

Report Q204

in the name of the Japanese Group

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.?*

The Japanese Patent Act, Trademark Act, and Design Act have provisions concerning liability for contributory infringement. Under the Copyright Act, which has no such provision, an act equivalent to a contributory infringement in substance shall be deemed to constitute an infringement (further explanation will be provided later).

- 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 general, it is not a condition for the establishment of contributory infringement that the means supplied is actually used by another person committing direct infringement.

- 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.

Patents:

Article 101, item 1 and item 4 specify that acts of offering any product to be used “exclusively” for the production of a patented product or for the use of a process invention shall constitute indirect infringement. Items 2 and 5 of said Article specify that acts of offering any product to be used for the production of a patented product or for the use of a process invention, and which is indispensable for the resolution of the problem by said invention, knowing that said product will be used for the working of the patented invention, shall constitute indirect infringement.

As mentioned earlier, the use of the offered means by another person to commit direct infringement is not generally required for the establishment of indirect infringement. For example, indirect infringement will still be found even if the use of such means will be limited to domestic or home use. Meanwhile, it has been widely accepted by courts that there will be no indirect infringement if the use of the means takes place only in another country. Most theories support the interpretation that there will be no indirect infringement in case use of such means is limited to experimental research on the patented invention itself.

Designs:

Article 38, item 1 of the Design Act specifies that acts of offering any product to be used “exclusively” for the producing of any article embodying a registered design or a design similar thereto shall constitute indirect infringement.

Trademarks:

The Trademark Act prohibits the following acts which are considered equivalent to contributory infringement:

- i) In the case of a trademark registered for a service, the act of offering an article with a trademark that is used in the course of the provision of the service by a customer (for example, a plate used in a restaurant), with the purpose of making said product used on the provision of the service; and
- ii) The act of offering an article indicating a trademark with the purpose of causing the trademark to be used.

These acts do not require the use of the trademark by the person to which the product was offered. However, the wording, “with the purpose of making said product used,” and “with the purpose... to be used” suggests that the actor needs to be aware that the person to which the actor offers such a product/article is likely to conduct either of these acts. It is widely interpreted that the Trademark Act is applicable only if the infringing acts by the person who acquired the product/article are conducted in Japan.

Copyrights:

The Copyright Act does not have a provision on contributory infringement. However, there are many precedents where the court accepted a request for an injunction against a person who had provided a means that was used to commit copyright infringement (including any act that would be regarded as infringement if there were no provisions that restrict copyrights; hereinafter the same), by holding that the person shall be deemed to be a “person infringing or presenting a risk of infringing” a copyright (Article 112, para.1 of the Copyright Act); in other words, a copyright infringer (direct infringer) even if that person had not actually used the means. A person who offers a means to be used to commit copyright infringement shall be considered as an infringer only if (1) the person is in a position to control and manage the copyright infringing act and (2) the profits generated by the act belong to that person.

Meanwhile, in the case of the use of an automatic reproduction machine to make a copyright-infringing reproduction, any person who supplies a device or program designed solely for the purpose of evading a technological protection measure shall be subject to a criminal penalty under the Copyright Act.

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

As explained earlier, such rules are set out in the Patent Act, the Design Act, and the Trademark Act, while the Copyright Act stipulates no such rules.

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?*

Regarding copyrights, as described earlier, the definition of an infringer is broadened under the Copyright Act to such an extent that acts equivalent to contributory infringement may be deemed as infringement.

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 IPR owner is entitled to claim both an injunction and damages against a person who has committed the aforementioned act.

On the other hand, an IPR owner is not entitled to claim an injunction against a person who has assisted a direct infringer. However, the owner may be found to be entitled to claim damages because such an act of assisting a direct infringer could be deemed to be a tort. As circumstances greatly differ from one precedent to another, it is difficult for us to identify clear criteria for determining in what cases a claim for damages should be permitted.

The amount of compensation given to the IPR owner is determined on a case-by-case basis. In some cases, the IPR owner obtains damages to the same extent as is the case with direct infringement. In other cases, the IPR owner is entitled to claim damages only relative to the contributory infringer's contribution.

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?*

There should be such measures. More importantly, we should have clear rules on such acts. Otherwise, companies would be inconvenienced by the lack of predictability in their IPR-related activities.

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

As the AIPPI Japan Group, we support the conditions specified in the Japanese statutory laws. The minimum conditions that an act must satisfy in order to be regarded as contributory infringement are as follows:

- a) An article offered is highly likely to be used to commit direct infringement (including any act of working a patented invention that does not constitute patent infringement (such as home use) and any act that does not constitute infringement due to provisions restricting the copyright (such as a private reproduction));
- b) An article offered is not identical to any widely circulated product.

To achieve harmonisation, at least in such specific cases as presented below, the AIPPI Japan Group thinks it is reasonable to permit a claim for an injunction and damages based on

the right effective in Country A, while it is uncertain whether such claim is permitted under Japanese law in reality.

Case 1:

ACOM, a company incorporated in Country A, engages in the business of producing Product X exclusively for exportation to Country B and exporting it to said Country. The sale of the product in Country A would constitute contributory infringement of the patent if sold to another company in Country A. In Country B, BCOM, a company incorporated in Country B, engages in the production of patented Product Y by use of Product X and exports at least a part of the produced products to Country A. In this case, the patentee of the patent granted in Country A should be permitted to claim damages and an injunction against ACOM's act of exporting Product X based on the patent granted in Country A.

Case 2:

ACOM, a company incorporated in Country A, engages in the business of producing labels on which the famous Trademark X is printed and exporting them to Country B, where BCOM, a company incorporated in Country B, engages in the business of placing X labels on Product Y and selling Product Y in Country B. In this case, the trademark holder in Country A should be permitted to claim damages and an injunction against ACOM's act of exporting X labels based on the trademark right granted in Country A.

Case 3:

ACOM, a company incorporated in Country A, engages in the business of producing labels on which Trademark X, which is neither well-known nor famous, is printed and exporting them to Country B, where BCOM, a company incorporated in Country B, engages in the business of placing X labels on Product Y and selling Product Y in Country B. In this case, if the trademark holder in Country A has a corresponding trademark in Country B, the trademark holder should be permitted to claim damages and an injunction in Country A against ACOM's act of exporting X labels based on the trademark right granted in Country A.

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

The conditions should be different.

In the case of a copyright, strict criteria for identifying contributory infringements are necessary because relaxed criteria would lead us to identify every appliance such as a copier, DVD recorder or PC as a device to be used to commit contributory infringement. In a case where contributory infringement involves two countries, as exemplified in the case presented above, patents and trademarks should be discussed separately. In the case of a trademark, it is not uncommon to find a trademark or a trademark similar thereto owned by different persons in different countries. If the registration of a trademark in each country is obtained by the same person, the scope of the trademark right would be almost the same. On the other hand, in the case of a patent, it is rare to find a patent owned by different persons in different countries. Even if the registration of a patent in each country is obtained by the same person, it would not necessarily mean that the scope of the patents are exactly the same. This difference between patents and trademark rights should be taken into consideration in discussing the issue of contributory infringement.

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?*

Basically, we should discuss the issue of contributory infringement based on the premise that a claim for an injunction against a contributory infringer should be permitted. It is extremely difficult to present standard patterns of contributory infringement cases where a claim for damages should be permitted. This is because there are various types of contributory infringements against which a claim for damages should be permitted. The issue of whether a claim for damages should be permitted where a claim for an injunction is not permitted, needs to be discussed separately.

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

Legal consequences should be the same regardless of which IPR is at issue.

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

Our opinion for harmonisation is as follows:

The act of offering an article should not be regarded as contributory infringement as long as the article is used in an experimental research on the patented invention. "Experimental research" mentioned herein should be limited to that whose research subject is the patented invention in question.

Summary

In Japan an act of contributory infringement can be subject to injunction and compensation of damages under the Patent Act, Design Act and the Trademark Act. Under these Acts, it is generally understood that if direct infringement takes place only outside Japan, contributory infringement cannot be found even if the means are provided by exportation from Japan.

There are no contributory infringements under the Copyright Act, but the Courts have been finding "contributory infringement" acts infringing by expanding the idea of the "direct infringer".

The Japanese group is, under certain circumstances, in favour of finding infringement of IPRs even if "direct infringement" only takes place outside Japan. For example, we think it appropriate to be able to enjoin exportation of goods that are used solely for the manufacture of patented products where such patented products are imported into Japan.

Moreover, whatever position we may take on contributory infringement, we think it most important to bear in mind that every rule should be clear. Otherwise, the rules of contributory infringement will unnecessarily hinder economic activities.

Résumé

Au Japon, l'acte de violation contributive peut engendrer l'injonction et les dommages-intérêts sous la loi de brevet, la loi de dessin et la loi de marque. Selon ces lois, on considère généralement que si la violation directe a eu lieu seulement à l'extérieur du pays, la violation contributive n'est pas identifiée, même si les moyens sont fournis par l'exportation du Japon.

Il n'y a pas de violation contributive sous la loi d'auteur, mais les tribunaux ont reconnu des actes de "violation contributive" en élargissant l'idée de "violateur direct".

Le groupe japonais est, sous certaines conditions, en faveur de juger sur la violation du droit de propriété intellectuelle, même si la "violation directe" a eu lieu seulement à l'extérieur du Japon. Par exemple, nous considérons qu'il est approprié d'imposer l'exportation des marchandises qui sont utilisées uniquement pour la fabrication de produits brevetés quand de tels produits brevetés sont importés au Japon.

De plus, indépendamment de notre position concernant la violation contributive, nous pensons que le plus important facteur est de considérer que toutes les règles soient claires. Faute de quoi, la règle de la violation contributive n'endommagera qu'inutilement les activités économiques.

Zusammenfassung

Einer Handlung, die eine mittelbare Verletzung von IPRs darstellt, kann in Japan laut dem Patentgesetz, dem Geschmacksmustergesetz und dem Markengesetz mit Unterlassungsklagen und Schadensersatzforderungen begegnet werden. Den genannten Gesetzen zufolge wird allgemein davon ausgegangen, dass im Falle einer direkten Verletzung nur ausserhalb Japans keine mittelbare Verletzung festgestellt werden kann, auch wenn die Mittel dafür durch Export aus Japan verfügbar gemacht wurden.

Das Urheberrecht kennt keine mittelbare Verletzung; die Gerichte haben jedoch durch Erweiterung des Konzepts des „direkten Verletzers“ Tatbestände mittelbarer Verletzung feststellen können.

Unter bestimmten Bedingungen spricht sich die japanische Gruppe für eine Haftung wegen mittelbarer Verletzung im Zusammenhang mit geistigen Eigentumsrechten aus, selbst wenn die „direkte Verletzung“ nur außerhalb Japans stattfindet. Beispielsweise halten wir es für angemessen, den Export von Erzeugnissen zu untersagen, die ausschließlich zur Herstellung patentierter Produkte verwendet werden, falls diese patentierten Produkte nach Japan importiert werden.

Unabhängig von unserem Standpunkt bezüglich einer mittelbaren Verletzung von IPRs halten wir die Klarheit aller Regelungen für vordringlich. Anderenfalls würden entsprechende Beihilferegulungen die wirtschaftliche Aktivität in unnötiger Weise behindern.