

## **Report Q204**

in the name of the Finnish Group  
by Petri ESKOLA, Minna AALTO-SETÄLÄ, Lasse AAROLA, Kim FINNILÄ,  
Jussi KARTTUNEN, Joose KILPIMAA and Pekka SALOMAA

### **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.?*

The Finnish legislation provides liability for contributory infringements of patents and utility models. As regards other intellectual property rights than patents or utility models, the legislation does not include explicit legal provisions for contributory infringements.

Patents Act, Section 3, Subsection 2 provides the following in respect of indirect infringement:

*“A patent shall also confer on its proprietor the exclusive right to prevent any person not having his consent from supplying or offering to supply any person not entitled to exploit the invention with the means of working the invention in this country in relation to an essential element of the invention where such other person knows, or where it is evident from the circumstances, that the means are suitable and intended for working the invention. This provision shall not apply where the means are staple commercial products, except where such other person attempts to induce the receiver to commit any of the acts referred to in subsection 1 above. For the purposes of this subsection, any person using the invention in a manner referred to in subsection 3, paragraph (1), (3) or (4), shall not be regarded as entitled to exploit the invention.”*

Subsection 3, paragraphs 1, 3 and 4 are as follows:

*“The exclusive right shall not apply to:*

- 1) use which is not commercial;*
- 3) use in experiments relating to the invention as such;*
- 4) preparation in a pharmacy of a medicine prescribed by a physician in individual cases or treatment given with the aid of a medicine so prepared.”*

Similarly, Section 3, Subsection 2 of the Act on Utility Model Rights, provides the following:

*“The exclusive right shall also confer on its proprietor the exclusive right to prevent any person not having his consent from supplying or offering to supply any person not entitled to exploit the invention with the means of working the invention in this country in relation to an essential element of the invention where such other person knows, or on the basis of the circumstances should have known, that the means are suitable and intended for working the invention. This provision shall not apply where the means are staple commercial products, except where*

*such other person attempts to induce the receiver to commit any act infringing the exclusive right referred to in the first paragraph of this section. For the purposes of this subsection, any person using the invention in a manner referred to in subsection 3(1) or (3) shall not be regarded as entitled to exploit the invention.”*

Subsection 3, paragraphs 1 and 3 are as follows:

*The exclusive right shall not apply to:*

- 1) use which is not commercial;*
- 3) use in experiments relating to the invention as such;”*

Provisions concerning unfair business practices may be applied in cases related to IPR infringements. Therefore, the provisions on unfair business practices may also provide liability for contributory infringements of IPRs. The general clause of the Unfair Business Practices Act prohibits acts which are against good business practice or otherwise unfair to other entrepreneurs.

Section 1 of the Unfair Business Practices Act is the following:

*“Good business practice may not be violated nor may practices that are otherwise unfair to other entrepreneurs be used in business. ”*

As stated above, the Finnish legislation does not provide explicit protection against indirect or contributory infringement of trademarks, designs, copyright or other IPRs than patents and utility models. However, the legislation provides liability against certain acts regarding copyrighted works.

The Finnish Copyright Act provides protection against the circumvention of any effective technical protection measures. Pursuant to Section 50 b of the Copyrights Act it shall not be permitted, *inter alia*, to manufacture, distribute or sell devices, products or components for the purpose of enabling or facilitating circumvention of any effective technical protection measures.

The Copyright Act as well as other IPR legislation respectively provides the rightholders with a right to apply for an injunction or a preliminary injunction against an intermediary whose services are being used by a third party to infringe an IPR. However, the Finnish Group notes that measures against intermediaries is intended to be available primarily in case of actual infringement of an IPR by a third party.

Taking into account Working Guidelines for Question Q204 the Finnish Group also notes that under certain conditions the scope of protection for design rights and trademarks with reputation may be of relevance when considering infringements of IPRs in situations described in paragraph 9 of the Working Guidelines.

Protection for design rights in Finland may be based either on the Registered Designs Act or the Council Regulation (EC) No 6/2002 on Community Designs. The Council Regulation on Community Designs provides protection for so called complex products only as a whole. The complex product means a product which is composed of multiple components which can be replaced permitting disassembly and re-assembly of the product. Maintenance, servicing and repair work of the complex product are excluded from the scope of protection. The Finnish Registered Designs Act, however, provides protection also for a product which constitutes a component part of the complex product if such product remains visible during normal use of the product and by itself fulfils the requirements of protection. Therefore it is possible on national level to apply for protection against unauthorized use of part of a product if such part by itself fulfils general requirements for protection. National laws of member states of the European Union have been harmonized with the Directive 98/71/EC on Legal Protection of Designs which does not preclude protection for the component parts of the complex products. However, the Commission of the European Union has proposed amendments to the Directive

98/71/EC on Legal Protection of Designs which may, if adopted by the European Parliament and the Council of the European Union, abolish or encroach protection for spare parts and other products which constitute a component part of a complex product.

The Finnish Trademarks Act provides protection for registered and established trademarks as well as trademarks with reputation. Protection for trademarks with reputation means that the proprietor of such trademark shall be entitled to prevent a third party from using in business a sign which is identical or similar to the trademark also regarding goods or services which are not similar to those for which the mark is registered or established for. It is furthermore required that use of such sign would constitute unfair exploitation of, or action detrimental to, the distinctive character or reputation of the trademark.t

- 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?*

Kindly see answer 1 above regarding the contents of Section 3 (2) of the Patent Act and Section 3 (2) of the Act on Utility Model Rights.

In Finland, the relevant provisions of patent law were amended in the late 1970s to include an express provision regarding indirect patent infringement. Said amendment to the Patents Act was prepared in close co-operation with other Nordic countries. Therefore, cross-border references to case law as well legal literature from other Nordic countries may also be of relevance in Finland. However, taking into account that answers to Q204 are prepared on behalf of the Finnish AIPPI Group and other Nordic AIPPI Groups will prepare respective reports, this report does not include references to legal literature or legal practice of other Nordic countries. Furthermore, it is noteworthy to observe that the wording of Section 3 (2) of the Patents Act and its legislative history do not make a difference between indirect or contributory infringement as described in the Working Guidelines of Q204.

Indirect infringement of a Finnish patent may occur, when a person contributes to another person's infringement of a Finnish patent and, if staple commercial products are involved, the person additionally induces such other person to infringe the Finnish patent. The inducement shall be at hand if the seller draws the purchaser's attention to possibility to use the means supplied to commit a direct infringement. Seller's activities shall be assessed objectively.

Enactment of Section 3 (2) of the Patents Act was based on the Government Bill 139/1979, which includes some further statements how Section 3 (2) may be applied. In general it was stated that the amendment of Section 3 (2) includes that a person shall not commit an act which contributes to another person's direct patent infringement and, therefore, constitutes an indirect patent infringement. Furthermore, it was stated that the amendment is important because it will enable a patent holder to take legal actions already at an early stage to prevent acts which thereafter may lead to direct infringement.

It is explicitly stated in the preparatory works that certain acts may result in liability for damages regardless whether or not a direct infringement has materialized. This statement, as well as some other parts of reasoning of the Patents Act, has subsequently been repeated in context of the partial reform of the Penal Code. Therein it was stated that patent infringements may be divided into direct and indirect infringements. Thereafter it was reiterated that even an indirect infringement promotes a direct infringement by another person, the indirect infringement is a separate offence and not abetting of direct patent infringement. Accordingly certain acts may result in liability for damages regardless whether or not a direct patent infringement has been made.

With reference to the above stated it can be concluded that according to the legislative history, it would seem to be possible to assess contributory infringement independently and separate from direct infringement.

Section 3 (2) of the Act on Utility Model Rights is essentially identical with Section 3 (2) of the Patents Act. Therefore, Section 3 (2) would likely be applied and interpreted analogously with the Patents Act.

The Finnish Patents Act and Act on Utility Model Rights are based on principle of territoriality. Thus, an indirect infringement would have to be based on a Finnish patent and supply or offering of means, resulting in a contributory infringement would have to take place in Finland. In Section 3 (2) of the Patents Act it is stated that the means offered or supplied would have to be for "working the invention in this country". However, in the absence of relevant case law interpretation of this requirement is unclear. The Finnish Group is not aware of any other cases or legal practice from Finnish courts which would provide further guidance on application of Section 3 (2) of the Patents Act or Section 3 (2) of the Act on Utility Model Rights.

As regards other intellectual property rights than patents and utility model rights, respective national legislation does not include explicit provisions on contributory infringements and the Finnish Group is not aware of any relevant legal practice regarding other intellectual property rights on contributory infringement cases.

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.*

Kindly see answers 1 and 2 above.

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

The only statutory provisions concerning contributory infringement of IPRs in Finland are found in the Patents Act and the Act on Utility Model Rights, as referred to above under question 1.

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?*

In addition to protection of contributory infringement under IPR laws as stated above in answer to question 4, the protection may also be based on the general provision of the Unfair

Business Practices Act. There is no absolute restraints preventing application of general tort law to intellectual property right infringements but there is little case law of its application to infringements of IPRs. However, it is worth noticing that damages due to violation of unfair business practices shall be claimed under general tort law as the Unfair Business Practices Act contains no specific provisions on compensation of damages.

- 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?*

The legal consequences of a contributory infringement of patents or/and utility models are in principle the same as for a direct infringement. As primary legal consequence the IPR owner may apply for an injunction against a third party not to continue or repeat the infringing acts. Injunctive reliefs are available under the similar conditions as in case of direct infringements.

In addition, a person infringing a patent or a utility model, who acts intentionally or negligently, shall be liable to pay reasonable compensation for the exploitation of the invention and damages for other injury caused by the infringement.

The amount of reasonable compensation and damages is assessed case by case. The right holder will be entitled to reasonable compensation and damages for other injuries caused by the infringement in cases of intentional or negligent infringements. In the case of slight negligence, the compensation may be adjusted accordingly.

## **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?*

The Finnish Group is of the opinion that measures against contributory infringements should be available under certain conditions. The Finnish Group may support harmonization of uniform rules regarding patents and utility model infringements in order to increase legal certainty. However, conditions for contributory infringements should be explicit and provide sufficient predictability.

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

The Finnish Group considers that acts which are prohibited under the Finnish Patents Act and Act on Utility Model Rights provide good basis for possible harmonization in this area. The liability for contributory infringement should result, if a person knowingly provides essential elements of an invention to be used by others or if it is otherwise deemed appropriate to establish such liability based on factual circumstances due to inducement or other like conditions.

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

Legal protection and nature of different kinds of IPRs differs from one another. As may be seen already from the Working Guidelines situations regarding contributory infringement of different IPRs may differ quite significantly. With respect to inventions it is possible to make a distinction between different factual conditions when regarding copyright or design rights it is more challenging to provide even practical examples of contributory infringements. Copyright and design rights protect, *inter alia*, form of expression and/or shape of a product.

Therefore, it would be extremely difficult to provide precise and predictable provisions on protection when the protection is primarily available for a work or a design as a whole. Furthermore, copyright already provides protection for modifications and derivative works of protected works. The Finnish Group holds that each IPR should be reviewed separately and no general decision on harmonization of all IPRs should be made.

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?*
- *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?*

The Finnish Group considers that there is no reason why contributory infringements should be assessed different from direct infringements of IPRs. However, legislation should also provide flexibility so that remedies may be decided based on factual circumstances.

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

Kindly see answers 7-10 above.

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

N/A.

### **Summary**

Liability for contributory infringement of intellectual property rights is provided in the statutory law only as regards patents and utility model rights. This statutory liability concerns offering or supply of means of working the invention to a person not entitled to exploit the protected invention. The means shall relate to an essential element of the invention and furthermore it is provided that the person in question, in order to commit an indirect infringement, knows or it is evident in the circumstances that the means are suitable and intended for working the invention. The Finnish Group is not aware of any related legal practice which would provide further guidance on application of the above criteria. In case the means are stable commercial products the provisions on indirect infringement apply only if the indirect infringer attempts to induce the receiver to commit a direct infringement.

The Unfair Business Practices Act includes a general provision which prohibits acts which are against good business practice or otherwise unfair to other entrepreneurs. This may be applicable to prevent practices or acts eventually amounting to or comparable with contributory infringement of IPRs and to provide liability for such acts.

The legal consequences of a contributory infringement of a patent or utility model are basically the same as for a direct infringement. The IPR owner may apply for a preliminary injunction or an injunction against a third party not to continue or repeat the infringing acts. In addition, a person infringing a patent or a utility model, who acts intentionally or negligently, shall be liable to pay reasonable compensation for the exploitation of the invention and damages for other injury caused by the infringement. As regards to violation of good business practices it is possible to claim for an injunction and damages. However, liability to pay damages shall be claimed and decided under general tort law.

## Résumé

La responsabilité liée à la complicité d'atteinte aux droits de propriété intellectuelle (DPI) n'est stipulée dans le droit écrit qu'en ce qui concerne les droits en matière de brevets et de modèles d'utilité. Cette responsabilité légale concerne l'offre ou la fourniture de moyens d'exploiter l'invention à une personne non habilitée à exploiter l'invention protégée. Ces moyens devront être liés à un élément essentiel de l'invention et, de plus, il est stipulé que la personne en question, pour pouvoir porter atteinte indirectement, sache que ces moyens sont adéquats et destinés à exploiter l'invention, ou que cela est évident dans les circonstances en question. Le Groupe finlandais n'a connaissance d'aucune pratique légale connexe pouvant fournir des directives supplémentaires sur l'application du critère susmentionné. Dans le cas où les moyens sont des produits commerciaux stables, les dispositions relatives à l'atteinte indirecte ne sont applicables que si la personne portant atteinte indirectement tente d'inciter le bénéficiaire à porter atteinte directement.

La loi relative aux pratiques inappropriées dans les activités économiques (*laki sopimattomasta menettelystä elinkeinoitoiminnassa*) comprend une disposition générale interdisant les actes contraires aux bonnes pratiques commerciales ou injustes à l'égard des autres entrepreneurs. Elle peut être applicable pour empêcher les pratiques ou les actes susceptibles d'équivaloir ou d'être comparables à la complicité d'atteinte aux DPI et pour prévoir une responsabilité pour de tels actes.

Les conséquences légales d'une complicité de contrefaçon de brevet ou de modèle d'utilité sont fondamentalement les mêmes que pour une contrefaçon directe. Le propriétaire des DPI peut faire la demande d'une mesure provisoire ou d'une injonction à l'encontre d'une tierce partie pour que celle-ci cesse ou ne répète pas les actes de contrefaçon. En outre, une personne contrefaisant un brevet ou un modèle d'utilité et agissant intentionnellement ou par négligence sera tenue de verser une compensation raisonnable pour l'exploitation de l'invention et les dommages des autres préjudices occasionnés par la contrefaçon. En ce qui concerne la violation des bonnes pratiques commerciales, il est possible de demander une injonction et des dommages-intérêts. La responsabilité de payer des dommages-intérêts ne peut cependant être invoquée et décidée que dans le cadre du droit général relatif à la responsabilité délictuelle.

## Zusammenfassung

Die Haftung für Beihilfe zur Urheberrechtsverletzung ist im auf Gesetze gestützten Recht nur bei der Verletzung von Patent- und Gebrauchsmusterrechten vorgesehen. Diese gesetzliche Haftung betrifft das Anbieten oder Bereitstellen von Mitteln zur Nutzung der Erfindung an Personen, die zur Verwertung der geschützten Erfindung nicht berechtigt sind. Die Mittel müssen sich auf ein wesentliches Element der Erfindung beziehen, und eine weitere Voraussetzung ist, dass die Person weiss bzw. es unter den Umständen offensichtlich ist, dass die Mittel für die Nutzung der Erfindung gedacht und dazu geeignet sind, damit eine Beihilfe zur Urheberrechtsverletzung gegeben ist. Die Finnische Gruppe kennt keine damit zusammenhängende rechtliche Praxis, die weitere Anweisungen für eine Anwendung der oben genannten Kriterien gäbe. Falls es sich bei den Mitteln um stabile kommerzielle Produkte handelt, treffen die Bestimmungen über eine Beihilfe zur Urheberrechtsverletzung nur zu, wenn der Beihilfeleistende zur Urheberrechtsverletzung versucht, den Empfänger zu einer direkten Urheberrechtsverletzung zu verleiten.

Das Gesetz über unlautere Geschäftsmethoden enthält eine allgemeine Bestimmung, die Handlungen verbietet, welche gegen faire Geschäftsmethoden verstossen oder ansonsten unfair gegenüber anderen Unternehmern sind. Dies kann zur Verhinderung gewisser Praktiken oder Handlungen anwendbar sein, die im Laufe der Zeit auf eine Beihilfe zur Urheberrechtsverletzung hinauslaufen oder damit vergleichbar sind, bzw. kann es abwendbar sein, um eine Haftung für solche Handlungen zu ermöglichen.

Die rechtlichen Konsequenzen einer Beihilfe zur Urheberrechtsverletzung eines Patentes oder Gebrauchsmusters sind im Prinzip dieselben wie bei einer direkten Urheberrechtsverletzung. Der Eigentümer des Urheberrechtes kann eine einstweilige Verfügung oder eine gerichtliche Verfügung gegen eine dritte Partei beantragen, um eine Fortsetzung oder Wiederholung der Verletzung zu verhindern. Ausserdem ist eine Person, die ein Patent oder ein Gebrauchsmuster verletzt und absichtlich oder nachlässig handelt, verpflichtet, eine angemessene Entschädigung für die Verwertung der Erfindung sowie Schadensersatz für andere durch die Verletzung verursachte Schäden zu zahlen. Was die Verletzung fairer Geschäftsmethoden anbetrifft, ist es möglich, eine einstweilige Verfügung und Schadensersatz zu beantragen. Jedoch wird die Schadensersatzpflicht nach dem allgemeinen Schadensersatzrecht beantragt und entschieden.