Study Question

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Joint liability for IP infringement

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I. Current law and practice

Please answer all questions in Part I on the basis of your Group's current law.

1 **Are there any statutory provisions which specifically apply to Joint Liability?**

No

Please Explain

Introductory remarks

Reference should be made to AIPPI 2010 Question Q204P submitted by the Danish Group, where the group outlines the general principles of co-actor liability acts.

According to these principles, it is generally accepted that a person can incur co-actor liability for infringement in accordance with the general principles of co-actor liability acts in Danish criminal law and tort law.

According to Section 23(1) of the Danish Criminal Code, "The penalty in respect of an offence shall apply to any person who has contributed to the execution of the direct infringement by inducement, aid or abetting…".

Danish tort law does not have a similar specific or central provision governing co-actor liability. However, it is accepted in Danish legal theory that the basic standards and interpretations developed in judicial criminal literature and case law in general are similar to the perception of co-actor liability in tort law.

A person, thus, can incur co-actor liability for infringement to the extent (i) a direct infringement has occurred, (ii) the person in question knew or ought to have known about the infringement, *and* (iii) the person in question contributed to the execution of the direct infringement by inducement, advice or action.

Regarding (iii) it is accepted that this does not have to be "active" acts *per se*, but that co-actor liability can also be incurred in a situation where infringement occurs because an act is *not* carried out (co-actor liability by acts of omission).

Notwithstanding the above, there are some limitations to the scope of these principles in terms of information society services. Directive 2000/31/EC of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market (the E-Commerce Directive) was partly implemented in Danish law by the Danish E-Commerce Act, no. 227 of 22 April 2002.

Sections 14-16 of the E-Commerce Act exempts, under specific circumstances, information society service providers from Joint Liability when their contribution to an infringement consist in (i) mere conduit, (ii) caching or (iii) hosting. The following judgments from the Court of Justice of the European Union (Grand Chamber) have confirmed this state of law, see e.g. C-324/09 (L'Oréal and others v. eBay) and C-326/08 - C-238/08 (Google France and Google v. Luis Vuitton and others).

2 **Under the case law or judicial or administrative practice in your jurisdiction, are there rules which specifically apply to Joint Liability?**

No

Please Explain

However, see the introductory part under question 1 above concerning criminal co-actor liability. As mentioned it is generally accepted that liability for IPR infringements may follow from the general criminal law / tort law concept of co-actor liability.

3 **In the following hypotheticals, would party A be liable for Joint Infringement with party X? In each case, please explain why or why not.**

3.a **X sells handbags in a shop which is a small stall located in a shopping mall owned by A. The handbags infringe the registered design of Z. A knows that X (and other tenants) sells infringing goods.**

Yes

Please Explain

There are no Danish statutory provisions, case law or theory dealing specifically with this hypothetical.

According to the non-codified principles of co-actor liability, anyone who procures illegal activity by inducement, advice or action may be held liable for said illegal activity.

In the Danish Group's view there are no facts supporting that A is actively inducing and/or aiding and abetting X's infringing sales, and in that sense A would as such not be liable for Joint Infringement in this hypothetical.

However, the Danish Group has considered whether A may have incurred co-actor liability by acts of omission, nonetheless by passively facilitating / making possible that X is able to sell the infringing handbags or by not preventing and/or intervening against X's continued infringing activities.

There is Danish case law establishing co-actor liability for a publisher of an advertising booklet, where one of the advertisements contained illegal information. The Danish Supreme Court held that the publisher had aided and abetted to the (direct) infringement by publishing the booklet and that the publisher ought to have known that the advertisement contained illegal information. The case turned on criminal co-actor liability in accordance with Section 23 of the Danish Criminal Code.

The scope of this decision outside a criminal liability situation is unclear, but there might be an argument that A has aided and abetted to the (direct) infringement, thereby incurring co-actor liability, by facilitating / making possible that X is able to sell the infringing handbags in A's shopping mall or by not preventing and/or intervening against X's continued infringing activities of which A has positive knowledge. In this regard, it may play a role that A presumably is benefitting financially from X's activities (assuming that X pays rent to A).

However, the situation is unclarified in Danish law, and the Danish Group is inclined to think that A most likely would be considered liable for Joint Infringement in this hypothetical. Generally, however, it depends on the circumstances and there may be certain situation that would speak against imposing a Joint Liability on A.

3.b **X sells handbags in an online shop which is hosted by a large market place platform owned by A. The handbags infringe the registered design of Z. A knows that X (and other web shop operators hosted by A's market place platform) sells infringing goods via their respective outline shops.**

Yes

Please Explain

There are no Danish statutory provisions, case law or theory dealing specifically with this hypothetical.

In this scenario, in particular, Section 16 of the E-Commerce Act relating to hosting is relevant (corresponding to Article 14 of E-Commerce Directive), cf. the introductory part above. Section 16(1) of the E-Commerce Act states:

"16. A service provider is not liable for storage of information or for the content of the information stored, where such storage takes place at the request of a recipient of the service who has supplied the information, on condition that the service provider

1) does not have actual knowledge of illegal activity or information and, as regards claims for damages, is not aware of facts or circumstances from which the illegal activity or information is apparent, or

2) the provider, upon obtaining such knowledge or awareness (cf. point 1), acts expeditiously to remove or to disable access to the information."

Further, to rely on the exemption from liability referred to in Section 16 of the E-Commerce Act, the service provider - as an intermediary provider - must provide its services neutrally by a merely technical and automatic processing of the data provided by its customers, cf. The Court Justice of the European Union's decision in case C-324/09 (L'Oréal **and others** v. Ebay).

In this hypothetical, A knows that X (and other web shop operators) sells infringing goods via A's online platform, and accordingly, already for that reason, A cannot refer to the exemption for liability in Section 16 of the E-Commerce Act. Furthermore, A cannot be said to merely act as an intermediary provider who provides its services neutrally by a merely technical and automatic processing of the data provided by its customers, as A has actual knowledge about X's (and other web shop operators') sale of infringing goods. Also for that reason, A cannot refer to the exemption for liability in Section 16 of the E-Commerce Act.

Accordingly, the question then arises whether A has incurred co-actor liability by aiding and abetting to the (direct) infringement in accordance with Danish basic legal principles in this regard. The Danish Group refers to the considerations under the answer to Q3(a) above, which equally applies to this hypothetical.

Thus, the Danish Group is inclined to think that A most likely would be considered liable for Joint Infringement in this hypothetical. Generally, however, it depends on the circumstances and there may be certain situation that would speak against imposing a Joint Liability on A.

3.c **X sells handbags in an online shop. The handbags infringe the registered design of Z. A designed the online advertising campaign for X's shop and books online advertising resources for X on websites and in in search engines. A knows that X sells infringing goods.**

Yes

Please Explain

There are no Danish statutory provisions, case law or theory dealing specifically with this hypothetical.

However, the Danish Group takes the view that A in all likelihood is liable for Joint Infringement in this hypothetical, since A is actively aiding and abetting to the infringing activities. Also, A has an actual knowledge about X's sale of infringing goods and consequently is in bad faith in relation to X's infringement of IP rights.

According to Danish case law, a marketing and/or advertising agency may be held liable for Joint Infringement if the agency knew or ought to have known that the advertising campaign is infringing IP rights.

3.d **For each of the hypotheticals in (a) to (c) above, does it make a difference if A merely suspects that X sells infringing goods? If yes, what is the level of "suspicion" required, and how is it demonstrated?**

3.d.

Hypothetical A

No

Please Explain

Co-actor liability is also acknowledged in situations where the liable person only has demonstrated negligence, including both ordinary negligence (i.e. that he/she "ought to have known of the (direct) infringement") and gross negligence (i.e. that he/she "suspects" the (direct) infringement). Under Danish law, the crucial factor is not what the infringer really believed but what the infringer ought to have known.

Also, in terms of storage/hosting of information online, cf. Q3(b) above, if the service provider exhibits ordinary negligence, he/she can no longer refer to the exemption for liability in Section 16 of the E-Commerce Act.

According to Danish case law, traders are required to examine whether any IP rights are infringed as part of their business. This implies that a trader cannot stay in conscious ignorance if the trader merely suspects that X sells infringing goods. In this scenario, the trader should examine whether X infringes any IP rights or has the necessary licenses. It should be noted that the duty to investigate applies to a greater extent for traders with specific industry knowledge.

3.d.i

Hypothetical B

No

Please Explain

Co-actor liability is also acknowledged in situations where the liable person only has demonstrated negligence, including both ordinary negligence (i.e. that he/she "ought to have known of the (direct) infringement") and gross negligence (i.e. that he/she "suspects" the (direct) infringement). Under Danish law, the crucial factor is not what the infringer really believed but what the infringer ought to have known.

Also, in terms of storage/hosting of information online, cf. Q3(b) above, if the service provider exhibits ordinary negligence, he/she can no longer refer to the exemption for liability in Section 16 of the E-Commerce Act.

According to Danish case law, traders are required to examine whether any IP rights are infringed as part of their business. This implies that a trader cannot stay in conscious ignorance if the trader merely suspects that X sells infringing goods. In this scenario, the trader should examine whether X infringes any IP rights or has the necessary licenses. It should be noted that the duty to investigate applies to a greater extent for traders with specific industry knowledge.

3.d.i

Hypothetical C

No

Please Explain

Co-actor liability is also acknowledged in situations where the liable person only has demonstrated negligence, including both ordinary negligence (i.e. that he/she "ought to have known of the (direct) infringement") and gross negligence (i.e. that he/she "suspects" the (direct) infringement). Under Danish law, the crucial factor is not what the infringer really believed but what the infringer ought to have known.

Also, in terms of storage/hosting of information online, cf. Q3(b) above, if the service provider exhibits ordinary negligence, he/she can no longer refer to the exemption for liability in Section 16 of the E-Commerce Act.

According to Danish case law, traders are required to examine whether any IP rights are infringed as part of their business. This implies that a trader cannot stay in conscious ignorance if the trader merely suspects that X sells infringing goods. In this scenario, the trader should examine whether X infringes any IP rights or has the necessary licenses. It should be noted that the duty to investigate applies to a greater extent for traders with specific industry knowledge.

4

In the following hypothetical, would party A be liable for Joint Infringement with party X? In your answer, please explain why or why not?

4.a **Z owns a patent claiming a method for addressing memory space within a memory chip which is built into telecommunication device having further features (main processor, suitable software etc.). A manufactures memory chips. The chips are objectively suitable to be used for the claimed method. A's memory chips are distributed over multiple distribution levels to a plethora of device manufacturers. A has no knowledge of the actual end use of its memory chips.**

No

Please Explain

4.b **Further, under your Group's law, would it be considered obvious (in the sense of Q204P) that A's chips would be put to one or more infringing uses and if so, why?**

No

Please Explain

5 **In the following hypotheticals, would party A be liable for Joint Infringement with party X? Please explain why or why not.**

5.a **Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, also located in your country. A and B know that their servers exchange encrypted messages according to the patented method.**

Yes

Please Explain

A knows about the infringement and contributes thereto by way of action and is therefore jointly liable for the infringement.

5.b **Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. A operates server “a” in your country, which exchanges encrypted messages with server “b” operated by X, located outside your country. A and B know that their servers exchange encrypted messages according to the patented method.**

No

Please Explain

There are no Danish statutory provisions, case law or theory dealing specifically with this hypothetical.

Accordingly, the answer is uncertain, but the Danish Ground is inclined to believe that there probably is not basis for a co-actor liability for infringement in this hypothetical, since no direct infringement of the patented method appears to take place in Denmark.

The Danish Group has also considered Section 9(4) of the Danish Criminal Code. This Section, which concerns Danish jurisdiction, determines that when an offence has been committed partly in the Kingdom of Denmark, such offence is considered to have been committed in full in this country. This may create an argument that at least criminal liability for patent infringement as well as injunction and - most likely - also damages etc. would be available remedies in Denmark, since A arguably in part would be committing the offence in Denmark.

However, it is uncertain whether Section 9(4) will apply in relation to acts such as the ones in question which are committed partly in Denmark, since the Danish provisions on patent infringements are territorially limited to Denmark.

5.c **Z owns a patent claiming a method for exchanging (sending / receiving) encrypted messages between server “a” and server “b”. X operates server “a” outside your country, which exchanges encrypted messages with server “b” operated by Y, located in another country outside your country. A, located in your country, is a software consultant advising X and Y how to use the patented method (but A does not supply any software).**

No

Please Explain

There are no Danish statutory provisions, case law or theory dealing specifically with this hypothetical.

Accordingly, the answer is uncertain, but the Danish Ground is inclined to believe that there most likely is not basis for a co-actor liability for infringement in this hypothetical, since no direct infringement of the patented method appears to take place in Denmark.

Again, the Danish Group has considered Section 9(4) and Section 9(3) (which stipulates that acts of aiding and abetting is regarded as having been committed in Denmark, even if the completion of the offence takes place outside Denmark) of the Danish Criminal Code in relation to this hypothetical, cf. above. As indicated under Q 5b) it is uncertain whether these divs will apply in relation to acts such as the ones in question which are committed partly in Denmark, since the Danish provisions on patent infringements are territorially limited to Denmark.

6 **Are there any other scenarios which result in Joint Liability for IPR infringement under your Group's current law?**

Yes

Please Explain

It should be noted that under Danish law there can be Joint Liability for infringing an injunction. If an injunction has been granted and A knows or ought to have known about the injunction and by inducement, advice or action contributes to B's violation of the injunction, A would also be jointly liable with B for IPR infringement. Section 430(2) of the Danish Administration of Justice Act, and Section 23(2) of the Danish Criminal Code.

7 **What remedies are available against a party found liable for Joint Infringement? In particular:**

7.a **Is an injunction available?**

Yes

Please Explain

In principle yes, but probably difficult to phrase an operative injunction request based on Joint Liability, as the liability presupposes than a direct infringement is committed subsequently.

7.b **Are damages or any other form of monetary compensation available?**

Yes

On what basis?

The conditions are the same as for any other infringer, i.e. the general rules in tort law. The Danish Liability for Damages Act has various provisions which can be used to ease the damages which a contributing party would be liable to pay if he has only contributed with a minor act.

7.c **Are any of the available remedies different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?**

No

Please Explain

In principle no, but in patent law the scope for remedies under direct infringement and Contributory Infringement are different.

II. Policy considerations and proposals for improvements of your Group's current law

8 **Are there aspects of your Group's current law that could be improved?**

No

Please Explain

9 **Should acts outside the scope of direct infringement or Contributory Infringement give rise to Joint Liability for IPR infringement?**

Yes

Should that sound in availability of injunctive relieve and/or damages? Please explain why or why not.

Yes, in order to ensure that a right holder has effective remedies to enforce its rights. Also, in some situations it may even be so that the "chief culprit" is not the direct infringer, but rather the person procuring the illegal activity behind the scene by inducement, advice or action. In other situations, it may even be difficult to distinguish between the person committing the direct infringement and the person who is merely contributing by inducement, action or advice. This also speaks in favor of Joint Liability for acts outside the scope of direct infringement and Contributory Infringement.

10 **Should Joint Liability be excluded if one or more acts being necessary for establishing Joint Liability for IPR infringement are committed outside the domestic jurisdiction? Please explain why or why not.**

No

Please Explain

If all the acts necessary to constitute an infringement are committed outside the domestic jurisdiction, Joint Liability should be excluded (see Q5(c)) above. If the acts necessary to constitute an infringement are committed partly in the domestic jurisdiction and partly in another jurisdiction (the scenario described in Q5(b), there should be co-actor liability in the domestic jurisdiction if at least a substantial part of the act(s) in question is committed in the domestic jurisdiction. If it was a requirement for infringement that the whole act required for an infringement had to have been committed in the domestic jurisdiction, there could occur situations where the situation described in Q5(b) would not be an infringement in any jurisdiction. However, it is a very concrete assessment (i.a. of the patent claims, if it is a patent) and the Danish Group is generally reluctant to introduce too categorical principles/rules to address this hypothetical.

The court should have the discretion to ease the liability (e.g. the damages) for one of the parties if said party has committed only a minor part of the infringement. This is for instance possible under the Danish Liability for Damages Act.

11 **Are there any other policy considerations and/or proposals for improvement to your Group's current law falling within the scope of this Study Question?**

No

Please Explain

III. Proposals for harmonisation

Please consult with relevant in-house / industry members of your Group in responding to Part III.

12 **Is a consolidated doctrine of Joint Liability for IPR infringement desirable?**

No

Please Explain

The substantive discrepancies already existing between the different countries' rules on contributory infringement will presumably lead to severe difficulties in terms of reaching consensus on a common set of rules in that respect.

13 **Is harmonisation of the laws of Joint Liability for IPR infringement desirable?**

No

Please Explain

However, if the laws should be harmonised, only the rules exempting from Joint Liability should be harmonised. The E-Commerce Directive, as mentioned under the introductory remarks, is an example of such harmonisation.

If YES, please respond to the following questions without regard to your Group's current law.

Even if NO, please address the following questions to the extent your Group considers your Group's current law could be improved.

14 **Please propose a suitable framework for Joint Liability for IPR infringement, focussing on the hypotheticals set out in Questions 3 to 5 above:**

4.a **The acts in question are limited to activities such as renting retail space, hosting websites, advertising etc. (as further described in Question 3 (a) to (d) above)**

We believe that a suitable framework for Joint Liability for IPR infringements would be one inspired by the Danish regulation on Joint Liability, entailing that a person can incur co-actor liability for infringement to the extent the following four cumulative criteria are met:

(i) a direct infringement has occurred (by another party) in the territory,

(ii) the person in question knew or ought to have known about the infringement,

(iii) the person in question contributed to the execution of the direct infringement by inducement, advice or action, and

(iv) the possibility of easing the damages for a party who has only contributed by minor acts.

Question 4.a

A would be liable for joint infringement if he knows or ought to have known about the infringement and contributes to the execution of the wrongful act by way of action. Such actions could be renting retail space, hosting websites etc.

4.b **The means supplied or offered by the contributory infringer related to a substantial element of the subject matter of the protected IPR, but at the time of offering or supply, the suitability and intended use were not known to the supplier or obvious under the circumstances (as further described in Question 4 above)**

A would not be liable for joint infringement, since the suitability and intended use were not known or obvious under the circumstances to A.

14.c The infringing acts are divided between two parties, and the acts of each party do not qualify as direct infringement or Contributory Infringement, as further described in Question 5 (a) to (c) above.

Q5(a) A would be liable for joint infringement if he knows or ought to have known about the infringement and contributes to the execution of the wrongful act by way of action and if at least a substantial part of the act(s) in questions is committed within the domestic jurisdiction.

Q5(b) A would be liable for joint infringement if he knows or ought to have known about the infringement and contributes to the execution of the wrongful act by way of action. There should be a possibility for easing the liability (e.g. damages) for persons only contribution with minor acts.

Q5(c) A would not be liable for joint infringement given the assumption that there is no liability for contribution in the jurisdiction to offences consummated outside of the jurisdiction.

15 Are there any other scenarios which should result in Joint Liability for IPR infringement, and where harmonisation is desirable?

No

Please Explain

16 What remedies should be available against a party found liable for Joint Infringement? In particular:

16.a Should an injunction be available?

Yes

Please Explain

16.b Should damages or any other form of monetary compensation be available?

Yes

On what basis?

16.c Should any available remedies be different in scope to the remedies available against any acts of direct infringement or Contributory Infringement?

No

Please Explain

17 Please comment on any additional issues concerning any aspect of Joint Liability you consider relevant to this Study Question, having regard to the scope of this Study Question as set out in paragraphs 7 to 13 above.

No comments.

18 **Please indicate which industry sector views are included in your Group's answers to Part III.**

Unfortunately, the Danish Group has not been able to benefit from industry sector views in the preparation of this questionnaire.