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The Liability for Contributory Infringement of IPRs (Q 204)

REPORT OF SWISS GROUP *

I. Analysis of current legislation and case law

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

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.?

Swiss law does provide for liability for contributory infringement of IPRs in this sense.

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?

a) Actual use

Pursuant to Swiss law, acts that may potentially aid or facilitate or otherwise contribute to a direct infringement of an IPR, such as supplying means for working an invention, are not per se prohibited. Rather, illicit contributory infringement under Swiss law requires that the person in question contribute to an act that qualifies as direct infringement under the respective Swiss IPR statute. Contributory infringement is accessory to a direct infringement. The principle is the following: There is no contributory infringement under Swiss law without a direct infringement of an IPR under Swiss law.

This does not, however, have as consequence that remedy against a contributory infringer becomes available only after a direct infringement has actually occurred. While monetary relief may only be claimed after a direct infringement has taken place, it is not necessary for obtaining injunctive relief against a contributory infringer that the means he supplied have already been used by another person in order to commit a direct infringement. It is sufficient for obtaining injunctive relief that the owner of an IPR shows that in light of all circumstances a direct infringement in Switzerland making use of the means must reasonably be expected. Thus, injunctive relief may be granted before the supplied means are actually used by another person for committing a direct infringement in Switzerland. DFT 129 III 588 (DFT is the acronym for Decision of the Swiss Federal Tribunal).

b) Territoriality

Swiss courts attribute Swiss IPRs a geographical scope of protection that is strictly limited to the territory of the Swiss Federation. Accordingly, an act constitutes a direct infringement of a Swiss IPR only if such act is committed in Switzerland. From this Swiss courts have concluded that a person may be liable as contributory infringer only if the direct infringement to which he contributes takes place in Switzerland. On the other hand, Swiss courts have also decided that it does not matter where the potential contributory infringer acts, or, in other words, from where he contributes to a direct infringement in Switzerland. A person may, therefore, be liable as contributory infringer under Swiss law if this person contributes to a direct infringement in Switzerland either from within Switzerland or from abroad. DFT 92 II 293; 97 II 169; 100 II 240; 122 III 81; 129 III 588.

In the following table, "+" indicates in which constellations a person may be liable as contributory infringer under Swiss law and "-" in which constellations there is no liability as contributory infringer under Swiss law:

	Contributory action in Switzerland	Contributory action abroad
Direct infringement in Switzerland	+	+
Direct infringement abroad	-	-

From this it follows that it is not a condition for liability as contributory infringer under Swiss law that the supplying of means (contributory action) and their use (direct infringement) take place in the same country; only the direct infringement must occur in Switzerland.

c) Additional condition: sufficient causal connection

Pursuant to Swiss case law and literature, there must be a sufficiently close (adequate) causal connection between the contributory action and the direct infringement. Swiss courts commonly use the formula that the contributory action must objectively have favoured the occurrence of the direct infringement in light of the ordinary way things go and the experience of life. According to precedents of Swiss courts this is the case if, for example, means are explicitly offered for an infringing use or if means may only be used in such a manner. On the other hand, an adequate causal connection is denied if a non-infringing staple product is (mis)used for committing a direct infringement of an IPR. In between these rather clear cases lays a grey area in which it must be assessed on a case-by-case basis whether in light of the ordinary way things go and the experience of life it had to be expected that the respective contributory action objectively favoured a direct infringement. DFT 129 III 588.

Section 10 of the Working Guidelines mentions the recent judgment „Funkuhr II“ of the German Federal Supreme Court in which it was held that supply from Germany into another country of essential parts for a product patented in Germany amounted to contributory infringement in Germany where the supplier was aware that the person supplied intended to make the patented product abroad and export the finished product to Germany. Under Swiss law, the critical question in such a case would be whether the contributor in light of all circumstances must reasonably expect that the finished products will make their way to Switzerland. If this is the case, the adequate causal connection requirement is met.

d) No condition: subjective elements

In section 8 of the Working Guidelines it is mentioned that in certain countries it is a prerequisite for contributory infringement that the customer intends to use the means in an infringing manner and that such intent was known or should have been known to supplier. Under Swiss law, subjective elements as such are not a prerequisite for liability as contributory infringer. They may, however, play a role in the assessment of the causal connection between the contributory action and the direct infringement. Pursuant to an obiter dictum in DFT 129 III 588 such connection is sufficiently close if the contributor knows or should know both that the supplied means are suitable for an infringing use and that the supplied person intends such use.

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;**

This is the case. If the means offered and/or supplied are not suitable to be put into an infringing use their supplying cannot contribute to a direct infringement.

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

This is no requirement under Swiss law. The relevant question under Swiss law is not whether the means constitute an essential, valuable or central element in the invention or product but whether the supplying of these means objectively favoured the direct infringement in light of the ordinary way things go and the experience of life (adequate causal connection).

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

This is no requirement under Swiss law. The intention on the part of the person supplied is not relevant for determining whether an action constitutes a contributory infringement or not (see, however, the above answer 2d)).

- **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;**

This is no requirement under Swiss law. See above answer 2b).

- **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**

The pertinent requirement under Swiss law in this context is the requirement of an adequate causal connection between the contributory action and the direct infringement. See above answer 2d).

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

Inducement of infringement is a form of contributory infringement under Swiss law and does not require that the instigator supplies any means.

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.

All requirements are set out above under question 2.

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

Of the Swiss IPR statutes, only the Patent Act (art. 66 let. d) and the Design Act (art. 9 para. 2) contain explicit provisions addressing contributory infringement. The provisions contained in the Patent Act and in the Design Act are, however, not identical. Only the Patent Act but not the Design Act names inducement of infringement as a form of contributory infringement, and while the Patent Act contains no restrictions with regard to the remedies available against a contributory infringer the Design Act names injunctive relief as the only remedy.

The other Swiss IPR statutes (Trademark Act, Copyright Act, Act on the Protection of Topographies of Semiconductor Products, Act on the Protection of New Plant Varieties) contain no pertinent provisions.

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?

Pursuant to Swiss case law and literature, the provisions in the Patent Act and the Design Act dealing with contributory infringement are declaratory in nature. Regardless of whether the respective IPR statute contains a pertinent provision or not a person is liable for contributory infringement under the general principles of Swiss tort law (art. 41 et seq., especially art. 50, Swiss Code of Obligations). DFT 129 III 588.

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?**

a) *Injunctive relief*

The owner of the infringed IPR may request and obtain injunctive relief against the contributory infringer. The scope of such injunction is, however, not as broad as the scope of an injunction against the direct infringer because only acts that may aid or facilitate or otherwise contribute to a direct infringement in Switzerland may be enjoined. For example, while a direct infringer may be prohibited from exporting infringing goods out of Switzerland, it will most likely not be possible to interdict the exportation of means for working the invention abroad. There is, however, no pertinent Swiss case law so far.

b) Damages and other compensation

According to general principles of tort law (art. 50 para. 1 Swiss Code of Obligations), all persons that have jointly caused damage, be it as instigators, principals or accessories, are jointly and severally liable to the damaged party. This principle applies to infringements of IPR, such infringements being considered to constitute tortuous acts. From this it follows that, in principle, a contributory infringer is liable vis-à-vis the IPR owner not only for the damage that is attributable to his contribution, but for the whole damage. Again, pertinent Swiss case law does not exist so far.

Under Swiss law, the owner of an infringed IPR may claim surrender of profits (art. 423 Swiss Code of Obligations) or of an unjustified enrichment (art. 61 et seq Swiss Code of Obligations) in lieu of damages. These claims may also be made against a contributory infringer. Persons acting together are, however, not jointly and severally liable for all participants' profits and enrichments. Each participant must only surrender its own profit or enrichment.

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:

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

The Swiss group is of the opinion that measures against such acts should generally be available.

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

It is the view of the Swiss group that primarily two questions need to be resolved: (i) Should liability as contributory infringer require any nexus to a direct infringement at all, and, (ii) if yes, should such liability depend on whether the direct infringement takes place in the inland or abroad?

With regard to question (i), the Swiss group endorses a solution under which liability requires a nexus between the contributory action and a direct infringement. Such nexus should, however, not depend on any subjective elements. It should only be required that, given the facts of the specific case, it had to be objectively expected that a direct infringement was aided.

With regard to question (ii), the Swiss group favours a solution under which the law of the country in which the direct infringement takes place also applies to all contributory actions, regardless of where they are performed.

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

The Swiss group does not see any objective reason for treating different kinds of IPRs differently.

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 owner of an IPR should be entitled to injunctive relief, and all persons involved in the infringement, be it as direct infringer or as contributor, should be jointly and severally liable for the complete damage. In addition, the owner of an IPR should be entitled to claim from the contributor surrender of its profit or enrichment instead of damages.

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

The Swiss group is of the opinion that 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 Swiss group has two proposals in this respect:

a) As indicated above, the Swiss group is of the opinion that the laws of the country in which the direct infringement takes place should also govern all contributory actions. Considering that law suits against the direct infringer are frequently brought in the courts of the country in which the direct infringement takes place and that such courts, due to their closeness to the direct infringement and their knowledge of the applicable law, are predestined to also adjudicate related matters, the Swiss group is further of the opinion that (i) such courts should have the non-exclusive jurisdiction over all contributory actions, regardless of where they take place and of where a contributor is domiciled, and (ii) judgments of such courts should be recognized and enforceable in the country in which a contributor is domiciled.

b) The Swiss group is of the view that inconsistencies in the treatment of cases of contributory infringement and another group of cases that follow a very similar fact pattern should be prevented: Cases in which one person fulfils all features of a patented invention or another IPR by performing a series of activities in different countries, e.g., by performing the subsequent steps of a patented process in different countries. Whether this amounts to an infringement under Swiss law is discussed controversially in the literature, and it has never been decided by Swiss courts. See, however, United States Court of Appeals for the Federal Circuit, NTP, Inc., v. Research in Motion, Ltd., judgment of August 2, 2005. The Swiss group is of the opinion that it would be advantageous to harmonize liability for contributory infringement together with such cases.

Summary

Under Swiss law, a person is liable for contributory infringement if that person contributes to an act that qualifies as direct infringement under a Swiss IPR statute and if, in light of all circumstances, it had to be reasonably expected that the contributory action in question favoured the direct infringement. Whereas it is a requirement for such liability under Swiss law that the direct infringement that is aided takes place in Switzerland it is not relevant from where – from which country – the contributor contributes to the direct infringement.

The remedies available to the owner of an IPR against a contributory infringer under Swiss law include claims for injunctive relief and for damages or, instead of damages, surrender of the contributor's profits or surrender of the contributor's enrichment.

The Swiss group is of the opinion that a harmonization should be along these lines. The Swiss group further suggests harmonizing the laws on jurisdiction and enforceability. Namely, the Swiss group finds that courts in the country where the direct infringement takes place should have non-exclusive jurisdiction over all contributory actions and that judgments of these courts should be recognized and enforceable in the country in which the respective contributor is domiciled. Finally, the Swiss group reminds that inconsistencies with a group of cases that follow a fact pattern similar to that of contributory infringement cases should be prevented: Cases in which one person fulfils all elements of a protected IPR not by acting in one country alone but by performing a series of activities in different countries.

Zusammenfassung

Gemäss Schweizer Recht setzt die Belangbarkeit als Teilnehmer voraus, dass die Teilnahmehandlung eine unmittelbare Immaterialgüterrechtsverletzung in der Schweiz fördert und dass jene nach dem gewöhnlichen Lauf der Dinge und der allgemeinen Lebenserfahrung als geeignet erscheint, eine Immaterialgüterrechtsverletzung von der betreffenden Art zu fördern. Während die geförderte, unmittelbare Verletzung eines Immaterialgutes in der Schweiz stattfinden muss, spielt es für die Belangbarkeit als Teilnehmer keine Rolle, von welchem Land aus der Teilnehmer die unmittelbare Verletzung fördert.

Gegenüber einem Teilnehmer hat der Immaterialgüterrechtsinhaber Unterlassungs- und Schadenersatzansprüche, wobei er vom Teilnehmer statt Schadenersatz die Herausgabe des Gewinns oder der Bereicherung verlangen kann.

Die Schweizer Gruppe ist der Auffassung, dass eine Harmonisierung der Verantwortlichkeit der Teilnehmer diesen Grundsätzen folgen sollte. Zudem schlägt die Schweizer Gruppe eine Vereinheitlichung des Gerichtsstands- und Vollstreckungsrechts vor. Es sollten die Gerichte am Ort der unmittelbaren Immaterialgüterrechtsverletzung eine nicht ausschliessliche Zuständigkeit zur Beurteilung auch sämtlicher Teilnahmehandlungen haben, und es sollten die Urteile dieser Gerichte im Sitzstaat eines jeden Teilnehmers anerkannt und vollstreckt werden können. Schliesslich weist die Schweizer Gruppe darauf hin, dass Widersprüche in der Beurteilung von Teilnahmehandlungen und einer weiteren, ähnlich gelagerten Fallgruppe vermieden werden sollten: Fälle, in denen eine Person sämtliche Merkmale eines geschützten Immaterialgüterrechts verwirklicht, dies aber nicht durch das Handeln in einem Staat alleine, sondern durch eine Folge von Handlungen in verschiedenen Staaten.

Résumé

En vertu du droit suisse, la responsabilité à titre de participant présuppose un acte de nature à contribuer à la violation directe, en Suisse, d'un droit relevant de la propriété intellectuelle et que, eu égard au cours normal des choses et à l'expérience de la vie, cet acte est susceptible de contribuer à une telle violation. Si la violation directe du bien immatériel à laquelle le participant a contribué doit être commise en Suisse, ce dernier répond de son acte indépendamment du pays à partir duquel il l'a commis.

Envers le participant, le titulaire du bien immatériel dispose des actions en cessation et en dommages-intérêts. En lieu et place des dommages-intérêts, le titulaire peut demander que le participant lui remette son profit ou son enrichissement.

Le groupe suisse est d'avis qu'une harmonisation de la responsabilité des participants devrait suivre ces principes. Le groupe suisse propose en outre une harmonisation des dispositions régissant le choix de la compétence judiciaire et de celles régissant l'exécution des jugements. Les tribunaux du lieu où la violation directe du bien immatériel a été commise devraient être compétents, à titre non exclusif, pour connaître de tous les actes de participation, ces jugements devant être reconnus et exécutés par chaque Etat dans lequel un participant a un domicile. Enfin, le groupe suisse tient à rappeler qu'il faut éviter que les actes de participation soient jugés autrement qu'une catégorie de cas comparables, à savoir ceux dans lesquels tous les actes constitutifs d'une violation d'un droit relevant de la propriété intellectuelle sont accomplis non pas dans un seul Etat, mais par une succession d'actes commis dans différents Etats.

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