This article was published in No. 2, Vol. 27 of the *World Intellectual Property Report* on February, 2013.

Patents
Indirect Infringement of Patent Rights — Cases from the Taiwan IP Court

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It is stipulated in the Taiwan Patent Act that an unauthorized party who manufactures, offers to sell, sells, uses or imports for such purposes any patented goods will be liable for infringement. Further, only the person who directly commits these actions will be held to have infringed the patent under the Act.

Currently, in the Taiwanese legal system, there is no concept similar to the "indirect infringement" or "contributory infringement" that exists in some foreign patent law systems. A patent owner can only rely on the theory of "joint torts" under the Civil Code should one wish to claim liabilities against an indirect infringer, such as an inducing infringer or a contributory infringer.

Article 185 of the Civil Code provides that:

> "If several persons have wrongfully injured the rights of another jointly, they are jointly liable for the damage arising therefrom; instigators and helpers are deemed to be joint tortfeasors."

The "instigation" and "help" here mean to encourage or incite others to commit torts, or to assist others in committing them more easily. The concepts of inducing infringement and contributory infringement in patent law may correspond to "instigation" and "help" under the Taiwan Civil Code, respectively.

Theoretically, as long as a patent owner can prove that a direct infringer and direct infringing conduct exist, and that there is a causal link between the indirect infringer's "induction" or "contribution" and the result of the infringement, the accused indirect infringer would be held responsible for joint infringement. Furthermore, since the Civil Code allows the rights owner to choose to claim indemnification against all joint and several debtors, or claim all or partial indemnification against one or some of the joint and several debtors, the patent owner may sue the indirect infringer without having to identify the direct infringer or to list the direct infringer as a defendant. This gives added flexible in relation to litigation strategy.

However, since the Patent Act itself does not contain the concept of "indirect infringement", in previous judicial practice, although the "joint torts" of the Civil Code could be used, cases that only listed indirect infringers as defendants were quite rare and no court had ever expressed its opinion about the application of the law for indirect infringement of patents.

During the early stages of the current amendment of the Patent Act, the Taiwan Intellectual Property Office ("TIPO") had considered adding the "indirect infringement" scheme and held a consultation meeting in October 2008 to solicit opinions from all relevant fields. It further held an international seminar on indirect patent infringement in July 2009 and invited domestic experts as well as experts from the US, Germany and Japan to discuss this topic. However, in TIPO's draft Patent Act amendment filed in August 2009 for review by the Ministry of Economic Affairs, "indirect infringement" was not included (after several reviews and revisions, the new Patent Act was promulgated in December 2011,

see "Taiwan Patent Law Amendment Completed" [26 WIPR 40, 2/1/12], and was implemented as of January 1, 2013).

Although the Patent Act had provided no rules to be followed, after the Intellectual Property Court's establishment in July 2008, it became common for a plaintiff to sue indirect infringers based on the legal principle of joint torts in the Civil Code. By observing the court's judgments, it could be concluded that a consensus that "an indirect infringer will be held liable for infringement" has been formed. The following are some judgments made in 2012.

IP Court Judgments in 2012

2010-MinZhuanSu-59 (June 14, 2012)

The chip products manufactured and sold by the defendant did not possess all the technical features described in Claim 1 of the plaintiff's patent. Hence, the defendant's offer for sale and ultimate sale of the chip products did not constitute patent infringement under the all element rule. However, in the product datasheet, the defendant's instructions for the use of the chip do literally match all the technical features described in Claim 1. Based on the content of the datasheet, the court determined that the defendant must have at least manufactured and used a test version of the infringing goods, which constituted literal infringement under the all element rule. Thus, the defendant was held liable for direct patent infringement for its conduct in manufacture and use.

Furthermore, the court also determined that although the plaintiff could not prove the existence of a direct infringer, since the chip products of the defendant had been circulated in the market, there must be someone who had purchased the said chip products, used the products according to the datasheet, which, as a result, constituted direct infringement. Hence, the defendant's action in circulating its chip products and the datasheets in the market, which led to others to directly infringing the plaintiff's patent, constituted the "joint tort by instigation or help" as stipulated in Article 185 of the Civil Code.

It is worth mentioning that the Intellectual Property Court cited a Supreme Court judgment (2009-TaiShang-1790) and considered it not necessary for the "instigator" in the Civil Code to act "intentionally". As long as he negligently instigates a third party and causes the third party to directly infringe another's right, the instigator will be liable for joint tort.

2012-MinZhuanShangYi-1 (June 7, 2012)

The products sold by the defendant consisted of a "main body" and a "bag". A product certificate was delivered at the time of sale, which provided graphic instructions on how to combine the "main body and bag" to form a drain bag, and how to put stones into the bag for use. The product of the defendant (main body and bag) did not have the entire set of technical features described in Claim 1 of the plaintiff's patent. However, once a user fills the bag with crushed stones and combines the main body and the bag together, all the technical features of Claim 1 can be found on it.

Unlike case 2010-MinZhuanSu-59, where the court considered that the "instigation" or "help" was not limited to those done intentionally, the judge in this case took the view that such actions must be done intentionally by citing a 2003 Supreme Court judgment (2003-TaiShang-1593) and the opinions of former justice Ze-Jien Wang, a famous scholar, which he expressed in his book.

The defendant argued that the graphics on the product certificate were prepared according to the

design drawings published by the government in a bidding project for public infrastructure, and that the main body and the bag originally had their respective uses. Based on the submissions, the court held that the defendant did not subjectively know that the disputed product manufactured and sold by it implemented the essential element of Claim 1 of the plaintiff's patent, nor did it know that if the main body and bag are combined together with crushed stones in the bag, the result will fall within the literal scope of Claim 1. The court thus held that the defendant did not have any "intention" to help a direct infringer commit infringement easily. As such, the court finally concluded that the defendant did not commit any infringement against the plaintiff's patent right.

2011-MinZhuanSu-69 (May 11, 2012)

While the plaintiff's patented subject was a "device", the products manufactured and sold by the defendant was computer software, and therefore were not covered by the scope of the plaintiff's patent. Only when a consumer buys the defendant's product and then installs it onto a computer would the combined computer device, with the disputed product installed, fall within the scope of the patent.

The court determined that since the consumer clearly would not have any intention or display negligence towards infringing the plaintiff's patent right, no direct infringement existed. As such, there was no way the defendant could be held to have committed joint infringement.

2011-MinZhuanSu-2 (March 23, 2012)

The plaintiff's patent was directed to a packaging structure device. The defendant granted trademark rights and copyrights of some famous cartoon images to a third party to use on certain merchandise. The third party then put the licensed cartoon images into its packaging structure device. The plaintiff believed that the third party's packaging structure device was covered by its patent, and thus sued the defendant for contributory infringement, and claimed liabilities for joint infringement because the defendant refused to terminate the license it granted to the third party.

The court ruled that the third party was exclusively responsible for the design, manufacture, and sale of the disputed product, and that the defendant had simply authorized the third party to use the famous cartoon images, but never authorized the third party to use its images on the allegedly infringing products claimed by the plaintiff. That is to say, there was no causation between the defendant's authorization and the plaintiff's loss caused by the third party's infringement, and there was no intention or display of negligence. Hence the court held that the defendant did not infringe the plaintiff's patent right.

Conclusion

In the four judgments mentioned above, the requirements for a finding of indirect infringement, namely that "there should be a direct infringer and direct infringement", and that "a causal link must exist between the indirect infringer's acts and the result of the infringement", were all addressed, and the court's position on all counts were consistent. However, it would appear that, with respect to whether the instigation (inducement) or help (contribution) by the indirect infringer must be "intentional" or merely done out of "negligence", a firm conclusion has yet to be made. This issue prompts further observation in future cases.