

Report Q204

in the name of the Malaysian Group
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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 national law of Malaysia does not specifically provide for liability for contributory infringement of IPRs. However, there are several pending civil actions whereby entities are being sued for acts of contributory infringement of IPRs. Judgments have yet to be delivered on these cases:

- Landlord liability (civil): *Charles Alexander Monteiro (suing on behalf of RIM) & 2 Ors v Cempaka Properties Sdn Bhd & 2 Ors* (Malaysian High Court – 20 March 2006).
- Landlord liability (criminal): *Public Prosecutor v Bellwood Sdn Bhd* (Kuching Sessions Court Criminal Summons No. 63-91-06-1/11).

- 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?*

Conditions have yet to be imposed by the courts of which are currently applying common law principals – no test case has been reported as yet.

- 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.

N/A.

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

No, there are no statutory provisions set out in the laws protecting IPRs within the existing Malaysian statutes. The statutes as they stand only impose liability on direct infringers.

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?

Yes, common law has been applied in order to extend the scope of liability for the infringement of IPRs. For example, the Recording Industry of Malaysia (RIM) has filed the above actions based on the common law principles of tort where landlords should be held liable for being negligent as to the occasioning of unlawful activity in premises that they own and/or control.

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?

None reported yet.

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 as defined in the Working Guidelines where there is (actual/constructive) knowledge on the part of the contributory infringer of the infringing act.

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

2 view points:

- a) Perhaps we need to extend law to impose a higher standard of care upon landlords;
OR
- b) Actual or constructive knowledge needs to be proven before landlord / infringer is held liable.

Example:

Printing company prints tags for luxury bags or boxes for tablets, then yes, they would have knowledge and therefore can be held liable. Injunctive relief as well as damages can be awarded against them.

If, however, a landlord rents out his shop:

- i) to a general store owner where counterfeit bags are being sold – still obvious therefore should have knowledge
- ii) to a pharmacy where counterfeit drugs are being sold, then he may not have the requisite knowledge.

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

Yes. (presuming knowledge is a condition).

Because some infringements are more obvious than others. For example, copyright infringement in terms of pirated DVDs etc and TM/design infringements in terms of counterfeit goods are easier to spot. Patent infringements would be more difficult for a layman to detect (eg. Pharmaceuticals).

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?*

Injunctive relief would be more suitable for contributory infringers. However, if it can be shown that they enjoyed monetary benefits as a result of the infringement (that they normally would not have acquired), then perhaps damages can be awarded.

- *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?*

Damages should be relative to the contributory infringer's contribution.

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

Again, dependant on the factors above. Otherwise, the same.

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

No.