



World Conference on Social Sciences, Law and Public Policy

Hosted Online from Toronto, Canada

Date: 26th June 2026

Website: <https://econferencia.com>

CIVIL LIABILITY OF A LEGAL ENTITY FOR INTELLECTUAL PROPERTY INFRINGEMENTS COMMITTED BY ITS EMPLOYEE

Soliboeva Mubina Ibrohimovna
Independent PhD Researcher,
Tashkent State University of Law

Abstract

This paper examines the grounds for the civil liability of a legal entity for intellectual property infringements directly committed by its employee. Drawing on the legislation of the Republic of Uzbekistan and comparative legal scholarship, it distinguishes the direct liability of a legal entity from vicarious liability for an employee's conduct. The paper proposes criteria for determining whether an infringement is sufficiently connected with the employee's duties, analyses the impact of corporate IP compliance on the employer's liability, and considers the limits of recourse claims against the employee.

Keywords: intellectual property, legal entity, employee, employer, civil liability, fault, damage, vicarious liability, IP compliance, recourse.

The digitalisation of business activities has substantially increased the number of situations in which an intellectual property infringement is physically committed by an employee, while the protected subject matter is used in the activities of a legal entity. An employee may, without the right holder's authorisation, publish a photograph on a corporate website, use software without an appropriate licence, incorporate a third party's work into advertising materials, place a competitor's sign on product packaging, or disclose protected confidential business information. In such cases, a fundamental question arises: should the



World Conference on Social Sciences, Law and Public Policy

Hosted Online from Toronto, Canada

Date: 26th June 2026

Website: <https://econferencia.com>

infringement be treated as the employee's personal act or as an infringement attributable to the legal entity itself?

Under Article 985 of the Civil Code of the Republic of Uzbekistan (hereinafter, the Civil Code), harm unlawfully caused to an individual or their property, or to a legal entity, must be compensated in full by the person who caused it, including compensation for lost profits. Article 989 establishes a special rule: a legal entity must compensate for harm caused by its employee in the performance of employment, official, or service duties. For the purposes of tort liability, employees include not only persons employed under an employment contract, but also individuals performing work under a civil-law contract, provided that they acted, or were required to act, on the instructions and under the control of the relevant legal entity [1].

This legal construction constitutes a form of liability for the conduct of another person. Its purpose is not limited to ensuring that the injured party has a realistic opportunity to obtain compensation. It also allocates the risks of organised business activity to the person that organises that activity, derives its economic benefits, and is capable of controlling the conduct of the persons engaged in it. Comparative legal scholarship identifies victim compensation, loss distribution, risk allocation, and deterrence among the principal rationales for vicarious liability [2].

The application of Article 989 of the Civil Code to intellectual property infringements is nevertheless complicated by the intangible nature of protected subject matter and the ways in which it may be used. An infringement may be committed by a single mouse click, the uploading of a file, or the publication of content, while the employer may contend that it gave no direct instruction to use the particular protected material. The mere existence of an employment relationship should therefore not automatically result in liability being imposed



World Conference on Social Sciences, Law and Public Policy

Hosted Online from Toronto, Canada

Date: 26th June 2026

Website: <https://econferencia.com>

on the legal entity. A functional connection must be established between the unlawful conduct and the employer's activities.

It is submitted that four interrelated criteria should be considered when such disputes are determined.

First, the nature of the employee's duties. Where the use of works, software, signs, or other protected information falls within the employee's job description or is necessary for the performance of assigned work, the infringement should be regarded as having been committed in the course of employment. For example, a designer's unauthorised use of an image in preparing advertising materials is functionally connected with the employee's duties even where a manager did not specify which particular image should be selected.

Second, the legal entity's organisational control. Relevant circumstances include the use of corporate equipment, business email, organisational accounts, information systems, and other resources provided by the employer. Such circumstances do not, by themselves, conclusively establish liability, but they support the existence of a connection between the employee's conduct and the activity organised by the legal entity.

Third, whether the infringing result was incorporated into the legal entity's business activities. The publication of content on an official website, the use of a sign on goods, the installation of unlicensed software within corporate infrastructure, or the incorporation of disputed material into a commercial product indicates that the organisation receives the economic benefit of the employee's conduct. In that situation, the legal entity may be regarded not merely as a person vicariously liable for the employee, but also as a direct infringer, since it is the entity that uses the protected subject matter in the course of trade.

Fourth, the conduct of the legal entity after discovery of the infringement. Continued use after receipt of a right holder's notice, refusal to remove unlawfully



World Conference on Social Sciences, Law and Public Policy

Hosted Online from Toronto, Canada

Date: 26th June 2026

Website: <https://econferencia.com>

published content, or repetition of a similar infringement may demonstrate the organisation's own fault. Conversely, prompt cessation of the use, preservation of evidence, an internal investigation, and settlement of the right holder's claims may be taken into account when assessing the nature of the infringement and the extent of liability.

Accordingly, two situations should be distinguished. Where an employee acts within the scope of their functions and the resulting material is used by the legal entity, there are grounds for holding the organisation liable. Where, however, the infringement is committed solely for personal purposes, outside any work assignment, and is unrelated to the employer's activities, liability should be imposed on the employee under the general rules governing harm. A. A. Kravchuk observes that a specific condition of an employer's liability is that the employee acted in the performance of their duties; in relation to persons engaged under a civil-law contract, the relevant condition is that they carried out the employer's assignment in its interests and under its direction and control [3].

The specific remedies available depend on the intellectual property right infringed. For example, Article 65 of the Law of the Republic of Uzbekistan On Copyright and Related Rights entitles the right holder to seek cessation of the infringement, restoration of the position existing before the infringement, damages, or statutory compensation ranging from twenty to one thousand basic calculation units. Compensation may be awarded in lieu of damages without proof of the amount of loss; however, its amount is determined with regard to the nature of the infringement and the degree of the infringer's fault [4]. Resolution No. 19 of the Plenum of the Supreme Court of the Republic of Uzbekistan of 23 June 2023 likewise recognises the application of both general civil-law remedies and special intellectual property remedies, including the seizure of material



World Conference on Social Sciences, Law and Public Policy

Hosted Online from Toronto, Canada

Date: 26th June 2026

Website: <https://econferencia.com>

objects, publication of information concerning the infringement, and recovery of the infringer's income [5].

International standards also permit legal consequences to be differentiated according to the infringer's knowledge. Article 45 of the Agreement on Trade-Related Aspects of Intellectual Property Rights requires judicial authorities to be empowered to order an infringer who knowingly, or with reasonable grounds to know, engaged in infringing activity to pay damages adequate to compensate the right holder. Members may also authorise the recovery of profits or the payment of pre-established damages even where the infringer's knowledge has not been proven [6]. Accordingly, the fact that a legal entity's director was unaware of every specific act performed by an employee should not, by itself, exclude the organisation's liability.

Corporate IP compliance is therefore of particular importance. Its elements may include an inventory of intellectual property used by the organisation, verification of licences, approval procedures for advertising and digital content, restrictions on software installation, maintenance of a licence register, employee training, and a procedure for responding to right holders' notices. The mere existence of a formal internal policy should not, however, exempt the employer from external liability to the right holder. A legal entity organises the relevant activity and bears its external business risk. Effective control measures may be taken into account when assessing the degree of fault and the amount of compensation, whereas a purely declaratory policy that is not accompanied by audits or technical restrictions should not have the same legal significance.

A separate issue concerns the subsequent allocation of loss between the employer and the employee. Article 1001 of the Civil Code grants a person who has compensated for harm caused by an employee a right of recourse against the immediate tortfeasor. This provision must, however, be applied in conjunction



World Conference on Social Sciences, Law and Public Policy

Hosted Online from Toronto, Canada

Date: 26th June 2026

Website: <https://econferencia.com>

with labour legislation. Under Article 337 of the Labour Code of the Republic of Uzbekistan, an employee is liable to the employer only for direct actual damage, while lost income may not be recovered. As a general rule, the employee's liability is limited to their average monthly wage. Full liability is permitted only in cases expressly prescribed by law, including intentional damage, the commission of a criminal or administrative offence, and the disclosure of a secret protected by law [7].

It follows that the payment of damages or statutory compensation by a legal entity to the right holder does not automatically entitle the employer to recover the entire amount from the employee. Such a payment may constitute direct actual damage suffered by the employer, but the extent of recourse remains subject to the limitations imposed by the Labour Code. The issue is particularly difficult where the amount of statutory compensation substantially exceeds the employee's earnings and intentional misconduct has not been established.

To promote consistency in judicial practice, it would be appropriate for the Supreme Court of the Republic of Uzbekistan to clarify that an intellectual property infringement is committed by an employee in the performance of their duties where it is functionally connected with the assigned work and its result is used in the employer's activities; that internal prohibitions do not exclude the legal entity's liability to the right holder, although they may be taken into account when determining fault and the amount of compensation; and that an employee's purely personal conduct, unrelated to the organisation's activities, is not attributable to the employer.

In conclusion, the liability of a legal entity for an intellectual property infringement committed by an employee should not be based solely on the formal existence of an employment contract. It should depend on the functional connection between the infringement and the organisation's activities. This



World Conference on Social Sciences, Law and Public Policy

Hosted Online from Toronto, Canada

Date: 26th June 2026

Website: <https://econferencia.com>

approach achieves a fair balance between the interests of the right holder, the employer, and the employee: the right holder receives an effective remedy, the organisation is encouraged to implement meaningful IP compliance measures, and the employee is protected against the unlimited transfer of the employer's business risk.

REFERENCES

1. Civil Code of the Republic of Uzbekistan, Part Two, Arts. 985, 989, 1000, 1001, and 1040.
2. Giliker, P. *Vicarious Liability in Tort: A Comparative Perspective*. Cambridge: Cambridge University Press, 2010. 330 p.
3. Kravchuk, A. A. 'Employer's Tort Liability for Harm Caused by an Employee: Theory and Practice.' *Zhurnal yuridicheskikh issledovaniy [Journal of Legal Studies]*, 2023, vol. 8, no. 3, pp. 22-32 [in Russian].
4. Law of the Republic of Uzbekistan No. ZRU-42 of 20 July 2006, On Copyright and Related Rights, Arts. 61-66.
5. Resolution No. 19 of the Plenum of the Supreme Court of the Republic of Uzbekistan of 23 June 2023, On Certain Issues Relating to the Consideration of Intellectual Property Cases (as amended on 16 December 2024).
6. Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement), Arts. 41 and 45-46.
7. Labour Code of the Republic of Uzbekistan No. ZRU-798 of 28 October 2022, Arts. 337 and 340-342.