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Liability for Contributory Infringement of IPRs – certain Aspects of Patent Infringement (Q 204)

REPORT OF SWISS GROUP*

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?

If means are not suitable to be put to a use that would infringe the patent, supplying or offering such means can hardly facilitate or advance and therefore contribute to an infringement. It is, therefore, not a separate condition, but a fundamental requirement for a contributory infringement that the supplied or offered means are suitable for an infringing 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?

The fact that means may be used both for the infringement of a patent and otherwise does not prevent the offering or supplying of such means from qualifying as contributory infringement in violation of the Swiss Patent Act.

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?

No, it is not considered a requirement that the supplied person intended an infringing use. The pertinent requirement for illicit contributory infringement under Swiss law is that in light of the ordinary way things go and the experience of life it has to be expected that the respective contributory action objectively favours a direct infringement (requirement of adequate causal connection). Pursuant to an obiter dictum of the Swiss Federal Supreme Court in DFT 129 III 588, the requirement of adequate causal connection is normally fulfilled if the contributor knows or should have known both that the supplied means are suitable for an infringing use and the supplied person intends such use. Nevertheless, contributory infringement can also be established if the supplied person does not have an intention at the time of supply or offering by the contributor to put the means to an infringing use but takes such decision at a later date, provided that the supplied person's infringement could and should have been reasonably expected, i.e. the adequate causal connection requirement is met.

Once contributory infringement is established, subjective elements become relevant for determining the contributor's financial liability. Liability for damages, for example, requires fault on the contributor's part, and liability for surrender of profits requires that the contributor acted in bad faith. Injunctive relief may be granted regardless of the contributor's fault.

b) If yes to a), is the element of intention a separate condition to any condition of suitability for an infringing use?

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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?

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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?

This is no requirement under Swiss law. The relevant question under Swiss law is not whether a means constitutes an essential, valuable or central element in the invention or product but whether the supplying of that means objectively favoured the direct infringement in light of the ordinary way things go and the experience of life (adequate causal connection). The fact that the supplied means constitutes an essential, valuable or central element may, however, indicate that an infringement objectively had to be expected.

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?

Yes. In the already cited DFT 129 III 588, the Swiss Federal Supreme Court expressed the view that supplying staple products as such will generally not amount to contributory infringement because the requirement of an adequate causal connection between the contributory act and the direct infringement will most likely not be met in such cases.

In such cases, illicit contributory infringement requires additional participatory activities such as an inducement. Inducement of infringement admittedly is a form of contributory infringement under Swiss law. It does not even require that the instigator supplies any means.

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 and literature in Switzerland that elaborates on the scope of injunctive relief in cases of contributory infringement.

The Swiss Patent Act only provides for remedies against acts that violate the patentee in his rights. With regard to injunctive relief, article 72 of the Patent Act is clear in this respect. It seems reasonable to conclude from this that injunctive relief may not be directed against the manufacture of means per se or the supply of means per se if the respective means have both infringing and non-infringing uses, i.e. in cases where the manufacture or supply of means will not necessarily and inevitably lead to a direct infringement. In such cases, an injunction will most likely need to be directed specifically against those acts that amount to a contributory infringement. Where means can only be used in an infringing way, issuing an injunction directed against the manufacture or the supply per se should, on the other side, be possible.

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 answer to b).

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**

The Swiss Federal Supreme Court has repeatedly held that an injunction must describe the prohibited activities so clearly and unambiguously that establishing whether the injunction has been violated

requires only simple factual determinations (DFT 131 III 70; 4C.138/2004). It is at least doubtful that an injunction that contains subjective elements such as the awareness of the supplier and the intention of the supplied person would meet this requirement.

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?

As discussed above, intent on the part of the supplied person and knowledge on the part of the supplier are no requirements – but may be indicative – for illicit contributory infringement. An injunction could, for example, be directed against shipments to a specific customer or against shipments of means that are specifically designed to be used in an infringing manner or against shipments of means for specific purposes of use.

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?

Swiss courts attribute patents 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 patent only if such act is committed in Switzerland. From this, 3 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 but not if this person from within Switzerland contributes to a direct infringement abroad. DFT 92 II 293; 97 II 169; 100 II 240; 122 III 81; 129 III 588.

From this 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.

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:

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

	Contributory action in Switzerland	Contributory action abroad
Direct infringement in Switzerland	+	+ ¹
Direct infringement abroad	-	-

According to Swiss case law, liability as contributory infringer under Swiss law does not require that the contributory action – i.e. the supplying of means – but the direct infringement takes place in Switzerland. Question 7 therefore is not relevant under Swiss law.

– 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?

The Swiss Federal Supreme Court has decided that in such cases X's contributory activities must be adjudicated under the laws of country B.

– **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?**

According to the case law of the Swiss Federal Supreme Court, contributory activities are subject to the laws of the country in which the direct infringement takes place. Again, this is B.

– **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?**

X's activities again are subject to the laws of the country in which the direct infringement takes place, i.e. 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?**

As 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?

There is no published case law dealing with such a situation in Switzerland. The Swiss group is aware of only one publication that discusses constellations like the above (A. HESS-BLUMER, *Teilnahmehandlungen im Immaterialgüterrecht*, sic! 2003, 95 ss., 106). This article was published in 2003 and was, therefore, not influenced by “Funkuhr II” of the German Federal Supreme Court. The author reminds that under Swiss law the pertinent criterion is whether there is an adequate causal connection between the contributory act and the direct infringement in question. In cases where products manufactured abroad with means supplied from Switzerland are imported into Switzerland the critical question therefore is whether the contributor (X in the above example) in light of all circumstances must reasonably expect that the means will be used to make infringing products and that the finished products will then make their way back to Switzerland. If this is the case, the adequate causal connection requirement is met and X should be liable as contributory infringer under Swiss law.

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?

No. The question of contributory infringement is determined in accordance with the laws of the country in which the direct infringement takes place. See answer to question 7.

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

If the direct infringement takes place in country B, the applicable laws are those of country B. If, however, the direct infringement takes place also in country A, e.g. because the infringing products are sold in A (see question 8), then also the laws of A apply. The contributor would be held liable for contributory infringement in country B (according to the laws of country B) and A (according to the laws of country A).

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

See answer to question I.7.

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?

It is the view of the Swiss group that primarily three questions need to be resolved: (i) Should liability as contributory infringer require that the supplied or offered means relate to an essential, valuable or central element of the invention, (ii) should liability as contributory infringer require any nexus to a direct infringement at all, and, (iii) if yes, should liability be subject to the laws of the country in which the contributory action is performed or of the country in which the direct infringement takes place?

With regard to question (i), the Swiss group is aware that the present Swiss regime that does not require that the means relate to an essential element of the invention but that the supply or offer of a means is the adequate cause of the direct infringement is an exception. The Swiss group believes, however, that the Swiss solution has several advantages: (a) it has greater flexibility, (b) courts do not need to analyse and find an answer to the difficult question of what is an essential element of a specific invention, and (c) courts can rely on broad case law on the requirement of adequate causal connection. The Swiss group therefore supports the present Swiss solution.

With regard to question (ii), the Swiss group endorses a solution under which liability requires a nexus between the contributory action and a direct infringement. Such nexus should 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 (iii), 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. It makes sense that all contributory actions to a specific direct infringement are decided under the same substantive law.

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

First, the Swiss group is of the opinion that injunctive relief against a contributory infringer should be available.

However, the Swiss group is also concerned about overreaching injunctions. It thinks that injunctive relief should be limited to actions that in fact abet or of which it can be reasonably expected that they will abet a direct infringement.

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

Under the conditions favoured by the Swiss group (see II.1. above) such determination is not necessary because the laws of the country in which the direct infringement takes place also apply to the contributory action, regardless of where it is performed.

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

The Swiss group is of the opinion that no special rules should apply in the case of such offers.

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?

See above answer under II.1. question (iii).

6. Does your Group have any other views or proposals for harmonisation in this area?

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 usually brought in the courts of the country to 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.

Summary

Under Swiss law, a person is liable for contributory infringement if that person contributes to an act that qualifies as direct infringement under the Swiss Patent Act and if, in light of all circumstances, it had to be reasonably expected that the contributory action in question favoured the direct infringement. This is the case, for example, if the contributor knows or should have known both that the supplied or offered means are suitable for an infringing use and that the supplied person intends such use.

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 patent owner against a contributory infringer under Swiss law include claims for injunctive relief. While it seems clear that an injunction should only prohibit activities that will aid a direct infringement but not, for example, the supply of means for non-infringing uses, there is no case law on how to accomplish this in practice.

The Swiss group is of the opinion that a harmonization should take place along these lines. The Swiss group further suggests harmonizing the laws on jurisdiction and enforceability. Namely, the Swiss group believes 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.

Zusammenfassung

Gemäss Schweizer Recht setzt die Belangbarkeit als Teilnehmer voraus, dass die Teilnehmershandlung eine unmittelbare Patentverletzung in der Schweiz fördert und dass jene nach dem gewöhnlichen Lauf der Dinge und der allgemeinen Lebenserfahrung als geeignet erscheint, eine Patentverletzung der betreffenden Art zu fördern. Dies ist zum Beispiel der Fall, wenn der Teilnehmer weiss oder wissen muss, dass die von ihm angebotenen oder gelieferten Mittel geeignet und vom Empfänger dazu bestimmt sind, für die Benützung der geschützten Erfindung verwendet zu werden.

Während die geförderte, unmittelbare Patentverletzung 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 Patentinhaber unter anderem einen Unterlassungsanspruch. Es ist davon auszugehen, dass ein Verbot auf unzulässige Teilnehmershandlungen beschränkt sein muss und beispielsweise die Lieferung von Mitteln für andere als patentverletzende Verwendungen nicht erfassen darf. Rechtsprechung dazu liegt bisher jedoch nicht vor.

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 Patentverletzung 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.

Résumé

Selon le droit suisse, la qualification comme coresponsable dépend du fait que participation entraîne la violation directe d'un brevet en Suisse et que celle-ci, selon le cours ordinaire des choses et l'expérience générale de la vie apparaisse comme étant de nature à provoquer la violation d'un brevet du genre concerné. C'est par exemple le cas si le coresponsable sait ou devait savoir que les biens offerts ou fournis par lui étaient aptes à être employés pour l'utilisation de l'invention protégée ou y étaient destinés par le destinataire.

Alors que la violation directe du brevet doit déployer ses effets en Suisse, le pays à partir duquel le coresponsable contribue à la violation directe ne joue aucun rôle pour la qualification de coresponsable.

Le titulaire du brevet dispose entre autres d'une action en cessation de l'atteinte à l'encontre du coresponsable. Il convient de partir du principe qu'une interdiction prononcée à l'encontre des actes du coresponsable doit être limitée et ne saurait par exemple visée la fourniture de biens pour d'autres utilisations que celles qui violent le brevet. Il n'y a toutefois aucune jurisprudence sur le sujet pour l'instant.

Le Groupe Suisse est d'avis qu'une harmonisation de la responsabilité des coauteurs devrait s'inspirer des principes ci-dessus. Le Groupe Suisse propose en outre une unification du droit en matière de for et de poursuite. Les tribunaux du lieu de la violation directe du brevet devraient se voir attribuer une compétence non-exclusive de se prononcer sur tous les actes commis par des coresponsables. Les jugements de ces tribunaux devraient également pouvoir être reconnus et exécutés dans l'Etat de domicile de chacun des coresponsables.

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