Study Question

Submission date: July 3, 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
Portugal

Contributors name(s)
Ana Maria Pereira da Silva Maria do Carmo Fernandes Joana Fialho Pinto Goçalo Paiva e Sousa

e-Mail contact
president@aippi.pt

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.

   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

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.

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 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.

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.

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

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.

**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.

**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.

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 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.

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.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

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

Please Explain

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

Please Explain

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.

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?

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

No

Please Explain

Considering the purposes of IP rights we see no justification for an extension of the legal framework of civil liability for wrongful acts, which would lead to a disproportionate protection of IP rights against the protection afforded by law to other patrimonial rights. We believe that the protection afforded by the law is adjusted to the purposes that the IP Rights aim both at the perspective of the interests of the respective holders, and in the perspective of social order and public interest.

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

Considering that the jurisdiction of the law is territorial and the protection afforded by the IP right corresponds to the same territorial scope, we do not see that there is any justification of public interest so that IP rights are granted a protection that would imply an elasticity to the extent that acts outside the territorial scope of the law and of the IP right would be legally relevant.

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

We believe that effective enforcement of the law may be improved by the raising of awareness of courts for the various shapes that the phenomenon of counterfeiting is currently taking in concrete, nowadays often resulting in violations of IP rights from the interaction of networks of agents in which each participant receives a portion of the profit obtained, being the profit in these new scenarios no longer perceived solely by a single agent of the infringement.

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

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
### 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**

Except for punitive damages the remedies should 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.

### 16. 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.