

Report Q204

in the name of the United Kingdom Group
by Justin WATTS, Clare CUNLIFFE, Barbara COOKSON, Ailsa CARTER,
Alejandro GARCIA, Ari LAAKKONEN, Ben CLOSSICK-THOMSON, Daniel BROOK,
Ewan NETTLETON, Florian LEVERVE, Geoff BAYLISS, Jonathan TURNER, Jim TUMBRIDGE,
Katherine MCCONNELL, Sally MANNION, Mark CHACKSFIELD, Mark HAFTKE,
Neil JENKINS, Rhys WILLIAMS, Ron MOSCONA, Simon COOPER and Paul ENGLAND

Liability for Contributory Infringement of IPRs

Questions

1) Analysis of current legislation and case law

Introduction

This response describes UK law insofar as it concerns specific acts amounting to contributory or indirect infringement of intellectual property rights (IPRs).

It does not address any general laws concerning “joint” infringement, such as torts of engaging in a common design/joint tortfeasance or procuring the commission of a tort. Nor does it address infringement where such infringement would result in criminal liability or “joint” liability for criminal acts, for example, aiding and abetting.

The expression “contributory infringement” can be understood to refer to torts of indirect or secondary infringement in UK law, in contrast to direct or primary infringement or “joint” infringement. However, the expression has no specific statutory definition.

- 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.?*

1.1) PATENTS

Yes. Section 60(2), 60(3), 60(5) and 60(6) of the UK Patent Act 1977 (the “UKPA 1977”) should be considered in this respect.

Section 60(2) sets out the basic rule relating to contributory infringement of a patent in the following terms:

“Subject to the following provisions of this section, a person (other than the proprietor of the patent) also infringes a patent for an invention if, while the patent is in force and without the consent of the proprietor, he supplies or offers to supply in the UK a person other than a licensee or other person entitled to work the invention with any of the means, relating to an essential element of the invention, for putting the invention into effect when he knows, or it is obvious to a reasonable person in the circumstances, that those means are suitable for putting, and are intended to put into effect in the United Kingdom.”

Section 60(3) UKPA 1977¹, provides a defence to infringement in relation to the supply or offer of staple commercial products in certain circumstances. Finally, Section 60(6)² makes clear that the expression “person entitled to work the invention” in Section 60(2) does not cover certain classes of person, e.g. private and non-commercial users. It follows that there can still be a contributory infringement by a supplier to an end-user even if the end-user is excluded from infringement because (for instance) the end-user acts only privately and for purposes which are not commercial³.

1.2) TRADE MARKS

There are various aspects of this question to consider because of the different types of marks which may be in force in the UK: (1) UK Trade Marks, and (2) Community Trade Marks (CTMs). These will each be considered below.

1.2.1) UK TRADE MARKS

The rights of owners of UK trade marks are set out in Sections 9 and 10 of the Trade Marks Act 1994 (the “1994 Act”) which largely mirror Article 5 of the Trade Mark Directive (Directive 89/104 of 21 December 1988).

Section 9(1) of the 1994 Act⁴ states that the proprietor of a registered trade mark enjoys exclusive rights in the UK, which section 10 of the Act lists.

Notably, whilst the rights set out in sections 10(1)-(4) largely follow the provisions of Article 5 of the Trade Mark Directive, section 10(5) is a separate provision relating to infringing acts not expressly provided for under the Directive. Section 10(5) includes the following acts which can be seen as amounting to “contributory” infringement:

“A person who applies a registered trade mark to material intended to be used for labelling or packaging goods, as a business paper, or for advertising goods or services, shall be treated as a party to any use of the material which infringes the registered trade mark if when he applied the mark he knew or had reason to believe that the application of the mark was not duly authorised by the proprietor or a licensee.”

Under Art 3 Trade Marks (International Registration) Order 1996, the position is identical for international trade marks.

1.2.2) CTMs

A brief discussion of the community trade mark is included here for completeness.

The rights provided to owners of CTMs under the CTM Regulation (Council Regulation 40/94 of 20 December 1993) are set out in Article 9.

¹ “Subsection (2) above shall not apply to the supply or offer of a staple commercial product unless the supply or the offer is made for the purpose of inducing the person supplied or, as the case may be, the person to whom the offer is made to do an act which constitutes an infringement of the patent by virtue of subsection (1) above.”

² “For the purposes of subsection (2) above a person who does an act in relation to an invention which is prevented only by virtue of paragraph (a),(b) or (c) of subsection (5) above from constituting an infringement of a patent for the invention shall not be treated as a person entitled to work the invention[...].” Section 60(5)(a)–(c) provides: “(5) An act which, apart from this subsection, would constitute an infringement of a patent for an invention shall not do so if – (a) it is done privately and for purposes which are not commercial; (b) it is done for experimental purposes relating to the subject-matter of the invention; (c) it consists of the extemporaneous preparation in a pharmacy of a medicine for an individual in accordance with a prescription given by a registered medical or dental practitioner or consists of dealing with a medicine so prepared [.]”

³ Section 60(5)(a) Patents Act 1977 provides that acts done privately and for purposes which are not commercial are not infringing acts.

⁴ “The proprietor of a registered trade mark has exclusive rights in the trade mark which are infringed by use of the trade mark in the United Kingdom without his consent. The acts amounting to infringement, if done without the consent of the proprietor, are specified in section 10.”

As in the Trade Mark Directive, there is no express provision in the CTM Regulation addressing the issue of “contributory” infringement in contrast to the UK’s 1994 Act (section 10(5)).

Article 14 of the CTM Regulation does provide that whilst the effects of CTMs are to be governed solely by the provisions of the Regulation, infringement of CTMs shall be governed by national law relating to infringement of national marks in other respects, and that the Regulation does not prevent actions on CTMs being brought under the laws of Member States. On this basis, it may be possible for CTM owners to rely on the rights provided by section 10(5) of the 1994 Act, but no specific case law on this point is known.

1.3) COPYRIGHT

The Copyright Designs and Patents Act 1988 (the “CPDA”) identifies the acts restricted by copyright. There are several classes of infringing act, which may be classed as contributory infringement.

1.3.1) Authorising a restricted act

A person infringes copyright if they, inter alia, authorise another to do any infringing act without the licence of the copyright owner. Section 16(2). It is not clear whether this falls within the scope of “contributory infringement” for the purposes of Q204 but for completeness we have assumed that it does.

1.3.2) Providing articles for making infringing copies

A copyright work is also infringed by a person who, without the licence of the copyright owner (a) makes, (b) imports into the UK, (c) possesses in the course of a business, or (d) sells or lets for hire, or offers or exposes for sale or hire, an article specifically designed or adapted for making copies of that work, knowing or having reason to believe that it is to be used to make infringing copies. Section 24(1).

1.3.3) Transmitting work for making infringing copies

Copyright in a work is also infringed by a person who without the licence of the copyright owner transmits the work by means of a telecommunications system (otherwise than by communication to the public), knowing or having reason to believe that infringing copies of the work will be made by means of the reception of the transmission in the UK or elsewhere. Section 24(2).

1.3.4) Permitting use of premises for infringing performance

Where the copyright in a literary, dramatic or musical work is infringed by a performance at a place of public entertainment, any person who gave permission for that place to be used for the performance is also liable for the infringement unless when he gave permission he believed on reasonable grounds that the performance would not infringe copyright. Section 25(1).

1.3.5) Assisting infringement by public performance

Where copyright in a work is infringed by a public performance of the work, or by the playing or showing of the work in public, by means of apparatus for (a) playing sound recordings, (b) showing films, or (c) receiving visual images or sounds conveyed by electronic means, the following people are also liable for the infringement:

- a) a person who supplied the apparatus, or any substantial part of it, if when he supplied the apparatus or part, he knew or had reason to believe that the apparatus was likely to be used to infringe copyright, or in the case of apparatus whose normal use involves a public performance, playing or showing, he did not believe on reasonable grounds that it would not be so used as to infringe copyright (section 26(2));

- b) an occupier of premises who gave permission for the apparatus to be brought onto the premises, if when he gave permission he knew or had reason to believe that the apparatus was likely to be so used as to infringe copyright (section 26(3));
- c) a person who supplied a copy of a sound recording or film used to infringe copyright, if when he supplied it he knew or had reason to believe that what he supplied, or a copy made directly or indirectly from it, was likely to be so used as to infringe copyright (section 26(3)).

1.4) DESIGNS

The following four types of design right are available in the UK⁵:

- a) UK registered design right;
- b) UK unregistered design right;
- c) community registered design right (which was available from 1 April 2003); and
- d) community unregistered design right (which was available from 6 March 2002).

UK law provides for liability for a form of “contributory infringement” but only in respect of unregistered UK design rights. Under UK law, as explained below, it is an infringement to make a design document recording the design for the purpose of enabling such articles to be made. Community law on designs is not covered in this response.

1.4.1) UK unregistered design right

UK unregistered design rights are regulated by the Copyright, Designs and Patents Act 1988 (the “CDPA”). The right automatically subsists when an original design has been recorded in a design document or an article has been made to the design, and confers protection against copying only for the designs of the shape of three dimensional articles (whether visually attractive or not) for up to 15 years.

The owner of design right in a design has the exclusive right to reproduce the design for commercial purposes by making either:

- a) articles to that design (section 226(1)(a), CDPA); or
- b) a design document recording the design for the purpose of enabling such articles to be made (such as an engineering drawing) (section 226(1)(b), CDPA).

Infringement occurs when a person, without the licence of the design right owner, does *or authorises another* to do anything which is the exclusive right of the design right owner (section 226(3), CDPA).⁶

Under section 226(1)(b) CPDA, the maker of the design document will still be committing an infringing act even if he does not in fact go on to manufacture the articles to which the design relates, *provided that he made the drawing for the purpose of reproducing the design for commercial purposes*.

⁵ The EU has introduced two measures to harmonise the national diversity of design rights. These are:

- a) Directive 98/71 on the legal protection of designs (the Directive) – this was passed in 1998 to harmonise the essential substantive features of national registered design laws across the EU. It had to be implemented by the member states by 28 October 2001. The Directive only deals with harmonisation of national registered design rights – it does not affect national unregistered design rights; and
- b) Regulation 6/2002 on Community designs (the Regulation) – this came into force on 6 March 2002 and introduces Community-level unregistered and registered design right protection which co-exists with national rights (in much the same way as the Community trade mark). Being an EU regulation, it is directly enforceable in member states.

⁶ Where copyright and design right both exist in a work, it is not an infringement of the design right to do something that infringes the copyright (section 236 CDPA).

This provision was considered in *Societa Esplosivi Industriali Spa v (1) Ordnance Technologies (UK) Limited (2) Impact Science Limited (3) Stephen Cardy* [2007] EWHC 2875 (Ch). Lindsay J stated that there were two classes of infringement in the section: a “making class” and a “document class”.

In relation to the document class, the judge highlighted the need to consider the defendant’s state of mind. He held that a successful claim under section 226(1)(b) depended on proving that what the defendant did or authorised to be done, by way of the making of a design document recording the design in question, was done with the purpose of enabling articles to be made to the design. However, it was not necessary that he, or those he authorised, made the articles. This consideration of the defendant’s purpose was in addition to the commercial purpose referred to at the beginning of section 226. Applying this reasoning to the facts of the case, the judge held that there had been no design right infringement in relation to a particular work under the document class because, among other things, the relevant project had not related to manufacture but to design study and evaluation, and no infringing.

- 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?*

2.1) PATENTS

There is no express statutory or case law requirement for the means being supplied to be actually used by another for committing direct infringement. The means need only be suitable for and intended to put the invention into effect in the United Kingdom (section 60(2) of the UKPA 1977). Whether there is an intention to put the invention into effect may, however, depend on whether it is possible for direct infringement to occur.

2.2) TRADE MARKS

Yes, this does appear to be a condition for such liability for the reasons given below.

The wording of section 10(5) of the 1994 Act set out above provides that the person found to infringe the section “shall be treated as a party to any use of the material which infringes the registered trade mark” where he has applied the mark intended for the specified uses with the knowledge or reason to believe this was without the authorisation of the proprietor or a licensee. The section is therefore understood to require actual use of the infringing material, and is thought only to establish liability where such use takes place.

Additionally, the primary infringing use is thought to have to take place in the UK. In that regard, as explained in a leading treatise on UK trade mark law⁷:

“... If the labelling or packaging is to be taken abroad and only to be applied to the goods outside the United Kingdom then there can be no infringement.”

Although there is very little case law on section 10(5), this position seems relatively clear from *Beautimatic v Mitchell*⁸. There, the Court had to consider, inter alia, whether the acts of two of the defendants, Alexir and Mitchell, relating to packaging infringed section 10(5). Alexir, at the request of Mitchell, had manufactured labels using the relevant mark (LEXUS), some of which were then affixed by Mitchell to the packaging in question, and the packaging and the remaining labels were then sent abroad where they were used to package and label goods. The Court interpreted section 10(5) as extending the ambit of sections 10(4)(a) and 10(4)(d) of the 1994 Act to “a person who applies a registered trade mark to material intended to be used” for the purposes described in either of those sections. Sections 10(4)(a) and 10(4)(d)

⁷ Paragraph 14-036, Kerly’s Law of Trade Marks and Trade Names, Fourteenth Edition.

⁸ [2000] F.S.R. 267.

specify that uses of signs under section 10 include affixing a sign to goods/their packaging and using it on business papers/in advertising respectively. The Judge held that section 10(4)(a) was to be read as referring to activities within the UK, particularly in light of section 9(1) which contains a territorial restriction in that it provides that proprietors have exclusive rights in marks which are infringed by use without their consent in the UK. On this basis, the territorial restriction applied equally to section 10(5).

Other conditions that apply in such cases are discussed in relation to question 3 below.

2.3) COPYRIGHT

2.3.1) Authorising a restricted act (section 16(2))

Case law is not settled yet on whether section 16(2) infringement can be found without the act authorised having been committed⁹ ¹⁰.

Section 16 of the CPDA refers to the exclusive rights of the copyright owner in the UK, which suggests that the act authorised must be in the UK. However provided the act authorised takes place in the UK, the act of authorisation may take place abroad¹¹.

2.3.2) Providing articles for making infringing copies (section 24(1))

The wording of the statute suggests that means do not actually have to be used (i.e. no direct infringement required). The definition of “infringing copy” in section 27(3) of the CPDA¹² suggests that the knowledge or reason to believe must be regarding use in the UK or the importation into the UK of copies made from the “article specifically adapted”.

2.3.3) Transmitting work for making infringing copies (section 24(2))

The wording of the statute suggests that direct infringement is not required. Despite the reference to copies made by means of the reception “in the UK or elsewhere”, the definition of “infringing copy” in section 27(3) CPDA suggests that the knowledge or reason to believe must be regarding the making of infringing copies in the UK or the making abroad and subsequent importation into the UK of copies which would be infringing if made in the UK.

Note that a person who transmits a work by electronic means may also be liable for the primary act of infringement by reproduction. As this is a tort of strict liability, it is not a condition that the received transmission is used by another.

2.3.4) Permitting use of premises for infringing performance (section 25(1))

The wording of the statute makes clear that primary infringement is a pre-condition for the secondary infringement of permitting use of premises for an infringing performance. In accordance with section 16(1) CPDA, such primary infringement must be in the UK. By analogy with the tort of authorisation, it is possible that the tort would still be affected if the permission was given abroad, but this remains unresolved by case law.

2.3.5) Assisting infringement by public performance (section 26)

The wording of the statute makes clear that primary infringement by the public performance of a work or by the playing or showing of it in public is a pre-condition for the secondary infringements set out above. In accordance with section 16(1) CPDA, such primary infringement must be in the UK. Case law has not resolved whether persons who supplied the apparatus, gave permissions for the apparatus to be brought onto the

⁹ Performing Right Society Ltd v Mitchell and Booker, etc Ltd [1924] 1 KB 762 at 773; Moorhouse v University of New South Wales [1975] RPC 454 at 467; RCA Corporation v John Fairfax & son Ltd [1982] RPC 91; Copyright Agency Ltd v Haines [1982] FSR 331; WEA International Inc v Hanimex Corp Ltd (1987) 77 A.L.R. 456.

¹⁰ MCA Records Inc v Charly Records Ltd [2000] EMLR 743. ChD.

¹¹ ABKCO Music and Records Inc v Music Collection International Ltd.

¹² Section 27(3): An article is also an infringing copy if – (a) it has been or is proposed to be imported into the UK and (b) its making in the UK would have constituted an infringement of the copyright in the work in question, or a breach of an exclusive agreement relating to that work.

premises or supplied the copy of a film or sound recording would fall within the torts of secondary infringement if their involvement was abroad.

2.4) DESIGNS

Unless the act authorised is itself an infringement, no act of authorisation can amount to an infringement. Provided the act authorised takes place in the UK, the act of authorisation may take place abroad.

The rights granted by a UK unregistered design are national rights and therefore, although there is no express restriction to acts in the UK in section 226 of the CDPA, it appears very likely that infringing acts should take place within the UK¹³.

Case law has yet to resolve whether the tort of authorisation may be complete without the act authorised having been committed. Although the wording of the statute suggests that a design document does not actually have to be used to make articles reproducing the protected design (i.e. no direct infringement required), there is no clear authority to support the proposition that the tort is not complete only once an infringing act is carried out in pursuance of the authorisation.

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.

3.1) PATENTS

- *That the means offered and/or supplied were suitable to be put into an infringing use;*

Yes.

Section 60(2) provides that “... those means are suitable for putting ... the invention into effect in the UK”.

Meaning of the terms “for putting the invention into effect”:

In *Menashe Business Mercantile Ltd v William Hill Organization Ltd* [2002] EWCA Civ 1702, Lord Justice Aldous held:

¹³ Section 255 CDPA specifies that the relevant Part of the CDPA extends to the UK and certain other territories and colonies.

"27 [...] If so, it is likely that the draftsman believed that s.60(2) was concerned with means intended to put the invention into an infringing state. To construe s.60(2) so as to extend it to cases where an effect occurs would be inconsistent with that belief."

- *That the means relate to an essential, valuable or central element in the invention or product or service that constitutes direct infringement;*

Yes.

Section 60(2) provides *"... with any of the means, relating to an essential element of the invention, for putting the invention into effect ..."*.

- *That the means offered and/or supplied were actually intended for such use on the part of the person supplied;*

Yes.

Section 60(2) provides that *"[...] are suitable for putting, and are intended to put, the invention into effect in the UK."*

- *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;*

Yes; there is a double requirement of territoriality:

In relation to the offer: *"[...] he supplies or offers to supply in the UK [...]"*

And in relation to the means offered: *"[...] those means are suitable for putting, and are intended to put, the invention into effect in the UK [...]"*

- *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*

Yes.

Section 60(2) provides: *"[...] when he knows, or it is obvious to a reasonable person in the circumstances"*.

- *That, to the extent the means are staple commercial products, the supplier induces the person supplied to infringe directly?*

Yes.

Section 60(3) provides a defence against contributory infringement for suppliers of staple commercial products:

"[Section 60(2)] shall not apply to the supply or offer of a staple commercial product unless the supply or the offer is made for the purpose of inducing the person supplied or, as the case may be, the person to whom the offer is made to do an act which constitutes [a direct infringement]."

- *Are there other conditions?*

No.

3.2) TRADE MARKS

- *That the means offered and/or supplied were suitable to be put into an infringing use;*

Suitability of the means offered is not an express requirement of section 10(5) of the 1994 Act (its wording only refers to material *"intended"* to be used for the specified purposes). However, suitability for use could impact on other requirements of the subsection.

- *That the means relate to an essential, valuable or central element in the invention or product or service that constitutes direct infringement;*

Section 10(5) refers to use of “a registered trade mark”. As discussed further below, this may mean that the section can be invoked only if the registered trade mark itself is applied. The extent to which the material to which the mark is applied must be central to the product or service is not specified in the subsection or dealt with in the limited case law on it that has been reported.

- *That the means offered and/or supplied were actually intended for such use on the part of the person supplied;*

The word “intended” is expressly used in section 10(5) with the subsection requiring that the material be intended to be used as specified. However, the limited case law offers little guidance as to how this requirement would work in practice.

- *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;*

In light of the conclusions in relation to question 2, it would seem likely that the requirement of intention relates to the UK. Indeed, the Judge in the *Beautimatic* case stated that “the words ‘intended to be used’ in section 10(5) should also be treated as qualified by the requirement that the use has to be within the United Kingdom” (see above).

- *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*

Section 10(5) requires that the defendant had knowledge or reason to believe as discussed further below, although this is in relation to whether the application of the mark was not duly authorised by the proprietor rather than with regard to its suitability and intended use.

- *That, to the extent the means are staple commercial products, the supplier induces the person supplied to infringe directly?*

There is no categorisation of the materials to which a specific mark has been applied as staple commercial products or any reference to inducement in such circumstances in section 10(5).

- *Are there other conditions?*

As explained above, it does seem to be a condition of section 10(5) of the 1994 Act that the means supplied are actually used by another for committing acts that amount to direct infringement in the UK. Nevertheless, the points raised in question 3 are addressed above, and the following additional conditions which apply to “contributory” infringement under section 10(5) should also be noted:

- *Knowledge or reason to believe* – The subsection requires that the person to be treated as a party to the infringement, when he applied the mark, knew or had reason to believe that the application of the mark was not duly authorised by the proprietor or a licensee. The test used to assess whether the respondent has had “knowledge or reason to believe” comes from *LA Gear v Hi-Tech Sports*¹⁴. With regard to the objective aspect of “reason to believe”, the Court will consider whether a reasonable man would have arrived at the belief that the application of the mark was not duly authorised. This allows for a reasonable period of time for the reasonable man to evaluate the situation in order to form a reasonable belief (*Monsoon v India Imports*¹⁵).

¹⁴ [1992] F.S.R. 121.

¹⁵ [1993] F.S.R. 486.

- *Restriction to the mark itself* – As a leading treatise notes¹⁶, section 10(5) is framed differently from section 10(4) in that it refers to “a person who applies a registered trade mark...” rather than to “a person [who] uses a sign...”. Arguably, this may mean that the subsection is limited to apply only if the registered trade mark itself is applied, rather than a sign which is similar to it and is likely to cause confusion.
- *General Savings and Exemptions* – There are a host of savings and exemptions that may apply in a case of alleged trade mark infringement more generally, including invalidity of the registration, use of a registered trade mark, and use of own name/address in accordance with honest practices in industrial or commercial matters. Since these are not specific to section 10(5) they will not be considered further.

3.3) COPYRIGHT

This question is answered only in respect of “Providing articles for making infringing copies”, as it is not applicable to the other copyright infringements identified.

- *That the means offered and/or supplied were suitable to be put into an infringing use;*
This is implicit in the statutory definition of the tort, which concerns “an article specifically designed or adapted for making copies”.
- *That the means relate to an essential, valuable or central element in the invention or product or service that constitutes direct infringement;*
No.
- *That the means offered and/or supplied were actually intended for such use on the part of the person supplied;*
No.
- *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;*
No.
- *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*
Yes – knowledge or reason to believe that the article is to be used for making infringing copies is required.
- *That, to the extent the means are staple commercial products, the supplier induces the person supplied to infringe directly?*
It is difficult to see how a staple commercial product could qualify as “specifically designed or adapted”, but to the extent that it is, there is no requirement of inducement in the statutory definition of the tort.
- *Are there other conditions?*
No.

3.4) DESIGNS

- *That the means offered and/or supplied were suitable to be put into an infringing use;*
This is implicit in the statutory definition, which concerns “a design document recording the design for the purpose of enabling such articles to be made”.

¹⁶ Paragraph 14-038, Kerly’s Law of Trade Marks and Trade Names, Fourteenth Edition.

- *That the means relate to an essential, valuable or central element in the invention or product or service that constitutes direct infringement;*

See above.

- *That the means offered and/or supplied were actually intended for such use on the part of the person supplied;*

No.

- *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;*

No.

- *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*

Yes – knowledge or reason to believe that the design document is to be used for making infringing articles is required.

- *That, to the extent the means are staple commercial products, the supplier induces the person supplied to infringe directly?*

There is no requirement of inducement in the statutory definition of the tort.

- *Are there other conditions?*

No.

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

4.1) PATENTS

Yes, statutory and case law.

4.2) TRADE MARKS

Yes, statutory and case law.

4.3) COPYRIGHT

Yes, statutory and case law.

4.4) DESIGNS

Yes, statutory and case law.

- 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?*

5.1) PATENTS

N/A – see question 4 above.

5.2) TRADE MARKS

N/A – see question 4 above.

5.3) COPYRIGHT

N/A – see question 4 above.

5.4) DESIGNS

N/A – see question 4 above.

- 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?

6.1) PATENTS

Yes. Under section 61(1) UKPA 1977, both types of relief could be ordered as there is no difference as to the types of relief available in respect of direct and contributory infringement.

As a consequence, according to section 61(1) of the UKPA 1977 the following relief, inter alia, in case of contributory infringement, may be claimed:

- a) Injunctions. The normal form of injunction in the UK is "not to infringe the patent" and all acts, direct or contributory, are therefore normally enjoined in all actions. The court may, however, decline to grant an injunction except for acts of the same nature as those in respect of which infringement is proven. The court might therefore refuse to grant an injunction for direct infringement in respect of a contributory infringement, and vice versa.
- b) Delivery up or destruction of any patented product in relation to which the patent is infringed or any article in which that product is inextricably comprised.
- c) Damages in respect of the infringement.
- d) An account of profits.

As well as in the case of direct infringements, relief may be restricted in cases of innocent infringement.

6.2) TRADE MARKS

There is no distinction in the 1994 Act with regard to the relief obtainable for primary and for contributory infringement. Section 14(2) provides that:

"In an action for infringement all such relief by way of damages, injunctions, accounts or otherwise is available ... as is available in respect of the infringement of any other property right."

Additionally, the 1994 Act sets out specific statutory remedies which the court may grant and which are understood to be concurrent with the trade mark owner's rights in equity and at common law¹⁷:

- Orders for erasure etc of the offending sign (section 15);
- Orders for delivery up of infringing goods, materials or articles (sections 16-18); and
- Orders as to disposal of infringing goods, materials or articles (section 19).

Typically, a successful claimant to an infringement action without any specific factors suggesting that the court should not order particular forms of relief would obtain an order for the following against the defendants (potentially including any defendant found liable for contributory infringement under section 10(5) of the 1994 Act):

- an injunction restraining further infringement;

¹⁷ Kerly notes that although section 2(1) of the 1994 Act states that the proprietor of a registered trade mark has the rights and remedies provided by the Act, this cannot mean that those are the only rights and remedies available.

- delivery up for destruction of, or an order for erasure of the sign from, any goods already marked with the offending sign in the possession or under the control of the defendant;
- an inquiry as to damages in respect of the past infringement, or alternatively, an account of the profits made by the defendant by the sale of the goods bearing the offending mark.

6.3) COPYRIGHT

All relief by way of damages, injunctions, accounts or otherwise is available to the copyright owner and/or exclusive licensee as is available in respect of the infringement of any other property right.

Relief is only granted against the defendant(s) found to have infringed the relevant right(s). So, for example, a defendant found to have infringed copyright by making/selling articles specifically designed or adapted for making copies of a work may be required to deliver up all remaining articles of this sort and cease making/selling such articles in the future. But without bringing proceedings against the purchasers of the sold specially adapted articles, it would not be possible to have the infringing copies subsequently produced included in the relief.

The object of damages is to restore the claimant by monetary compensation to the position which he would have occupied but for the acts found to infringe. This is subject to the proviso that the loss he proves is foreseeable, caused by the wrong and not excluded from recovery by public or social policy. It may be more difficult to prove the required foreseeability against a contributory infringer, but in theory full damages are recoverable.

An account of profits is by definition restricted to the gain made by the contributory infringer.

6.4) DESIGNS

There is no distinction in the relevant legislation with regard to the relief obtainable for primary and for contributory infringement.

UK unregistered design right

Remedies sought in an infringement action may comprise:

- a) Damages or (as an alternative to damages) an account of the profits made by the defendant. In the case of damages:
 - i) damages may not be available, or may be restricted, where a defendant can show that the infringement was innocent – as it is the case also in patent infringements;
 - ii) the court has power to award additional damages in circumstances where, for example, the infringement is flagrant or the defendant has benefited from his infringement (even after payment of ordinary damages) (section 229(3), CDPA);
- b) An injunction preventing further infringement.
- c) An order for delivery up or destruction of the infringing articles. Again, no such order will be made while licences of right are available and the defendant undertakes to take a licence of right, either by agreement or on terms settled by the Comptroller (section 239(1), CDPA).

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?*

IPR laws take great care in defining what acts constitute infringements. Thus, the law strikes a balance between, on the one hand, the interests to maintain free trade and a healthy flow

of new ideas and technologies and, on the other hand, the need to protect IPRs in order to promote creativity, innovation and investment. In an ideal world, effective measures to prevent direct infringements should suffice without having to expand the basis for liability. In reality, however, measures against direct infringements are not always sufficient.

Generally, therefore, the UK Group considers that legal measures should be available against acts of contributory infringement of IPRs as defined in the Guidelines¹⁸. Contributory infringement should be actionable not as a matter of principle but rather as a practical means to assist in combating direct infringements.

There are many situations where it is either impossible or impractical to pursue direct infringements, for example, where the only direct infringement is committed by the end users or consumer. In such cases, in order to prevent or stop infringements it may be necessary to intercept activities facilitating the infringement further up the supply chain. Laws imposing contributory liability are instrumental in this regard. Similarly, contributory liability can be an important anti-avoidance measure, for example, where it is possible to avoid directly infringing an IPR by splitting up the design/production processes between different jurisdictions or different entities. Such laws must, however, be tailored to the need they seek to fulfil in the context of the IPR they seek to protect. A law of contributory infringement harmonised across IPRs is unlikely to be an appropriate solution.

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

In the opinion of the UK Group, at a high level, there are three main elements to contributory infringement: (i) an activity which plays a significant role in facilitating the infringement, combined with (ii) the intention or knowledge on the part of the facilitator that such activity would in fact lead to a direct infringement and (iii) whether the facilitating activity or the possible direct infringement need to take place within the jurisdiction.

At a more specific level, a number of questions arise as to the conditions for that type of liability, as alluded to in the Working Guidelines. These include:

- whether liability for contributory infringement must depend on proof of a direct infringement (and a causal link between the two);
- if liability does not depend on proof of actual direct infringement, whether it is necessary to show an intention to facilitate an act of direct infringement or whether it is sufficient that the facilitator knows or should reasonably foresee that his activity would lead to an infringement;
- whether the direct infringement must occur (or must be anticipated to occur) in the jurisdiction where the contributory act takes place; if not, whether there must be an actual or anticipated infringement of the same (or equivalent) IPR in another jurisdiction;
- assuming that the contributing act consists of the supply or the manufacture of a device or an article, whether it is necessary that the device or the article should be specifically designed to facilitate the infringement or whether it is sufficient that it is suitable for that purpose;
- if it is sufficient for the purpose of contributory infringement that the device or article supplied is suitable to facilitate infringements, should a defence be available where the devices or articles is capable of being used for both infringing and non-infringing purposes ('dual use articles') and if so, should the defence depend on showing that the use of the article for non-infringing purposes is a realistic prospect.

¹⁸ References to "contributory infringements" and "contributory liability" in these responses should be read against this definition.

The UK Group considers that the guiding line for answering these questions should be the underlying purpose of imposing contributory liability, that is, to assist in the effective prevention of direct infringements. The answers may depend, therefore, on the nature of the IPR in question and the acts that give rise to primary liability for infringements.

Whether contributory liability depends on the occurrence of a direct infringement

The UK Group does not consider that liability for contributory infringement should depend on proof of actual direct infringement. Such requirement may often defeat the purpose of imposing contributory liability in the first place, to assist in preventing direct infringements, and could simply have the effect of extending liability for direct infringement. The requirement to show an intention to facilitate an act of direct infringement (or that such act was foreseen) should suffice; this has the effect of restricting the liability to circumstances where infringement is direct or threatened. Showing direct infringement may be easier than proving intention.

The mental element

As to the mental element, the UK Group would recommend a rule imposing liability on proof of an intention to facilitate a direct infringement. However, given the inherent difficulty to prove intention, the UK Group would also support a rule by which the intention to cause a direct infringement could be assumed where the facilitator knows that the article or device he makes or supplies will be used to commit acts of direct infringement or that it is highly likely to be so used.

The question of territoriality

The UK Group does not have a settled view on whether in principle there should be a general rule by which an act in Country A, which is designed to facilitate an infringement of an IPR in Country B, gives rise to liability in both Country A and Country B. The view in favour notes the benefits of ensuring that infringement is not avoided by dividing activities between two jurisdictions with similar protection; the contrary view is that IP rights are territorial in nature and that the benefits of extending contributory infringement are not sufficient to overrule the principle that IPRs are sovereign rights.

Whether or not such a rule is desirable in theory, implementing it may prove difficult. The EU experience suggests that such a rule will only be implementable within regions covered by regional rights (such as the Community Patent) or regional enforcement (such as the EPLA). The difficulties in achieving either of those outcomes is well documented.

If cross-border contributory infringement is thought desirable, the Group considers that liability in such cases should only be imposed where the IPR in question is valid and enforceable in Country A as well as in Country B and only if the act of direct infringement is an infringement in Country B, and would also be an infringement were it to occur in Country A. This would lead to practical difficulties as it would require the court (or an administrative body) to be satisfied that the IPR are, or would be, valid and infringed in both countries under the laws of both countries. In many cases additional difficulties would arise due to differences between the IPRs in the two countries as well as differences in the background market conditions (which may be relevant to the issue of infringement particularly in regard to trade marks and designs).

Given these considerations, a rule imposing liability for contributory infringement in circumstances where the direct infringement occurs (or is anticipated to occur) in another territory appears unsuitable in patent and design cases in which the IPR itself (and its scope of protection) may vary considerably between different jurisdictions.

The situations in which such a rule might be potentially workable are (a) copyright cases (where the IPRs arise automatically and are typically protected with a large degree of uniformity across borders and where the scope of protection does not depend much on market conditions) and (b) in straightforward trade mark counterfeiting cases (but not in cases of non-identical marks, in which a court will have difficulties establishing whether the use of

a competing mark in another country would amount to an infringement). It is notable that in both of these cases, most acts which fall within the definition of contributory infringement are likely also to be primary infringements themselves.

The UK Group therefore concludes that practical limitations mean that there is not sufficient benefit to justify imposing liability for cross-border contributory infringement.

What should constitute a contributory act?

The definition of the contributory act is critical and a particularly sensitive issue. If it is too broad, the rule could jeopardise legitimate activities and might hinder technology development. If it is too narrow it would be ineffective. A related issue is the question concerning the supply of "dual use" articles.

The UK Group does not consider that a uniform rule is appropriate for all cases. The acts constituting contributory infringement have to be considered separately for different types of IPRs and indeed it may be appropriate to have specific rules in respect of specific technologies (e.g., in relation to semiconductors; peer to peer file sharing software; or reproduction/dissemination technology). Specific rules already exist in this area, for example, in the EU, in relation to unauthorised decoders for reception of coded satellite broadcasts.

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

As discussed in the answers to questions 7 and 8, the UK Group considers that different rules should apply in relation to different kinds of IPRs, particularly in regard to the definition of the acts constituting contributory infringement.

In relation to patent infringement, the rule imposing liability for the supply of means (other than a staple product) relating to an essential element of the invention appears to be suitable. The notion of an "essential means" is appropriate as it relates to the invention, which is at the heart of patent protection.

In relation to copyright, a rule of contributory infringement should apply to the supply of templates, models, drawings, computer files and other articles specifically designed to facilitate the reproduction of a particular copyright work. In many cases, the production or supply of such articles would also constitute direct infringement. This type of contributory infringement would also be appropriate in design and trade mark cases.

In copyright and designs cases, the UK Group considers that liability can be imposed on proof that the contributor knew or ought to have known that the article would be used for non-licensed reproduction. In the case of trade marks, a sufficient level of knowledge should be demonstrated that the article was going to be used without a licence as a trade mark for the relevant goods or services.

The UK Group considers that liability for contributory infringement of copyright or a design should also be imposed on the supply of an article which is specifically designed to form part of a protected work, provided that the supplier knows it is going to be used as part of a composite work and that he has no reason to believe that the person commissioning the supply of the article is the owner of the protected design or that he is licensed to reproduce it.

A more difficult question concerns devices or apparatus which are not specifically designed to infringe any particular copyright work but which are suitable for reproducing copyright works (e.g., copying machines and peer-to-peer software). In some cases it is possible to show that the whole or the vast majority of the market for the article is for use for unlawful copying. However, imposing liability for the supply of apparatus which have (even theoretical) legitimate application (including, for example, for licensed copying) may inhibit the development of useful technologies.

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 UK Group considers that all remedies available against a direct infringement should, in principle, be available in cases of contributory infringements including injunctions, delivery-up orders, forfeiture, destruction of infringing articles, damages and an account of profits.

In cases where a direct infringement has occurred, liability for damages should not be limited to the extent of the contribution. Except in cases of innocent infringement, the UK Group considers that the contributor to an infringement should be liable to the full extent of the damage caused to the right holder (or, where appropriate, to disgorgement of his entire profits from sales of contributing articles).

The UK Group agrees that damages should be available only where a direct infringement has occurred. The UK Group does not have an agreed position on whether damages should be available where the scale of direct infringement cannot be quantified, or whether the infringer's knowledge has any part to play in the relief available once liability is established.

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

The UK Group considers that the legal consequences of a finding of liability reflect the general principle of tort law, that the purpose of the law is to try to restore the wronged party to the position in which it would have been had the wrong not occurred and to prevent recurrence. As with any other infringement, therefore, the classes of relief available (damages, and injunctive relief including delivery up or destruction) should not be different depending on the different types of IPR. The implementation of these measures will of course depend on the facts of each case.

The UK Group notes that very different considerations arise in the context of each type of IPR. For instance, for copyright, copying part of a work is likely to lead to direct infringement because the basic test is copying of a substantial part. On the other hand, for patents, there is no "partial infringement". A product that incorporates all but one integer of the patented claim is not a directly infringing product, even if it takes the entire commercial benefit and inventive concept of the patent. Consideration has to be given, however, to the fact that the patentee defined its own monopoly and could have chosen broader coverage, and to take account of the fact that a product that omits an integer of the claim may fall entirely within widely available prior art.

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

Harmonisation in this context can take (at least) two meanings: harmonising across IP rights, and harmonising internationally. The former meaning is answered above; we consider here only the latter meaning.

The UK Group notes that the existence of a law on contributory infringement is not mandated by TRIPS but believes that, particularly in the context of patents, it performs a useful role in IPR protection in the legal order. Good practice would therefore suggest that at least as regards patents, such a law be implemented in legal systems.

However, the UK group is not aware of difficulties that have arisen in practice specifically as a result of disharmony in international laws on contributory infringement, and is not convinced that harmonisation for its own sake is necessary.

Summary

- Q1: Contributory infringement exists for patents, UK trade marks, copyright, and unregistered designs.
- Q2: Direct infringement is required for trade marks and unregistered designs but not patents. For copyright, it depends on the type of contributory infringement.
- Q3: The rules vary.
- Q4: The rules are set out in statutes and developed by case law.
- Q5: N/A
- Q6: Injunctive relief, damages and compensation are available for all IPR infringement.
- Q7: Relief should be available but should be tailored to the IPR.
- Q8: The main elements are (i) a facilitating act (ii) intention or knowledge and (iii) jurisdictional link. Direct infringement should not be required. It should not be contributory infringement to perform an act in country A intended to facilitate direct infringement in country B but not in country A.
- Q9: Different rules should apply to different IPRs.
- Q10: All standard IPR remedies should be available for contributory infringement.
- Q11: Relief available should differ depending on the facts, not the IPR.
- Q12: An international law on contributory infringement would be good practice, but harmonisation across types of IPR is not necessary or desirable.

Résumé

- Q1: La contrefaçon par fourniture de moyens existe pour les brevets, marques, droits d'auteur, dessins et modèles non déposés.
- Q2: Une contrefaçon directe est requise pour les marques, les dessins et modèles non déposés, mais non pour les brevets. Concernant les droits d'auteurs, cela dépend du type de contrefaçon par fourniture de moyens.
- Q3: Les règles changent.
- Q4: Les règles sont établies dans les lois et développées par la jurisprudence.
- Q5: Pas applicable.
- Q6: Mesures d'urgence, dommages et intérêts, et autres dédommagements sont disponibles pour toutes contrefaçons de DPI.
- Q7: Des mesures devraient être disponibles mais elles devraient être conçues spécialement pour les DPI.
- Q8: Les éléments principaux sont (i) un acte facilitant, (ii) une intention ou connaissance, et (iii) un lien juridictionnel. Une contrefaçon directe ne devrait pas être nécessaire. L'accomplissement d'un acte dans un pays A avec l'intention de faciliter une contrefaçon directe dans un pays B et non dans le pays A, ne devrait pas être une contrefaçon par fourniture de moyens.
- Q9: Différentes règles devraient être appliquées pour les différents DPIs.
- Q10: Tous les recours standards en DPI devraient être disponibles pour la contrefaçon par fourniture de moyens.

Q11: Le recours disponible devrait être différent, dépendant des faits et non du DPI.

Q12: Une loi internationale sur la contrefaçon par fourniture de moyens serait bonne d'usage, mais une harmonisation au travers des types de DPI n'est pas nécessaire ou désirable.

Zusammenfassung

Q1: Das Mitverschulden existiert für Patente, Englische Markenrechte, Urheberrecht und unregistrierte Designs.

Q2: Direkte Verletzung ist für Markenrechte und unregistrierte Designs, aber nicht für Patente nötig. In Bezug auf Urheberrecht kommt es auf die Art der Mitverschuldung an.

Q3: Die Regeln variieren.

Q4: Die Regeln sind gesetzlich festgelegt und haben sich durch Fälle entwickelt.

Q5: N/A

Q6: Unterlassungsklagen, Schadensersatz und Kompensationen sind für alle Verletzungen geistigen Eigentums erhältlich.

Q7: Entlastungen sollten erhältlich sein, aber sollten dem jeweiligen geistigen Eigentum zugeschnitten sein.

Q8: Die Hauptelemente sind (i) ein erleichternder Akt (ii) Intention oder Wissen und (iii) gerichtliche Verbindung. Direkte Verletzung ist kein notwendiges Kriterium. Es ist nicht ein Mitverschulden wenn ein Akt in Land A gemacht wird welcher dazu gedacht ist einen erleichternden Akt für eine Verletzung in Land B darzustellen, aber nicht in Land A.

Q9: In Hinsicht zu verschiedenem geistigem Eigentum gibt es verschiedene Regeln.

Q10: Alle Standard geistigen Eigentums Rechtsmittel sollten für das Mitverschulden vorhanden sein.

Q11: Die Rechtsbehelfe sollten von den Fakten abhängig sein, nicht von dem geistigen Eigentum.

Q12: Ein internationales Recht mit Hinsicht auf Mitverschuldung wäre hilfreich, aber eine Harmonisierung von allen Typen des geistigen Eigentums ist nicht notwendig oder erstrebenswert.