

Report Q204

in the name of the Chilean Group
by Felipe CLARO

Liability for Contributory Infringement of IPRs

Questions

1) 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.?*

As long as the damage occurs within the country itself. The answers to this and the other questions are conditioned by the fact that in Chile there is no contravention or breach liability within the Intellectual and Industrial Property system. From the civil law general liability regime (aided by a few civil law rules contained in the Industrial Property Act, which in truth are little more than simple reiterations of general civil law rules) we directly move to criminal sanctions. As the latter are not of interest regarding Q204, in Chile the problem must be analyzed from the point of view of civil law torts.

- 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?*

Yes, it is a condition that such means are actually used by the person supplied. For the rationale behind this answer please see our comments to the following question.

- 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.

The problem described in Q204 mixes two different matters:

- Whether the contributory infringer is liable in country C1, even if the person supplied with the contributory means does not complete the infringement in C1.
- Whether, in case liability is sought, this would constitute a violation to the principle of territoriality.

Tort liability arises through an unlawful conduct that causes damage and is performed in bad faith or as a result of negligence. The prerequisite of an actual damage (that is, of a detriment or harm that can be appraised and thus compensated in money) as a constituent of the civil misconduct, leads to rule out all liability where such damage has not occurred. This means that, from a civil liability point of view, there is no infringement of IPRs, but only a damage for which compensation can be sought, as a consequence of the illegal use of items protected by Intellectual or Industrial Property laws. Therefore, strictly speaking, in Chile there is no liability for contributory infringement of IPRs, but only a responsibility for actual damage caused. This has the following consequences:

- For civil liability to arise, damage must necessarily have been caused. In other words, the unlawful use alone of items protected by IPRs is not enough; a detriment or harm that can be appraised and compensated in money must have been occasioned.
- As a consequence of the above, it is not enough that the means supplied or the collaboration rendered may make an infringement possible. Indeed, it is necessary that such means or collaboration be actually used in a direct infringement.
- Since the existence of an actual damage is a prerequisite for tort liability, a key question is to establish whether such damage must necessarily occur in Chile, or if it can also occur abroad and nevertheless cause tort liability in Chile.

Q204 I) 3) suggests that the lack of a damage in the country whose legislation is to be applied could be offset by the intention to commit a wrongful act of the person who receives the means or collaboration and – perhaps as an additional condition – by the supplier’s or collaborator’s knowledge of the fact that the receiver has the intention to commit such wrongful act. This knowledge could even be replaced by proof showing that such intention was obvious according to the circumstances. These solutions do not seem viable in Chile for at least two reasons:

- The aim of implementing and enforcing a legal rule within a certain territory is related to the pertinent State’s aim of applying its law to particular situations. This aim requires a plausible justification, which at the same time must adapt to the type of legal consequence that each rule assigns to a specific conduct. In the case of civil liability such consequence is the compensation for a damage. However, an expansion of the enforceability of a legal rule based on subjective elements (knowledge, intentions) is conceivable only when what is established by such legal rule is a simple contravention, i.e., an infraction that is largely independent of whether it has any de facto consequences. For example, the enforceability of a legal rule that punishes the practice of a judge who deliberately issues an unjust decision in a trial could be extended to those who are not judges, in case they collaborated with the judge knowing that he is a judge. But this expansion does not seem possible when the case at hand it is not a simple contravention, but the liability for an unlawful action that causes damage. Since under Chilean civil law the wrongdoer is responsible only for the damage actually occasioned and not for the intent to cause

damage – much less for the knowledge of the possibility of damage to be caused – the idea of considering a damage that has occurred abroad as being inflicted in Chile, for the sole reason that the intention of a third party to cause damage was or should have been known, seems hard to defend.

- b) The territorial enforceability of Chilean law is a matter of public policy that can only be modified by an agreement of the parties to a contract in such cases when law allows it. For that reason it is hard to accept that it is not consent, but instead the mere knowledge that one of the partakers in the situation has of the other partaker's intentions, which operates as the connecting factor of the consequences of the acts performed by the latter with the legislation that rules the acts and the liability of the former. All of the above, moreover, absent specific rules regarding these matters under Chilean law.

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

The substantive rules are contained in the Civil Code and, to a very limited degree, in the Industrial Property Act. The procedural rules are both in the Civil Procedure Code and the Industrial Property Act.

- 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?*

The substantive rules belong to general tort liability law.

- 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?*
- *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?*

Yes, provided that the contribution causes damage in Chile.

The total damage caused by all infringers is established. Each infringer is responsible for the total amount, but payment by any one of them releases all others.