

Question Q204P



National Group: Sweden

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. Section 3, paragraph 2 of the Swedish Patents Act (SFS 1967:838) reads as follows: "The exclusive right also implies that no one, without the consent of the proprietor of the patent, may exploit the invention by offering or supplying a person who is not entitled to exploit the invention with such means for carrying out the invention here in Sweden which relates to an essential element of the invention, if the person offering or supplying the means knows, or it is obvious from the circumstances, that said means are *suitable* and intended *for use* in carrying out the invention" (emphasis added).

It should be added that the expression "use in carrying out the invention" is different from the expression "infringing use", as the former expression may also cover certain non-infringing uses (see also the reply to Question 2 a)).

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- 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, in some circumstances. The abovementioned Section 3, paragraph 2 continues directly as follows: "If the means are *a generally available commercial product*, this section only applies if the person offering or supplying the means *attempts to induce the receiver* to commit [directly infringing acts]" (emphasis added).

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?*

Please also see the reply to Question 1. Section 3, paragraph 2 of the Swedish Patents Act stipulates that the supplier must *know*, or that it must be *obvious from the circumstances*, that the means are “intended” for use in carrying out the invention. Arguably, this means that *the person supplied* must have intended to use the means in carrying out the invention and that his or her intention must have been clear to the supplier *at the time of supply or offering*.

As stated in the reply to Question 1 a) above, it should be observed that the expression “use in carrying out the invention” is different from the expression “infringing use”, as the former expression may cover also certain non-infringing uses. It is sufficient that the supplier realised (or that it was obvious from the circumstances) that the person supplied intended to use the means in carrying out the invention. There is no requirement to the effect that the supplier must have realised that this use would constitute patent infringement. Moreover, the supplier may be liable for contributory infringement even if the person supplied would not infringe the patent by using the means in carrying out the invention (e.g. if the person supplied intended to put the invention to a non-commercial use).

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

Yes. Section 3, paragraph 2 of the Swedish Patents Act stipulates that the means must be “suited *and* intended” for use in carrying out the invention.

It should be pointed out that in the event that the means are exclusively suited for use to carry out an invention, the Court may consider that it is obvious from the circumstances that the means are suited and intended for that particular use (see e.g. the Stockholm District Court’s interim decision of 22 December 2005 in case No. T 27256-05).

- 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?*

No. The supply or offering of means may qualify as contributory infringement if it is “obvious from the circumstances” that the means are intended for use in carrying out the invention (e.g. if no alternative use is conceivable). Moreover, as noted in the replies to Questions 1 a) and 2 a) above, there is no requirement to the effect that the supplier must have realised that the person supplied intended to put the means to an actual infringing use. It is sufficient that that the supplier realised (or that it was obvious from the circumstances) that the person supplied intended to use the means in carrying out the invention (irrespective of whether this use constituted an infringement).

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?*

Section 3, paragraph 2 of the Swedish Patents Act stipulates that the means must relate to “an *essential* element of the *invention*”. No test for determining whether an element is essential has been developed in Swedish case-law or proposed in Swedish legal doctrine to the knowledge of the Swedish group.

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, please see the reply to Question 1 b). Section 3, paragraph 2 of the Swedish Patents Act stipulates that the supply or offering of “a *generally available commercial product*” (i.e. a staple commercial product) may only amount to contributory infringement if the supplier attempts to induce the person supplied to commit an act that would constitute direct infringement. It should be emphasized that the inducement must concern an “*infringing use*”; not merely use in carrying out the invention. However, the exemptions from patent infringement are not applicable. In the *travaux préparatoires* to said provision, the legislator noted that the condition is fulfilled if the supplier draws the attention of the person supplied to the possibility of putting the means to a use that in an objective sense would constitute direct infringement.

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

Yes. According to Section 57 b of the Swedish Patents Act, anyone who commits or contributes to an infringement may be prohibited from continuing the infringement under the penalty of a fine.

It should be observed that a person who supplies means for carrying out an invention *commits* contributory infringement (provided that the requirements in Section 3, paragraph 2 of the Swedish Patents Act are fulfilled) rather than *contributes to* an infringement. The expression “contributes to” in Section 57 b of the Swedish Patents Act refers to the aiding or abetting of a direct patent infringement.

- 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?*

Probably not. Firstly, an injunction cannot be issued unless an actual act of contributory infringement (including acts of aiding or abetting such infringement and attempts or preparations) has been established. Secondly, injunctions must be clear and unambiguous. For contributory infringement as an independent act of infringement, injunctive relief is therefore directed against an actual act of offering or supplying means, as this is what constitutes the actual act of infringement. For accomplices, the injunctive relief is directed against the aiding act, which may arguably include manufacturing. If it is evident that a specific means may only be used for carrying out the invention, it is furthermore arguable that that injunctive relief may be directed against basically any handling of such means.

- 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?*

Probably yes, but also including acts of aiding or abetting contributory infringement and attempt or preparation (i.e. immediate threat) of contributory infringement. Please also see the reply to Question 5 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

Probably not. Arguably, it is very difficult to qualify an injunction with reference to the supplier's future knowledge of the intention of the person supplied. In one of few Swedish cases concerning contributory infringement, the Svea Court of Appeal rejected a claim for injunctive relief because the claim was not sufficiently clear and concrete (case No. T 513/96). The Court stressed that it was not possible to rule out the existence of uses not related to the invention based on the evidence in the case.

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?

Probably not. As stated in the replies to Questions 5 b) - c) above, injunctive relief may arguably be directed against the supply of means per se if the means are exclusively suited (and therefore necessarily intended) for use in carrying out the invention. It should moreover be possible to obtain an injunction e.g. against the continued supply of means to persons who have previously received deliveries of the same or similar means with the intention of using these means in carrying out the invention. It is not a requirement that the act constituting contributory infringement is still ongoing for an injunction to be granted against such an act (see the Supreme Court in reported case NJA 2007 p. 431; the case concerned a trademark infringement, but the rules for granting injunctive relief are the same as for patent infringement and the principles in the case are therefore also considered judicial precedence under Swedish patent law).

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?*

Yes. Section 3, paragraph 2 of the Swedish Patents Act defines contributory infringement as the offering or supply of means for carrying out the invention "in Sweden". Also, even if this is not explicitly stated in the Swedish Patents Act, the offering or supply must take place in Sweden.

Arguably, it is not a requirement under Swedish patent law that the supplier of the means knew (or that it was obvious from the circumstances) that the person supplied intended to use the means *in Sweden*. It should be observed that contributory infringement is an independent act of infringement (i.e. it is not required that any direct infringement takes place). This means that the practical significance of the territorial limitation contained in Section 3, paragraph 2 of the Swedish Patents Act (for carrying out the invention "in Sweden") may be small. Arguably, the territorial limitation will primarily come into play in situations where the supplier is able to prove that he or she knew that the person supplied intended to use the means for carrying out the invention outside of Sweden.

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?*

Under Swedish law for the sale of goods, “supply” takes place when the means are delivered (according to the supply terms), not when the supply agreement is concluded. However, an “agreement to supply” constitutes an “offering” under Swedish contract law. Hence, it is not possible to be precise about where the means are supplied based on the information given in this question.

Offers that are made outside of Sweden but that are directed to Sweden (e.g. offers contained in letters sent to persons in Sweden) are considered to directly infringe Swedish patents. Arguably, the same principle applies with respect to offers to supply means for carrying out an invention (i.e. if the offer is directed to a person in Sweden, it is irrelevant whether the offer originates from outside of Sweden).

- *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?*

The means are – subject to the specific circumstances in the individual case – to be considered as supplied in country A.

It has been submitted in Nordic legal doctrine that neither the undertaking to supply nor the performance of supply constitute direct infringement in the destination country (country B) if the agreed supply term is “free on board” (FOB) at a named place in the shipment country (Godenhielm, NIR 1975:2-3, page 235 ff.). In the given example, X is responsible neither for the carriage of the means to country B, nor for the import of the means into country B. The mere fact that X knows that the ship is destined for country B should not cause the delivery to be deemed to take place in country B. Nor should the registered nationality of the ship affect the assessment. However, there is no relevant guidance from Swedish case law.

- *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?*

The question is difficult to understand. According to Incoterms, “free on board” (FOB) is an F-term, meaning that the supplier is responsible for delivering the means on board a ship at a named place of *shipment*. The C-terms and D-terms, by contrast, deal with situations where the supplier is responsible for delivering the means to a named place of *destination*. It makes no sense for a supplier to agree to supply means FOB in a harbour in the destination country.

In the situation that X *delivers* the means to a harbour in country B in accordance with a C-term or D-term, it is possible that the means would under Swedish law be considered to have been supplied in country B. However, it has been suggested in Nordic legal doctrine that the question of direct infringement should not be determined on the basis of the choice of supply term, even in case of C-terms and D-terms (Godenhielm, NIR 1975:2-3, page 235 ff.). The commentator also submitted that even in the case of C-terms and D-terms, the supplier does not directly handle the infringing products outside of the shipment country. It is debatable whether these comments reflect the current state of the law in Sweden, particularly in light of the fact that offerings origi-

nating outside of Sweden but directed to Sweden are considered to directly infringe Swedish patents. Unfortunately, there is no relevant Swedish case law and it is not possible to determine exactly what is required for the supply to be deemed to take place in Sweden.

- *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?*

Under Swedish law, an offer is an independent and legally binding act. It does not presuppose any acceptance. If the offer originated from country A but was directed to a person in country B, the offer would under Swedish law be considered to have been made in country B. If, on the other hand, the offer was directed to a person in country A but accepted in country B, the offer would under Swedish law be considered to have been made in country A.

It is not possible to determine where the means were supplied based on the information given in this question. However, it should be pointed out that the offer and the supply may take place in different countries. If the offer is made in Sweden and the means are supplied outside of Sweden, the supplier may be liable for contributory infringement of the Swedish patent (provided that the other requirements of Section 3, paragraph 2 of the Swedish Patents Act are fulfilled).

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?

As Y does not intend to carry out the invention (i.e. put the invention into effect by reducing its teachings into practice) in country A, X's supply of means to Y does not literally infringe Section 3, paragraph 2 of the Swedish Patents Act.

Potentially, a Swedish court may disregard the intervening step involving completion of the product in country B and hold that X's actions constitute contributory infringement as the actions contravene the underlying purpose of Section 3, paragraph 2 of the Swedish Patents Act. In a case concerning direct infringement through offering, the Svea Court of Appeal has ruled that an offer made in Sweden constituted infringement of the Swedish patent even though the infringing products were to be supplied from England to Finland (case No. T 1253/89). It should also be borne in mind that, arguably, liability for contributory infringement is not conditioned upon the supplier's knowledge of the place of the use of the means. Moreover, it is possible that A would be liable for aiding and abetting X's patent infringement.

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*
 - ii) supplied?*

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

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

In reply to Questions 9 a) – c), a patent is governed by the law of the country in which the patent was issued. Hence, if the patent holder invokes a Swedish patent, the question of contributory infringement will be determined in accordance with Swedish law (irrespective of where the means were offered or supplied, but ultimately subject to that either of such acts was made in Sweden).

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?*

The Swedish group is of the opinion that Article 26 of the Community Patent Convention (upon which Section 3, paragraph 2 of the Swedish Patents Act is based) strikes a good balance between the interests of patent holders and suppliers of means. While the fact that very few cases regarding contributory patent infringement have been initiated in Sweden may be an indication that it is difficult for patent holders to prove the existence of contributory infringement, we find it difficult to strengthen the legislation without unduly weakening the protection of suppliers who act in good faith. Also, we believe that the mere existence of a prohibition against contributory infringement has a deterrent effect.

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

Injunctive relief should be available for all completed acts of contributory patent infringement and completed acts of aiding and abetting such infringement, as well as immediate threats of either of such acts.

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

The Swedish group recommends that means shall be considered to be supplied where the person supplied is actually provided with the means, when the person supplying the means has made necessary arrangements to ensure this delivery. For example, in a cross-border situation, such arrangements may include packaging relevant products with an address tag to the foreign person intending to use the means. Further, the group recommends that the means shall be considered to be offered where the means are marketed, sold (regardless of whether the means have been delivered) or where an act is otherwise established as having been made for the purpose of inducing someone to acquire a right to the means (on its own or someone else's behalf). It shall be stressed that the means could be considered as "offered" in more than one country. The proposed determination of both "supplied" and "offered" will include an element of duty of care for the person supplying or offering the means as to be aware of patent protection in other countries than its own, but this is considered reasonable and necessary to avoid circumvention of liability for contributory infringement in cross-border situations.

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

No. It is the Swedish group's opinion that the rule for contributory infringement shall be neutral in the sense that it should be applicable regardless of whether the actions are committed via electronic devices, placed on the internet, or conducted in any other technical or non-technical way.

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?*

It should be determined in accordance with the laws in which country the patent in question has been issued.

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

Summary

Article 26 of the Community Patent Convention (upon which Section 3, paragraph 2 of the Swedish Patents Act is based) strikes a good balance between the interests of patent holders and suppliers of means.

Injunctive relief should be available for all completed acts of contributory patent infringement and completed acts of aiding and abetting such infringement.

Means shall be considered to be supplied where the person supplied is actually provided with the means, when the person supplying the means has made necessary arrangements to ensure this delivery. Means shall be considered to be offered where the means are marketed, sold or where an act is otherwise established as having been made for the purpose of inducing someone to acquire a right to the means.

It should be the laws of the country in which the patent has been issued that is applicable. No special rules should apply to offers transmitted via electronic devices or placed on the internet.

Zusammenfassung

Durch Artikel 26 der Vereinbarung über Gemeinschaftspatente (auf den sich Abschnitt 3, Absatz 2 des schwedischen Patentgesetzes stützt) wird ein guter Ausgleich zwischen den Interessen des Patentinhabers und den des Anbieters von Mitteln erreicht.

Sowohl für alle vollendete Handlungen mittelbarer Patentverletzung als auch für vollendete Handlungen der Beihilfe oder Anstiftung solcher Verletzung sollte eine Unterlassungsverfügung erhältlich sein.

Mittel gelten als geliefert, wenn die belieferte Person tatsächlich die Mittel erhalten hat oder wenn der Anbieter die notwendigen Vorkehrungen unternommen hat um die Lieferung durchführen zu können. Mittel gelten als angeboten, wenn die Mittel in Verkehr gebracht werden, verkauft werden oder wenn sonst festgestellt wird, dass eine Handlung mit dem Ziel unternommen wird, jemanden zu veranlassen ein Recht an den Mitteln zu erwerben.

Die Gesetze des Staates, im dem das Patent erteilt wurde, sollten anzuwenden sein. Für Angebote, die mit elektronischen Geräten übertragen oder im Internet veröffentlicht wurden, sollten keine besondere Regeln anzuwenden sein.

Résumé

L'article 26 de l'Accord en matière de brevets communautaires (sur lequel l'article 3, paragraphe 2 de la loi suédoise sur les brevets est fondé) établit un bon équilibre entre les intérêts des détenteurs de brevets et les fournisseurs de moyens.

Des procédures d'injonction doivent être prévues pour tous les actes accomplis ayant contribué à la contrefaçon de brevet et tous les actes accomplis de complicité et d'incitation en vue d'une telle infraction.

Des moyens sont considérés comme étant fournis lorsque la personne fournie est effectivement dotée des moyens ou lorsque la personne fournissant les moyens a pris les dispositions nécessaires pour assurer cette livraison. Des moyens sont considérés comme étant offerts lorsque les moyens sont commercialisés, vendus ou lorsqu'un acte est par ailleurs établi comme ayant été fait dans le but d'inciter quelqu'un à acquérir un droit aux moyens.

Le droit applicable devrait être celui du pays dans lequel le brevet a été délivré. Aucune règle spéciale ne devrait s'appliquer aux offres transmises par des dispositifs électroniques ou placée sur Internet.