

Report Q204

in the name of the Brazilian Group
by Cláudio Roberto BARBOSA, Maitê Cecilia FABBRI MORO,
Marcio MERKL and Mauricio DE SOUZA TAVARES

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.?*

Generally speaking, Brazilian law provides for liability in contributory infringement of IPRs.

Concerning patents, the industrial property statute (BIPL, Brazilian Industrial Property Law n. 9,279/96) addresses the contributory infringement within a civil and a criminal perspective. The first in the BIPL, §1 of article 42, stressing that patentee's exclusive right "[...] is further assured [with] the right to prevent third parties from contributing to the practice by others of the acts referred to in this Article [i.e.: manufacturing, using, offering for sale, selling or importing]". Under the criminal perspective, according to article 185, the statute considers a crime to "[supply] 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 object of the patent".

Designs receive the same treatment of patents, in connection with contributory infringement, by statutory prevision (BIPL, art. 109, sole paragraph).

Concerning trademarks there is not an express provision on contributory infringement, but it is possible to infer it from the broad exclusivity granted to the trademark owner (BIPL, art. 128). The BIPL also allows the owner of a trademark or its applicant to "safeguard its material integrity or reputation". An interpretation of the mentioned rules should be considered as enabling claims of direct and/or indirect infringement, including contributory infringement.

Interpreted *contrario sensu*, article 132, II of the BIPL can also be accepted as a contributory infringement permission, since it assures the use of trademarks by suppliers, only if it follows fair competition rules.

In connection with author rights, the Brazilian Copyright Statute, (BCL - Brazilian Copyright Law, Law n. 9,610/1998) provides, in its article 104, that "who sells, exposes to sale, hides, acquires, distributes, has on stock or uses work or phonogram reproduced with fraud, in order to sell, obtain gain, advantage, benefit, direct or indirect benefit for themselves or for others, will be jointly responsible with the counterfeiter under previous articles, answering as counterfeiter the importer and the distributor in case of reproducing abroad." The broad language also adopted herein clearly encompasses contributory infringement.

- 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?*

In Brazil, there is no need that the means are actually used when the potential direct infringer (the person supplied) is in the same country. Scholars diverge and case law provides little help when the potential direct infringer is in another country, whether corresponding IPR exists or not.

Considering patents, the argument in favour of territoriality stresses that the statutory language of BIPL, §1, article 42, implies a limitation, i.e., the allegedly contributory [infringing] act should “necessarily leads to the exploitation of the object of the patent”. As the patent is only valid in the territory, contributory activities should only be considered as infringing if occurred within the territory.

A secondary and minor view, adopted by some scholars, admits that any contributory act should be considered infringing and trigger liability, even without a corresponding patent in the jurisdiction where the contributory act occurred. The reasoning behind such theory is that whoever supplies any means for an infringement receives a benefit from the potential infringement.

The above understanding shall be applied *mutatis mutandis* to industrial designs.

In regard with trademarks, the same legal reasoning related to patent should also be considered, i.e., the predominant view, based on the territoriality principle, understands that an act in Brazil that would infringe a trademark in another country, should only be considered as an infringement whenever it reaches such country. A minority position adopts a theory that the conscious reproduction of a trademark registered in another country with the intention of sending this reproduction to such country, should be considered illegal.

The provision related to Author Rights is slightly different due to the fact that the absence of a formal registration (according to the Berne Convention and the Brazilian Copyright Law) provides for a reduction of the territoriality concern, specially when it is compared with the trademark and patent territoriality.

Based on that, a different position is taken in reason of the provision in the article 104 of the Brazilian Copyright Law, which states that the importer or distributor will answer as counterfeiters.

- 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;*
 - *that the means relate to an essential, valuable or central element in the invention or product or service that constitutes direct infringement;*
 - *that the means offered and/or supplied were actually intended for such use on the part of the person supplied;*
 - *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;*
 - *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; or*

- *that, to the extent the means are staple commercial products, 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.

Adopting the majority opinion above presented in order the means should be performed in the same country where the IPR was granted, it is necessary that the means offered and/or supplied were suitable to be put into an infringing use, being important to stress that there is no significant difference whenever the situation deals with patents, trademarks, design or author rights.

Concerning trademarks or author rights any means (even the printing of packages or the printing of literary work) that would help in the direct infringement should be considered, even if it is not essential, valuable or a central element. Concerning patents and design, the means should be direct to a claimed element, being important to avoid any undue appropriation of public domain elements.

A minority view understands that the intention should be considered in trademarks cases, but there is no such requirement in patents, design or author rights.

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

Yes, there are rules concerning contributory infringement in the statutory laws concerning industrial property (patents, trademarks and design) and the statutes related to author and neighbouring rights.

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?*

As mentioned, this principle is foreseen in the statutory law, however general provisions and principles based of unfair competition existent in case law are also applicable.

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?*

Yes. There is no differentiation regarding civil or criminal procedures if the illegal act is a direct or a contributory infringement.

- *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 Brazil, exception of author rights, according to the general rules of tort law and IPR, it is most probable that damages would be awarded in regard to the contributory infringer's contribution. In the case of author rights, the indirect infringer will answer as a direct one.

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?*

Yes, measures should generally be available against acts that qualify as contributory infringement of IPRs.

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

Other national groups will, most likely, present extensive and more detailed conditions concerning the contributory infringement of an IPR. However, one essential condition for holding an act as a contributory infringement of an IPR should be that at the time of offering and/or supplying of the means, the suitability and intended use was known to the supplier or was obvious under the circumstances. It is important to stress that actual evidence that the allegedly contributory was aware of the infringement should not be required.

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

No. There is no legal reasoning that would justify a differentiation for different kinds of IPRs, however, there are pragmatic differences due to the lack of a mandatory register for author rights, according to the Berne Convention.

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?*

Yes. There is no justification to prevent the IPR owner to obtain injunctive relief.

– *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?*

Only relative to the contributory infringer's contribution.

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

No. There is no legal reasoning to differentiate legal consequences for different kinds of IPR concerning contributory infringement.

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

The main issue that the Brazilian Group suggests, as an important harmonisation component, is whether contributory infringement should or should not be limited within the territoriality of the IPR in question. The main difficulties faced by the Brazilian Group in its discussions were related with possible infringing acts occurred in different territories, a matter that has an obvious international component that should be dealt with by AIPPI during the discussion of the resolution for Q204.

Summary

Although not specifically named as contributory infringement, Brazilian Law recognizes and enforces contributory infringement of Intellectual Property Rights concerning patents, designs, trademark, and author rights. There is little discussion when the direct and the contributory infringement occur inside Brazilian territory. However, it is unlikely that an act performed in Brazil, without a Brazilian IPR, will be considered an infringement (direct or contributory), being important to stress that author rights, due to its lack of mandatory registration (cf. Berne Convention), may have a slightly different approach. The Brazilian Group suggests the discussion of whether a contributory infringement should be limited to the territoriality of the IPR.

Résumé

Malgré n'être pas nominée infraction par contribution, la loi brésilienne reconnaît et applique l'infraction par contribution des droits de propriété intellectuelle à propos des brevets, dessins, marques et droit d'auteurs. Il y a peut de discussion si l'infraction directe ou par contribution se passe dans le territoire brésilienne. De quelque façon, il est très difficile qu'un fait passé au Brésil, sans un droit de propriété intellectuelle, soit considéré une infraction (directe ou par contribution), étant important de souligner que les droits d'auteur, tenant le registre facultatif (d'après Berne), doivent avoir une interpretation un peu différente. Le Groupe brésilien suggère la discussion si l'infraction par contribution devait être limitée à la territorialité des droits de propriétés intellectuelles.

Zusammenfassung

Obwohl nicht ausdrücklich als mittelbare Verletzung genannt, wird die mittelbare Verletzung in Bezug auf Patente, Geschmacksmuster, Marken- und Urheberrechte vom brasilianischen Gesetz anerkannt und durchgesetzt. Es gibt einige Diskussionen, wenn die unmittelbare und die mittelbare Verletzung innerhalb des brasilianischen Territoriums passieren. Allerdings ist es unwahrscheinlich, dass eine Handlung, die in Brasilien, ohne brasilianische IPR passiert, als (unmittelbare oder mittelbare) Verletzung genommen wird. Wichtig zu betonen ist, dass die Urheberrechte, aufgrund der fehlenden Meldepflicht (vgl. Berner Übereinkunft), einen etwa verschiedenen Ansatz haben mögen. Die brasilianische Gruppe schlägt die Diskussion der Frage vor, ob die mittelbare Verletzung sich auf die Territorialität der Rechte des geistigen Eigentums beschränken sollte.