

Report Q204

in the name of the Belgian Group
by B. MICHAUX, G. PHILIPSEN, C. EYERS, N. D’HALLEWEYN,
M. DEMEUR and E. DE GRYSSE

Liability for Contributory Infringement of IPRs

Questions

I) Analysis of current legislation and case law

- 1) *Does your national law provide for liability for contributory infringement of IPRs, in respect of the offering or supply of means for working an invention, for enabling illicit commercial use of a trademark, for making a copyrighted or design protected product, etc.?*

A. Belgian national law does provide for such a liability as defined in the question.

An express provision regarding said liability at civil level is only to be found in the Belgian Patent Law.

Namely, article 27, §2 of the Belgian Patent Law (28 March 1984), provides:

The patent shall also confer on its owner the right to prevent all third parties not having his consent from supplying or offering to supply on Belgian territory a person other than parties entitled to exploit the patented invention with means, relating to an essential element of that invention, for putting it into effect in the territory, when the third party knows, or it is obvious in the circumstances, that those means are suitable and intended for putting that invention into effect.

The preceding subparagraph shall not apply when the means are staple commercial products, except when the third party induces the person supplied to commit acts prohibited by paragraph 1.

Persons performing the acts mentioned in article 28, sub a) until sub c), shall not be considered to be entitled to exploit the invention, within the meaning of the first part of this paragraph.

B. The laws protecting other IPRs do not provide for a similar provision.

Yet, civil liability for contributory infringement is also effective in relation to other IPRs in accordance with the general principles of tort law.

C. Moreover, as a result of the implementation of the ‘Enforcement Directive’ 2004/48 (through the Belgian laws of 9 and 10 May 2007), civil remedies (more precisely injunctions) are available against intermediaries whose services are used by a third party to infringe IPRs in general.

The respective laws protecting the IPRs do include the following provision in this respect:

The judge can also issue an injunction against intermediaries whose services are used by a third party to infringe (the intellectual property right concerned).

This provision lies in article 53, §1, 2nd phrase of the Belgian Patent Law; article 36, §4, 2nd phrase of the Belgian Plant Variety Law; article 14, §1, 2nd phrase of the Belgian Law on the Legal Protection of Topographies of Semiconductors and article 86ter, §1, 2nd phrase of the Belgian Law on Copyright and Neighbouring Rights; article 12quinquies, §1, 2nd phrase of the Belgian Law on Database Protection.

A similar provision is also to be found in the Benelux Treaty on intellectual property, which Treaty is directly applicable in Belgium and relates to trademarks and design& model rights. See article 2.22, 3rd paragraph (trademarks) and 3.18, 3rd paragraph (design& model rights).

However, it is to be stressed that the availability of injunction proceedings against intermediaries applies regardless whether or not said intermediaries can be held liable for contributory infringement. Therefore, these provisions need to be further mentioned in the context of sub-question 6 only.

D. Finally, also on the criminal side the Belgian law does provide for a number of rules addressing liability for contributory infringement.

The Belgian law on copyright and neighbouring rights addresses criminal liability issues regarding the commercialization of circumvention tools/services in relation to DRMs (article 79bis of the law of 30 June 1994, as amended by the law of 22 May 2005, as a result of the implementation of Directive 2001/29). A civil injunction remedy is available as well in this respect.

The same copyright law provides that the general rules of the Criminal Code in the field of contributory liability apply to infringements that are to be considered as criminal offences (article 80, al.5 of the Belgian copyright law of 30 June 1994, as amended by the law of 22 May 2005).

Likewise, the Belgian law of 15 May 2007 does provide for the same rule in relation to infringements upon patents and supplementary protection certificates, trademarks, designs& models and plant variety certificates (article 12).

However, it is the Belgian group's understanding that Question 204 does not require to further develop the criminal issues (point 12 of the discussion/ working guidelines).

E. As a consequence of the above (point A), in answering the questions sub 2) and 3), only the provision of article 27, §2 of the Belgian Patent Law will be taken into account.

The criteria as set out in said provision will be interpreted with reference to the – to the knowledge of the contributors – sole published Belgian judgement on the subject matter, being a judgement of the Antwerp Court of Appeal in the so-called "Senseo-case", dating from 8 November 2005 (*Ing. Cons.* 2005/5, 502, note E.De Gryse, hereinafter referred to as "the Senseo-decision"). However, the contributors stress that the findings of the Antwerp Court of Appeal are not to be considered as general rules, but may possibly not be followed to their full extent by other judgements to come.

- 2) *If so, is it a condition for such liability that the means supplied are actually used by another (the person supplied) for committing acts that amount to direct infringement of the IPR in the same country (or in another country where there is a corresponding IPR)? Are there any additional conditions that apply in such cases?*

This sub-question addresses two different issues.

A. The first issue has to do with the requirement (or not) of an actual use by the person supplied for committing acts that amount to a direct infringement.

According to the ruling mentioned above in the Senseo-case (Court of Appeal Antwerp 8 November 2005), under Belgian Patent Law, no such use is required. In that case, the court

acknowledged in very clear wordings the independent nature of the contributory infringement. The very straightforward way in which the Antwerp Court of Appeal decided in favour of the independent nature of the contributory infringement raised questions in Belgian doctrine (E. De Gryse, 'Straffe Koffie (met een laagje schuim)!', note under Antwerp 8 November 2005, *Ing. Cons.* 2005/5, 532).

The prohibition on the mere "offering to supply means" indicates that indirect infringement can be committed before direct infringement occurs (A. Benyamini, *Patent Infringement in the European Community*, IIC Studies, Vol.13, Max Planck Institute for Foreign and International Patent, Copyright and Competition Law, München, VCH, 1994, p.181). These wordings seem therefore to confirm that the contributory infringement is regarded as an independent or autonomous infringement.

This being said, other conditions do apply which are stated in very carefully selected terms.

More exactly, the means supplied need to be understood not only as "suitable" but also as "intended for putting the invention into effect". In particular the condition that the supplier of the means knows or it is obvious in the circumstances that said means are "intended" for exploiting the invention indicates that at least the possibility of a subsequent exploitation of the invention is required. Yet, the law does not expressly require that the (potential) exploitation would amount to a direct infringement (therefore in its ruling of 8 November 2005, the court of appeal of Antwerp rejected the private use-exception characterizing the exploitation at stake).

Moreover, the law does not require that the potential exploitation would be made by the immediate purchaser. In its ruling of 8 November 2005, the court of appeal of Antwerp decided therefore that the exploitation by the final user- who was different from the immediate purchaser (distributors/retailers)- does suffice.

However, the circumstance that the intended exploitation is made by another person than the immediate purchaser can affect the criteria for the assessment of knowledge required on the part of the supplier, i.e. specific "self-evident" facts could be necessary to conclude to a "knowledge" on the part of the supplier in a situation of that kind. In the *Senseo*-case, there were such specific facts since the supplier had put the means on the market accompanied by advertisements that offered them for use in the invention.

B. The second issue relates to the territorial aspect of the contributory infringement. The question is whether the potential subsequent exploitation has to occur in the same country as the country of supply of the means (Belgium in this case) or in another country where there is a corresponding patent.

At first it is to be understood that the "supplying or offering to supply" has to happen on Belgian territory.

Furthermore, the text of article 27, §2 of the Belgian Patent Law refers to "*supplying or offering to supply (...) for putting it (note: the patented invention) into effect in the territory*".

Even though an actual direct infringement is not required, it appears that the scope of the contributory infringement provision is limited to the cases in which both offering and subsequent potential exploitation would take place on Belgian territory.

- 3) *If it is not a condition for liability for contributory infringement that the means supplied are actually used by another (the person supplied) for committing acts that amount to direct infringement in the same country (or in another country where there is a corresponding IPR), is it then, on the other hand, a condition for such liability, for example*
- *that the means offered and/or supplied were suitable to be put into an infringing use;*

It is required that the means are *suitable* (and *intended*) “for putting the invention into effect”. According to the specific wordings of the legal provision, neither the circumstance that the potential exploitation wouldn’t amount to an infringing use nor even the fact that no actual exploitation occurs do have any impact. Moreover, 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.

- *that the means relate to an essential, valuable or central element in the invention or product or service that constitutes direct infringement;*

The means have to relate to an *essential* element of the patented invention. This condition does not require that the means offered are themselves essential elements of the invention. The means only have to *relate* to an essential element of the patented invention. The means can consist of elements that were not even new at the moment of filing of the patent application. The question of prior art is without relevancy. The fact that the means offered are pre-existent to the invention, on the other hand, can not be considered sufficient to consider such products as staple commercial products (Antwerp, 8 November 2005, Senseo-case).

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). The Court of Appeal also refers to the captive market created by the invention and the intention (of the patent owner) to prevent any third party from benefiting indirectly from such captive market.

- *that the means offered and/or supplied were actually intended for such use on the part of the person supplied;*

It is required that the means be suitable and intended for “putting the invention into effect”.at some stage (not necessarily on the part of the immediate purchaser: e.g. it may be on the part of the customer of the immediate purchaser, namely the end user (Court of appeal of Antwerp 8 November 2005, see comments above).

- *that the means offered and/or supplied were intended to be put to that use in the country in which they were offered or supplied;*

See above, answer to sub-question 2.

Article 27, §2 of the Belgian Patent Law states that the supplying or offering to supply has to happen, *for putting it* (the patented invention) *into effect in the territory*. This has also been reaffirmed in the judgement of the Antwerp Court of Appeal of 8 November 2005.

- *that, at the time of offering and/or supply of the means, the suitability and intended use were known to the supplier or were obvious under the circumstances;*

It is required that suitability or intended use were either known to the supplier or obvious under the circumstances.

- *that, to the extent the means are staple commercial products, the supplier induces the person supplied to infringe directly?*

The supplying or offering to supply staple commercial products can only lead to a contributory infringement when the supplier induces the person supplied to infringe directly.

Are there other conditions? Please respond separately for patents, trademarks, designs, copyright etc., if the rules differ from each area of IPR to the other.

Not so much a condition as well as an element to determine the extent of the contributory infringement is the fact that, according to article 27, §2, third part, of the Belgian Patent Law – and contrary to what is provided in article 28 sub a) until sub c) of the Belgian Patent Law with regard to direct infringements – persons not being entitled to exploit the invention, include persons a) acting in private and with non-commercial goals, b) acting for scientific purposes or c) using the invention for the extemporaneous preparation for individual cases in a pharmacy of a medicine in accordance with a medical prescription or performing acts concerning the medicine so prepared.

4) *Are the rules concerning contributory infringement set out in the laws protecting IPR?*

See above, question 1.

Only the Belgian Patent law expressly provides for liability for contributory infringement.

This being said, laws protecting other IPRs have to be considered very attentively to check whether they could cover as a direct infringement an act which at first sight would appear to be indirect infringement. In particular, the example mentioned under point 9 of the working guidelines under trademark law (printing of labels) can generate discussions in this respect.

5) *If such protection is not set out in the laws protecting IPR, does it follow from generally applicable principles of e.g. tort law?*

Next to the above – sub 1) A and C – mentioned express provisions, contributory infringement of IP-rights is dealt with under as well general tort law – articles 1382 and 1383 of the Belgian Civil Code – in case the ‘infringing’ party does not act on a commercial basis, and the general provisions on unfair trade practices – article 94/3 (former article 93) of the Belgian Fair Trade Practices Law – in case the ‘infringing’ party can be considered a vendor in the sense of article 1.6 of this Law.

As an example, the operator of a website who offers hyperlinks to unauthorized music files commits a wrongful act within the meaning of article 1382 of the Belgian Civil Code, even though he does not commit himself a direct copyright infringement (court of appeal of Antwerp, 21 June 2001).

The (constructive) knowledge of the defendant regarding the potential infringements is critical.

6) *What are the legal consequences of holding an act to be a contributory infringement of an IPR, in particular:*

- *can the IPR owner obtain injunctive relief to the same extent as in case of direct infringement?*

There are no specific restrictions on the extent to which the IPR owner can obtain injunctive relief, apart from the fact that the scope of the injunction must be limited to the exact circumstances under which the contributory infringement was found illegal.

See above, sub-question 1: injunction against intermediaries are available to the same extent.

Also the law regarding trade practices does expressly provide for injunctive relief.

Likewise, even though injunctive relief is not expressly mentioned under articles 1382 and 1383 of the Belgian Civil Code (tort law provisions), it is commonly granted by the courts (see above, court of appeal of Antwerp, 21 June 2001).

- *can the IPR owner obtain damages and other compensation to the same extent as in case of direct infringement, or only relative to the contributory infringer's contribution?*

In the "Senseo-case", the court of appeal of Antwerp decided that the prejudice of the patent owner corresponds to the sales of the means supplied, even though said means do not constitute by themselves the patented subject matter. On this issue as well, the decision has been criticized in the doctrine.

At this point however there is no jurisprudence which would be based upon another reasoning, in particular a reasoning where the prejudice of the patent owner can only be admitted to the extent it is generated by the actual direct infringement.

In any event, it should be clear that damages can only be granted on the condition that the defendant had committed a wrongful act. Therefore, the possibility of obtaining damages is more restricted than the possibility of obtaining injunctive relief, the last possibility existing also against the aforementioned intermediaries whose services have been used to infringe an IPR regardless whether or not said intermediaries have committed any wrongful act.

II) Proposals for substantive harmonisation

- 7) *Should measures generally be available against acts that qualify as contributory infringement of IPRs, as defined in these Working Guidelines?*

Additional rules on contributory infringement concerning other IPRs (other than patent law) are not considered necessary.

It is the belief of the group that, with regard to those IPRs, the general principles on tort law and unfair trade practices already create sufficient opportunity to react against acts that are committed with the intention of undermining an IPR or that are committed whilst the author of such acts may not have been unaware of the harmful nature of such acts towards an IPR.

Moreover, with regard to some specific IPRs, in particular trademark rights, the notion of direct infringement is quite broad, so that the need for additional protection in relation to indirect infringement is rather limited.

Finally, the conditions which are currently required for contributory liability under patent law are quite specific and therefore they can hardly be used to characterize indirect infringements in other IP-area's. E.g., in practice it seems difficult to identify means which relate to an "essential element" of a model of chair or table, that notion being a functional notion.

- 8) *If so, what should be the conditions for holding an act to be a contributory infringement of an IPR?*

In view of the answer to question 7), this question does not need to be answered.

- 9) *Should the conditions be different for different kinds of IPRs? Why?*

See answer on question 7. Express provisions (if any) should take into account the specificities of the IPRs concerned. However, it is the general belief of this Group that there is no need for express provisions regarding other IPRs than patent rights.

- 10) *What should be the legal consequences of holding an act to amount to contributory infringement of an IPR, in particular?*

- *Should the IPR owner be able to obtain injunctive relief to the same extent as in case of direct infringement?*

Reference is made to the answer to question 6). The current rules are satisfactory.

- *Should the IPR owner be able to obtain damages and other compensation to the same extent as in case of direct infringement, or only relative to the contributory infringer's contribution?*

Reference is made to the answer to question 6). There is no reason to deviate from the general rules applicable to tort law.

- 11) *Should the legal consequences be different for different kinds of IPR? Why?*

Under the current system (which is considered satisfactory), the legal consequences in terms of injunctive relief and damages are not substantially different depending on the specific kind of IPRs.

- 12) *Does your Group have any other views or proposals for harmonisation in this area?*

It is the group's opinion that no further steps towards harmonisation in the field of indirect or contributory infringement have to be taken. On the one hand a specific regulation is already in place concerning patent law. On the other hand it is the firm belief of the group that indirect infringement with regard to the other IPRs is to be considered in view of elements such as the intentions of the 'contributor'. In such cases the general principles on tort law and fair trade practices can constitute sufficient grounds for action.

Summary

Only the law on patents contains an express provision of civil nature regarding contributory infringement by supplying means. In the field of the other intellectual property rights, this aspect is mainly ruled by the application of the general principles regarding tort liability and unfair competition, without prejudice to the criminal rules applicable to participation and complicity.

Pursuant to the provisions included in patent law, the supply of means is an infringement only if the means are related to an essential element of the invention and the supplier knows, or it is obvious in the circumstances, that these means are suitable and intended for putting that invention into effect. These concepts are proper to the patent area and are hardly transposable to the other areas.

The Belgian group's opinion is that there exists no reason to develop for the other intellectual property rights similar rules to these applicable to patent law. Beyond the fact that this rule is hardly transposable to the other rights, the present system is satisfactory from a judicial point of view, regarding the damages and injunctive reliefs (in particular since the implementation of Directive 2004/48 regarding the injunctions).

Résumé

Seule la loi sur les brevets contient une disposition expresse de nature civile relative à la contrefaçon indirecte par fourniture de moyens. Dans le domaine des autres droits de propriété intellectuelle, cette question est essentiellement réglée par l'application des principes généraux en matière de responsabilité quasi-délictuelle et de concurrence déloyale, sans préjudice des règles de nature pénale applicables à la participation et la complicité.

Aux termes de la disposition inscrite dans la loi sur les brevets, la fourniture de moyens ne constitue une infraction que si les moyens se rapportent à un élément essentiel de l'invention et si le fournisseur sait ou que les circonstances rendent évident que les moyens sont aptes et destinés à mettre en œuvre l'invention. Ces notions sont propres au domaine du brevet, et elles sont difficilement transposables aux autres domaines.

Le groupe belge est d'avis qu'il n'y a pas lieu d'élaborer pour les autres droits des règles similaires à celle qui est applicable au domaine des brevets. Outre le fait que cette dernière règle est difficilement transposable aux autres droits, le système actuel est satisfaisant sur le plan des recours judiciaires, que ce soit au niveau des dommages et intérêts ou au niveau des injonctions (en particulier depuis la transposition de la directive 2004/48 en ce qui concerne les injonctions).