

Summary Report

Question Q204

Liability for Contributory Infringement of IPRs

The purpose of this Working Question is to explore the availability of liability for contributory infringement, in respect of patents as well as other forms of intellectual property rights (IPRs). The term “contributory infringement” has different meanings in differing languages and legal systems. In the Working Guidelines for Questions Q204, “contributory infringement” is defined so as to comprise only the form of “indirect infringement” consisting in the offering or supply of means suitable for committing an act that is a direct infringement of an IPR; “contributory infringement” shall not include other acts known as “indirect infringement”, such as inducement or the provision of other assistance than the offering or supply of means for committing a direct infringement.

It is a purpose of this Question to explore to what extent there is uniformity in the requirements for liability for contributory infringement of IPRs as described above and, if not, whether there is basis for harmonisation.

In a more general sense, it may be said that the Question concerns what parties in a chain of supply may be held liable, which is an increasingly relevant issue in globalized trade, including Internet trade, where not all links in the chain may be identifiable or accessible for enforcement measures. However, the Question is not limited to situations where the various links in a supply chain are domiciled or active in different territories.

A total of 33 Reports were received by the Reporter General. Reports were received from the National Groups of Argentina, Australia, Belgium, Brazil, Bulgaria, China, Croatia, Denmark, Ecuador, Egypt, France, Finland, Germany, Greece, Italy, Japan, Latvia, Mexico, the Netherlands, Paraguay, Peru, the Philippines, Portugal, Republic of Korea, Singapore, South Africa, Spain, Sweden, Switzerland, Thailand, Turkey, the United Kingdom and the United States. The Reporter General has not been able to include the reports of Australia, Croatia, Latvia, Republic of Korea, Singapore and Thailand in this Summary Report due to their late filing.

As might be expected, the Reports show a wide variety of solutions to the difficult problems of contributory infringement and its consequences.

At the end of this Summary Report, an attempt has been made to draw some main conclusions.

I) Analysis of current legislation and case law

- 1) *Does your national law provide for liability for contributory infringement of IPRs, in respect of the offering or supply of means for working an invention, for enabling illicit commercial use of a trademark, for making a copyrighted or design protected product, etc.?*

In Argentina, Belgium, Brazil, Bulgaria, Chile (reservations), China, Denmark, Egypt, Finland, Germany, Greece, Italy, Japan, the Netherlands, the Philippines, Peru, Portugal, South Africa, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States, such liability exists for some or all IPRs.

In Mexico and Paraguay, national law does not provide for such liability at all.

The overall conclusion is, therefore, that most countries do acknowledge liability for contributory infringement of IPRs.

- 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 China, it is a condition in cases of *patent* and *copyright* infringement that the means are actually used by another for committing acts that amount to direct infringement. In *trademark* cases, on the other hand, it is not a condition, as, for example, the making or selling of a representation of another's trademark is a trademark infringement.

In Belgium, Denmark, Finland, Sweden, Turkey and the United Kingdom, it is not a condition for contributory *patent* infringement (or utility model infringement, where relevant) that the person supplied actually uses the means in a way which puts the invention into effect; contributory patent infringement is perceived as an independent or autonomous infringement.

In Denmark, the Netherlands (reservations) and Turkey, it is a condition for contributory infringement of IPRs, other than patents, that the means supplied are actually used for an infringing act by the person supplied.

In Argentina, Brazil, Bulgaria, Germany, Japan and Peru, it is not a condition for contributory infringement in respect of any kind of IPR that the means are actually used by another for committing acts that amount to direct infringement.

In Chile, Egypt, Greece, Italy, the Philippines, Portugal, South Africa, Switzerland and the United States, it is generally a condition for contributory infringement of IPRs (as defined in the Working Guidelines) that there has been direct infringement. In South Africa and Switzerland, it is generally a condition that the directly infringing act also takes place in the country of supply. In Switzerland, it is not a condition that the contributory act takes place in Switzerland, as long as the direct infringement takes place there. In Portugal, it is not a condition that the directly infringing act takes place in Portugal.

In Spain, the actual occurrence of a subsequent direct infringement is probably not a requirement for contributory infringement of patents and trademarks, whereas the situation in respect of copyrights is more unclear.

In the United Kingdom, it is a requirement for contributory infringement of trademarks to occur that a direct infringement exists, and the direct infringement must take place in the United Kingdom; the law is unsettled in respect of copyright and designs.

In the United States, it is generally a condition that the directly infringing act takes place in the United States. An exception is provided in the Patent Statute. In caselaw, contributory infringement has been found in the United States in a case where parts came from the United States for watches of a famous brand that were produced and sold in Mexico, as the infringement affected U.S. commerce. Further conditions apply: in *patent* cases, the contributor must know the product to be specially made or adapted for infringing use, rather than a staple product or a commodity suitable for a substantial non-infringing use; in *copyright* cases, active steps must have been taken to encourage direct infringement; in *trademark* cases, the contributor must intentionally induce another to infringe, or continue to supply his product or service to another whom he knows, or has reason to know, is infringing a mark.

The overall conclusion is, therefore, that there is no clear picture on the basis of the Group Reports. In respect of *patents*, the majority of the Groups do require that actual use of the means by another has taken place in a way that implies direct infringement, but about 1/3 of the Groups report that this is not the case in their jurisdictions. For *other IPRs*, most countries set the same condition, but the Groups are divided, and there is no clear correlation between the attitude to patents and other IPRs, respectively.

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;*

In Argentina, Belgium, Brazil, Denmark, Germany, the Netherlands, Peru, Spain, Sweden, Turkey and the United Kingdom, it is a condition for contributory *patent* infringement that the means are *suitable* for being used in a way that would put the invention into effect. It is irrelevant whether the means are also suitable to be put to other uses not related to the invention, provided they are, in the particular case, suited and intended for being used in a way that would put the invention into effect.

In Argentina, Brazil, Germany and Japan, suitability of the means for use in a manner that is infringing is also a condition in copyright, design and trademark matters. In Spain, this is the case for trademarks, and in the United Kingdom it is the case for designs and copyright, but not for trademarks, although the issue of suitability can impact on the other conditions for contributory infringement.

In Belgium, Denmark, Finland, Germany and Spain, it is irrelevant whether the person supplied would be entitled to use the means for putting an invention into effect under a private use exemption, research exemption or an exemption for extemporaneous preparation of a drug by a pharmacy to an individual. In Japan, there can be no contributory infringement if the person supplied is entitled to use the means under a research exemption, whereas the supplied person's use under a private use exemption does not disculpate the means supplier.

In Belgium, it is not a condition for contributory *patent* infringement that the use of the means in a way which would put the invention into effect is intended by the *immediate* customer; it suffices that such use is intended by an end-user, provided always that this is known to the supplier or obvious under the circumstances.

In Bulgaria, it appears not to be a condition that the means are suitable to be put to an infringing use.

In Belgium, Denmark and Peru, the supply or offering to supply the means must take place in the national territory, in order to qualify as contributory *patent* infringement. The intended use of the means, in a way which would put the invention into effect, must also be contemplated to take place in the country where the supply or offer to supply takes place.

In Denmark, similar territorial limitations do not apply to cases of trademarks, copyrights and designs. Provided there is corresponding IPR in another country, the supply in Denmark of means for infringing the IPR in that country would probably be a tort under Danish law.

The conclusion is, therefore, that there is a clear majority of countries where this condition applies.

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

In Argentina, Belgium, Denmark, Germany, the Netherlands, Peru, Spain, Sweden, Turkey and the United Kingdom, it is a condition for contributory *patent* infringement that the means relate to an essential element in the invention. This implies that the means must be functional in realising or helping to realise the inventive concept. It is not a requirement that the means supplied or offered are themselves an essential element, provided that they *relate* to an essential element. It is irrelevant whether the means pre-existed the

invention. In Japan, the means must be indispensable for the solution of the technical problem. In the Netherlands, the fact that a means is necessary to apply an invention does not necessarily mean that it is “essential”.

In Argentina and Denmark, it is probably a condition, *outside the patent area*, that the means must relate to an essential, valuable or central element of the trademark, design or copyright work. The supply of artist’s oils cannot infringe an artist’s copyright in a painting, even if the oils are used for making a copy of the painting.

In Germany, it is not a condition that the means are essential, in respect of contributory infringements of *copyright or trademarks*. In *design* cases, however, it is probably a condition.

In Spain, there is no such requirement for contributory *trademark* infringement.

In the United Kingdom, this requirement does not apply to *trademarks* or *copyright* cases.

In Bulgaria, it is not a condition that the means are “essential” or the like.

The overall conclusion is, therefore, that in a large majority of the countries, it is a condition in relation to contributory *patent* infringement that the means supplied are essential, valuable or central elements. In relation to other IPRs, only few responses were received, and no clear conclusions can be drawn.

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

In Argentina, Belgium, Denmark, Germany, the Netherlands, Spain (“aimed at”), Sweden, Turkey and the United Kingdom, this is a condition for contributory *patent* infringement. In Belgium and Germany, it is not a condition that the intended use is on the part of the *immediate* customer.

In Argentina and Germany, it is also a condition in cases of *copyright, design* rights and *trademark* rights that the means were intended for an infringing use.

In the United Kingdom, the same applies for *trademarks*, but not for *copyright* or *designs*.

In Spain, no such requirement applies in respect of contributory *trademark* infringement.

In Bulgaria, it appears not to be a condition at all that the means were intended for an infringing use.

In conclusion, only few responses were received on this point, and no clear conclusions can be drawn.

- *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 Argentina, Belgium, Denmark, Japan, the Netherlands, Sweden, Turkey and the United Kingdom, intent on the part of the person supplied is a condition for contributory *patent* infringement. This is also the case in Germany, but the intended use in Germany could include sale of products manufactured abroad on the basis of patent-free means supplied from Germany.

In Argentina, intent on the part of the person supplied is apparently also a condition *outside the patent area*.

In Germany, intent on the part of the person supplied is probably also a condition in *trademark* cases.

In the United Kingdom, intent on the part of the person supplied is probably also a condition in *trademark* cases, but not for *copyright* or *designs*.

In Bulgaria and Spain, there is no territorial condition as to where the person supplied intends to use the means supplied.

In conclusion, all Groups that have responded say intent on the parts of the person supplied is a condition in relation to *patents*. For other IPRs, only few responses were received, and no clear conclusions can be drawn.

- *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*

In Argentina, Belgium, Denmark, Germany, the Netherlands, Spain, Sweden, Turkey and the United Kingdom, this is a condition for contributory *patent* infringement (in Spain the courts determine from case to case what is the relevant time at which this must have been clear).

In Argentina and Germany, the same probably applies in *copyright*, *design* and *trademark* cases.

In Denmark, *outside the patent area*, it is a condition under tort law that the supplier acted negligently; it is probably sufficient that he ought to have been aware if the intended use.

In Japan, it is a condition in *trademark* cases that the supplier must have known that it was likely that the person would use the means in a way which would infringe the trademark (e.g. supply of plates decorated with service marks to a restaurant). In *copyright* cases, the decisive factors are whether the supplier was in a position to control and manage the infringing act and whether he obtained the profits generated through the infringement.

In Spain, this condition does not apply to contributory *trademark* infringement.

In Bulgaria, this condition only applies to contributory *trademark* infringement.

In the United Kingdom, this requirement also applies to *trademarks*, *copyright* and *designs*.

In conclusion, only few responses were received, but the majority say it is a condition that the intent of the person supplied was obvious to the supplier, both for *patents* and *other IPRs*.

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

In Argentina, Belgium, Denmark, the Netherlands, Spain, Sweden, Turkey and the United Kingdom, this is a condition for contributory *patent* infringement.

In Argentina, this condition appears to apply also *outside the patent area*.

In Spain, this is not a condition for contributory *trademark* infringement.

In the United Kingdom, this requirement does not apply to *copyright* (to the extent a staple commercial product could qualify) or *designs*.

In Bulgaria, this condition appears not to apply at all.

In conclusion, only few responses were received, but all say the condition applies in respect of *patents*, whereas most say it does not apply for *other IPRs*.

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.

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

In Belgium, Denmark, Finland, Germany, the Netherlands, Sweden, specific statutory rules on contributory infringement exist for *patents* and *utility models* (where applicable).

In Turkey, liability for contributory infringement follows from the IPR laws, but there are no specific statutory provisions aimed at what is defined as contributory infringement in the Working Guidelines.

In Argentina, China, Egypt, Italy, Portugal and South Africa, such liability is not provided for in the statutory laws regulating IPR. However, in South Africa, the *copyright* laws contain provisions governing "causal copyright infringement".

In Brazil, Peru, specific statutory rules on contributory infringement exist for all types of IPRs.

In Japan, specific statutory rules on contributory infringement exist for *patents*, *designs* and *trademarks*; for *copyright*, no specific statutory rule exists.

In Spain, specific statutory rules on contributory infringement exist for *patents* and *trademarks*.

In Switzerland, specific statutory rules on contributory infringement exist for *patents* and *designs*.

In the United Kingdom, statutory provisions exist for *patents*, *trademarks*, *designs* and *copyright*.

In the United States, statutory provisions exist for *patents* only.

In Bulgaria, statutory provisions exist for *trademarks* only.

In the Philippines, statutory provisions exist for *patents* and *copyright* only.

In conclusion, relatively few Groups responded, but a majority of the Groups reported that for *patents*, the rules are set out in the IPR laws; for *other IPRs*, almost all Groups report that that is the case.

5) *If such protection is not set out in the laws protecting IPR, does it follow from generally applicable principles of e.g. tort law?*

In Belgium, contributory infringement of IPRs, *other than patents*, is regulated by tort law (where the person supplied is not acting in a commercial context) and the law of unfair competition (where the person supplied is acting in a commercial context).

In China, such liability follows from the rules on joint tortfeasorship.

In Denmark, the Netherlands, contributory infringement of IPRs, *other than patents*, is regulated by general non-statutory principles of tort law and criminal law.

In Finland, contributory infringement of IPRs, *other than patents*, is regulated by the laws concerning unfair business practices and may also follow from general principles of tort law.

In Germany, contributory infringement of IPRs may be based on rules on complicity and perpetration as an accessory, on instigation and abetment, and general rules of tort law.

In Japan, the Copyright Act does not contain explicit provisions on contributory infringement, but the definition of direct infringement is so broad as to include acts similar to contributory infringement.

In South Africa, contributory infringement of IPRs (*other than copyright*) may be based on common law rules on tort.

In Sweden, contributory infringement of IPRs (*other than patents*) is based primarily on criminal law, but also partly on laws of unfair competition.

In Switzerland, contributory infringement of IPRs (*other than patents and designs*) may be based on tort law.

In Argentina, contributory infringement of IPRs is regulated by general non-statutory principles of tort law and criminal law.

In the United States, rules on contributory infringement of IPRs (*other than patents*) are primarily found in the caselaw originally based on the law of torts; this has developed separately from general tort law for more than 100 years.

In Chile, Greece and Italy, rules on contributory infringement of IPRs are based on tort law.

In Egypt, rules on contributory infringement of IPRs are based on general civil law and rules on unfair competition.

In the Philippines, liability for contributory infringement of *trademarks* must be based on the rules on damages in the Civil Code.

In Portugal, liability for contributory infringement of *trademarks* must be based on the Criminal Code.

In conclusion, there is a very wide variation between the systems. In various countries, the basis for rules on contributory liability is found in tort law, rules on joint tortfeasorship, criminal law, law on unfair business practices or complicity, or a combination of two or more of these bases.

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?*

In Argentina, Belgium, Brazil, Bulgaria (only *trademark* cases), China (only *trademark* cases), Denmark, Egypt, Finland, Germany, Greece, Italy, Japan, the Netherlands (only *patent* cases), Peru, the Philippines, Portugal, South Africa, Spain, Sweden, Switzerland, Turkey (only *patent* cases), the United Kingdom and the United States, the IPR owner can obtain injunctive relief as in the case of direct infringement. The Belgian, German and Dutch Groups (for *patent* cases) point out that the relief must be proportionate and limited in scope to the circumstances which amount to contributory infringement; it cannot prevent the supply or offering of the means as such. The Swedish Group points out that the drafting of the scope of injunctions has shown difficult in practice. The Swiss Group observes that the scope of injunctions against contributory infringements may be more narrow than in respect of direct infringement; for example, export could not be covered.

In Japan, a distinction is made between an indirect infringer and a person assisting the direct infringer; no injunctive measures are available against the latter.

In conclusion, most Groups report that injunctive relief is available to the same extent as against direct infringements. However, only few Groups reported as to whether this implies that an injunction can be obtained e.g. against the manufacture, or sale, of the means *per se*.

- *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?*

In Argentina, Belgium, Brazil, Bulgaria (only trademark cases), Chile (provided there is damage in Chile), Denmark, Egypt, Finland, Greece, Italy, Japan, the Netherlands, Peru, the Philippines, Portugal, Spain, Sweden, Switzerland, Turkey (uncertain), the United Kingdom and the United States, damages and other compensation is generally available to cases of contributory infringement (the Spanish Group observes that in reality, no damages for financial loss are probably relevant unless an actual direct infringement occurs).

However, the Argentinian, Dutch, Egyptian, Italian, Japanese and Portuguese Groups point out that the contributory infringer is generally liable only in an amount proportionate to his contribution to the direct infringement. On the other hand, the Swedish Group observes that even where the contributory infringer has only supplied a small part of e.g. a patented product, he may still have caused the patent proprietor to have lost the sale of the entire patented product and should be liable accordingly. The Swiss and United States Groups observe that the contributor is, in principle, liable for the whole loss. In the United States, the direct and contributory infringer are jointly and severally liable.

In Germany, damages for contributory patent infringement are only available if a direct patent infringement has been committed by use of the means supplied. The contributor is probably jointly and severally liable with the direct infringer. In respect of *copyright* and *design* cases, the question depends on what legal basis is used for holding the supply or offering of means to be unlawful. In *trademark* cases, the contributory infringer is liable for damages, but not jointly with the direct infringer.

In South Africa, there is probably no liability for damages unless actual infringement has occurred by the supplied party's use of the means supplied.

In conclusion, a majority of Groups report that damages are available to the same extent as against direct infringers, but some observe that the amount of damages is limited to an amount proportionate to the contribution made or offered.

II) Proposals for substantive harmonisation

7) Should measures generally be available against acts that qualify as contributory infringement of IPRs, as defined in these Working Guidelines?

The Argentinian, Brazilian, Bulgarian, Danish, Egyptian, Finnish, German, Greek, Japanese, Dutch, Italian, Mexican (at least for *patent* and *copyright* law), Peruvian, Philippine, Portuguese, South African, Spanish, Swiss, Turkish, United Kingdom and United States Groups favour that such measures should generally be available. The Finnish and Japanese Groups observe that rules should be clear and explicit in order to increase predictability and legal certainty for means suppliers.

The Belgian Group (presumably assuming that tort law in all countries provides for protection against contributory acts outside the area of patents) submits that there is no need for further statutory rules. The rules in place for patent rights are unsuitable for being imported into the laws regulating other IPRs.

The Chinese Group submits that it is inappropriate to adopt internationally uniform rules on contributory infringement at this stage but that such harmonisation could be desirable following further study at AIPPI level.

The Swedish Group observes that in the light of caselaw concerning the existing rules on contributory patent infringement being very limited, the introduction of rules on contributory infringement (as defined in the Working Guidelines) in other areas of IPR is probably of limited interest.

The United Kingdom Group observes that liability for contributory infringement should be actionable not as a matter of principle but as a practical means to assist in combating

direct infringements. However, the United Kingdom Group does not believe that uniform rules covering the full spectre of IPRs is likely to be an appropriate solution.

In conclusion, there is a large majority, but not absolute consensus, supporting some form of harmonisation ensuring liability for contributory infringement of IPRs.

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

The Argentinian, Danish, Dutch, Peruvian, Spanish and Turkish Groups propose that, for all IPRs, the conditions should be that the offered or supplied means relate to an essential, valuable or central element, that they are actually intended for an infringing use on the part of the person supplied (the Spanish Group observes that the supplied person's perception of a *possibility* that this could happen should be sufficient), and that, at the time of offering or supply, the suitability and intended use were known to the supplier or obvious under the circumstances. The Argentinian and Danish [...] Groups add that to the extent the means are staple products, it should be a further condition that the supplier induces the person supplied to infringe directly.

The Swiss Group believes there should be a requirement for a nexus with an actual infringement, but liability for contributory infringement should not be conditioned on subjective criteria; it should only be required that it was objectively to be expected that direct infringement was aided.

As to the territorial conditions, the Danish Group proposes that the offering or supply of all essential components of a product from one country to another country where assembly takes place, should be considered contributory infringement, *provided that* the assembled product is protected by IPR in both countries, provided that the assembly would have constituted a direct infringement in the country of supply, *and provided that* the components are specifically made or adapted for such assembly and/or the supplier induces such assembly.

The Danish, German and Japanese Groups further propose that there should be liability for contributory infringement where the means are supplied to another country, provided the supplier knows, or it is obvious under the circumstances, that the means are ultimately intended for infringing use in the country of supply, e.g. by re-import into the country of supply after manufacture of the IPR protected product.

The Dutch and Swiss Groups submit that there is no justification for a territorial limitation as to the place in which the person supplied intends to use the means.

The Finnish Group proposes that liability for contributory *patent* infringement should exist where a person knowingly provides essential elements of an invention to be used by others or if it is otherwise deemed appropriate to establish such liability based on factual circumstances due to inducement or similar conditions.

The German Group stresses that it should be an indispensable requirement that the supplier knew, or it was evident, that the means offered or supplied were suitable and intended to be used in an infringing manner. The supplier of means should not be burdened with an excessive duty of diligence. Liability should only exist where the means supplied relate to an essential element of the protected subject-matter, i.e. makes a material contribution to the infringement of IPR. It should not be a condition that the person intending to commit acts which would amount to direct infringement is the supplier's direct customer; however, appropriate criteria of culpability should be applied in the case of intermediate suppliers.

The Japanese Group proposes that the manufacture of labels reproducing a famous trademark and export thereof to another country where another undertaking uses the labels for affixing them to protected products in its own country, should be trademark infringement in the label supplier's home country. The same should apply if the trademark is neither famous nor well-

known but is protected in the label supplier's country as well as in the country of the person supplied.

The Swedish Group observes that, to the extent harmonisation is seen as desirable, the rules on contributory patent infringement that exist in many countries could be taken as a point of departure.

The United Kingdom Group submits that the guiding line in determining the conditions for contributory infringement should be the underlying purpose of assisting in the effective prevention of direct infringements. After careful consideration, the United Kingdom Group submits that there is not sufficient benefit to justify imposing liability for cross-border contributory infringement. The United Kingdom Group does not consider that a uniform rule of contributory infringement is appropriate for all cases; the acts constituting contributory infringement have to be considered separately for different types of IPRs, or even for specific technologies.

The United States Group submits that liability should also include liability for inducement, whereby a party encourages another's acts that are found to be a direct infringement. Also, a party offering or supplying means for practicing an invention, if he knows the means is intended for use in the invention, and if the means is not a staple item with a substantial non-infringing use, should be liable for contributory infringement.

The Brazilian Group observes that it should be a condition that the suitability and intention were known or obvious to the supplier.

The Italian Group submits that it should be a condition that the means supplied or offered are only suitable for committing a direct infringement.

The Bulgarian Group observes that at least there should be protection for essential parts of patented or design protected products, and against printing of labels.

The Egyptian and Portuguese Groups submit that the main condition should be the supplier's knowledge that the act being committed by the person supplied is an infringement.

The Philippine Group submits that it should be a condition that a direct infringement has been committed. The contributory act should be an act that is intended to promote the commission of the direct infringement.

In conclusion, there seems to be some support for the proposition that the conditions should be that the means relate to an essential, valuable or central element, that they are actually intended for an infringing use on the part of the person supplied and that, at the time of offering or supply, the suitability and intended use were known to the supplier or obvious under the circumstances. There is no clear consensus as to the territorial requirements.

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

The Danish Group submits that the conditions should not necessarily be the same for all kinds of IPRs, as the acts constituting direct infringement differ from one kind of IPR to another.

The Finnish Group submits that each kind of IPR should be considered separately, and that no general harmonisation of principles covering all IPRs should be made.

The German Group submits that special provision should be made for non-registered rights and registered rights which are yet unpublished. In those cases, contributory infringement should only exist where the supplier was positively aware of the existence of the IPR.

The Japanese and Turkish Groups submit that the conditions should be stricter in the copyright area so as to avoid general liability for manufacturers of copying machines, DVD recorders or PCs which may be applied for infringing acts. The Japanese Group further observes that in situations involving several jurisdictions, a distinction should be made between patents and

trademarks (see 8, above), mainly because it is not uncommon for the same trademark to be owned by different undertakings in different countries, whereas this is unusual for patents.

The Argentinian, Brazilian, Bulgarian, Dutch, Egyptian, Greek, Peruvian, Philippine, Portuguese, South African, Spanish and Swiss Groups submit that in the main, there is no justification for distinguishing between different kinds of IPRs in this respect.

The United Kingdom Group submits that different rules should apply in respect of different kinds of IPRs. In relation to *patents*, the “essential element” limitation is appropriate, as it relates to the invention, which is at the heart of patent protection; in relation to *copyright, designs and trademarks*, contributory infringement should include the provision of templates, models, drawings, computer files and other articles specifically designed to facilitate the reproduction of a particular work, sign or design; in copyright and design cases, liability could 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 trademarks, a sufficient level of knowledge should be demonstrated that the article was going to be used without a licence.

The United States Group proposes that consistent, general principles imposing liability for indirect infringement should be adopted. Variation should be permitted, however, to accommodate the differences between different kinds of IPR.

In conclusion, there is no consensus supporting a proposition that the rules should necessarily be the same for all kinds of IPRs, although the view that *in the main*, there is no need for distinguishing between different IPRs is supported by a large number of Groups.

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?*

The Argentinian, Belgian, Brazilian, Danish, Dutch, Egyptian, German, Greek, Peruvian, Philippine, Portuguese, South African, Spanish, Swedish, Swiss, Turkish, United Kingdom and United States Groups submit that the IPR owner should be able to obtain injunctive relief as in the case of direct infringement. However, the Belgian and German Groups point out that the relief must be proportionate and limited in scope to the circumstances which amount to contributory infringement.

In conclusion, there is a clear consensus that injunctive relief should, in principle, be available to the same extent as in case of direct infringement. There is no basis for concluding as to the Groups’ opinions regarding whether injunctions should be available against manufacture, or sale, of the means *per se*.

- *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 Argentinian, Belgian, Brazilian, Bulgarian, Danish, Egyptian, Finnish, German, Greek, Peruvian, Portuguese, Swedish, Swiss, Turkish, United Kingdom and United States Groups submit that damages should be generally available to cases of contributory infringement.

The Brazilian, Bulgarian, Dutch, German, Greek, Peruvian, Portuguese and Turkish Groups submit that a contributory infringer should not be liable for the whole of the loss caused by the direct infringement; he should only be liable in relation to his contribution to the actual infringement.

The Japanese Group observes that the situations where contributory infringement may occur differ to such an extent that common rules concerning liability for damages are inconceivable.

The South African Group observes that the question of damages should be left to the discretion of the court, having regard to the conduct of the supplier and the nature of his inducement.

The Spanish Group submits that damages should only be available where a direct infringement actually occurs, and that the contributory infringer's liability in damages should be proportionate to his contribution.

The Swiss Group submits that the contributor should be jointly and severally liable with the direct infringer.

The United Kingdom Group submits that damages should only be available where a direct infringement has occurred; on the other hand, in that case, the contributor should be liable in full and not only in proportion to his contribution.

In conclusion, there seems to be consensus that the contributory infringer should be liable in damages, but there are diverging views as to whether he should (always) be responsible for the whole loss, rather than in proportion to his contribution only.

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

The Argentinian, Belgian, Brazilian, Bulgarian, Danish, German, Greek, Italian, Japanese, Dutch, Peruvian, Philippine, South African, Spanish, Swedish, Swiss, Turkish, United Kingdom and United States Groups submit that in the main, the legal consequences should not be different for different kinds of IPR.

The Portuguese Group observes that the economic consequences and the link to other aspects of society, such as the health sector, are not the same for all (contributory) infringements of IPR; therefore, the legal consequences of such infringements should also be different.

In conclusion, a large majority say the legal consequences should be the same for all kinds of IPRs.

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

The Japanese Group submits that no liability for contributory infringement should exist where the means are used by the person supplied for experimental research relating to the subject-matter of a patented invention.

The Dutch and Egyptian Groups observe that the requirements for contributory infringement should be stated clearly, preferably in an international treaty, either in a separate treaty or as part of an existing treaty.

The Swiss Group proposes that the courts in the country where direct infringement takes place should have non-exclusive jurisdiction over all contributory actions, regardless of where they take place or of where the contributor is domiciled, and that such judgements should be recognized and enforceable in the country of the contributor's domicile.

The Swiss Group also proposes that there should be liability for *patent* infringement in cases where the same party fulfills all features of a patented invention or other IPR (e.g. all steps in a patented process) by performing a series of activities in different countries.

The United Kingdom Group submits that good practice would suggest that at least as regards *patents*, rules on contributory infringement should be implemented in legal systems in all countries. However, the United Kingdom 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.

The Brazilian Group observes that, in its view, the territorial issues are the most important component of harmonisation and should be discussed within the framework of Question Q204.

The Greek Group submits that, in addition to contributory infringement as defined in the Working Guidelines, liability should be in place for landlord liability for e.g. proprietors of flea markets, and the traditional contributory infringement doctrine should be applicable to online cases, such as online auctions.

III) Conclusions

On the basis of the Groups' responses summarised above, there seems to be basis for consensus among a majority of the Groups on the following points:

- 1) Under appropriate conditions, harmonised measures against contributory infringement of IPRs should generally be made available;
- 2) The conditions for such liability should be that the means supplied or offered by the contributory infringer relate to an essential, valuable or central element of the protected object, that they are actually intended for an infringing use on the part of the person supplied and that, at the time of offering or supply, the suitability and intended use were known to the supplier or obvious under the circumstances;
- 3) In the main, the conditions for establishing liability for contributory infringement should be the same for all kinds of IPRs, although the particular nature of each particular kind of IPR may imply that differences in the detailed conditions are reasonable;
- 4) Injunctive relief should, in principle, be available against contributory infringement of IPRs to the same extent as against direct infringement;
- 5) The IPR proprietor should be able to hold the contributory infringer liable in damages for his loss;
- 6) The legal consequences of liability for contributory infringement should generally be the same for all kinds of IPRs.

It is proposed that the further work within the Working Committee might consider these points but should not be limited by these suggestions.

In particular, the Working Committee could usefully discuss, *inter alia*,

- what territorial conditions, if any, should be applicable in relation to liability for contributory infringement as defined in the Working Guidelines;
- whether injunctive relief should be available against manufacture, or sale, of the means *per se*;
- whether the contributory infringer should be liable in damages equal to the IPR proprietor's full loss, or only in proportion to the contribution made or offered.