Question Q204P

National Group: Israel

Title: Liability for contributory infringement of IPRs – certain aspects of patent infringement

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Questions

The Groups are invited to answer the following questions under their national laws

I) Analysis of current legislation and case law

1. a) Is it a separate condition for the supply or offering of means to qualify as contributory patent infringement that the means supplied or offered were suitable to be put to a use that would infringe the patent?

   Yes. According to the rules of contributory infringement laid down by the Israeli Supreme Court in C.A 1636/98 Rav Bariach v. Havshush Car Accessories Ltd., PD 55(5) 357 ("the Rav Bariach Case"), it is a condition that the supplier knew, or should have known in the circumstances, that the mean supplied is particularly suitable for use in a combination which infringes the patent, and that it is indeed intended for such use.

   b) If yes to a), is it relevant that the means are also suitable to be put to other uses not related to the invention?

   Yes. According to the Rav Bariach Case, there will not be liability for contributory infringement if the means supplied is a staple product suitable for a significant non-infringing use.

2. a) Is it a condition for the supply or offering of means to qualify as contributory patent infringement that the person supplied intended, at the time of supply or offering, to put the means to an infringing use?

   As mentioned above, it is a condition that the supplier knew (or should have known in the circumstances), inter alia, that the mean supplied is indeed intended for use in an infringing combination.
b) If yes to a), is the element of intention a separate condition to any condition of suitability for an infringing use?

The element of intent is interwoven into the condition of suitability for an infringing use. The condition was laid down in the Rav Bariach case as follows: "the supplier knew, or should have known in the circumstances, that the mean supplied is particularly suitable for use in a combination which infringes the patent, and that it is indeed intended for such use". As can be appreciated, knowledge of suitability for infringing use, and knowledge of actual intent to make infringing use, can be read as two separate and cumulative conditions that must be met for liability for contributory infringement to be established.

c) If yes to a) is it a condition for the supply or offering of means to qualify as contributory patent infringement that the supplier was aware, at the time of supply or offering, that the person supplied intended to put the means to an actually infringing use?

Yes. It is a condition is that the supplier either knew or should have known this in the circumstances. See answer to a).

3. If it is a condition for the supply or offering of means to qualify as contributory patent infringement that the means relate to an essential, valuable or central element in the invention or that the means relate to an essential, valuable or central element in the product or service that constitutes direct infringement, what is the test for determining whether an element is essential, valuable or central?

According to the Rav Bariach Case, it is a condition that the means supplied is a material part of the invention. However, Israeli case law has not provided a test for determining whether an element is "material".

4. To the extent the means supplied or offered are staple commercial products, is it an additional condition for the supply or offering of means to qualify as contributory patent infringement that the supplier provides any instruction, recommendation or other inducement to the person supplied to put the goods supplied or offered to an infringing use?

According to the conditions laid down in the Rav Bariach Case, liability for contributory infringement will not be established if the mean supplied is a staple product. However, according to Israeli case law, patent infringement may be regarded as a tort governed by the general principles of tort law. Therefore, if the supplier induces the person supplied to make infringing use of the means supplied, he may be liable for inducement to infringe, even if the means supplied are a staple article.

5. a) Is injunctive relief available against acts of contributory infringement?

Yes

b) If yes to a), may injunctive relief be directed against the manufacture of the means per se or the supply of the means per se?

There is no case law on this specific point. The type of activities to be prohibited by an injunction would depend on the specific circumstances of each case. However, it can be submitted that an injunction directed against the manufacture of the means per se might, at least under certain circumstances, be overly broad, as it might prevent the supplier from manufacturing the
means (which, in a typical case, is not patented itself) for non-infringing uses. Therefore, an injunction would usually be expected to be directed against the particular activity which constitutes contributory infringement.

c) If no to b), must the injunction be limited to manufacture or supply of the means in circumstances which would amount to contributory infringement?

See above.

d) If yes to c), how in practice should this limitation be included in injunction orders, for example:

i) may claims for injunctive relief be directed for example against the abstract or hypothetical situation that the means are supplied in circumstances where the supplier is aware that the person supplied intends to put the means to an infringing use, and/or

ii) must claims for injunctive relief be directed against particular shipments of means for which the supplied person’s intent and the supplier’s knowledge has been proven?

See above.

6. Is it a condition for the supply or offering of means to qualify as contributory patent infringement that the intended use of means for actual infringement is intended to take place in the country where the means are supplied or offered?

As mentioned above, according to the Rav Bariach case, it is a precondition for liability for contributory infringement that the supplier know, or that it be obvious to him in the circumstances, that the means supplied are particularly suitable “for an infringing combination”, and are “indeed intended for that purpose”. The Supreme Court did not state that this condition should be read as a requirement that the intended use of the means for actual infringement should take place in Israel. Furthermore, Israeli case law is inconclusive as to whether direct infringement constitutes a precondition for contributory infringement. In the Rav Bariach case, the Supreme Court noted that U.S. law so stipulates, but was not required to rule as to whether such a condition applies under Israeli law, as it was assumed that direct infringement in Israel had occurred in the case under consideration. On the other hand, in a district court decision, the applicability of contributory infringement with respect to the Design Ordinance was left under consideration as no direct infringement occurred in Israel. The district court also noted that the supplier's knowledge of the intended use of the means in the particular circumstances of that case was "irrelevant", because the actual infringement did not occur in Israel. To summarize: while there may be indications in Israeli case law that the supplier's knowledge should refer to intended use of the means in Israel, it cannot be ruled out that contributory infringement be determined by an Israeli Court even when the use of the means supplied is intended to take place outside Israel.

7. How is it to be determined where means are supplied or offered? For example:

- Supplier X conducts business in country A, X agrees to supply person Y with means for an infringing use in country B Are the means supplied in country A or B or in both?
We are not aware of Israeli case law on this specific point in connection with contributory infringement. It can be submitted that in order to determine where means were supplied, the court should take into consideration the specific circumstances of each case, and in particular, the contract between X and Y. The court may also refer to the Convention of Contracts for the International Sale of Goods (1980) which has been incorporated into Israeli Law (see, for example, article 31 of the convention, which is directed to the place where the seller is to deliver the goods). However, it should be noted that in C.A 817/77 Beecham Group Liited v. Bristol Myers Company, PD 33(3) 757 (“the Beecham Case”), the Israeli Supreme Court held as liable for direct patent infringement a company operating in UK, which had cooperated with an Israeli distributor for the sale of a patented product in Israel, even though the company parted with ownership of the infringing products outside of Israel.

- **Supplier X undertakes** to deliver means “free on board” in a harbour in country A in the same circumstances Are the means supplied in country A or B or in both?

See above. It can be submitted that delivery FOB in country A favours a finding that the means were supplied in country A. However, in the Beecham case, the supplier’s argument that he had delivered the goods FOB in the UK did not prevent the court from holding that he was liable for direct patent infringement.

- **Supplier X undertakes** to deliver means “free on board” in a harbour in country B in the same circumstances Are the means supplied in country A or B or in both?

See above. May favour a finding that the means were supplied in country B.

- If the offer was *made in* country A but *accepted* in country B, are the means supplied in country A or B or in both?

  See above.

8. If means suitable for being incorporated into a patented product P are supplied by supplier X in country A to person Y, in circumstances where it was known to X (or it was obvious in the circumstances):

   i) that Y intended to export the means to country B and complete product P in country B; and
   
   ii) that Y intended to export the completed product P into country A,

would Y then be regarded as having intended to put the means to an infringing use in country A by importing and selling product P in country A, with the consequence that X could be held liable for contributory infringement in country A by supplying the means to Y?

Yes. According to the conditions laid down in the Rav Bariach case, it appears that X would be held liable for contributory infringement. It is assumed in the question that X knew that the mean supplied to Y is particularly suitable for use in a combination which infringes the patent (product P), and that it is indeed intended for such use by Y. The importation by Y of product P into Israel and sale thereof in Israel constitutes use of the means in a combination which infringes that patent.
9. a) Is the question of contributory infringement determined in accordance with the law of the country in which the means are:

   i) offered; or  
   No  
   ii) supplied?  
   Yes

b) What is the applicable law if the means are offered in country A but supplied in country B?

   The Law of Country B

c) Are there any other relevant principles to determine the applicable law?

   Equitable behaviour

II) Proposals for substantive harmonisation

The Groups are invited to put forward their proposals for adoption of uniform rules, and in particular consider the following questions:

1. In a harmonised system of patent law, what should be the conditions for an act of supply or offering of means to qualify as a contributory patent infringement?

   That the patent is valid in the place of supply

2. In a harmonised system of patent law, to what extent should injunctive relief be available to prevent contributory patent infringement?

   Sufficient to prevent. There must be a strong case of intent to aid infringement

3. In a harmonised system of patent law, how should it be determined where means are supplied or offered?

   Common sense – since I look at supply, and consider offering in light of where the supply is to take place, I don't see this as being an issue.

4. Should special rules apply to offers transmitted via electronic devices or placed on the internet?

   No.

5. In a harmonised system of patent law, how should it be determined which country's law should apply to acts of offering or supplying means where persons or actions in more than one country are involved?

   The problem is supply to within a jurisdiction. The importer is the infringer or contributory infringer. Where a method is effected in more than one country, such as via the Internet, the invention would probably not be considered patentable in Israel, since software is only patentable where there is a tangible result. In cases where there is a method effected via the Internet or steps in different countries but there is a tangible result in Israel, then equitable behaviour would be considered, and someone trying to work around literal infringement would probably find himself liable. This is conjecture. No case-law.
6. Does your Group have any other views or proposals for harmonisation in this area?

I don't

Note: It will be helpful and appreciated if the Groups follow the order of the questions in their Reports and use the questions and numbers for each answer.

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