. (as further described in Question 3 (a) to (d) above)

Knowledge is the most important factor in this setting. The acts have to be made intentionally and the act was intended to induce or facilitate the infringement of the patent.

The means supplied or offered by the contributory infringer related to a substantial element of the subject matter of the protected IPR, but at the time of offering or supply, the suitability and intended use were not known to the supplier or obvious under the circumstances (as further described in Question 4 above)

In the event no knowledge or intent was to be found at the time of action, no joint liability can be established.

The infringing acts are divided between two parties, and the acts of each party do not qualify as direct infringement or Contributory Infringement, as further described in Question 5 (a) to (c) above.

However the individual act cannot establish the patent infringement, if the actors divided their roles and one of the actor direct or control of the whole action, it could establish the patent infringement as a whole and they will assume the joint and several liability.

Are there any other scenarios which should result in Joint Liability for IPR infringement, and where harmonisation is desirable?

No

Please Explain
What remedies should be available against a party found liable for Joint Infringement? In particular:

6.a Should an injunction be available?
Yes
Please Explain
Injunction has to be available, because injunction is the basic and effective tool for the protection of IPR. In other words, the establishment of the joint liability may be somewhat harder than the single actor’s infringement but the remedies have to be the same.

6.b Should damages or any other form of monetary compensation be available?
Yes
On what basis?
Damage has to be allowed. The damage can be calculated based upon the totality of the infringement jointly made by the joint infringer (tortfeasors).

6.c Should any available remedies be different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?
No
Please Explain
It has to be the same.

17 Please comment on any additional issues concerning any aspect of Joint Liability you consider relevant to this Study Question, having regard to the scope of this Study Question as set out in paragraphs 7 to 13 above.
No more additional issues.

18 Please indicate which industry sector views are included in your Group’s answers to Part III.
Not a specific industry div up to now. General view to this issue was included. For your information up until now Korean case law was made ONLY in the manufacturing industry unlike US where RIM and some system patent cases pertains.
Study Question

Submission date: April 30, 2018

Sarah MATHESON, Reporter General
Jonathan P. OSHA and Anne Marie VERSCHUUR, Deputy Reporters General
Yusuke INUI, Ari LAAKKONEN and Ralph NACK, Assistants to the Reporter General

Joint liability for IP infringement

Responsible Reporter(s): Ralph NACK

National/Regional Group: Russian Federation
Contributors name(s): Dmitry Markanov, Irina Ozolina
e-Mail contact: ozolina@azalesov.com

I. Current law and practice

Please answer all questions in Part I on the basis of your Group’s current law.

1. Are there any statutory provisions which specifically apply to Joint Liability?

No

Please Explain

Russian Civil Code contains provisions which establish the liability of an informational intermediary (hosting-providers as an example). These provisions are similar to the doctrine of joint liability more than the provisions establishing subsidiary liability, joint and several liability and shared liability.

According to Russian Civil Code informational intermediary is the person who:

- sends information to the network;
- gives the permission on the accommodation of information in the network;
- gives the permission on the access to information, which was accommodated in the network;

1. **Informational intermediary who sends information to the network is responsible for illegal acts connected with his professional activity if it violates intellectual property rights.**

Except for the following situations, bringing together:

- he is not the initiator of such acts;
- he did not know and he need not have to know that using of the intellectual property product or the intellectual property designations by a person who had organized sending of data containing the information about intellectual property product or intellectual property...
designations or the product itself was illegal;

- he doesn’t change data containing the information about intellectual property product or intellectual property designations or the product itself by rendering communication services except for changes being realized for providing technological process of sending such information.

2. Informational intermediary??????? who gives the permission on the accommodation of information in the network is responsible for illegal acts connected with his professional activity if it violates intellectual property rights.

Except for the following situations, bringing together:

- he did not know and he need not have to know that using of data, containing intellectual property product or intellectual property designations, is illegal.

- In case of receipt an application by rightholder in the written form about violation of intellectual property rights with designation of the site or IP-address which contain such data hosting-provider took necessary and sufficient actions for elimination of violation of intellectual property rights.

Additionally it should be mentioned, that any person that sells infringing product is liable for an infringement. A person who advertises a trademark infringing product is also separately liable for an infringement (there is no liability for patent and design infringing product advertisement).

2. Under the case law or judicial or administrative practice in your jurisdiction, are there rules which specifically apply to Joint Liability?

No

Please Explain

3. In the following hypotheticals, would party A be liable for Joint Infringement with party X? In each case, please explain why or why not.

3.a X sells handbags in a shop which is a small stall located in a shopping mall owned by A. The handbags infringe the registered design of Z. A knows that X (and other tenants) sells infringing goods.

No

Please Explain

3.b X sells handbags in an online shop which is hosted by a large market place platform owned by A. The handbags infringe the registered design of Z. A knows that X (and other web shop operators hosted by A’s market place platform) sells infringing goods via their respective outline shops.

Yes

Please Explain

To some extent A may be considered an informational intermediary, therefore he bears some liability as described in an answer to the question 1.
3.c. X sells handbags in an online shop. The handbags infringe the registered design of Z. A designed the online advertising campaign for X’s shop and books online advertising resources for X on websites and in search engines. A knows that X sells infringing goods.

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The answer could be different for a trademark infringement, since advertisement of a trademark is a separate infringement. So, if it is acknowledged, that A advertises, he’ll be liable.

3.c. For each of the hypotheticals in (a) to (c) above, does it make a difference if A merely suspects that X sells infringing goods? If yes, what is the level of "suspicion" required, and how is it demonstrated?

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<th>Hypothetical C</th>
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4. In the following hypothetical, would party A be liable for Joint Infringement with party X? In your answer, please explain why or why not?

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<tr>
<th>Z owns a patent claiming a method for addressing memory space within a memory chip which is built into telecommunication device having further features (main processor, suitable software etc.). A manufactures memory chips. The chips are objectively suitable to be used for the claimed method. A’s memory chips are distributed over multiple distribution levels to a plethora of device manufacturers. A has no knowledge of the actual end use of its memory chips.</th>
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Due to the Civil Code to consider an invention be infringed by a process, each and every feature of an independent claim should be used in the process in dispute. Art. 1358, par.2, subpar. 3) states, that a marketing a device which automatically fulfills a patented method, is also prohibited, but in the case as described, the all the features of the patented process won't be fulfilled by a chip.
Further, under your Group's law, would it be considered obvious (in the sense of Q204P) that A's chips would be put to one or more infringing uses and if so, why?

No

Please Explain

In the following hypotheticals, would party A be liable for Joint Infringement with party X? Please explain why or why not.

Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, also located in your country. A and B know that their servers exchange encrypted messages according to the patented method.

No

Please Explain

Actions of parties don't infringe the method of sending messages fully. In accordance with the provisions of the Russian Civil Code one person should violate the method fully and actions of infringer should comprise the complete infringement for accountability for patent violation. In this case servers are at different persons no one committed a completed infringement. The only exception may be, if it is stipulated by court that server “a” automatically fulfills the patented method, but if the counterpart shows that server “a” may fulfill other methods (with other servers), there won’t be infringement.

Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, located outside your country. A and B know that their servers exchange encrypted messages according to the patented method.

No

Please Explain

One part of the infringement is carried out outside the Russian Federation. In order to establish the infringement all marks of patented method should be violated in the country where such patent has been registered. The only exception may be, if it is stipulated by court that server “a” automatically fulfills the patented method, but if the counterpart shows that server “a” may fulfill other methods (with other servers), there won’t be infringement.

Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. X operates server “a” outside your country, which exchanges encrypted messages with server “b” operated by Y, located in another country outside your country. A, located in your country, is a software consultant advising X and Y how to use the patented method (but A does not supply any software).

No

Please Explain

In such case consultation is not infringement of intellectual property rights of patentee, because consultation doesn’t violate all features of patented method.
**II. Policy considerations and proposals for improvements of your Group’s current law**

**Are there any other scenarios which result in Joint Liability for IPR infringement under your Group’s current law?**

Yes

Please Explain

First of all, it should be mentioned, that joint liability for IPR infringement is set up by criminal law, but this should be out of the scope of this Study Question.

Additionally, subpar. 4) par. 2 art. 1358 of the Civil Code states that manufacturing, selling, etc. of a product intended for its application according to purpose specified in the claims, in case an invention is granted for application of the product on the certain purpose, - such actions create a patent infringement.

**What remedies are available against a party found liable for Joint Infringement? In particular:**

**Is an injunction available?**

Yes

Please Explain

If we consider an informational intermediary as a joint infringer, than we should state that an injunction is available.

**Are damages or any other form of monetary compensation available?**

No

Please Explain

**Are any of the available remedies different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?**

No

Please Explain

**Are there aspects of your Group’s current law that could be improved?**

Yes

Please Explain

These aspects could be improved, because there are many situations when infringer remains unpunished since the lack of provisions established joint liability.
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<th>Question</th>
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<tr>
<td>Should acts outside the scope of direct infringement or Contributory Infringement give rise to Joint Liability for IPR infringement?</td>
<td>Yes</td>
<td>Should that sound in availability of injunctive relieve and/or damages? Please explain why or why not.</td>
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<td>Yes, legislature should contain possible provisions, which could regulate joint liability for infringements of intellectual property rights in order to timely suppression of such infringements and recovery of reasonable compensation.</td>
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<tr>
<td>Should Joint Liability be excluded if one or more acts being necessary for establishing Joint Liability for IPR infringement are committed outside the domestic jurisdiction? Please explain why or why not.</td>
<td>No</td>
<td>Joint liability shouldn't be excluded if one or more infringements were committed outside the domestic jurisdiction. Nowadays business is international and binding to country border shouldn't have impact on the establishing of joint liability.</td>
</tr>
<tr>
<td>Are there any other policy considerations and/or proposals for improvement to your Group's current law falling within the scope of this Study Question?</td>
<td>No</td>
<td>Please Explain</td>
</tr>
<tr>
<td>Is a consolidated doctrine of Joint Liability for IPR infringement desirable?</td>
<td>Yes</td>
<td>Please Explain</td>
</tr>
<tr>
<td>Is harmonisation of the laws of Joint Liability for IPR infringement desirable?</td>
<td>Yes</td>
<td>Please Explain</td>
</tr>
</tbody>
</table>
If YES, please respond to the following questions without regard to your Group’s current law.

Even if NO, please address the following questions to the extent your Group considers your Group’s current law could be improved.

Please propose a suitable framework for Joint Liability for IPR infringement, focusing on the hypotheticals set out in Questions 3 to 5 above:

The acts in question are limited to activities such as renting retail space, hosting websites, advertising etc. (as further described in Question 3 (a) to (d) above)

Joint liability should apply in cases of IPR infringements in the sphere of renting retail space, hosting websites, advertising. Such remedies as injunctive relief and damages are appropriate in cases of violation of intellectual property rights. Kind of measures applied to infringements should depend on burden and duration of infringement.

The means supplied or offered by the contributory infringer related to a substantial element of the subject matter of the protected IPR, but at the time of offering or supply, the suitability and intended use were not known to the supplier or obvious under the circumstances (as further described in Question 4 above)

In these cases the person who did not know and need not have to know about unlawful using of intellectual property should be exempt from liability if he does not continue illegal activity and he eliminates consequences of infringement. In this case in case of an alleged patent infringement the patent owner, in fact, goes beyond the limits the patent claims give him, therefore there are a lot of possibilities to abuse of patent rights. Therefore, such a concept should be applied very cautiously.

The infringing acts are divided between two parties, and the acts of each party do not qualify as direct infringement or Contributory Infringement, as further described in Question 5 (a) to (c) above.

In these cases parties should be liable in accordance with participation in infringement of each party.

Are there any other scenarios which should result in Joint Liability for IPR infringement, and where harmonisation is desirable?

Yes

Please Explain

We consider that the concepts already being incorporated in the Russian Law, should be also useful for other jurisdictions: a concept of an informational intermediaries, a concept of manufacturing and selling the product intended for a patented purpose.
What remedies should be available against a party found liable for Joint Infringement? In particular:

6.a. Should an injunction be available?

Yes

Please Explain

Yes, in all cases.

6.b. Should damages or any other form of monetary compensation be available?

Yes

On what basis?

Availability of damages or any other form of monetary compensation should be granted very cautiously, depending on knowledge, guilt and profits of a joint infringer.

6.c. Should any available remedies be different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?

Yes

Please Explain

Please see above.

Please comment on any additional issues concerning any aspect of Joint Liability you consider relevant to this Study Question, having regard to the scope of this Study Question as set out in paragraphs 7 to 13 above.

Please indicate which industry sector views are included in your Group’s answers to Part III.

Pharmaceuticals, Telecom, Oil&Gas Machinery Construction.
AIPPI 2018 - Study Question - Joint liability for IP infringement

Study Question

Submission date: May 30, 2018

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Joint liability for IP infringement

Responsible Reporter(s): Ralph NACK

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I. Current law and practice

Please answer all questions in Part I on the basis of your Group’s current law.

1. Are there any statutory provisions which specifically apply to Joint Liability?

Yes

Please Explain

Yes, there are. In particular, under the Copyrights Act (“CA”), there is limited scope to find a “third party” actor liable.

s31(1) of the CA states:

“Subject to the provisions of this Act, the copyright in a literary, dramatic, musical or artistic work is infringed by a person who, not being the owner of the copyright, and without the licence of the owner of the copyright, does in Singapore, or authorises the doing in Singapore of, any act comprised in the copyright.”

This renders any party which is deemed to have authorised any copyright infringement to be held liable. However, this is a relatively narrow ground. In Ong Seow Pheng v Lotus Development Corp (“Lotus”), the Singapore Court of Appeal interpreted the term “authorise” means to “grant or purport to grant to a third person the right to do the act complained of, whether the intention is that the grantee shall do the act on his own account, or only on account of the grantor”. The narrow interpretation of “authorise” means that even if a “third party” has facilitated or incited the copyright infringement, this would not be caught under the statute. This interpretation was more recently reinforced by the Court of Appeal in RecordTV Pte Ltd. v. MediaCorp TV Singapore Pte Ltd.

Trademark and Patents

There are no statutory provisions under the Trade Marks Act (“TMA”) and Patents Act (“PA”), which specifically apply to joint liability. Indirect or secondary patent infringement is governed by the common law doctrine of joint tortfeasorship, requiring proof of a common design to procure or participate in acts of infringement.

Registered Designs

While the Registered Designs Act (“RDA”) does not draw a distinction between primary and secondary infringements, this does not apply specifically
for joint infringers. [8]

Footnotes

1. [Cap 63, 2006 Rev Ed Sing]
2. [1997] SGCA 23
3. Lotus at [27]
5. [Cap 332, 2005 Rev Ed Sing):
6. [Cap 221, 2005 Rev Ed Sing]
7. [Cap 266, 2005 Rev Ed Sing)
8. Under s30(2)(a) of the RDA, a registered design is infringed by any person who, without the consent of the registered owner and while the registration is in force, “does anything which by virtue of subdiv (1) is the exclusive right of the registered owner”. S30(1)(b) of the RDA states that the registered owner has an exclusive right to “to sell, hire, or offer or expose for sale or hire, in Singapore “ a product in respect of which the design is registered. As such, an owner of a webstore (like eBay or Lazada) may are arguably be said to be infringing.

2. Under the case law or judicial or administrative practice in your jurisdiction, are there rules which specifically apply to Joint Liability?

Yes

Please Explain

The infringement of IPR in Singapore is generally treated as any other tort. [1] Since Singapore is a common law jurisdiction, in the absence of any statutory modification, joint liability for any form of IPR infringement can be said to fall under the common law doctrine of joint tortfeasorship. [2]

Joint tortfeasorship may be found when:

a. one party conspires with the primary party or induces the commission of the tort; or
b. where two or more persons join in a common design pursuant to which the tort is committed. [3]

Joint infringement is usually established when the Court finds that two or more persons have acted “in concert with one another pursuant to a common design in the infringement.” [4]

Footnotes

2. Joint tortfeasorship was pleaded in the context of (1) Copyright infringement in Societe Des Produits Nestle SA and another v Petra Foods Ltd and another [2014] SGHC 252; (2) Patent infringement in Rohm and Haas Electronic Materials CMP Holdings, Inc v NexPlanar Corp and another [2017] SGHC 310; and (3) Trade Marks infringement in Bosch Corp (Japan) v Wiedson International (S) Pte Ltd and others and another suit [2013] SGHC 47
3. Trek Technology (Singapore) Pte Ltd v FE Global Electronics Pte Ltd and others and other suits [2005] 3 SLR(R) 389 (“Trek”) at [35]
In the following hypotheticals, would party A be liable for Joint Infringement with party X? In each case, please explain why or why not.

3.

X sells handbags in a shop which is a small stall located in a shopping mall owned by A. The handbags infringe the registered design of Z. A knows that X (and other tenants) sells infringing goods.

No

Please Explain

No. In order for the A to be found to be a joint tortfeasor with X, it must be shown that both A and X were “acting in concert with one another pursuant to a common design in the infringement”. While it is not “not necessary for [the parties] to have mapped out a plan; tacit agreement will also suffice” the High Court has held that “the threshold for [joint tortfeasorship] is a high one” and requires “the discharge of a heavy evidentiary burden on the part of the plaintiff”. In essence, the joint tortfeasor must have been “so involved in the commission of the tort as to make himself liable for the tort”.

The Singapore courts have not dealt with the issue of joint tortfeasorship in the context of registered designs. However, since design infringement is a tort, the general tortious principles apply. Given the high threshold required in Trek, this factual matrix is unlikely to be caught since it would be hard to argue that A is liable by the mere virtue of the fact that he owns the mall and knows that X sells infringing goods.

Footnotes

1. ^ Lotus at [44]
2. ^ Towa Corp v ASM Technology Singapore Pte Ltd and another [2016] SGHC 280 (“Towa HC”) at [122]
4. ^ Ibid.
5. ^ Ibid citing Sabaf SpA v MFI Furniture Centres Ltd [2002] EWCA Civ 976 (“Sabaf”) at [59]

3.b

X sells handbags in an online shop which is hosted by a large marketplace platform owned by A. The handbags infringe the registered design of Z. A knows that X (and other web shop operators hosted by A’s marketplace platform) sells infringing goods via their respective outline shops.

Yes

Please Explain

A may be a contributory infringer if he is found to have infringed on Z’s exclusive right to “to sell, hire, or offer or expose for sale or hire, in Singapore” by the virtue of A’s online marketplace hosting X’s online shop.

As for whether A may be found to have jointly infringed on Z’s design right, it depends on whether A’s actions are likely to render him liable as a joint tortfeasor (see answer above at 3(a)). On the facts, it is unlikely that A’s mere knowledge that X sells infringing good via their respective physical shops would be sufficient to render him “so involved in the commission of the tort as to make himself liable for the tort”.

Footnotes

1. ^ s30(2)(a) RDA read with s30(1)(b)
2. ^ supra note [17]
X sells handbags in an online shop. The handbags infringe the registered design of Z. A designed the online advertising campaign for X's shop and books online advertising resources for X on websites and in search engines. A knows that X sells infringing goods.

Please Explain

See answer in 3(a) and (b). The issue here is whether by virtue of A is a joint tortfeasor by virtue of the fact that he designed the "online advertising campaign for X's shop and books online advertising resources for X on websites and in search engines" with the knowledge that the handbags that X sells are infringing.

In Trek[1] the High Court held that "a party who sells or offers to sell or dispose of an article knowing that it is going to be used to infringe may assist infringement, but cannot be said – for the purpose of establishing a conspiracy – to have induced it". Applying Trek, A may be said to assist infringement, but cannot be said – for the purpose of establishing a conspiracy, to have induced it. Neither is the Court likely to find that A was "so involved in the commission of the tort as to make himself liable for the tort".[2]

Footnotes

2. ^ supra note [17]

For each of the hypotheticals in (a) to (c) above, does it make a difference if A merely suspects that X sells infringing goods? If yes, what is the level of "suspicion" required, and how is it demonstrated?

Hypothetical A

No

Please Explain

The question is positioned at jurisdictions where there is liability when A has knowledge that X is selling infringing goods/ wants to see if A is still liable when A merely has a suspicion. In our case, even if A has knowledge, it is insufficient to make him liable. A fortiori, a mere suspicion is even more insufficient and thus would not make a difference.

Hypothetical B

No

Please Explain

Please see 3(d)(i)

Hypothetical C

No

Please Explain
Please see 3(d)(i)

### 4

In the following hypothetical, would party A be liable for Joint Infringement with party X? In your answer, please explain why or why not?

Z owns a patent claiming a method for addressing memory space within a memory chip which is built into telecommunication device having further features (main processor, suitable software etc.). A manufactures memory chips. The chips are objectively suitable to be used for the claimed method. A’s memory chips are distributed over multiple distribution levels to a plethora of device manufacturers. A has no knowledge of the actual end use of its memory chips.

No

Please Explain

Assuming X refers to a device manufacturer who has infringed on Z’s method patent, on the facts, it is unlikely that A will be liable for joint infringement. In *Sabaf*[^1] the English High Court held that a mere supplier of goods with no input or control as to what was done with them was not jointly liable.

In the present case, A’s memory chips are distributed over multiple distribution levels to a plethora of device manufacturers, who may utilize the chips however they like, and in non-infringing ways. Given that A has no knowledge (and by extension, control or input) of the actual end use of its memory chips, A is unlikely to be found to be jointly liable with X.

**Footnotes**

1. ^ supra note [20] at [59], as approved in *Nexplanar*

### 4.b

Further, under your Group’s law, would it be considered obvious (in the sense of Q204P) that A’s chips would be put to one or more infringing uses and if so, why?

No

Please Explain

No, it is unlikely. For the purposes of joint liability, the mere sale of chips which are not themselves protected by a patent but which can be used for the infringing purposes will not amount to an infringement, even if the seller knows the articles will be used for this purpose. [1]

**Footnotes**

1. ^ *Molnlycke v Procter & Gamble* (No.4) [1992] R.P.C 21 at 29

### 5

In the following hypothetical, would party A be liable for Joint Infringement with party X? Please explain why or why not.

Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, also located in your country. A and B know that their servers exchange encrypted messages according to the patented method.

Yes

Please Explain
Yes. The touchstone of joint infringement is whether A was “so involved in the commission of the tort as to make himself liable for the tort”.[1] Given that both A and B’s servers have exchanged encrypted messages in a manner which infringes on Z’s patented method (and A knows that the exchange is in accordance with the patented method), they are likely to satisfy this threshold.

Footnotes

1. ^ supra note [17]

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Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, located outside your country. A and B know that their servers exchange encrypted messages according to the patented method.

Yes

Please Explain

The considerations in 5(a) apply similarly. Given that A (and its servers) are operated in Singapore, notwithstanding the fact that the encrypted messages are being exchanged with a server outside the country, the process can arguably be said to have been “used… in Singapore when he knows, or it is obvious to a reasonable person in the circumstances, that its use without the consent of the proprietor would be an infringement of the patent.”[1] It is also arguable that the patent was being worked or used in Singapore even if communication is with a server outside of Singapore since communication must necessarily involve two parties and one of the party is in Singapore.

Footnotes

1. ^ S66(1)(b)PA

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Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. X operates server “a” outside your country, which exchanges encrypted messages with server “b” operated by Y, located in another country outside your country. A, located in your country, is a software consultant advising X and Y how to use the patented method (but A does not supply any software).

No

Please Explain

It depends on whether A has knowledge that X’s use of the patented method is infringing. However, even then, it is unlikely. In a fraud case on joint tortfeasorship, Credit Lyonnais v EGCD,[1] Hobhouse LJ observed that “mere assistance, even knowing assistance, does not suffice to make the secondary party jointly liable as a joint tortfeasor with the primary party. What he does must go further. He must have conspired with the primary party or procured or induced his commission of the tort or he must have joined in the common design pursuant to which he tort was committed”. Given that A is merely a software consultant who does not supply any software, he is unlikely to meet this threshold.

Footnotes

1. ^ [1998] 1 Lloyd’s Rep 19

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Are there any other scenarios which result in Joint Liability for IPR infringement under your Group’s current law?

Yes

Please Explain

---
Scenario 1

In a scenario involving Party A supplying a kit of parts to Party X, whereby only the assembled kit of parts will constitute patent infringement. In such a scenario, Party A may be found to be a joint infringer. Where Party A is deemed to offer or supply means suitable for committing an act that is a direct infringement of an IPR, the Court may (a) infer a common design or (b) find procurement, such as in Rotocrop International Limited v Genbourne Limited (“Rotocrop”).[1] Rotocrop was considered by the High Court in Nexplanar,[2] though the Court ultimately declined to apply the case owing to the lack of supporting evidence.

Scenario 2

In a scenario whereby a wholly owned subsidiary, X, of a parent company, A, is found to be infringing on Y’s IPR, A may be liable for the acts of X where there is some evidence of A’s “actual involvement in furthering the common design of infringement”.[3] Alternatively, in the case of copyright infringement, A may be liable for authorising infringement within the meaning of s31(1) of the CA, as discussed in the answer to question 1 above.

Footnotes

1. [1982] FSR 241
2. supra note [18] at [236]
3. Court of Appeal in Bradley Lomas Electrolok Ltd and Another v Colt Ventilation East Asia Pte Ltd and Others [2000] 1 SLR 673 at [23]

**7.** What remedies are available against a party found liable for Joint Infringement? In particular:

**7.a** Is an injunction available?

Yes

Please Explain

The remedies available against a party found liable for joint infringement depend on the IPR rights infringed on. Since IPR infringement is a statutory tort, a joint tortfeasor would be held to be similarly liable as if he were a direct infringer.

Yes.

Interim

In order to obtain an interim injunction, the party seeking an injunction must establish the following:

a. That there is a serious question to be tried; and

b. That the balance of convenience lies in favour of granting an injunction (see American Cynamid v Ethicon (“American Cynamid”)).[4]

Final

IPR proprietors in an action for patent,[5] trademark,[6] copyright,[7] or registered design[8] infringement may be granted a final injunction as against the infringer (subject to such terms, if any, as the Court thinks fit). An injunction may be granted in a passing off action as well, albeit one limited to restraining the doing of the act of passing off itself.[9]

Footnotes

1. [1975] AC 396
II. Policy considerations and proposals for improvements of your Group's current law

7.a Are damages or any other form of monetary compensation available?

Yes

On what basis?

Yes, damages and other forms of monetary compensation are available.

IPR proprietors may generally elect between damages and an account of profits. However copyright proprietors, may also elect statutory damages (as an alternative to the aforementioned remedies and not in addition to). In the case involving the use of a counterfeit trade mark in relation to goods or services, Trade Mark proprietors may elect for an account of any profits attributable to the infringement that have not been taken into account in computing the damages or statutory damages. In a case of passing off, the successful plaintiff may elect between damages or an account of profits. However, this is subject to evidence of actual damage.

Footnotes

1. See s119(2) CA; s67(1) PA; s31(2) TMA; s36(2) RDA and Amanresorts Limited and Another v Novelty Pte Ltd [2007] SGHC 201 at [4] and [77]; upheld on appeal in Novelty Pte Ltd v Amanresorts Ltd and Another [2009] 3 SLR 216

2. s119(2)(d)CA

3. s31(5)(a)TMA

4. s31(5)(c)TMA

5. Amanresorts Limited and Another v Novelty Pte Ltd [2007] SGHC 201 at [4] and [77]; upheld on appeal in Novelty Pte Ltd v Amanresorts Ltd and Another [2009] 3 SLR 216

6. ibid

7.c Are any of the available remedies different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?

No

Please Explain

No, the remedies are the same.

8 Are there aspects of your Group's current law that could be improved?
Indirect or joint infringement currently has to be governed by the common law on joint tortfeasorship; the plaintiff has to prove common design to procure or to actually participate in acts of infringement. The Singapore Patents Act, Trade Marks Act and Copyright Act do not have any provisions specifically relating to this area of law.

The Singapore Patents Act currently has no specific provision providing generally for liability for inducing or contributing to patent infringement by someone else. It only provides for the narrow situation where the invention is a patented process: a person may be sued for patent infringement if he or she offers the process for use in Singapore when he or she knows, or it is obvious to a reasonable person in the circumstances, that its use without the consent of the patent owner would be an infringement of the patent (Section 66(1)(b) Patents Act).

A similar provision can be found in the Singapore Trade Marks Act. Sections 27(4)(b) and (c) of the Trade Marks Act provide for the narrow situation where a party may be found to have infringed a TM if he or she puts infringing goods “on the market”, “offers or supplies services” under the infringing mark, or imports or exports goods under the sign.

Under the Singapore Copyright Act, a person is liable for secondary infringement if he imports, sells or lets for hire infringing articles if he knows, or ought to have known, that the article infringes copyright (Sections 32, 33, 104, 105 Copyright Act, PP v Teo Ai Nee [1995] 1 SLR(R) 450).

A point of improvement thus might be to enshrine the principles of tortfeasorship into the respective statutes, to encourage consistency and harmonization in the laws.

**9 Should acts outside the scope of direct infringement or Contributory Infringement give rise to Joint Liability for IPR infringement?**

Yes

Should that sound in availability of injunctive relieve and/or damages? Please explain why or why not.

Yes. The acts covered by the laws on Contributory Infringement (“CI”) do not amply provide for the complex, and practical, realities of IP infringement. For instance, under the laws of CI, it is likely that a party who contracts with, or employs or instructs others, to perform an infringing act would not be jointly liable for the infringement (i.e. because CI is only related to “offering of supply of means for committing a direct infringement of an IPR” [1]). To this end, there are other covert ways that one can assist in infringement besides directly supplying the means or substantial element of the subject matter. The laws on Joint Liability help to cover this gap.

Yes, it should sound in injunctive relief. Acts by a joint tortfeasor can be equally damaging to an intellectual property right holder, as compared to a direct infringer, and thus should be prohibited where necessary.

With reference to damages, the Courts should be vested with a broad discretion to apportion damages accordingly, depending on the contribution in any given case.

**Footnotes**

1. ^ Para 8 of Study Guidelines

**10 Should Joint Liability be excluded if one or more acts being necessary for establishing Joint Liability for IPR infringement are committed outside the domestic jurisdiction? Please explain why or why not.**

Yes

Please Explain
Theoretically, it is ideal for extra-territorial acts to be included. It ensures that the infringement of the IPR is curbed more thoroughly and also ensures that the owner of the IPR is able to pursue remedies against as many relevant parties as possible. From a remedial perspective, it helps to ensure that the IPR owner can be adequately compensated for his loss – instead of having to pursue each defendant in each jurisdiction, the plaintiff can simply sue any joint tortfeasor who is located in the same jurisdiction as him because the significance of joint tortfeasorship is that any one of the joint tortfeasors would be responsible for the whole damage caused. [1] Further, it also helps to promote finality and prevents the situation where one defendant may be held liable for the same activity in more than one jurisdiction.

In any case, besides improving the substantive law of joint tortfeasorship, it would be apposite to also consider entering into more international arrangements that coordinate efforts between national law enforcement agencies. An example of such an arrangement is the Anti-Counterfeiting Trade Agreement ("ACTA"). [2] Indeed, the preamble of the ACTA states that the aim of this agreement is to be "mutually supportive of international enforcement work and cooperation conducted within relevant international organizations". [3] Notably, the ACTA contains provisions on international cooperation that promulgate a coordinated approach by governments to tackle acts of IPR infringement that are transnational in nature. [4]

The ACTA is but one example of how states may cooperate in this regard. Regardless of the precise form or nature of the arrangement that states decide to enter into, the benefits would be immense. States will enjoy a mutual exchange of information relating to IPR infringement and best enforcement practices. This also produces economies of scale such that states parties' can possess proper enforcement mechanisms while incurring lower costs. Most importantly, coordinated enforcement efforts also reduce the likelihood that transnational infringers of intellectual property rights will not go scot-free.

### Footnotes


2. ^ The ACTA was negotiated by Australia, Canada, the EU and its 27 Member States, Japan, Republic of Korea, Mexico, Morocco, New Zealand, Singapore, Switzerland and the United States. All of these countries have signed the ACTA, save for Switzerland. Japan is currently the only signatory that has ratified the ACTA. ( http://www.inta.org/Advocacy/Pages/AntiCounterfeitingTradeAgreement.aspx )


4. ^ Examples of such provisions include: Article 33(2): "In order to combat intellectual property rights infringement, in particular trademark counterfeiting and copyright or related rights piracy, the Parties shall promote cooperation, where appropriate, among their competent authorities responsible for the enforcement of intellectual property rights. Such cooperation may include law enforcement cooperation with respect to criminal enforcement and border measures covered by this Agreement." Article 34(a): "Without prejudice to the provisions of Article 29 (Management of Risk at Border), each Party shall endeavour to exchange with other Parties: (a) information the Party collects under the provisions of Chapter III (Enforcement Practices), including statistical data and information on best practices."

## Are there any other policy considerations and/or proposals for improvement to your Group's current law falling within the scope of this Study Question?

### Yes

The concept of joint tortfeasorship is plaintiff-friendly; there is room for more balance to be struck between the interests of the plaintiff and defendant(s). Liability can be found even where the completion of the tort requires distinct acts on part of various tortfeasors [1] and the plaintiff can claim, for the whole damage, against any one of these joint tortfeasors. This could encourage plaintiffs to claim only against defendants with the deeper pockets or only against defendants in the jurisdiction, rather than the defendants who are more culpable/ contributed more to the IPR infringement.

One suggestion for improvement is for Courts to have the discretion to consider the proportion of the infringing act that each defendant is responsible for. One possibility is that each defendant should only be liable for the entire damage if he had contributed beyond a certain percentage of the infringing act. Variations of this reform have been put in place in various US states such as Minnesota, Pennsylvania and so on. [2]

This seeks to strike a balance between the rights of plaintiffs and defendants.

### Footnotes
III. Proposals for harmonisation

Please consult with relevant in-house / industry members of your Group in responding to Part III.

12. Is a consolidated doctrine of Joint Liability for IPR infringement desirable?

Yes

Please Explain

Yes.

13. Is harmonisation of the laws of Joint Liability for IPR infringement desirable?

Yes

Please Explain

Yes, in the interests of consistency, the framework under the laws of Joint Liability should be applied to all kinds of IPR.

If YES, please respond to the following questions without regard to your Group’s current law.

Even if NO, please address the following questions to the extent your Group considers your Group’s current law could be improved.

14. Please propose a suitable framework for Joint Liability for IPR infringement, focussing on the hypotheticals set out in Questions 3 to 5 above:

The acts in question are limited to activities such as renting retail space, hosting websites, advertising etc. (as further described in Question 3 (a) to (d) above)

The following analysis is without regard to the laws of Singapore, as stipulated above in question 13.

Under the proposed framework the knowledge of the person, sought to be imposed with joint liability, as to whether his acts will further the commission of the infringement by another, should be one of the key determinants. This should be a part subjective, part objective, test. Where the circumstances are objectively such that there is a suspicion of infringement arises/ should have arisen, there should be a duty to take reasonable steps to not willfully/ negligently contribute to such infringement, failure of which liability for infringement can be imposed.
Knowledge is a desirable determinant especially in this age of technology where many defendants use tools such as the internet and various modes of technology to commit infringement. However, given that such internet service providers/technology providers generally play a passive role, they should only be held liable with the requisite knowledge established.

**Prima facie**, a difference can be drawn between these three acts in paragraph 14(a). The former two activities appear to be more passive in nature (i.e. merely offering a platform/ space) whereas the latter appears to be a more active step (i.e. making an effort to promote a good). On this basis, and to illustrate, assuming that it would be more unlikely for a lessor/host of the website to be fully apprised of the use that is being made of its rental space/ website platform, stronger evidence of actual knowledge might be required to establish joint liability. Indeed, under Article 14 of the EU E-Commerce Directive, “host providers’ liability is excluded on the basis that the provider has no actual knowledge of the infringement and no awareness of any facts or circumstances from which the infringement is apparent”. However, where such provider obtains knowledge or awareness of the infringement, it must act expeditiously to remove or disable access to the infringing information. [1] Ultimately, one should look at the degree of control and/or knowledge that the relevant party has over the allegedly infringing act.

For all three hypotheticals in questions 3(a) to 3(c), A should be jointly liable given that it has the actual knowledge of X’s infringement and had not taken steps to avoid contributing to/assisting such infringement. In question 3(d), the liability of A should depend on whether it had taken reasonable steps to verify this suspicion. Otherwise, A would similarly be considered to be willfully assisting such infringement and should be regarded as a joint tortfeasor.

**Footnotes**


**4.** The means supplied or offered by the contributory infringer related to a substantial element of the subject matter of the protected IPR, but at the time of offering or supply, the suitability and intended use were not known to the supplier or obvious under the circumstances (as further described in Question 4 above)

Under the proposed framework, A’s liability would depend on whether it had taken steps to ascertain that the chips would not be used in a manner that infringes the patent, given that they are “objectively suitable to be used for the claimed method”. A has a duty to take reasonable steps to ensure that they are not distributed to manufacturers who may use them in a manner that results in infringement.

**4.** The infringing acts are divided between two parties, and the acts of each party do not qualify as direct infringement or Contributory Infringement, as further described in Question 5 (a) to (c) above.

Notwithstanding that the infringing acts are divided, under the proposed framework where the knowledge of furtherance of the act of infringement is the determinant, it is possible that either party can still be held jointly liable. Of course, the combined effect of the acts should still constitute the tort.

In questions 5(a) and 5(b), there appears to be a typographical error – the references to party B should instead be references to party X. In any event, in both hypotheticals, it is likely that A will be liable because similar to the situation in 14(a) above, A is knowingly allowing its server to be used for infringement of IPR.

In question 5(c), there appears to be two possibilities. First, it appears that Z may have had knowledge of X’s alleged patent infringement – Z is ostensibly exchanging encrypted messages with X using the patented method. In such a case, Z could be deemed as either having consented to X’s alleged patent infringement or waived any right to pursue any claim against X. If so, there would be no liability of X to speak of let alone any joint liability of A.

An alternative possibility, which is less likely in our view, is that Z is unaware of any infringement by X. If so, then the analysis of joint infringement becomes germane. A is assisting both parties who are outside the country to use a patented method. It is unclear in this hypothetical whether A knows whether the method is patented. Assuming that it does, under the proposed framework A can be held liable because it is furthering the acts of X and Z in their commission of the infringement.

**15.** Are there any other scenarios which should result in Joint Liability for IPR infringement, and where harmonisation is desirable?

No
What remedies should be available against a party found liable for Joint Infringement? In particular:

Should an injunction be available?

Yes

Should damages or any other form of monetary compensation be available?

Yes

On what basis?

Yes, any party whose act has been a proximate cause of the injury should be made liable to compensate the IPR owner for the damage, subject to the party’s right to seek, from any other parties who are jointly liable, any amount of contribution.

Should any available remedies be different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?

Yes

Please Explain

There should be a distinction in remedies against direct and indirect infringers.

AIPPI’s Resolution on Q204 defined “contributory infringement” as a species of indirect infringement. Contrastingly, pursuant to the definition of “joint infringement” in paragraph 11 of the 2018 Study Guidelines, a defendant can be jointly liable for both direct and indirect infringement. As such, the available remedies for a plaintiff pursuing joint liability against various parties should depend on whether the claim is for direct or indirect infringement. If it is for indirect infringement, then it may be appropriate for the scope of remedies to be pegged to those of contributory infringement.

Please comment on any additional issues concerning any aspect of Joint Liability you consider relevant to this Study Question, having regard to the scope of this Study Question as set out in paragraphs 7 to 13 above.

NA

Please indicate which industry sector views are included in your Group’s answers to Part III.

NA
I. Current law and practice

Please answer all questions in Part I on the basis of your Group's current law.

1. Are there any statutory provisions which specifically apply to Joint Liability?

Yes

Please Explain

The regulation of liability of intermediaries was introduced in Spain by Law 19/2006, of 5 June, transposing EU Directive 2004/48/CE. This law broadened the means of enforcement of intellectual property rights, introducing significant changes in the legal regime of liability, and expanded the resources available to right holders to defend their rights, provided that infringements are carried out on a commercial scale, i.e. in order to obtain direct or indirect an economic or commercial profit.

This law of transposition of the Directive modified the Spanish laws ruling on intellectual property in order to introduce the possibility for the right holder to claim against the intermediary whose services are sought by a third party to infringe an IP right, by requesting the cessation of the acts of the intermediary that infringe his right and adopt the necessary measures to prevent the infringement from continuing. In other words, even considering that the acts of said intermediary do not constitute infringement themselves, Spanish law allows the right holder to bring a series of limited actions.

Apart from the transposition of the Directive, the different Spanish IP laws contain the following legal provisions relating to intermediaries:

Article 60.2 of the Spanish Patent Law 24/2015, of July 24, introduces a special liability regime for inductors and establishes that there will be no liability for third parties that deliver or offer to deliver means that can be currently found in commerce for the implementation of the patented invention to persons not authorized to exploit it, unless the third parties incites the person to whom the delivery is made to commit prohibited acts.

Spanish Trademark Law 17/2001, establishes in Article 34.3 f) that the owner of the trademark may prohibit the storing of any means incorporating the trademark, if there is a possibility that said means may be used to perform a prohibited act.
Spanish Law 34/2002, of July 11, on services of the information society and electronic commerce, also establishes a liability regime for intermediaries of the information society. Articles 16 and 17 specify that the providers of an intermediation service consisting of hosting data provided by the recipient of this service and the providers of information society services shall only be liable if they have actual knowledge that the activity or information stored or the information/activity to which their links refer is illegal and do not act with diligence to remove the data, make it impossible to access them or disable the corresponding link.

2 Under the case law or judicial or administrative practice in your jurisdiction, are there rules which specifically apply to Joint Liability?

Yes

Please Explain

Judgment C-494/15 of the Court of Justice of the European Union (CJEU), in the Preliminary Ruling referred by the Supreme Court of the Czech Republic makes an interpretation of the concept of "intermediary" of Directive 2004/48 and, therefore, of the concept of "intermediary" included in Spanish regulations.

This judgment determines that the concept of "intermediary" is not limited only to intermediaries in the field of electronic commerce, but makes a broader interpretation that includes any economic operator that provides a service that can be used by a person to infringe intellectual property rights, without it being necessary for the operator to maintain a special relationship with that person.

3 In the following hypotheticals, would party A be liable for Joint Infringement with party X? In each case, please explain why or why not.

3.a X sells handbags in a shop which is a small stall located in a shopping mall owned by A. The handbags infringe the registered design of Z. A knows that X (and other tenants) sells infringing goods.

No

Please Explain

A cannot be considered to be an infringer as it has not performed any of the acts described in Art. 45 of Spanish Industrial Designs Law 20/2003, of July 7 (LDI). However, A could be considered to be an intermediary to the extent that X uses his services to carry out the infringement.

The applicable legal provision would then be Art. 53.3 of LDI, which expressly provides that in cases of design infringement, the owner of the design may request "intermediaries whose services are sought by the third party to infringe" the cessation of acts that infringe his right, as well as the adoption of the necessary measures to ensure that the infringement does not continue, "even if the acts of said intermediaries do not constitute an infringement themselves, without prejudice to the provisions of Law 34/2002, of July 11, on Services of the Information Society and Electronic Commerce (LSSI)."

In this regard, it should be noted that the CJEU in its judgment in case C-494/15 (Tommy Hilfiger) stated that the concept of "intermediary whose services have been used by third parties to infringe an intellectual property right" in the sense of art. 11 of Directive 2004/48, may include the landlord of a physical market stall. Therefore, it would in principle be irrelevant whether the intermediation services are provided in an electronic market or in a physical one.

In the light of this judgment, Art. 53.3 of LDI must be interpreted in the sense that the concept of intermediary includes both intermediaries of electronic markets (online), and those of the physical markets (offline).

Therefore, in the case at issue, it would be possible to request against A the measures foreseen in Art. 53.3 of the LDI (cessation of the activities and the adoption of the necessary measures to avoid their continuation), although the acts of A themselves, do not constitute infringement.

Regardless of the foregoing, in the case of intermediaries operating in physical markets, the right holder could also refer to the general non-contractual liability regime provided for in Arts. 1902 et seq. of the Spanish Civil Code, provided that the concurrence of the requirements of objective and subjective attribution of liability and causal link can be proven.
X sells handbags in an online shop which is hosted by a large market place platform owned by A. The handbags infringe the registered design of Z. A knows that X (and other web shop operators hosted by A’s market place platform) sells infringing goods via their respective outline shops.

Yes

Please Explain

A is an intermediary that provides hosting services on the Internet and, as such, could benefit from the liability exemption regime provided in Art. 16 LSSI. According to this legal provision, a hosting service provider will only be liable for the information stored at the request of the recipient when two circumstances occur:

- Effective knowledge of the fact that the acts carried out by the user are illegal.
- Lack of diligence in the withdrawal of the contents or in preventing access to them.

In this case, given that A knows that X sells infringing products, if it has not taken any action in this regard, it could be liable.

X sells handbags in an online shop. The handbags infringe the registered design of Z. A designed the online advertising campaign for X’s shop and books online advertising resources for X on websites and in search engines. A knows that X sells infringing goods.

No

Please Explain

From the perspective of LDI, it is not clear that the conduct carried out by A may, a priori, be considered to constitute an infringement according to the provisions of Art. 45 of LDI, unless the advertising developed in relation to the X store reproduces the infringing bags.

It is not clear, either, that A constitutes an intermediary in the sense foreseen in Art. 53.3 LDI. Indeed, according to the interpretation of the concept “intermediary whose services the third party uses to infringe rights”, made by the CJEU in the judgments handed down in cases C-341/12 (UPC Telekabel) and Tommy Hilfiger (previously mentioned), the services provided by the economic operator to the offender to make the infringement possible must constitute an essential means for materializing the infringement.

In the case at hand, however, the services provided by A to X (development of an advertising campaign and purchase of advertising space on websites) do not seem to be essential for X to carry out the infringing activity (online sales of counterfeit bags), because the infringing activity of X, in fact, could continue to take place even if X did not provide such services.

This interpretation would, on the other hand, be consistent with the object and purpose of the measures provided for in Art. 53.3 of LDI (cessation and adoption of necessary measures to prevent the infringement from continuing). In this case such measures would be ineffective if they were requested against A, since A does not really have the faculties to stop the conduct of X nor to prevent it from continuing.

In light of the above, in the present case, even if A co-operates with X in the activity of the latter in trade, it will not be possible to attribute any liability to A under the protection of LDI.

For each of the hypotheticals in (a) to (c) above, does it make a difference if A merely suspects that X sells infringing goods? If yes, what is the level of "suspicion" required, and how is it demonstrated?

Hypothetical A

No

Please Explain

In the case raised in (a) the answer is “no”, since the measures provided for in Art. 53.3 LDI, which are independent of the knowledge (or level of knowledge) that the intermediary has, could continue to be requested.
In case (b) yes, but only if the “suspicion” of A can amount to an "effective knowledge" in the sense of Art. 16 LSSI. In this regard, it must be noted that in the judgment of the CJEU in L'Oréal (case C-324/09), the Court made a very broad interpretation of the concept of "effective knowledge" of the electronic market operator, stating that it would be enough "for [the former] to have knowledge of facts or circumstances from which a diligent economic operator should have deduced the illicit character and, in the event of acquiring said knowledge, did not act promptly in accordance with the provisions of paragraph 1, letter b), of said article 14". Therefore, in view of this decision of the CJEU, it would be possible to continue considering that A is jointly liable for the performance of X without being able to benefit from the exemption from liability provided for in Art. 16 LSSI.

Finally, in case (c) nothing would change because, as we have indicated in the aforementioned div, according to the current regulations, it does not seem that X could be liable for the conducts described.

No

No, it would not be considered obvious for the purpose of considering there was an indirect infringement (or contributory infringement) of the patent.

Art. 60 of the Spanish Patent Law (on indirect infringement) requires not only that the means supplied are suitable or appropriate for the implementation of the patented invention. Furthermore:

- It must be a substantial element of the invention;
- The supplier (A) must know - or it should be obvious - that the means supplied are intended for the practice of the patented invention;
- The means supplied should not be goods generally available to the market.

From what is said, it seems that the case at hand does not meet the last two requirements that have just been laid out. (In reality, it would be enough if only one of these requirements was not met in order to rule out indirect or contributory infringement).

No

Further, under your Group's law, would it be considered obvious (in the sense of Q204P) that A's chips would be put to one or more infringing uses and if so, why?
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No

Please Explain

In the following hypotheticals, would party A be liable for Joint Infringement with party X? Please explain why or why not.

5

Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, also located in your country. A and B know that their servers exchange encrypted messages according to the patented method.

Yes

Please Explain

Yes, it would be a considered a direct infringement of a patent in Spain (under article 59.1.b of the Spanish Patent law).

5.b

Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, located outside your country. A and B know that their servers exchange encrypted messages according to the patented method.

No

Please Explain

If what is claimed is a method for exchanging messages as described above, there would not be a patent infringement since the method is not fully put to practice in Spain.

However, in the event that any of the claims of the patent claimed the mere fact of sending (by itself) or receiving (by itself) an encrypted message, this alone would be considered an infringement of such claim. In that case, A would be considered liable for patent infringement, that is: as an infringer itself.

5.c

Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. X operates server “a” outside your country, which exchanges encrypted messages with server “b” operated by Y, located in another country outside your country. A, located in your country, is a software consultant advising X and Y how to use the patented method (but A does not supply any software).

No

Please Explain

A cannot be considered liable because the infringement of the patent does not take place in Spain. And our legal system does not foresee liability for cooperating in possible patent infringements in other countries.

6

Are there any other scenarios which result in Joint Liability for IPR infringement under your Group’s current law?

Yes

Please Explain

Yes, direct infringements committed by several infringers together and indirect infringements.
What remedies are available against a party found liable for Joint Infringement? In particular:

**7**

**Is an injunction available?**

Yes

*Please Explain*

It should be noted that, as we have stated in our answer to question 1, in addition to the infringer, the Spanish Intellectual Property Law (Royal Legislative Decree 1/1996, of April 12) also considers liable for the infringement those who knowingly induce the infringing conduct, the co-operator who knows about the infringing conduct or has reasonable signs/evidence in order to know it is an infringing conduct, and those who have the ability to control the behaviour of the infringer and have a direct interest in the results of the infringing conduct.

This provision, however, is not contemplated nor in the Trademark Law, nor in the Patent Law, nor in the Design Law.

Against those whom are mentioned in the Spanish Intellectual Property Law, the right holder can bring the same actions as it can against the infringer (for they are considered such; i.e.: infringers)

With respect to intermediaries, the actions that a right holder can bring against them are more limited than those available to the right holder with regards to the direct and / or indirect infringer.

In particular:

a) **Is an injunction available?**

Yes, in all cases it is foreseen the possibility of requesting against the infringer and / or against the intermediary:

- Injunctive relief, sometimes *inaudita parte*, i.e.: without hearing the opposing party (exceptionally).

- Inquiries to substantiate the facts that may constitute an infringement of the right, in order to obtain sufficient information about the alleged infringement of their right, thus obtaining data, proof, etc.

**7**

**Are damages or any other form of monetary compensation available?**

No

*Please Explain*

In accordance with Spanish regulations, the owner of an industrial and / or intellectual property right cannot claim compensation for damages against an intermediary. This type of remedy is only available against a direct or indirect infringer.

**7**

**Are any of the available remedies different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?**

Yes

*Please Explain*

The remedies available to a right holder against an infringer are not the same as those available against an intermediary, which are more limited and do not include the possibility of claiming compensation for damages, the publishing of the judgement, etc.

II. Policy considerations and proposals for improvements of your Group's current law
Are there aspects of your Group's current law that could be improved?

Yes

Please Explain

Yes. It would be necessary to regulate this matter in an homogeneous manner, extending the provisions of Article 138 of the Spanish Intellectual Property Law (Copyright Law) to industrial property rights as well.

On the other hand, we consider it would be interesting to have a definition of “intermediary”, or at least, being an indeterminate legal concept, a definition of the criteria that must be taken into account in order to consider a person or entity as such.

Should acts outside the scope of direct infringement or Contributory Infringement give rise to Joint Liability for IPR infringement?

Yes

Should that sound in availability of injunctive relieve and/or damages? Please explain why or why not.

Only in those cases in which intent (including possible negligence) is clear, although we believe that it might be necessary to adapt the liability of the different people or entities involved:

- The intermediaries, would be liable under the terms provided by the current legislation.
- The rest, as for instance: co-operators and / or inducers and / or entities that "control" the IPR infringers, would be considered as liable as the infringers themselves.

Should Joint Liability be excluded if one or more acts being necessary for establishing Joint Liability for IPR infringement are committed outside the domestic jurisdiction? Please explain why or why not.

Yes

Please Explain

Are there any other policy considerations and/or proposals for improvement to your Group’s current law falling within the scope of this Study Question?

Yes

Please Explain

In addition to the issues raised in our answer to question number 8, we believe that it would be advisable for the defendant, in this case the intermediary, to have the possibility of bringing the third party that infringes the right to the legal proceeding, through the so-called "provoked intervention” laid down in the Article 14 of the Law 1/2000, of January 7, of the Civil Procedure.

Notwithstanding the foregoing, said article only allows that a third party is brought to the proceeding when "the law allows it", that is, said possibility must be laid out in a specific statutory law.

For this reason we consider that both intellectual property and industrial property regulations, should foresee, when regulating the remedies available against the intermediary, the possibility of bringing to the proceeding the third party that infringes the right, so that, where appropriate, the existence (or lack of) the infringement may be discussed between the right holder and the infringer.

Additionally, a regulation that promotes the application of best-practices in online platforms that host illegal content and illegal products provided by third parties, thus allowing these contents and products to access the public, would be recommended.

The purpose of this regulation would be to promote a swift detection, removal and disabling of access to these illicit products and contents in order to guarantee their removal, an increase in transparency and the protection of intellectual and industrial property rights online.
Such platforms should take a more active role in the fight against piracy adopting proactive measures to detect, remove or disable access to illegal content.

### III. Proposals for harmonisation

*Please consult with relevant in-house / industry members of your Group in responding to Part III.*

#### 12 Is a consolidated doctrine of Joint Liability for IPR infringement desirable?

Yes

Please Explain

Yes, in accordance with what we have mentioned in the previous questions.

#### 13 Is harmonisation of the laws of Joint Liability for IPR infringement desirable?

Yes

Please Explain

Yes, in accordance with what we have answered to the previous questions.

**If YES, please respond to the following questions without regard to your Group's current law.**

**Even if NO, please address the following questions to the extent your Group considers your Group's current law could be improved.**

#### 14 Please propose a suitable framework for Joint Liability for IPR infringement, focusing on the hypotheticals set out in Questions 3 to 5 above:

The acts in question are limited to activities such as renting retail space, hosting websites, advertising etc. (as further described in Question 3 (a) to (d) above)

A priori, we would not be in favour of modifying our legal framework, except as otherwise provided in our answers to questions number 8 and 11.

a) As far as they are mere intermediaries (in good faith), they should not be considered infringers, which does not mean that an action cannot be brought against them to cease their intermediation / collaboration activity.

The means supplied or offered by the contributory infringer related to a substantial element of the subject matter of the protected IPR, but at the time of offering or supply, the suitability and intended use were not known to the supplier or obvious under the circumstances (as further described in Question 4 above)
As far as they are mere intermediaries (in good faith), they should not be considered infringers, which does not mean that an action cannot be brought against them, in order for them to cease their supply activity to the infringer.

4. The infringing acts are divided between two parties, and the acts of each party do not qualify as direct infringement or Contributory Infringement, as further described in Question 5 (a) to (c) above.

Unless both parties act in a concerted fashion or collusively with each other (to infringe), and always within the territory of the exclusivity right, they should not be considered infringers.

15. Are there any other scenarios which should result in Joint Liability for IPR infringement, and where harmonisation is desirable?

No

Please Explain

A priori, no

16. What remedies should be available against a party found liable for Joint Infringement? In particular:

6a. Should an injunction be available?

Yes

Please Explain

Yes, it should be possible to apply for an injunction against the “joint infringer”.

6b. Should damages or any other form of monetary compensation be available?

Yes

On what basis?

Only in those cases in which said party performs part of the infringement, with knowledge of the infringement, supplying means to carry it out, as well as obtaining a direct or indirect profit.

6c. Should any available remedies be different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?

No

Please Explain

No, they should not. The exact same type of legal remedies should be available.
17 Please comment on any additional issues concerning any aspect of Joint Liability you consider relevant to this Study Question, having regard to the scope of this Study Question as set out in paragraphs 7 to 13 above.

We have no additional remarks to make.

18 Please indicate which industry sector views are included in your Group's answers to Part III.

The answers given to these questions have been drawn up by a working group of lawyers representing clients across all types of industrial sectors, though no specific sector was specially taken into account.
I. Current law and practice

Please answer all questions in Part I on the basis of your Group’s current law.

1 Are there any statutory provisions which specifically apply to Joint Liability?

No

Please Explain

No Swedish legal concept corresponds with the study question’s definition of Joint Liability. Therefore there are no statutory provisions which specifically apply to Joint Liability.

The different scenarios described in the study question could however establish joint liability for two or more parties under the broad Swedish legal concept of responsibility for complicity (Swe: medverkansansvar). Complicity is a concept from Swedish criminal law (Chapter 23 Section 4 of the Swedish Criminal Code) which is also applicable in civil cases. The complicity concept from criminal law can be applied to a civil case for IP infringement since Swedish IP legislation generally considers IP infringement a crime. In order to be liable under the concept of complicity a party must have furthered the infringement by advice or deed.

Numerous statutory provisions in Swedish IP legislation apply to the concept of complicity by extending the scope of liability also to complicit parties. For example, statutory provisions governing injunctions, orders to produce information, infringement investigations and claims for damages can be used to establish liability for several parties to an infringement.

2 Under the case law or judicial or administrative practice in your jurisdiction, are there rules which specifically apply to Joint Liability?

No

Please Explain

No

Please Explain

No Swedish legal concept corresponds with the study question’s definition of Joint Liability. Therefore there are no statutory provisions which specifically apply to Joint Liability.

The different scenarios described in the study question could however establish joint liability for two or more parties under the broad Swedish legal concept of responsibility for complicity (Swe: medverkansansvar). Complicity is a concept from Swedish criminal law (Chapter 23 Section 4 of the Swedish Criminal Code) which is also applicable in civil cases. The complicity concept from criminal law can be applied to a civil case for IP infringement since Swedish IP legislation generally considers IP infringement a crime. In order to be liable under the concept of complicity a party must have furthered the infringement by advice or deed.

Numerous statutory provisions in Swedish IP legislation apply to the concept of complicity by extending the scope of liability also to complicit parties. For example, statutory provisions governing injunctions, orders to produce information, infringement investigations and claims for damages can be used to establish liability for several parties to an infringement.
In NJA 2005, p. 608 the Swedish Supreme Court accepted a concept joint non-contractual liability covering pure economic loss for two parties.

The case is however unlikely to be applied to IP infringement due to widespread availability of the concept of complicity in existing Swedish IP legislation. The case is therefore of limited relevance to this study question.

Several cases discuss joint liability, but within the meaning of Swedish IP legislation, i.e. that IP infringement is a crime, see for example PMT 11706-15, PMT 11574-16, NJA 1986 p. 702, NJA 1993 p. 188 and RH 2013:27. These cases are, as we have understood the question, excluded but provides a good basis for understanding the question out of a Swedish perspective.

3. In the following hypotheticals, would party A be liable for Joint Infringement with party X? In each case, please explain why or why not.

3.a X sells handbags in a shop which is a small stall located in a shopping mall owned by A. The handbags infringe the registered design of Z. A knows that X (and other tenants) sells infringing goods.

Yes

Please Explain

A can be held jointly liable with X under the Swedish concept of complicity if A furthers X’s infringement by advice or deed.

If A’s actions are limited to renting out the retail space but A’s business is otherwise legitimate, and A is made aware of the fact that one or a few of the tenants sell infringing goods, this would generally not be considered a furtherance by advice or deed sufficient to establish joint liability for A and X.

But if A furthers X’s infringement by for example taking a percentage of X’s sales of infringing goods, or by loading and unloading the infringing goods, A could likely be held jointly liable with X (cf. RH 2013:27, The Pirate Bay, where the operators of a file-sharing site were held jointly liable for copyright infringement under the concept of complicity).

3.b X sells handbags in an online shop which is hosted by a large marketplace platform owned by A. The handbags infringe the registered design of Z. A knows that X (and other web shop operators hosted by A’s marketplace platform) sells infringing goods via their respective outline shops.

Yes

Please Explain

See answer to (a) above.

If A only supplies the technical means for the platform (e.g. server space, web portal) but it is clear that each seller is responsible for their respective online shops, A would generally not be held jointly liable with X. If, however, A provides additional services to X and other web shop operators, such as payment solutions, marketing of X’s products, or if A is aware that virtually all products sold by the operators using the platform are infringing goods, A could be held jointly liable.

3.c X sells handbags in an online shop. The handbags infringe the registered design of Z. A designed the online advertising campaign for X’s shop and books online advertising resources for X on websites and in search engines. A knows that X sells infringing goods.

Yes

Please Explain

Yes, this would most likely constitute joint infringement. The fact that A takes an active part is material (cf. B 3143-17, Swefilmer, where the court relies on the fact that the defendants have taken an active part (e.g. administrating advertising, payment and marketing) for an extended
For each of the hypotheticals in (a) to (c) above, does it make a difference if A merely suspects that X sells infringing goods? If yes, what is the level of “suspicion” required, and how is it demonstrated?

Hypothetical A

Yes

Please Explain

Yes, joint liability in (a) to (c) for A would require knowledge or a level of “suspicion” which amounts to negligence. It is not certain that it would be sufficient that A has been made aware of an alleged infringement by a rights holder, or that X has previously been found, after judicial review, to have sold infringing goods.

But if the overall circumstances are such that it should have been obvious to A that X sells infringing products, for example by A receiving a cease and desist letter from rights’ holders, A’s decision to not investigate the matter further and within reason try to determine whether infringement is taking place or not could be considered negligent. To summarize – a level of suspicion/likelihood of infringement triggering a duty to investigate. This level is most likely determined on a case by case basis where the overall circumstances determines the outcome.

Hypothetical B

No

Please Explain

Hypothetical C

No

Please Explain

In the following hypothetical, would party A be liable for Joint Infringement with party X? In your answer, please explain why or why not?

Z owns a patent claiming a method for addressing memory space within a memory chip which is built into telecommunication device having further features (main processor, suitable software etc.). A manufactures memory chips. The chips are objectively suitable to be used for the claimed method. A’s memory chips are distributed over multiple distribution levels to a plethora of device manufacturers. A has no knowledge of the actual end use of its memory chips.

No

Please Explain

A would not likely be considered liable for Joint Infringement. In order to potentially qualify for liability a more direct involvement would most likely be required, (Sw. främja i råd och dåd) aiding and/or abetting the infringement by deed or advice. In this hypothetical, there is no such qualifying activity from A, as A does not appear engaged or even aware of the specific infringing acts.
4.b Further, under your Group’s law, would it be considered obvious (in the sense of Q204P) that A’s chips would be put to one or more infringing uses and if so, why?

No

Please Explain

No, this would not be obvious.

5 In the following hypotheticals, would party A be liable for Joint Infringement with party X? Please explain why or why not.

5.a Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, also located in your country. A and B know that their servers exchange encrypted messages according to the patented method.

No

Please Explain

There appears to be no direct, indirect or contributory infringement by any sole party in this scenario. If a third party could be held liable for any sort of infringement, A and B/X could potentially be held jointly or severally liable for aiding or abetting such infringement, by deed or advice, if their behaviour in the specific case could be considered sufficiently involved to qualify.

If A and B/X act jointly with the intention to exercise the invention, it is possible that criminal law rules on acts made “jointly and in collusion” could potentially be applied by analogy to establish infringement by them. There is no such case law of which we are aware.

5.b Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, located outside your country. A and B know that their servers exchange encrypted messages according to the patented method.

No

Please Explain

See answer a) above. In this scenario there appears to be no infringement in Sweden, in which case we do not expect a court to find Joint Infringement.

5.c Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. X operates server “a” outside your country, which exchanges encrypted messages with server “b” operated by Y, located in another country outside your country. A, located in your country, is a software consultant advising X and Y how to use the patented method (but A does not supply any software).

No

Please Explain

Since the encrypted exchange between servers a or b does not take part in Sweden, and further Z owns the patent, there exist no grounds for infringement action under current law.
II. Policy considerations and proposals for improvements of your Group's current law

8. Are there aspects of your Group's current law that could be improved?

Yes

Please Explain

Yes of course. We would like to incorporate the aforesaid criminal principles of acts of infringement by several persons/entities acting in collusion (Sw. Medgärnings-mannskap).
Should acts outside the scope of direct infringement or Contributory Infringement give rise to Joint Liability for IPR infringement?

Yes

Should that sound in availability of injunctive relieve and/or damages? Please explain why or why not.

Again there is no case law, but probably full compensation for the loss incurred could be adjudged.

Should Joint Liability be excluded if one or more acts being necessary for establishing Joint Liability for IPR infringement are committed outside the domestic jurisdiction? Please explain why or why not.

No

Please Explain

No, we would suggest also in this regard that the legislator looks into the possibility of incorporating international criminal principles regarding cross border acts of infringement committed by persons/entities with ties to Sweden and acting in collusion (Sw. aktiva personalitetsprincipen) or cross border infringing acts directed towards Swedish interests (Sw. passiva personalitetsprincipen).

Are there any other policy considerations and/or proposals for improvement to your Group's current law falling within the scope of this Study Question?

No

Please Explain

Not really.

Is a consolidated doctrine of Joint Liability for IPR infringement desirable?

Yes

Please Explain

Yes, a consolidated doctrine of Joint Liability applicable to different kinds of IPR infringement creates legal certainty. Legal certainty is a universal positive that among other things increases the value of IPRs, strengthens the position of rightsholders and serves to dissuade potential infringers.

Is harmonisation of the laws of Joint Liability for IPR infringement desirable?

Yes

Please Explain
Yes, since Joint Liability is handled significantly differently across different jurisdictions creating legal uncertainty, harmonisation would be desirable.

If YES, please respond to the following questions without regard to your Group’s current law.

Even if NO, please address the following questions to the extent your Group considers your Group’s current law could be improved.

14
Please propose a suitable framework for Joint Liability for IPR infringement, focussing on the hypotheticals set out in Questions 3 to 5 above:

14.a
The acts in question are limited to activities such as renting retail space, hosting websites, advertising etc. (as further described in Question 3 (a) to (d) above)

According to our understanding of the question, a suitable framework for Joint Liability would be a proposal for harmonisation according to a consolidated doctrine of such liability.

In order for the suitable framework to apply to the many different circumstances under which Joint Liability should be able to arise in relation to different IPRs, such a suitable framework would have to be fairly general in nature. The framework should set out a clear test for when the separate actions of two parties could give rise to Joint Liability for IPR infringement. The test should be similar to the Swedish concept of responsibility for complicity where courts test whether the separate parties furthered the IPR infringement by advice or deed. The framework should be formulated in a way so as to complement fields where broadly defined joint liability is already established, such as contributory patent infringement and responsibility for online service providers for copyright infringement.

14.b
The means supplied or offered by the contributory infringer related to a substantial element of the subject matter of the protected IPR, but at the time of offering or supply, the suitability and intended use were not known to the supplier or obvious under the circumstances (as further described in Question 4 above)

When thus distinguishing between for example contributory patent infringement and a new broad concept of Joint Liability, it would likely be difficult to formulate a suitable framework that applied to two or more parties’ joint patent infringement that did not amount to contributory patent infringement.

14.c
The infringing acts are divided between two parties, and the acts of each party do not qualify as direct infringement or Contributory Infringement, as further described in Question 5 (a) to (c) above.

The Swedish group recognises the challenge facing legislators in formulating a suitable framework for Joint Liability to be applied broadly with significant practical effects. As part of the framework, evidentiary standards for claims for damages should be considered, as well as the possible inclusion of a limited reverse burden of proof in order to establish Joint Liability under certain circumstances, as outlined in for example Question 3 above.

15
Are there any other scenarios which should result in Joint Liability for IPR infringement, and where harmonisation is desirable?

Yes

Please Explain
Any scenarios where the acts of one or more parties does not separately amount to direct or indirect infringement, but constitutes a furthering of the infringement by advice or deed should be able to result in Joint Liability (cf. Question 14 above).

<table>
<thead>
<tr>
<th>16.</th>
<th>What remedies should be available against a party found liable for Joint Infringement? In particular:</th>
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<tbody>
<tr>
<td>6.a</td>
<td>Should an injunction be available?</td>
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<tr>
<td></td>
<td>Yes</td>
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<td></td>
<td>Please Explain</td>
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<tr>
<td></td>
<td>Yes (on the merits as well as in the interim). The mechanics of such injunction could benefit from being designed as to ensure a deterrent effect. This by (a) supplementing the injunction with a fine/penalty and (b) equipping the court with alternate models to calculate the fine/penalty (e.g. enabling the court to choose a fixed amount or an amount exceeding anticipated financial gains for the infringers).</td>
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<tr>
<td>6.b</td>
<td>Should damages or any other form of monetary compensation be available?</td>
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<tr>
<td></td>
<td>Yes</td>
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<tr>
<td></td>
<td>On what basis?</td>
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<tr>
<td></td>
<td>Yes, monetary compensation should be paid for any actual damage that the rights holder(s) have suffered from the infringement, for example loss of profit and good will damages.</td>
</tr>
<tr>
<td>6.c</td>
<td>Should any available remedies be different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?</td>
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<tr>
<td></td>
<td>Yes</td>
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<tr>
<td></td>
<td>Please Explain</td>
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<tr>
<td></td>
<td>The liability for damages should vary based on each liable party's relevant actions. The significance of such relevant actions could be assessed in different ways (e.g. the relevant action's significance for enabling the infringement or the relevant action's impact on actual damages suffered by rights holder).</td>
</tr>
</tbody>
</table>

17 Please comment on any additional issues concerning any aspect of Joint Liability you consider relevant to this Study Question, having regard to the scope of this Study Question as set out in paragraphs 7 to 13 above.

No comment

18 Please indicate which industry sector views are included in your Group's answers to Part III.

Industry (Collecting society STIM) and law firms (Sandart, Hannes Snellman, Lindahl, Synch, Cederquist).
I. Current law and practice

Please answer all questions in Part I on the basis of your Group’s current law.

1. Are there any statutory provisions which specifically apply to Joint Liability?

No

Please Explain

- No, there are no statutory provisions which specifically apply to Joint Liability. However, Sections 432 and 420 of the Civil and Commercial Code discuss the following liability for wrongful acts:
  - **Section 420**: A person who, willfully or negligently, unlawfully injures the life, body, health, liberty, property or any right of another person, is said to commit a wrongful act and is bound to make compensation therefore.
  - **Section 432**: If several persons by a joint wrongful act cause damage to another person, they are jointly bound to make compensation for the damage. The same applies if, among several joint doers of an act, the one who caused the damage cannot be ascertained.

Persons who instigate or assist in a wrongful act are deemed to be joint actors.

As between themselves the persons jointly bound to make compensation are liable in equal shares unless, under the circumstances, the Court otherwise decides.

In addition to the Civil and Commercial Code, a person who is involved in joint infringement may be sanctioned under the following divs of the Criminal Code:
- **Section 83**: In case of any offence is accrued by commission of the person as from two persons upwards, such accomplices deemed to be principals shall be punished as provided by the law for such offence.
Section 84: Whoever, whether by employment, compulsion, threat, hire, asking as favor or instigation, or by any other means, causes an another person to commit any offence is said to be an instigator.

If the employed person commits the offence, the instigator shall receive the punishment as principal. If the offence is not committed, whether it be that the employed person does not consent to commit, or has not yet committed, or on account of any other reason, the instigator shall be liable to only one-third of the punishment provided for such offence.

Section 86: Whoever does for any reason whatsoever as assist or facility to any other person committing an offence before or late time of committing the offence, even though such assistance or facility is not known by the offender, such assistant deemed to be supporter in committing such offence shall be punished by two-third of the punishment as provided for such offence.

Additionally, although there are no statutory provisions which specifically apply to Joint Liability, the Copyright Act addresses direct and indirect infringement. Sections 27-30 of the Copyright Act addresses direct infringement and Section 31 addresses indirect infringement. Section 69 of the Copyright Act specifies the penalties for direct infringement under Sections 27-30 while Section 70 of the Copyright Act, specifies the penalties for infringement under Section 31.

2 Under the case law or judicial or administrative practice in your jurisdiction, are there rules which specifically apply to Joint Liability?

No

Please Explain

- Thailand is a civil law jurisdiction and judicial precedent is not binding. Although there are common law influences and courts are typically influenced by earlier decisions or decisions of higher courts, they are not bound to follow their own decisions.

3 In the following hypotheticals, would party A be liable for Joint Infringement with party X? In each case, please explain why or why not.

3.a X sells handbags in a shop which is a small stall located in a shopping mall owned by A. The handbags infringe the registered design of Z. A knows that X (and other tenants) sells infringing goods.

Yes

Please Explain

- A would be liable for Joint Infringement with X because by letting X sells handbags in his shopping mall, A assisted X in the wrongful act. As discussed above, Section 432 specifically states that "Persons who instigate or assist in a wrongful act are deemed to be joint actors." A could also be sanctioned under Section 86 of the Criminal Code.

3.b X sells handbags in an online shop which is hosted by a large marketplace platform owned by A. The handbags infringe the registered design of Z. A knows that X (and other web shop operators hosted by A’s market place platform) sells infringing goods via their respective outline shops.

Yes

Please Explain

- A would be liable for Joint Infringement with party X here because by letting X sells handbags in an online shop, which is hosted by a
large marketplace platform owned by A, A has assisted X in committing a wrongful act. Therefore, A is deemed to be joint actors under Section 432 of the Civil and Commercial Code. A could also be sanctioned under Section 86 of the Criminal Code.

3.c
X sells handbags in an online shop. The handbags infringe the registered design of Z. A designed the online advertising campaign for X's shop and books online advertising resources for X on websites and in search engines. A knows that X sells infringing goods.

Yes
Please Explain

○ A would be liable for Joint Infringement with party X because by designing the online advertising campaign for X’s shop and books online advertising resources for X on websites and in search engines, A has assisted X in committing a wrongful act. Therefore, A is deemed to be joint actors under Section 432 of the Civil and Commercial Code. A could also be sanctioned under Section 86 of the Criminal Code.

3.d
For each of the hypotheticals in (a) to (c) above, does it make a difference if A merely suspects that X sells infringing goods? If yes, what is the level of "suspicion" required, and how is it demonstrated?

3.d.i Hypothetical A
Yes
Please Explain

It does make a difference. If A merely suspects that X sells infringing goods, A would not be liable for Joint Infringement with party X. In order to be considered joint actors under Section 432 of the Civil and Commercial Code, knowledge of the other party wrongful acts is required. For example, if A had notice that X sells infringing goods, A would be liable for joint infringement with party X.

3.d.ii Hypothetical B
Yes
Please Explain

It does make a difference. If A merely suspects that X sells infringing goods, A would not be liable for Joint Infringement with party X. In order to be considered joint actors under Section 432 of the Civil and Commercial Code, knowledge of the other party wrongful acts is required. For example, if A had notice that X sells infringing goods, A would be liable for joint infringement with party X.

3.d.iii Hypothetical C
Yes
Please Explain

It does make a difference. If A merely suspects that X sells infringing goods, A would not be liable for Joint Infringement with party X. In order to be considered joint actors under Section 432 of the Civil and Commercial Code, knowledge of the other party wrongful acts is required. For
example, if A had notice that X sells infringing goods, A would be liable for joint infringement with party X.

4. In the following hypothetical, would party A be liable for Joint Infringement with party X? In your answer, please explain why or why not?

4.a Z owns a patent claiming a method for addressing memory space within a memory chip which is built into telecommunication device having further features (main processor, suitable software etc.). A manufactures memory chips. The chips are objectively suitable to be used for the claimed method. A’s memory chips are distributed over multiple distribution levels to a plethora of device manufacturers. A has no knowledge of the actual end use of its memory chips.

Yes

Please Explain

○ A would be liable for Joint Infringement with party X because he manufactures the chips in order for them to be objectively suitable for the claimed method.

4.b Further, under your Group’s law, would it be considered obvious (in the sense of Q204P) that A’s chips would be put to one or more infringing uses and if so, why?

Yes

Please Explain

5. In the following hypotheticals, would party A be liable for Joint Infringement with party X? Please explain why or why not.

5.a Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, also located in your country. A and B know that their servers exchange encrypted messages according to the patented method.

Yes

Please Explain

○ A would be liable for infringement for Joint Infringement with party X here because A knew that his server exchanges encrypted messages according to the patented method. A is liable under Section 420 of the Civil and Commercial Code because he willfully infringes the right of X.

5.b Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, located outside your country. A and B know that their servers exchange encrypted messages according to the patented method.

Yes

Please Explain
When there is an involvement of an infringing conduct outside the country, it depends on where the infringing conduct occurs. In this case, if the infringing conduct occurs in Thailand, A would be liable for Joint Infringement with X.

Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. X operates server “a” outside your country, which exchanges encrypted messages with server “b” operated by Y, located in another country outside your country. A, located in your country, is a software consultant advising X and Y how to use the patented method (but A does not supply any software).

Yes

Please Explain

- Similarly, to question b) if the infringing conduct occurs in Thailand, A would be liable for Joint Infringement with X.

Are there any other scenarios which result in Joint Liability for IPR infringement under your Group’s current law?

No

Please Explain

- No, as discussed, there are no statutory provisions which specifically apply to Joint Liability and under IP related statutes, there is no express provision on joint liability.

What remedies are available against a party found liable for Joint Infringement? In particular:

Is an injunction available?

Yes

Please Explain

- Yes, there are injunctions available.
  - Section 77bis of the Patent Act B.E. 2522 (1979) covers injunctions for patent infringement
  - Section 116 of the Trademark Act B.E. 2534 (1991) covers injunctions for trademark infringement
  - Section 65 of the Copyright Act B.E. 2537 (1994) covers injunctions for copyright infringement.

Are damages or any other form of monetary compensation available?

Yes

On what basis?
II. Policy considerations and proposals for improvements of your Group's current law

For Patent, Section 77ter of the Patent Act specifies that the court shall have the power to order the infringer to pay the owner of the patent or petty patent damages in an amount deemed appropriate by the court, taking into consideration the gravity of the injury including the loss of benefits and expenses necessary to enforce the rights of the owner of the patent or petty patent.

For Copyright, Section 64 of the Copyright Act specifies that court may order the infringer to compensate the owner of copyright or performers' rights for damages the amount of which shall be determined by the court taking into account the seriousness of the injury, including the loss of profits and the expenses necessary for the enforcement of the right of the owner of copyright or performers' rights.

8. Are there aspects of your Group’s current law that could be improved?

Yes, as discussed, there are no clear regulations regarding joint infringement. It would be ideal to have such laws to regulate joint infringement in intellectual property matter.

9. Should acts outside the scope of direct infringement or Contributory Infringement give rise to Joint Liability for IPR infringement?

No

10. Should Joint Liability be excluded if one or more acts being necessary for establishing Joint Liability for IPR infringement are committed outside the domestic jurisdiction? Please explain why or why not.

No

Yes, in general, monetary compensation is available under Section 438 of the Civil and Commercial Code.

For Patent, Section 77ter of the Patent Act specifies that the court shall have the power to order the infringer to pay the owner of the patent or petty patent damages in an amount deemed appropriate by the court, taking into consideration the gravity of the injury including the loss of benefits and expenses necessary to enforce the rights of the owner of the patent or petty patent.

For Copyright, Section 64 of the Copyright Act specifies that court may order the infringer to compensate the owner of copyright or performers' rights for damages the amount of which shall be determined by the court taking into account the seriousness of the injury, including the loss of profits and the expenses necessary for the enforcement of the right of the owner of copyright or performers' rights.

7.c Are any of the available remedies different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?

No

Please Explain

For Patent, destruction and confiscation of goods are available as remedies under Section 77quarter of the Patent Act. For Trademark, Section 106bis of the Trademark Act specifies that the Registrar or competent officer has the authority to seize and confiscate goods, vehicle, documents or other evidence in connection with trademark violation.
### III. Proposals for harmonisation

*Please consult with relevant in-house / industry members of your Group in responding to Part III.*

<table>
<thead>
<tr>
<th>11</th>
<th>Are there any other policy considerations and/or proposals for improvement to your Group’s current law falling within the scope of this Study Question?</th>
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<td>No                                                                ব্যাখ্যা:</td>
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#### III. Proposals for harmonisation

- **12** Is a consolidated doctrine of Joint Liability for IPR infringement desirable?

- **13** Is harmonisation of the laws of Joint Liability for IPR infringement desirable?

If YES, please respond to the following questions without regard to your Group’s current law.

Even if NO, please address the following questions to the extent your Group considers your Group’s current law could be improved.

- **14** Please propose a suitable framework for Joint Liability for IPR infringement, focussing on the hypotheticals set out in Questions 3 to 5 above:
  - The acts in question are limited to activities such as renting retail space, hosting websites, advertising etc. (as further described in Question 3 (a) to (d) above)
  - The means supplied or offered by the contributory infringer related to a substantial element of the subject matter of the protected IPR, but at the time of offering or supply, the suitability and intended use were not known to the supplier or obvious under the circumstances (as further described in Question 4 above)
  - The infringing acts are divided between two parties, and the acts of each party do not qualify as direct infringement or Contributory Infringement, as further described in Question 5 (a) to (c) above.

- **15** Are there any other scenarios which should result in Joint Liability for IPR infringement, and where harmonisation is desirable?

- **16** What remedies should be available against a party found liable for Joint Infringement? In particular:
### AIPPI 2018 - Study Question - Joint liability for IP infringement

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<tr>
<th>Q.</th>
<th>Question</th>
<th>Answer</th>
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<tbody>
<tr>
<td>16a</td>
<td>Should an injunction be available?</td>
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<tr>
<td>16b</td>
<td>Should damages or any other form of monetary compensation be available?</td>
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<tr>
<td>16c</td>
<td>Should any available remedies be different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?</td>
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</table>

#### 17
Please comment on any additional issues concerning any aspect of Joint Liability you consider relevant to this Study Question, having regard to the scope of this Study Question as set out in paragraphs 7 to 13 above.

#### 18
Please indicate which industry sector views are included in your Group’s answers to Part III.
Study Question

Submission date: April 26, 2018

Sarah MATHESON, Reporter General
Jonathan P. OSHA and Anne Marie VERSCHUUR, Deputy Reporters General
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Joint liability for IP infringement

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I. Current law and practice

Please answer all questions in Part I on the basis of your Group's current law.

1. Are there any statutory provisions which specifically apply to Joint Liability?

Yes

Please Explain

Hosting Provider Liability / Internet Law: Hosting providers hosting providers are responsible for removing the unlawful content upon being notified.

Intermediary Service Provider Liability / E-Commerce Law: An intermediary service provider will become liable for the unlawful content unless it removes such upon notification of the right owner.

Copyrights / Copyright Law: As per Copyright Law, if the copyright infringement is committed by an employer or an agent during the course of and in relation to his employment, the lawsuit to cease the infringement can be also brought against its employer/principal. Such liability of employer/principal is absolute, that said does not require fault or knowledge. Such liability is not regulated or defined as a joint liability but may be applicable to the scenarios in these study questions as being absolute and there is no direct infringement of the employer / principal. This rule especially applies for media/press industry employees.

2. Under the case law or judicial or administrative practice in your jurisdiction, are there rules which specifically apply to Joint Liability?

Yes

Please Explain
There is an established Supreme Court decision that holds hosting provider/intermediary service provider liable for removing infringing content upon notification. Unless the intermediary service provider removes unlawful content upon notification and the unlawful content remains, the Supreme Court also holds the ISP liable from damages/compensation as it is considered as acting in fault.

There are also Supreme Court decisions where the Supreme Court held the employer (newspaper) liable where representatives or employees (columnists) caused infringement of economical or moral rights attached to a copyrighted work.

In the following hypotheticals, would party A be liable for Joint Infringement with party X? In each case, please explain why or why not.

3.a X sells handbags in a shop which is a small stall located in a shopping mall owned by A. The handbags infringe the registered design of Z. A knows that X (and other tenants) sells infringing goods.

**No**

**Please Explain**

In this hypothetical, party A would not be liable for Joint Infringement with party X under current Turkish laws, as there is no provision that holds the landlord jointly liable in the case of an IPR infringement committed by the tenant.

3.b X sells handbags in an online shop which is hosted by a large market place platform owned by A. The handbags infringe the registered design of Z. A knows that X (and other web shop operators hosted by A’s market place platform) sells infringing goods via their respective outline shops.

**Yes**

**Please Explain**

In this hypothetical, party A might be liable with party X if certain conditions are met.

A hosting provider or intermediary service provider shall not be liable for monitoring the content. On the other hand, a intermediary service provider is obliged to remove the content which it accommodates, if it is notified about the unlawfulness of the content.

In this case intermediary service provider's liability might arise in the case where intermediary service provider is notified by the unlawfulness of the content. The notification is crucial since it acts as an evidence that intermediary service provider is aware of the unlawful content. If there is sufficient evidence regarding the unlawfulness and intermediary service provider insists on not removing the content despite the notification, the intermediary service provider's liability arises.

In conclusion, if party A does not remove the content after being notified regarding the unlawfulness of the content provided by party X, party A can be liable for joint infringement with party X and party A's liability for compensation can arise.

3.c X sells handbags in an online shop. The handbags infringe the registered design of Z. A designed the online advertising campaign for X’s shop and books online advertising resources for X on websites and in search engines. A knows that X sells infringing goods.

**No**

**Please Explain**

Party A's act is not jointly made since party A designs the online advertising campaign for X's shop which sells infringing goods and books online advertising resources for X on websites and in search engines. It would not be possible to held Party A liable for joint infringement under Turkish laws.
For each of the hypotheticals in (a) to (c) above, does it make a difference if A merely suspects that X sells infringing goods? If yes, what is the level of “suspicion” required, and how is it demonstrated?

Hypothetical A

No

Please Explain

It does not make a difference if A merely suspects that X sells infringing goods. Suspicion is not a requisite or criterion. Party A must be notified by the right owner in any case since the liability can only arise upon notification.

Hypothetical B

No

Please Explain

It does not make a difference if A merely suspects that X sells infringing goods. Suspicion is not a requisite or criterion.

Hypothetical C

No

Please Explain

It does not make a difference if A merely suspects that X sells infringing goods. Suspicion is not a requisite or criterion.

In the following hypothetical, would party A be liable for Joint Infringement with party X? In your answer, please explain why or why not?

Z owns a patent claiming a method for addressing memory space within a memory chip which is built into telecommunication device having further features (main processor, suitable software etc.). A manufactures memory chips. The chips are objectively suitable to be used for the claimed method. A’s memory chips are distributed over multiple distribution levels to a plethora of device manufacturers. A has no knowledge of the actual end use of its memory chips.

No

Please Explain

Under Turkish Laws, it is a requisite that the entity supplying substantial or essential means for enabling the performance of the invention shall be aware that such means are sufficient for putting the invention into use and further that they will be used to such effect or that the circumstances render such situation sufficiently evident. Therefore, it can be indicated that no liability or joint liability in the infringement of ip rights can be acknowledged as per the IP Law in the absence of one of the two conditions also jointly defining the grounds on which contributory infringement is based.
Further, under your Group's law, would it be considered obvious (in the sense of Q204P) that A's chips would be put to one or more infringing uses and if so, why?

No

Please Explain

In the following hypotheticals, would party A be liable for Joint Infringement with party X? Please explain why or why not.

Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, also located in your country. A and B know that their servers exchange encrypted messages according to the patented method.

No

Please Explain

Under the present scenario, none of the parties is an entity providing substantial or essential components enabling direct infringement although they have knowledge of the IPR. Therefore, they do not qualify as a party engaging in contributory infringement. In the light of these explanations, Party A will not be jointly liable under Turkish laws.

Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, located outside your country. A and B know that their servers exchange encrypted messages according to the patented method.

No

Please Explain

Irrespective of the fact that A operates server “a” in Turkey and both A and X have knowledge of the IPR, they would not qualify as a party engaging in joint liability or inducement.

Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. X operates server “a” outside your country, which exchanges encrypted messages with server “b” operated by Y, located in another country outside your country. A, located in your country, is a software consultant advising X and Y how to use the patented method (but A does not supply any software).

No

Please Explain

A does not qualify as a party engaging in contributory infringement under Turkish Laws, since inducement is not regulated.

Are there any other scenarios which result in Joint Liability for IPR infringement under your Group’s current law?

No

Please Explain
II. Policy considerations and proposals for improvements of your Group’s current law

8 Are there aspects of your Group’s current law that could be improved?

No

Please Explain

No. We believe any improvement in current law in a manner to define joint liability may cause excessive consequences in terms of the one who was not actually involved in infringing act or whose act only composes infringement provided that it is combined with a third party’s act. Also, there may be different cases that would cause joint liability due to the technological developments. Joint liability should be established through case law, considering the facts and grounds of each case.
III. Proposals for harmonisation

Please consult with relevant in-house / industry members of your Group in responding to Part III.

12 Is a consolidated doctrine of Joint Liability for IPR infringement desirable?

No

Please Explain

13 Is harmonisation of the laws of Joint Liability for IPR infringement desirable?

No

Please Explain

9 Should acts outside the scope of direct infringement or Contributory Infringement give rise to Joint Liability for IPR infringement?

No

Please Explain

No. The acts outside of the scope of direct or contributory infringement should not give rise to joint liability for IPR infringement as it may amount to excessive consequences. The remedies for infringement should be proportionate and facts of the infringing act must be assessed and evaluated per case.

10 Should Joint Liability be excluded if one or more acts being necessary for establishing Joint Liability for IPR infringement are committed outside the domestic jurisdiction? Please explain why or why not.

Yes

Please Explain

Joint Liability should be excluded if one or more acts being necessary for establishing Joint Liability for IPR infringement are committed outside the domestic jurisdiction. The reason is that further competence may cause turmoil in terms of ‘conflict of laws’ and may not be feasible on many levels. Member States should instead enforce strict customs implementations to prevent importation of infringing goods and/or services into their territories. A legally binding international instrument should also be drafted in order to facilitate cooperation between Member States.

11 Are there any other policy considerations and/or proposals for improvement to your Group’s current law falling within the scope of this Study Question?

No

Please Explain

III. Proposals for harmonisation
If YES, please respond to the following questions without regard to your Group’s current law.

Even if NO, please address the following questions to the extent your Group considers your Group’s current law could be improved.

Please propose a suitable framework for Joint Liability for IPR infringement, focussing on the hypotheticals set out in Questions 3 to 5 above:

The acts in question are limited to activities such as renting retail space, hosting websites, advertising etc. (as further described in Question 3 (a) to (d) above)

The acts that give rise to joint liability may be limited to certain activities.

For instance, in terms of renting retail spaces, landlords should not be able to turn a blind eye for IPR infringements committed by their tenants. There might be a two layered notice and takedown proceeding for landlords. In that sense, landlords would be notified and made aware of the infringing act first; secondly they may be held liable for notifying their tenant to cease the infringing act. As the third layer, in case the tenant tends to continue their infringing activities, landlords may be held jointly liable for ceasing of the infringing act but not the damages.

The means supplied or offered by the contributory infringer related to a substantial element of the subject matter of the protected IPR, but at the time of offering or supply, the suitability and intended use were not known to the supplier or obvious under the circumstances (as further described in Question 4 above)

Under contributory infringement assessment, as is generally defined, the supplier is not held liable in the event that the suitability and/or intended use were not known to the supplier or obvious under the circumstances. On the other hand, when assessing joint liability, it is needed to specify under which circumstances the supplier can be considered jointly liable in the case where no contributory infringement can be acknowledged, i.e. no enablement awareness, intention of use and/or involvement of a substantial means forming part of the product/process according to the claimed invention is in question. Therefore, in the absence of clearly and thoroughly specified appropriate legal definitions, it can be argued that the threshold for assessment of joint liability can be too low and commercial activity by third parties can possibly be adversely affected in the absence of such legal guidelines.

In the scenario set out in question 4, the supplier is unaware of the fact that the manufactured product items do not enable infringement of an IPR, nor does he have any information in relation to intention of use. Therefore, it is required that the set of criteria used for assessing contributory infringement must be expanded to lower the liability threshold, which would potentially jeopardize legal certainty unless additional specific criteria are not directly applicable.

The infringing acts are divided between two parties, and the acts of each party do not qualify as direct infringement or Contributory Infringement, as further described in Question 5 (a) to (c) above.

In the scenario set out in question 5, as none of the two commercial entities can be qualified as a contributory infringer, any definition to allow them to qualify as jointly liable would necessitate redefinition of the criteria for joint liability and would at least imply that the set of criteria used for assessing contributory infringement is expanded to not only cover circumstances according to which contributory infringement can be acknowledged but also other cases where conditions for contributory infringement are not met. To this end, location information of the parties having joint liability appears to be only one of the parameters to take into account and further conditions/legal definitions which would not jeopardize legal certainty but prevent infringement of lip rights are needed.
AIPPI 2018 - Study Question - Joint liability for IP infringement

15 Are there any other scenarios which should result in Joint Liability for IPR infringement, and where harmonisation is desirable?

No

Please Explain

16 What remedies should be available against a party found liable for Joint Infringement? In particular:

6.a Should an injunction be available?

Yes

Please Explain

Yes. Such injunction should be limited to infringing activities but not the entire operations of the one who is jointly held liable.

6.b Should damages or any other form of monetary compensation be available?

Yes

On what basis?

Yes. Compensation of the actual damage and loss of profit should be available. Also a statutory compensation can also be regulated which can be calculated over an hypothetical license agreement.

6.c Should any available remedies be different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?

Yes

Please Explain

Such remedies should be available such as removing of unlawful content from an online shopping website.

17 Please comment on any additional issues concerning any aspect of Joint Liability you consider relevant to this Study Question, having regard to the scope of this Study Question as set out in paragraphs 7 to 13 above.

Introducing a strict definition or setting a frame for the acts that may give rise to joint liability can result in excessive obligations. This would be subject to imbalanced enforcements by right owners to those who did not actually contribute to the infringing act or who were not reasonably aware of the infringing act. It might be unfavorable and damaging to decrease the criteria that is provided by the right itself. In other words, the right owner should not always assert its rights towards to third parties just because it is difficult, impractical or impossible for a single party to infringe the intellectual property rights. Rather than harmonising joint liability rules, liability for joint infringement scenarios should be evaluated on a case by case basis. Especially in cross-border / international scenarios –there would be conflict of law issues for harmonisation of the joint liability rules. Alternatively, they may be held liable for the same activity in more than one jurisdiction.
Please indicate which industry sector views are included in your Group’s answers to Part III.

Consumer goods / retail

E-commerce platforms
I. Current law and practice

Please answer all questions in Part I on the basis of your Group’s current law.

1 Are there any statutory provisions which specifically apply to Joint Liability?

Yes

Please Explain

There are no specific provisions in Ukrainian legislation in relation to Joint Liability for IP infringement. In case of Joint Infringement, the court will consider applicability of general rules of joint liability for damage caused by several persons. In particular, Article 1190 of the Civil Code of Ukraine establishes joint and several liability for damage caused by joint actions or inactivity. Under the request of suffered party, the court may allocate liability among liable parties in accordance with the level of their fault.

2 Under the case law or judicial or administrative practice in your jurisdiction, are there rules which specifically apply to Joint Liability?

No

Please Explain
There are no specific rules established by case law or judicial or administrative practice in relation to Joint Liability for IP infringement. However, there is a certain guidance provided by the courts of highest instances in relation to questions of liability for IP rights infringements including joint liability (see Resolution of Plenum of the Supreme Court of Ukraine No5 dated 4 June 2010 “On application of legislation by courts in cases on protection of copyright and neighboring rights”, Resolution of the Plenum of the Highest Commercial Court of Ukraine No12 dated 17 October 2012 “On certain issues of resolving disputes related to protection of intellectual property rights”). In case of considering claim related to Joint Infringement the court most likely will take into account the above-mentioned guidance (more details are provided in reply to items 3 and 4).

<table>
<thead>
<tr>
<th></th>
<th>In the following hypotheticals, would party A be liable for Joint Infringement with party X? In each case, please explain why or why not.</th>
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<tbody>
<tr>
<td>3</td>
<td>X sells handbags in a shop which is a small stall located in a shopping mall owned by A. The handbags infringe the registered design of Z. A knows that X (and other tenants) sells infringing goods.</td>
</tr>
<tr>
<td></td>
<td>No</td>
</tr>
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<td></td>
<td>Please Explain</td>
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<td></td>
<td>Under the general rule, and as indicated in item 3 of the Resolution of the Plenum of the Highest Commercial Court of Ukraine No12 dated 17 October 2012 in order to held the company or individual liable for IP infringement and obtain remedy in the form of compensation of damages the following circumstances shall be present (proved):</td>
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<td></td>
<td>- the fact of illegal act of the defendant (that is an infringement itself);</td>
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<td>- damage caused by the infringement;</td>
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<td>- cause-effect relationship between the illegal act of the defendant and caused damage;</td>
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<td></td>
<td>- the defendant’s fault (intent or negligence).</td>
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<td></td>
<td>Despite the presumption of fault in civil law and release from necessity to prove damages in relation to certain remedies in case of copyright violation, it may be difficult to prove that the acts of landlord itself are considered an infringement and/or caused damage to the right holder. Taking into account that according to Ukrainian civil law and court practice infringement of proprietary rights to copyright or industrial designs are mostly limited to acts of an unauthorized use of IP, under scenario in question the landlord most likely will not bear civil liability for infringement of the registered design of Z.</td>
</tr>
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</table>

| 3.a | X sells handbags in an online shop which is hosted by a large market place platform owned by A. The handbags infringe the registered design of Z. A knows that X (and other web shop operators hosted by A's market place platform) sells infringing goods via their respective outline shops. |
|     | No                                                                                                                                 |
|     | Please Explain                                                                                                                   |
|     | The answer will depend on (a) the role taken by the market place in arranging sale of the infringing goods, (b) cause-effect relationship between its acts and (b) damage caused to the right holder (see response to issue 3 (a)). In particular, it matters whether owner’s actions may be qualified as “unauthorized use” of the IP rights, and whether he is obliged to verify compliance of the seller with the requirements of IP legislation, what proofs are available in relation to owner’s knowledge that handbags are counterfeited, etc. If no direct breach of IP legislation and his fault are established the owner of market place platform in unlikely to be liable for infringement. |

| 3.c | X sells handbags in an online shop. The handbags infringe the registered design of Z. A designed the online advertising campaign for X’s shop and books online advertising resources for X on websites and in in search engines. A knows that X sells infringing goods. |
|     | Yes                                                                                                                               |
Please Explain

The answer will depend on whether above-mentioned 4 elements of the tort are present and proved. If yes, A may be held liable according to the general rules of joint liability (but absence or inability to prove one of such elements may lead to release from liability).

3.c
For each of the hypotheticals in (a) to (c) above, does it make a difference if A merely suspects that X sells infringing goods? If yes, what is the level of “suspicion” required, and how is it demonstrated?

Hypothetical A

Yes

Please Explain

Ukrainian law is silent with respect to “suspicion” or required level of such “suspicion” to be found guilty of IP infringement. However, depending on circumstances such suspicion may be considered as negligence evidence of which may support presumption of the defendant’s fault for caused damage (in case the defendant will try to challenge its fault).

Hypothetical B

Yes

Please Explain

Ukrainian law is silent with respect to “suspicion” or required level of such “suspicion” to be found guilty of IP infringement. However, depending on circumstances such suspicion may be considered as negligence evidence of which may support presumption of the defendant’s fault for caused damage (in case the defendant will try to challenge its fault).

Hypothetical C

Yes

Please Explain

Ukrainian law is silent with respect to “suspicion” or required level of such “suspicion” to be found guilty of IP infringement. However, depending on circumstances such suspicion may be considered as negligence evidence of which may support presumption of the defendant’s fault for caused damage (in case the defendant will try to challenge its fault).

4
In the following hypothetical, would party A be liable for Joint Infringement with party X? In your answer, please explain why or why not?

Z owns a patent claiming a method for addressing memory space within a memory chip which is built into telecommunication device having further features (main processor, suitable software etc.). A manufactures memory chips. The chips are objectively suitable to be used for the claimed method. A’s memory chips are distributed over multiple distribution levels to a plethora of device manufacturers. A has no knowledge of the actual end use of its memory chips.

No
Please Explain

The answer will depend on whether four (4) required elements of tort are present and proved (see response to item 3 (a)). If one of the elements is missed, for instance, manufacturing and sale of memory chips is not illegal / do not infringe itself the patent in question then the manufacturer will not be liable for infringement.

Further, under your Group’s law, would it be considered obvious (in the sense of Q204P) that A’s chips would be put to one or more infringing uses and if so, why?

No

Please Explain

Ukrainian law does not stipulate such requirement for IP infringement as to be “obvious”.

In the following hypotheticals, would party A be liable for Joint Infringement with party X? Please explain why or why not.

Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, also located in your country. A and B know that their servers exchange encrypted messages according to the patented method.

Yes

Please Explain

Provided that the patent in question is protected in Ukraine and method covered by patent is used by A and X they may be held liable for patent infringement (subject to rules of territorial and exclusive jurisdiction of the courts of Ukraine).

Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, located outside your country. A and B know that their servers exchange encrypted messages according to the patented method.

Yes

Please Explain

The same as in relation to item 5 (a) above.

Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. X operates server “a” outside your country, which exchanges encrypted messages with server “b” operated by Y, located in another country outside your country. A, located in your country, is a software consultant advising X and Y how to use the patented method (but A does not supply any software).

No

Please Explain

No (please see answer to 3 (a) above).
II. Policy considerations and proposals for improvements of your Group's current law

Are there any other scenarios which result in Joint Liability for IPR infringement under your Group’s current law?

No

Please Explain

As noted above the question of liability will be decided on the basis of general rules of liability for IP infringement and joint liability. However, in certain cases the party that is not a direct infringer may become a co-defendant and be obliged to perform certain actions to cease violation of the IP rights (for instance, domain name registrar may be obliged by the court to terminate registration of the domain name that infringes trademark rights).

What remedies are available against a party found liable for Joint Infringement? In particular:

Is an injunction available?

Yes

Please Explain

As noted before, Ukrainian law does not stipulate civil liability specifically in relation to Joint Infringement. However, under the request of the plaintiff, the court may issue injunction and prohibit third parties to commit certain actions in relation to the subject of the claim, make payments or transfer property to the defendant or perform other obligations towards the defendant (Article 137 of the Commercial Procedural Code of Ukraine). Notably, injunctions are not limited to those directly listed in the Commercial Procedural Code of Ukraine and may include such other actions that are necessary to ensure efficient protection or restoration of violated rights of the plaintiff.

Are damages or any other form of monetary compensation available?

Yes

On what basis?

The damages or other form of monetary compensation will be available only provided that the defendant will be found liable for infringement (see answer to question 3 (a)). Notably, obtaining monetary compensation instead of recovery of damages is allowed only in case of violation of copyright.

Are any of the available remedies different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?

Yes

Please Explain

Ukrainian law neither directly address issues of Joint Infringement nor separate Joint Infringement, Contributory Infringement and direct infringement. In all these cases the general rules of civil liability and joint liability will apply (see answer to question 1). However, the court may also protect the breached right in a way that does not violate the law as requested by the plaintiff (Article 5 of the Commercial Procedural Code of Ukraine). Therefore, certain remedies may be available towards the party that is not recognized by the court as a direct infringer (for example, imposing of obligation on the registrar to terminate registration of the domain name that infringes a trademark).
Are there aspects of your Group's current law that could be improved?

Yes

Please Explain

Introduction of the Contributory Infringement and Joint Liability concepts and liability for such indirect infringements would be desirable.

Should acts outside the scope of direct infringement or Contributory Infringement give rise to Joint Liability for IPR infringement?

Yes

Should that sound in availability of injunctive relief and/or damages? Please explain why or why not.

It may be desirable to improve joint liability legislation in order to take into account Joint Infringement peculiarities and avoid escaping from liability for such actions. However, such amendments should be based on clear criteria that would help to avoid misuse of such provisions (especially due to ambiguous nature of Joint Infringement).

Should Joint Liability be excluded if one or more acts being necessary for establishing Joint Liability for IPR infringement are committed outside the domestic jurisdiction? Please explain why or why not.

Yes

Please Explain

It may be desirable to establish Joint Liability for acts committed outside of Ukraine and that resulted in violation of IP rights of Ukrainian right holders and/or in infringement committed on the territory of Ukraine. However, practical feasibility of such concept shall be taken into account.

Are there any other policy considerations and/or proposals for improvement to your Group's current law falling within the scope of this Study Question?

No

Please Explain

Is a consolidated doctrine of Joint Liability for IPR infringement desirable?

Yes

Please Explain

Is harmonisation of the laws of Joint Liability for IPR infringement desirable?

Yes
Please Explain

If YES, please respond to the following questions without regard to your Group's current law.

Even if NO, please address the following questions to the extent your Group considers your Group’s current law could be improved.

14. Please propose a suitable framework for Joint Liability for IPR infringement, focussing on the hypotheticals set out in Questions 3 to 5 above:

The acts in question are limited to activities such as renting retail space, hosting websites, advertising etc. (as further described in Question 3 (a) to (d) above)

No, it may be not efficient to narrow Joint liability to specific list of activities, as Joint Infringement in fact may be committed in many ways. It may be more productive to specify criteria according to which one or another act may be considered Joint Infringement.

The means supplied or offered by the contributory infringer related to a substantial element of the subject matter of the protected IPR, but at the time of offering or supply, the suitability and intended use were not known to the supplier or obvious under the circumstances (as further described in Question 4 above)

No, knowledge of the above-stated suitability and intended use or negligence resulted in absence of such knowledge should be among the key elements of Joint Liability.

The infringing acts are divided between two parties, and the acts of each party do not qualify as direct infringement or Contributory Infringement, as further described in Question 5 (a) to (c) above.

Yes

15. Are there any other scenarios which should result in Joint Liability for IPR infringement, and where harmonisation is desirable?

No

Please Explain

16. What remedies should be available against a party found liable for Joint Infringement? In particular:

Should an injunction be available?

Yes

Please Explain
6. Should damages or any other form of monetary compensation be available?

Yes

On what basis?

Yes, proportionally to the role of the “joint infringer” in infringement and its influence to damage caused to right-holder (to be determined by court).

6. Should any available remedies be different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?

Yes

Please Explain

17 Please comment on any additional issues concerning any aspect of Joint Liability you consider relevant to this Study Question, having regard to the scope of this Study Question as set out in paragraphs 7 to 13 above.

No additional issues

18 Please indicate which industry sector views are included in your Group’s answers to Part III.

- Consumer Staples (Food & Beverages, Household & Personal Products)
- Information Technology (Software & Services)
I. Current law and practice

Please answer all questions in Part I on the basis of your Group’s current law.

1. Are there any statutory provisions which specifically apply to Joint Liability?

Yes

Please Explain

The statutory provisions relating to Joint Liability are set out below. Note that only provisions relating to civil liability are described; statutory provisions relating to criminal liability are not addressed.

Patents

There are no statutory provisions relating to Joint Liability (as opposed to Contributory Infringement) in respect of patent infringement.

Trade marks

1. UK trade marks

The acts which constitute infringement of a UK trade mark are set out in Section 10 of the Trade Marks Act 1994. Section 10 does not contain any provisions relating to Joint Liability generally, but div 10(5) includes a specific provision relating to applying trade marks to materials for labels, packaging materials or for advertising purposes, which may be considered to constitute acts of Joint Liability for trade mark infringement. Section 10(5) provides as follows:

“A person who applies a registered trade mark to material intended to be used for labelling or packaging goods, as a business paper, or for advertising goods or services, shall be treated as a party to any use of the material which infringes the registered trade mark if when he applied the mark he knew or had reason to believe that the application of the mark was not duly authorised by the proprietor or a licensee.”
1. EU trade marks ("EUTMs")

The rights conferred by EUTMs are set out in Article 9 of Regulation 2017/1001/EU on the European Union trade mark (the "EUTM Regulation"). There is no express provision in the EUTM Regulation relating to Joint Liability. However, Article 17 of the EUTM Regulation provides that, while the effect of EUTMs are governed solely by the provisions of the EUTM Regulation, infringement of EUTMs shall be governed by the national law relating to infringement of a national trade mark in other respects, and that the EUTM Regulation does not prevent actions concerning an EUTM being brought under the laws of EU Member States. On this basis, the acts set out in div 10(5) Trade Marks Act 1994 (as described above) may also constitute infringement of an EUTM.

Copyright

The acts which constitute infringement of copyright in the UK are set out in divs 16 – 26 of the Copyright, Designs and Patents Act 1988 (the "CDPA 1988"). The infringing acts set out below may be considered to be acts of Joint Liability. It is possible that some of the acts described below may themselves be considered to be acts of Contributory Indirect Infringement, but they have been included for completeness.

1. Authorising a restricted act

Section 16(2) CDPA 1988 provides that a person infringes copyright if they authorise another to do any infringing act without the licence of the copyright owner.

1. Providing means for making infringing copies

Section 24 CDPA 1988 provides that a person infringes copyright if they, without the licence of the copyright owner, make, import into the UK, possess in the course of a business, or sell or let for hire, or offer or expose for sale or hire, an article specifically designed or adapted for making copies of that work, knowing or having reason to believe that it is to be used to make infringing copies.

1. Transmitting work for making infringing copies

Section 24(2) CDPA 1988 provides that copyright in a work is infringed by a person who without the licence of the copyright owner transmits the work by means of a telecommunications system (otherwise than by communication to the public), knowing or having reason to believe that infringing copies of the work will be made by means of the reception of the transmission in the UK or elsewhere.

1. Permitting use of premises for infringing performance

Section 25(1) CDPA 1988 provides that, where the copyright in a literary, dramatic or musical work is infringed by a performance at a place of public entertainment, any person who gave permission for that place to be used for the performance is liable for the infringement unless, when he gave permission, he believed on reasonable grounds that the performance would not infringe copyright.

1. Provision of apparatus for infringing performance

Section 26 CDPA 1988 provides that, where copyright in a work is infringed by a public performance of the work, or by the playing or showing of the work in public by means of apparatus for (a) playing sound recordings, (b) showing films or (c) receiving visual images or sounds conveyed by electronic means, the following persons are liable for the infringement:

i. a person who supplied the apparatus, or any substantial part of it, if, when he supplied the apparatus or part, he knew or had reason to believe that the apparatus was likely to be so used as to infringe copyright or, in the case of apparatus whose normal use involves a public performance, playing or showing, he did not believe on reasonable grounds that it would not be so used as to infringe copyright;

ii. an occupier of premises who gave permission for the apparatus to be brought onto the premises, if, when he gave permission, he knew or had reason to believe that the apparatus was likely to be so used as to infringe copyright; and

iii. a person who supplied a copy of a sound recording or film used to infringe copyright, if, when he supplied it, he knew or had reason to believe that what he supplied, or a copy made directly or indirectly from it was likely to be so used as to infringe copyright.
413 Designs

Four types of design rights subsist in the UK: the UK registered design, the UK unregistered design right; the Community registered design; and the Community unregistered design. Statutory provisions for Joint Liability exist in respect of the UK unregistered design right only.

Section 226(3) CDPA 1988 provides that a UK unregistered design right is infringed by a person who, without the licence of the design right owner, does, or authorises another to do, anything which is the exclusive right of the design right owner.

Defences under EU E-Commerce Directive

Articles 12-14 of EU Directive 2000/31/EC (referred to as the “E-Commerce Directive”) provide for certain defences to IPR infringement for intermediary service providers where they are acting as a “mere conduit” or are performing “caching” or “hosting” activities. However, these provisions do not themselves give rise to liability for IPR infringement, but operate as defences, and so are not considered in detail here.

2 Under the case law or judicial or administrative practice in your jurisdiction, are there rules which specifically apply to Joint Liability?

Yes

Please Explain

The most commonly used rules relating to Joint Liability for IPR infringement in the UK are the rules relating to joint liability in respect of tortious acts (“joint tortfeasorship”) generally. As such, the terms ‘Joint Liability’ and ‘joint tortfeasance’ are used interchangeably in the UK Group’s response unless otherwise indicated. The case law provides that Joint Liability for IPR infringement may arise in two principal ways: first, party A will be jointly liable for IPR infringement where he procures party B to commit the infringing act by inducement, incitement or persuasion; secondly, party A will be jointly liable where parties A and B act in concert with another pursuant to a common design. In addition, Joint Liability may arise in the context of specific relationships, two notable examples being the relationships between an employee and an employer, and between an agent and a principal.

For a person to be jointly liable for procuring an infringement by inducement, incitement or persuasion, the acts of party A must have actually procured the infringement by party B. Therefore, in CBS v Amstrad [1998] AC 1013, it was held that Amstrad (which manufactured, advertised and sold audio systems which incorporated a double cassette-deck feature that offered the facility of recording from one tape-deck to the other) did not procure infringement by offering for sale a machine which may be used for lawful or unlawful copying. The purchaser of the machine would not make unlawful copies because he had been induced, incited or persuaded to do so by Amstrad, but would make unlawful copies because he chose to do so himself.

The law in relation to Joint Liability by way of common design was considered by the UK Supreme Court in Fish & Fish Limited v Sea Shepherd UK [2015] UKSC 10. The case set out a number of different formulations for the test of Joint Liability by way of common design. In one of these formulations, it was held in that case that a person “will be liable as a joint tortfeasor if (i) he has assisted the commission of the tort by another person, (ii) pursuant to a common design with that person, (iii) to do an act which is, or turns out to be, tortious”. This formulation is the one that the UK Group would endorse as best representing English law. In order to establish Joint Liability, it was held that there must be a “shared intention” that the action of the joint tortfeasor will assist the commission of the tort. However, it is not necessary for the joint tortfeasor to be aware that the act of the primary tortfeasor constituted a tort (or, in the case of intellectual property, constituted infringement of the intellectual property right).

In the earlier case of Unilever v Gilette [1989] RPC 583, the Court of Appeal held that, for joint tortfeasorship, there must be a common design between the alleged joint tortfeasor and the primary infringer and that the alleged joint tortfeasor must have “acted in furtherance of that design”. In Twentieth Century Fox Film Corp v Newzbin [2010] EWHC 608 (Ch), it was held that “mere (or even knowing) assistance of facilitation of the primary infringement is not enough. The joint tortfeasor must have so involved himself in the tort as to make it his own”.

The case law acknowledges that whether there is liability as a joint tortfeasor will depend on the precise facts of each case. Some specific examples are described below.

- In Fabio Perini v LPC Group [2010] EWCA, it was held that, where party A sold certain machines to party B outside of the UK (such that the sale by party A did not constitute infringement in the UK), and then party B imported the machines into the UK, where they were then installed by party A and made by party A to operate in accordance with the patented process, party A was jointly liable with party B for infringement of the patented process in the UK.

- In Generics v Lundbeck [2006] EWCA 1261 it was held that there was no common design between UK importer of a pharmaceutical and the foreign supplier of that pharmaceutical, despite the foreign supplier’s implicit submission to a degree of supervision and
inspection by UK regulator.

- In *L’Oréal and eBay* [2009] EWHC 1094 (Ch), it was held that eBay was not liable as a joint tortfeasor for acts of trade mark infringement through the sale of infringing products on its platform by its users, despite the fact that, in the judge’s opinion, eBay could have done more to prevent such sales from occurring.

- In *Unilever and Chefaro* [1994] FSR 135, it was held that the mere fact that a party had overall control of the company which had committed the allegedly infringing act, in the sense that it could override the latter’s decisions by financial and voting control, was not in itself sufficient to establish joint liability.

- In *MCA Records Inc v Charly Records Ltd* [2001] EWCA Civ 1441, it was held that company directors may be liable as joint tortfeasors for acts of IPR infringement carried out by a company of which they are directors, where their actions go beyond the exercise of their constitutional control. However, a director will not be treated as jointly liable with the company, if he merely carries out his constitutional role in the governance of the company e.g., by voting at board meetings.

As noted above, employees may be liable as joint tortfeasor for acts of IPR infringement carried out by their employers (see *Birlea Furniture Ltd v Platinum Enterprise* [2018] EWHC 26 (IPEC)). Where an employee is included in an action as a joint tortfeasor and found liable in respect of any damage suffered by the rights holder, the employee would be entitled to make a claim against their employer for a contribution towards their liability (Civil Liability (Contribution) Act 1978, div 1).

In addition to rules relating to joint tortfeasorship, English law also recognises that Joint Liability may arise based on the following common law principles:

- An employer may be vicariously liable for acts of IPR infringement carried out by an employee. For the employer to be liable the IPR infringement must have been carried out by the employee "in the course of their employment". This will be the case where the IPR infringement is considered to be "so closely connected with [the employee's] employment that it would be fair and just to hold the employers vicariously liable" (Lister v Hesley Hall Ltd [2001] UKHL 22; [2002] 1 AC 215 and *Dubai Aluminium Co Ltd v Salaam* [2003] 2 AC 366).

- A party may be liable with another by virtue of participation in a conspiracy to injure the claimant by unlawful means. Liability for an unlawful conspiracy of this nature requires (1) a combination of two or more persons, (2) to take action which is unlawful in itself, (3) with the intention of causing damage to a third party, (4) who suffers the damage (*Kuwait Oil Tanker v Al Bader* [2002] 2 All ER (Comm)). The English courts have recognised IPR infringement as one possible category of unlawful means on which an allegation of such a conspiracy can be based (*20CF v Harris* [2014] EWHC 1566).

In the following hypotheticals, would party A be liable for Joint Infringement with party X? In each case, please explain why or why not.

3.a X sells handbags in a shop which is a small stall located in a shopping mall owned by A. The handbags infringe the registered design of Z. A knows that X (and other tenants) sells infringing goods.

No

Please Explain

No. The letting of retail space to party X is not in itself sufficient for party A to be liable for Joint Infringement, notwithstanding party A’s knowledge that party X and other tenants sell infringing goods. Some further act pursuant to a common design with party X would be required.

While A is not jointly liable with X, it may be possible for Z to obtain injunctive relief against A to prevent such infringement occurring, on the basis that A is an intermediary whose services are used by X to infringe an intellectual property right. See *Cartier International AG v British Sky Broadcasting Ltd* [2016] EWCA Civ 658 at [65], applying the Court of Justice’s guidance in *L’Oréal SA v eBay International AG*, C-324/09. While *Cartier* related to online infringement, it is anticipated that the English courts would apply similar reasoning in the context of a physical marketplace following the CJEU’s judgment in *Tommy Hilfiger Licensing LLC v Delta Center*, C-494/15.
3.b  X sells handbags in an online shop which is hosted by a large market place platform owned by A. The handbags infringe the registered design of Z. A knows that X (and other web shop operators hosted by A's market place platform) sells infringing goods via their respective outline shops.

<table>
<thead>
<tr>
<th>Hypothetical A</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Please Explain</td>
<td>No. The English courts have held that (1) an operator of an online market place is under no legal duty to prevent IPR infringement; and (2) facilitation of infringement with knowledge and an intention to profit is not in itself enough to render that operator jointly liable ([L’Oréal v eBay [2009] EWHC 1094 (Ch) at [360]-[382]]. To incur Joint Liability party A would need to have taken some further action pursuant to a common design with party X. Twentieth Century Fox Film Corp v Newzbin Ltd [2010] EWHC 608 (Ch) provides an example of circumstances in which an English court has found a common design in the context of online infringement (see [103]-[112]). The defences under Arts 12-14 of the E-Commerce Directive (2000/31/EC) may however provide the platform owner with a defence (see the answer to Question 1 above). Notwithstanding that A is not jointly liable for X’s infringement it may be possible for Z to obtain injunctive relief against A to prevent such infringement occurring, on the basis that A is an intermediary whose services are used by X to infringe an intellectual property right (see the answer to Question 3(b) above).</td>
</tr>
</tbody>
</table>

3.c  X sells handbags in an online shop. The handbags infringe the registered design of Z. A designed the online advertising campaign for X’s shop and books online advertising resources for X on websites and in search engines. A knows that X sells infringing goods.

<table>
<thead>
<tr>
<th>Hypothetical B</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Please Explain</td>
<td>Yes. Party A and party X have entered into a common design to promote the infringing goods to potential customers. Party X will infringe party Z’s registered design if the online advertising targets potential customers in the UK. Party A will be jointly liable with party X if it can be demonstrated that their common design related to the promotion of the infringing goods to potential customers in the UK (see for example Glaxo Wellcome UK Limited v Sandoz Limited [2017] EWCA Civ 227 at [17]-[34]).</td>
</tr>
</tbody>
</table>

3.d For each of the hypotheticals in (a) to (c) above, does it make a difference if A merely suspects that X sells infringing goods? If yes, what is the level of “suspicion” required, and how is it demonstrated?

<table>
<thead>
<tr>
<th>Hypothetical A</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Please Explain</td>
<td>No. The position set out above is not affected by party A’s knowledge as to whether the goods are infringing or not. Joint Liability by way of common design can arise irrespective of whether the joint tortfeasor is aware that acts which will be carried out pursuant to the common design constitute a tort ([Lord Mustill, Unilever v Gillette [1989] RPC 583].)</td>
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</table>

<table>
<thead>
<tr>
<th>Hypothetical B</th>
<th>No</th>
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<tr>
<td>Please Explain</td>
<td></td>
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</table>
No. The position set out above is not affected by party A's knowledge as to whether the goods are infringing or not. Joint Liability by way of common design can arise irrespective of whether the joint tortfeasor is aware that acts which will be carried out pursuant to the common design constitute a tort (Lord Mustill, Unilever v Gilette [1989] RPC 583).

**Hypothetical C**

No

Please Explain

No. The position set out above is not affected by party A's knowledge as to whether the goods are infringing or not. Joint Liability by way of common design can arise irrespective of whether the joint tortfeasor is aware that acts which will be carried out pursuant to the common design constitute a tort (Lord Mustill, Unilever v Gilette [1989] RPC 583).

4. In the following hypothetical, would party A be liable for Joint Infringement with party X? In your answer, please explain why or why not?

4.a Z owns a patent claiming a method for addressing memory space within a memory chip which is built into telecommunication device having further features (main processor, suitable software etc.). A manufactures memory chips. The chips are objectively suitable to be used for the claimed method. A’s memory chips are distributed over multiple distribution levels to a plethora of device manufacturers. A has no knowledge of the actual end use of its memory chips.

No

Please Explain

No. Party A's supply of memory chips to third parties (including party X, who we assume is one of the device manufacturers) is not of itself sufficient to make party A liable for Joint Infringement with party X, as there is no common design between party A and party X. Under English law the sale of a product which is not protected by a patent but which can be used for the purposes of infringement will not of itself amount to an infringement, regardless of whether the seller is aware that the product will be used for an infringing purpose (Kalman v PCL Packaging (UK) [1982] FSR 406).

This assessment may be different if party A is involved in producing a customised version of the memory chip for party X, although the relevant circumstances would need to be taken into account to assess whether party A was acting pursuant to a common design with party X sufficient to make party A jointly liable for party X's infringement.

4.b Further, under your Group's law, would it be considered obvious (in the sense of Q204P) that A's chips would be put to one or more infringing uses and if so, why?

No

Please Explain

Under English law Contributory Infringement of a patent requires the party supplying (or offering to supply) the means relating to an essential element of the invention to know that they are intended to put the invention into effect. This requires the supplier to know (or for it to be obvious in the circumstances) that some ultimate users will intend to put the invention into effect (Grimme Maschinenfabrik GmbH & Co KG v Scott [2010] EWCA Civ 1110 at [107] and KCI Licensing Inc v Smith & Nephew plc [2010] EWCA Civ 1260 at [53]). This is a factual enquiry based on the balance of probabilities. Further information on the factual background would be required to determine whether the legal test is satisfied in the circumstances set out in the question.
In the following hypotheticals, would party A be liable for Joint Infringement with party X? Please explain why or why not.

Yes

Please Explain

We assume there is a typographical error in Questions 5(a) to (c) and that the question refers to A and X (not A and B).

In summary, although the position is not clear-cut, the UK Group thinks it is likely that party A is liable for Joint Infringement with party X, but only on the basis that X is likely to be liable for direct infringement or Contributory Infringement.

There is established authority for the proposition that if the common design is shared between several parties, it matters not that some relevant acts were done by one or some parties and other relevant acts were done by other parties (see Vestergaard Frandsen A/S v Bestnet Europe Ltd [2013] 1 WLR 1556 at paragraph 34, cited with approval by the Supreme Court in Sea Shepherd (paragraph 38)). However, the case law analyses joint tortfeasance by reference to the Joint Liability of "primary" and "accessory" actors. Common design is not a standalone tort, i.e. there must be an underlying tort of IPR infringement.

A finding on liability for patent infringement will depend on whether the invention is (i) put into effect in the UK without the consent of the proprietor by using the patented process; or (ii) offered for use in the UK with knowledge that its use there would be an infringement (s60(1)(b) Patents Act 1977 (the "PA 1977")). Fulfilment of these criteria will depend on how the claims are drafted. On the facts, the claim is for a "method for exchanging (sending / receiving) encrypted messages between server "a" and server "b". For the purpose of the response to Questions 5(a), (b) and (c) we assume that Z's patent has a process claim with the following integers: (i) the exchange of messages between server "a" and server "b", involving the steps of (ii) encryption; (iii) sending; (iv) receiving; and (v) decryption.

Let us assume for present purposes that the claim is restricted to each of the integers identified above being satisfied in relation to the exchange of a single message from server "a" to server "b", and that the server operated by A has encrypted and sent a message to X's server, which has then been received and decrypted. On the facts, A and X appear to have broadly equal roles in working the invention, and it does not seem appropriate to attribute "primary" or "accessory" liability to one over the other. We think that an English Court is unlikely to conclude that A will be liable as a joint tortfeasor in this scenario, because X's actions would not independently amount to patent infringement under s60(1)(b) PA 1977. Applying the first limb of the 3-stage test in Sea Shepherd; A has not assisted the commission of the tort of patent infringement by X, because X has not committed the act of patent infringement. The above analysis applies in reverse if the message is encrypted and sent from server "b" by X and received by server "a" and then decrypted by A.

However, we think that an English court would be reluctant to avoid a finding of liability for A or X entirely, and would be likely to take a pragmatic approach to the issues. For example the court may conclude that the claim in fact covers the exchange of multiple messages and find that each of A and X has performed each of the integers of the claim independently, albeit in relation to the exchange of different messages (i.e. by encrypting and sending messages to server "a", and by receiving and then decrypting messages on server "b"). Alternatively the court may conclude that, by operating a server capable of implementing the patented method each of A and X have supplied the other in the UK with means relating to an essential element of the invention and find A and X responsible for Contributory Infringement.

In summary, although the issue is not clear cut and would depend on the facts and evidence, we think it is unlikely that an English court would find A liable for Joint Infringement with X. However, we also think that the English court would find A liable for primary infringement for the reasons explained above, and find X liable for Joint Infringement with A, or
Contributory Infringement.

The law on joint tortfeasance activities outside the jurisdiction

It is clear from the English authorities that liability as a joint tortfeasor can be established even if the relevant acts giving rise to the Joint Liability took place outside the jurisdiction. However in order to reach a finding of Joint Liability the UK Group believes that an English Court would require Z to demonstrate that there was a party which had incurred principal liability by virtue of having committed a tortious act (i.e. either direct infringement or Contributory Infringement) in the UK.

There have been a number of cases in which certain elements of a patented process have taken place outside of the UK but the English Courts have nevertheless found either direct infringement or Contributory Infringement in the UK. For example, in Illumina, Inc v Premaitha Health [2017] EWHC 2930 (Pat) the High Court concluded that a process in which certain steps in a diagnostic process were carried out in Taiwan was "operated, in substance in the UK" and that "any other result would make it far too easy to avoid infringement of patents of this nature, given the ease of digital transmission and the ability to off-shore computer processing".

In the context of contributory infringement, the Court of Appeal in Menashe v William Hill [2002] EWCA Civ 1702 held that every element of a computer system does not need to be located in the UK to give rise to Contributory Infringement and the court would instead look at whether the whole system is used "as if it were in the UK". However this must be contrasted with Research In Motion UK Limited v Motorola Inc [2010] EWHC 288 (Pat) where the High Court concluded that RIM's BlackBerry Internet Solution would not have infringed the patent because RIM was the "user" for the purposes of the claim to a messaging gateway system, and RIM was based in Canada.

However the UK Group considers that these authorities do not change the underlying principle that Joint Liability for infringement of a national IPR by way of joint tortfeasorship requires an underlying tort of infringement to have been committed in the UK. The UK Group notes that the issue of an act of infringement occurring in numerous jurisdictions is likely to arise only in relation to patents, due to the fact that for infringement the integers of a claim could be carried out in different territories (and therefore is most likely to apply to method or process claims).

Application to the facts

The scenario where a single message is sent from server "a" to server "b" has been considered above, and this does not provide an 'anchor' tort in the UK to establish common design.

In the alternative scenario, where the claim covers the exchange of multiple messages, X is not liable for direct infringement, because X's acts take place outside the UK. There is therefore no anchor tort on which to base A's liability for Joint Infringement.

For completeness, we think that if the question had been asked in reverse and related to X's potential liability for Joint Infringement with A, X may have been liable under this scenario. Applying the Menashe test, A as the sender or recipient of the message could be viewed as the "user", which may be sufficient to establish liability for patent infringement in the UK depending on the facts, either through Joint Infringement with A, or Contributory Infringement (although we recognise that the latter is outside the scope of this question).

Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server "a" and server "b". X operates server "a" outside your country, which exchanges encrypted messages with server "b" operated by Y, located in another country outside your country. A, located in your country, is a software consultant advising X and Y how to use the patented method (but A does not supply any software).

No

Please Explain

Party A is not liable for Joint Infringement with party X.

All of the acts required to satisfy the integers of the claim (the exchange of messages between servers "a" and "b" involving encrypting, sending, receiving, and decrypting) take place outside the UK. As such there is no direct infringement or Contributory Infringement in the UK. The English court would not have jurisdiction over any potential Joint Infringement issues, notwithstanding that A is located in the UK because the underlying tort (if any) has taken place outside the jurisdiction of the UK. Any liability should be confined to one of the jurisdictions where the servers are located.
Are there any other scenarios which result in Joint Liability for IPR infringement under your Group’s current law?

Yes

Please Explain

Yes. There are many possible scenarios under which Joint Liability for IPR infringement arises following the general principles set out in the answer to Questions 1 & 2 above. In particular the principle of joint tortfeasorship by way of common design provides the English courts with a flexible tool, allowing them to find Joint Liability in a wide range of factual scenarios. Some of the more common scenarios are set out below.

- One group company may be liable as a joint tortfeasor for acts of IPR infringement carried out by another company in the same group. Often a claimant will wish to add other group companies, such as a foreign parent company, as a party in order to obtain disclosure of documents or to have them made a party to any relief granted by the court. In such circumstance the general principles of joint tortfeasorship apply (see the answer to Question 2 above). The mere fact that a company is a parent company of a subsidiary which is a primary infringer does not make the parent itself an infringer (Laddie J, Napp v Astra [1999] F.S.R. 370 at 375).

- Company directors may be liable as joint tortfeasor for acts of IPR infringement carried out by their company. In such circumstance the general principles of joint tortfeasorship apply (see further the answer to Question 2 above). A director will not be treated as liable with the company as a joint tortfeasor if he does no more than carry out his constitutional role in the governance of the company, e.g. by voting at board meetings. However where the director participates or is involved with IPR infringement by the company in ways which go beyond the exercise of constitutional control, they do not escape liability because they could have also procured those same acts through the exercise of constitutional control (MCA Records Inc v Charly Records Ltd [2001] EWCA Civ 1441).

- Employees may be liable as joint tortfeasor for acts of IPR infringement carried out by their employers (see for example Birlea Furniture Ltd v Platinum Enterprise [2018] EWHC 26 (IPEC)). In such circumstances the general principles of joint tortfeasorship apply (see further the answer to Question 2 above). However actions against ordinary employees who have innocently assisted an infringement would generally be discouraged (Savage v Brindle (1896) 13 R.P.C. 266, Adrema v Adrema Werke GmbH (1954) 71 R.P.C. 345). Where an employee is included in an action as a joint tortfeasor and found liable in respect of any damage suffered by the rights holder, the employee would be entitled to make a claim against their employer for a contribution towards their liability (Civil Liability (Contribution) Act 1978, div 1). The court would have discretion to award such amount as it found to be just and equitable, having regard to the extent of the employer’s responsibility for the damage in question (see further the answer to Question 7).
II. Policy considerations and proposals for improvements of your Group's current law

AIPPI 2018 - Study Question - Joint liability for IP infringement

sustained. The IP Enforcement Directive establishes that any damages award must be appropriate to the actual prejudice suffered by the claimant as a result of the infringement. The damages must take into account all appropriate aspects, such as the negative economic consequences, including lost profits which the claimant has suffered, any unfair profits made by the infringer, and in appropriate cases, elements other than economic factors, such as the moral prejudice caused to the claimant by the infringement. The court may alternatively, where appropriate, set the damages as a lump sum, on the basis of elements such as the amount of royalties or fees which would have been due if the infringer had requested authorisation to use the intellectual property right in question.

Where the claimant's claim is against more than one joint infringer, the claimant is not entitled to a double recovery; once the claimant's claim has been satisfied by any one of several joint infringers, his cause of action for damages is extinguished against all of them.

7. Are any of the available remedies different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?

Yes

Please Explain

The scope of the remedies available against a party found liable for Joint Infringement is the same as the scope of the remedies available against a party found liable for direct infringement, although the court has the power to apportion liability, and then order contribution, as between the primary infringer and the joint infringer.

A court might order a more limited injunction against a party found liable for Contributory Infringement, to prohibit him only from continuing his previous activities to the extent they contribute to an infringement, rather than prohibiting him from continuing them more generally.

II. Policy considerations and proposals for improvements of your Group's current law

8. Are there aspects of your Group's current law that could be improved?

Yes

Please Explain

Yes. Whilst the UK Group believes that the current law in our jurisdiction works and is an effective way of dealing with Joint Liability, the UK Group believes that our law could be improved by greater clarity on the differentiation between (or even the potential overlap with) Indirect Infringement and Joint Liability. The UK Group also believes that our case law would benefit from some further clarity in relation to how Joint Liability is assessed for different IPR, as many issues in relation to patent law and Joint Liability can differ from those which arise in relation to other IPR. The primary difference between patents and other IPR is that it is often easier for the ‘act’ of patent infringement to be located in numerous territories and across numerous actors.

9. Should acts outside the scope of direct infringement or Contributory Infringement give rise to Joint Liability for IPR infringement?

Yes

Should that sound in availability of injunctive relieve and/or damages? Please explain why or why not.

Yes, in principle acts which are outside the scope of direct infringement or Contributory Infringement should give rise to Joint Liability for IPR infringement, and should sound in the availability of injunctive relief and damages.

Nevertheless, there should be limits on the scope of Joint Liability for IPR infringement. The UK Group believe that a party should not be found liable for joint infringement unless the assistance which he has provided has been substantial, in the sense of not being de minimis or
trivial. Equally, mere assistance to the primary infringer, or “facilitation” of the infringement, will not do. There must be a common design between the joint infringer and the primary infringer that the act constituting or giving rise to the infringement, be carried out. Finally, the joint infringer must have assisted in, and been party to a common design to commit, the act that constituted, or gave rise to, the infringement. It is not enough for a claimant to show merely that the activity, which the joint infringer assisted and which was the subject of the common design, was carried out tortuously, if it could also perfectly well be carried out without committing any infringement.

The hypothetical examples in Question 5, however, illustrate acts which are outside the scope of direct or Contributory Infringement and which should not give rise to liability for joint infringement. For example acts which would be non-infringing if committed by one actor should not become infringing by virtue of the fact they have been committed by more than one actor.

Where Joint Liability for IPR infringement is established injunctive relief and damages should be available as against all parties found to be jointly liable. Otherwise a party would be able to structure their operations such that a controlling entity outside the jurisdiction could avoid the enforcement of a finding of Joint Infringement made against them and a first local subsidiary and recommence infringing activities using a second local subsidiary. This also allows for a claimant to pursue one party for damages rather than both, as it is often easier for jointly liable defendants to apportion any monetary relief between themselves based on their pre-existing relationship (which will exist in nearly all instances of Joint Liability).

Should Joint Liability be excluded if one or more acts being necessary for establishing Joint Liability for IPR infringement are committed outside the domestic jurisdiction? Please explain why or why not.

No

In summary, we do not think that Joint Liability should be excluded where the acts which give rise to Joint Liability are committed outside the domestic jurisdiction. Provided that an underlying tort has been committed in the domestic jurisdiction (either by way of direct infringement or Indirect Infringement), for public policy reasons it is important that Joint Liability for IPR infringement should not be excluded if one or more acts which give rise to the Joint Liability are committed outside the domestic jurisdiction. However, for all IPR except for patents, this would require the location of at least one infringing ‘act’ within the UK. Under English law, jurisdiction to hear infringements requires that there be an act of infringement within the territory to allow the courts to hear that claim. The only major exception to this is where the English court has personal jurisdiction over a defendant, but in that case, the court will only hear cases where there is no foreign-registered right being litigated (i.e. this is only likely to apply to copyright law or, potentially, unfair competition law).

Otherwise, companies could structure their group entities in such a way as to have entities outside the jurisdiction directing and/or assisting with infringement, while avoiding a finding of liability for Joint Infringement. This would allow companies to engage in infringing activities in the domestic jurisdiction using shell companies, while shielding their assets from enforcement by locating them with group companies outside the jurisdiction.

The potential liability of entities located outside the jurisdiction is also important from the perspective of English litigation, given that a key feature of English litigation is that the parties can rely upon information obtained during the disclosure process to prove their claim. If an entity is excluded from the scope of proceedings because any relevant acts are conducted outside the jurisdiction, that could have implications for the claimants’ ability to prove its case against any entity in the group.

Are there any other policy considerations and/or proposals for improvement to your Group’s current law falling within the scope of this Study Question?

Yes

The UK Group believes that when AIPPI is considering the law of Joint Liability they should bear in mind the impact that Joint Liability can have on two separate legal regimes, namely (1) jurisdiction, and (2) remedies. The UK Group recognises that these are topics capable of being dealt with entirely on their own; however, they must be borne in mind when considering the scope of any resulotion that AIPPI may adopt. This is particularly true in relation to Joint Liability, as in the UK (and the EU) jurisdiction can be established in a given state based on
the presence of a single joint tortfeasor. As such, an overly broad law on Joint Liability could lead to forum shopping.

### III. Proposals for harmonisation

**Please consult with relevant in-house / industry members of your Group in responding to Part III.**

<table>
<thead>
<tr>
<th>12</th>
<th>Is a consolidated doctrine of Joint Liability for IPR infringement desirable?</th>
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<tbody>
<tr>
<td>Yes</td>
<td><strong>Please Explain</strong></td>
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</table>

The UK Group believes that a consolidated doctrine of Joint Liability for IPR infringements is highly desirable, so long as any consolidation allows for flexibility in its application. Due to the ever-changing nature of how IPR are used (especially over the internet and in the wider technology sphere) the UK Group believes that room must be left for the law to adapt to these changes. A consolidated doctrine of Joint Liability will also allow companies to conduct their business on an international level with a better understanding of the consequences of doing so.

<table>
<thead>
<tr>
<th>13</th>
<th>Is harmonisation of the laws of Joint Liability for IPR infringement desirable?</th>
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<tbody>
<tr>
<td>Yes</td>
<td><strong>Please Explain</strong></td>
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</table>

Yes. However, the UK Group would reiterate the points made elsewhere in their answers that any harmonisation of the law of joint liability needs to: (1) have a degree of flexibility built into it to allow the law to react to changes in technology and the manner in which IPR are used and delivered to consumers; (2) ensure that any harmonisation does not lead to the unintended consequences of creating jurisdiction too readily; and (3) ensure that the apportionment of remedies for Joint Liability can be dealt with appropriately (by this, the UK Group means both how a claimant can claim remedies against multiple jointly liable parties, and how jointly liable parties may be able to make claims against each other, if appropriate). The UK Group recognises that the second and third issues listed here will be out of the scope of any resolution made at the Cancun conference, but for the reasons set out above, believes that these issues provide a useful check on ensuring that an overly broad doctrine is not developed.

*If YES, please respond to the following questions without regard to your Group’s current law.*

Even if NO, please address the following questions to the extent your Group considers your Group’s current law could be improved.

<table>
<thead>
<tr>
<th>14</th>
<th>Please propose a suitable framework for Joint Liability for IPR infringement, focussing on the hypotheticals set out in Questions 3 to 5 above:</th>
</tr>
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</table>

The acts in question are limited to activities such as renting retail space, hosting websites, advertising etc. (as further described in Question 3 (a) to (d) above)

Without something more, acts such as the arms-length rental of retail space or hosting of websites or provision of advertising services might assist or enable infringement, but fall short of constituting a common design or the procurement, inducement or encouragement of infringement. In such circumstances, where the conduct may be regarded as “mere facilitation” of the infringement, the UK Group does not consider that this should give rise to Joint Liability for the underlying infringement.
In assessing whether, in any given factual situation, these activities should give rise to some form of Joint Liability, the UK Group considers that the key question should be the extent to which the party providing these services has become caught up in the infringing activity – i.e. whether they have acted in such a way as to adopt those acts as their own (as part of a common design) or encouraged, induced or procured them.

Knowledge of the intention to infringe and the overall business model or course of conduct of an intermediary (e.g. a website expressly set up to cater to infringing activity) are factors which might support a finding of common design or joint tortfeasorship, but will not be determinative and the party’s conduct should be assessed in the round. Overall, the UK Group considers that any framework for determining whether a party has gone beyond “mere facilitation” should allow a court sufficient flexibility to consider all the relevant circumstances. The UK Group also notes that the potential for a rights holder to obtain injunctive relief against an intermediary whose services are being used by a third party to infringe an intellectual property right (but without the intermediary themselves incurring liability for the infringement) provides the rights holder with an alternative avenue of redress.

Although not specifically covered by Question 3, we note for the sake of completeness that permitting the use of premises for an infringing performance may constitute an infringement of copyright in the UK by virtue of div 25(1) CDPA 1988 (see Question 1 above).

The means supplied or offered by the contributory infringer related to a substantial element of the subject matter of the protected IPR, but at the time of offering or supply, the suitability and intended use were not known to the supplier or obvious under the circumstances (as further described in Question 4 above)

The UK Group considers that the nature of the subject matter protected by patents (in which infringement requires each and every integer of a claim to be taken, and claims often comprise multiple integers which might be supplied or offered by third parties) is such that the position in relation to patents should be considered separately to the other IPR. This question appears to be directed to patent infringement, and specifically to circumstances which fall outside of Contributory Infringement provisions such as s60(2) PA 1977, due to the lack of knowledge or obviousness of the suitability and intended use of the relevant means.

The UK Group consider that the statutory rules relating to Contributory Infringement have been drafted to provide an appropriate balance between the interests of rights holders and third parties. For example while it is reasonable to require primary actors to ensure their activity does not infringe, strict liability is not appropriate for parties one step removed from the primary act of infringement – i.e. suppliers/offerors of means essential – who could comprise a very large class of people, and who should generally be free to trade without having to investigate every one of their customers and their intended use for the goods or services being offered. For such suppliers/offerors the additional knowledge criterion is appropriate.

The UK Group therefore considers that rules on Joint Infringement should not act to extend the circumstances in which a court can find Contributory Infringement. For example, it would be inappropriate to extend liability to a party that has innocently supplied or offered some good or service to an infringing party without actual or constructive knowledge of the intended infringing use. To do so would introduce a significant additional risk in any transaction involving the supply of goods or services and represent a barrier to trade and unfair risk for suppliers.

Accordingly the UK Group does not consider that Joint Liability for infringement should arise in the circumstances set out in Question 4. However, where a finding of Contributory Infringement can be established for one party, rules on Joint Liability should allow other parties who are involved in the supply or offer to supply of the means to be found to be jointly liable.

To the extent that this question is relevant to IPR other than patents, the discussion above nonetheless equally applies on respect of the other IPR.

The infringing acts are divided between two parties, and the acts of each party do not qualify as direct infringement or Contributory Infringement, as further described in Question 5 (a) to (c) above.

The UK Group assumes this question is directed specifically to patents (in particular, process patents) and will address it on that basis.
General framework

The UK Group considers that in general, as a matter of principle, it is undesirable for parties that have participated in a common design to infringe to be able to avoid a finding of infringement by the division of acts (that together would constitute infringement) between them and/or between different jurisdictions.

However, that general proposition must be tempered by consideration of the territoriosity of patent protection, and the question of how the acts of the parties relate to the substance of the patented method. These are questions of fact whose answers may give rise to further difficult questions, particularly where there are a multiplicity of acts comprising the alleged infringement, which are performed in two or more jurisdictions, and in some of which jurisdictions the relevant patent has not been granted.

In particular, the UK Group considers that rules on Joint Liability should not be used to alter the careful balance between the rights of IPR holders and third parties achieved by rules governing the acts which constitute direct and Contributory Infringement. The Group therefore considers that any finding of Joint Liability must be premised on a finding that there is direct infringement or Contributory Infringement.

Divided infringement within a jurisdiction

Where the patented process has, in substance, been performed in a jurisdiction in which the relevant patent has been granted, but the acts are divided between two or more parties, a finding of liability for infringement in that jurisdiction may be appropriate. In practice, many such cases may be covered by Contributory Infringement under s60(2) PA 1977 (or the equivalent under national law), particularly if “means … essential” is broadly construed. There will also be direct infringement if one of the parties offers the process within the jurisdiction (with knowledge that its use there would be an infringement) or deals with products obtained directly by means of that process.

However, it is conceivable that there may be cases where the combined acts of two or more parties are required to satisfy all the integers of a claim and there is no offer of the process, dealing in products obtained from the process and s60(2) PA 1977 does not apply. In such circumstances (and notwithstanding the lack of relevant English case law on this point) the UK Group considers that the division of acts between the parties alone should not prevent a finding of infringement, where the parties whose combined acts would constitute infringement can be considered to be acting pursuant to a common design, or one party induced, procured or encouraged the infringing acts of the other. It is noted that the tests for US “divided infringement” set out in Akamai Techs, Inc. v. Limelight Networks, Inc. and Eli Lilly & Co. v. Teva Parenteral Medicines, Inc. appear to be very similar to the UK requirements for common design or joint tortfeasorship. The UK Group suggests that it would be more appropriate to apply the existing English law framework for Joint Liability to cover a “divided infringement” scenario, rather than attempt to formulate an entirely new test, with all the uncertainty that would entail. This approach is supported by the Vestergaard (paras 34 and 37) and Sea Shepherd (para 38) authorities referred to in the response to Question 5(a) above.

Territorial issues and infringement divided between jurisdictions

The UK Group considers that where implementers reap the benefits of a patented invention in a country with patent protection the law should be slow to allow implementers to avoid patent infringement solely due to the offshoring of certain steps of the process. A particularly unfair outcome would be a situation in which there was no finding of infringement where the patentee had granted patents in two jurisdictions in which acts comprising infringement were performed, but the acts were divided between separate parties and the two separate jurisdictions.

However the Group also recognises that patent rights are inherently territorial and rules on Joint Liability should not be used to extend the territorial scope of a patentee’s statutory monopoly.

The UK Group considers that rules on direct and Contributory Infringement are the most appropriate policy mechanism to determine the circumstances in which the performance of a patented process which is divided between different jurisdictions should give rise to liability. While changes to these rules are strictly beyond the scope of this Study Question, the UK Group considers that the following factors are relevant to establishing whether there has been direct or Contributory Infringement in the circumstances set out in Questions 5(b) and (c):

1. what acts were performed, and where;
2. where, in substance, can the patented process be said to have been performed;
3. the jurisdiction in which the benefit of the process arises;
4. who performed the acts;
5. whether the parties acted pursuant to a common design or whether one party induced, procured or encouraged the acts of the other; and
6. which of the relevant jurisdictions where acts were performed had granted the patent at the time the acts were performed.

In particular the UK Group considers that the jurisdiction in which the substance of the patented process has been performed and the jurisdiction in which the benefit of the process arises should be considered especially relevant. For example the Group believes that it may be appropriate for courts to adopt some variation of the test in *Menashe v William Hill*, in which the territorial criteria focused on the place of the effect of the infringement.

Once direct or Contributory Infringement has been established in a given jurisdiction the general principles of Joint Liability should then apply in order to determine whether any additional parties can be found liable for that underlying infringement.

Are there any other scenarios which should result in Joint Liability for IPR infringement, and where harmonisation is desirable?

Yes

Please Explain

Joint Liability for IPR infringement should arise where the acts of a first group company constitute either direct or Contributory Indirect Infringement and are either induced, procured or encouraged by a second group company or carried out pursuant to a common design with the second group company. As explained above in the context of Question 10, such a framework is required in order to prevent infringers structuring their business to hide assets and documentary evidence from the courts in the jurisdiction in which the infringement is occurring. However, Joint Liability for the second group company should not arise solely by virtue of the fact that it is in the same group as the first group company.

Harmonisation of the principles of Joint Liability for group companies would be desirable, as it would give greater certainty to both rights holders and defendants regarding the extent to which activities undertaken in one part of a corporate group can give rise to potential liabilities for other parts of that group. For example it would assist rights holders in determining at the pre-action stage whether a local defendant and any jointly liable group companies will have sufficient assets to pay an award of damages. It would also assist defendants by reducing the potential for a claimant to engage in "forum shopping" by selecting the jurisdiction which is most likely to allow them to bring in certain group companies as jointly liable with the local entity.

It should also be possible for Joint Liability for IPR infringement to arise in circumstances in which a director has induced, procured or encouraged their company to infringe an intellectual property right or has entered into a common design in relation to the acts which give rise to the infringement. However directors should not be made jointly liable solely on the basis of their office or the conduct of their constitutional role within the company, i.e. they must have some direct personal involvement in the commission of the IPR infringement. This protection is necessary to avoid the potential for a rights holder to always include company directors as co-defendants on the basis that they are jointly liable with their company. Routinely including directors as defendants, regardless of their actual involvement in infringement could be seen as oppressive, particularly in the case of SMEs.

Joint Liability rules should also extend to cover a situation where an employee has induced procured or encouraged their company to infringe an intellectual property right or has entered into a common design in relation to the acts which give rise to the infringement. However in this context the UK Group believes that additional protections should apply. For example liability should only arise where the employee plays a significant role in the decision making relating to the IPR infringement and not where they are merely carrying out instructions from management.

Harmonisation of Joint Liability rules in the context of directors and employees would reduce the potential for rights holders to engage in "forum shopping", by selecting to bring infringement proceedings in jurisdictions in which the courts are more likely to find a director or employee jointly liable with their company.

In addition to these particular circumstances, the UK Group considers that a harmonised framework for Joint Liability for IPR infringement should be flexible enough to deal with other potential factual scenarios. However, while the UK Group believes that some degree of harmonisation in the area of Joint Liability would be beneficial, the UK Group feels that individual courts should also be afforded the flexibility to interpret any overarching rules in light of the specific circumstances before them.

What remedies should be available against a party found liable for Joint Infringement? In particular:
Should an injunction be available?

Yes

Please Explain

The UK Group considers that injunctions should be available for joint liability of IP infringements, particularly when damages alone may not be an adequate remedy. However, depending on the facts of the case it is possible to imagine instances where a more limited injunction should be awarded against a joint tortfeasor than a primary infringer.

An injunction may be necessary to provide a claimant with effective relief where the possibility of future infringement is likely. For example, where the company carrying out the infringing acts in the UK is a subsidiary of a multinational group, an injunction may be needed against the foreign parent company to prevent it from continuing the infringing acts through another subsidiary. An injunction against a jointly liable party may also be necessary in order to provide the rights holder with effective relief against the continuation of infringement. This will also be the case where the provider of an online service is found to be jointly liable for infringing activities carried out by individual users of their service. See for example Twentieth Century Fox Film Corporation v Newzbin Limited [2010] EWHC 608 (Ch), where the court found that an injunction against the website was deemed “necessary to provide the claimants with effective relief” given the possibility that future infringement by individual users was likely.

Should damages or any other form of monetary compensation be available?

Yes

On what basis?

The UK Group considers that damages and an account of profits should be available for joint liability of IP infringements.

On the basis that a joint infringer has infringed by way of a common design with the primary infringer, damages should be assessed on a joint and several basis. It should be possible for the joint tortfeasor to be liable to the full extent of the damage caused to the claimant, particularly where the primary infringer is unable to meet an award of damages. For example, where the company carrying out the infringing acts in the UK is a subsidiary of a multinational group, it may be necessary to bring in the foreign parent company as there may be doubt as to whether the local subsidiary could meet an award of damages.

The UK Group considers that it is also important for an account of profits to be available against jointly liable parties. Otherwise corporate groups could structure their organisations such that the majority of their profits are attributable to entities controlling infringement from outside the domestic jurisdiction, e.g. profits could be attributed to an offshore brand licensing company rather than the local group company which is directly infringing the relevant IPR.

However an account of profits should be by definition restricted to the gain made by respective party. If necessary, the joint tortfeasor should be liable to disgorgement of its entire profit arising from the Joint Infringement. For example, if the primary tortfeasor made £1 million profit from the infringer due to the commission of the tort, but the accessory made no such profit, it would not seem appropriate to require him to disgorge gains which he did not receive. On the other hand, if the primary wrongdoer made no profit from the tort, but the joint tortfeasor made £1 million profit because of the tort which he assisted by common design, then it would seem appropriate to require the joint tortfeasor to give up the gains which he himself made; a wrongdoer should not profit from his wrong.

Should any available remedies be different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?

No

Please Explain

The UK Group considers that the legal consequences of a finding of liability reflect the general principle of tort law, that the purpose of the law is to try to restore the wronged party to the position in which it would have been had the wrong not occurred and to prevent recurrence. As with any other infringement, therefore, the classes of relief available (damages, and injunctive relief including delivery up or destruction)
should not be different in scope to the remedies available against any acts of direct infringement or Contributory Infringement. It should also not differ between the different types of IPR. However, the implementation of these measures will of course depend on the facts of each case. For example, it is possible to imagine instances where a more limited injunction should be awarded against a joint tortfeasor than against a direct infringer.

The UK group also considers that a court should have flexibility to decide whether aggravated damages awarded against a direct or Contributory Infringer (e.g. those arising from the flagrancy of the infringement or moral prejudice suffered by the rights holder) should also be recoverable from a jointly liable party. This should be assessed in all the relevant circumstances, including whether the jointly liable party was (or should have been) aware of the circumstances which gave rise to the finding that aggravated damages were recoverable from the party undertaking the direct or Contributory Infringement.

Please comment on any additional issues concerning any aspect of Joint Liability you consider relevant to this Study Question, having regard to the scope of this Study Question as set out in paragraphs 7 to 13 above.

We do not believe there are any other issues that arise in light of the scope of the Question, save for the UK Group’s discussion in Question 14, above, regarding the scope of Contributory Infringement.

Please indicate which industry sector views are included in your Group’s answers to Part III.

The UK Group has not had any direct input from industry in this response.
I. Current law and practice

Please answer all questions in Part I on the basis of your Group’s current law.

1. Are there any statutory provisions which specifically apply to Joint Liability?

Yes

Please Explain

The Study Question Guidelines contain definitions for Contributory Infringement, Indirect Infringement, Joint Infringement, and Joint Liability. The responses below take into account the prescribed definitions. The Guidelines also remove Contributory Infringement (so defined) from the scope of this Study Question. The responses below therefore generally omit discussion of Contributory Infringement unless expressly mentioned in a given question.

This Report considers only IPRs arising from U.S. federal law and does not discuss IPRs that arise under state law.

Patents (i.e., U.S. utility patents)

Yes.

The U.S. Patent Act, div 271 (35 U.S.C. §271) is applicable in the patent infringement context, including the infringement of designs (“design patents” in the U.S.). Section 271(b) addresses the inducing of patent infringement and applies to some instances of Joint Liability for patent infringement. Section 271(c) applies to contributory patent infringement, a topic largely beyond the scope of this Study Question.

Section 271 (a) provides “whoever, without authority makes, uses, offers to sell, or sells any patented invention, within the United States, or imports into the United States any patented invention during the term of the patent therefor, infringes the patent.”

U.S. courts follow the “single actor rule,” which states that “[d]irect infringement under §271(a) occurs where all steps of a claimed method are performed by or attributable to a single entity.” Akamai Techs., Inc. v. Limelight Networks, Inc. (“Akamai V”), 797 F.3d 1020, 1022 (Fed. Cir. 2015) (en banc).

Where more than one actor is involved in practicing the steps of a patented method, (referred to as “divided infringement”), Joint Infringement
liability will attach where the acts of one are attributable to the other such that a single entity is responsible for the infringement. *Id.* at 1022. An entity will be held responsible for others’ performance of method steps under §271(a)(1) where that entity directs or controls others’ performance, or (2) where the actors form a joint enterprise.” *Id.* If the actions of two independent actors are necessary to perform the alleged infringing acts, and they neither direct nor control one another and are not engaged in a joint enterprise, there is no liability.

Section 271(b) states, “Whoever actively induces infringement of a patent shall be liable as an infringer.” As discussed below in the answer to Question 2 liability for inducing patent infringement under §271(b) requires proof of an act of direct patent infringement.

The U.S. has no statute that specifically applies to Joint Liability for patent infringement in the absence of an act of direct infringement (see the discussion of divided infringement in the answer to Question 2).

**Designs**

Yes.

In the U.S., designs are also protectable by patent. See the immediately preceding div in this answer.

**Trademarks**

No.

Direct infringement of a trademark is governed by the Lanham Act, which provides under §1114(1)(a) that “Any person who shall, without the consent of the registrant use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive.”

The Lanham Act does not expressly provide for indirect liability for a party that does not directly infringe. However, the U.S. Supreme Court has recognized that indirect liability for trademark infringement by a direct infringer exists where the party “intentionally induces another to infringe a trademark, or if it continues to supply its product to one whom it knows or has reason to know is engaging in trademark infringement.” *Inwood Labs. v. Ives Labs.*, 456 U.S. 844, 854, 102 S. Ct. 2182 (1982). In addition, Section 43(a) of the Lanham Act has been construed to provide broader protection than that for trademark infringement: the Lanham Act has been interpreted to “create[] a federal remedy … ‘that goes beyond trademark protection.’” *POM Wonderful LLC v. Coca-Cola Co.*, 573 U.S. ___, 134 S. Ct. 2228, 2234 (2014).

**Copyrights**

No.

Although secondary liability for copyright infringement is imposed under various common law doctrines in a variety of circumstances, there are no statutory provisions imposing Joint Liability for copyright infringement. As the Supreme Court stated in *Metro-Goldwyn-Mayer Studios, Inc. v. Grokster*, 545 U.S. 913, 914 (2005) (“Grokster”), “[t]he Copyright Act does not expressly render anyone liable for [another’s] infringement,” [citing *Sony Corp. of America v. Universal City Studios, Inc.*, (“Sony”), 464 U. S. 417, 434 (1984)].

One provision of the Semiconductor Chip Protection Act of 1984 grants right holders the exclusive right “to induce or knowingly to cause [the acts of] another person,” 17 U.S.C. §905(3), but that provision is limited only to the sui generis mask rights granted by that Act, and not to copyright infringement in general.

There are also several statutory provisions that exempt certain third parties that may have otherwise been held liable for the infringing acts of others. For example, a qualifying library or archive is exempted from liability for infringements committed by its users under certain circumstances, 17 U.S.C. §108; and nonprofit agricultural and horticultural organizations are specifically exempted from “any liability for copyright infringement that would otherwise be imposed on such body or organization, under doctrines of vicarious liability or related infringement, for a performance by a concessionaire, business establishment, or other person at such fair or exhibition.” 17 U.S.C. §110(6).

Further, the Digital Millennium Copyright Act (17 U.S.C. §1201 et seq. (1998) (the “DMCA”)) provides safe-harbor protections to internet service providers and the operators of certain other portals and telecommunications transmission networks regarding allegations of secondary liability if they meet certain requirements.

**Under the case law or judicial or administrative practice in your jurisdiction, are there rules which specifically apply to Joint Liability?**

Yes

Please Explain

**Patents and designs**

Yes.
U.S. case law has developed rules relating to Joint Liability for infringement of patents and designs (i.e., U.S. design patents) in scenarios of indirect infringement and scenarios of divided infringement. Indirect infringement by inducement is described below, but contributory infringement in this context beyond the scope of this Study Question. Liability for infringement under §271(a) may be found when a single actor is responsible for direct infringement, i.e., all of the components of a claimed product or all steps of a claimed method. See Akamai Techs., Inc. v. Limelight Networks, Inc. (Akamai V), 797 F.3d 1020 (Fed. Cir. 2015) (en banc), which held that ‘liability under §271(a) could be found when an alleged infringer ‘conditions participation in an activity or receipt of a benefit upon performance of a step or steps of a patented method’ and ‘establishes the manner or timing of [performing that step or those steps of the patented method].’”

A finding of liability for induced infringement of patents or designs under 35 U.S.C. §271(b) requires proof of an instance of direct infringement attributable to a single actor. A patent owner must show by a preponderance of evidence that direct infringement has occurred, and the accused actively induced these acts of infringement. See, e.g., Zenith Labs., Inc. v. Bristol-Myers Squibb Co., 19 F.3d 1418 (Fed. Cir.), cert. denied, 513 U.S. 995 (1994).

Generally, inducement to infringe requires proof the alleged infringement inducer knowingly aided and abetted direct infringement by another of the patent. See, e.g., C.R. Bard, Inc. v. Advanced Cardiovascular Sys., Inc., 15 U.S.P.Q.2d 1540, 1522 (Fed. Cir. 1990). The patent owner must also prove, by a preponderance of evidence, that the alleged inducer of infringement (indirect infringer) knew of the patent (or showed willful blindness to the existence of the patent) and aided, instructed or otherwise acted with intent to cause acts that would constitute direct infringement of the patent, knowing that such acts would infringe the patent (or showing willful blindness that such acts would infringe the patent). Global-Tech Appliances, Inc. v. SEB S. A., 53 U.S. 754 (2011). The Supreme Court stated that “a willfully blind defendant is one who takes deliberate actions to avoid confirming a high probability of wrongdoing and who can almost be said to have actually known the critical facts.”

For this intent requirement, direct evidence is not necessary, and circumstantial evidence may suffice (all of the circumstances must be considered including the indirect infringer's knowledge at the time the challenged conduct occurred). See, e.g., Water Techs. Corp. v. Calco Ltd., 850 F.2d 660, 668 (Fed. Cir.), cert. denied, 489 U.S. 968 (1988). Although a good faith belief that the patent is not infringed can negate the intent requirement, a good faith belief in the patent's invalidity cannot. See Commil USA, LLC v. Cisco Systems, Inc., 575 U.S. __, 135 S. Ct. 1920, 1928 (2015).

Trademarks

Yes.

U.S. case law provides for liability for contributory infringement of a trademark.

U.S. case law also provides for a type of Joint Liability for the infringement of trademarks. This is a vicarious liability under agency principles and the joint-tortfeasor liability doctrine. See Banfl Ltd. v. Limited, Inc., 869 F. Supp. 1103, 1110 (S.D.N.Y. 1994); AT&T Co. v. Winback & Conserve Program Inc., 42 F.3d 1421, 1437 (3d Cir. 1994) (for application of agency principles to parties involved in trademark infringement); David Berg & Co. v. Gatto Int'l Trading Co., 884 F.2d 306, 311 (7th Cir. 1989) (for discussion of joint tort-feasor liability).

Most Joint Liability issues for infringement of trademarks appear to arise in the context of contributory infringement. However, vicarious liability can arise because of a party's relationship with the direct infringer. Vicarious liability may be found when (1) the third party has the right and ability to control the actions of the direct infringer; and (2) the third party derives a direct financial benefit from the infringement. To find that there is direct financial benefit for vicarious liability, there must be actual profit sharing between the direct infringer and the party accused of vicarious infringement. In Hard Rock Café Licensing Corp. v. Concession Servs., Inc. the Seventh Circuit found that the vendor fee paid by a vendor selling counterfeit Hard Rock T-shirts to the flea market owner was not a sufficient to meet the prong of direct financial benefit because of the infringement. Hard Rock Café Licensing Corp. v. Concession Servs., Inc., 955 F.2d 1143, 1150 (7th Cir. 1992).

The following rules apply to Joint Liability for infringement of a trademark:

i. If a party intentionally induces another to infringe trademark rights, or if the party continues to supply a product to someone it knows or should know is infringing, that is contributory infringement. Inwood Labs., Inc. v. Ives Labs., Inc., 456 U.S. 844 (1982).

ii. “The contributory infringement cases ... demonstrate that in certain instances, secondary, indirect liability is a legitimate basis for liability under the federal unfair competition statute.” AT&T, 42 F.3d at 1433.


iv. Vicarious liability requires “a finding that the defendant and the infringer have an apparent or actual partnership, have authority to bind one another in transactions with third parties or exercise joint ownership or control over the infringing product.” Hard Rock Café, 955 F.2d at 1150.

v. Inducing someone to infringe is not considered ‘contributory’ infringement under the AIPPI Resolution on Q204 – A party can be held liable for trademark infringement if it intentionally induces another to engage in trademark infringement.

vi. Providing credit card services to “high risk” websites that sell replicas (knock-offs) of trademarked goods can give rise to inducement to infringe. Gucci Am. v. Frontline Processing Corp., 721 F. Supp. 2d 228 (S.D.N.Y. 2010).

vii. A plaintiff may assert Joint Liability where it is shown that “the defendant and the infringer have an apparent or actual partnership, have...
authority to bind one another in transactions with third parties or exercise joint ownership or control over the infringing product.”  *Rosetta Stone Ltd. v. Google, Inc.*, 676 F.3d 144 (4th Cir. 2012).

viii. In a specific example, owning property leased to an entity that rents space to infringers is insufficient to create indirect liability.  *Coach, Inc. v. Swap Shop, Inc.*, 916 F. Supp. 2d 1271, 1282 (S.D. Fla., 2012).

**Copyrights**

Yes.

Issues of Joint Liability and other secondary liability for copyright infringement have been addressed in U.S. case law. Prominent among these cases is *Sony Corp. of America v. Universal City Studios, Inc.*, 464 U.S. 417 (1984), later cited in *Grokster* and numerous other copyright and patent cases.

In *Sony*, the Supreme Court ruled that despite Sony’s branded videocassette recorder's ability to be used for purposes of copyright infringement, its primary purposes included “time-shifting” television programs and other “substantial non-infringing uses” and that Sony was unaware and unable to prevent any specific acts of infringement that may have occurred after it distributed the product. ( *Sony*, 464 U. S. 418, 421) The Supreme Court stated,

“If vicarious liability is to be imposed on Sony in this case, it must rest on the fact that it has sold equipment with constructive knowledge of the fact that its customers may use that equipment to make unauthorized copies of copyrighted material. There is no precedent in the law of copyright for the imposition of vicarious liability on such a theory. The closest analogy is provided by the patent law cases to which it is appropriate to refer because of the historic kinship between patent law and copyright law. ( *Sony*, 464 U.S. 440).

“In the Patent Act, both the concept of infringement and the concept of contributory infringement are expressly defined by statute. The prohibition against contributory infringement is confined to the knowing sale of a component especially made for use in connection with a promise.”

Sony ultimately found Napster liable of contributory infringement, by operating a centralized system for indexing within a peer-to-peer network through which individual users of the P2P system were alleged to directly infringe copyrights. A key distinction between the rulings in *Sony* and *Napster* was the Court’s finding that Napster would have knowledge of some specific cases of infringement — through the centralized system and database of works—and thus could have taken steps to stop incidents of infringement Napster, 114 F. Supp. 2d at 918, 920-21. (Also see divs on injunctions and filtering below.) These decisions led to *Grokster*.

In the *Grokster* decision, the Supreme Court distinguished P2P networks from *Sony* once again. Grokster’s P2P system had no central index, enabling defendants to claim no knowledge of works copied on the system and thus allegedly infringed. The Supreme Court, however, overturned the lower courts’ findings of no liability, stating that Grokster’s intent to promote and advertise the infringing capabilities of the system, along with its realizing related benefits, indicated it was liable for inducement. The Supreme Court adopted in the copyright infringement context the inducement rule applied in patent infringement cases, holding that:

“For the same reasons that *Sony* took the staple article doctrine of patent law as a model for its copyright safe-harbor rule, the inducement rule, too, is a sensible one for copyright. We adopt it here, holding that one who distributes a device with the object of promoting its use to infringe copyright, as shown by clear expression or other affirmative steps taken to foster infringement, is liable for the resulting acts of infringement by third parties. We are, of course, mindful of the need to keep from trenching on regular commerce or discouraging the development of technologies with lawful and unlawful potential. Accordingly, just as Sony did not find intentional inducement despite the knowledge of the VCR manufacturer that its device could be used to infringe, mere knowledge of infringing potential or of actual infringing uses would not be enough here to subject a distributor to liability. Nor would ordinary acts incident to product distribution, such as offering customers technical support or product updates, support liability in themselves. The inducement rule, instead, premised liability on purposeful, culpable expression and conduct, and thus does nothing to compromise legitimate commerce or discourage innovation having a lawful promise.”

Grokster, 545 U.S. at 936-7.

The rule applied in *Grokster* has been adopted when a defendant “intentionally induces or encourages infringing acts by others or profits from such acts while declining to exercise a right to stop or limit them.”  *ABC, Inc. v. Aereo, Inc.*, 573 U.S. __, 134 S. Ct. 2498, 2512 (2014) (dissent), citing *Grokster* at 930.

**In the following hypotheticals, would party A be liable for Joint Infringement with party X? In each case, please explain why or why not.**
X sells handbags in a shop which is a small stall located in a shopping mall owned by A. The handbags infringe the registered design of Z. A knows that X (and other tenants) sells infringing goods.

No

Please Explain

The U.S. Group interprets "registered design" in this Hypothetical as referring to a design registered under the U.S. Patent Act (i.e., a design patent) and not under the U.S. Copyright Act.

Patents (i.e., U.S. utility patents)

This Hypothetical does not concern patents.

Designs (i.e., U.S. design patents)

A would not be liable for infringement of the design because A is not directly infringing the design and A is not indirectly infringing the design.

A is not directly infringing Z’s design because A is merely the landlord of X and is not making, selling, offering for sale, using or importing into the U.S. infringing goods. There is no liability for infringement by inducement either because A is not engaging in any activities that would likely be found as actively inducing the sale of the goods under 35 U.S.C. §271(b). In the U.S., X’s renting of space to tenant A, known to X to be selling infringing goods, does not constitute active inducement of infringement.

U.S. law includes the concept of contributory infringement, but this aspect of contributory infringement is outside the scope of the Study Question.

Trademarks

A would not be liable because A is not using in commerce any infringing goods in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion or to cause mistake, or to deceive, as required by 15 U.S.C. §1114(1)(a). A is also not reproducing, counterfeiting, copying, or colorably imitating the infringing goods, as would be required for infringement under 15 U.S.C. §1114(1)(b). A is merely a landlord to X, and knowledge of X’s sale of infringing goods is not sufficient to impose liability.

Copyrights

This Hypothetical does not concern copyrights.

X sells handbags in an online shop which is hosted by a large marketplace platform owned by A. The handbags infringe the registered design of Z. A knows that X (and other web shop operators hosted by A’s marketplace platform) sells infringing goods via their respective outline shops.

Yes

Please Explain

The U.S. Group interprets "registered design" in this Hypothetical as referring to a design registered under the U.S. Patent Act (i.e., a design patent) and not under the U.S. Copyright Act.

Patents (i.e., U.S. utility patents)

This Hypothetical does not concern patents.

Designs (i.e., U.S. design patents)


A could be liable for indirect infringement of the design patent if running an online marketplace platform is sufficient for active inducement under 35 U.S.C. §271(b), since A knows of the goods being sold through its platform are infringing; however, this is an unsettled area of law. For example, in Blazer v. eBay, Inc., eBay was found not to infringe directly or indirectly because eBay was found to be merely a passive conduit through which buyers and sellers conducted their sales transactions.
Trademarks
A would be liable for trademark infringement under 15 U.S.C. §1114(1)(a) if hosting the online platform is an act of advertising the infringing goods, or if A fulfills orders and, therefore, distributes infringing goods. A may also be liable for indirect infringement of the trademark if it knowingly induces or materially contributes to the infringement, such as through hosting, advertising, payment, and fulfillment services.

Copyrights
This Hypothetical does not concern copyrights.

3.c X sells handbags in an online shop. The handbags infringe the registered design of Z. A designed the online advertising campaign for X’s shop and books online advertising resources for X on websites and in search engines. A knows that X sells infringing goods.

Yes
Please Explain
The U.S. Group interprets “registered design” in this Hypothetical as referring to a design registered under the U.S. Patent Act (i.e., a design patent) and not under the U.S. Copyright Act.

Patents (i.e., U.S. utility patents)
This Hypothetical does not concern patents.

Designs (i.e., U.S. design patents)
A would not be liable for direct infringement of the design patent because A is not making, using, selling, offering to sell, or importing the infringing goods. A could be liable for indirect infringement of the design patent if an advertising agency’s advertising activities are considered to be sufficient for active inducement under 35 U.S.C. §271(b), since A is intentionally creating advertising to induce customers to buy from X’s shop and A knows X sells infringing goods; however, there would need to be a showing that A is specifically inducing the sale of the infringing goods.

Evidence of “active steps … taken to encourage direct infringement,” Oak Indus., Inc. v. Zenith Elecs Corp., 697 F. Supp. 988, 992 (N.D.Ill.1988), such as advertising an infringing use or instructing how to engage in an infringing use, show an affirmative intent that the product be used to infringe, and a showing that infringement was encouraged overcomes the law’s reluctance to find liability when a defendant merely sells a commercial product suitable for some lawful use. See, e.g., Water Techs. Corp. v. Calco, Ltd., 850 F.2d 660, 668 (Fed. Cir. 1988) (liability for inducement where one “actively and knowingly aid[s] and abet[s] another’s direct infringement” (emphasis omitted)); Framberg, Inc. v. Thornhill, 315 F.2d 407, 412–13 (5th Cir. 1963) (demonstrations by sales staff of infringing uses supported liability for inducement); Haworth Inc. v. Herman Miller Inc., 37 U.S.P.Q.2d 1080, 1090, 1994 WL 875931 (W.D.Mich.1994) (evidence that defendant “demonstrate[d] and recommend[ed] infringing configurations” of its product could support inducement liability); Sims v. Mack Trucks, Inc., 459 F. Supp. 1198, 1215 (E.D. Pa.1978) (finding inducement where the use “depicted by the defendant in its promotional film and brochures infringes the … patent”), overruled on other grounds, 608 F.2d 87 (3d Cir. 1979). Cf. W. Keeton, D. Dobbs, R. Keeton, & D. Owen, Prosser and Keeton on Law of Torts 37 (5th ed. 1984) (“There is a definite tendency to impose greater responsibility upon a defendant whose conduct was intended to do harm, or was morally wrong”).

If A is merely inducing customers to go to X’s shop, and X sells both infringing and non-infringing goods, then A would not likely be liable without evidence that A is actively inducing the sale/use of the infringing goods.

Trademarks
A would be liable for trademark infringement under 15 U.S.C. §1114(1)(a) and (b) because A is advertising goods it knows are infringing a trademark. If A’s acts have been committed with knowledge that the imitation it is advertising is intended to be used to cause confusion, or to cause mistake, or to deceive, then A could be liable for profits or damages.

Copyrights
This Hypothetical does not concern copyrights.

3.d For each of the hypotheticals in (a) to (c) above, does it make a difference if A merely suspects that X sells infringing goods? If yes, what is the level of "suspicions" required, and how is it demonstrated?
**Hypothetical A**

No

Please Explain

- **Patents (i.e., U.S. utility patents)**
  This Hypothetical does not concern patents.

- **Designs (i.e., U.S. design patents)**
  A's knowledge of a tenant selling infringing goods was insufficient to establish liability in Hypothetical A. Suspicion of a tenant selling infringing goods would have even less culpability. On these facts, suspicion makes no difference because there is no liability.

- **Trademarks**
  A's knowledge of a tenant selling infringing goods was insufficient to establish liability in Hypothetical A. Suspicion of a tenant selling infringing goods would have even less culpability. On these facts, suspicion makes no difference on liability because there is no liability.

- **Copyrights**
  This Hypothetical does not concern copyrights.

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**Hypothetical B**

Yes

Please Explain

- **Patents (i.e., U.S. utility patents)**
  This Hypothetical does not concern patents.

- **Designs (i.e., U.S. design patents)**
  Yes. U.S. law typically requires actual knowledge that the acts are going to be infringing, or "willful blindness" to circumstances such that the accused inducer should have known infringement would occur. In Hypothetical B, A had knowledge of the sale of infringing goods and arguably was actively inducing the infringement of a design patent by running an online marketplace platform. If that knowledge was lessened to "suspicion," that would make a difference between liability and no liability because actual knowledge is required for liability for induced infringement under 35 U.S.C. §271(b). If the suspicion were to rise to the level of "willful blindness," however, then liability would likely still attach.

- **Trademarks**
  No. A would still be liable for trademark infringement under 15 U.S.C. §1114(1)(a) and (b) because A is advertising goods that are infringing a trademark. Lowering the level of knowledge to "suspicion" does not affect the analysis of whether there is trademark infringement. "Suspicion" would make a difference under 15 U.S.C. §1114(1)(b) as to whether Z could recover profits or damages (knowledge is required for the rights holder to be able to recover profits or damages for infringement under §1114(1)(b)); however, that is a damages question—A would still be liable for infringement.

- **Copyrights**
  This Hypothetical does not concern copyrights.

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**Hypothetical C**

Yes

Please Explain

- **Patents (i.e., U.S. utility patents)**
  This Hypothetical does not concern patents.

- **Designs (i.e., U.S. design patents)**
  Yes. U.S. law typically requires actual knowledge that the acts are going to be infringing, or "willful blindness" to circumstances such that the accused inducer should have known infringement would occur. In Hypothetical C, A had knowledge of the sale of infringing goods and arguably was actively inducing the infringement of a design patent by running an online marketplace platform. If that knowledge was lessened to "suspicion," that would make a difference between liability and no liability because actual knowledge is required for liability for induced infringement under 35 U.S.C. §271(b). If the suspicion were to rise to the level of "willful blindness," however, then liability would likely still attach.

- **Trademarks**
  No. A would still be liable for trademark infringement under 15 U.S.C. §1114(1)(a) and (b) because A is advertising goods that are infringing a trademark. Lowering the level of knowledge to "suspicion" does not affect the analysis of whether there is trademark infringement. "Suspicion" would make a difference under 15 U.S.C. §1114(1)(b) as to whether Z could recover profits or damages (knowledge is required for the rights holder to be able to recover profits or damages for infringement under §1114(1)(b)); however, that is a damages question—A would still be liable for infringement.

- **Copyrights**
  This Hypothetical does not concern copyrights.
Patents (i.e., U.S. utility patents)

This Hypothetical does not concern patents.

Designs (i.e., U.S. design patents)

Yes. In Hypothetical C, A had knowledge of the sale of infringing goods and was arguably actively inducing the infringement of a design patent by having designed the online advertising campaign for X’s shop and by booking online advertising resources. If that knowledge of infringement was lessened to merely “suspicion,” that would make a difference between liability and no liability because actual knowledge is required for liability for induced infringement under 35 U.S.C. §271(b).

Trademarks

No. A would still be liable for trademark infringement under 15 U.S.C. §1114(1)(a) and (b) because A is advertising goods that are infringing a trademark. Lowering the level of knowledge to “suspicion” does not affect the analysis of whether there is trademark infringement. “Suspicion” would make a difference under 15 U.S.C. 1114(1)(b) as to whether Z could recover profits or damages (knowledge is required for the rights holder to be able to recover profits or damages for infringement under §1114(1)(b)); however, that is a damages question—A would still be liable for infringement. It is also unlikely A would qualify as an innocent infringer under 1114(2).

Copyrights

This Hypothetical does not concern copyrights.

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In the following hypothetical, would party A be liable for Joint Infringement with party X? In your answer, please explain why or why not?

Z owns a patent claiming a method for addressing memory space within a memory chip which is built into telecommunication device having further features (main processor, suitable software etc.). A manufactures memory chips. The chips are objectively suitable to be used for the claimed method. A’s memory chips are distributed over multiple distribution levels to a plethora of device manufacturers. A has no knowledge of the actual end use of its memory chips.

No

Please Explain

Patents (i.e., U.S. utility patents).

A would not be liable for Joint Infringement with party X because in this Hypothetical there is no evidence that X is infringing Z’s patent. The fact that chips are “objectively suitable to be used for the claimed method” does not establish that they are being used by X to carry out the claimed method. If X is not directly infringing, then A cannot be held liable as a joint infringer with X. Even if the facts showed that X were infringing Z’s patent, however, A would still not be liable for Joint Infringement under a theory of induced infringement because A has no knowledge of X’s actual use of A’s memory chips and there is no evidence that A has been willfully blind to X using A’s chips to infringe Z’s patent.

Designs (i.e., U.S. design patents)

This Hypothetical does not concern designs.

Trademarks

This Hypothetical does not concern trademarks.

Copyrights

This Hypothetical does not concern copyrights.

Further, under your Group’s law, would it be considered obvious (in the sense of Q204P) that A’s chips would be put to one or more infringing uses and if so, why?

Yes
Please Explain

**Patents (i.e., U.S. utility patents)**

It would be obvious under Q204P that A’s chips would be put to one or more infringing uses if there are no substantial non-infringing uses for the chips and A is willfully blind that its actions would lead to infringement of Z’s patent.

**Designs (i.e., U.S. design patents)**

This Hypothetical does not concern designs.

**Trademarks**

This Hypothetical does not concern trademarks.

**Copyrights**

This Hypothetical does not concern copyrights.

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### 5.

In the following hypotheticals, would party A be liable for Joint Infringement with party X? Please explain why or why not.

#### 5.a

Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, also located in your country. A and B know that their servers exchange encrypted messages according to the patented method.

Yes

Please Explain

**Patents (i.e., U.S. utility patents)**

U.S. courts follow the “single actor rule,” which states that “[d]irect infringement under §271(a) occurs where all steps of a claimed method are performed by or attributable to a single entity.” *Akamai Techs., Inc. v. Limelight Networks, Inc. (“Akamai V”),* 797 F.3d 1020, 1022 (Fed. Cir. 2015) (en banc). Where more than one actor is involved in practicing the steps of a patented method, Joint Infringement liability will attach where the acts of one are attributable to the other such that a single entity is responsible for the infringement. *Id.* at 1022. An entity will be held responsible for others’ performance of method steps under §271(a)] (1) where that entity directs or controls others’ performance, or (2) where the actors form a joint enterprise.” *Id.*

Assuming neither A nor B is performing all the steps required by the claim, A could be liable for infringement if A and B are found to be in a joint enterprise that results in the performance of all required steps.

**Designs (i.e., U.S. design patents)**

This Hypothetical does not concern designs.

**Trademarks**

This Hypothetical does not concern trademarks.

**Copyrights**

This Hypothetical does not concern copyrights.

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#### 5.b

Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, located outside your country. A and B know that their servers exchange encrypted messages according to the patented method.

Yes

Please Explain

**Patents (i.e., U.S. utility patents)**

U.S. courts follow the “single actor rule,” which states that “[d]irect infringement under §271(a) occurs where all steps of a claimed method are performed by or attributable to a single entity.” *Akamai Techs., Inc. v. Limelight Networks, Inc. (“Akamai V”),* 797 F.3d 1020, 1022 (Fed. Cir. 2015) (en banc). Where more than one actor is involved in practicing the steps of a patented method, Joint Infringement liability will attach where the acts of one are attributable to the other such that a single entity is responsible for the infringement. *Id.* at 1022. An entity will be held responsible for others’ performance of method steps under §271(a)] (1) where that entity directs or controls others’ performance, or (2) where the actors form a joint enterprise.” *Id.*

Assuming neither A nor B is performing all the steps required by the claim, A could be liable for infringement if A and B are found to be in a joint enterprise that results in the performance of all required steps.
Under *NTP v. RIM*, 419 F.3d 1282 (Fed. Cir. 2005), which distinguished between system claims and method claims, the court held that the infringement of a method claim required all steps of the process to be performed in the U.S. A would not be liable because all steps of the method claim would need to be performed in the U.S. Knowledge here is irrelevant because without direct infringement, there can be no indirect infringement.

**Patents (i.e., U.S. utility patents)**

Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. X operates server “a” outside your country, which exchanges encrypted messages with server “b” operated by Y, located in another country outside your country. A, located in your country, is a software consultant advising X and Y how to use the patented method (but A does not supply any software).

A is not liable for patent infringement in the U.S. because there is neither direct nor indirect infringement. On these facts, the patented method is not being carried out in the U.S. by a single actor. Therefore, there is no direct infringement. Without direct infringement, there can be no indirect infringement.

There is another issue here: both X and Y would be required to perform steps to carry out the claimed invention. U.S. courts follow the “single actor rule,” which states that “direct infringement under §271(a) occurs where all steps of a claimed method are performed by or attributable to a single entity.” *Akamai V*, 797 F.3d at 1022 (Fed. Cir. 2015) (en banc).

Where more than one actor is involved in practicing the steps of a patented method, for liability for direct infringement to attach courts must determine whether the acts of one are attributable to the other such that a single entity is responsible for the infringement. *Id.* at 1022. An entity will be held “responsible for others’ performance of method steps [under §271(a)] in two sets of circumstances: (1) where that entity directs or controls others’ performance, and (2) where the actors form a joint enterprise.” *Id.*

In focusing on the first of these circumstances—where an entity directs or controls another’s performance—the Federal Circuit has previously held an actor “liable for infringement” under §271(a) if it acts through an agent (applying traditional agency principles) or contracts with another to perform one or more steps of a claimed method.” *Id.* at 1023. In *Akamai V*, the Federal Circuit announced what has become known as the “Akamai V two-prong test,” under which liability under §271(a) can be found when an alleged infringer “conditions participation in an activity or receipt of a benefit upon performance of a step or steps of a patented method” and “establishes the manner or timing of that performance.” *Travel Sentry, Inc. v. David Trapp*, 877 F.3d 1370, 1378 (Fed. Cir. 2017) (citing to *Akamai V* and *Grokster* for the proposition that “an actor infringes vicariously by profiting from direct infringement if that actor has the right and ability to stop or limit the infringement”). In all of these decisions the third party’s actions were attributed to the alleged infringer such that the alleged infringer became “the single actor chargeable with direct infringement.” *Id.* The Federal Circuit has emphasized that the question of whether a single actor directed or controlled the acts of one or more third parties is a question of fact. *Id.*

In the above Hypothetical, for A to be liable, the facts would need to show that A directed or controlled the acts of Y and X or that A, Y, and X formed a joint enterprise. Since A is merely a third-party consultant, A would not be directing or controlling Y and X’s acts. Moreover, since A is merely a third-party consultant, it does not appear that A, Y, and X have formed a joint enterprise. Therefore, on these facts, A would not be liable as a joint infringer even if the patented method were to be carried out in the U.S.

**Designs (i.e., U.S. design patents)**

This Hypothetical does not concern designs.

**Trademarks**

This Hypothetical does not concern trademarks.
This Hypothetical does not concern trademarks.

Copyrights

This Hypothetical does not concern copyrights.

Are there any other scenarios which result in Joint Liability for IPR infringement under your Group's current law?

Yes

Please Explain

Patents (i.e., U.S. utility patents)

One scenario that can result in Joint Liability for patent infringement involves product labels and method of treatment patent claims, as in *Eli Lilly v. Teva Parenteral Med.*, 121 U.S.P.Q.2d 1277 (Fed. Cir. 2017).

Here, claims were directed to a two-step method in which the first step was done by the patient and the second step was performed by the physician. Defendant's product label for generic drug instructs doctor to follow exactly the claimed regimen. The Federal Circuit held that performance of all claimed steps is attributed to the physician and thus constitutes direct infringement of the patent under §271(a). The use of defendants’ generic drug products therefore constituted induced infringement of the patent by defendants under §271(b).


Designs (i.e., U.S. design patents)

No additional scenarios.

Trademarks

No additional scenarios.

Copyrights

See references in this response to copyright cases including *Sony, Napster, Grokster et al.* (including Streamcast Networks), Aimster and Limewire.

In *Sony* (1984), the Supreme Court observed that liability for inducement—or other liability for infringement “committed by another”—need not be so narrowly constrained as to whether express statutory language calls it out. The *Sony* decision states:

The Copyright Act does not expressly render anyone liable for infringement committed by another. In contrast, the Patent Act expressly brands anyone who "actively induces infringement of a patent" as an infringer, 35 U.S.C. §271(b), and further imposes liability on certain individuals labeled "contributory" infringers, §271(c). The absence of such express language in the copyright statute does not preclude the imposition of liability for copyright infringements on certain parties who have not themselves engaged in the infringing activity (footnote omitted). For vicarious liability is imposed in virtually all areas of the law, and the concept of contributory infringement is merely a species of the broader problem of identifying the circumstances in which it is just to hold one individual accountable for the actions of another. *Sony*, 464 U.S. at 435.

What remedies are available against a party found liable for Joint Infringement? In particular:

Is an injunction available?

Yes

Please Explain

Patents (i.e., U.S. utility patents)
Yes.

Section 271(b) of the Patent Act states, “Whoever actively induces infringement of a patent shall be liable as an infringer.” Inducement is recognized as a form of Joint Liability in the Study Question Guidelines.

Further, §283 (Injunction) of the Patent Act provides that courts with jurisdiction may grant injunctions “in accordance with the principles of equity,” to prevent the violation of any patent rights, on such terms “as the court deems reasonable.”

A permanent injunction may be granted in a patent infringement case if a plaintiff demonstrates “(1) that it has suffered an irreparable injury; (2) that remedies available at law 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.”


A preliminary injunction is available before liability is found and, if granted, will potentially affect available remedies if infringement liability is ultimately found. To be granted a preliminary injunction a plaintiff must successfully demonstrate “(1) the likelihood of the patentee’s success on the merits; (2) irreparable harm … (3) the balance of hardships between the parties; and (4) the public interest. \textit{Oakley v. Sunglass Hut Int’l, et al.}, 02-1132 (Fed. Cir. Jan. 9, 2003).

Designs (i.e., U.S. design patents)

Yes.

In the U.S., designs are a kind of patent. See the immediately preceding div in this answer.

Trademarks

Yes.

15 U.S.C. §1116(a) specifically provides for injunctive relief of “the violation of any right of the registrant of a mark registered with the Patent and Trademark Office or to prevent a violation under subdiv. (a), (c), or (d) of div 1125 of this title.”

A court has broad powers to craft injunctive relief. Sec. 1116(a) of the Lanham Act states that “[t]he several courts vested with jurisdiction of civil actions arising under this chapter shall have power to grant injunctions, according to the principles of equity and upon such terms as the court may deem reasonable …” The equitable remedy should be “no broader than necessary to prevent the deception.” \textit{Westchester Media v. PRL USA Holdings, Inc.}, 214 F.3d 658, 671 (5th Cir. 2000). And because the purpose of remedies for trademark infringement is to eliminate a likelihood of confusion, injunctive relief is available even against “innocent” infringers. \textit{See, e.g., Gucci Am., Inc. v. Daffy’s, Inc.}, 354 F.3d 228 (3d Cir. 2003).

Principles of equity are in some instances weighed against First Amendment free speech interests. “Where the allegedly infringing speech is at least partly literary or artistic … and not solely a commercial appropriation of another’s mark, the preferred course is to accommodate trademark remedies with First Amendment interests.” \textit{Westchester Media v. PRL USA Holdings, Inc.}, 214 F.3d 658, 672 (5th Cir. 2000).

There is no requirement however, that a court grant any injunctive relief. In 2006, the U.S. Supreme Court decided in \textit{eBay Inc. v. MercExchange} that patent owners were not automatically entitled to injunctive relief, and that courts should consider four traditional equitable factors on a case-by-case basis. \textit{eBay Inc. v. MercExchange, LLC}, 547 U.S. 388, 391 (2006). The \textit{MercExchange} decision has been interpreted to apply to injunctive relief in trademark infringement cases, and in most federal courts, a showing of actual irreparable harm is required to obtain a permanent injunction. \textit{See, e.g., Herb Reed Enters., LLC v. Florida Entm’t Mgmt., Inc.}, 736 F.3d 1239 (9th Cir. 2013).

Copyrights

Yes.

Injunctions are available against a party found liable for copyright infringement.


Injunctions are generally operative and enforceable throughout the United States. \textit{Id. at} §502(a).

Preliminary injunctions may be granted before liability has been proven. This interim relief has been granted in other cases related to P2P inducement claims (e.g., Napster (2001), Aimster). In Napster, however, the Ninth Circuit stayed the district court’s injunction temporarily to allow Napster’s attempts to filter works plaintiffs notified as infringing–thus partly demonstrating \textit{eBay} (2006) type equity principles before the \textit{eBay} case. An injunction may affect the availability and quantum of other remedies. \textit{See Akamai Techs. v. Limelight Networks Inc.}, No. 1:06cv11109 (D. Mass. July 1, 2016). If granted, a preliminary injunction may in effect limit the period of alleged infringement to periods before the injunction went into effect, for example.
**Are damages or any other form of monetary compensation available?**

Yes

On what basis?

**Patents (i.e., U.S. utility patents)**

Yes.

As noted, 35 U.S.C. 271(b) states, “Whoever actively induces infringement of a patent shall be liable as an infringer.” Thus 35 U.S.C. §284 (Damages) may apply in cases where claims of inducement or other Joint Infringement are present.

Section §284 expressly states, “Upon finding for the claimant the court shall award the claimant damages adequate to compensate for the infringement but in no event less than a reasonable royalty for the use made of the invention by the infringer, together with interest and costs as fixed by the court.” Further, “[w]hen the damages are not found by a jury, the court shall assess them. In either event the court may increase the damages up to three times the amount found or assessed. The court may receive expert testimony as an aid to the determination of damages or of what royalty would be reasonable under the circumstances.”

“Adequate” compensation is not defined by statute, and courts have considerable discretion. In practice, two primary approaches have been applied: “lost profits” and “reasonable royalty” damages analysis, with the latter effectively serving as a statutory minimum (§284).

**Designs (i.e., U.S. design patents)**

Yes.

In the U.S., designs are a kind of patent. See the immediately preceding div in this answer.

Under §284 of the Patent Act, a design patent owner may seek damages. This statute sets a “floor” for damages as “a reasonable royalty for the use made of the invention by the infringer.” However, in appropriate circumstances the design patent owner may also be entitled to its lost profits caused by the infringement. As an alternative measure of damages, the design patent owner may collect damages under §289, the design-patent-damages provision. An infringer is “liable to the owner to the extent of his total profit, but not less than $250,” under this provision. The Federal Circuit has held that §289 requires “the disgorgement of the infringers’ profits to the patent holder, such that the infringers retain no profit from their wrong.” Nike Inc. v. Wal-Mart Stores, Inc., 138 F.3d 1437 (Fed. Cir. 1998). While a design patent owner can collect under either of these damages theories, it cannot be awarded both. Catalina Lighting, Inc. v. Lamps Plus, Inc., 295 F.3d 1277 (Fed. Cir. 2002). Such result is also directed by the plain statutory language: “[n]othing in this div shall prevent, lessen, or impeach any other remedy which an owner of an infringed patent has under the provisions of this title, but he shall not twice recover the profit made from the infringement.” 35 U.S.C. §289.

**Trademarks**

Yes.

Damages for secondary infringement are governed by the Lanham Act, 15 U.S.C. §1117. Although there are only a few cases focused on damages for secondary infringement, secondary infringers and direct infringers have been held equally liable for damages under the Lanham Act. Under U.S. law, contributory and direct infringers are regarded as joint tortfeasors. See Transdermal Prods., Inc. v. Performance Contract Packaging, Inc., 943 F. Supp. 551, 554 (E.D. Pa. 1996). As a result, a contributory infringer can be held entirely responsible for the IPR holder’s damages despite having an indirect role in the infringement.

Section 1117 provides for the recovery of lost profits. Lost profits are difficult to prove, however, so “the profit disgorgement remedy” is most often “measured by the defendant’s gain.” Fifty-Six Hope Rd. Music, Ltd. v. A.V.E.L.A., Inc., 778 F.3d 1059, 1077 (9th Cir. 2015). “The trademark holder has the burden to prove the defendant infringer’s gross revenue from the infringement … [and] then the burden shifts to the defendant infringer to prove expenses that should be deducted from the gross revenue to arrive at the defendant infringer’s lost profits.” Id. at 1076.

**Copyrights**

Yes.

By statute, remedies for copyright infringement generally are described in 17 U.S. Code §504 – (Remedies for infringement: Damages and profits), which states,

(a) Except as otherwise provided by this title, an infringer of copyright is liable for either—

(1) the copyright owner’s actual damages and any additional profits of the infringer, as provided by subdiv (b); or

(2) statutory damages, as provided by subdiv (c).
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Section §504(b) states, under Actual Damages and Profits,

The copyright owner is entitled to recover the actual damages … and any profits of the infringer … attributable to the infringement and … not taken into account in computing … actual damages [in which case …] the copyright owner [must] present proof only of the infringer’s gross revenue, and the infringer is required to prove his or her deductible expenses [and other] profit attributable to factors other than the copyrighted work.

§504(c) states,

(1) [The] copyright owner may elect … instead of actual damages and profits … statutory damages … with respect to [each infringement of] any one work, … not less than $750 or more than $30,000 …

(2) [For willful infringement], the court … may increase the award [to up to] $150,000. In a case where the … infringer was not aware … that his or her acts constituted an infringement of copyright, the court … [may lower] statutory damages to a sum of not less than $200 [per infringement / per work].

“Actual damages,” is not defined by statute, but is generally consistent with patent damages concepts. However, copyright damages provide additional amounts relating to the infringer’s profits. The statutory damages provisions in copyright law are also a notable difference with patent damages.

Are any of the available remedies different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?

Yes

Please Explain

Patents (i.e., U.S. utility patents)

Yes, in the context of the calculation of damages.

As noted, 35 U.S.C. §271(b) states, “Whoever actively induces infringement of a patent shall be liable as an infringer.” This would appear to not distinguish between the effect of liability, including from a damages perspective, at least between induced infringement (one form of Joint Infringement) and other forms of direct or indirect infringement.

There are cases that address limitations on damages available to the patentee where there is more than one liable party, to avoid excessive awards. For example, under U.S. case law, “after a patentee has collected from or on behalf of a direct infringer damages sufficient to put him in the position he would have occupied had there been no infringement, he cannot thereafter collect actual damages from a person liable only for contributing to the same infringement.” Aro Mfg. Co. v. Convertible Top Replacement Co., 377 U.S. 476, 512 (1964).

Designs (i.e., U.S. design patents)

Yes.

In the U.S., designs are a kind of patent. See the immediately preceding div in this answer.

Trademarks

Yes.

Violation of rights for a registered trademark under §1125(a) or (d), or willful violation under §1125(c) of the Lanham Act allows a trademark owner to recover (1) defendant’s profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action. 15 U.S.C. §1117. That recovery, however, is subject to (1) principles of equity (see discussion above) and (2) 15 U.S.C. §§1111 and 1114. Section 1111 requires a trademark owner who has a registration to display the trademark with registration information, or to prove actual notice of the owner’s registration. Section §1114(2) shields innocent printers and publishers from disgorgement of profits.

Copyrights

Yes.

Under U.S. copyright law, the statutory damages available to the rights owner vary depending upon whether the infringer “willfully” infringed the work. With willful infringement, at the court’s discretion the maximum damages per infringer / per work can be raised from $30,000 to as high as $150,000. Correspondingly, if the alleged infringer is found to infringe unintentionally, the award may be reduced from $750 to as low as $200 per infringer / per work.

To the extent that a finding of induced infringement requires “knowledge” and “intent,” it may be that the scope of available statutory damages
II. Policy considerations and proposals for improvements of your Group’s current law

8 Are there aspects of your Group’s current law that could be improved?

Yes

Please Explain

The U.S. Group believes that further clarity as to Joint Liability for patent infringement would be helpful.

Further clarity as to Joint Liability for copyright infringement, as well as safe-harbor protection under the DMCA, is highly desirable, particularly in cases involving the uploading, downloading, streaming, displaying, sharing, hosting, and serving of copyrighted content over the internet.

9 Should acts outside the scope of direct infringement or Contributory Infringement give rise to Joint Liability for IPR infringement?

Yes

Should that sound in availability of injunctive relieve and/or damages? Please explain why or why not.

The U.S. Group generally supports the availability of remedies for infringement under any applicable theory of liability, including damages and injunctive relief, where such remedies are appropriate.

10 Should Joint Liability be excluded if one or more acts being necessary for establishing Joint Liability for IPR infringement are committed outside the domestic jurisdiction? Please explain why or why not.

No

Please Explain

The U.S. Group does not support the exclusion of Joint Liability for patent infringement solely on the basis that one or more acts are committed outside the U.S.

U.S. law already specifically provides for some extraterritorial liability under 35 U.S.C. §271(f) and §271(g). Part (f)(1) of §271 provides that “[w]hoever without authority supplies or causes to be supplied in or from the United States all or a substantial portion of the components of a patented invention, where such components are uncombined in whole or in part, in such manner as to actively induce the combination of such components outside of the United States in a manner that would infringe the patent if such combination occurred within the United States, shall be liable as an infringer.” Part (f)(2) states, “[w]hoever without authority supplies or causes to be supplied in or from the United States any component of a patented invention that is especially made or especially adapted for use in the invention and not a staple article or commodity of commerce suitable for substantial non-infringing use, where such component is uncombined in whole or in part, knowing that such component is so made or adapted and intending that such component will be combined outside of the United States in a manner that would infringe the patent if such combination occurred within the United States, shall be liable as an infringer.” Accordingly, §271(f) has extraterritorial reach. Therefore, the U.S. Group does not support the idea that an accused infringer could avoid patent infringement by simply moving one component or step of a process out of the country.

From a copyright standpoint, the conclusion is the same, and is supported by case law. In a recent decision from the D.C. Circuit Court of Appeals, Spanski Enters., Inc. v. Telewizja Polska, S.A., 883 F.3d 904 (D.C. Cir. 2018), the court held that the operator of a Polish hosted video-on-demand streaming service, which was available for streaming into the U.S. from Poland, violated the U.S. public performance rights of the U.S. copyright owner of the content. The court, relying on the Supreme Court’s decision in Aereo, held the Polish service directly liable, even though the content was hosted on servers located in Poland. The principle is significant in part to address “offshore” infringement hosted on foreign servers and delivered into the U.S.
III. Proposals for harmonisation

Please consult with relevant in-house / industry members of your Group in responding to Part III.

11 Are there any other policy considerations and/or proposals for improvement to your Group’s current law falling within the scope of this Study Question?

Yes

Please Explain

In general, any proposals for improvement need to be fair and balanced, both promoting innovation and protecting rightsholders, while at the same time helping to increase certainty in determining what is or may be an infringement, which parties are liable, and where the responsibilities lie.

12 Is a consolidated doctrine of Joint Liability for IPR infringement desirable?

Yes

Please Explain

The U.S. Group interprets “consolidated doctrine” in this question as a general international consistency in laws governing Joint Liability for IPR infringement. In this sense, the U.S. Group generally supports a consolidated doctrine of Joint Liability for IPR infringement.

13 Is harmonisation of the laws of Joint Liability for IPR infringement desirable?

Yes

Please Explain

The U.S. Group generally supports harmonization of the laws of Joint Liability.

If YES, please respond to the following questions without regard to your Group’s current law.

Even if NO, please address the following questions to the extent your Group considers your Group’s current law could be improved.

14 Please propose a suitable framework for Joint Liability for IPR infringement, focussing on the hypotheticals set out in Questions 3 to 5 above:

4.a The acts in question are limited to activities such as renting retail space, hosting websites, advertising etc. (as further described in Question 3 (a) to (d) above)

Patents and designs

Renting retail space, hosting websites, and advertising for the infringer, do not generally supply a substantial component of the protected
subject matter and, would not make the provider jointly liable.

**Trademarks**

Under U.S. law, these same actors would be jointly liable for trademark infringement because their acts may constitute the advertising or distribution of the goods that infringe the IPR that would make them each directly liable for their respective infringement.

**Copyrights**

Renting retail space, hosting websites, and advertising for infringing conduct could all result in Joint Liability for copyright infringement depending on the presence of other conditions conducive to such a finding.

The means supplied or offered by the contributory infringer related to a substantial element of the subject matter of the protected IPR, but at the time of offering or supply, the suitability and intended use were not known to the supplier or obvious under the circumstances (as further described in Question 4 above)

The U.S. Group has no proposal.

The infringing acts are divided between two parties, and the acts of each party do not qualify as direct infringement or Contributory Infringement, as further described in Question 5 (a) to (c) above.

The U.S. Group has no proposal.

Are there any other scenarios which should result in Joint Liability for IPR infringement, and where harmonisation is desirable?

No

Please Explain

The U.S. group does not propose any other such scenarios.

What remedies should be available against a party found liable for Joint Infringement? In particular:

Should an injunction be available?

Yes

Please Explain

Because certain injuries cause harm beyond that which money damages can address, the U.S. Group generally supports the availability of an injunction. The basis for granting an injunction should be a case-specific analysis and not an inflexible rule.

Should damages or any other form of monetary compensation be available?

Yes

On what basis?
Money damages should be available against a party found liable for Joint Infringement. The amount of damages should be flexible and should take into account the facts and circumstances of each case, and the type of IPR.

A lost profits analysis requires significant burden of proof that involves a fact-intensive process that could be undermined by overly stringent or generalized rules.

Similarly, a reasonable royalty analysis is necessarily case specific and, properly applied, not amenable to overly standardized steps.

Inducement and other Joint Liability cases will necessarily be case specific and dependent on a thorough understanding of facts and circumstances. The complexity is increased by a potentially wider scope of parties of interest, including alleged direct and indirect infringers, the economics (sales, costs, benefits, profits) of such parties and the extent to which their actions result in benefits due to the alleged infringement. In equity, the interests of all such parties must be weighed, sometimes across jurisdictions.

<table>
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<tr>
<th>16.c</th>
<th>Should any available remedies be different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?</th>
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<tr>
<td>Yes</td>
<td>Please Explain</td>
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<td></td>
<td>Where inducement and Joint Liability are concerned, because liability is potentially shared and, yet, less clear cut—it can only be understood through an analysis of complex facts and circumstances. Thus, the available remedies need to reflect such complexity, including the countervailing interests of parties whose commercial offerings are multifaceted, with non-infringing uses that provide great consumer and/or public interest benefit.</td>
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<tr>
<th>17</th>
<th>Please comment on any additional issues concerning any aspect of Joint Liability you consider relevant to this Study Question, having regard to the scope of this Study Question as set out in paragraphs 7 to 13 above.</th>
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<td></td>
<td>The U.S. Group recommends further study be undertaken with respect to possible areas of inconsistent treatment regarding Joint Liability in different international jurisdictions. The effectiveness of any attempt to harmonize may first depend on identifying general principles and key concepts (e.g. equity) of the types discussed above in response to other questions. Where, at this higher level, jurisdictions and/or regions find areas where they are inconsistent with each other, identifying such issues may help define priorities and the scope and nature of any goals emanating from this project. Further, and perhaps farther-reaching, it may be worthwhile for jurisdictions (individually and collectively) to consider the extent to which the concepts and stated goals of this project are internally consistent with other legal and regulatory jurisdictions within their countries, regions and/or supranational groupings. For instance, international trade, tax and antitrust regimes also grapple with complex issues involving intellectual property and other issues that are similar, and/or related, to the subject of this paper. In such areas, policy is also evolving quickly in response to rapidly evolving globalization, innovation and technology development, and fast-growing cross-border economic relationships. This could lead the same governments and institutions to unwittingly adopt (internally) inconsistent treatment of overlapping concepts in areas where the global economy and national economies are interdependent—with unforeseen consequences. On the upside, a review of such subject matter could yield helpful insights and solutions that foster consistency across international economic regimes in general, and this project in particular. Even without considering these other areas, it may be inevitable that issues or inconsistencies present themselves across different economic policy areas and regimes. At a minimum, understanding the potential that such inconsistencies may emerge, and any potential consequences, seems worthy of review and consideration.</td>
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<th>18</th>
<th>Please indicate which industry sector views are included in your Group's answers to Part III.</th>
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<td></td>
<td>The response of the U.S. Group in Part III considers the views of a broad range of industry sectors including pharma, technology, entertainment, and retail.</td>
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</table>
I. Current law and practice

Please answer all questions in Part I on the basis of your Group’s current law.

1. Are there any statutory provisions which specifically apply to Joint Liability?

Yes

Please Explain

The Venezuelan Civil Code establishes the liability and Joint Liability in the chapter related to illicit acts.

2. Under the case law or judicial or administrative practice in your jurisdiction, are there rules which specifically apply to Joint Liability?

No

Please Explain

There are no administrative or judicial case that extends the rules of joint liability in infractions committed against intellectual property rights.

3. In the following hypotheticals, would party A be liable for Joint Infringement with party X? In each case, please explain why or why not.
3.a

X sells handbags in a shop which is a small stall located in a shopping mall owned by A. The handbags infringe the registered design of Z. A knows that X (and other tenants) sells infringing goods.

No

Please Explain

A only rents the commercial space but does not enjoy any profit from X.

3.b

X sells handbags in an online shop which is hosted by a large marketplace platform owned by A. The handbags infringe the registered design of Z. A knows that X (and other web shop operators hosted by A's marketplace platform) sells infringing goods via their respective outline shops.

Yes

Please Explain

"A" profits from "X" sales.

3.c

X sells handbags in an online shop. The handbags infringe the registered design of Z. A designed the online advertising campaign for X's shop and books online advertising resources for X on websites and in search engines. A knows that X sells infringing goods.

Yes

Please Explain

"A" profits from "X" sales in addition from the fact that "A" carries out an advertising that violates intellectual property rights.

3.d

For each of the hypotheticals in (a) to (c) above, does it make a difference if A merely suspects that X sells infringing goods?

If yes, what is the level of "suspicion" required, and how is it demonstrated?

3.d.i

Hypothetical A

No

Please Explain

3.d.ii

Hypothetical B

No

Please Explain

3.d.iii

Hypothetical C

No

Please Explain
In the following hypothetical, would party A be liable for Joint Infringement with party X? In your answer, please explain why or why not?

No

The fact that chips are “objectively suitable to be used for the claimed method” does not establish the infringement.

Further, under your Group’s law, would it be considered obvious (in the sense of Q204P) that A’s chips would be put to one or more infringing uses and if so, why?

No

In the following hypotheticals, would party A be liable for Joint Infringement with party X? Please explain why or why not.

Yes

Not as patent infringement but as copyright infringement

Yes

Not as patent infringement but as copyright infringement

Yes

Not as patent infringement but as copyright infringement
AIPPI 2018 - Study Question - Joint liability for IP infringement

II. Policy considerations and proposals for improvements of your Group's current law

6. Are there any other scenarios which result in Joint Liability for IPR infringement under your Group’s current law?

No

Please Explain

Such hypothetical case is on the limits of the exclusive right, considering that the use is for teaching purposes.

7. What remedies are available against a party found liable for Joint Infringement? In particular:

7.a. Is an injunction available?

Yes

Please Explain

7.b. Are damages or any other form of monetary compensation available?

Yes

On what basis?

On the basis of lost profit and damages.

7.c. Are any of the available remedies different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?

No

Please Explain

8. Are there aspects of your Group's current law that could be improved?

Yes

Please Explain

Group believes that further clarity as to Joint Liability be helpful

9. Should acts outside the scope of direct infringement or Contributory Infringement give rise to Joint Liability for IPR infringement?
### III. Proposals for harmonisation

**Please consult with relevant in-house / industry members of your Group in responding to Part III.**

**10** Should Joint Liability be excluded if one or more acts being necessary for establishing Joint Liability for IPR infringement are committed outside the domestic jurisdiction? Please explain why or why not.

- **Yes**
- **No**

**11** Are there any other policy considerations and/or proposals for improvement to your Group’s current law falling within the scope of this Study Question?

- **Yes**
- **No**

**12** Is a consolidated doctrine of Joint Liability for IPR infringement desirable?

- **Yes**

**13** Is harmonisation of the laws of Joint Liability for IPR infringement desirable?

- **Yes**

If YES, please respond to the following questions without regard to your Group’s current law.

Even if NO, please address the following questions to the extent your Group considers your Group’s current law could be improved.

**14** Please propose a suitable framework for Joint Liability for IPR infringement, focusing on the hypotheticals set out in Questions 3 to 5 above:

- **The acts in question are limited to activities such as renting retail space, hosting websites, advertising etc. (as further described in Question 3 (a) to (d) above)**
Legislation should provide a joint liability detailed regulation for specific cases when involves an intermediary, such as rental of commercial spaces, public communication, to sanction or establish justified exceptions.

4. The means supplied or offered by the contributory infringer related to a substantial element of the subject matter of the protected IPR, but at the time of offering or supply, the suitability and intended use were not known to the supplier or obvious under the circumstances (as further described in Question 4 above)

The Group has no proposal.

4. The infringing acts are divided between two parties, and the acts of each party do not qualify as direct infringement or Contributory Infringement, as further described in Question 5 (a) to (c) above.

The Group has no proposal.

15 Are there any other scenarios which should result in Joint Liability for IPR infringement, and where harmonisation is desirable?

No

Please Explain

The Group has no proposal.

16 What remedies should be available against a party found liable for Joint Infringement? In particular:

6. Should an injunction be available?

Yes

Please Explain

Precautionary measures must be available. The basis for granting an injunction should be a case by case basis, with flexible but clear rules.

6. Should damages or any other form of monetary compensation be available?

Yes

On what basis?

Damages and lost profit.
Should any available remedies be different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?

No

Please Explain

Please comment on any additional issues concerning any aspect of Joint Liability you consider relevant to this Study Question, having regard to the scope of this Study Question as set out in paragraphs 7 to 13 above.

No additional comments.

Please indicate which industry sector views are included in your Group’s answers to Part III.

All sectors
Summary Report

by Sarah MATHESON, Reporter General
John OSHA and Anne Marie VERSCHUUR, Deputy Reporters General
Yusuke INUI, Ari LAAKKONEN and Ralph NACK
Assistants to the Reporter General

2018 – Study Question - General

Joint liability for IP infringement

Introduction

This Study Question concerns Joint Liability for infringement of patents, trademarks, designs and copyright.

Infringement claims that are mainly based on the actions of a single party are generally addressed by existing IP laws. However, in some cases, it is difficult, impractical or impossible for a single party to infringe the intellectual property rights (IPRs) in protected subject matter. Alternatively, a party may not themselves be infringing an IPR, but may contract with or employ or instruct others to perform some or all of the infringing acts thereby escaping liability for direct or indirect IPR infringement. In these circumstances, it may only be possible to find infringement by combining the actions of more than one party. This is commonly referred to as "joint infringement", and can create significant problems for courts and IP right holders.

For the purpose of this Summary Report:

• a reference to **Joint Infringement, Joint Liability or Joint Liability for IPR infringement** means the defendant is jointly liable with one or more other parties, notwithstanding the defendant may not itself be liable for any act of direct infringement, Indirect Infringement or Contributory Infringement under existing laws;

• **Contributory Infringement** is defined as a species of Indirect Infringement, as follows:

  ... [comprising] only the form of indirect infringement consisting in the offering or supply of means suitable for committing an act that is a direct infringement of an IPR; "contributory infringement" shall not include other acts known as indirect infringements, such as inducement
or the provision of or other assistance than the offering or supply of means for committing a direct infringement.

Resolution on Q204 – "Liability for contributory infringement of IPRS" (Boston, 2008)

- **Indirect Infringement** means any infringement that is not direct infringement.

This Study Question examines situations where acts of a party do not qualify as direct or Contributory infringement, but the party may nonetheless be held liable for such acts because those acts effectively endanger the exclusivity right provided by an IPR, if combined with the acts of others.

This Study Question primarily concerns three distinct scenarios:

- There is direct IPR infringement by a party, but the IPR holder wants to pursue another party involved in the relevant acts, but who either:
  - did not supply a substantial element of the subject matter of the protected IPR (**Scenario 1A**); or
  - did not have knowledge of the IPR infringement (**Scenario 1B**);

- There is no direct IPR infringement by any party, but IPR infringement nonetheless occurs as the result of the combined acts of two or more parties (**Scenario 2**);

- A combination of Scenario 1 and Scenario 2: there is no direct IPR infringement by any one party, and the IPR infringement occurs by reason of an overseas entity that is controlling the acts of the participating parties described in Scenario 2, but the overseas entity is not itself performing any portion of the IPR infringement (**Scenario 3**).

The Reporter General has received Reports from the following Groups and Independent Members in alphabetical order: Argentina, Australia, Austria, Belgium, Brazil, Bulgaria, Canada, Chile, China, Denmark, Ecuador, Estonia, Finland, France, Germany, Hungary, Israel, Italy, Japan, Latvia, Malaysia, Mexico, the Netherlands, New Zealand, Norway, Pakistan, Panama, Paraguay, Philippines, Poland, Portugal, Republic of Korea, Russian Federation, Singapore, Spain, Sweden, Taiwan (Independent Member), Thailand, Turkey, Ukraine, United Kingdom (UK), United States of America (U.S.), and Venezuela.
43 reports were received in total. The Reporter General thanks the Groups and Independent Members for their helpful and informative reports. All Reports may be accessed here:

http://aippi.org/committee-publications/?committee-id=54296

The Reports provide a comprehensive overview of national and regional laws and policies relating to Joint Liability for IP infringement set out in three parts:

- Part I – Current law and practice
- Part II – Policy considerations and proposals for improvements of the current state of the law
- Part III – Proposals for harmonisation.

This Summary Report does not summarise Part I of the Reports received. Part I of any Report is the definitive source for an accurate description of the current state of the law in the jurisdiction in question.

This Summary Report has been prepared on the basis of a detailed review of all Reports (including Part I) but focuses on Parts II and III, given AIPPI's objective of proposing improvements to, and promoting the harmonisation of, existing laws. As it is a summary, if any question arises as to the exact position of a particular Group in relation to Parts II or III, please refer to the relevant Report directly.

In this Summary Report:

- references to Reports of or responses by one or more "Groups" may include references to Independent Members;
- where percentages of responses are given, they are to the nearest 5%; and
- in Part IV below, some conclusions have been drawn in order to provide guidance to the Study Committee for this Question.

I. Current law and practice

For the replies to Questions 1) - 7) set out in the Summary Guidelines for this Study Question, reference is made to the full Reports. The Study Guidelines may be accessed here:


1 Reports received after 24.06.2018 are listed above but their content is not incorporated into this Summary Report.
II. Policy considerations and proposals for improvement of your current law

8) Are there aspects of your Group's current law that could be improved?

The majority of the Groups (75%) answered YES, that there are aspects of their current law that could be improved, while the remaining Groups (25%) stated NO.

In some countries, the legal framework for Joint Liability is based on IP statutes or case law which specifically address selected issues of Joint Liability. In other countries, the legal framework on Joint Liability is based on the application of general civil codes or tort law.

Those in favour of improvement wish to have clearer rules and definitions on indirect infringement and Joint Liability in general. Depending on their legal background, they want to establish specific provisions (e.g. French Group) or to improve existing ones (e.g. Canadian Group) in order to achieve clarification and predictability regarding the application of Joint Liability as well as the differentiation between Joint Liability and indirect infringement (e.g. UK Group).

In contrast, the Groups answering NO evaluate existing sources of law as sufficient or wish to handle Joint Liability in a more flexible manner through general clauses (tort law) or case law (e.g. Italian Group).

While the UK Group notes the differences between Joint Liability concerning patent law and Joint Liability concerning other areas of IP law, the German and Brazilian Groups in principle strive for a unified concept of Joint Liability.

9) Should acts outside the scope of direct infringement or Contributory Infringement give rise to Joint Liability for IPR infringement? Should that sound in availability of injunctive relieve and/or damages? Please explain why or why not.

80% of the responding 38 Groups answered YES.

The main reason mentioned is that infringers generate profits while being a threat to IPR.

The French Group emphasises that it is often difficult to identify the actual infringer, which is why the availability of Joint Liability would reduce the risk of circumnavigating liability. However, the Spanish and UK Groups point out that the acts constituting Joint Liability have to reach a certain impact level (e.g. intent or negligence).

Injunctive relieve and damages are generally seen as effective remedies, primarily when available against all participants in the infringing act.
The Turkish Group answered NO as it considers that the possibility of a finding of Joint Liability would lead to an excessive extension of liability.

10) **Should Joint Liability be excluded if one or more acts being necessary for establishing Joint Liability for IPR infringement are committed outside the domestic jurisdiction? Please explain why or why not.**

30 out of the 39 Groups responding to this question think that there should be no limitation to domestic jurisdictions. In particular, due to digitalisation and globalisation, acts which collectively constitute patent infringement often take place across more than one country. Absent Joint Liability, individual acts could be outsourced to other jurisdictions, thereby circumventing a finding of infringement in particular jurisdictions.

The Singaporean Group additionally aims to enhance international cooperation through agreements (e.g. ACTA) in order to achieve efficient exchange of information.

In contrast, the Turkish Group apprehends conflicts regarding jurisdiction, applicable law, and enforcement of remedies, and is therefore in favour of an exclusion of Joint Liability if one or more acts are committed outside the domestic jurisdiction.

11) **Are there any other policy considerations and/or proposals for improvement to your Group's current law falling within the scope of this Study Question?**

A majority of about 60% of the answering Groups stated NO.

Both the Canadian Group and the U.S. Group are in favour of a clear set of legal criteria for the determination if and when infringement will have occurred.

The Spanish Group suggests a regulation specifically for the promotion of the application of best-practices in online platforms which host illegal content and products provided by third parties which are accessible to the public.

The Singaporean Group suggests that in case of Joint Liability, liability for the entire damage can only be held against one defendant if they have contributed a certain percentage of the infringing act, in order to find balance between the rights of plaintiffs and defendants.

The UK Group underlines that the question of jurisdiction and the question of remedies should be addressed separately for the purpose of assessing Joint Liability.
III. **Proposals for harmonisation**

12) **Is a consolidated doctrine of Joint Liability for IPR infringement desirable?**

35 Groups answered this question.

Most Groups (80 %) responded YES on the basis that such a doctrine would improve legal certainty.

Generally being in favour of a consolidated doctrine, the Italian Group however doubts that the different worldwide approaches can be incorporated in a consolidated (global) doctrine, as the relevant legal sources (IP laws and tort laws) are harmonised (or not) to different levels respectively.

Also answering YES, the UK Group believes that any doctrine needs to be in a flexible form which is adaptable to changes.

In contrast, the Hungarian Group does not support a consolidated doctrine, stating that joint infringement can duly be regulated on the basis of the EU Enforcement Directive and the existing Civil Code provisions.

The Korean Group answered partly YES and partly NO, and states that the most important issue for liability is identifying the direct infringer.

13) **Is harmonisation of the laws of Joint Liability for IPR infringement desirable?**

29 of the responding 35 Groups (80 %) stated YES referring to the benefits of a unified level of IP protection, legal certainty and enforcement across different jurisdictions.

The German Group emphasises that the relevant rules should be drafted broadly and generally in order to achieve international acceptance and applicability.

The UK Group declares that harmonisation should:

- have a degree of flexibility to allow the law to react to changes in technology and the manner in which IPRs are used and delivered to consumers
- ensure that it does not lead to the unintended consequences of creating jurisdiction too readily; and
- ensure that the apportionment of remedies for Joint Liability are dealt with appropriately.
The Ecuadorian Group stated NO, referring to restrictions of its “Social Economy of Knowledge, Creativity and Innovation Code”.

14) Please propose a suitable framework for Joint Liability for IPR infringement, focussing on the hypotheticals set out in Questions 3 to 5 above:

a) The acts in question are limited to activities such as renting retail space, hosting websites, advertising etc., as described in Question 3 (a) to (d), reproduced below:

(A) X sells handbags in a shop which is a small stall located in a shopping mall owned by A. The handbags infringe the registered design of Z. A knows that X (and other tenants) sells infringing goods.

(B) X sells handbags in an online shop which is hosted by a large market place platform owned by A. The handbags infringe the registered design of Z. A knows that X (and other web shop operators hosted by A’s market place platform) sells infringing goods via their respective outline shops.

(C) X sells handbags in an online shop. The handbags infringe the registered design of Z. A designed the online advertising campaign for X’s shop and books online advertising resources for X on websites and in search engines. A knows that X sells infringing goods.

This question addresses scenarios where there is direct infringement by a party, but the IPR holder wants to pursue another party involved in the relevant acts, who did not supply a substantial element of the subject matter of the protected IPR, but nonetheless has knowledge and/or actively encourages or induces the infringement.

Most Groups answered that a framework for Joint Liability for IPR infringement should not differentiate between specific infringement scenarios referred to in this question (and neither between types of IPRs). Instead, there should be a general and clear set of rules.

The Groups generally agree that the party should be held jointly liable in the scenarios referred to in this question.

However, absent additional factors, most Groups view the activities described above (renting retail space, hosting websites etc.) as “mere facilitation” which should not lead to joint infringement (e.g. UK Group, Finnish Group). The Groups agree that it is only when a party has knowledge or awareness of the infringement (as set out in the hypothetical) that the party should be held jointly liable (e.g. Belgian Group). This also applies, when the party does not take reasonable
steps to avoid the infringement after being notified of the infringing activity (e.g. Singaporean Group, Mexican Group).

Some Groups state that the party needs to control or collaborate with the direct infringer in order to commit joint infringement (e.g. Canadian Group, Dutch Group).

Another key indicator for Joint Liability is the extent of participation in the infringing activity (e.g. Australian Group). For example, some Groups think that advertising (as described in Question 3 (c)) is a substantive form of participation (e.g. Japanese Group).

Knowledge and the extent of participation may also be indicators to determine whether an injunction or monetary compensation should be awarded (see also Question 16 below). The German Group proposes that injunctive relief should be always available (also absent knowledge or negligence) while a monetary compensation should require at least some degree of negligence.

b) The means supplied or offered by the contributory infringer related to a substantial element of the subject matter of the protected IPR, but at the time of offering or supply, the suitability and intended use were not known to the supplier or obvious under the circumstances, as further described in Question 4, reproduced below:

Z owns a patent claiming a method for addressing memory space within a memory chip which is built into telecommunication device having further features (main processor, suitable software etc.). A manufactures memory chips. The chips are objectively suitable to be used for the claimed method. A’s memory chips are distributed over multiple distribution levels to a plethora of device manufacturers. A has no knowledge of the actual end use of its memory chips.

This question addresses circumstances where there is direct infringement by a party, but the IPR holder wants to pursue another party involved in the relevant acts, who supplied a substantial element of the subject matter of the protected IPR, but did not have knowledge that such component would be used to infringe an IPR.

In general, the Groups think that the supplier should not be held liable under these circumstances since the supplier has no knowledge of the infringing activity of the other party.

However, the German and Singaporean Group state that liability is justified if the supplier is capable of obtaining knowledge with reasonable effort that his actions will lead to an infringement of IPR.
c) The infringing acts are divided between two parties, and the acts of each party do not qualify as direct infringement or Contributory Infringement, as further described in Question 5 (a) to (c), reproduced below:

(A) Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, also located in your country. A and B know that their servers exchange encrypted messages according to the patented method.

(B) Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, located outside your country. A and B know that their servers exchange encrypted messages according to the patented method.

(C) Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. X operates server “a” outside your country, which exchanges encrypted messages with server “b” operated by Y, located in another country outside your country. A, located in your country, is a software consultant advising X and Y how to use the patented method (but A does not supply any software).

This question addresses circumstances where there is no direct IPR infringement by any party, but IPR infringement nonetheless occurs as the result of the combined acts of two or more parties. Further, this question addresses scenarios where there is no direct IPR infringement by any one party, and the IPR infringement occurs by reason of an overseas entity that is controlling the acts of the participating parties, but the overseas entity is not itself performing any portion of the IPR infringement.

Predominantly, the Groups consider these hypotheticals as potentially giving rise to Joint Liability under certain criteria are given.

The French Group proposes to take the “divided infringement” doctrine under U.S. law as basis for harmonisation, explicitly defining criteria for infringement inter alia as follows:

– when one party controls the other;
– where the parties form a “joint enterprise”; or
in the case of “concerted action” between the parties.

According to the German Group, the two parties should be found liable for Joint Infringement if there is deliberate and intentional collaboration in realizing the claimed process. Further, the Belgian Group emphasises that the fact that the infringing activity takes place abroad should not per se exclude a finding of infringement if it is solely used to circumnavigate liability. The Japanese Group also states that if the parties are related to each other, e.g. the parent company and its subsidiary, they should be held jointly liable, regardless of whether they are located in the same or different jurisdiction(s).

In contrast, the UK Group points out that the territoriality of patent protection and the question of how the acts of the parties relate to the substance of the patented method need to be taken into consideration. The jurisdiction in which the substance of the patented process has been performed and the jurisdiction in which the benefit of the process arises should be considered especially relevant.

Question 5 (c), describes a hypothetical in which party Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server "a" and server "b". Party X operates server "a" outside the jurisdiction, which exchanges encrypted messages with server "b" operated by party Y, located in another country outside the jurisdiction. Party A, located in the jurisdiction, is a software consultant advising parties X and Y how to use the patented method (but party A does not supply any software). In these circumstances, the German Group states that the advising party A should not be held jointly liable with either party X or Y, as long as party A does not itself offer to carry out the method.

15) Are there any other scenarios which should result in Joint Liability for IPR infringement, and where harmonisation is desirable?

36 Groups answered this question. 15 of those Groups (about 40 %) answered YES, while the remaining 21 Groups (about 60 %) answered NO. Below are selected scenarios mentioned by the Groups answering YES:

The German Group would support harmonizing principles of Joint Liability regarding scenarios where the defendant used the other party as a "tool" to perform one or more acts of the claimed process such that the process is predictably and inevitably finished by the other party, and independent of any knowledge of the patent infringement by the other party.
The UK Group desires a harmonization of the principles of Joint Liability for group companies as well as for Joint Liability rules in the context of directors and employees.

The French Group describes two cases:

- When a party A, based abroad, actively participates in importing into a territory merchandise infringing an intellectual property right valid in that territory, even if the act of importation is carried out by another party B, and if A does not carry out any act whatsoever in the territory in question.

- Where a company A, acting in concert with at least one company B, manufactures in a territory of a first part reproducing one or more essential characteristics of a device patented in that territory, while company B manufactures a second part of said device (in the territory in question or outside it), the assembly of the different parts being carried out outside the territory such that the device, once assembled, reproduces the characteristics of the patented device.

16) **What remedies should be available against a party found liable for Joint Infringement? In particular:**

a) **Should an injunction be available?**

All 37 Groups that responded to this question answered YES (100 %). The Groups agree that injunction has to be available as it preserves status quo and protects damage to business and goodwill of the IPR owner.

The UK Group specifies that in certain cases the injunction against a joint tortfeasor should be more limited compared to the one against primary infringers.

Several Groups emphasize that there should be no differentiation between remedies against indirect and direct infringements.

b) **Should damages or any other form of monetary compensation be available?**

Almost all answering Groups (97 %) stated YES.

The majority of these Groups thinks that the monetary compensation should be based on the loss of the owner of the IPR and the profits gained by the infringing parties.

Several Groups, such as Spain, Italy and Russia, prefer to make monetary compensation dependent on the knowledge of the infringer.
The Canadian Group proposes, as a modification, that parties who have played only a minor role in an overall act of infringement should not be held jointly and severally liable for the total loss. The reason given is that this could be unfair for parties with “deep pockets”.

The UK Group emphasises that the availability of an account of profits against jointly liable parties will eliminate the possibility to structure companies in a way that profits are shifted to entities outside the domestic jurisdiction.

c) Should any available remedies be different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?

33 Groups answered this question. 13 of those Groups (about 40 %) answered YES, while the remaining 20 Groups (about 60 %) answered NO.

The UK Group, answering NO, argues that the purpose of the law is to try to restore the wronged party to the position in which it would have been had the wrong not occurred and to prevent recurrence. Consequently, injunctive relief and damages should not be different in scope to the remedies available against any acts of direct infringement or Contributory Infringement.

In contrast, the Paraguayan Group suggests, that the fines imposed in cases of Joint Liability should be lower than the fines for acts of direct infringement or Contributory infringement.

According to the Swedish Group, liability for damages should vary based on each liable party’s relevant actions.

17) Please comment on any additional issues concerning any aspect of Joint Liability you consider relevant to this Study Question, having regard to the scope of this Study Question as set out in paragraphs 7 to 13 above.

Only five Groups listed other aspects of Joint Liability that they consider relevant to this Study Question.

The Dutch Group suggests that Joint Liability for breaches of unfair competition laws should be considered and taken into account.

The U.S. Group proposes to consider the extent to which the concepts and stated goals of the harmonisation of Joint Liability are internally consistent with other legal and regulatory jurisdictions within their countries, regions and/or supranational groupings.
Both the German and the Mexican Groups suggest sanctioning acts of infringement of intellectual property rights on the internet.

The Turkish Group thinks that evaluating infringement scenarios case by case rather than establishing harmonised Joint Liability rules will lead to a balanced and non-excessive liability system.

Industry sector views included in these proposals for harmonisation

The following consultation with industry was reported:

- food industry, healthcare, consumer goods (Netherlands)
- manufacturing (Brazil)
- pharmaceuticals, biotechnology, IT and mechanical engineering (Hungary)
- software and telecommunication (France)
- electronic and optical equipment (Japan)
- automobile, food, entertainment, tourism (Mexico)

IV. Conclusions

Legal framework

From the Reports the conclusion can be drawn that a large majority of the Groups agree that harmonisation is desirable regarding Joint Liability in order to create a unified liability system across borders that provides legal certainty.

Consequently, it seems to be desirable to establish new and specific provisions that provide a clear set of criteria to determine relevant acts and liable entities/infringers. These rules might be based on pre-existing concepts of some national laws. In this respect, e.g. pre-existing rules of patent law may take a lead role.

In addition to these specific rules, a general liability clause might be necessary to permit required flexibility, accommodating particularities of the various national laws.

Furthermore, a unified concept for all IP laws seems to be preferable as opposed to specialized, divergent regimes for the various IP laws. Concerns regarding the different nature of specific IP rights can be addressed by developing a legal framework that comprises particular exemptions or modifications.

Further, Joint Liability should not be limited to acts committed in the domestic jurisdiction, but rather include acts taking place across more than one country. Effectively, Joint Liability may therefore lead to an extraterritorial effect of IPRs.
A Resolution could cover at least the following concepts, which are in line with the majority of views expressed in the Reports.

If no consensus can be reached on the prerequisites of Joint Liability as outlined below, it may be possible to reach a consensus on how to decide the hypothetical scenarios outlined in the Study Guidelines.

Prerequisites for Joint Liability

The majority of the Groups is of the opinion that rules on Joint Liability should comprise the following aspects:

- Knowledge
  
The main element of Joint Liability might be knowledge or awareness of the infringement. It seems desirable to include intent and negligence in this concept. Negligence should be given if a person did not apply reasonable effort to obtain knowledge that his actions will lead to an infringement.

- Extent/level of participation
  
  A person should only be held liable if their actions are considered as relevant parts of the infringement and reach a certain level of impact. Actions that qualify as “mere facilitation” should not be taken into account and therefore not lead to liability.

- Relevant scenarios
  
  If the acts of two parties do not individually qualify as direct infringement or Contributory Infringement, a finding of Joint Liability for infringement should be available in particular if:
  
  - one party controls the other;
  
  - the parties form a “joint enterprise” (even though they are located in different jurisdictions); or
  
  - there is “concerted action” between the parties (even though the parties are located in different jurisdictions).

Remedies

The Groups seem to agree that an injunction and damages should be available in case of Joint Liability.

Damages (monetary compensation) may dependent on:

- the loss of the IPR holder and the profits of the infringers;
the knowledge of the individual infringer;
the extent of participation of the individual infringer.

It is an open question whether these remedies should be generally equal to remedies applicable in case of direct infringement or Contributory Infringement, as the level of harm caused by acts of Joint Liability might be reduced compared to acts of direct infringement or Contributory Infringement. It might be appropriate to reduce monetary compensation in a flexible manner depending on:

the knowledge of the individual infringer;
the extent of participation of the individual infringer.

Date: 10 August 2018
Resolution

2018 – Study Question (General)

Joint liability for IPR infringement

Background:

1) This Resolution concerns Joint Liability for infringement of patents, trademarks, designs and copyright.

2) In some cases, it is difficult, impractical or impossible for a single party to infringe intellectual property rights (IPRs) in protected subject matter. Alternatively, a party may not itself be infringing an IPR, but may contract with or employ or instruct others to perform some or all of the acts constituting infringement, thereby escaping liability for direct or indirect IPR infringement. It may therefore only be possible to find infringement by combining the actions of more than one party. This is commonly referred to as "Joint Infringement".

3) For the purpose of this Resolution:

- a reference to Joint Infringement, Joint Liability or Joint Liability for IPR infringement means the defendant is jointly liable with one or more other parties, notwithstanding the defendant itself may not be liable for any act of direct Infringement, Indirect Infringement or Contributory Infringement under existing laws, and the term Jointly Liable should be understood accordingly;

- Indirect Infringement means any infringement that is not direct infringement (but not including a Joint Infringement as such).

- Contributory Infringement is defined as a species of Indirect Infringement, as follows:

  ... [comprising] only the form of indirect infringement consisting in the offering or supply of means suitable for committing an act that is a direct infringement
of an IPR; "contributory infringement" shall not include other acts known as indirect infringements, such as inducement or the provision of or other assistance than the offering or supply of means for committing a direct infringement.¹

4) This Resolution proposes harmonized rules for situations where acts of a party do not qualify as direct infringement or Contributory Infringement, but the party may nonetheless be held liable for such acts because those acts effectively endanger an IPR, if combined with the acts of others.

5) 43 Reports were received from AIPPI's National and Regional Groups and Independent Members providing detailed information and analysis regarding national and regional laws relating to this Resolution. These Reports were reviewed by the Reporter General Team of AIPPI and distilled into a Summary Report (see links below).

6) At the AIPPI World Congress in Cancun in September 2018, the subject matter of this Resolution was further discussed within a dedicated Study Committee, and again in a full Plenary Session, following which the present Resolution was adopted by the Executive Committee of AIPPI.

AIPPI resolves that:

1) A party who assists in or otherwise facilitates an IPR infringement taking place in a particular jurisdiction, should be held liable for Joint Infringement arising in that jurisdiction in case where:

   • the party has actively participated in or in a substantial manner facilitated the IPR infringement and

   • the party knows of, or should have known of, said IPR infringement; including when the said party did not take reasonable steps to avoid participating in or in a substantial manner facilitating the IPR infringement after being notified of the infringing activity.

2) If no IPR infringement can be established by the acts of a single person, but the IPR infringement only arises by the collective acts of two or more parties, any such party meeting the conditions of paragraph (1) should be considered Jointly Liable.

¹ Resolution on Q204 – "Liability for contributory infringement of IPRs" (Boston, 2008)
3) Where only some of the activities that would constitute Joint Infringement by two or more parties occur within a given jurisdiction, the courts in the jurisdiction should be allowed to consider the activities of any of the parties which have taken place in another jurisdiction, subject to a sufficient objective connection with the jurisdiction.

4) The available remedies against acts constituting Joint Infringement should not differ from the remedies available in case of direct infringement and Indirect Infringement. The following remedies should inter alia be available in the ruling jurisdiction against acts constituting Joint Infringement: preliminary injunctions, permanent injunctions, and damages (and other forms of monetary compensation).

5) All the parties liable under Joint Liability should be jointly and severally liable in damages. Claims for contribution between those parties may reflect the extent of each party’s role.

Links:

- Study Guidelines
- Summary Report
- Reports of National and Regional Groups and Independent Members
Résolution

2018 – Question (Générale)

Co-responsabilité pour contrefaçon de DPI

Contexte :

1) La présente Résolution concerne la Co-responsabilité pour contrefaçon de brevets, marques, dessins et modèles et droits d'auteur.

2) Dans certains cas, il est difficile, irréalisable, voire impossible pour une partie seule de porter atteinte aux droits de propriété intellectuelle (DPI) protégeant un certain objet. Il se peut aussi qu'une partie n'enfreigne pas elle-même un DPI, mais qu'elle conclue un contrat avec d'autres personnes, les emploie ou leur demande d'accomplir tout ou partie d'actes constitutifs de contrefaçon, échappant ainsi à toute responsabilité au titre de la contrefaçon directe ou indirecte d'un DPI. Dès lors, il est parfois seulement possible de conclure à la contrefaçon en combinant les actions de plus d'une partie. C'est ce qui est communément dénommé « Contrefaçon Conjointe ».

3) Aux fins de la présente Résolution :

- Une référence à **Contrefaçon Conjointe, Co-responsabilité ou Co-responsabilité pour contrefaçon de DPI** signifie que le défendeur est conjointement responsable avec une ou plusieurs autres parties, bien qu'il ne puisse lui-même pas être responsable d'un acte de Contrefaçon Directe, de Contrefaçon Indirecte ou de Contrefaçon par Fourniture de moyens en vertu des lois existantes, et le terme **coresponsable** devra être compris dans ce sens ;

- La **Contrefaçon Indirecte** est toute contrefaçon qui n’est pas directe (mais à l’exclusion de la Contrefaçon Conjointe en tant que telle).

- La **Contrefaçon par Fourniture de moyens** est définie comme une forme de Contrefaçon Indirecte, comme suit :

  ...[comprenant] uniquement la contrefaçon indirecte consistant dans l’offre ou la fourniture de moyens propres à commettre un acte qui est une
contrefaçon directe de DPI ; « la contrefaçon par fourniture de moyens » n’inclut pas d’autres actes connus comme étant des actes de contrefaçon indirecte, tels que l’incitation ou l’assistance autre que l’offre ou la fourniture de moyens pour la commission d’un acte de contrefaçon directe.¹

4) La présente Résolution propose des règles harmonisées pour les cas où les actes d’une partie ne constituent pas une Contrefaçon Directe ou une Contrefaçon par Fourniture de moyens, mais où cette partie peut néanmoins être tenue responsable de tels actes parce qu’ils portent effectivement atteinte à un DPI, s’ils sont combinés avec ceux d’autrui.


6) Lors du Congrès Mondial de l’AIPPI à Cancún en septembre 2018, le sujet de la présente Résolution a fait l’objet d’une discussion plus approfondie au sein d’une Commission de Travail dédiée, puis de nouveau lors d’une Séance Plénière, à la suite de laquelle la présente Résolution a été adoptée par le Comité Exécutif de l’AIPPI.

L’AIPPI adopte la Résolution suivante :

1) Une partie qui assiste ou d’une autre manière facilite la contrefaçon d’un DPI qui a lieu dans un pays donné devrait en être reconnu responsable au titre de la Contrefaçon Conjointe dans ce pays dans le cas où :

- la partie a participé activement ou s’est associée de manière substantielle à la contrefaçon du DPI, et

- la partie connaît ou aurait dû connaître la contrefaçon du DPI en question ; ceci inclut le cas où ladite partie n’a pas pris de mesures raisonnables pour éviter de participer ou de s’associer de manière substantielle à la contrefaçon du DPI après avoir été mis en connaissance de cause de l’activité contrefaisante.

2) Si aucune contrefaçon d’un DPI ne peut être caractérisée par les agissements d’une seule personne, mais ne peut résulter que d’actes collectifs de deux ou plusieurs parties, toute partie remplissant les conditions du paragraphe (1) doit être considérée comme coresponsable.

3) Lorsque seulement certaines activités de ce qui constituerait une Contrefaçon Conjointe par deux ou plusieurs parties ont lieu dans un pays donné, les juridictions de ce pays devraient avoir le pouvoir de statuer sur les activités de

¹ Résolution sur Q204 – « La responsabilité pour contrefaçon par fourniture de moyens des droits de propriété intellectuelle » (Boston, 2008)
n’importe laquelle de ces parties qui ont eu lieu en dehors de son ressort, sous réserve d’une connexité objective suffisante avec ce dernier.

4) Les mesures de réparation applicables en cas d’actes constitutifs de Contrefaçon Conjointe ne devraient pas être différentes de celles existantes en cas de Contrefaçon Directe et de Contrefaçon Indirecte. Les mesures de réparation qui suivent devraient, entre autres, être à la disposition de la juridiction compétente en cas d’actes constitutifs de Contrefaçon Conjointe : interdictions provisoires, interdictions permanentes et dommages et intérêts (et autres formes de compensation financière).

5) Toutes les parties responsables au titre de la Co-responsabilité devraient être solidairement responsables de payer des dommages et intérêts. Les actions récursoires pour déterminer les contributions respectives des parties pourraient prendre en compte l’étendue du rôle de chacune d’elles.

Liens:

- Orientations de travail (anglais)
- Rapport de synthèse (anglais)
- Rapports des groupes nationaux et régionaux et des membres indépendants (anglais)
Resolution 2018 – Arbeitsfrage (allgemein)

Gemeinsame Haftung bei Verletzung von Rechten des geistigen Eigentums

Hintergrund:

1) Diese Resolution betrifft die Gemeinsame Haftung für die Verletzung von Patenten, Marken, Geschmacksmustern und Urheberrechten.

2) In manchen Fällen ist es schwierig, unpraktikabel oder unmöglich, dass eine einzelne Partei geistige Eigentumsrechte (IPRs) an geschützten Gegenständen verletzt. Auch kann es vorkommen, dass eine Partei nicht selbst ein geistiges Eigentumsrecht verletzt, sondern sie kann mit anderen Personen Verträge schließen oder sie beauftragen oder sie anweisen, einige oder alle Handlungen vorzunehmen, die eine Verletzung darstellen, wodurch sie sich der Haftung für eine unmittelbare oder mittelbare Verletzung des geistigen Eigentums entzieht. Möglichwerweise kann daher nur eine Verletzung durch die Kombination von Handlungen mehrerer Parteien festgestellt werden. Dies wird gemeinhin als „Gemeinsame Haftung“ bezeichnet.

3) Für die Zwecke dieser Resolution:

- bedeutet ein Verweis auf eine Gemeinsame Verletzung, eine Gemeinsame Haftung oder eine Gemeinsame Haftung für die Verletzung von Rechten des geistigen Eigentums, dass der Beklagte gemeinsam mit einer oder mehreren anderen Parteien haftet, ungeachtet dessen, dass der Beklagte selbst nicht für eine Handlung der unmittelbaren Verletzung, der mittelbaren Verletzung oder der Mitursächlichen Verletzung nach geltendem Recht haftbar gemacht werden kann, und der Begriff der Gemeinsamen Haftung sollte entsprechend verstanden werden;

- ist Mittelbare Verletzung jede Verletzung, die keine unmittelbare Verletzung ist (aber nicht eine Gemeinsame Verletzung als solche einschließt).
wird **Mitursächliche Verletzung** als eine Art der mittelbaren Verletzung wie folgt definiert:

... [umfassend] nur die Art der mittelbaren Verletzung, die darin besteht, Mittel anzubieten oder zu liefern, die geeignet sind, eine Handlung zu begehen, die eine unmittelbare Verletzung eines geistigen Eigentumsrechts darstellt; „mittelbare Verletzung“ umfasst keine anderen Handlungen, die als mittelbare Verletzung bekannt sind, wie etwa die Veranlassung oder die Bereitstellung von oder andere Unterstützung als das Angebot oder die Bereitstellung von Mitteln zur Begehung einer unmittelbaren Verletzung.¹

4) Diese Resolution schlägt harmonisierte Regeln für Situationen vor, in denen Handlungen einer Partei nicht als unmittelbare Verletzung oder Mitursächliche Verletzung gelten, aber die Partei dennoch für solche Handlungen haftbar gemacht werden kann, weil diese Handlungen ein geistiges Eigentumsrecht effektiv gefährden, wenn sie mit den Handlungen anderer kombiniert werden.


6) Auf dem AIPPI-Weltkongress in Cancún im September 2018 wurde der Gegenstand dieser Resolution mit einem spezialisierten Fachausschuss und nochmals in einer Vollversammlung weiter erörtert, was zur Verabschiedung der vorliegenden Resolution durch den Geschäftsführenden Ausschuss der AIPPI führte.

Die AIPPI beschließt:

1) Eine Partei, die eine in einem bestimmten Land stattfindende Verletzung von Rechten des geistigen Eigentums unterstützt oder auf andere Weise ermöglicht, sollte für eine in diesem Land eintretende Gemeinsame Verletzung haftbar gemacht werden, wenn:

- die Partei sich aktiv an der Verletzung des Rechts des geistigen Eigentums beteiligt hat oder sie in bedeutendem Maß gefördert hat und
- die Partei von der Verletzung des Rechts des geistigen Eigentums weiß oder hätte wissen müssen; einschließlich wenn sie keine angemessenen Schritte unternommen hat, um die Beteiligung an oder die Förderung in bedeutsamem

¹ Resolution zu Q204 - "Haftung für mittelbare Verletzung von Rechten des geistigen Eigentums" (Boston, 2008)
Maß der Verletzung des geistigen Eigentums zu verhindern, nachdem sie über die Verletzungshandlung informiert wurde.

2) Wenn keine Verletzung eines geistigen Eigentumsrechts durch Handlungen einer einzelnen Person festgestellt werden kann, sondern die Verletzung eines geistigen Eigentumsrechts nur durch kollektive Handlungen von zwei oder mehr Parteien eintritt, sollte jede Partei, die die Bedingungen des Absatzes (1) erfüllt, als Gemeinsam Haftbar angesehen werden.

3) Wenn nur manche der Tätigkeiten, die eine Gemeinsame Verletzung von zwei oder mehr Parteien darstellen würden, innerhalb eines bestimmten Landes stattfinden, sollten die Gerichte dieses Landes die Möglichkeit haben, die Tätigkeiten einer der Parteien, die in einem anderen Land stattgefunden haben, zu berücksichtigen, sofern ein ausreichender objektiver Bezug zu dem Land besteht.


5) Alle Parteien, die im Rahmen der Gemeinsamen Haftung haften, sollten gesamtschuldnerisch haften. Ansprüche auf Verteilung zwischen diesen Parteien können den Umfang der Rolle einer jeden Partei widerspiegeln.

Links:

- [Richtlinien für Berichte](#) (englisch)
- [Zusammenfassender Bericht](#) (englisch)
- [Bericht von Landes- und Regionalgruppen sowie unabhängigen Mitgliedern](#) (englisch)
Antecedentes:

1) Esta resolución versa sobre la Responsabilidad Solidaria por infracción en materia de patentes, marcas, diseños y derechos de autor.

2) En algunos casos, es difícil, poco práctico o imposible para una sola de las partes infringir derechos de propiedad intelectual (DPI o IPRs, por sus siglas en inglés) en la materia objeto de protección. De manera alternativa, una parte puede no infringir por sí misma un DPI, pero puede contratar o emplear o instruir a otros para que lleven a cabo alguno o todos los actos que constituyen una infracción, eludiendo así la responsabilidad directa o indirecta por la infracción de DPI. Por lo tanto, solo puede ser posible determinar la infracción mediante la combinación de acciones de más de una parte. A esto se refiere comúnmente como "Infracción Conjunta".

3) Para los fines de esta Resolución:
   - La referencia a Infracción Conjunta, Responsabilidad Solidaria o Responsabilidad Solidaria por Infracción de DPI significa que el demandado es responsable solidario con una o más partes, aunque, el demandado puede no ser responsable por sí mismo de actos de infracción directa, infracción indirecta o infracción contributiva, de conformidad con las leyes existentes, debiéndose entender el término Responsabilidad Solidaria según lo expuesto;
   - Infracción Indirecta significa cualquier infracción que no sea una infracción directa (pero que no incluye una Infracción Conjunta como tal).
   - Infracción Contributiva, como se define a continuación, es una clase de Infracción Indirecta:

   ... [comprende] únicamente la forma de infracción indirecta que consiste en la oferta o suministro de los medios adecuados para cometer un acto que
es una infracción directa de DPI; la "infracción contributiva" no incluirá otros actos conocidos como infracciones indirectas, tales como incitación o la provisión u otra asistencia distinta del ofrecimiento o suministro de los medios para cometer una infracción directa.¹

4) Esta Resolución propone armonizar normas para situaciones donde los actos de una parte no se califican como Infracción Directa o Infracción Contributiva, sin embargo, esa parte puede ser considerada como responsable por esos actos, debido a que éstos ponen efectivamente en peligro un DPI, si se combina con los actos de otros.

5) Se recibieron 43 Informes, por parte de Grupos Nacionales y Regionales de la AIPPI así como de Miembros Independientes, los cuales proporcionaron información y análisis detallados con respecto a las leyes nacionales y locales que se relacionan con esta Resolución. Estos Informes fueron revisados por el Equipo de Relator General de la AIPPI y se concentraron en un Informe Resumen (consulte los enlaces que aparecen al final del documento).

6) En el Congreso Mundial de la AIPPI celebrado en Cancún en septiembre de 2018, la materia objeto de esta Resolución fue discutida a fondo por el Comité de Estudio específico, y de nuevo en una Sesión Plenaria, posterior a la cual el Comité Ejecutivo de la AIPPI adoptó la presente Resolución.

La AIPPI resuelve que:

1) Una parte que ayude o facilite de otra manera a que tenga lugar la infracción de DPI en una jurisdicción en particular, debe considerarse responsable de Infracción Conjunta que tiene lugar en esa jurisdicción en el caso que:

- la parte haya participado de forma activa o facilitado, de manera sustancial, la infracción de DPI y
- la parte tenga conocimiento, o deba haber tenido conocimiento de tal infracción de DPI; incluyendo que esa parte no haya tomado las medidas razonables para evitar participar en la infracción de DPI, o de facilitar de manera sustancial la infracción del mismo, después de haber sido notificada la actividad infractora.

2) Si no se puede probar la existencia de una infracción de DPI mediante los actos de una sola persona, sino que la infracción de DPI tiene lugar por los actos colectivos de dos o más partes, cualquiera de esas partes que cumpla con las condiciones del párrafo (1) deberá considerarse como Responsable Solidaria.

3) Cuando sólo algunas de las actividades que constituirían una Infracción Conjunta por dos o más partes ocurran dentro de una jurisdicción dada, los tribunales de esa jurisdicción deberían estar autorizados a considerar las actividades de cualquiera de las partes que hayan tenido lugar en otra jurisdicción, sujetas a una conexión objetiva suficiente con la jurisdicción.

¹ Resolución sobre Q204 – "Responsabilidad por infracción contributiva a DPI" (Boston, 2008)
4) Las acciones disponibles contra actos que constituyen una Infracción Conjunta no deben diferir de las acciones disponibles en caso de Infracción Directa e Infracción Indirecta. Las acciones siguientes deben, entre otras, estar disponibles en la jurisdicción competente contra actos que constituyan una Infracción Conjunta: medidas provisionales, medidas definitivas y reclamación por daños y perjuicios (y otras formas de compensación monetaria).

5) Todas las partes responsables, de conformidad con la Responsabilidad Solidaria, deben ser responsables solidarios de los daños y perjuicios sufridos. Las demandas por contribución entre esas partes pueden reflejar el alcance del papel que desempeña cada parte.

Enlaces:

- Directrices de estudio (inglés)
- Informe de síntesis (inglés)
- Informes de grupos nacionales / regionales y miembros independientes (inglés)