

Report Q204

in the name of the Singapore Group
by Stanley LAI

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.?*

Following other patent systems, section 66(1)(b) of the Singapore Patents Act renders it impermissible for any person to use or offer a process for use in Singapore when he knows, or it is obvious to a reasonable person in the circumstances, that its use without the consent of the proprietor would be an infringement of the patent. Under strict territoriality, both the offer and use must be in Singapore, and the offeror's knowledge is judged objectively, taking into account what is "obvious to a reasonable person in the circumstances."

Whilst enabling illicit commercial use of a trademark is not per se contributory infringement, section 27(5) of the Singapore Trade Marks Act provides that a person who (a) applies a sign to any material used or intended to be used for labelling or packaging goods; or (b) uses a sign on any invoice, wine list, catalogue, business letter, business paper, price list or other commercial document, or advertising, is deemed not to use the sign if, at the time of such application or use, he does not know nor has reason to believe that the proprietor or a licensee of the registered trade mark did not consent to such application or use of the sign. A printer or packager who actually applies a trade mark will be party to any subsequent infringing use of the mark if he knew or had reason to believe that the application of the mark was not authorised.

In copyright, liability exists for infringing authorisations, ie. the copyright in a literary, dramatic, musical or artistic work is infringed by a person who, not being the owner of the copyright, and without the licence of the owner of the copyright, does in Singapore or authorizes the doing in Singapore of, any act comprised in the copyright: section 31, Singapore Copyright Act. This is a form of primary infringement that also applies to acts that are done in relation to subject matter other than works, such as sound recordings, films, published editions, broadcasts and cable programmes (section 103). The Court of Appeal decision in *Ong Seow Pheng v Lotus Development Corporation* [1997] 3 SLR 137 is instructive on infringing authorisations. The plaintiff owned copyright in various computer programs and accompanying manuals. Copyright infringement proceedings were commenced in respect of the defendants' breaches, and summary judgment was obtained. At the stage of assessment of damages, it was found that the defendant had dealt with a total of 6720 infringing copies of program manuals and infringing copies of the programs. The defendant was a manufacturer of infringing copies of computer manuals, and these would be sold to retailers together with a single infringing copy of the software program. The retailers would then make

enough infringing copies of the programs to match the infringing copies of the manuals. It was argued, inter alia, that damages should be awarded on the basis that the defendant had authorised retailers (as customers) to make many infringing copies. In a seminal judgment, the Court of Appeal concluded that there was no infringing authorisation. The defendant's customer was found to be a software pirate, and he did not need the defendant or anyone else to tell him to make any infringing copies for sale to his customers or otherwise. The defendant may have facilitated or even incited the pirate's infringements but this was held not to be same as authorisation. Another issue was that once the infringing manuals and programs were delivered to the customer, the defendant no longer had control over what its customer did. Infringing authorization is actually a form of primary infringement, even though it shares common considerations with contributory infringement.

The Copyright Act also provides for secondary infringement by importation (for sale or hire), sale and other dealings, where a defendant knows, or ought reasonably to know that the making of the article was carried out without the consent of the owner of the copyright. (see for example sections 32, 33 Copyright Act). Manufacturing a copyrighted article also attracts criminal sanctions. Section 136(1) of the Copyright Act provides that "a person who at a time when copyright subsists in a work - (a) makes for sale or hire; (b) sells or lets for hire, or by way of trade offers or exposes for sale or hire; (c) by way of trade exhibits in public, any article which he knows, or ought reasonably to know, to be an infringing copy of the work shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$10,000 for the article or for each article in respect of which the offence was committed or \$100,000, whichever is the lower, or to imprisonment for a term not exceeding five years or to both. Section 136(1) is broad and covers a wide variety of acts involved in the commercial exploitation of infringing copies.

The Singapore Designs Act gives to the registered owner the exclusive right to make in Singapore or import into Singapore for sale or hire, use for the purpose of trade or business or exposure for sale or hire, in Singapore, any article in respect of which the design is registered and to which that design or a design not substantially different from it has been applied. (section 30(1) Registered Designs Act). Liability extends to persons, who, without the consent of the right owner, make anything for enabling any article referred to in section 30(1) Registered Designs Act to be made in Singapore or elsewhere. (section 30(2)(b))

Insofar as some IPR infringements may also disclose criminal offences, there are also criminal provisions in respect of assistance provided in the commission of an offence: sections 107, 108 Penal Code.

- 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?*

See above. Generally the assistance that is rendered to primary acts of infringement should be in respect of acts that are done in Singapore, one notable exception being section 30(2) (b) Registered Designs act, discussed above, which appears to suggest that the recipient of assistance may make an infringing article in Singapore or elsewhere, for liability to arise.

- 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.

See answer to (1). By way of general observation, for patents, copyrights, and trade marks the recipients of contributory assistance must be found to have committed acts in Singapore. For Registered Designs, section 30(2)(b) provides that a registered design is infringed by anyone who, without consent, makes anything for enabling any article referred to in subsection (1) to be made in Singapore or elsewhere.

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

Not all of the rules concerning 'contributory infringement' are set out in the laws protecting IPR.

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. The applicable common law torts that are applicable in Singapore include the (possible) tort of inciting an infringement of IPR as well as the general law on joint tortfeasorship. As to the former, reference is made to *CBS Songs Ltd v Amstrad Consumer Electronics plc* [1988] 2 All ER 484 (part of the Common law of Singapore), where Lord Templeman accepted that a defendant who procures a breach of copyright is liable jointly and severally with the primary infringer (at p.496), but the view can also be taken that such procurement is committed pursuant to a common design (see below).

The Singapore courts have defined the law of joint tortfeasorship into two broad categories (a) where one party conspires with the primary party or induces the commission of the tort; or (b) where two or more persons join in a common design pursuant to which the tort is committed. See *Trek Technology (Singapore) Pte Ltd v FE Global Electronics Pte Ltd and Others and other Suits* (No. 2) [2005] 3 SLR 389.

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?*

On the first question, injunctive relief can be obtained under generally established principles. On the second question, IPR infringements are viewed as the commission of tortious acts, and the Singapore courts have a broad discretion over the award of damages, and for contributory infringement they are likely to apportion damages according to wrongdoing and the extent of contribution, in accordance with established rules of causation and remoteness of damage. In the case of joint-tortfeasorship, each actor is jointly and severally liable for

the loss suffered, but the Courts will investigate causative contributions before deciding on apportionment.

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.

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

The same conditions as those required in joint tort-feasorship: (a) where one party conspires with the primary party or induces the commission of an infringement of IPR; or (b) where two or more persons join in a common design pursuant to which an IPR is infringed. Actual or constructive knowledge of primary IPR infringement should always be the pre-condition to establishing any form of contributory liability.

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

The conditions set out above should be harmonised for all IPRs in the interests of consistency. This is over and above specific acts of contributory infringement that may be found and vary between different IPR.

- 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 answer to the first question is yes. With reference to damages/compensation, the Courts should be vested with a broad discretion to apportion damages accordingly, depending on the causative contribution in any given case.

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

No, the legal consequences should be harmonised for all IPRs, as far as practicable, whilst recognizing that certain remedies may not be available for certain IPRs, for example no statutory damages can be awarded for patent infringement.

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

It is a difficult subject for harmonization, given the inherent differences that lie between different legal traditions.

Summary

In Singapore, liability for contributory infringement is imposed by several statutes for specific activities (eg. manufacturing, using or offering a process for use that infringes a patent, labelling or packaging knowing that the application of a sign was not authorised), imposing a requirement of knowledge for the contributory infringer. In the case of copyright, contributory infringement can also take the form of primary infringement in the form of infringing authorisations. Under common

law, liability for joint tortfeasorship will also be imposed in two situations (a) where one party conspires with the primary party or induces the commission of an infringement of IPR or (b) where two or more persons join in a common design pursuant to which an infringement is committed. Injunctive and monetary relief are generally available for contributory infringement in Singapore.

The Singapore Group is of the view that the AIPPI should propose to include express conditions concerning liability for contributory infringement in national laws to rationalise the common law, statutory and/or other treatments of the subject that currently exist. At the same time, the group recognises that this is a difficult subject for harmonization, given the inherent differences that lie between different IPRs and legal traditions.