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University of Sussex

Department of Law, Politics and Sociology

Thesis Submitted for the Degree of PhD

**RECONSIDERING THE LAW OF CONTRIBUTORY
LIABILITY ON THE INTERNET: ANALYSIS ON THE
TRADE MARK ISSUES, CHALLENGES AND THE
REMEDY**

BERRAK GENC

April 2018

DECLARATION

I hereby declare that this thesis has not been and will not be, submitted in whole in part to another University for the award of any other degree.

.....

BERRAK GENC

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Finally, I would like to dedicate this thesis to my uncle, who passed away this year.

Southampton, 2018

Note: The research reflects the law as at 12 September 2018. All references to the online material were last accessed on that date.

TABLE OF CONTENTS

ABSTRACT.....	i
TABLE OF CASES.....	ii
ABBREVIATIONS.....	vii

CHAPTER 1: INTRODUCTION

I. BACKGROUND	4
II. TRADE MARKS ON THE INTERNET.....	9
III. WHAT ARE THE CHALLENGES THAT THE INTERNET POSES FOR CONTRIBUTORY TRADE MARK LIABILITY?.....	13
IV. RESEARCH QUESTION AND ORIGINAL CONTRIBUTION.....	18
V. STRUCTURE OF THE THESIS.....	23
VI. METHODOLOGY AND TERMINOLOGY	25

CHAPTER 2: THE GREAT DEBATE OF INTERNET INTERMEDIARIES' LIABILITY

I. OVERVIEW	29
II. OUTLINE OF THE EU's LIABILITY REGIME.....	30
III. COPYRIGHT.....	34
IV. PRIVACY and the so-called RIGHT TO BE FORGOTTEN (RTBF).....	46
A. Data on the Internet	456
B. Google Spain and the Right to be Forgotten	48
V. FUNDAMENTAL RIGHTS.....	51
A. How Are These Rights Pertinent to the Liability Regime?.....	51
B. Delfi AS. v Estonia.....	54
C. MTE v Hungary.....	57
VI. CONCLUSION.....	59

CHAPTER 3: ESTABLISHING CONTRIBUTORY TRADE MARK LIABILITY IN THE EU: THE IMMUNITY REGIME

I. OVERVIEW	63
II. THE IMMUNITY REGIME	65
A. The E-Commerce Directive 2000/31(ECD).....	65

1.	Scope of the Directive.....	65
2.	The Liability of Internet Intermediaries.....	68
a.	Mere Conduit.....	69
b.	Caching.....	72
c.	Hosting.....	74
1.	Consist of.....	75
2.	Prerequisites of Hosting Exemption.....	77
3.	Article 15: The Prohibition of General Monitoring Obligation.....	85
B.	The Enforcement Directive 2004/48 (ED)	88
III.	CONCLUSION.....	93

CHAPTER 4: ASSESSING THE NATIONAL LAWS OF ENGLAND AND GERMANY: HOW IS THE IMMUNITY REGIME IMPLEMENTED AND HOW IS CONTRIBUTORY LIABILITY APPLIED?

I.	OVERVIEW	97
II.	ENGLAND	98
A.	Contributory Liability (Accessory Liability)	98
B.	The Doctrine of Joint Tortfeasance	100
1.	Procurement	101
2.	Combination.....	103
3.	Authorisation	104
C.	Joint Tortfeasance and the Accessorial Liability of Criminal Law	105
D.	Implementation of Joint Tortfeasance Doctrine in the Online Context	108
E.	Discussion	123
III.	GERMANY	125
A.	Contributory Liability.....	125
B.	Störerhaftung and Intermediaries' Liability	129
1.	The Internet Auction cases	129
2.	A Reasonable Duty to Investigate: Has the Scope of Reasonableness Been Clearly Specified?	132
C.	Discussion	136
IV.	CONCLUSION.....	137

CHAPTER 5: RE-EVALUATING CONTRIBUTORY TRADE MARK LIABILITY ONLINE: NEW DEVELOPMENTS AND EXISTING MECHANISMS IN THE PURSUIT OF A REMEDY

I. OVERVIEW	141
II. MAPPING OUT ONLINE CONTRIBUTORY TRADE MARK LAW AND THE CHALLENGES	143
III. NOTICE-and-ACTION REGIME.....	151
A. Current State of EU Law	151
B. Notice-and-Takedown Mechanism of S.512 DMCA.....	153
C. An Effective Remedy?	155
D. Variants of Notice-and-Action Mechanism	158
1. Notice-and-Stay Down	159
2. Notice-and-Notice.....	15861
3. Notice-and-Judicial Takedown.....	16062
4. Notice-and-Disconnection (Graduated Response Scheme).....	16163
E. Application to Trade Marks.....	16365
IV. THE INJUNCTIONS REGIME	16668
A. Compatibility with Tort Law.....	16769
B. Striking the Balance?.....	17072
C. Application to the Trade Marks.....	1768
D. Discussion	181
V. MORE RESPONSIBILITY FOR INTERMEDIARIES?.....	180
A. The Duty of Care	181
1. The German Störerhaftung (Interferer) Liability and the Duty of Care	182
2. Draft Article 13 of the Copyright Directive Proposal.....	188
B. “More Responsibility” and the Trade Mark Law	1913
C. Voluntary Measures	1925
VI. CONCLUSION.....	200

CHAPTER 6: RESHAPING CONTRIBUTORY TRADE MARK LIABILITY ONLINE: THE REMEDY

I. WHICH MECHANISMS WOULD WORK BEST AS A REMEDY?.....	203
II. HOW SHOULD IT BE IMPLEMENTED?	Error! Bookmark not defined. 10
A. What Should Be Contained in a Notice?.....	214
B. Time Frame for the Issuance of a Notice.....	216

C. Ensuring the Effectiveness of the System and the Established of a Uniform DRB.....	217
D. Implementation of the Proposed System within EU Law.....	220
IV. CONCLUSION.....	221

CHAPTER 7: CONCLUSION

I. THE FOCUS OF THE THESIS	225
II. SUMMARY OF THE FINDINGS	227
III. THE PROPOSAL OF THE THESIS.....	234
IV. CONCLUDING REMARKS.....	237

BIBLIOGRAPHY.....	239
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ABSTRACT

Contributory liability is the liability of a party who is not the direct infringer, but who facilitates or contributes to the infringement committed by the direct infringer. With respect to trade marks, neither EU law nor national laws of member states (MS) provide specific rules to deal with the issue except very limited circumstances. Thus, the question of contributory trade mark liability is assessed under tort law rules. In that regard, the law seems straightforward. Yet, it is not. This is because, contributory liability now mainly arises in a new context: the Internet. Except from the cases of where the occurrence of a direct infringement of trade mark is questionable eg selling and buying keywords, Internet intermediaries' liability arise as contributory liability since they are the vehicles to facilitate transactions between third parties on the Internet. Here, it should be underlined that the thesis' scope is limited to the cases where it is unquestionable that the direct trade mark infringement has taken place, so the intermediaries' contributory liability is an issue. More precisely the cases dealing with selling of counterfeit goods. In those circumstances, trade mark owners have been seeking to fix the liability of an intermediary rather than the direct infringers themselves since reaching the latter is not always possible as they can easily remain anonymous or be located in jurisdictions which are not easily accessible for right holders. This is why, intermediaries have been the subject of contributory liability cases. As such, how should their liability be examined given that their involvement does not go beyond providing a necessary platform and infrastructure? How can their involvement be assessed as the Internet's infrastructure differs from that of the offline world?

For these questions that arise from contributory trade mark liability, there are two legal instruments applicable within the EU: 1) tort laws of the MSs, and 2) pan-EU immunity regime established by the E-Commerce Directive 2000/31. The first is also applicable to the offline world while the latter provides a more Internet-specific approach as it establishes horizontally applicable safe harbour rules for certain activities of intermediaries. According to the Directive, intermediaries which provide *mere conduit*, *caching* and *hosting* services can be granted immunity from the liability arising from its users' infringements provided that the conditions stated under each Article are qualified. However, the immunity is provided as an additional protection meaning that not qualifying for immunity does not automatically result in the liability of an intermediary. Thus, whether an intermediary is liable or not is ultimately a subject of tort law of the MSs which is not harmonised within the EU.

Thus, the law of contributory trade mark liability in the EU appears to be incoherent. On the one hand, the immunity rules govern when an intermediary would be granted immunity from liability and apply horizontally. On the other hand, tort law rules deal with the question of contributory liability but differ from one MS to another. Therefore, an analysis on existing law appears necessary in order to build the legal framework more systematically by demonstrating how it is applied. Yet, this analysis shall be undertaken to answer whether the current regime proves to be satisfactory in dealing with ongoing and emerging issues that the Internet brings and finally what the remedy would be for the issues where the law falls short in dealing them. These are the questions that have been neglected by the EU legislators. This thesis therefore undertakes this examination in the pursuit of answers to these questions and ultimately the remedy.

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ABBREVIATIONS

AG	Advocate General
ADR	Alternative Dispute Resolution

BGB	Bürgerliches Gesetzbuch (the German Civil Code)
BGH	Bundesgerichtshof (the German Federal Court of Justice)
CD	Commission ‘Proposal for a Directive of the EU Parliament and of the Council on copyright in the Digital Single Market’ COMM (2016) 593 final (Draft)
CDA	Communications Decency Act (47 U.S.C. § 230 (2000)) (US)
CDPA	Copyrights, Designs and Patents Act 1988 (UK)
The CHARTER Charter of Fundamental Rights of the European Union 212/C 326/02.	
CJEU	The Court of Justice of the European Union
DMCA	Digital Millennium Copyright Act (17 U.S.C. § 512 (2000)) (US)
DPD	Council Directive 95/46/EC of 24 October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data [1995] OJ L 281/31
DRB	Dispute Resolution Body
DSM	Digital Single Market
ECD	Council Directive 2000/31/EC of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market [2000] OJ L 178/1
ECHR	European Convention on Human Rights
ECtHR	European Court of Human Rights
ED	Council Directive 2004/48/EC of 29 April 2004 on the enforcement of intellectual property rights [2004] OJ L 195/16.
EU	European Union
GDPR	Council Regulation (EU) 2016/679 of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC [2016] OJ L-119.
HL	House of Lords (UK)
The INFOSOC DIRECTIVE Council Directive 2001/29/ EC of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society [2001] OJ167/10.	
IP	Intellectual Property
ISP	Internet Service Provider
ISSP	Information Society Service Providers
MOU	Memorandum of Understanding

MS	Member State of the European Union
NTD	Notice-and-Take down
ODR REGULATION	Regulation 524/2013 of 21 May 2013 on online dispute resolution for consumer disputes and amending Regulation (EC) No 2006/2004 and Directive 2009/22/EC (Regulation on consumer ODR) Online Journal L 165/1.
OECD	Organisation of Economic Co-operation and Development
P2P	Peer-to-Peer
TBP	The Pirate Bay
TFEU	the Treaty on the Functioning of the European Union 2012/C 326/01
TMG	Telemediengesetz (the German Telemedia Act 2007)
UGC	User Generated Content
UK	the United Kingdom
US	United States of America
The 2002 REGULATIONS	Electronic Commerce Regulations, 2002, No.2013 (UK)

CHAPTER 1: INTRODUCTION

I. BACKGROUND.....	4
II. TRADE MARKS ON THE INTERNET	9
III. WHAT ARE THE CHALLENGES THAT THE INTERNET POSES FOR CONTRIBUTORY TRADE MARK LIABILITY? ..	13
IV. RESEARCH QUESTION AND ORIGINAL CONTRIBUTION	18
V. STRUCTURE OF THE THESIS	23
VI. METHODOLOGY AND TERMINOLOGY	25

I. BACKGROUND

‘The Web as I envisaged it, we have not seen it yet. The future is still so much bigger than the past.’¹

These words are expressed by the inventor of the World Wide Web (www or Web 1.0), Tim Berners Lee, even almost three decades after his invention. There is no doubt that the evolution of Internet technologies is fast and difficult to keep up with. When the www was invented, the Internet aimed to interconnect computers. However, now it means more than that. Users’ activity is no longer limited to browsing web pages and viewing content. Especially with the advent of Web 2.0², users can now be more active online. They can even contribute to the flow of information throughout the world. User generated content (UGC) technologies enable users to create their own online accounts and be part of the information society such as by uploading content or commenting on content. However, other than the users and these services, there exists another party which maintains the Internet infrastructure and connects users and services. These are the Internet intermediaries. It is their task to *‘bring together or facilitate transactions between third parties on the Internet. They give access to, host, transmit and index content, products and services originated by third parties on the Internet or provide Internet-based services*

¹ From Tim Berners Lee’s speech on the 18th International World Wide Web Conference in Madrid. <http://www.opening-governance.org/sir-tim-berners-lee/>.

² The Web 2.0 is basically the technology which allows user interaction online via interactive applications and platforms. For detailed analysis Tim O’Reilly ‘What is Web 2.0: Design Patterns and Business Models for the Next Generation of Software’ (2007) Communications & Strategies 65, 17-37.

to *third parties*³. They are identified, although not exhaustively, by the Organisation of Economic Co-operation and Development (OECD)⁴ as follows:

- Internet access and service providers (ISPs),
- Data processing and web hosting providers, including domain name registrars,
- Internet search engines and portals,
- E-commerce intermediaries, where these platforms do not take title to the goods being sold,
- Internet payment systems, and
- Participative networking platforms, which include Internet publishing and broadcasting platforms that do not themselves create or own the content being published or broadcast.

In addition to these, new Internet intermediaries have emerged with Web 2.0 technologies. Some of these are: peer-to-peer (P2P) file-sharing platforms, social networking sites, blogs, cloud services and linking tools. They have become part of our social, economic and political life. For instance, it is ISPs which provide the access to users such as BT, Sky; Vodafone for mobile access while it is Facebook which provides the platform for social networking; Ebay for online shopping; and Visa for online payments. They are technically positioned as a medium in between the users and these services. As a result, their involvement in the process of information dissemination is expected to be passive. However, given the Internet's complex infrastructure, this is not always the case. Indeed, depending upon the type of service offered, an intermediary might be involved in or have control over this process to some degree. For example, although an ISP would not have any control on the users of the Internet as it simply provides Internet access to its subscribers through its infrastructure without becoming further involved in the distribution of the content, Ebay as an online marketplace can have some degree of control over the content that is uploaded by its users. It can be more actively involved in the presentation of the content made available by its users such as

³ The Economic and the Social Role of Internet Intermediaries, April 2010, p.9, <<http://www.oecd.org/internet/ieconomy/44949023.pdf>>.

⁴ This is an organisation aiming to promote the policies which will improve the economic and social well-being of people around the world. See <<http://www.oecd.org/>> .

enabling them to place sponsor links corresponding to trade mark owners' product to the infringing product.⁵

What would happen then if the activities of the users of these services amounted to an illegal or harmful activity or an infringement of another's rights? Should an intermediary be liable for the infringing activities of its users? Or should an intermediary be expected to act more actively to prevent the presence of such content through their services? These questions, unsurprisingly have been at the crux of Internet-related discourse.⁶

This is mainly because the delineation of an intermediary's involvement in the infringing activity is not an easy task to define. This can be grounded on two reasons: 1) The fact that it is the user, not the intermediary, who commits the infringing activity. 2) Intermediaries' position within the Internet infrastructure together with their abilities in terms of enforcement. This complex structure does not appear to bear any similarity with the offline world, thus makes the issue unique and challenging. Assessing intermediaries' involvement therefore appears difficult.

More importantly, the liability question does not have one clear-cut answer as it covers a vast array of rights and intermediaries. For example, the infringing activity of a user could infringe intellectual property (IP) rights or could amount to defamation, hate speech, data breach or may even give rise to criminal liability when, for instance, the activity involves content that is harmful to minors or terror-related. These rights have different underlying policy considerations and different scopes of protection. In a similar sense, liability of an intermediary can arise from different services that intermediaries offer such as hosting, accessing or transmitting. What is significant in that regard is that all these activities require different levels of involvement by intermediaries which might result in not regarded passive. Accordingly, an intermediary may be liable with regard to one of these services given while other services may not give rise to liability. The examination of intermediaries' liability should therefore be undertaken according to each type of right

⁵ This was indeed one of the issues before the English Court and the CJEU in Case C-324/09 *L'Oréal SA and Others v Ebay International AG and Others* [2011] ECR I-06011.

⁶ Some of the literature concerned these issues are as follows: Maurice Schellekens, 'Liability of Internet Intermediaries: Patrick Van Eecke and Barbara Ooms, 'ISP Liability and the E-commerce Directive: A Growing Trend Toward Greater Responsibility for ISPs' (2007) *Journal of Internet Law* 3-9; A Slippery Slope?' (2011) *SCRIPTed* 8(2) 154-174; Katja Weckstrom, 'Liability for Trademark Infringement for Internet Service Providers' (2012) *Marquette Intellectual Property Law Review* (2012) 16(1) 2-50. Andres Guadamuz, 'Developments in Intermediary Liability' in Andrej Savin and Jan Trzaskowski (eds) *Research Handbook on EU Internet Law* (Edward Elgar 2014) 312-336.

and intermediary as underlying policy considerations of the rights differ and intermediaries can offer divergent services.

Given these divergences, unsurprisingly different approaches have been adopted by different countries in governing the intermediaries' liability issue. Laws of United States (US) and European Union (EU) represent two major regimes in that respect. Both laws chose to deal with the issue by providing immunity rules for certain activities of the intermediaries, yet these immunity rules are established on a different basis. Under US law, the law of the intermediaries is shaped vertically, whereas horizontal application is adopted in the EU. This means that immunity rules of the EU are applicable to every substantive right while US law's rules are right-specific. As an example of the latter, S.230(c) of the *Communications Decency Act* (CDA)⁷ grants an immunity for interactive computer services⁸ from liability arising from infringements of rights other than IP rights while S.512 of *Digital Millennium Copyright Act* (DMCA)⁹ establishes the immunity regime only for the copyright-specific issues.

In contrast, EU's immunity regime is established horizontally. To that end, the *E - Commerce Directive 2000/31* (ECD)¹⁰ is implemented. This Directive establishes safe harbour rules within Arts.12-14 for certain activities of the intermediaries as applicable to any types of substantive rights with a small exception for data and privacy protection^{11, 12}. Within those Articles, the activities of the intermediaries that can qualify for immunity are identified and the immunity is depended on different conditions. The intermediaries specified in that regard are those which merely transmit the information (Art.12 '*mere conduit*'), or provide an automatic, intermediate and temporary storage of that information (Art.13 '*caching*') and store the information in the capacity of host (Art.14 '*hosting*'). Linking providers, ie search engines, are not expressly included in the scope of the immunity rules. Hosting intermediaries' immunity is bounded by the

⁷ 47 U.S.C. § 230 (2000).

⁸ The Act employs this term and in practice the scope of the terms has been construed broadly.

⁹ 17 U.S.C. § 512 (2000).

¹⁰ Council Directive 2000/31/EC of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market [2000] OJ L 178/1. (The ECD).

¹¹ Council Directive 95/46/EC of 24 October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data [1995] OJ L 281/31; Council Directive 2006/24/EC of 15 March 2006 on the retention of data generated or processed in connection with the provision of publicly available electronic communications services or of public communications networks and amending Directive 2002/58/EC [2006] OJ L 105/54 were applicable until it was repealed by the EU-wide applicable General Data Protection Regulation (GDPR) on 25 May 2018. For further detail See Chapter 2.

¹² The ECD, art 5(b).

requirement of taking appropriate action after obtaining actual knowledge (for criminal law matters) or awareness (civil law matters) of the infringing nature of content. As notification is the most common way of obtaining such awareness, the ECD reflects and encourages the notice and takedown (NTD) principle but does not provide a comprehensive mechanism¹³ to deal with this nor any further insight as to its procedures. The conditions and procedures of the notification mechanism are left to the national courts to decide. Finally, Art.15 determines the boundaries of intermediaries' activities in general by expressly prohibiting the imposition of a general obligation on the intermediaries to monitor stored or transmitted information. This Article, also specifies the frame of the hosting intermediaries' involvement in taking required actions.

Along with the ECD, there is the Enforcement Directive 2004/48 (ED)¹⁴ which regulates the enforcement of IP rights online. The third sentence of Art.11 of this Directive establishes the injunctions regime as it states '*[m]ember States shall also ensure that rightholders are in a position to apply for an injunction against intermediaries whose services are used by a third party to infringe an intellectual property right*'. As intermediaries are the subject of these injunctions, those mechanisms become significant in determining the liability of intermediaries by means of contributory liability. This is because injunctions impose a duty to implement and apply the specified injunction on the intermediaries. Accordingly, the scope of the injunctions shapes the responsibilities of the intermediaries which is ultimately significant in delineating their contributory liability. Finally, it must be pointed out that the idea behind enabling right owners to apply for an injunction against intermediaries is that intermediaries are best positioned to take measures and prevent the infringing activities.

As demonstrated, immunity rules in general serve the main purpose of protecting a passive intermediary from the threat of liability arising from its users' illicit activities while enhancing the free flow of information and innovation. Indeed, Recital 8 of the ECD states that the objective is '*to create a legal framework to ensure the free movement of information*'¹⁵ while in the further Recitals harmonisation in the information society and provision of necessary conditions for the innovation are stated as other objectives of the Directive. In doing so, the ECD follows an immunity regime based on the type of

¹³ In contrast, the S.512 of the DMCA establishes comprehensive NTD procedures.

¹⁴ Council Directive 2004/48/EC of 29 April 2004 on the enforcement of intellectual property rights [2004] OJ L 195/16. (the ED)

¹⁵ The ECD, Recital 8.

activity of the intermediaries, regardless of the right at stake, while US legislators chose to implement a right-specific approach. The difference in their approaches appears as a significant element in the context of trade marks.

II. TRADE MARKS ON THE INTERNET

Given the advantages, convenience and borderless nature of the Internet, it is not surprising that e-commerce has become the most commonly used method of trade.¹⁶ Accordingly, it attracts trade mark owners to promote and sell their brands online. As it occurs in the offline world, not all online activities appear to be legal in the online world either. Counterfeit activities have also been transferred online by the people who seek a benefit from these kinds of activities and have become common practice. Counterfeiting is officially defined in the Agreement on Trade- Related Aspects of Intellectual Property Rights¹⁷, so-called TRIPS Agreement as follows: *‘Counterfeit trademark goods shall mean any goods, including packaging, bearing without authorization a trademark which is identical to the trademark validly registered in respect of such goods, or which cannot be distinguished in its essential aspects from such a trademark, and which thereby infringes the rights of the owner of the trademark in question under the law of the country of importation’*. More remarkably, counterfeiting activities are deemed as ‘one of the fastest economic crimes of modern times’ by International Chamber of Commerce.¹⁸

Along with counterfeit selling, Internet-specific infringing activities such as purchasing or bidding on the domain names or keywords which correspond to third party’ trade marks are also committed. What makes the Internet a popular platform for these kinds of activities is the obstacles that it creates for right owners there. Those restrain trade mark owners’ ability to reach the offenders of the infringing activity. This is because the online world is not bound by the physical realities and borders of the offline world. Thus, it gives

¹⁶ Adebola Adeyemi, ‘Liability and exemptions of internet service providers (ISPs): assessing the EU electronic commerce legal regime’ (2018) Computer & Telecommunications Law Review 24(1) 6-12, 6. (*‘the European e-commerce market broke the €500 billion mark in 2016, with the UK accounting for around €157 billion’*.) This was followed with €34 billion turnover in 2017.

¹⁷ This is the multilateral agreement on intellectual property rights and its enforcement which came into force 1 January 1995 and agreed between all the member nations of the World Trade Organisation. See https://www.wto.org/english/tratop_e/trips_e/intel2_e.htm

¹⁸ Cited from Caroline O’Doherty, ‘Online trade mark and copyright infringement injunctions: implications on ISPs, site owners and IPR owners’ (2016) Computer and Telecommunications Law Review 22 (3) 79-88, 84.

infringers an opportunity to act anonymously or under a false account and even act in a different country to where the trade mark is registered.

Under these circumstances, a right owner may not be able to reach the offender at all. Even if he reaches and starts proceedings against this individual, enforcement of his rights might not be possible if the offender is located outside of the jurisdiction. In fact, even if proceedings and enforcement against the offender were successful, in most of the cases, this would not be the desired outcome for an owner as it would be limited to one offender. A right owner in that case should start another proceeding against another infringer and should repeat the process for each infringer in order to ensure the protection of his rights. Yet, it is evident that this process would be very time-consuming, costly and burdensome.¹⁹

Therefore, changing the focus from individuals to intermediaries would be more sensible for right owners.²⁰ This is because what a right owner needs for a more effective protection of his right online are the facilities of the intermediaries which will enable him to more easily identify and reach the offenders of infringing activities. Moreover, intermediaries' facilities enable them to apply precautionary measures against those infringers by mean of preventing an infringement. Accordingly, pursuing an intermediary would most likely result in a bigger success in protecting rights as it would also provide more cumulative protection. Yet, pursuing an intermediary for its liability is not straightforward. This is because intermediary liability does not arise as a direct liability in most cases. This matter is bound by the rules of contributory liability on the ground that an intermediary is most likely not the party who directly and intentionally commits the infringement, namely the offender. In contrast, it is most likely the third party who directly commits the infringing activity via the service provided by an intermediary. Thus, in that circumstance an intermediary's liability arises on the grounds of facilitation or contribution to the infringement committed by this third party which is its user. This

¹⁹ Costs of legal procedures together with some pre-proceeding costs such as costs of tracking down the offender and gathering evidences and the time would be spent on are the most indicative examples of this. See Maria Mercedes Frabboni, 'File Sharing and the Role of Intermediaries in the Marketplace: National, European Union and International Developments' in Irini A. Stamatoudi, *Copyright Enforcement and the Internet* (Kluwer Law International 2010) 119-146, 120.

²⁰ Having said that there still are cases started against individual sellers who sold counterfeits. See The Fashion Law Blog 'Amazon Files Landmark Suit Against Individual Counterfeit Seller' (The Fashion Law Blog, 15 November 2016) <<<http://www.thefashionlaw.com/home/amazon-files-landmark-suit-against-individual-counterfeit-sellers>>>; The Fashion Law Blog 'Alibaba "Breaks New Ground," Sues Third Party Sellers of Counterfeit Goods' (The Fashion Law Blog, 4 January 2017) <<http://www.thefashionlaw.com/home/alibaba-sues-third-party-sellers-of-counterfeit-goods>>.

liability is called contributory liability.²¹ But, what are the elements of this liability? More precisely, when and to what extent would an intermediary be held contributorily liable for trade mark infringement committed by a third party? These questions are therefore the focus of the ongoing online trade mark liability discourse within the EU and the US.

What is significant with respect to these questions is that neither EU law nor US law provides specific statutory rules to govern contributory trade mark liability. Therefore, the issues concerning contributory liability that arise from trade mark infringement are subject to tort law²² if the infringement gives rise to civil liability. As criminal liability is excluded from the scope of the thesis, contributory liability that arises from tortious activity is therefore its focus. With respect to tort law, as can be expected, the law of contributory liability is divergently established given that the countries have different underlying principles behind their tort laws. Moreover, having intermediaries at the core of online contributory liability issues makes the matter more complex and rather unique given the infrastructural and conceptual differences between the online and the offline world.

Along with tort law principles, the immunity rules stated above are another legal instrument in establishing online contributory trade mark liability. That is why the approaches adopted in EU and US laws are very important and directly related to trade marks. US law does not provide any immunity rules for intermediaries in relation to trade marks. Thus, the common tort law rules apply. Within the EU, however, the ECD's immunity regime applies to trade marks. In that respect, mere conduit, caching and hosting intermediaries can be granted immunity from liability that arises from their users' infringing activity on their platform. Yet, it is significant that the immunity regime regulates the issue by specifying the circumstances when an intermediary would not be liable, not the circumstances when it would be. More importantly, this regime is provided for intermediaries as an additional protection. What that means is explained by the EU Commission as follows:

²¹ It shall be noted that for the sake of convenience, the term contributory liability is employed within this thesis, although in the literature different terms are employed for his type of liability such as secondary liability, indirect liability, accessory liability and joint tortfeasance. For the further insight of what the contributory liability means in this thesis *See* Part IV.

²² As the infringement of a trade mark is a tort. *Credit Lyonnais Bank Nederland NV v Export Credits Guarantee Department* [1998] 1 Lloyd's Rep 19 (CA), 44. ('Infringement of a patent or copyright is a tort.')

“While the special liability regime constitutes an additional shield for service providers, it does not modify each Member States' underlying material law governing liability. The only effect of not (or no longer) meeting the criteria of article 12, 13 of 14 (e.g., because data is modified during transmission, or when access to hosted data is not blocked upon awareness of the unlawfulness), will be the loss of the additional protection. Service providers will then become subject to the general rules of tortious or penal liability, which may or may not hold the service provider liable, depending on each Member State's laws.”²³

Therefore, the question of whether an intermediary is contributorily liable is ultimately a subject to the domestic tort law of each member states (MSs) for EU law as well. Furthermore, tort law is not harmonised within the EU. It follows that tort laws rules governing the issue differ from one MS to another.

Having said that, why would a lack of harmonisation on EU tort law be an issue given that contributory liability is not a new type of liability and it has been the subject of traditional tort law rules? Indeed, for example it was the joint tortfeasance doctrine - the doctrine that stems from the common law of tort and applies to contributory liability cases under English law- which applied to the twenty-first century case of *L'Oréal SA and Others v eBay International AG and Others*²⁴ in deciding whether Ebay was contributorily liable for its users' trade mark infringements on its platform. Thereby, is there really a need for rules dealing with online contributory trade mark liability? Or is there anything that might require different considerations as to the occurrence of the infringement? A delineation of the differences between online and offline world infringement is thus important to see whether those have any impact on a consideration of the contributory trade mark liability frame.

III. WHAT ARE THE CHALLENGES THAT THE INTERNET POSES FOR CONTRIBUTORY TRADE MARK LIABILITY?

²³ EU Study on 'the Legal Analysis of a Single Market for the Information Society' (2009), Chapter 6.3.2.

²⁴ Case C-324/09 [2011] ECR I-06011. (*L'Oréal v Ebay*).

The most significant features of the Internet are its complexity in structure, borderless nature and its fast-evolving technologies.²⁵ In some respects these are advantages but they are also challenges for Internet regulation.²⁶ Indeed, those are the challenges encountered with in determining contributory trade mark liability online and can be best demonstrated by considering the Internet intermediaries as they are the parties who are the subject of contributory liability cases. As stated, although the conditions might differ, in general, the existence of a direct infringing act and contribution to -thus the positive knowledge of- this act are the main elements of contributory liability. However, assessment of this contribution appears quite challenging if the concerned party is an Internet intermediary. This becomes even more challenging when an intermediary is a hosting provider. Because a hosting provider would almost necessarily have some degree of involvement in the provision of its services.²⁷ Indeed, an online auction site as a hosting provider should provide some tools to allow its users to upload, display and categorise the content they create. However, when a landlord lets his premises for an auction, his involvement in this auction does not go beyond letting his premises. That is why, the hosting intermediaries are required to fulfil different conditions than other intermediaries to be granted immunity in the ECD. However, traditional tort law rules do not consider this diverging nature of intermediaries. Case law of traditional contributory liability is limited to the offline world contexts such as manufacturer/ distributor or landlord contexts where the parties are restrained by physical realities.²⁸

²⁵ Andres Guadamuz, *Networks, Complexity and Internet Regulation* (Edward Elgar 2011); Rolf H. Weber, 'Liability in the Internet of Things' (2017) *Journal of European Consumer and Market Law* (5) 207-212 (He underlines that significantly evolved technologies of the Internet together with its complex infrastructure are new challenges for the liability issues.).

²⁶ '...the difficulty in identifying a clear standard is compounded by the fast-changing and diverse nature of online intermediaries' Graeme Dinwoodie, 'Comparative Analysis of the Secondary Liability of Online Service Providers' in Graeme Dinwoodie (ed.) *Secondary Liability of Internet Service Providers* (Springer International Publishing AG 2017), 19; 'Technology, and in particular resources through the internet, is constantly evolving. Consequently, the means of infringing many online intellectual property rights including copyright and trade mark infringement are also progressing.' Caroline O'Doherty, 'Online trade mark and copyright infringement injunctions: implications on ISPs, site owners and IPR owners' (2016), 79.

²⁷ In his opinion in *L'Oréal v Ebay*, the AG emphasises this in assessing the neutrality test established by the CJEU in Joined cases C-236/08 to C-236/10 *Google France SARL v Louis Vuitton Malletier SA* [2010] ECR I-02417. See Case C-324/09 *L'Oréal SA and Others v Ebay International AG and Others* [2011] ECR I-06011 Opinion of AG Jääskinen, para 146.

²⁸ Especially the US case law provides a further insight on that matter such as *Societe Anonyme de la Distillerie de la Liqueur Benedictine de L'abbaye de Fecamp v. Western Distilling Co.* 42 F. 96 (E.D. Mo. 1890); *Hostetter Co. v Brueggeman-Reinert Distilling Co.* 46 F. 188, 188 (E.D. Mo. 1891); *Inwood Labs., Inc. v. Ives Labs., Inc.*, (1982) 456 U.S. 844, 854; *Hard Rock Café Licensing Corp. v Concession Services Inc.*, 955 F.2d 1143 (7th Cir.1992). For EU, English cases have mostly dealt with the issue in the traditional

However, intermediaries' capabilities within the online world are not limited by physical realities. As a result, right owners can more easily reach a customer located at the other side of world and promote and sell their brand through it with the help of an intermediary. Yet, this borderless nature is also a significant obstacle for them in protecting their rights against infringing activities. Here again, the infrastructural advantages of the intermediaries come to the fore as these have the potential to provide more effective enforcement for the right owner than it could have on its own in terms of identifying and reaching the infringer and terminating the infringement. At this point, it should be noted that even though those enforcement mechanisms undertaken by an intermediary would be limited to the jurisdiction,²⁹ those measures would still be more proactive and on a bigger scale than a right holder could manage itself given the nature and the infrastructure of an intermediary. An intermediary can implement monitoring and filtering technologies for the purpose of tackling infringing activity. With those mechanisms, every listing can be monitored before the upload or they can be filtered out if it consists of illicit content. However, this would accordingly affect their passive position in the provision of services and would most likely result in them losing their immunity or being held contributorily, or even perhaps directly liable depending upon how active their involvement was.

On the other hand, the effectiveness of those mechanisms for tackling infringing activities online is evident as their capabilities do not depend on physical aspects such as physical existence of the good. This reflects the existing dilemma of the intermediaries' liability regime; intermediaries are in the best position to apply the measures and tackle the infringing activities whilst they are not actively involved in the infringements. With that respect, imposing too much burden with such measures may jeopardise their business or may result in them losing their immunity but it may also prove to be a more effective means of enforcement and protection for the rights online. However, those infrastructural advantages should not be taken for granted since the effectiveness of applying these measures has its drawbacks. Indeed, it would not be realistic to expect an intermediary to check every listing uploaded. This would also most likely amount to an interference in

context such as *CBS Songs Ltd. v Amstrad Consumer Electronics Plc.* [1988] A.C. 1013; *The Itria v The Koursk* [1924] P.140; *Fish & Fish Ltd. v Sea Shepherd UK* [2015] UKSC 10.

²⁹ It should be noted here that recently the Canadian Court granted a global injunction order against Google which requires Google to de-list the results from its search engine globally. See *Google Inc. v Equustek Solutions Inc.* 2017 SCC 34. Moreover, for general discussion on the jurisdiction See also Eleonora Rosati 'International Jurisdiction in online EU trade mark infringement cases: where is the place of infringement located?' (2016) *European Intellectual Property Review* 1-21.

the fundamental rights of the users. Besides, as aforementioned, the fact that the Internet enables its users to be anonymous online and to act anonymously makes reaching the infringer and preventing the infringement more challenging in some cases. Moreover, the ECD prohibits the imposition of general monitoring activity on the intermediaries.³⁰ In fact, determining the extent of the intermediaries' activities by means of enforcement is also part of the contributory liability question as it marks out the extent to which an intermediary can become involved in online activities.

The Internet's evolution is another challenge for establishing the exact frame of contributory liability. Internet technologies are evolving very fast.³¹ This means new types of intermediaries continually emerge along with new types of services.³² It has been 18 years since the Directive came into existence and this is quite a long time considering how fast technologies are evolving. Indeed, there are new types of intermediaries which did not exist at the time of the ECD being published such as online market-places, P2P file sharing technologies, social networking platforms and search engines. As a result, the Directive consists no provisions on these new technologies. Moreover, those technologies are rather novel and do not usually have any equivalent in offline trade. What this means for trade marks and for the purposes of the thesis is that these challenges are also valid for the law of contributory trade mark liability.

Determining the extent of the intermediaries' involvement in the provision of services as well as their responsibilities by means of enforcement are significant elements to establish contributory trade mark liability. A question over intermediaries' contributory trade mark liability can arise from counterfeit selling or purchasing of keywords corresponding to a third party's trade mark. In the first scenario, for example, an online auction site may provide a platform for goods to be uploaded and sold. If the goods uploaded are counterfeit, then the intermediary's liability may arise. But, of course, this depends upon the extent of its involvement in this activity. Here, the clearly established rules are essential as an online auction site may provide different services which might result in it being regarded as actively involved and contributorily liable. Indeed, Ebay as an online

³⁰ The ECD, art 15.

³¹ Weber, 'Liability in the Internet of Things' (2017).

³² Rapidshare like hosting providers which '*fostered through own measures the dangerous infringing use of services*' as well as providing premium services to its users for enabling them to download content which can be protected by copyright is one of the examples of such new type of hosting services. Jan B. Nordemann, 'Liability of Online Service Providers for Copyrighted Content- Regulatory Action Needed?' (2018) EU Parliament In-depth Analysis.

auction site not only provides a platform for its users to sell and buy goods but also optimises the presentation and the offers of the sales on its platform through its own advertisements on the search engine, as well as implements a filtering mechanism which detects listings that contain certain words.³³ Moreover, the fact that it profits from its users' sales of counterfeit goods might be considered an element affecting its passivity.

On the other hand, how can an intermediary decide if the content is counterfeiting? It would not be realistic to expect an intermediary to understand the difference between a genuine and counterfeit good. This examination requires the expertise of a right owner. Furthermore, an intermediary never receives the physical possession of the goods and neither does it have the opportunity to physically inspect the goods in contrast to offline world cases. Yet, the ECD requires a hosting provider to takedown the good once it obtains the awareness of an infringing activity.³⁴ In the case of counterfeit selling it would not be realistic to expect an intermediary to detect a counterfeit good. Even if it is possible for an intermediary to detect the counterfeit nature of some specific goods, it would be almost impossible to detect and identify most of the counterfeits uploaded on its platform as there exist millions of brands. Therefore, not having had the physical possession makes this process much more challenging and more burdensome for intermediaries. Furthermore, what happens if the counterfeiting occurs through websites? In that case, the ISP's activity is limited to providing the access to these websites. Could the ISP be held liable for the counterfeiting committed on these websites that it gives access to? These questions are specific to the online world.

However, for the second scenario stated above, ie when a user of an intermediary purchases and uses the keywords corresponding to third parties' trade marks, the issue is different. Keywords and keywords selling, and the possible infringement arisen from this activity is specific to the Internet and has emerged with online technologies. As stated, the immunity regime does not expressly deal with those intermediaries when intermediaries' liability as a search engine is at issue. However, the crux of the issue of keyword selling is not the question of the applicability of the immunity rules, it is rather the question of whether there is a contributory trade mark infringement. This is because, purchasing a keyword corresponding to another's trade mark does not always give a rise to the infringement. More precisely, purchasing a keyword may not constitute an

³³ Case C- 324/09 *L'Oréal v Ebay* [2011] ECR I-06011.

³⁴ The ECD, art 14.

infringement unless *'that use is not liable to cause detriment to any of the functions of that mark.'*³⁵ In other words if the use of a keyword does not have an adverse effect on one of the functions of a mark, ie indicating origin, advertising, quality of goods and services, then it does not infringe the trade mark of an owner. Existence of an infringement therefore depends on the specifics of the case. Hence, it can be concluded that with respect to this new type of activity, it is questionable that trade mark infringement has taken place.³⁶

Why is this important and how is it pertinent to contributory trade mark liability cases, then? It is evident that the existence of a contributory liability depends on the existence of a direct liability that arises from the direct infringement. More precisely, there cannot be a contributory liability without a direct infringement. Thus, if the third party's purchase of a keyword does not amount to a trade mark infringement, then there would not be any question of intermediary's contributory liability from selling a keyword in default of an infringement. This would follow that in those cases the contributory trademark liability of a service providers depends primarily on the assessment of the direct trade mark infringement³⁷ which is bound by different rules.³⁸

In that respect, the issue of contributory trade mark liability that arises online should be considered with respect to the cases in which it is unquestionable that the trade mark infringement has taken place ie when the counterfeit goods are offered for sale online. The counterfeit selling is therefore should be and is the focus of this thesis.

From an enforcement aspect, what the Internet poses as challenges in general are also valid for trade marks. In online counterfeit selling cases, anonymity is what the infringers benefit from as it allows them to hide and continue their activities. They disguise

³⁵ Google France citing from Case C-206/01 *Arsenal Football Club plc v Matthew Reed* [2002] ECR I-10273 para 54 and Case C-324/09 *L'Oréal v Ebay* [2011] ECR I-06011, para 60.

³⁶ For general overview on the matter, See Parhun Safari and Anton Van Dellen, 'Protecting trade marks in the era of adwords' (2018) *European Intellectual Property Review* 40 (5) 319-327

³⁷ Dinwoodie at that point underlines that the relationship between direct and contributory infringement is of importance especially for the cases considering keyword advertising. He further states *'as a policy matter, a secondary liability standard that is unlikely to be satisfied will cause claimants to push for the expansion of the scope of primary liability'* whereas *'the availability of secondary liability claims might moderate the demand to hold intermediaries primarily liable'*. Dinwoodie, 'Comparative Analysis of the Secondary Liability of Online Service Providers' (2017), 11.

³⁸ The question of whether a direct trade mark infringement is occurred is bound by the rules established within the Council Directive (EU) 2015/2436 of 16 December 2015 to approximate the laws of the Member States relating to trade marks [2015] OJ 336. For the CJEU's appraisal on the matter See Joined Cases C-236/06- C-236/08 *Google France SARL v Louis Vuitton Malletier SA* [2010] ECR 0.

themselves behind false business addresses or by easily changing their profiles and continuing their activities under another name.³⁹

It is therefore evident that the Internet is a very much complex and multifaceted platform in which its characteristics appear as advantages as well as challenges. However, this is not the complete picture. The *sui generis* nature of the Internet requires closer examination and the analogical approach is not a comprehensive means of defining it. As provided above, it differs from the offline world in various aspects which can all exert an influence on the contributory liability principles. Moreover, the above examination proves that those elements appear to have a direct impact on the contributory liability that arises from trade mark infringements. However, the trick is that the regulation of the Internet is not purely a process of legal necessities. Internet regulation is also part of the policy considerations of countries given the Internet's utmost importance in social, economic and political life.⁴⁰ That is why one of the main objectives of establishing the EU immunity regime is to protect and assist the development of technologies and innovation. This regime is established to be applicable to all types of infringing activities but only to certain types of intermediaries. Yet, is this approach appropriate for trade marks? This is the main concern of the thesis.

IV. RESEARCH QUESTION AND ORIGINAL CONTRIBUTION

The main focus of this thesis is the law of contributory trade mark liability that arises online because the current state of the law does not appear to deal effectively with the issues that the Internet poses. Henceforth, the thesis will seek after the appropriate solution.

The current EU law does not provide rules that specifically govern contributory trade mark liability that arises online. Instead, the rules applicable to the issue appear as a two-tiered system. First, there is a horizontally applicable pan-EU immunity regime

³⁹ O' Doherty, 'Online trade mark and copyright infringement injunctions: implications on ISPs, site owners and IPR owners' (2016) 84-85. ('*The speed, ease and anonymity that the internet offers to infringers have made the legal enforcement of IPRs incredibly difficult.*')

⁴⁰ Weber argues '[t]he solution of the manifold liability issues arising in the context of Internet of things and new contract forms can neither be resolved through a single legal instrument nor through a technical solution.... Rather a combined approach is necessary creating the practical reality on which the law can attach.' Weber, 'Liability in the Internet of Things' (2017), 207.

established within the ECD which provides immunity from liability for certain intermediaries. These rules apply to the issue since Internet intermediaries are at the core of contributory liability cases. However, those rules only determine the circumstances when an intermediary would not be liable. In other words, the immunity regime does not specify when an intermediary should be liable or the conditions of the liability. Moreover, those rules are provided as an additional protection for intermediaries meaning that losing the immunity does not automatically trigger the liability. The liability issue, thus is governed the traditionally established principles of tort law. However, tort law rules are not harmonised within the EU. Thus, each national court applies its domestic tort law rules when the contributory trade mark liability issue comes before the court.

Therefore, the issue of contributory trade mark liability that arises online is firstly a subject to the examination in the light of the EU's immunity regime; then the MSs courts make their examination under their domestic laws that govern the issue. In that sense, the law applicable to the online contributory trade mark liability is two-tiered. Yet, the assistance of the immunity rules is limited on the ground that those rules only determine the cases where an intermediary would be immune from liability. Therefore, what is evident under the existing system is that contributory trade mark liability is in fact decided under national tort law rules of the MSs since those are the rules governing the liability.

Contributory liability is not a new type of liability under tort law. Courts have been examining the issue and applying the rules to the offline context over the years, even though the principles have been quite divergently established within the national laws of the different MSs. Nevertheless, this thesis concerns contributory trade mark liability that arises in a new and rather unique context: the Internet. It is evident that the Internet differs from the offline context in many aspects. Having Internet intermediaries at the core makes the issue trickier given their position within the Internet infrastructure and their capabilities in comparison to subjects of offline world cases. Those differences give rise to the new and rather unique challenges that are peculiar to the online world which require more Internet-specific considerations. It can even be said that the immunity regime which establishes Internet-specific rules cannot keep up with the pace of the Internet's evolution. Although it covers most types of Internet intermediaries today, it still fails to mention linking providers. It should also not be ignored that it has been 18 years since it was published. This is a considerable period of time in the age of technology.

Thus, it is important to have laws in place that tackle Internet-specific challenges. Given the above, it is therefore important to examine whether the existing rules governing contributory liability are satisfactory in dealing with contributory liability issues that arises online. This is indeed the principal question that the thesis is built on. The focus of the thesis is to be on trade marks and the contributory liability question that arises from the selling of counterfeits. This is mainly because trade marks are one of the least considered IP rights within the EU with respect to online infringing activities.⁴¹ Indeed, even the latest developments undertaken in pursuit of the Digital Single Market (DSM) Strategy⁴², effective enforcement of rights online, more uniformity and tackling illegal content⁴³ mainly consider and expressly mention copyright. However, this does not necessarily mean that trade mark rights are less important in comparison to other IP rights, and neither is the law of contributory trade mark liability fully working and satisfactory to deal with the emerging and existing issues. It rather suggests that trade marks and the issues surrounding them have been neglected since there is no reason why the issues that arises online (ie ambiguity over the application of the rules, lack of further insight as to the rules governing online infringing activities or whether there is a need for right specific solutions) would not also be valid and significant for trade marks.

Moreover, establishing the law of contributory trade mark liability would also provide assistance in determining whether the horizontal approach adopted by the EU in dealing with online activities is the appropriate approach for trade marks and in general. This is because there is no additionally provided rules for trade marks other than the immunity

⁴¹ The question of contributory copyright liability that arises online has been mainly examined in the academia. Some of the examples of those works are: Lilian Edwards, 'Role and Responsibility of Internet Intermediaries in the Field of Copyrights and Related Rights' (2011) WIPO Study; Christina Angelopoulos 'Beyond the Safe Harbours: Harmonising Substantive Intermediary Liability for Copyright Infringement in Europe' (2013) Intellectual Property Quarterly 3 253-274; Tatiana-Eleni Synodinou, 'Intermediaries Liability for Online Copyright Infringement in the EU: Evolutions and Confusions' (2015) 31 Computer Law & Security Review 57; Christina Angelopoulos, 'Sketching the Outline of a Ghost: the Fair Balance between Copyright and Fundamental Rights in Intermediary Third Party Liability' (2015) 17(6) 72-96 <<https://www.emeraldinsight.com/doi/full/10.1108/info-05-2015-0028>>; Christina Angelopoulos, 'European Intermediary Liability in Copyright: A Tort- Based Analysis' (DPhil thesis, University of Amsterdam 2016); Christina Angelopoulos, 'On Online Platforms and the Commission's New Proposal for a Directive Copyright in the Digital Single Market' (2017) Centre for Intellectual Property and Information Law University of Cambridge, 17-31 Available at <https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2947800>.

⁴² Commission, 'A Digital Single Market Strategy for Europe' (Communication) COM (2015) 192 final.

⁴³ Commission, 'Tackling Illegal Content Online Towards an Enhanced Responsibility of Online Platforms' (Communication) COM (2017) 555 final.

regime of ECD and the tort law rules - neither do the developments specifically consider trade marks.

It should again be underlined that the thesis considers and focuses on the contributory trade mark liability issues where it is not questionable that the direct trade mark infringement has taken place. In that sense, the cases dealing with keywords are not in the scope of the thesis.

On this basis, this thesis asks: *'To what extent does the current state of the law of contributory trade mark liability that governs online issues prove to be satisfactory in dealing with the ongoing and emerging issues that the Internet brings?'*. Although this is the core question, this thesis is founded on three main objectives: 1) establishing the current state of online contributory trade mark liability; 2) identifying ongoing and emerging issues that arise and reassessing the law in the light of the new initiatives undertaken by the EU; and 3) seeking a relief for the issues where the law falls short in dealing with them.

The current state of the law should first be analysed as the law is shaped by both the immunity rules and tort law rules of the MSs as there is a lack of specific rules dealing with the issue. This assessment will also assist in identifying the issues that arise as well as examining whether the existing law satisfactorily provides a framework to deal with the issues identified. Accordingly, it will provide the answer to this question. This is a very important analysis to undertake and question to answer as it will also demonstrate whether the approach undertaken by the EU in pursuit of dealing with online issues is indeed the accurate and appropriate approach for the trade mark realm. Finally, a solution will be sought for the shortcomings identified. The existing mechanisms which are either already implemented and applied (NTD and injunctions) or are not yet implemented but considered by the EU legislators (duty of care, voluntary measures) for enhancing the protection of rights online and providing further harmonisation are to be examined in that regard. Those second type of mechanisms are most commonly considered and mentioned in relation to copyright and other rights but not trade mark. Regardless of the lack of trade mark consideration, those mechanisms will still be examined to see whether they can also work for trade marks.

In the light of these explanations, the originality of this thesis can therefore be stated to have three aspects. Firstly, this thesis considers trade marks as they are least focused on

and examined IP right with respect to online infringements. Although the developments are considered and have been initiated by the EU legislators pursuant to further harmonisation, there is hardly any trade mark specific consideration or actions by the legislators to deal with trade mark related issues that arisen online, neither do the actions already undertaken expressly mention trade marks. Furthermore, there exists very limited case law that considers contributory trade mark liability online which might shed light on the ambiguities that arise. In the light of this lack of attention and further insight, the law of online contributory liability appears to be incoherent. Thus, the law and its framework require systematic assembly with respect to online contributory trade mark liability. This thesis will therefore undertake this work.

Secondly, although there are other academic works that assess trade mark liability online, this thesis adopts a narrower approach as it focuses specifically on online contributory trade mark liability that arises from counterfeit selling and excludes direct liability cases or the cases that is questionable that the direct infringement has taken place. By doing so, the merits of the thesis not only lie in a comprehensive analysis of the current state of EU law on the subject but also in addressing the issues together with submitting plausible remedy to these issues.

Thirdly, its novelty lies not only with the analysis of how satisfactory the law of online contributory trade mark liability is for ongoing and emerging challenges and what can be the cure in that regard, but also with seeking to explore the missing parts in the other academic works in relation to the latest developments undertaken within the EU with respect to the DSM Strategy and Internet regulation. Indeed, these initiatives are important for the online world because they seem to focus on different policy than the immunity regime of the ECD was built on. Duties and responsibilities of the intermediaries in the online world have been the focus of the legislators, not their immunities. The concern therefore appears to be what can the intermediaries do, not how can the innovation be supported in the online world. The appraisal undertaken in this thesis considers this seemingly new approach of the EU as well as the mechanisms mentioned in that respect to see how they would fit into the trade mark regime and whether they would provide desired solutions. Besides, the analysis provides an overview of how the EU immunity regime is applied to rights other than trade marks, ie copyright, privacy and the right to be forgotten (RTBF) and fundamental rights since these rights have been at the core of the discourse on intermediaries.

V. STRUCTURE OF THE THESIS

This thesis is divided into seven chapters. Within the current chapter, background to online contributory trade mark liability is provided together with an explanation of the research question and the contribution of the thesis.

Following this, in Chapter 2, the general debate on Internet intermediaries is given under EU law by focusing on three specific rights other than trade marks as they dominate the intermediaries' liability discourse. These are: copyright, privacy and the right to be forgotten together with the general examination of the fundamental rights. The examination is undertaken in pursuit of answers to the questions: *'How is the immunity regime applied to rights other than trade marks?'* and *'To what extent would those implementations assist in establishing contributory trade mark liability?'*

Chapter 3 aims to establish the EU's contributory trade mark liability law applicable to online infringements. As the ECD's immunity regime is the most prominent legal instrument on the matter, the chapter focuses on the principles of this regime: how they are implemented and applied in practice; what are the issues that arise and need to be addressed; and finally, how it is construed by the Court of Justice of the European Union (CJEU). Moreover, the ED is also examined as the injunctive regime shapes the framework of the responsibilities of the intermediaries by means of taking measures which would ultimately be significant in delineating the contributory liability of the intermediaries. This chapter therefore asks: *'Is the EU law's immunity regime the appropriate approach to deal with online infringements and establish a contributory trade mark liability regime online? More importantly, does this regime have the answers to the challenges that the Internet brings or may bring in the future?'*

However, Chapter 3 would be incomplete without an examination of how the immunity regime has been implemented and applied by the courts of the MSs as well as how the law of online contributory trade mark liability is established under national tort laws of the MSs. As such, Chapter 4 assesses tort laws of the MSs in order to understand the bigger picture of the EU contributory liability regime. However, as it would be very challenging to examine the laws of all MSs within this work, the chapter assesses two

MSs that represent two major legal traditions and which have also influenced other legal systems in the EU. Those are the United Kingdom (UK), specifically England, and Germany, as England is a common law country while Germany is a civil law country. The aim of this to provide the general framework of the domestic applications of the doctrine. By undertaking this analysis, this chapter aims to contribute to the examination in Chapter 3 by providing an answer to the following questions: *‘How is the immunity regime applied at the national level’* and *‘To what extent do these applications contribute to the harmonisation?’*.

With respect to what is concluded in Chapter 4 concerning the EU law of the online contributory trade mark liability regime, Chapter 5 seeks remedy to the shortcomings identified within the work related to online contributory trade mark liability. In doing so, it discusses the applicability and the efficacy of the mechanisms which are considered by the EU legislators in order to see whether they would prove to assist in this. Those mechanisms to be discussed are NTD and injunctions together with the imposition of duty of care and the application of voluntary mechanisms. First two mechanisms are the existing mechanisms of the intermediaries’ liability law. However, the latter two have not yet been implemented within the law but have been considered in terms of the DSM Strategy. Chapter 5 therefore asks: *‘Can the remedy be found within current EU law that governs online contributory trade mark liability without a radical overhaul of the existing regulatory framework?’*

In the light of the findings of Chapter 5, Chapter 6 proposes a solution for more harmonised, clearly established and more satisfactorily working online contributory trade mark liability law within the EU.

At the end of the thesis, Chapter 7 provides a comprehensive summary of the discussions, analysis and questions tackled in the previous chapters as well as submitting the solutions and views about the main thesis question.

VI. METHODOLOGY AND TERMINOLOGY

The main approaches employed in this thesis are doctrinal and comparative ones.⁴⁴ In essence, the doctrinal method *'is concerned with the substantive content of the law, and therefore with the analysis of legal materials, primarily cases and statutes, and primarily for the kinds of purposes ... identification of the legal position; resolution of potential or actual questions relating to parties' rights and liabilities; identification of gaps in the law that require reform or features that can be improved'*.⁴⁵

In general, relevant legislations and case law with their underlying principles and reasons will be assessed. Given that the thesis' main focus is EU law, pan-European law will be at the core of the doctrinal approach undertaken. This means that the legal instruments provided by the EU legislators at the EU level will be the main focus. In terms of online contributory trade mark liability, there are two main Directives applicable to the issue: E-Commerce Directive 2000/31 (ECD) and Enforcement Directive 2004/48 (ED). The EU directives are binding legal instruments but need to be incorporated into the national laws of MSs to have their effect, and the choice of forms and methods on this is left to each MS.⁴⁶ MSs can make amendments on these matters while implementing the directives into their national law. Having said that they are also under an obligation to take all necessary measures to achieve the result prescribed by a directive.⁴⁷ The CJEU's insight on the matters dealt with directives, therefore is significant in terms of establishing harmonised law. Accordingly, it will be the major and primary source along with the above directives.

In addition, analysis of the domestic laws of the MSs is undertaken to provide a comprehensive assessment of the current position of EU law. A comparative approach is therefore adopted as domestic laws of the MSs differ from one to another unless harmonised rules are provided by the EU by means of binding legal instruments. The comparative approach is *'the study of the legal systems or legal concepts of different countries (or groups of countries) on a systematic basis'*.⁴⁸ Nevertheless, only two MSs are chosen for this analysis due to the word limit of the work. Those are the UK and

⁴⁴ Simon Halliday (ed) *An Introduction to the Study of Law* (W. Green 2012).

⁴⁵ Ibid, 5-6. (Brackets omitted).

⁴⁶ Art. 249 (3) of the Treaty on the Functioning of the European Union 2012/C 326/01 (TFEU).

⁴⁷ Case C- 129/96 *Inter-Environnement Wallonie ASBL v Région Wallonne* [1997] ECR I-07411, para 40. It is also established by the CJEU that direct effect of a directive can be invoked under some circumstances ie when its provisions are unconditional and sufficiently clear. Case C-41/74 *Yvonne van Duyn v Home Office* [1974] ECR I-01337. Case C-26/ 62 *NV Algemene Transport- en Expeditie Onderneming van Gend & Loos v Netherlands Inland Revenue Administration* [1963] ECR 0.

⁴⁸ Halliday (ed) *An Introduction to the Study of Law*, 73.

Germany. It should be noted that only English law is to be considered under UK law.⁴⁹ The reason behind this selection is that they represent two different major legal traditions, ie England is a common law country while Germany is civil law, and they have a strong influence on the laws of the other MSs. As such, the UK's *Electronic Commerce (EC Directive) Regulations 2002 (the 2002 Regulations)*⁵⁰ and Germany's *Telemedia Act, Telemediengesetz (TMG)*⁵¹ are examined as they are the transposition of the ECD into their national laws. Moreover, these countries' tort law rules governing the issue are also assessed since the assessment of online contributory trade mark liability is left to the national courts of the MSs and their tort law rules. Thus, the joint tortfeasance liability of English law and the general tort law principles provided in the German Civil Code, Bürgerliches Gesetzbuch (BGB) are other legal instruments considered. Therefore, the analysis of their case laws with respect to the application of tort law rules and the implementation of the principles of the ECD will be the main approach in order to fulfil the aim of the thesis. This comparative approach will assist to mark out the general framework of how online contributory trade mark liability is established and applied within the EU at national level.

The comparative approach will also involve comparative analysis of other rights, ie copyright, privacy and the right to be forgotten, and fundamental rights in general. In that respect, specifically provided EU legal instruments considering these rights are discussed where they are relevant. Briefly, those instruments are InfoSoc Directive 2001/29 for copyright and General Data Protection Regulation (GDPR) for the data protection. With respect to fundamental rights, a comparative analysis is also undertaken and the matter is examined by the European Courts of Human Rights (ECtHR) through the lenses of the European Convention on Human Rights (ECHR)⁵² as well as by the CJEU under the Charter of Fundamental Rights of the European Union (the Charter)⁵³.

The same comparative approach is also adopted for the purposes of transnational comparisons. More precisely, the applications of US law regarding online contributory

⁴⁹ It is because English law is a common law while the Scottish law is a representative of mixed jurisdiction ie common and civil law.

⁵⁰ 2002, No.2013. Available at <<http://www.legislation.gov.uk/ukxi/2002/2013/made>>.

⁵¹ Telemediengesetz [TMG] Feb. 26, 2007, BUNDESGESETZBLATT, Teil I [BGB I] at 179 (Ger), available at <<http://www.gesetze-im-internet.de/tmg/>>

⁵² Council of Europe, European Convention for the Protection of Human Rights and Fundamental Freedoms, as amended by Protocols Nos. 11 and 14, 4 November 1950.

⁵³ The Charter of Fundamental Rights of the European Union 212/C 326/02.

trade mark liability are mentioned in the thesis for the sake of comparison with EU law as they are representatives of two major legal regimes governing intermediaries' liability.

Finally, the chosen terminology should be mentioned. For the sake of the convenience and clarity, the term contributory liability is chosen and used throughout the thesis to describe the liability of the party who is not the direct infringer, but who facilitates or contributes to this infringement. It should be reminded that there is no internationally accepted term to define this type of liability. It is one that has been divergently established under the laws of countries. Thus, there are various terms employed within different laws covering this liability such as secondary liability, joint tortfeasance and accessory liability. Moreover, those terms do not necessarily correspond each other. Indeed, as Dinwoodie states '*the term secondary infringement has a different (narrow) meaning in U.K. trade mark law*'.⁵⁴ The term contributory liability is used in the thesis as an umbrella term for the different forms of this liability.

It should also be stated that the thesis' scope is limited to the specific type to trade mark problem that emerges when counterfeit goods are offered for sale online. This is the case where the direct trade mark infringement is taken place unquestionably. This would follow that the new Internet-specific type of an infringement cases such as keyword selling will only be examined to provide further assistance to tackle the issues that arises online if applicable.

Furthermore, the term Internet intermediary is used interchangeably with intermediary and service provider to describe the online subjects which '*bring together or facilitate transactions between third parties on the Internet. They give access to, host, transmit and index content, products and services originated by third parties on the Internet or provide Internet-based services to third parties*'.⁵⁵ Thus, they should be understood to cover the activities specified in the ECD, ie Internet access providers (ISPs), mere conduit providers and hosting providers as well as the new intermediaries, ie search engines, P2P file sharing technologies, and linking providers.

⁵⁴ He also points out 'concept of what Mr. Justice Arnold calls accessory liability approximates to secondary infringement in U.S. law'. Graeme Dinwoodie 'Secondary Liability for Online Trademark Infringement: The International Landscape' (2014) Columbia Journal of Law & the Arts 37 463-501, fn. 130.

⁵⁵ The Economic and the Social Role of Internet Intermediaries (2010), 9, Available at <<http://www.oecd.org/internet/ieconomy/44949023.pdf>>

CHAPTER 2: THE GREAT DEBATE OF INTERNET INTERMEDIARIES' LIABILITY

I.	OVERVIEW	29
II.	OUTLINE OF THE EU's LIABILITY REGIME	30
III.	COPYRIGHT.....	34
IV.	PRIVACY and the so-called RIGHT TO BE FORGOTTEN (RTBF).....	46
A.	Data on the Internet.....	46
B.	Google Spain and the Right to be Forgotten	48
V.	FUNDAMENTAL RIGHTS	51
A.	How Are These Rights Pertinent to the Liability Regime?	51
B.	Delfi AS. v Estonia	54
C.	MTE v Hungary.....	57
VI.	CONCLUSION	599

I. OVERVIEW

As demonstrated in the previous chapter, the following questions have been at the crux of the debate on liability: Should an intermediary be liable for its users infringing activity? If yes, then to what extent? and Should more responsibility be imposed for effective enforcement and protection of rights online?

The difficulty in answering these questions is that liability has arisen from different infringing activities of third parties. This means that third parties' activity that may create liability could be anything from terror crime, an infringement of a right, defamation to hosting content harmful to minors. Therefore, the issue has considerably wide scope. However, EU law provides the same set of immunity rules for the liability that arises from all those activities regardless of whether they are subject to civil or criminal law. Thus, providing the framework of the current state of the law of intermediaries' liability⁵⁶ as applied to the different rights is significant in pursuit of the main aim of this thesis despite its wide scope.⁵⁷ Demonstrating the general stance would assist in the following questions although not limited to them: What is the position of intermediaries under the law? How do the courts implement and apply the rules provided in the cases dealing with the

⁵⁶ In general, See Lilian Edwards and Charlotte Waelde (eds) *Law and the Internet* (Hart Publishing 2009).

⁵⁷ It should be reminded that only civil law matters will be examined as the criminal law matter is excluded from the scope of the thesis.

different rights at stake? Could the case law be useful for trade mark issues, or should trade mark related issues be treated differently? In pursuing the answers, the latest cases dealing with certain rights, namely copyright, privacy and fundamental rights, will be at the centre of the assessment undertaken in this chapter. Ultimately, the chapter seeks an answer to the following questions: *'How is the immunity regime applied to rights other than trade marks?'* and *'To what extent would those implementations assist in establishing contributory trade mark liability?'* These rights are chosen because of their supremacy within the liability regime and their influence in shaping the perception of the intermediaries in general.

However, before examining these, the existing EU rules governing liability which arise online should be briefly provided.

II. OUTLINE OF THE EU'S LIABILITY REGIME

The ECD⁵⁸ is the most pertinent legal instrument applicable to the issue since it addresses the Internet intermediaries' immunity question by adopting a horizontal approach. That means that the immunity rules provided in that Directive are applicable for any type of wrongdoing giving rise to the liability except data and privacy protection⁵⁹.

The liability regime under the ECD establishes the safe harbours for specified Internet intermediaries by precisely defining in what circumstances an intermediary can benefit from immunity from liability. Those safe harbours are established in Arts. 12-15. In brief, the Directive sets out these liability exemptions for intermediaries which merely transmit the information (Art.12 *'mere conduit'*); or which provide an automatic, intermediate and temporary storage of that information (Art.13 *'caching'*); and which store the information in the capacity of host (Art.14 *'hosting'*). Yet, the scope of these particular intermediaries especially the hosting intermediaries, covers a considerably wide range of services in line with the development of new technologies, such as online auction sites or social network sites while not expressly addressing some such as linking providers. The ECD thus establishes an immunity regime rather than a liability regime.

⁵⁸ Council Directive 2000/31/EC of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market [2000] OJ L 178/1.

⁵⁹ Ibid, art 5 (b).

The conditions set out in those Articles are aimed at distinguishing active intermediaries from passive ones since the immunity is provided for the latter. In that regard, Art.12 entitles an intermediary to an immunity if its activity consists of the mere transmission of the information without any involvement⁶⁰ while providing its service. In a similar sense, Art.13 states the conditions⁶¹ for immunity from liability for an intermediary which provides a temporary and intermediate storage for the information (caching). These conditions also specify the circumstances when an intermediary cannot be regarded as passive. For example, when it modifies the information or intervenes in the lawful use of the information.

Art.14, however, goes further and provides safe harbour for hosting intermediaries even when their operations are not completely passive. Under Art.14, a hosting intermediary may still be exempted from liability if it acts instantly to remove or disable access to the allegedly infringing content after obtaining the knowledge or awareness as to its infringing nature. Awareness is the threshold condition set for civil law matters while knowledge is the threshold for criminal law matters.⁶² Furthermore, in the words of the CJEU itself, Art.14 *'reflects the principle of notice-and-take-down system'*.⁶³ Hence, involvement from an intermediary is required to a certain extent. A hosting intermediary should takedown the infringing content or block the access when it obtains the awareness about this content which most commonly happens with a receipt of a notice.

In that respect, at first sight the stance of the EU on the intermediaries' liability and the idea behind these immunity rules can be summarised as follows; intermediaries are significant vehicles in boosting e-commerce online so should be protected while providing legal security. That is why, there are immunity rules. The main objectives of

⁶⁰ Those involvements are specified as following in the Article; *'(a) does not initiate the transmission; (b) does not select the receiver of the transmission; and (c) does not select or modify the information contained in the transmission.'*

⁶¹ *'(a) the provider does not modify the information; (b) the provider complies with conditions on access to the information; (c) the provider complies with rules regarding the updating of the information, specified in a manner widely recognised and used by industry; (d) the provider does not interfere with the lawful use of technology, widely recognised and used by industry, to obtain data on the use of the information; and (e) the provider acts expeditiously to remove or to disable access to the information it has stored upon obtaining actual knowledge of the fact that the information at the initial source of the transmission has been removed from the network, or access to it has been disabled, or that a court or an administrative authority has ordered such removal or disablement.'*

⁶² Although this is not fully accepted in the academia and the actual knowledge is still mentioned for civil law matter, the author of the thesis supports the idea that awareness is the threshold for civil law matters, so is for IP matters. This has also been confirmed by the CJEU in Case C-324/09 *L'Oréal v Ebay*. For through examination See Chapter 3.

⁶³ Case C- 324/09 *L'Oréal v Ebay* [2011] ECR I-06011, para 155.

the ECD are to foster innovation and provide a harmonisation and the free flow of information within the information society. Moreover, these immunities are provided according to the nature of the service at stake. Hence, hosting intermediaries cannot be expected to remain wholly passive as it is expected from the mere conduit and caching intermediaries.

Finally, Art.15 of the ECD specifies the boundaries of intermediaries' activities as well as hosting intermediaries' involvement under the NTD mechanism by prohibiting the imposition on the intermediaries of a general obligation to monitor stored or transmitted information. This principle was maintained by the CJEU.⁶⁴ More significantly, it has been considered in injunction cases to determine the scope of the injunctions and has been for balancing the fundamental rights which can be at stake in those cases. Injunctions as a relief are provided and regulated in the ED⁶⁵ for the enforcement of IP rights -except copyright- online and offline. Injunctions establish responsibility on intermediaries to implement and apply the type of injunction granted by a court regardless of their liability or immunity from third parties infringing activities on their platform. The idea behind enabling right owners to seek such injunctions against the intermediaries is that the intermediaries are in the best position to prevent and terminate the infringements online. Thus, this mechanism has become one of the most preferred mechanisms of right owners in tackling such infringements. Although the applicability of an injunction is not related to the question of liability, the application of the injunction in practice defines the borders of the responsibilities that can be imposed on the intermediaries despite being immune from the liability. In that sense, the injunctions are still germane to the liability issue.

Besides those general rules, some specific rules which are applicable to copyright and privacy should also be outlined since those rights will be at the centre of the assessment of this chapter. For copyright matters, the ECD applies to the issues dealing with the intermediaries' immunity from liability that arises from copyright infringement committed by its users. Moreover, the InfoSoc Directive 2001/29⁶⁶, which was provided for a general, flexible and EU level legal framework for copyright in the information

⁶⁴ In cases such Joined Cases C-236/06- C-236/08 *Google France SARL v Louis Vuitton Malletier SA* [2010] ECR 0, para 143 and Case C- 324/09 *L'Oréal v Ebay* [2011] ECR I-06011, para 181.

⁶⁵ Council Directive 2004/48/EC of 29 April 2004 on the enforcement of intellectual property rights [2004] OJ L 195/16.

⁶⁶ Council Directive 2001/29/ EC of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society [2001] OJ167/10.

society, enables right owners to apply for an injunction against an intermediary just as the third sentence of Art.11 of the ED provides for the owners of the other IP rights^{67, 68}

For data and privacy protection, the Data Protection 1995/46⁶⁹ was applicable to the issues, since this matter is excluded from the scope of the ECD.⁷⁰ However, the Data Protection Directive (DPD) is now repealed with the EU-wide applicable General Data Protection Regulation (GDPR)⁷¹. As it can be understood from its name, the GDPR is not a Directive but a Regulation which means that it is binding and applicable from the day it came into effect which was 25 May 2018 without any further action⁷² needed by the MSs in their national laws. The Regulation aims to provide uniform rules for data protection of all EU residents. In that regard, it provides rules and duties for the data controllers and processors in protecting and processing the data. What is most important with respect to this thesis is Art.2(4) of the GDPR which states '*[t]his Regulation shall be without prejudice to the application of Directive 2000/31/EC, in particular of the liability rules of intermediary service providers in Articles 12 to 15 of that Directive*'⁷³, although the questions relating to the DPD is excluded from the scope of the ECD as stated before. Therefore, the interplay between these legislations remains to be seen.

In the light of a brief examination of the legal instruments applicable, it is evident that the immunity regime aims to distinguish an active intermediary from a passive one, and accordingly grant immunity to the latter. Nevertheless, determining intermediaries'

⁶⁷ The Infosoc Directive, art 8(3).

⁶⁸ The answer of the question of why the EU legislator chose to enact a Directive specifically designed and deals with the one of the IP rights, copyrights can be found in the Recital 2 of the Directive which states: '*Copyright and related rights play an important role in this context as they protect and stimulate the development and marketing of new products and services and the creation and exploitation of their creative content.*'

⁶⁹ Council Directive 95/46/EC of 24 October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data [1995] OJ L 281/31.

⁷⁰ Stalla-Bourdillon considers this exclusion as one of the reason of the weaknesses of the harmonisation approach embodied in the ECD. Sophie Stalla-Bourdillon, 'Internet Intermediaries as Responsible Actors? Why It Is Time to Rethink the E-Commerce Directive as Well' in Mariarosaria Taddeo and Luciana Floridi *The Responsibilities of Online Service Providers* (Springer International 2017) 275-293, 284-286.

⁷¹ Council Regulation (EU) 2016/679 of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC [2016] OJ L-119. (General Data Protection Regulation). This regulation came into force on 25 May 2018.

⁷² TFEU, Art. 249(2). Not any national legislation is required to make the Regulation effective in the national laws of the MSs. However, it should be noted that this does not necessarily mean that a regulation always has direct effect. In Case C-41/74 *Yvonne van Duyn v Home Office* [1974] ECR I-01337, the CJEU established that a provision must contain a clear and unconditional prohibition which doesn't require MS legislative intervention.

⁷³ Unfortunately, Recital 21 of GDPR does not provide more clarity on the matter. For general analysis See Daphne Keller, 'The Right Tools: Europe's Intermediary Liability Laws and the 2016 General Data Protection Regulation' (2017) Available at <https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2914684>.

activity -whether active or passive- is not always straightforward in practice given the infrastructure of internet intermediaries. Furthermore, as it will be examined in detail, the policies behind the scope of protection of the rights differ. Accordingly, the rules can be applied in a different way even if there is one specific immunity regime provided for the types of wrongdoings. The main dilemma of the intermediaries' discourse -which is whether the intermediaries should be imposed on an active role by means of preventing and terminating the infringements committed on their platforms despite that their activity is passive and they are most likely exempted from the liability- is indeed present for all the types of intermediaries but it is evident that intermediaries cannot be expected to act in a similar way and to the same level against the infringements that arise from different rights. There is no doubt that the social and cumulative benefit of preventing a crime related to children or terrorism is bigger than preventing an IP infringement. Thus, this chapter focuses on the debate over Internet intermediaries' liability in relation to the approach of different rights other than trade marks.

III. COPYRIGHT

In providing the general framework of the intermediaries' liability regime, copyright should be the first to be examined considering the EU legislators' priority of the subject. Indeed, besides the ongoing general debate regarding the liability regime, developments undertaken by the EU legislators to create a more harmonised framework and tackle illegal content appear to have mostly focused on copyright matters.⁷⁴

Intermediaries' immunity from liability that arises from copyright infringements committed by its users is also dealt with in Arts.12-15 of ECD as those rules apply horizontally. However, the issue of whether an intermediary is directly liable for a copyright infringement is regulated in the InfoSoc Directive 2001/29. Although the application of the InfoSoc Directive is not in the scope of the thesis, its Art.8(3) should be mentioned. This Article contains the same right provided in the third sentence of Art.11 of ED but for a copyright owner: an injunctive relief. A copyright owner here is explicitly

⁷⁴ Such as Communication on 'Tackling Illegal Content Online Towards an Enhanced Responsibility of Online Platforms' COMM (2017) 555; Commission 'Proposal for a Directive of the EU Parliament and of the Council on copyright in the Digital Single Market' COMM (2016) 593 final. (Proposal of 'a Directive on copyright in the Digital Single Market') (CD).

enabled to apply for an injunction against an intermediary for an effective enforcement of his right. In fact, this Article has been at the centre of the copyright debate⁷⁵ at EU level. The CJEU has mostly dealt with the referrals related to injunctions, not immunity rules. The popularity of injunctive relief within the copyright realm is however not surprising given that pursuing such relief for the purposes of preventing and protecting copyright online appears to be more convenient, more affordable and more effective way for copyright owners as it would be for trade mark owners.

On the other hand, injunction orders have been shaping the liability regime for copyright to some extent despite the fact that the application of injunctive relief is not germane to the liability question.⁷⁶ This is because injunction orders granted against an intermediary also mean that the burden of the implementation and application of the injunction order⁷⁷ is for the intermediaries to bear. This is pertinent to the liability regime given the fact that constant application of injunctive relief may create a new responsibility for an intermediary. Constant application, however, does not mean the application of a certain injunction by a certain intermediary numerous times. What is meant is the employment of an injunctive relief measure by right owners as a weapon against the intermediaries in tackling infringing activities online rather than using it as an auxiliary mechanism for an effective enforcement as it is meant by the EU legislators.

However, at first glance the current state of EU law and the CJEU's case law on injunctions appears to be in line with the idea behind the injunction regime as well as the principles of liability regime. First, the EU *acquis* establishes the legal framework for the application of injunction orders by stating the minimum standards in order not to give rise to unreasonable and disproportionate burdens being imposed on the intermediaries. With respect to Art.3(1) of the ED, those measures applied to the intermediaries '*shall be fair and equitable and shall not be unnecessarily complicated or costly, or entail unreasonable time-limits or unwarranted delay*'. Moreover, as stated by Art. 3(2), those measures '*shall also be effective, proportionate and dissuasive and shall be applied in such a manner as to avoid the criterion of barrier to legitimate trade and to provide for*

⁷⁵ Having said that, the density of the cases dealing with the direct liability of the intermediaries from the copyright infringements cannot be ignored. Yet the direct liability is excluded from the scope of the thesis. Hence the injunction cases are the most pertinent to the secondary liability regime.

⁷⁶ Nordemann states that injunctions are one of the limited Pan-EU rules under the EU immunity regime. Nordemann, 'Liability of Online Service Providers for Copyrighted Content- Regulatory Action Needed?' (2018), 19.

⁷⁷ It was a blocking injunction in most of the cases.

safeguards as against their abuse'.⁷⁸ These principles, however, are not limitedly stated. The designation of the precise scope of an injunction relief in terms of conditions and procedures is left to the national laws of MSs. Given that the InfoSoc Directive also mentions that the injunctions shall be effective, proportionate and dissuasive in Art.8, there is nothing to prevent the courts from applying the other standards stated in the ED for copyright issues as well.

The CJEU's case law dealing with injunctions in relation to copyright infringement provides more guidance in that sense while making the injunctive regime more aligned with the liability regime. *Scarlet Extended SA v Société belge des auteurs, compositeurs et éditeurs SCRL (SABAM)*⁷⁹ was the first case before the CJEU considered an injunction and it focused on the general monitoring prohibition stated in Art.15 of the ECD.⁸⁰ The issue before the CJEU was the applicability of an injunction against an ISP (Scarlet) under the ECD, ED, InfoSoc Directive, DPD and the fundamental rights enshrined under the Charter. This was because the injunction concerned⁸¹ was a blocking injunction requiring an intermediary to implement a filtering system -as a preventive measure- which would be applicable to all its customers and to all electronic communications passing via its services, in particular those involving the use of P2P software. The CJEU's appraisal was focused on the extensiveness of the injunction and it was assessed taking all the applicable Directives into consideration. It was then decided that such a filtering system would oblige the ISP to actively monitor all the data to prevent possible infringements. This would amount to general monitoring which is prohibited under Art.15 of the ECD.⁸²

Furthermore, the court's assessment of the applicability of such an extensive application focused on the balance between the fundamental rights of the parties who would be affected by the application of the concerned blocking injunction.⁸³ With that respect, the

⁷⁸ For proportionality in injunction cases, See Toby Headdon 'Beyond Liability: on the availability and the scope of injunctions against online intermediaries after *L'oreal v Ebay*' (2012) *European Intellectual Property Review* 34 (3) 137-144, 139-141; Pekka Savola, 'Proportionality of Website Blocking: Internet Connectivity Providers as Copyright Enforcers' (2014) *Journal of Intellectual Property, Information, Technology and E-Commerce Law* 5 116- 138.

⁷⁹ Case C-70/10 *Scarlet Extended SA v Société belge des auteurs, compositeurs et éditeurs SCRL (SABAM)* [2011] ECR I-11959. (*Scarlet v SABAM*)

⁸⁰ For detailed analysis See Francesco Rizzuto, 'Injunctions against intermediate online service providers' (2012) *Computer and Telecommunications Law Review* 18(3) 69-73.

⁸¹ This injunction was sought after by copyright owners (SABAM) on the ground that their rights was infringed when their copyright protected musical works were shared without an authorisation accordingly the infringements being committed through the use of the ISP's services.

⁸² Case C-70/10 *Scarlet v SABAM* [2011] ECR I-11959, paras 29-40.

⁸³ *Ibid*, paras 44-44. The importance of striking a balance has been pointed and stated as a principle to be considered in CJEU's earlier decision in Case C-275/06 *Productores de Música de España (Promusicae)*

court identified the fundamental rights that could be affected by the application of the concerned blocking injunction in the case. These are: the right to IP (Art. 17(2) of the Charter) of copyright holders,⁸⁴ the right to freedom to conduct business of ISPs⁸⁵ (Art16 of the Charter), the right to protection of personal data and the freedom of information of the users of the service⁸⁶ (Art. 8 and 11 of the Charter).⁸⁷ In the light of these, the CJEU concludes that the concerned injunction would also harm the balance between these fundamental rights identified.⁸⁸

Later, in the case of *Société belge des auteurs, compositeurs et éditeurs SCRL (SABAM) v Netlog*,⁸⁹ the CJEU dealt with the injunction request by following the same line of thought. The same kind of injunction order was at issue but, this time the injunction was requested against a social networking platform (Netlog) on the ground of copyright infringements committed on this platform. The injunction required the employment of a filtering system for the information stored on the concerned ISP's servers and it would be applicable to all those users for an unlimited period.⁹⁰ The referred questions before the CJEU were the same as in *Scarlet v SABAM* in relation to the applicability of the concerned injunction. However, before that the CJEU was asked to decide whether the online social networking platform could be considered as a hosting service provider under Art.14 of the ECD. Considering this issue, the CJEU held

*“the owner of an online social networking platform- such as Netlog- stores information provided by the users of that platform, relating to their profile, on its servers, and that it is thus a hosting service provider within the meaning of Article 14 of Directive 2000/31.”*⁹¹

This is important, because, by way of analogy, it can be concluded that an online social networking platform can be exempted from liability under Art.14 provided that its activity fulfils the conditions stated in this Article. However, the liability of this platform was not

v Telefónica de España SAU. [2008] ECR I-271, para 68. According to that ‘when implementing the measures transposing those directives, the authorities and courts of the Member States must not only interpret their national law in a manner consistent with those directives but also make sure that they do not rely on an interpretation of them which would be in conflict with those fundamental rights or with the other general principles of Community law, such as the principle of proportionality.’

⁸⁴ Ibid, para 45.

⁸⁵ Ibid, para 46.

⁸⁶ Ibid, para 50.

⁸⁷ Ibid, paras 41-54.

⁸⁸ Ibid, para 53.

⁸⁹ C-360/10 *Société belge des auteurs, compositeurs et éditeurs SCRL (SABAM) v Netlog* (CJEU 16 February 2012). (*SABAM v Netlog*)

⁹⁰ Ibid, para 26.

⁹¹ Ibid, para 27.

even a question before the CJEU. It was only asked whether the intermediary at stake was a hosting provider in relation to the injunction order. Nevertheless, this assessment can still be employed for further issues regarding online social networking platforms and even for trade marks by way of analogy.

For the applicability of the injunction, the court followed the same method as it applied in *Scarlet v SABAM*. Accordingly, it was established, by way of analogy, that the injunction imposed on Netlog would be contrary to Art.15 of the ECD since it would constitute general monitoring.⁹² With respect to the assessment of striking the balance between the fundamental rights, it was decided that such an injunction would also be not respecting the concerned rights on the same grounds as in *Scarlet v SABAM*.⁹³

These two cases appear to be consistent with the liability regime as a general monitoring obligation was regarded and followed as a principle for the assessment of the applicability of an injunction. This also proves that there is the interaction between the application of an injunction order and the liability regime to some extent. What is also important was the court's consideration of the fundamental rights. It can now be said that striking a balance between the fundamental rights of the parties was established as another criterion for an injunction to be granted against an intermediary.

In *UPC Telekabel Wien GmbH v Constantin Film Verleih GmbH, Wega Filmproduktionsgesellschaft GmbH*,⁹⁴ the questions before the CJEU were rather different to the aforementioned cases. The facts of the case shared similarities with *Scarlet v SABAM*,⁹⁵ but it was different to others because of the type of injunction requested. The issue before the CJEU was the applicability of a generic order meaning that an injunction is granted without determining the type of measure to be applied as this selection is left to the intermediary to choose.⁹⁶ It should be noted that this case was the referral from the Austrian Supreme Court so that the application of a generic order is permitted under Austrian law.

⁹² Ibid, para 38.

⁹³ Ibid, paras 39-51.

⁹⁴ Case C-314/12 *UPC Telekabel Wien GmbH v Constantin Film Verleih GmbH, Wega Filmproduktionsgesellschaft GmbH* (27 March 2014). (*UPC Telekabel*)

⁹⁵ The injunction order was pursued by film companies (Constantin and Wega Film) as a copyright owner against an ISP (UPC) on the ground that some websites offered the unauthorised copies of their cinematographic works and those were accessible by using the services of the ISP at stake.

⁹⁶ Case C-314/12 *UPC Telekabel* (27 March 2014), paras 7-16.

In the national proceedings, the UPC first required to implement and apply a blocking injunction which would block the access of its customers to concerned infringing websites. However, at the appeal, the Austrian High Court partially reversed this decision on the ground that the national law stipulates that the ISPs could only be required to take an appropriate measure and the discretion to select this measure should be left to them. This decision was also appealed by the ISP on two points: first, it argued that its services could not be considered to be used to infringe a copyright given that it did not have any business relationship with the operators of the website at issue; second, even if those websites infringing activities could be regarded as use of the services of UPC, such an order should not be granted on the ground that more clarity was required from the appeal court on the measures that must be taken with regard to the appropriate type of injunction order. It was also argued that the blocking injunction would not be the best measure as it could easily be circumvented. The Austrian Supreme Court then stayed the proceedings and referred the questions to the CJEU.⁹⁷

The CJEU first examined the question of whether the act of a person who makes the protected content available to the public on a website without the agreement of the right holder must be interpreting as using the services of the ISP which is to be regarded as an intermediary under Art.8(3) of InfoSoc Directive.⁹⁸ It was established that the term intermediary ‘*covers any person who carries a third party’s infringement of a protected work or other subject-matter in a network*’.⁹⁹ In that sense, given that ISP is an inevitable actor in any transmission of an infringement over the Internet, ‘*an ISP, such as that at issue in the main proceedings, which allows its customers to access protected subject-matter made available to the public on the internet by a third party is an intermediary whose services are used to infringe a copyright or related right within the meaning of Article 8(3) of Directive 2001/29*’.¹⁰⁰ More significantly, the court underlined that this cannot be construed as demonstration of contractual or specific relationship between the person who is infringing copyright and the ISP is required. It was held that there is nothing indicating such a requirement in the InfoSoc Directive.¹⁰¹

⁹⁷ Ibid, para 17.

⁹⁸ Art.8(3): ‘*Member States shall ensure that rightholders are in a position to apply for an injunction against intermediaries whose services are used by a third party to infringe a copyright or related right.*’

⁹⁹ C-314/12 *UPC Telekabel* (27 March 2014), para 30.

¹⁰⁰ Ibid, para 32.

¹⁰¹ Ibid, paras 34-36.

The Court, then turned to the question of the applicability of a generic injunction under EU law and the fundamental rights enshrined under the Charter since such an order enables ISPs to decide on the appropriate measure to prevent the infringement and allows them to avoid the possible liability that arises from the breach of an injunction order by showing that all reasonable measures were taken.¹⁰² The CJEU's appraisal in that respect focused on the fundamental rights since the referral court asked whether the fundamental rights must be considered as precluding the order of a generic injunction. The CJEU identified the following three rights as the rights that might be affected by such an order: 1) protection of copyright; 2) intermediary's right to conduct a business; and 3) the freedom of information of Internet users. It stated that the fair balance between them should be struck by the application of an injunction. As far as ISP's freedom to conduct a business was concerned, it was stated that this right of the ISP was restricted since the implementation of this injunction could require difficult technical solutions with a significant cost. Yet, it was eventually established that this restriction did not amount to an infringement of the very substance of the ISP's freedom since the determination of the appropriate measures was left to the ISP. The CJEU, then went on to say that this injunction chosen however should not be required from an ISP to make unbearable sacrifices while it should provide the anticipated result¹⁰³ and respect the fundamental rights of the users.¹⁰⁴ It was thus concluded that the fundamental rights must be interpreting as not precluding a court to order generic injunction as long as the chosen measures *'do not unnecessarily deprive internet users of the possibility of unlawfully assessing the information available and that those measures have the effect of preventing unauthorised access to the protected subject-matter or, at least, of making it difficult to achieve and of seriously discouraging internet users who are using the services of the addressee...'*¹⁰⁵ Thus, the imposition of such injunction was compatible with EU law.

What was significant here is that the assessment of whether the chosen measure infringes the fundamental rights of its users was left for the intermediary to undertake. It is evident that the court took the fair balance test at the centre of its appraisal. Given that it was a

¹⁰² Ibid, para 10.

¹⁰³ This means that the proscribed result must be the bringing the infringement to an end. Yet this is not necessarily the test for its effectiveness. In terms of effectiveness, the measure implemented must have the effect of preventing unauthorised access to the illegal content, or at least of making it difficult to achieve and of seriously discouraging. Ibid, para 62.

¹⁰⁴ Ibid, paras 53-64.

¹⁰⁵ Ibid, para 64.

generic injunction, this is not surprising. However, it cannot be concluded that those rights were thoroughly considered. The right to conduct a business of ISPs was considered and indeed it was limited by the users' right to freedom of information. Yet, the trick is the protection of Internet users' right to freedom of information was left to the ISPs to consider. In that sense, the judgment appears to give crucial discretion to the ISPs without specifying its boundaries. This discretion hardly strikes the required balance as leaving such an assessment to an intermediary as a private company appears to threaten the protection of the fundamental rights.¹⁰⁶ This may also not be desirable for the intermediaries considering that transparency is also required by them. Indeed, the ISP in the case claimed that there to be a lack of transparency in the generic orders. This lack of transparency may also result in ambiguous applications.

On the other hand, it must be underlined that the concerned injunction was specific to the Austrian law since it was Austrian national law which allowed the courts to impose an injunction without specifying the measures. Bearing this in mind, the impacts of this case might remain limited to the EU level.

Along with injunction cases, the latest CJEU cases concerning Internet links that give access to copyright protected works should be briefly mentioned as these cases have been seen as part of the harmonisation movement of contributory copyright liability.¹⁰⁷ In *Nils Svensson and Others v Retriever Sverige AB*¹⁰⁸, the question before the CJEU was whether making clickable links to protected works available on another website without an authorisation by an owner constitutes an act of 'communication to the public' under Art.3(1) of the Infosoc Directive. In a very similar way, *GS Media BV v Sonoma Media Netherlands BV*,¹⁰⁹ concerned setting a hyperlink of a protected work which was made available in another website. The CJEU was asked to decide whether this constituted an act of 'communication to the public', as well. Before going on to the CJEU's judgment,

¹⁰⁶ For detailed examination on intermediaries as private entities becoming cyber-regulators or cyber-polices See Luca Belli and Christiana Sappa, 'The Intermediary Conundrum Cyber-Regulators, Cyber-Police or Both?' (2017) *Journal of Intellectual Property Information Technology and E-commerce Law* (8) 183-198.

¹⁰⁷ Nordemann, 'Liability of Online Service Providers for Copyrighted Content- Regulatory Action Needed?' (2018); Neville Cordell and Beverly Potts 'Communication to the public or accessory liability: Is the CJEU using communication to the public to harmonise accessory liability across the EU?' (2018) *European Intellectual Property Review* 40 (5) 289-294.

¹⁰⁸ Case C- 466/12 *Nils Svensson and Others v Retriever Sverige AB* (13 February 2014). (*Svensson*)

¹⁰⁹ Case C- 160/15 *GS Media BV v Sonoma Media Netherlands BV* (8 September 2016). (*GS Media*)

‘communication to the public’ under Art.3(1) of the Infosoc Directive should be explained. This Article gives a copyright owner an exclusive right:

“to authorise or prohibit any communication to the public of their works, by wire or wireless means, including the making available to the public of their works in such a way that members of the public may access them from a place and at a time individually chosen by them.”

Therefore, communication to the public consists of two elements. It must be 1) an act of communication; 2) made available to the public (indeterminate and fairly large number of recipients).¹¹⁰ It follows that if a third party’s unauthorised use of a protected work satisfies these conditions then direct liability arises. It is left to determine, how these two cases are pertinent to the contributory liability issue.

In *Svensson*, the CJEU held that the linking activity in the case did not constitute a communication to the public. It was stated that the public element in the Article should be construed as being a new public meaning users who did not have access to the work before.¹¹¹ Henceforth, it was concluded that the ‘new public’ criterion¹¹² was not satisfied in the case as the work was already made available by the owners in another website for its users. In *GS Media*, however the Court took different criteria into account in examining whether there was communication to the public. In that respect, if ‘1) the person knew or ought to have known that the hyperlink he posted provided access to a work illegally placed on the internet; or 2) the link circumvented access restrictions’¹¹³ then communication to the public is to be deemed satisfied. Moreover, it was held that the person who made the work available should not act in pursuit of financial benefit.¹¹⁴ Cordell and Potts argue ‘the CJEU appears to have downgraded a primary copyright infringement into something more akin to unfair competition or tortious practice, where the defendant is only liable if it knowingly acted wrongly’ as the InfoSoc Directive does

¹¹⁰ Case C-306/05 *Sociedad General de Autores y Editores de España (SGAE) v Rafael Hoteles SA* [2006] ECR I-11519, para 37-38; C-607/11 *ITV Broadcasting Ltd and Others v TV CatchUp Ltd* (7 March 2013), para 32.

¹¹¹ Case C-466/12 *Svensson* (13 February 2014), paras 23-31.

¹¹² Cordell and Potts argued that this criterion may result in exhaustion of the right to communication to the public once the work made available without restrictions by an owner. It is because, there will be no new public in that case. (Cordell and Potts ‘Communication to the public or accessory liability: Is the CJEU using communication to the public to harmonise accessory liability across the EU?’ (2018), 291.)

¹¹³ *Ibid.*

¹¹⁴ Case C-160/15 *GS Media* (8 September 2016).

not mention such requirements.¹¹⁵ It is therefore stated that those standards make the issue closer to accessory liability than strict copyright infringement.¹¹⁶ Nordemann, however, argues that those new standards were set out by the CJEU to deal with cases in which not all the requirements of communication to the public stated within Art.3(1) are fulfilled by the person, such as the cases that concern Internet intermediaries when they do not make the content available to the public themselves.¹¹⁷

These arguments, however, meet on one common ground which is that these cases should be read as part of the harmonisation movement of contributory copyright liability law through direct liability cases. In the presence of national divergences in MSs' laws governing contributory copyright liability, the impacts of these essentially judge-made principles at national law level appears significant in terms of their application in the national laws and more precisely whether they can provide the harmonisation. This should also assist in trade mark issues by way of analogy, although the right to communication to the public is copyright-specific. Therefore, further developments on that matter are keenly awaited.

Finally, the latest developments concerning copyright should also be mentioned. The *DSM Strategy*¹¹⁸ which was published in 2015 is the first of these initiatives undertaken for the purposes of creating a more uniform and '*fit-for purpose regulatory environment for platforms and intermediaries*'. This has been followed by the publications of new communications¹¹⁹ which identified the key issues of online platforms and set out the EU policy in dealing with those issues. The draft of the new Copyright Directive (CD)¹²⁰ is also proposed as part of copyright reform under the DSM Strategy. Besides, another communication entitled *Tackling Illegal Content Online*¹²¹ which indicates the responsibilities of intermediaries in tackling illegal content is published. Although these

¹¹⁵ Cordell and Potts 'Communication to the public or accessory liability: Is the CJEU using communication to the public to harmonise accessory liability across the EU?' (2018), 291.

¹¹⁶ Ibid.

¹¹⁷ Nordemann, 'Liability of Online Service Providers for Copyrighted Content- Regulatory Action Needed?' (2018), 22.

¹¹⁸ Communication on 'A Digital Single Market Strategy for Europe' COMM (2015) 192.

¹¹⁹ Commission 'Online Platforms and the Digital Single Market Opportunities and Challenges for Europe' (Communication) COM (2016) 288 final; EU Commissions press release on 'Digital Single Market: Commissions calls for swift adoption of key proposals and maps out challenges ahead' IP/17/1232 (2017).

¹²⁰ Commission 'Proposal for a Directive of the EU Parliament and of the Council on copyright in the Digital Single Market' COMM (2016) 593 final. (Proposal of 'a Directive on copyright in the Digital Single Market').

¹²¹ Communication on 'Tackling Illegal Content Online Towards an Enhanced Responsibility of Online Platforms' COMM (2017) 555.

developments will be examined in detail in relation to trade mark, it should be stated here that what all these developments have in common for the liability regime is that they focus on the intermediaries' responsibilities rather than their liability. What is more remarkable in relation to copyright is that as part of the DMS Strategy, a special interest has been paid to the copyright realm to provide a more uniform legal framework. The draft Art. 13 of the CD, as part of the EU developments, appears to be the one which will have the most impact on the liability regime if it is to be accepted as it is, despite all the concerns and criticisms raised in academia.¹²² It should however be pointed out that the proposal has now been voted in the Parliament and has sent back for the review.

This will be examined in detail later¹²³ but briefly the proposed Article 13 places greater responsibility on an intermediary which provides storage and access to the public to large amounts of copyright-protected works. According to that Article, an intermediary who fulfils this condition is under a duty to implement 'effective content recognition technologies' by means of an appropriate measure to prevent the availability of the illegal content. Leaving a comprehensive discussion on the Article aside,¹²⁴ there are two main concerns raised and these are relevant to the liability regime as well as this chapter. These are basically about the Article's compatibility with Arts. 14 and 15 of the ECD. With respect to Art. 14 of the ECD, the proposed Article appears to create ambiguity as it is not clear how it will fit into the immunity regime since a hosting provider's immunity depends on awareness in civil law cases and its duty is triggered after having obtained this awareness. Secondly, the duty proposed in the Article may result in a breach of the general monitoring prohibition stated in Art. 15 ECD which prohibits the implementation of effective content recognition technologies involves monitoring.

¹²² For detailed analysis with respect to the criticism raised *See* Sophie Stalla-Bourdillon et al., Open Letter to the European Commission- On the Importance of Preserving the Consistency and Integrity of the EU Acquis Relating to Content Monitoring within the Information Society. <https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2850483>. Christina Angelopoulos 'Study On Online Platforms and the Commission's New Proposal for a Directive on Copyright in the Digital Single Market' (2017); Tito Rendas, 'Form and Substance in the Value Gap Proposal', Panel Debates "Better Regulation for Copyright" (2017) European Parliament Brussels.

¹²³ *See* Chapter 5.

¹²⁴ For more through discussion *See* Giancarlo Frosio, 'To Filter, Or Not to Filter? That is the Question in EU Copyright Reform' (2017) Available at <https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3058680>; Matthias Leitsner and Axel Metzger 'the EU Copyright Package: a way out of the dilemma in two stages' (2017) *International Review of Intellectual Property and Competition Law* 48 (4) 381-384.

What these outcomes indicate is a potential change in the EU's policy on intermediaries' liability regime. It can be concluded for copyright that the centre of attention is now on intermediaries' position in dealing with the illegality online as part of their responsibilities rather than the immunities that should be granted to them. Yet, the main question in relation to the liability regime in general is; whether that would undermine the safe harbour rules and whether there would be a need for new or revised immunity rules. These questions are significant for trade marks, as well.

IV. PRIVACY and the so-called RIGHT TO BE FORGOTTEN (RTBF)

A. Data on the Internet

Privacy is the one of the most discussed rights in the debate around intermediaries since *'[p]ersonal data has become the currency on the Internet. It is collected, stored and used in ever-increasing variety of ways by a countless amount of different users...'*¹²⁵ This fact makes the data important for the online world and especially for intermediaries. Intermediaries obtain, store and even track the data of its users, thus becoming either controllers¹²⁶ or processors¹²⁷ of this data. Bernal describes this as a symbiotic web or as Web 2.5 where *'individuals and commercial enterprises are becoming mutually dependent: enterprises have business models reliant on the currency of personal data, while individuals depend on 'free' access to many services...'*¹²⁸ This reality has made individuals to think and even become concerned about their privacy more than they used to. This is because on the Internet, protection of privacy and intimacy may represent a

¹²⁵ Jef Ausloos 'The Right to be Forgotten' – Worth remembering?' (2012) 28 Computer Law & Security Review 143-152, 143.

¹²⁶ In Art 4(7) of GDPR controller is defined as *'the natural or legal person, public authority, agency or other body which, alone or jointly with others, determines the purposes and means of the processing of personal data; where the purposes and means of such processing are determined by Union or Member State law, the controller or the specific criteria for its nomination may be provided for by Union or Member State law'*

¹²⁷ Processing is defined in Art 4(2) as; *'any operation or set of operations which is performed on personal data or on sets of personal data, whether or not by automated means, such as collection, recording, organisation, structuring, storage, adaptation or alteration, retrieval, consultation, use, disclosure by transmission, dissemination or otherwise making available, alignment or combination, restriction, erasure or destruction'* and Processor *'a natural or legal person, public authority, agency or other body which processes personal data on behalf of the controller'* in the Art 4(8).

¹²⁸ Paul Bernal 'Web 2.5: the symbiotic web' (2010) International Review of Law, Computers and Technology 24(1) 25-37.

challenge for individuals as when their data becomes available on the Internet, it may spread around and stay there forever. As such, the protection of privacy and intimacy as well as having control over the data is crucial.¹²⁹ In order to provide the necessary protection, the European social-democratic model of government imposes on governments an affirmative duty to protect fundamental rights through the positive operation of the law.¹³⁰

EU law thus provides rules specifically designed to deal with issues related to the data protection. The GDPR now applies (from 25 May 2018) to enshrine the protection over individuals' data and privacy in the online and offline worlds as it replaced the DPD.¹³¹ What is important in pursuit of the aim of this thesis is basically the duties that the GDPR imposes on an intermediary when it acts as controller or processor of the data.¹³² This is because when the DPD was enacted the Internet and its technologies were not developed as they are today. Hence the DPD had been ineffective as its scope had been too narrow.¹³³ In essence, what can be said with regard to the GDPR is that it imposes rather more and stricter duties by means of placing responsibility on data processors¹³⁴ in addition to the duties stated in the DPD such as the principles required in processing the data.¹³⁵ Briefly, consent from the data subject for data processing is still required¹³⁶ but the threshold has now been increased to a statement or a clear affirmative action.¹³⁷ Besides, the controller and the processor are now under a duty to undertake a data protection impact assessment to identify the risks to the rights and freedoms of data subjects while processing data in order to foster the protection of data.¹³⁸ Consultation with a national supervisory authority is also required prior to the assessment. Another duty which is significant in relation to the intermediaries' regime is that the data processors are also required to notify the data

¹²⁹ For general discussion See Serge Gutwirth, Ronald Leenes and Paul De Hart (eds) *Reloading Data Protection Multidisciplinary Insights and Contemporary Challenges* (Springer 2014), Part 4; Paul Bernal *Internet Privacy Rights* (Cambridge University Press 2014).

¹³⁰ Richard J. Peltz-Steele 'The Pond Betwixt: Differences in the US –EU Data Protection/ Safe Harbor Negotiation' (2015) *Journal of Internet Law* 19(1), 20.

¹³¹ Council Directive 95/46/EC of 24 October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data [1995] OJ L 281/31.

¹³² The data processors are imposed more strict duties under the GDPR.

¹³³ Lilian Mitrou, 'The General Data Protection Regulation: A Law for the Digital Age?' in Tatiana- Eleni Synodinou, Philippe Jougoux, Christiana Markau and Thalia Prastitou, *EU Internet Law* (Springer 2017), 19-57.

¹³⁴ Mostly intermediaries.

¹³⁵ Those principles are mainly stated in Articles 5 and 6 and can be outlined as; the data must be processed lawfully, must be adequate and collected for specified, legitimate purposes etc.

¹³⁶ the GDPR, art 7.

¹³⁷ Ibid, art 4.

¹³⁸ Ibid, arts 35-36.

subject about a data breach once they become aware of it. Finally, the Regulation sets out the rights of the data subjects¹³⁹ such as transparency and right to access. More importantly, the right to erasure, the so-called RTBF¹⁴⁰ is exclusively provided in the GDPR.¹⁴¹ This right enables data subjects to control their data online¹⁴² while imposing duties on the data processors. Before examining this right, what can be deduced from the described scope of the GDPR is that intermediaries will have more duties imposed on them when they act as data controllers or processors than in relation to copyright or trade mark related matters.

The CJEU's decision in *Google Spain v Mario Costeja González*¹⁴³ (*Google Spain*) is an appropriate candidate to demonstrate this along with *Google France v Louis Vuitton (Google France)*¹⁴⁴. These two cases concerned the same intermediary: Google, as a search engine. However, different rights were at issue. As *Google France*¹⁴⁵ will be examined in detail later, it will be sufficient to state the case briefly here. The Google's liability under the ECD was one of the questions before the Court as it was claimed that Google should be liable for the sale of keywords under its AdWords service which enables advertisers to purchase keywords corresponding to the trade marks of another. It should be noted here that search engines were not expressly mentioned in the ECD.¹⁴⁶ The CJEU held as follows '*...an internet referencing service provider in the case where that service provider has not played an active role of such a kind as to give it knowledge of, or control over, the data stored. If it has not played such a role, that service provider*

¹³⁹ Chapter 3 of the GDPR. For a detailed analysis See Andres Guadamuz, 'Developing a Right to be Forgotten' in Tatiana- Eleni Synodinou, Philippe Jougoux, Christiana Markau and Thalia Prastitou, *EU Internet Law* (Springer 2017) 59-76.

¹⁴⁰ the GDPR, art 17.

¹⁴¹ In contrast, US law does not have explicitly provided RTBF. See Muge Fazlioglu, 'Forget me not: the clash of the right to be forgotten and freedom of expression on the Internet' (2013) *International Data Privacy Law* 3 (1) 149-157; Paul Bernal, 'The EU, the US and Right to be Forgotten' in Serge Gutwirth, Ronald Leenes and Paul De Hart (eds) *Reloading Data Protection Multidisciplinary Insights and Contemporary Challenges* (Springer 2014), 61-77.

¹⁴² Fazlioglu, 'Forget me not: the clash of the right to be forgotten and freedom of expression on the Internet' (2013), 149.

¹⁴³ Case C-131/12 *Google Spain SL and Google Inc v Agencia Española de Protección de Datos (AEPD) and Mario Costeja González* (13 May 2014).

¹⁴⁴ Joined Cases C-236/08 to C-238/08 *Google France SARL and Google Inc. v Louis Vuitton Mallettier SA* (C-236/08) and *Google France SARL v Viaticum SA and Lutecial SARL* (C-237/08) and *Google France SARL v Centre national de recherche en relations humaines (CNRRH) SARL and Others* (C-238/08) [2010] ECR I-02417. (*Google France*).

¹⁴⁵ Ibid.

¹⁴⁶ For a discussion on search engine's immunity question, See Edwards, 'Role and Responsibility of Internet Intermediaries in the Field of Copyright and Related Rights' (2011); Francesco Rizzuto, 'The liability of online intermediary service providers for infringements of intellectual property rights' (2012) *Computer and Telecommunications Law Review* 18(1) 4-15, 6-8.

cannot be held liable for the data which it has stored at the request of an advertiser' unless it either obtains an actual knowledge regarding the infringement or acts expeditiously to remove the illegal material upon obtaining such knowledge.¹⁴⁷ Although the assessment was left to national courts to undertake, the CJEU's guidance stipulates that the search engine provider may benefit from immunity if it does not get actively involved in the service it offers. In *Google Spain*, however, Google's operation as search engine was examined under the DPD which is to be examined below in detail.

B. *Google Spain* and the Right to be Forgotten

In the main proceedings, Mr. González lodged a complaint with the Spanish Data Protection Agency (AEPD) against a daily newspaper (LaVanguardia) along with Google Spain and Google Inc. on the ground that his name appeared in the top results of Google search associated with a newspaper article about a real estate auction for the recovery of social security debts that he had owed 16 years ago. He requested removal or alteration of those pages from the newspaper's website and the links from Google for the protection of his privacy. The applicant's request against a newspaper was rejected by the AEPD on the ground that publication of the concerned information was lawful. However, the removal request directed to Google Spain and Google Inc. was upheld on the ground that the search engines' activity was subject to the data legislation as it is a medium for dissemination of data. Accordingly, the obligation to erase the data should be on them regardless of whether that data remained in place on any other website.¹⁴⁸ Google Spain and Google Inc. then appealed the decision to the Spanish High Court which stayed the proceedings and referred preliminary questions related to the application of DPD to the CJEU as this was the Directive in application at the time. As stated, the DPD does not exclusively provide a RTBF, but it does state that the data subject can ask for erasure or block the processing if it does not comply with the principles established in the Directive¹⁴⁹. Briefly, the referred question in relation to this chapter was whether the search engine at issue could be classified as a processor or controller of the data or both and *'what obligations are owed by operators of search engines to protect personal data*

¹⁴⁷ Joined cases C-236/08 to C-236/10 *Google France* [2010] ECR I-02417, para 120.

¹⁴⁸ Case C-131/12 *Google Spain* (13 May 2014), paras 16-17.

¹⁴⁹ the DPD, art 12(b).

*of persons concerned who do not wish that certain information, which is published on third parties' websites and contains personal data relating to them that enable that information to be linked to them, be located, indexed and made available to internet users indefinitely.*¹⁵⁰

After the examination, the CJEU set out three points of relevance to this thesis:

1. The search engine was classified as 'processor of personal data' under Art.2(b)¹⁵¹ as well as controller under the Art.2(d) given that it was the one who determined the purposes and means of the data processing.¹⁵²
2. It was held that it is search engines' obligation to '*remove from the list of results displayed following a search made on the basis of a person's name links to web pages, published by third parties and containing information relating to that person, also in a case where that name or information is not erased beforehand or simultaneously from those web pages, and even, as the case may be, when its publication in itself on those pages is lawful.*'¹⁵³
3. The request regarding the removal of such results that consist of personal data must be assessed in relation to the fundamental rights of the data subject and the interests of the public. Accordingly, a balance must be struck on a case-by-case basis.¹⁵⁴

What should be highlighted from these is that the obligation to remove the data from the search results was held to be the search engine's obligation when the data is *inadequate, irrelevant or no longer relevant* or excessive. This is the RTBF which is exclusively provided in Art.17 of the GDPR. A search engine, therefore is under a duty to remove the concerned data from the search results and with regard to Art.17 of GDPR it should act *without undue delay*. However, if it is otherwise stated, a search engine, as an intermediary, appears to have the discretionary power in to assess request for removal.

¹⁵⁰ Case C-131/12 *Google Spain* (13 May 2014), para 19.

¹⁵¹ Ibid, para 41. as its operation '*consists in finding published or placed on the Internet by third parties, indexing it automatically, storing it temporarily, and finally making it available to the Internet users according to the particular order of preference.*'

¹⁵² Ibid, para 41. It was also held that '*If the operator of a search engine has branch or subsidiary in a member state to promote and sell advertising space offered by that engine, then this operation must be regarded as an establishment of the controller by virtue of the Art.4(1)(a)*' in the paras 55-60.

¹⁵³ Ibid, para 88.

¹⁵⁴ Ibid, para 99.

This points to the same challenging issue that underlies the intermediaries' liability regime - that of striking a delicate balance between the parties.

It is evident that this case was not related to the liability of Google as was in *Google France*. Instead, Google's duty as a data controller/processor was the question before the Court. Nevertheless, these two cases are relevant to the liability regime discussion as both considered the same intermediary: Google. On the one hand, Google can benefit from the immunity for its AdWords service if it is not actively involved in the provision of the service. On the other hand, it is under a duty to remove the data which is inadequate, irrelevant etc. when its activity as a search engine amounts to be a data controller. Why this is important for the liability regime is because as the GDPR has the provision that states that the GDPR applies without prejudice to the immunity rules provided in Arts.12-15 of the ECD, the interaction between those two legislations might have an impact on the liability regime in general. Obligations imposed on the intermediaries under the GDPR may affect an assessment undertaken under the immunity regime. This is because the immunity is provided for intermediaries whose involvement in the provision of the service remain passive. However, the GDPR imposes duties on the data processors and controllers which may put the passivity of that intermediary in jeopardy or may amount to general monitoring duties prohibited in Art.15 ECD. Although it can be argued that the assessment of active/ passive and processor/ controller are different, the fact that the intermediaries' liability or obligations would be both content based and arise from their users' activity regardless of being active/ passive or data controller/ processor.

It is also evident that an intermediary is under a duty to take down the content both under the GDPR and ECD. In that respect, the question is should this duty be governed under by the same rules regardless of intermediaries' position. Unfortunately, the Regulation does not provide further clarity on the interaction between the GDPR and the ECD. This lack of clarity, therefore, appears to be a new challenge for the liability regime.

Ultimately, some aspects of the CJEU's holding in *Google Spain* should be underlined in terms of fundamental rights. The discretion given to Google in assessing the removal request raises concerns, especially as to the users' right to freedom of expression. It is for Google to assess and strike the right balance. Given that Google is a private business, the transparency in its assessment has raised concerns in academia. Academics from all around the world wrote an open letter directed against Google 2015 seeking more

transparency from Google especially on the points of reasons for denial or grant delisting as the Transparency Report published by Google was considered lack of the required transparency on these points.¹⁵⁵ Those appear to be another challenge in achieving the goal of striking a delicate balance.

In conclusion, the long-term impacts and reflections of this decision over the national courts and search engines remain to be seen in terms of understanding the issue in more detail, especially from the immunity rules aspect. Yet, the most significant point in respect of the subsequent chapter is the varying obligations imposed on the intermediaries for the purposes of the protection of data online when they are data processors and controllers. Therefore, it would be difficult to state that there is a uniform intermediary regime under EU. This, however, should not be understood as the liability regime established within the ECD. What is meant here is the intermediaries' position and how the rules have been shaped from the different rights' aspect. It is evident that the intermediaries and their responsibilities are shaped rather differently when the issue comes to data protection.

V. FUNDAMENTAL RIGHTS

A. How Are These Rights Pertinent to the Liability Regime?

Governing intermediaries' liability over the Internet is, not surprisingly, of importance from a fundamental rights' aspect as well.¹⁵⁶ As examined previously, fundamental rights have been extensively considered by the courts even they were not the principal matter before them.¹⁵⁷ Striking the fair balance between the fundamental rights has become the

¹⁵⁵ Google's Transparency Report Available at <http://www.google.com/transparencyreport/removals/europeprivacy/?hl=en> Open Letter is Available at <https://medium.com/@ellgood/open-letter-to-google-from-80-internet-scholars-release-rtbf-compliance-data-cbfc6d59f1bd>

¹⁵⁶ It must be reminded that, in a wider scope, the right to freedom of expression debate derives from the state level enforcements where the states impose some duties such as blocking on the intermediaries. However, this debate falls outside the scope of this paper.

¹⁵⁷ Case C-70/10 *Scarlet v SABAM* [2011] ECR I-11959; C-360/10 *SABAM v Netlog* (16 February 2012). Also See Sophie Stalla- Bourdillion, 'The flip side of ISP's liability regimes : The ambiguous protection of fundamental rights and liberties in private digital spaces' (2010) Computer Law & Security Review 26(5) 492-501.

test in the CJEU's case law, especially in the injunction cases. Accordingly, the national courts have a duty imposed on them to make a proportionality assessment and strike the fair balance between the conflicting rights in the cases dealing with an intermediary liability and issues related to this.

In contributory liability cases, there is a triadic relationship with respect to the fundamental rights at stake. Although the infringing act principally affects the right owners when the enforcement measures are implemented by means of preventing and terminating such activities, the fundamental rights of service providers as well as the rights of the users who benefit from these services will be at stake, as it happens in the injunction cases. In those circumstances, the fundamental rights that would be at stake can be identified as follows:

- 1) Right holders' right to protection of property, specifically IP rights in IP cases and right to access to justice such as right to fair trial and effective remedy;
- 2) Service providers' right to conduct business and right to freedom of expression; and
- 3) The users of the services' (including content providers) right to freedom of expression and information, right to protection of personal data and privacy and right to fair trial.

These rights are enshrined under the Charter¹⁵⁸, and the CJEU had first underlined the necessity of the balancing test in *Productores de Música de España (Promusicae) v Telefónica de España SAU*¹⁵⁹ by stating '*the Member States must ... take care to rely on an interpretation of the directives which allows a fair balance to be struck between various fundamental rights protected by the Community legal order*'.¹⁶⁰ After that the court considered the fair balance between the fundamental rights of the parties, accordingly undertook the balancing act in its case law.¹⁶¹ Considering the case law, it is arguable whether the CJEU was successful in striking the fair balance in those cases. In *Scarlet v SABAM* and *SABAM v Netlog*, the courts' appraisal focused on the balancing act

¹⁵⁸ Art 7 Respect for private and family life; Art 8 Protection of personal data; Art 11 Freedom of expression and information; Art 16 Freedom to conduct a business; Art 17 Right to property; Art 47 Right to an effective remedy and to a fair trial.

¹⁵⁹ Case C-275/06 *Productores de Música de España (Promusicae) v Telefónica de España SAU* [2008] ECR I-271. (*Promusicae v Telefónica*).

¹⁶⁰ *Ibid*, para 68.

¹⁶¹ Case C-70/10 *Scarlet v SABAM* [2011] ECR I-11959; Case C-360/10 *SABAM v Netlog* (16 February 2012); Case C-314/12 *UPC Telekabel* (27 March 2014).

and the decisions were grounded on this test. However, this assessment appeared as lacking the consideration of the procedural rights of the parties. Art. 47 of the Charter enshrines the right to an effective remedy and the right to a fair trial.¹⁶² However, the CJEU did not mention these rights in relation to the applicability of an injunction orders sought on those cases, although it has been argued in the academia that those rights should be considered in injunction cases, especially in the cases that consider blocking injunction.¹⁶³

On the other hand, in *UPC Telekabel*,¹⁶⁴ the act of balancing was left to an intermediary when choosing and implementing the appropriate injunctive relief. In a similar sense, in *Google Spain*,¹⁶⁵ Google was left to the duty of assessment of fundamental rights when it was taking down the content with respect to the RTBF. As leaving such discretion to intermediaries which are private entities appears controversial, all those cases more importantly demonstrate the significance of striking a balance. It is because, striking the fair balance would not only ensure the proportionality of the measure implemented, it would perhaps bring the injunction orders in line with the aim of the legislator and provide the maximum benefit to the immunity regime. This test cannot also be ignored in the search of new enforcement mechanisms within the intermediaries' liability regime as this would provide and ensure the effectiveness as well as the protection of the rights of the parties. Thus, it is significant for the purposes of the thesis, as well.

The issue of intermediaries' liability and striking the fair balance between the fundamental rights in these cases has another aspect. The CJEU is not the only court who has dealt with the question of the fair balance in the cases concerning intermediaries. As a court which deals with the cases brought by the signatories of the ECHR with respect to the violation of the rights enshrined in the ECHR,¹⁶⁶ the ECtHR has also been

¹⁶² Art 47 of the Charter 212/C 326/02 reads as: "Everyone whose rights and freedoms guaranteed by the law of the Union are violated has the right to an effective remedy before a tribunal in compliance with the conditions laid down in this Article. Everyone is entitled to a fair and public hearing within a reasonable time by an independent and impartial tribunal previously established by law. Everyone shall have the possibility of being advised, defended and represented. Legal aid shall be made available to those who lack sufficient resources in so far as such aid is necessary to ensure effective access to justice."

¹⁶³ See Martin Husovec 'Injunctions Against Innocent Third Parties: The Case of Website Blocking' (2012) Max Planck Institute for Intellectual Property and Competition Law Research Paper no. 13-14, 116-128, 123-124; Saulius Lukas Kaleda, 'The role of principle effective judicial protection and website blocking injunctions' (2017) Journal of Intellectual Property Information Technology and E-commerce Law (8) 216-225.

¹⁶⁴ Case C-314/12 *UPC Telekabel* (27 March 2014).

¹⁶⁵ Ibid.

¹⁶⁶ The ECHR, Section II.

challenged to address the fundamental rights violation in the cases concerning intermediaries and their liability. Although the ECtHR is not the court of the EU and its decisions are not legally binding on national courts, ECtHR's stance on the issue cannot be ignored. This is because the Convention and the Treaty of European Union,¹⁶⁷ whom the MSs are the signatories, mentions the ECHR and underlines that the rights guaranteed by this Convention shall constitute of general principles of the Union's law.¹⁶⁸ Moreover, as it was pointed by the CJEU in *Promusicae v Telefónica*¹⁶⁹ fundamental rights that are enshrined under the Charter reproduce the rights enshrined under the ECHR. Thus, the stance of the ECtHR on the intermediaries' liability conundrum should also provide some insight on the issue. There are two ECtHR cases that should be considered with that regard: *Delfi AS v Estonia*¹⁷⁰ and *Magyar Tartalomszolgáltatók Egyesülete (MTE) and Index.hu Zrt. v Hungary*¹⁷¹. These cases will be useful to demonstrate the stance of the ECtHR when dealing with the fundamental rights in the cases concerning intermediaries.

B. *Delfi AS. v Estonia*

This case concerned the freedom of expression of an Estonian Internet news portal, Delfi. Delfi publishes daily articles and enables readers to comment on those articles. Those comments are uploaded automatically and are not subject to editing. However, they might be subject to either automatic deletion or NTD if the concerned comment is marked by other readers as insulting or as hatred by other readers. This case was one of its kind which concerned the offensive comments directed against an individual, L. Through this means L requested from Delfi to remove these offensive and sometimes threatening comments and pay compensation for the damage was caused. Delfi removed the comments but refused to pay compensation. Then, L started proceedings before the Estonian courts claiming damages from Delfi. Following this, Delfi claimed to be held immune from liability with respect to the Estonian Information Society Services Act

¹⁶⁷ Consolidated versions of the Treaty on European Union and the Treaty on the Functioning of the European Union Official Journal C 326 2012.

¹⁶⁸ Ibid, art 6. In Case C-130/75 *Vivien Prais v Council of the European Communities* [1975] ECR I-01589, para 8, it is stated '[s]ince the European Convention has been ratified by all the member states the rights enshrined in it are (...) to be regarded as included in the fundamental rights to be protected by community law... '.

¹⁶⁹ Case C-275/06 *Promusicae v Telefónica* [2008] ECR I-27, para 64.

¹⁷⁰ *Delfi AS v Estonia*, App. no. 64569/09 (ECHR, 16 June 2015). (*Delfi*)

¹⁷¹ *Magyar Tartalomszolgáltatók Egyesülete (MTE) and Index.hu Zrt v Hungary*, App. No 22947/13 (ECHR, 2 February 2016). (*MTE v Hungary*).

which is the transposition of the ECD into Estonian Law. However, the Estonian court refused to apply this Act on the ground that the comments section of the portal was different from the portal's journalistic area. Subsequently, Delfi was held liable under the Estonian Obligations Act for the offending comments about L written by its readers. Later, this decision was upheld by the Estonian Supreme Court when it concluded that the news portal's activity was not merely technical and passive in nature.¹⁷²

Subsequently, Delfi brought the matter before the ECtHR alleging '*...its freedom of expression had been violated, in breach of Article 10 of the Convention, by the fact that it had been held liable for the third-party comments posted on its Internet news portal*'.¹⁷³

The Grand Chamber upheld the Chamber's finding, albeit not unanimously, that there was no violation of freedom of expression. More precisely, the ECtHR actually accepted the existence of interference to the freedom of expression of Delfi's, yet there was no violation of freedom of expression since this interference was justified under Art.10.¹⁷⁴ By virtue of the Article, the right to freedom of expression can only be restricted if such a restriction is prescribed by the law and if it is necessary in a democratic society, and finally if it is done with the legitimate aim of protecting the reputation and rights of others.¹⁷⁵

The Court's assessment on Delfi's activity, however, needs further attention since it might have an impact on intermediaries' liability, even though Delfi was not classified as an intermediary in the domestic proceedings.¹⁷⁶ The ECtHR appeared to have considered the issue in a way that cannot be thought as comprising the EU's general policy on intermediaries. It overlooked the fact that the '*... user-generated expressive activity on the Internet provides an unprecedented platform for the exercise of freedom of expression*'¹⁷⁷ despite its assessment started with this sentence.

In its appraisal, the Court grounded its assessment of proportionality on four aspects:¹⁷⁸

- 1) The context of the comments,

¹⁷² *Delfi* ECHR App. no. 64569/09, para 31.

¹⁷³ *Ibid*, para 3.

¹⁷⁴ *Ibid*, paras 118-119.

¹⁷⁵ *Ibid*, paras 120-139.

¹⁷⁶ It must be reminded that, it is not ECtHR's task to determine the appropriate legislature on the issue as whether it was the Information Society Services Act or Obligations Act. The Court cannot decide the issue by substituting the domestic courts.

¹⁷⁷ *Delfi* ECHR App. no. 64569/09, para 110.

¹⁷⁸ *Ibid*, para 142.

- 2) The measures applied by the applicant in order to prevent or remove defamatory comments,
- 3) The liability of the actual authors of the comments as an alternative to the applicant company's liability,
- 4) The consequences of the domestic proceedings for the applicant company.

What was important with respect to these is that the court held that the measures taken, such as NTD and filtering systems were as inadequate, as was the removal of the comments right after receiving a notification from L. The Court stated that in such a case third-party user comments should be removed without delay, and more precisely, '*... even without notice from the alleged victim or third parties*'.¹⁷⁹

In that sense, the decision appears to suggest Internet news portals to implement pre-monitoring measurements in order to avoid being held liable. Yet, this would put the right to freedom of expression of all third-party users who wishing to comment on the articles be at stake. Indeed, in the joint dissenting opinion of Judges Sajó and Tsotsoria, this was considered an '*invitation to self-censorship at its worst*'.¹⁸⁰

From that point, the ECtHR decision appears to conflict with the EU policy since the decision encourages the news portals to initiate their own pre-monitoring system and held that the NTD system was insufficient to tackle the concerned comments in the case. This would most likely have a chilling effect on the freedom of expression of third-party users. In that way, the judgment appears to be in conflict with the EU policy. It can be said that the judgment may well have an influence on the intermediaries despite that Delfi not being classified as one. Although the ECtHR was only asked to decide whether there was a violation of right to freedom of expression for monetary compensation,¹⁸¹ a different question can be said to reasonably arise, if Delfi was held to be an intermediary which could have been under the corresponding rules of the ECD,¹⁸² would the ECtHR have taken the same approach? If yes, this would quite possibly be in conflict with the EU policy. On the other hand, the assessment of the court demonstrated that the ECtHR's

¹⁷⁹ Ibid, para 159.

¹⁸⁰ Ibid, para 1.

¹⁸¹ This is important because as Angelopoulos and Smet stated 'this confirms that fair balance is relevant to claims that go beyond the realm to which EU case law has so far confined in'. Christina Angelopoulos and Stijn Smet 'Notice-and-fair-balance: how to reach a compromise between fundamental rights in European intermediary liability' (2016) *Journal of Media Law* 8:2 266-301, 274.

¹⁸² Of course, this would be possible if the issue came before the ECtHR.

approach in balancing act was rather more systematic as the court had established the criterion that should be applied.

C. MTE v Hungary

Applicants in this case were the self-regulatory body of Internet content providers (MTE) and one of Hungary's major online news platforms (Index).¹⁸³ Both platforms enabled their users to comment on the publications that appeared on these platforms. Yet, those comments were not subject to editing before their upload. However, in order to prevent the appearance of unlawful comments, both platforms implemented an NTD system and stated in their user terms that such comments could not be uploaded, and they would be deleted if uploaded. Thus, these platforms' operations were very similar to Delfi's. The present case was about an opinion published on both sites which attracted many comments including defamatory ones. As a result, an individual who was the subject and target of the comments started proceedings before the Hungarian Courts claiming that these comments had infringed his right to good reputation.

The first degree court found that the plaintiffs' right to good reputation was indeed infringed by defamatory comments published on these platforms.¹⁸⁴ Moreover, those platforms' claims that they were intermediaries, and so their liability was limited to removing the content, were rejected on the ground that the publication of those comments was dependent on an editorial decision as was the case with readers' letters. At the appeal, the decision was upheld but the reasoning of the first court's decision was amended.¹⁸⁵ It was held that comments cannot be deemed to be the same as readers' letters. They were not dependent on an editorial decision but were solely the opinions of the commentators. More significantly, the Appeal Court held that the Hungarian Act of E-Commerce, which is the transposition of the ECD was not applicable to the case as this Act was only applicable to electronic services of a commercial nature. The concerned comments, however, were private statements.

As a result of being held liable for the defamatory comments uploaded on their platforms, these platforms brought the issue before the ECtHR claiming that this decision amounted to an unjustified restriction on their freedom of expression. Henceforth, the ECtHR

¹⁸³ *MTE v Hungary* ECHR App. No 22947/13.

¹⁸⁴ *Ibid*, para 17.

¹⁸⁵ *Ibid*, paras 19-20.

examined whether this alleged restriction was prescribed by law, whether it had a legitimate interest and whether it was necessary in a democratic society.¹⁸⁶

In its appraisal the Court considered the same four criteria laid out in *Delfi*, with one more additional criterion: the consequences of the comments for the victim.¹⁸⁷ Applying these, it was found that there had been a violation of freedom of expression of these platforms.¹⁸⁸

One of the criteria applied was the assessment of the preventive measures applied by the platforms in order to prevent or remove the comments.¹⁸⁹ As aforementioned, in *Delfi* the ECtHR held that the NTD system implemented by the news portal was inadequate to prevent the comments appearing on Delfi's news portal.¹⁹⁰ This was one of the reasonings of the Court to hold that there was no violation on Delfi's right to freedom of expression. It is therefore necessary to determine exactly how the Court reached a different verdict in *MTE v Hungary* in the presence of very similar facts.

In *MTE v Hungary*, the ECtHR emphasised many times that these two cases differed in the nature of the comments that were left on the platforms. More precisely, the Court held that the comments at issue in *MTE v Hungary* did not amount to hate speech or incitement to violence.¹⁹¹ They were defamatory comments. Thus, the preventive measure -NTD system- implemented and applied by these platforms was held to be adequate while it was held to be insufficient in *Delfi*. This was because the comments concerned in the *Delfi* case were found to amount to hate speech or incitement to violence. Therefore, when the two cases are read together what can be concluded is that the ECtHR's balancing approach was mainly depended on the nature of the comments concerned. If the comments are in merely offensive in nature, the NTD system may be deemed sufficient, while for hate speech or incitement to violence news portals would be expected to implement more pro-active measures to tackle them. Although this might seem a straightforward test, in practice, examining whether the comment is merely offensive in nature or amounts to hate speech would be a very challenging task for an intermediary to do.¹⁹²

¹⁸⁶ the ECHR, Art. 10.

¹⁸⁷ *MTE v Hungary* ECHR App. No 22947/13, para 69.

¹⁸⁸ Ibid, paras 45-88.

¹⁸⁹ Ibid, para 69.

¹⁹⁰ *Delfi* ECHR App. no. 64569/09, paras 155-159.

¹⁹¹ Ibid, para 64.

¹⁹² Christina Angelopoulos, 'MTE v Hungary: A new ECtHR judgment on intermediary liability and freedom of expression' (2016) *Journal of Intellectual Property Law & Practice* 11 (8) 582-584, 584.

Moreover, even if an intermediary is able to distinguish the nature of the comments, how would it know which type of measures would be regarded as adequate? In *Delfi*, the Court stated that Delfi should have acted quicker to takedown the comments so, the NTD system was held to be insufficient. Thus, monitoring and filtering may be considered by such platforms as an option to avoid having their freedom of expression restricted. Yet, it is evident that if this measure amounts to general monitoring, then it would be contrary to Art.15 of the ECD if the same intermediaries' liability question arises within the scope of the ECD. In the light of this, it would be difficult to conclude that the ECtHR's decision in *MTE v Hungary* had resolved the inconsistencies with the ECD's liability regime that the *Delfi* decision created, although these two cases were distinguished.

Overall, it would not be wrong to conclude that the stances of the CJEU and the ECtHR on intermediaries' regime appears different and perhaps conflicting at some points. These cases demonstrated the existence of the different approaches adopted by these courts for the purpose of striking the fair balance.

VI. CONCLUSION

The assessment undertaken above first and foremost proves that the courts have struggled to balance the duties and immunities of the parties. When the intermediaries are considered, the Courts have encountered a familiar conundrum; intermediaries are best placed to prevent unlawful content being uploaded by its users but they are not the wrongdoers. The chapter also demonstrates that in dealing with this dilemma, either the courts or the EU legislators took seemingly different positions depending on the rights at stake in order to find a compromise. When the applicability of a certain injunctive measure is the issue, the EU policy provides minimum standards to be applied to the matter,¹⁹³ and the CJEU appears to provide further insight for courts in striking the delicate balance that an injunction may affect. The CJEU's focus in that regard, however, was more on the compatibility of injunction orders with the other Directives applicable and the fundamental rights, namely the ECD and the Charter. In *Scarlet v SABAM*¹⁹⁴ and

¹⁹³ Art. 3(1) of ED: 'shall be fair and equitable and shall not be unnecessarily complicated or costly, or entail unreasonable time-limits or unwarranted delay'. Art. 3(2) of ED: "shall also be effective, proportionate and dissuasive and shall be applied in such a manner as to avoid the criterion of barrier to legitimate trade and to provide for safeguards as against their abuse'.

¹⁹⁴ Case C-70/10 *Scarlet v SABAM* [2011] ECR I-11959.

SABAM v Netlog,¹⁹⁵ the employment of a filtering system was considered under the ECD and was found to be inconsistent with it as it would amount to general monitoring which is prohibited within Art.15 of ECD.

Besides, the doctrine of fair balance was laid out as an applicable test for injunction requests. Under this test, a fair balance between the fundamental rights that would be affected by an implementation of an injunction must be struck by the courts. Yet, the case law of the CJEU appears to show that the Court has failed to pay adequate attention to strike the balance to some extent, especially in *UPC Telekabel* as the selection of the appropriate measure in preventing copyright infringements was left to the intermediary along with the obligation of ensuring the freedom of expression of users. Moreover, this holding can be interpreted as giving a discretionary power to the intermediary which may harm the balance.

The very same concern was raised from the CJEU's holding in *Google Spain* but with respect to another right, privacy. In this case, the assessment of the removal request was left to Google as a search engine. As stated, this right is known as RTBF and it is explicitly provided in the GDPR. Although the concerned discretion can be criticised on the grounds of lack of transparency and fundamental rights, it appears consistent with the EU's data protection policy. Under this policy, intermediaries are considered rather differently than they are considered under the liability regime. The GDPR establishes a different framework for intermediaries according to their duties and responsibilities and imposes many more duties and stricter ones on them. Whereas under the liability regime, intermediaries' duties appear more limited. This proves that intermediaries' regime has actually been divergently shaped within the EU.

Moreover, the assessment demonstrates that striking the fair balance is a significant part of the intermediary liability cases. The balancing approach can even be regarded as the way of dealing with the dilemma mentioned above. The CJEU focused on the fundamental rights in the injunction cases to reach a compromise. In a similar sense, the balancing act has also been the test before the ECtHR when dealing with the fundamental rights of the intermediaries. The ECtHR considered this in the cases considering intermediaries and applied the test more systematically. Yet, more significantly, the examination undertaken with that respect demonstrated that the fair balance test is of great

¹⁹⁵ Case C-360/10 *SABAM v Netlog* (16 February 2012).

importance for the purposes of the thesis as this test would provide and ensure the effectiveness of the measures implemented as well as the protection of the parties.

More remarkably, divergences in the approaches adopted are also significant for the liability regime in general despite the heavy focus on the responsibilities of intermediaries rather than their liability. This is because EU law does not provide clarity or further insight into the interplay between the different Directives. Moreover, with the new developments such as Art.13 of the draft CD, this problem seems to have become more significant. This Article proposes the imposition of a greater duty on certain intermediaries but does not address the issue of the compatibility of this Article with the ECD. Neither does it provide any guidance. The GDPR also appears to lack of answers on the vagueness caused by Art.2(4) which states that the Regulation shall be applied without prejudice to Arts. 12-15 ECD. Finally, the ECtHR's approaches in *Delfi v Estonia* and *MTE v Hungary* appear pertinent to the liability regime in general, although it did not consider an intermediary. This is significant because the Court seems to suggest the implementation of pre-monitoring systems while not approving the efficaciousness of an NTD mechanism in dealing with illicit comments online. This, therefore may encourage an intermediary to employ such a mechanism which may result in losing its immunity when its liability is assessed under the ECD.

Ultimately, what this chapter suggests for the trade mark realm can be stated as follows: although the safe harbour rules are provided horizontally as being applicable to the different rights, intermediaries' liability regime appears to have been considered in a more policy-oriented manner. Accordingly, the developments have been shaped to be more sector-specific. Yet, unfortunately a trade mark is one of the least considered rights in terms of taking further action. Therefore, in pursuit of a solution for trade marks, these current approaches should be considered with the existing case law, yet their influence would appear to be limited given the differences in the scope of the protection of the rights and the policy. Having said that, copyright offers the most effective assistance since, as it will be examined, the analogy in between copyright and trade mark has been mostly employed by the courts for the liability issue. In that sense, copyright would be a good representative for trade marks as the EU policy offers more insight and developments for copyright.

In the light of these, trade mark specific rules should be pursued where the policy of trade marks requires such specific rules. The focus will now turn to the current law on online contributory trade mark liability.

CHAPTER 3: ESTABLISHING CONTRIBUTORY TRADE MARK LIABILITY IN THE EU: THE IMMUNITY REGIME

I.	OVERVIEW	63
II.	THE IMMUNITY REGIME	65
A.	The E-Commerce Directive 2000/31(ECD).....	65
1.	Scope of the Directive	65
2.	The Liability of Internet Intermediaries.....	68
a.	Mere Conduit.....	69
b.	Caching.....	72
c.	Hosting.....	74
1.	Consist of.....	75
2.	Prerequisites of Hosting Exemption.....	77
3.	Article 15: The Prohibition of General Monitoring Obligation.....	85
B.	The Enforcement Directive 2004/48 (ED)	88
III.	CONCLUSION.....	93

I. OVERVIEW

After providing an overview about how intermediaries' liability is shaped when different rights are at stake, the focus now turns to trade marks. In the pursuit of answering the research question, the first issue to consider is the current state of the EU's contributory trade mark liability law applicable to online issues. As stated before, EU law establishes the immunity regime in the ECD for certain activities of intermediaries, ie mere conduit, caching and hosting services. In that way, EU law deals with the matter by specifying the conditions where an intermediary can be regarded as immune instead of setting out rules to define the circumstances when an intermediary is contributorily liable.¹⁹⁶ Moreover, this immunity regime is established as an additional protection for the intermediaries. As such, losing immunity does not automatically trigger liability. In that case, the national laws of the EU MSs apply to the matter.

¹⁹⁶ Dinwoodie describes this as a negative approach in contrast to the positive approach where the liability rules are specified. *See* Dinwoodie, 'Comparative Analysis of the Secondary Liability of Online Service Providers' (2017), 1-72.

In that way, the ECD's immunity regime together with the domestic tort law rules become the main legal instruments which apply and shape the contributory trade mark liability. The ECD should be the first aspect to examine as it is the nucleus of the immunity regime. The ED will also be assessed. As aforementioned, this Directive provides general rules for the enforcement of IP rights including trade marks. Most importantly, the third sentence of Art.11 of the Directive enables the right owners '*to apply for an injunction against intermediaries whose services are used by a third party to infringe an intellectual property right...*'. This Article, as examined in the second chapter, has been the one to have received the greatest attention of the courts. Although it is an enforcement mechanism and its application does not depend on liability, the injunctions proved to be pertinent for the liability regime as the application of this mechanism has had an impact on delineating the scope of the intermediaries' activities and perhaps their responsibilities.¹⁹⁷ Furthermore, it can be said that to some extent this Article establishes harmonised rules. It also imposes a duty to implement and apply the granted injunction on the intermediaries, although it is not clear what will happen if an intermediary does not act on these.

By undertaking this assessment, this chapter aims to establish the current state of the immunity rules applicable to contributory trade mark issues in order to provide an answer to the following questions; '*Is the EU law's immunity regime the appropriate approach to deal with online infringements and establish a contributory trade mark liability regime online? More importantly, does this regime have the answers to the challenges that the Internet brings or may bring in the future?*'

¹⁹⁷ This was demonstrated in the Chapter 2. Although the examination focused on the copyrights, it is directly related to the copyrights by way of an analogy. See Chapter 2.

II. THE IMMUNITY REGIME

A. The E-Commerce Directive 2000/31(ECD)

1. Scope of the Directive

The first thing to examine is the scope of the Directive. Although the Directive's horizontal application provides civil and criminal liability exemption from monetary compensation for almost all types of the substantive law rights,¹⁹⁸ its application is limited to the matters related to information society service providers (ISSPs). What is the ISSPs, then?

Recital 17 and Art.2 of the ECD define the ISSPs as covering, by referring to Art.1(2) of Directive 98/48/EC,¹⁹⁹ *'any service normally provided for remuneration, at a distance, by means of electronic equipment for the processing (including digital compression) and storage of data, and at the individual request of a recipient of a services'*. The recipient of the service is also explained as including *'any natural or legal person who, for professional ends or otherwise, uses an information society service, in particular purposes of seeking information or making it accessible'* in Art.2(d).²⁰⁰ The Directive therefore covers a broad range of online services. Some of those activities are given in Recital 18 as follows: selling goods online and offering online information or search tools. Yet, television and radio broadcasting are explicitly excluded from the scope as *'they are not provided at individual request'*.

Recital 18 also states that free services can fall within the scope of the ISSPs' if the service represents an economic activity. This rule is actually a reflection of the principle stated in Art.57 of the Treaty on the Functioning of the European Union (TFEU)²⁰¹ as the Article focuses on the economic nature of the activity in assessing the type of service. It was also established by case law that the economic nature standard should be considered

¹⁹⁸ Except data and privacy protection with respect to the Art.5(b) of the Directive. For further explanation, See Chapter 2.

¹⁹⁹ Council Directive (EC) 98/48 amending Directive 98/34/EC laying down a procedure for the provision of information in the field of technical standards and regulations [1998] OJ L 217/21.

²⁰⁰ For detailed assessment, See EU Study on the Legal Analysis of a Single Market for the Information Society (2009) Chapter 6.4.1.

²⁰¹ the Treaty on the Functioning of the European Union 2012/C 326/01.

broadly.²⁰² That interpretation was analogically applied to the ISSPs by the CJEU in *Sotiris Papasavvas v O Fileleftheros Dimosia Etairia Ltd and Others*²⁰³ and so it was confirmed. In brief, it was held that a service provider should not necessarily be paid directly by those who benefited from its services. The economic activity standard can still be met if the service provider is financed by advertisements on its website. This clarification is very important in terms of the latest technologies developed such as streaming websites.

Later, in another case, the CJEU was asked to decide ‘*whether a professional person who, in the course of business, operates a free Wi-Fi²⁰⁴ network, is to be regarded of a service consisting in provision of access to a communication network, within the meaning of Article 12(1) of Directive 2000/31*’.²⁰⁵ For the first part of the question, the CJEU held that provision of free Wi-Fi ‘*constitutes an “information society service” ... where the activity is performed by the service provider in question for the purposes of advertising the goods sold or services supplied by that service provider*’.²⁰⁶ In that sense, it can be concluded that a broad range of economic activities would satisfy the remuneration requirement under Art.2(a) although this would be subject to a case-by-case analysis.

However, what is significant is that the Directive does not make an exclusive referral to any Web 2.0 user-generated technology providers such as auction sites, blogs, video sharing sites, paid referencing system and linking providers. Accordingly, it does not establish whether they are the ISSPs under the Directive. This is not particularly surprising given that the Directive was enacted before those technologies were developed. Fortunately, the CJEU’s case law sheds light on the issue for some Web 2.0 technologies. In *Google France*²⁰⁷ one of the questions before the CJEU was whether the paid referencing system,²⁰⁸ AdWords offered by Google was an ISSP under the ECD. It was

²⁰²Case C-484/14 *Tobias Mc Fadden v Sony Music Entertainment Germany GmbH* (CJEU 16 March 2016), Opinion of AG Szpunar, para 38.

²⁰³ Case C-291/13 *Sotiris Papasavvas v O Fileleftheros Dimosia Etairia Ltd and Others* (CJEU 11 September 2014).

²⁰⁴ ‘Wi-Fi or Wi-Fi is a technology that allows electronic devices to connect to a wireless LAN (WLAN) network..’ see <<https://en.wikipedia.org/wiki/Wi-Fi>>

²⁰⁵ Case C-484/14 *Tobias Mc Fadden v Sony Music Entertainment Germany GmbH* (CJEU 16 March 2016), Opinion of AG Szpunar, para 34.

²⁰⁶ C-484/14 *Tobias Mc Fadden v Sony Music Entertainment Germany GmbH* (CJEU 15 September 2016), paras 34-43.

²⁰⁷ Joined Cases C-236/06 -C-236/08 *Google France* [2010] ECR I-02417, para 120.

²⁰⁸ Ibid, para 23, ‘*That service enables any economic operator, by means of the reservation of one or more keywords, to obtain the placing, in the event of a correspondence between one or more of those words and that/those entered as a request in the search engine by an internet user, of an advertising link to its site.*

decided that the paid referencing service at stake, which enabled users to purchase keywords provided by the system, was an ISSP as it qualified under the standards stated under Art.2(a).²⁰⁹ Following this, in *L'Oréal v Ebay*,²¹⁰ an online auction site, which provided a platform to third parties to upload listings for selling and buying²¹¹ and in *SABAM v Netlog*²¹² an online social networking platform, were both held to be ISSPs. Considering these, then the ISSP notion appears to embrace the new Web 2.0 services bearing in mind there is still ambiguity over some types of services offered by intermediaries such as search engines. Edwards argued that even *Google France* decision on keywords '*(...)does conclusively not settle the matter of whether Google in its role as a cot-free provider of search links qualifies as an ISSP*'.²¹³

To conclude, the ECD considers a wide range of online actors as ISSPs provided that the activities at issue qualify under the standards stated in Art.2(a) and underlines that the '*normally provided for remuneration*' and '*by electronic means*' are the key standards. It should be mentioned that the ECD employs the term ISP interchangeably with the ISSPs, especially in the further provisions, such as under Section 4. Finally, it must be reminded that within this thesis the term Internet intermediaries is employed instead of the terms used in the ECD.

That advertising link appears under the heading 'sponsored links', which is displayed either on the right-hand side of the screen, to the right of the natural results, or on the upper part of the screen, above the natural results.'

²⁰⁹ Ibid, para 110.

²¹⁰ Case C-324/09 *L'Oréal v Ebay* [2011] ECR I-06011, para. 88.

²¹¹ In the case, this main service of Ebay was differed from the Ebay's selection of the keywords for the advertisement of the listings. It was also decided that this selection of the keywords was also different from the Google's Adwords service since '*ebay is not offering itself the goods for sale.*' Case C-324/09 *L'Oréal v Ebay* [2011] ECR I-06011, para 89.

²¹² Case C-360/10 *SABAM v Netlog* (16 February 2012), para 27 '*the owner of an online social networking platform- such as Netlog- stores information provided by the users of that platform, relating to their profile, on its servers, and that it is thus a hosting service provider within the meaning of Article 14 of Directive 2000/31.*'

²¹³ Edwards, 'Role and Responsibility of Internet Intermediaries in the Field of Copyrights and Related Rights' (2011), 9. In contrast Peguera, more generally, argued that the hosting intermediary immunity provision is applicable for the new generation technologies that were not anticipated when the rules enacted. See Miquel Peguera, 'The DMCA Safe Harbours and their European Counterparts: A Comparative Analysis of some Common Problems' (2009) 32 Columbia Journal of Law& Arts 481, 512.

2. The Liability of Internet Intermediaries

The rules governing liability are set out under Section 4 within the Arts.12-15. Under those rules, the immunity is provided for only certain activities of the intermediaries upon meeting the conditions stated for each type of activities. These activities are *mere conduit* (Art.12), *caching* (Art.13) and *hosting* (Art.14). Although the Directive sets out different requirements for each intermediary to be granted immunity from liability, it provides some general principles for the Internet intermediaries' liability regime. These can be identified as follows:

First, Recital 42 describes the general principle underlying the safe harbour rules. It states that the immunity rules solely cover activities of a '*merely technical, automatic and passive nature, which implies that the service provider has neither knowledge of nor control over the information that is transmitted or stored.*' On that point, the AG argued in its opinion in *L'Oréal v Ebay* that the neutrality stated in this Recital should be understood as covering only mere conduit and caching services, but not hosting services on the ground that being neutral would be impossible for the hosting intermediaries as they would necessarily have some degree of involvement in process of their services.²¹⁴ Even the Recital is construed as the way that the AG argued, it is still evident that the immunity regime is grounded on a general principle that separating passive intermediary from the one which actively involves in the provision of the services.

Second and more remarkably, the scope and the nature of the protection given by these rules is explained by the EU Commission in a report.²¹⁵ It states:

*"While the special liability regime constitutes an additional shield for service providers, it does not modify each Member States' underlying material law governing liability. The only effect of not (or no longer) meeting the criteria of article 12, 13 of 14 (e.g., because data is modified during transmission, or when access to hosted data is not blocked upon awareness of the unlawfulness), will be the loss of the additional protection. Service providers will then become subject to the general rules of tortious or penal liability, which may or may not hold the service provider liable, depending on each Member State's laws."*²¹⁶

²¹⁴ Case C-324/09 *L'Oréal v Ebay* [2011] ECR I-06011, opinion of AG Jääskinen, para 146.

²¹⁵ EU Study on 'the Legal Analysis of a Single Market for the Information Society' (2009).

²¹⁶ *Ibid*, Chapter 6.3.2.

It follows that the national laws of MSs which are applicable to the issue are still of utmost importance for establishing a contributory trade mark liability regime. This is significant because, as it will be demonstrated later, the exact framework of the contributory liability regime is in fact being shaped and defined by the domestic applications of the MSs' courts even though it is EU law that provides the safe harbour rules.

Third, Recital 45 states another general principle for the liability regime which is related to injunctions:

“The limitations of the liability of intermediary service providers established in this Directive do not affect the possibility of injunctions of different kinds; such injunctions can in particular consist of orders by courts or administrative authorities requiring the termination or prevention of any infringement, including the removal of illegal information or the disabling of access to it.”

This principle is also restated for each type of activity within the last subsections of each Article namely, Arts.12(3), 13(2) and 14(3).

Finally, Art.15 provides another general principle applicable to all three types of activities. According to this Article, MSs are prohibited from imposing a general obligation that amounts to either monitoring of information which they transmit or store or to actively seeking facts or circumstances that indicate illegal activity. As stated before, this is an important rule of the liability regime.

Beside those general principles, the ECD establishes the specific principles for each type of activity mere conduit, caching and hosting which will be examined respectively.

a) Mere Conduit

Article 12(1) and (2) states:

‘1. Where an information society service is provided that consists of the transmission in a communication network of information provided by a recipient of the service, or the provision of access to a communication network, Member States shall ensure that the service provider is not liable for the information transmitted, on condition that the provider:

- (a) does not initiate the transmission;*
- (b) does not select the receiver of the transmission; and*
- (c) does not select or modify the information contained in the transmission.*

2. The acts of transmission and of provision of access referred to in paragraph 1 include the automatic, intermediate and transient storage of the information transmitted in so far as this takes place for the sole purpose of carrying out the transmission in the communication network, and provided that the information is not stored for any period longer than is reasonably necessary for the transmission.'

This article provides immunity for activities that amount to mere conduit which, as explained in the first subsection, covers network access services and network transmission services. Those services are the traditional ones offered by Internet access providers²¹⁷ and backbone operators²¹⁸.

As the Article does not cover the current technologies, in *Tobias Mc Fadden v Sony Music Entertainment Germany GmbH* its applicability to a Wi-Fi service arose as an issue before the CJEU.²¹⁹ As previously discussed, the CJEU held that someone offering a Wi-Fi service qualifies as ISSP under the ECD. The CJEU was also asked '*whether a professional person who, in the course of business, operates a free Wi-Fi network, is to be regarded of a service consisting in provision of access to a communication network, within the meaning of Article 12(1) of Directive 2000/31*'.²²⁰ It was accordingly decided that the Wi-Fi service also qualifies as mere conduit under Art.12(1).²²¹

However, qualifying under Art.12(1) is not sufficient for mere conduit service providers to benefit from immunity unless the requirements stated in subsections (a), (b), and (c) are fulfilled.²²² Those conditions basically assess the intermediaries' involvement in the transmission of data. Indeed, Recital 43 clearly states for both Arts.12 and 13 exemptions that the service provider can benefit from these exemptions '*when he is in no way involved with the information transmitted*'. It is further explained that

"...this requires among other things that he (the service provider)²²³ does not modify the information that he transmits; this requirement does not cover of

²¹⁷ 'which connect their subscribers to the Internet using dial-up modems, xDSL modems, cable connections or fixed lines'. Ibid, Chapter 6.3.1.

²¹⁸ 'which interconnect various subparts of the Internet'.

²¹⁹ Case C-484/14 *Tobias Mc Fadden v Sony Music Entertainment Germany GmbH* (15 September 2016) (*Mc Fadden v Sony Music*) This was a copyright case.

²²⁰ Opinion of the AG in C-484/14, para. 34.

²²¹ Case C-484/14 *Mc Fadden v Sony Music* (15 September 2016), Opinion of AG Szpunar, paras 34- 54.

²²² The CJEU in this case underlined that there are no further conditions must be met other than the conditions stated in the Article to be exempted from the liability. Ibid, para 54.

²²³ Brackets added.

a technical nature which take place in the course of the transmission as they do not alter the integrity of the information contained in the transmission.”

More importantly, Art.12(3) restates the general principle of the immunity regime which is that the immunity provided in the Article does not cover immunity for the possible preventive measures application against them. This means that an intermediary can still be subject to injunctions regardless of its immunity from the liability under the ECD. Those injunctions, however, are subject to the general monitoring obligation rule stated under Art.15 of the Directive. The framework of these preventive measures will be examined later in the chapter.

The Article seems to have offered an unambiguous framework on liability for existing mere conduit activities when the ECD was published by clearly stating what a mere conduit intermediary should not do while providing access. Indeed, this Article has been hardly referred to the CJEU. However, this does not necessarily mean that its applicability covers new technologies. It has been 18 years since the ECD was published. Indeed, in the EU Commission’s legal analysis from 2009,²²⁴ it was stated that it is not clear whether the operators of new technologies such as chat networks, instant messaging and P2P networks are mere conduits on the ground that they provide access to a communications network.²²⁵ Moreover, operators of streaming websites can be added to this list. In any case, considering the good number of years that have passed since the ECD was published, the Article could not be expected to expressly mention those new technologies. Thus, in assessing the Article’s applicability and effectiveness, it should be asked whether the principles established in it are sufficient to assess these new technologies. This question applies to all types of immunity rules when their applicability to a new technology is considered. For Art.12, it can be concluded that it appears satisfactory in determining the applicability of the rules to these new technologies given that what a mere conduit provider can do is limited to providing an access in contrast to other providers

b) Caching

Art.13(1) states:

²²⁴ EU Study on ‘the Legal Analysis of a Single Market for the Information Society’ (2009).

²²⁵ Ibid, Chapter 6.4.2.

“Where an information society service is provided that consists of the transmission in a communication network of information provided by a recipient of the service, Member States shall ensure that the service provider is not liable for the automatic, intermediate and temporary storage of that information, performed for the sole purpose of making more efficient the information's onward transmission to other recipients of the service upon their request, on condition that:

(a) the provider does not modify the information;

(b) the provider complies with conditions on access to the information;

(c) the provider complies with rules regarding the updating of the information, specified in a manner widely recognised and used by industry;

(d) the provider does not interfere with the lawful use of technology, widely recognised and used by industry, to obtain data on the use of the information; and

(e) the provider acts expeditiously to remove or to disable access to the information it has stored upon obtaining actual knowledge of the fact that the information at the initial source of the transmission has been removed from the network, or access to it has been disabled, or that a court or an administrative authority has ordered such removal or disablement.”

Caching is a form of information storage used to limit the need for the retransmission of information from its point of origin. It accordingly differs from the mere conduit services in that regard. Both services consist of the transmission of information in a communication network but differ in the length of time of storage as caching activities offer longer periods of storage time for information whereas the sole purpose of mere conduit providers is the transfer of information.²²⁶ The immunity in Art.13 is provided for an automatic, intermediate and a temporary storage of the information performed for the sole purpose of making the information's onward transmission more efficient to other recipients of the service upon their request. Proxy-servers, *‘which store[s] local copies of websites to speed up the subsequent consultation of this website by other customers’* are the best instances of caching intermediaries.²²⁷ These were in fact the specific type of intermediaries that the legislators had in mind for the protection provided in Art.13.²²⁸

Five conditions are set out for qualifying the immunity pertaining to the intermediaries' caching activities. As stated, the immunity conditions serve the purpose of distinguishing

²²⁶ Citing from Angelopoulos, ‘European Intermediary Liability in Copyright: A Tort- Based Analysis’, (2016), fn.330.

²²⁷ Patrick Van Eecke, ‘Online Service Providers and Liability: A Plea for a Balanced Approach’, (2011) Common Market Law Review 48 1455-1502, 1462.

²²⁸ EU Study on ‘the Legal Analysis of a Single Market for the Information Society’ (2009), 6.4.3.

a passive intermediary from an active one. With respect to the conditions stated under Art.13, different levels of passivity are presented for caching activities than the levels set out for mere conduit intermediaries. Indeed, especially Art.13(1)(e) leads intermediaries to be more involved in their services as it requires an intermediary to *‘act[s] expeditiously to remove or to disable access to the information it has stored upon obtaining actual knowledge of the fact that the information at the initial source of the transmission has been removed from the network, or access to it has been disabled, or that a court or an administrative authority has ordered such removal or disablement’*. Thus, intermediary must act accordingly whenever these conditions occur its involvement in the storage of the information is justified to some extent.

Finally, the Article restates the general principle of the immunity regime which stipulates that immunity from liability does not prevent the application of injunctive relief.

Overall, in terms of the explicitness of the Article, it would be difficult to offer any conclusive statement for further clarification on its application to different and new generation technologies since the Article is rarely brought before the CJEU. Its applicability on Usenet newsgroups type of services had been questioned but has not brought before the court as legal issue.²²⁹ Moreover, these intermediaries seem to have lost their practical importance against hosting intermediaries.

c) **Hosting**

Art.14(1) and (2) reads:

“1. Where an information society service is provided that consists of the storage of information provided by a recipient of the service, Member States shall ensure that the service provider is not liable for the information stored at the request of a recipient of the service, on condition that:

²²⁹ This has been arisen as a concern in the EU study but other than this, it does not seem to have been questioned. *See Ibid*, Chapter 6.4.3.

(a) *the provider 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*

(b) *the provider, upon obtaining such knowledge or awareness, acts expeditiously to remove or to disable access to the information.*

2. *Paragraph 1 shall not apply when the recipient of the service is acting under the authority or the control of the provider."*

As it is evident from the title of the Article, this provision deals with the hosting activities of intermediaries. The 'hosting' notion was described in the proposal of the Directive²³⁰ as '*the activity of storage of information provided by recipients of the service and at their request*' with the examples of the provision of server space for a company's or an individual's web site, a BBS²³¹, a news group etc. The storage of the data is here provided for an unlimited amount of time.²³² Article describes the hosting as a service which '*consists of*' the storage of information. Although the intention was to distinguish mere hosting providers from content providers, which are involved in the creation of the content, this phrase actually leads to issues in application with the arrival of the new generation technologies: Web 2.0 and cloud computing.²³³ This is because these new technologies' services go beyond the storage: Web 2.0 technologies depend on mass collaboration and user participation²³⁴ while cloud computing offers storage but in a different to the traditional way²³⁵. Thus, the delineation of the exact borders of 'consist

²³⁰ Commission, 'Proposal on certain legal aspects of electronic commerce in the internal market, COM (1998) 586 final, p.29.

²³¹ '*Bulletin board system, or BBS, is a computer server running software that allows users to connect to the system using a terminal program. Once logged in, the user can perform functions such as uploading and downloading software and data, reading news and bulletins, and exchanging messages with other users through email, public message boards, and sometimes via direct chatting.*' Wikipedia, <<https://en.wikipedia.org/wiki/Bulletin_board_system>>.

²³² This is where the hosting providers differs from the other service providers in the ECD. Indeed, it should be noted that, the activities of caching provide a kind of storage for the data but for a very limited time in conjunction with the main purpose of the transmission of the data.

²³³ '*a model for enabling convenient, on-demand network access to a shared pool of configurable computing resources (eg networks, servers, storages, applications, and services) that can be rapidly provisioned and released with minimal management effort or service provider interaction.*' American National Institute of Standard and Technology Available at < <http://csrc.nist.gov/groups/SNS/Cloud-computing/>>. Also See Georg Haibach, 'Cloud Computing and EU Private International Law' (2015) Journal of Private International Law 11(2) 252-266, 252-255. For general analysis See Christopher Millard *Cloud Computing Law* (Oxford University Press 2013).

²³⁴ Such as blogs, wikis, user review websites, video/photo sharing websites, etc. Van Eecke, 'Online Service Providers and Liability: A Plea for a Balanced Approach' (2011), 1474; Adeyemi, 'Liability and exemptions of internet service providers (ISPs): assessing the EU electronic commerce legal regime' (2018), 10.

²³⁵ '*In a cloud computing data model, users minimize the amount of data they store on their own computers, and instead rely on the storage and processing power of service providers.*' Van Eecke, 'Online Service Providers and Liability: A Plea for a Balanced Approach' (2011), 1474.

of’ notion becomes important in assessing the application of the immunity to the new technologies which offer different services. Therefore, the question must be: ‘*to what extent does a service have to ‘consist of” storage?’*’²³⁶

(1) ‘Consist of’

Fortunately, the CJEU was asked to answer ‘*to what extent does a service have to ‘consist of” storage?’*’. *Google France*²³⁷ was the first referral to the CJEU which considered this, although it was also previously an issue before some national courts. With regard to these domestic proceedings, however, there were divergent outcomes on the matter, even when pertaining to the same service provider, namely Ebay. In those cases, the national courts assessed the immunity of Ebay either only considering the service at stake or Ebay as general ie taking all auction-related services given by Ebay such as rating systems, payment facilities and advertisement tools.

In 2008, a French court decided that Ebay could not benefit from the hosting immunity provided under Art.14 on the ground that activities offered by Ebay were not limited to mere hosting activities.²³⁸ The same assessment was applied in another French case brought against Ebay,²³⁹ as well. In contrast, a Belgian court²⁴⁰ assessed the immunity provision by only considering the activity at stake. Accordingly, immunity was granted to Ebay with respect to the provision of an appropriate platform to sellers and buyers. It

²³⁶ Walden considers this as a key boundary issue of immunity regime. See Ian Walden, ‘Mine host is searching for a ‘neutrality’ principle!’ (2010) Computer Law & Security Review 26 203-209, 204.

²³⁷ Joined cases C-236/08 to C-236/10 *Google France* [2010] ECR I-02417..

²³⁸ *Société Hermes International v SA eBay France*, Troyes, June 4, 2008, Case No. 06/02604, Slip Op. (Fr.) (Citing from Van Eecke, ‘Online Service Providers and Liability: A Plea for a Balanced Approach’ (2011), 1471.)

²³⁹ *Louis Vuitton Malletier SA v eBay Inc*, Unreported June 30, 2008 (Trib Comm (Paris)) citing from Ellie Mercado, ‘As Long As “It” Is Not Counterfeit: Holding eBay Liable for Secondary Trademark Infringement in the Wake of LVMH and Tiffany Inc.’ (2010-2011) 28 Cardozo Arts& Entertainment Law Journal, 115-129 and Andreas Rühmkorf, ‘The Liability of Online Auction Portals: Toward a Uniform Approach’ (2010) Journal of Internet Law 14(4), 3-10 5.

²⁴⁰ *Lancome Parfums et Beatue & Cie v eBay International AG, eBay Europe SARL* (Belgium, Comm. Bruxelles) May 28, 2008 citing from and Rühmkorf, ‘The Liability of Online Auction Portals: Toward a Uniform Approach’ (2010), 5 and from Van Eecke, ‘Online Service Providers and Liability: A Plea for a Balanced Approach’, (2011), 1471.

was stated that the listings were uploaded by the sellers so Ebay performed a mere hosting activity in this service, although several types of activities were also offered by Ebay. In the same vein, a German court²⁴¹ held that the provider should benefit from immunity unless ‘*the third-party content appears to be the provider’s own content*’²⁴² when considering an Ebay-like online auction provider operating in Germany.

Given the diversity of the interpretation on the *consist of* standard, the CJEU’s appraisal in *Google France* was expected to bring clarification on the issue. Specifically, the CJEU was asked whether the paid referencing service, Adwords offered by Google could be regarded as a hosting activity under Art.14. This service basically enabled users to purchase keywords provided by the system and these keywords are displayed in the results in response to an appropriate search query. Therefore, this service covers various activities as ‘*the automated generation of suggested keywords; the commercial communication and site links prepared by the advertiser for storage by Google, and the subsequent display of the advert in response to the search query, which involves a transmission of data*’.²⁴³

The AG, in his assessment, agreed with the idea that the liability rules should be assessed considering the specific activity at issue since the intermediaries’ activities would rarely appear as merely technical.²⁴⁴ In that sense, he stated that Adwords nominally meets the standard of ‘*consists of the storage of information provided by a recipient of the service*’ of Art.14.²⁴⁵ Nevertheless, he eventually concluded that advertising activity involved in Adwords system did not qualify under the conditions of being a hosting activity on the ground that this service ‘*is no longer a neutral information vehicle: Google has a direct interest in internet users clicking on the ads’ links...*’.²⁴⁶

The CJEU, however, left these assessments to national courts to make but provided the following test for the assessment of intermediaries’ involvement: ‘*whether the role played by that service provider is neutral, in the sense that its conduct is merely technical,*

²⁴¹ I ZR 304/01, 11 March 2004 (*Internet- Versteigerung I*) (Ger), 2006 E.C.C. 9, [2005] E.T.M.R 25 (Eng).

²⁴² Rühmkorf, ‘The Liability of Online Auction Portals: Toward a Uniform Approach’ (2010); Van Eecke, ‘Online Service Providers and Liability: A Plea for a Balanced Approach’, (2011), 1470.

²⁴³ Walden, ‘Mine host is searching for a ‘neutrality’ principle!’ (2010), 206.

²⁴⁴ Joined cases C-236/08 to C-236/10 *Google France* [2010] ECR I-02417, Opinion of AG Poiares Maduro, para 140.

²⁴⁵ Ibid, para 138.

²⁴⁶ Ibid, paras 144-146. The AG reached that conclusion by comparing two different elements performed by Google; search engine and paid referencing system, AdWords.

*automatic and passive, pointing to a lack of knowledge or control of the data which it stores.*²⁴⁷ It also underlined that keywords are content-neutral systems and they are lawful and legitimate as search engines.²⁴⁸

In that respect, the CJEU established the test for assessment of immunity but it failed to provide further clarification on how ‘consist of’ should be construed when an intermediary’s activity appears to be more than storage. As such, this question remains a boundary issue for Internet intermediaries. On the other hand, the AG’s opinion suggesting that the specific activity at issue should be considered in the examination of consist of appears sensible.

(2) Prerequisites of Hosting Exemption

Art.14 is where the debate is focused, not only because of the emergence of new technologies that mostly offer hosting services but also because of the existing ambiguities over the application of the requirements which have already resulted in the struggle to apply the rules to these complex technologies.

In short, Art.14 requires from the provider not to have an actual knowledge or awareness as to the illegal activity or information, or to act immediately to remove or disable access to information if it obtains such knowledge or awareness in order to qualify for the immunity. Hence, the immunity is possible on two grounds: 1) the hosting provider should not have knowledge or awareness as to the infringing content, 2) or even if it has it should act expeditiously and accordingly to remove or block access to the infringing content.

These requirements aim to distinguish actively involved hosting providers from others as the immunity is provided to intermediaries whose operations remain passive in the provision of the service. Art.14, however, establishes a different threshold for hosting providers than for operators of mere conduit or caching activities in order to be granted

²⁴⁷ Ibid, paras 109-120.

²⁴⁸ Joined cases C-236/08 to C-236/10 *Google France* [2010] ECR I-02417, para 110.

immunity. More precisely, subsection (b) stipulates that a hosting intermediary can benefit from immunity even if it obtains actual knowledge or awareness provided that it acts instantly to remove or disable the access to illegal activity or information. Considering hosting intermediaries' operations, permitting their involvement in their services to a certain degree does not mean giving them the opportunity to become actively involved in their users' activities. Rather, it gives them the ability to provide their services properly as the hosting intermediaries' way of working requires involvement to some extent. This is also why the knowledge threshold is determined as a requirement for immunity.

Nevertheless, application of these standards has appeared as an issue in terms of the exact boundaries of the requirements, especially the knowledge standard. As such, it has not been clearly determined by the legislators when the duty to act is triggered. Furthermore, assessing the knowledge of an intermediary is rather challenging given the Internet's infrastructure. These all put the Article at the centre of the doctrinal discussion. *L'Oréal v Ebay*²⁴⁹ was the first case the CJEU was confronted with on this matter. This case also has significance in the trade mark realm as it dealt with trade mark infringement.

This case was a referral from the English High Court. To recap the related facts of the case, L'Oréal as an owner of trade marks claimed Ebay's contributory liability for the infringements that its users committed by selling counterfeit products bearing the L'Oréal trade mark. It should be stated here that this was not the only question before the court. L'Oréal also claimed Ebay's primary liability from the selling of unauthorised L'Oréal products, selling of the products were not intended to sale in the EU and selling of the products did not have its packaging. Moreover, it was claimed that Ebay was also directly liable from the use of the keywords corresponding L'Oréal's trade marks in the listings of the infringing products as it enabled its users to optimise the presentation of their listings and to use such keywords. However, it was held that such use did not amount to a use within the meaning of the applicable Directives.²⁵⁰

²⁴⁹ Case C-324/09 *L'Oréal v Ebay* [2011] ECR I-06011.

²⁵⁰ Trade Mark Directive 89/104 and the Trade Mark Regulation 40/94. For the analysis of the CJEU, *See Ibid*, paras 98-105.

With regard to the application of the requirements of Art.14, the High Court referred the following questions to the CJEU for further guidance: Does the service provided by an operator of an online marketplace fall within the meaning of *hosting*, and, if so, under what circumstances can an online marketplace be regarded as having an *awareness* of the illegality?²⁵¹

For the first part of the referred question, the CJEU held that online auction providers are ISSPs under Art.2(a) of the ECD and therefore are in the scope of the Directive. In assessing whether Ebay was hosting provider, however, the Court stated that Ebay's service '*includes the storage of information transmitted to it by its customer-sellers is not in itself a sufficient ground for concluding that that service falls, in all situations, within the scope of Article 14(1) of Directive 2000/31*'.²⁵² It was further stated that a hosting intermediary cannot benefit from the immunity provided in Art.14, where this intermediary '*instead of confining itself to providing that service neutrally by a merely technical and automatic processing of the data provided by its customers, plays an active role of such a kind as to give it knowledge of, or control over, those data*'.²⁵³ Reading in reverse, the CJEU indicates that a hosting intermediary qualifies for the immunity provided in Art.14 if it does not play an active role which would give the control of the data stored or result in having knowledge. After underlining that, the Court stated that the assessment of whether the intermediary in question plays such an active or passive role in relation to the service at stake is left for the national courts to undertake.²⁵⁴ Specifically, on the case, the CJEU pointed out that the English Court should consider every different service of Ebay separately (ie providing a platform for sales on its server and providing assistance in the promotion of offers with sponsored links) in applying the above test.

²⁵¹ Those questions were specified as follows in the judgment: '*(a) does such use consist of or include the storage of information provided by a recipient of the service" within the meaning of Art.14(1) of the E-Commerce Directive? (b) if the use does not consist exclusively of activities falling within the scope of Art.14(1) of the E-Commerce Directive, but includes such activities, is the operator of the online marketplace exempted from liability to the extent that the use consists of such activities and if so may damages or other financial remedies be granted in respect of such use to the extent that it is not exempted from liability? (c) in circumstances where the operator of the online marketplace has knowledge that goods have been advertised, offered for sale and sold on its website in infringement of registered trade marks, and that infringements of such registered trade marks are likely to continue to occur through the advertisement, offer for sale and sale of the same or similar goods by the same or different users of the website, does this constitute "actual knowledge" or "awareness" within the meaning of Art.14(1) of the E-Commerce Directive?*'.

²⁵² Case C-324/09 *L'Oréal v Ebay* [2011] ECR I-06011, paras 109-117.

²⁵³ *Ibid*, para 113.

²⁵⁴ *Ibid*, para 117.

In the light of this, attention should be paid to the rather new test stated in this case. This, however should be assessed together with the CJEU's previous holding in *Google France*²⁵⁵ as this was the case where the Court firstly set out the applicable test which was basis on the neutrality of an intermediary.

In *L'Oréal v Ebay*, the CJEU did not discuss the neutrality standard as applied in *Google France*. However, the AG Jääskinen discussed the neutrality test in his opinion in *L'Oréal v Ebay*. Accordingly, he refused to apply this standard by arguing that it would not be quite the right test for the hosting intermediaries given that hosting intermediaries would almost necessarily have some degree of involvement in the provision of their services.²⁵⁶ As such, according to the AG, expecting the hosting intermediary to be neutral would not be realistic in practice given their way of working. The AG astutely pinpointed the wording of the Recital 42 as the basis of the problem. In its opinion, he stated that the neutral role of the intermediary specified in Recital 42 should be understood as covering only mere conduit and caching services but not hosting services. Indeed, as previously stated, Art.14 permits a hosting provider to be more actively involved to be exempted from liability if it acts under its duty to remove the illegal content after obtaining the actual knowledge or awareness. This arguably justifies the opinion of the AG presented in *L'Oréal v Ebay*. Unfortunately, the CJEU in *L'Oréal v Ebay* did not discuss the neutrality standard it set out in *Google France*. In that respect, this new additional standard of an active role, as was plausibly stated by Van Eecke,²⁵⁷ can be considered as the conversion of the neutrality standard into the knowledge standard. Therefore, it can be concluded that the neutrality of the hosting service providers should not be understood and interpreted as being completely passive in performing the services provided.

Along with this test, the CJEU also examined the requirements of actual knowledge and awareness. However, before providing its appraisal on that matter, one point should be clarified. Art.14(1)(a) states '*the provider does not have actual knowledge of illegal*

²⁵⁵ Joined cases C-236/08 to C-236/10 *Google France* [2010] ECR I-02417, Opinion of AG Poiares Maduro, para 146.

²⁵⁶ '*For example, when offering a website on which users can upload and store their personal photos or videos, the website operator must make available some tools to allow users to upload, categorize and display the information.*' (Van Eecke, 'Online Service Providers and Liability: A Plea for a Balanced Approach' (2011),1483.)

²⁵⁷ *Ibid*, 1483.

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'. The Article clearly mentions both actual knowledge and awareness as a required knowledge standard. However, actual knowledge and awareness indicates a different level of understanding. Yet, the Directive does not provide the required clarification about which is the appropriate test for which type of liability. Therefore, light should be cast on the issue. It appears from its wording that awareness would be the appropriate level of knowledge for civil liability whereas actual knowledge appears appropriate for criminal liability. Indeed, even though the ECD provides rules for monetary relief for both civil and criminal liability of the intermediaries, the wording of the Art.14(1)(a) suggests that, regarding claims for damages, awareness is the appropriate test to be applied.²⁵⁸ In fact, this was confirmed by the CJEU in *L'Oréal v Ebay* as the Court considered the awareness as threshold.²⁵⁹ Therefore, for civil liability the knowledge standard is established at a lower standard: awareness. Thus, for trade mark issues, awareness is the required level of knowledge for an intermediary to act in order to benefit from immunity unless it amounts to a criminal activity. The application of the awareness standard is therefore significant for the intermediaries in practice. This is because it specifies the time that an intermediary would be under a duty to act. After obtaining awareness, an intermediary would be under a duty to act expeditiously. An intermediary may immediately takedown the content which it is alleged to be infringing even if it is not convinced of the infringing nature of the content. Otherwise, it may lose the immunity if the claim is valid. Obtaining awareness is thus key for the immunity, but how should it be assessed?

The awareness standard is mostly used interchangeably with constructive knowledge in the doctrine. Briefly, constructive knowledge is a tort law criterion for the assessment of negligence in a fault liability. The question of whether the defendant obtains constructive knowledge mainly depends upon the 'reasonable person' test, although the underlying principles of tort law are fragmented amongst national laws of the MSs. This test basically

²⁵⁸ This was also explained in the Explanatory Memorandum to the Proposal for a European Parliament and Council Directive on certain legal aspects of electronic commerce in the internal market COM (1998) 586 final, 18 November 1998. (*The exemption from liability, as regards claims for damages, cannot be granted if the service provider is aware of facts and circumstances from which the illegal activity is apparent.*). See also Peguera, 'The DMCA Safe Harbours and their European Counterparts: A Comparative Analysis of some Common Problems' (2009), 488. (*The E-Commerce Directive, however, exempts providers from both civil and criminal liability, and sets forth two different knowledge requirements, one applicable to the criminal liability and the other to claims for damages.*).

²⁵⁹ Case C-324/09 *L'Oréal v Ebay* [2011] ECR I-06011, para 119.

asks the question: What would a reasonable person of ordinary prudence have done under the same or similar circumstances?²⁶⁰ However, it should be borne in mind that, this test was traditionally established in tort law for wrongdoings occurring in the offline world, thus it might not necessarily provide answers for infringing activities committed online.

At EU level, the CJEU fortunately offered guidance in *L'Oréal v Ebay* for the assessment of awareness. It was held that the question as to whether the intermediary is aware of facts or circumstances from which the illegal activity or information is apparent should be evaluated on the basis of '*a diligent economic operator should have identified the illegality in question and acted in accordance with Article 14 (1) (b)...*'²⁶¹ with respect to '*every situation in which the provider concerned becomes aware, in one way or another, of such facts or circumstances*'²⁶². Along with this test, the CJEU indicated some circumstances that should be considered when applying it. These situations were stated as covering those '*in which the operator of an online marketplace uncovers, as the result of an investigation undertaken on its own initiative, an illegal activity or illegal information, as well as a situation in which the operator is notified of the existence of such an activity or such information*'.²⁶³ For the second part of the sentence, more explanation was provided. It was stated that the notification element should be taken into consideration by the courts in the assessment of the possession of awareness. However, it was noted that the notification does not necessarily mean that the intermediary is automatically precluded from immunity as it can be '*insufficiently precise or inadequately substantiated*'.²⁶⁴ Therefore, as Angelopoulos²⁶⁵ observes, the CJEU seemed to refuse to apply the strict interpretation of the awareness standard which suggests that the required level of knowledge can only be possessed through a court order.²⁶⁶ This also underlines the necessity of having a clearly and exclusively established

²⁶⁰ Beatrice Martinet Ferano, 'Internet Intermediaries' Liability for Copyright and Trademark Infringement: Reconciling the EU and US Approaches' (2012) TTLF Working Paper No:14, 45.

²⁶¹ Case C-324/09 *L'Oréal v Ebay* [2011] ECR I-06011, para 120.

²⁶² *Ibid*, para 121.

²⁶³ *Ibid*, para 122.

²⁶⁴ *Ibid*.

²⁶⁵ Angelopoulos, 'European Intermediary Liability in Copyright: A Tort- Based Analysis' (2016), 52-54.

²⁶⁶ In the doctrine, '*there are three interpretations that are given on how actual knowledge can be obtained: 1. An intermediary can only obtain actual knowledge through a court order; 2. An intermediary can only obtain actual knowledge through a notice (ranging from an 'informal' notice from a user, such as a red flag under a video, to a court order); 3. An intermediary can obtain knowledge even in the absence of a notice if it, for instance, has a "general awareness" that its site hosts illegal information.*' See Commission Staff Working Document, Online Services, Including e- Commerce, in the Single Market Accompanying the

notice system perhaps as established in the US's DMCA. However, this will be examined later.

Ultimately, it can be said that, despite the further guidance provided on the awareness standard in this case, the judgment still appears to have failed to offer the required uniformity for the MSs as to the application of the standard. The diligent economic operator standard in fact remains open to the different interpretations since the test appears to amount to the reasonable person test which most likely evolved differently in the national tort laws of the MSs. This may lead to fragmented applications in defining the notion of the diligence within the different MSs.²⁶⁷ Moreover, the CJEU's acceptance of the intermediaries' own investigation pertaining to illegal material may also result in unharmonious applications. Permitting their own investigations could also legitimise intermediaries' discretionary power. This might also result in unpredictable and different applications and jeopardise the fair balance between the fundamental rights.

Besides, how can an awareness be assessed when the infringing activity gives rise to a trade mark infringement? Furthermore, how can the diligent economic operator standard be applied to trade marks? Taking Ebay and counterfeit selling on this platform as an example, application of the diligent economic operator standard appears to be somewhat deficient for assessing Ebay's awareness. This is because the identification of a counterfeit good requires some level of expertise as to the brand. Indeed, unless the users choose the words which expressly explains the counterfeit nature of the good such as replica or unless the infringing nature is obvious, it would be very challenging for Ebay to identify the goods' genuineness since it does not have the expertise to make this assessment, nor does it have the physical possession. In those, circumstances how much diligence should be expected from Ebay? Thus, what should be understood by diligent economic operator requires further guidance from the Court with respect to trade marks.

Even if the uniform application of the awareness standard occurs, the Article remains unclear as to the second requirement. As stated Art.14(1)(b) requires the intermediary to

document Communication on 'A coherent framework to boost confidence in the Digital Single Market of e-commerce and other online services' SEC (2011) 1641 final, p 33.

²⁶⁷ Synodinou states that the not having a uniform understanding of the term diligence would most likely bring non-harmonised interpretations within the EU. Synodinou, 'Intermediaries Liability for Online Copyright Infringement in the EU: Evolutions and Confusions' (2015), 66.

act instantly to eliminate the illegality of the content as soon as it obtains the awareness of this illegality in order to qualify for immunity from liability. This requirement is also stated for caching activities of service providers under Art. 13(1)(e),²⁶⁸ but this must be distinguished from the act of take down required within Art.14. The difference lies at the time of the take down obligation. A caching intermediary takes down a material which is already removed from its original source whereas hosting intermediaries removes the content which is available in its platform. Nevertheless, neither Art.13, nor Art.14 provides further understanding on the application of this notice or NTD system in general. Moreover, with Recital 46, the principles and requirements for the application of the NTD system are left to the MSs to establish²⁶⁹ without providing any guidance on the significant elements of the system such as the conditions and time frame.²⁷⁰ It is only stated that the fundamental rights at stake should be considered in the application. In that regard, the divergent approaches amongst the MSs are not only unavoidable but also a significant obstacle for the DSM.

Moreover, delineation of expeditiousness would also be significant for trade marks when an intermediary receives a notice for the infringing content and it appears that the trade mark specific consideration is required. This is because expeditiousness is not only related to the harmonisation issue, but also pertinent to the protection of the fundamental rights. If a reasonable time is not given to an intermediary to act, under the pressure of losing its immunity the intermediary would most likely act immediately without assessing the genuineness of the notice or the infringing nature of the content. If the content taken down is not infringing, then liability for such false takedown would give rise to intermediaries' liability as well as a violation on the right to freedom of information of content provider. Thus, defining the time by means of expeditiousness would mean

²⁶⁸ It is required to act 'upon obtaining actual knowledge of the fact that the information at the initial source of the transmission has been removed from the network, or access to it has been disabled, or that a court or an administrative authority has ordered such removal or disablement'.

²⁶⁹ Recital 40 '...this Directive should constitute the appropriate basis for the development of rapid and reliable procedures for removing and disabling access to illegal information; such mechanisms could be developed on the basis of voluntary agreements between all parties concerned and should be encouraged by Member States; it is in the interest of all parties involved in the provision of information society services to adopt and implement such procedures... '.

²⁷⁰ Those existing issues are stated as following in the Commission Staff Working Paper: 'the requirements for notice; the possibility of a defence for providers of information; the timeframe; liability for providing wrongful notices or for taking down or blocking legal content; private operators assessing the legality of information ;the need for NTD procedures to complement other policies'. See Commission Staff Working Paper on 'Online Services, Including E-Commerce, in the Single Market' SEC (2011) 1641 final, p 43-46.

further harmonisation as well as further protection of rights online. Yet, for trade marks this would be done by paying specific attention to the occurrence and the specifics of the trade marks as the identification of a trade mark infringement requires expertise to some extent.

3. Article 15: The Prohibition of General Monitoring Obligation

Last but not least, the ECD with Art.15 sets an important general principle applicable to the immunity regime. According to this Article, MSs are explicitly prohibited from *‘impos[ing] a general obligation on providers, when providing services covered by Articles 12, 13 and 14, to monitor the information which they transmit or store, nor a general obligation actively to seek facts or circumstances indicating illegal activity’*. Recital 47 further states *‘monitoring obligations in a specific case, and in particular ... the orders by national authorities in accordance with national legislation’* do not amount a general monitoring under Art.15. Hence, intermediaries can have monitoring obligations imposed on them concerning a specific case while general monitoring obligations are prohibited.

With respect to its wording, the Article seems straightforward. However, in practice, application of this Article appears challenging since the scope of this principle, especially the question of what exactly a specific monitoring obligation could be, is not explicitly addressed in the Directive. Indeed, the foremost issue underlying this provision is the vagueness of the terms general and specific monitoring.

For further clarification of ‘specific monitoring obligation’, the Explanatory Memorandum hardly sheds any light on the meaning of the term. It only states that the order issued by a court or law enforcement consisting of *‘monitor obligation of a specific site during a given period of time, in order to prevent or fighting specific illegal activity’*²⁷¹ would not prejudice Art.15. However, this attempt to provide further guidance remains hypothetical as the issue is case specific. Angelopoulos²⁷² exemplifies this with

²⁷¹ Explanatory Memorandum to the Proposal for a European Parliament and Council Directive on certain legal aspects of electronic commerce in the internal market COM (1998) 586 final, 30.

²⁷² Angelopoulos, ‘European Intermediary Liability in Copyright: A Tort- Based Analysis’ (2016), 67.

a potential scenario. She states that a monitoring obligation issued against a single suspected infringer of a blog would qualify the specific site notion whereas it would be difficult to say that it is a specific obligation when it is applied to an entire social networking site despite it being directed at that specific site. The framework of specific obligation therefore still requires further guidance. However, the explanation given in the Explanatory Memorandum can be construed together with the following suggestion given in the doctrine to provide a clarity to some extent: *‘[m]onitoring is ‘general’ when it is a systematic arrangement requiring random or universal inspection, rather than relating to individual notified instances...’*.²⁷³ Frosio,²⁷⁴ however suggests following test to be applied in distinguish the general monitoring obligation from a specific one: *‘(1) as an exception, specific monitoring obligations must be interpreted narrowly, (2) both the scope of the possible infringements and the amount of infringements that can be reasonably expected to be identified must be sufficiently narrow, and (3) it must be obvious which materials constitute an infringement.’*

On the other hand, implementation of Art.15 relating to future infringements is another challenging issue that arises from this Article. The CJEU also considered this matter in *L’Oréal v Ebay*. It must be noted that the CJEU in this case was asked to decide the issue regarding the injunction at stake and accordingly the application of Art.11 of the ED.²⁷⁵ Indeed, this Directive is directly related to the intermediary liability debate. As is stated, the ECD does not affect the implementation of the injunctions of different kinds that target the termination or prevention of any infringement.²⁷⁶ The ED applies for the enforcement of IP rights²⁷⁷ and provides a framework for the application of such injunctive reliefs undertaken by Internet intermediaries. Therefore, principles provided both in the ECD and ED should be considered and applied together in relation to IP rights which includes trade marks.

Reverting to *L’Oréal v Ebay*, the CJEU, on the question of the applicability of injunctions to prevent future infringements, held *‘[t]he measures required of the online service*

²⁷³ Ibid.

²⁷⁴ Giancarlo F. Frosio, ‘Reforming Intermediary Liability in the Platform Economy: A European Digital Single Market Strategy’ (2017) Northwestern University Law Review, 112:251 20-45, 40.

²⁷⁵ This directive is in application for the all intellectual property rights.

²⁷⁶ See Chapter 3.

²⁷⁷ With respect to the copyrights, however, the Infosoc Directive 2001/29 is applicable.

*provider concerned cannot consist in an active monitoring of all the data of each of its customers in order to prevent any future infringement of intellectual property rights via that provider's website.*²⁷⁸ With that decision, the implementation of the measures in preventing future infringements was held to be applicable without providing more guidance as to the framework of these measures.²⁷⁹ The scope of these measures was only confined within the conditions provided by the ED such as proportionality, fairness and affordability. Nevertheless, the precise borders of the general or specific monitoring still remain uncertain, even after the CJEU's appraisal on the matter. On the other hand, it should be pointed that this test heavily depends on the facts of the case. Yet, it can still be said that the domestic courts, at the very least, seem to have been given some guidance on the required principles of the general monitoring obligation and the question of what those measures should not consist of. However, conclusion should only be drawn after examining the ED.

Finally, Art.15(2) enables MSs to impose measures on intermediaries:

*"[to] promptly to inform the competent public authorities of alleged illegal activities undertaken or information provided by recipients of their service or obligations to communicate to the competent authorities, at their request, information enabling the identification of recipients of their service with whom they have strong agreements."*²⁸⁰

However, the CJEU's decision in *Promusicae v Telefónica*²⁸¹ confirmed that this cannot be interpreted as to '*require the Member States to lay down, in order to ensure effective protection of copyright, an obligation to communicate personal data in the context of civil proceedings*'.

B. The Enforcement Directive 2004/48 (ED)

²⁷⁸ Case C-324/09 *L'Oréal v Ebay* [2011] ECR I-06011, para 139.

²⁷⁹ For detailed analysis See Headdon 'Beyond Liability: on the availability and the scope of injunctions against online intermediaries after *L'oreal v Ebay*' (2012).

²⁸⁰ Brackets added.

²⁸¹ C-275/06 *Promusicae v Telefónica* [2008] ECR I-271, paras 58-59

The ED²⁸² aims to provide effective protection for IP rights other than copyright, as the InfoSoc Directive seeks to apply these rights.²⁸³ It therefore establishes a harmonised set of rules for the enforcement of these rights. Accordingly, it appears directly related to the intermediaries' liability regime. As stated, the ECD permits the imposition of injunction orders on intermediaries, regardless of the question of their liability, for the purpose of the termination or prevention of any infringement. The third sentence of Art.11 enables right holders '*to apply for an injunction against intermediaries whose services are used by a third party to infringe an intellectual property right*'. This has become one of the component elements of the intermediaries' debate.

The core rationale underlying such measures is the *best cost avoider* principle which stems from property law.²⁸⁴ This principle essentially means that '*the party that has or can develop measures to avoid the harm most cheaply*'²⁸⁵ is the one who should implement the measures.²⁸⁶ The intermediaries in that sense appear to be the best vehicles to prevent the infringements occurring in their services and accordingly they have become the subject of the injunctions. However, this is not the end of the issue. There exist potential negative outcomes of such measures on the intermediaries. An intermediary's operation may be put in jeopardy if the injunction imposes a heavy burden on the intermediary. More significantly, imposing the duty of implementing and applying an injunction on the intermediaries who are not the wrongdoer may harm the balance required between the parties whose rights are affected by this order.

Art.3(1) of the ED provides some rules to strike the correct balance in those cases. It states '*... those measures, procedures and remedies shall be fair and equitable and shall not be unnecessarily complicated or costly, or entail unreasonable time-limits or unwarranted*

²⁸² Council Directive 2004/48/EC of 29 April 2004 on the enforcement of intellectual property rights [2004] OJ L 195/16.

²⁸³ As noted above, there are other Directives that directly deal with the copyrights: InfoSoc Directive 2001/29.

²⁸⁴ Its objection and general principles *See* Martin Husovec 'Much Ado about Little- Privately Litigated Internet Disconnection Injunctions' (2015) *International Review of Intellectual Property and Competition Law* 46(1) 11-36; Folkert G Wilman 'A decade of private enforcement of intellectual property rights under IPR Enforcement Directive 2004/48: where do we stand (and where might we go)?' (2017) *European Law Review* 42(4) 509-531, 514.

²⁸⁵ Martin Husovec, 'Accountable, not Liable: Injunctions Against Intermediaries' (2016) *TILEC Discussion Paper No. 2016-012*, (Draft), 21. Available at <http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2773768>

²⁸⁶ Although different interpretations have been given in the doctrine. *See Ibid.*

delay'. Further, Art.3(2) says that those measures '*shall also be effective, proportionate and dissuasive and shall be applied in such a manner as to avoid the criterion of barrier to legitimate trade and to provide for safeguards as against their abuse*'. By virtue of this Article, then, the scope of the injunctions is limited by the principles of being fair, equitable, effective, proportionate, affordable and uncomplicated. However, where the application becomes uncertain is, despite the general principles provided in the Directive, in determination of the precise scope of the injunctions. This is because principles are provided as minimum standards and the specification of the conditions required as well as the assessment of these are left to the national courts of the MSs.²⁸⁷ Therefore, the evaluation of the CJEU becomes significant for clarification and harmonious applications at EU level.

As examined earlier, the CJEU's case law has mostly centred on copyright claims given that Art.8(3) of the InfoSoc Directive provides the same right²⁸⁸ for copyright owners. Moreover, as concluded in Chapter 2, copyright law appears particularly for trade mark through an analogical application. As such, those cases are of utmost importance. However, as they were examined thoroughly in Chapter 2, they will not be examined in here. The examination will be limited to cases that deal with trade marks and the ED in general.

In *L'Oréal v Ebay*, the CJEU assessed injunctive relief for trade mark infringement. For the principles to be applied to the injunctions, the Court restated the fact that the injunction orders must be fair and proportionate and not be excessively costly.²⁸⁹ It was further stated that this kind of order should not create barriers to legitimate trade and so '*cannot have as its object or effect a general and permanent prohibition on the selling, on that marketplace, of goods bearing those trade marks*'.²⁹⁰ Finally, the fundamental rights were stated as the limitation of the applicability of the injunctions since the order must strike a fair balance between the competing interests of the subjects who are affected by such measures. It can therefore be stated that the CJEU did not actually provide further

²⁸⁷ The ED 2004/48, recital 23; the InfoSoc Directive 2001/29, recital 59.

²⁸⁸ Except, this Article does not explicitly include the interlocutory injunctions while the ECD does include this. However, this does not affect the general principle that enables the right owners to request the injunctions against the third parties. See Matthias Leistner, 'Structural Aspect of Secondary (Provider) Liability in Europe' (2014) *Journal of Intellectual Property Law & Practice* 9 (1) 75-90, 76.

²⁸⁹ Case C-324/09 *L'Oréal v Ebay* [2011] ECR I-06011, paras 136-139.

²⁹⁰ *Ibid*, para 140.

understanding on the application of the principles to be applied to the injunctions. The principles given in the ED and ECD were restated.

There exists another CJEU case which dealt with an injunction order granted against an intermediary for trade mark infringement: *Tommy Hilfiger Licensing LLC and Others v Delta Center AS*.²⁹¹ However, this case was different to previous cases examined by the CJEU under the ED because in this case the injunction was not granted against an online intermediary. The operator of a physical marketplace was the subject of an injunction. The question before the CJEU was whether an operator of a physical marketplace can qualify as an intermediary under the third sentence of Art.11 ED. This is because in the national proceedings the plaintiffs who were the brand owners and manufacturers started a proceeding against a tenant of a marketplace who sublets the stalls where the counterfeit items were sold. Accordingly, they applied for an injunction order involving the termination of the rental contract.²⁹²

In the light of its previous decisions, especially *L'Oréal v Ebay*, the CJEU decided '*an operator which provides to third parties a service relating to the letting or subletting of pitches in a marketplace*' must be regarded as an intermediary within the meaning of the ED.²⁹³ The Court further stated:

*"[t]he fact that the provision of sales points concerns an online marketplace or a physical marketplace such as market halls is irrelevant in that connection. It is not apparent from Directive 2004/48 that the scope of the directive is limited to electronic commerce."*²⁹⁴

This case was thus the first CJEU case to apply the rules of the immunity regime to an offline context by way of an analogy, not the other way around as it has been done constantly. However, its' significance within the injunction regime appears to be greater than that. The delineation of what type of injunctions can be imposed in the offline context is now with the national courts and this assessment is bound by the ED, ie the rules established for the online world. It is evident that the capabilities and facilities of online intermediaries differ from the capabilities of landlords in terms of injunctions. In that respect, the extent of which type of injunctions that a landlord could be subjected to is a

²⁹¹ Case C- 494/15 *Tommy Hilfiger Licensing LLC and Others v Delta Center A.S.* (7 July 2016).

²⁹² *Ibid*, paras 12-14.

²⁹³ *Ibid*.

²⁹⁴ *Ibid*, para 29.

question that needs to be answered and unfortunately the CJEU did not provide clarification on this matter in its decision.²⁹⁵ This lack of clarity would therefore be another issue for the injunction regime in general. The impacts of the case on the injunctions regime thus remain to be seen.

Turning to online issues, as aforementioned, the CJEU's case on trade mark law appears to have focused on the question of an imposition of injunctions with respect to future infringements. In *L'Oréal v Ebay*,²⁹⁶ the Court was asked whether an injunction order requiring online marketplaces to take measures to prevent future infringements is applicable under Art.11 of ED and if so what those measures would be.²⁹⁷ In that regard, the CJEU firstly distinguished the wording of the injunction as used in the third and first sentence²⁹⁸ of Art.11. It was held that the term injunction in the third sentence could not be equated with the first sentence's wording: '*injunction aimed at prohibiting the continuation of the infringement*'.²⁹⁹ Given that the third sentence did not mention such continuing infringements, it was then held that there was nothing to prevent the courts from applying the injunction to future infringements. It was further stated that the implementation of such measures would be consistent with both the objective of the ED which is the effective protection of IP rights, and Art.18 of the ECD which requires '*Member States to ensure that court actions available under their national law concerning information society services' activities allow for the rapid adoption of measures designed to terminate any alleged infringement and to prevent any further impairment of the interests involved*'.³⁰⁰

However, the court failed to discuss the one of the most important question of whether the hosting provider is under the duty to prevent similar infringements occurring in the future if it obtains the knowledge on the same specific infringement, although this matter was considered by the AG in its opinion. The AG stated in his opinion that if an

²⁹⁵ See for the detailed analysis on the judgment Markus Hetch and Birgit Clark, 'Landlord liability for IP infringements: CJEU holds that operators of physical marketplace are intermediaries under the Enforcement Directive in Tommy Hilfiger (C-494/15)' (2016) European Intellectual Property Review 38(11) 703-707, 705-707.

²⁹⁶ Case C-324/09 *L'Oréal v Ebay* [2011] ECR I-06011.

²⁹⁷ Ibid, para 125.

²⁹⁸ '*Member States shall ensure that, where a judicial decision is taken finding an infringement of an intellectual property right, the judicial authorities may issue against the infringer an injunction aimed at prohibiting the continuation of the infringement*'.

²⁹⁹ Case C-324/09 *L'Oréal v Ebay* [2011] ECR I-06011, paras 128-130.

³⁰⁰ Ibid, paras 131-132.

intermediary can be imposed a duty to apply and injunction in order to prevent the continuation of a specific act of infringement, then it can also be required to implement a measure to prevent of repetition of the same or a similar infringement in the future, yet the certainty on the scope of such measures should be provided.³⁰¹ In that respect, he argued that the test of ‘double requirement of identity’ can be the appropriate limit for this scope.³⁰² According to this, infringements of the same right committed by the same person would satisfy the double requirement of identity and an intermediary would be under a duty to prevent such infringements.³⁰³ Even though the CJEU did not discuss this matter, as Van-Eecke³⁰⁴ astutely stated, the principles given by it appear to limit the application of such injunctions to very specific situations as in the cases that the AG considered in his opinion

At this point, it must be noted that, the doctrinal debate on the injunctions against future infringements overlaps to a great extent the German doctrine of *Störerhaftung* (interferer liability). Briefly, this doctrine establishes that injunctive relief can be imposed on any person who wilfully contributes to direct infringement, regardless of their immunity from liability,³⁰⁵ if the reasonable duty of care in preventing such direct infringement is violated. This property law based principle became significant for the intermediaries’ liability regime, not only for the German law, but also for the EU law when three renowned German cases, known as the *Internet Auction* cases,³⁰⁶ applied the doctrine in the context of the Internet. Indeed, as it will be examined later, Arnold J, in the domestic proceeding of the *L’Oréal v Ebay*³⁰⁷ expressed his support for this doctrine. Although these cases are to be examined later, it can be stated that the German Court affirmed the application of this type of injunctive relief in the online context against third parties regardless of their knowledge on the issue but depending upon the violation of the reasonable duty of care and covering future infringements. However, it must be borne in

³⁰¹ Case C-324/09 *L’Oréal v Ebay* [2011] ECR I-06011, opinion of AG Jääskinen, para 181.

³⁰² *Ibid.*, para 182.

³⁰³ *Ibid.*

³⁰⁴ Van-Eecke, ‘Online Service Providers and Liability: A Plea for a Balanced Approach’ (2011), 1478.

³⁰⁵ As it was stated that the application of the injunctive relief does not prejudice to the Art.14(1) in the existence of the Art.14(3).

³⁰⁶ Case I ZR 304/01 *Internet Auction I*, Bundesgerichtshof, March 11, 2004; Case I ZR 35/04 *Internet Auction II*, Bundesgerichtshof, April 19, 2007; Case I ZR 73/05 *Internet Auction III*, Bundesgerichtshof, April 30, 2008.

³⁰⁷ *L’Oréal SA v Ebay International AG*, [2009] EWCH 1094, [2009] R.P.C. 21, [456]-[464].

mind that this doctrine does not cover claims for damages it only provides injunctive relief.

Overall, the examination undertaken above proves one significant point; how germane the injunction regime is actually to the liability regime of the EU.

III. CONCLUSION

The analysis in this Chapter was undertaken in pursuit of an answer to the question: *‘Is the EU law’s immunity regime the appropriate approach to deal with online infringements and establish a contributory trade mark liability regime online? More importantly, does this regime have the answers to the challenges that the Internet brings or may bring in the future?’*

The analysis given here does not provide a comprehensive answer to the first question since the issue of liability is for the national courts to assess. Thus, the implementation of these rules within MSs should be examined for the complete answer. In a similar sense, establishing the law of online contributory trade mark liability would not be possible without examining domestic applications. On these grounds, the answers depend on the examination undertaken within the next chapter. Nevertheless, this does not mean that the general framework of liability cannot be determined at EU level.

On EU law in general, some points can and should be made under the appraisal undertaken in this chapter. First and foremost, the immunity regime considers the nature and the way of working of intermediaries and so establishes the rules by taking into consideration the type of intermediary, although it does not adopt a right-specific approach. Moreover, in establishing the immunity regime it provides harmonisation despite the chapter eventually concluding that the harmonisation remains very limited.

The first thing that can be pointed out in this regard is the scope of the notion of an intermediary. Although the ECD falls short in dealing with Web 2.0 technologies, as it was enacted before those technologies emerged, the CJEU’s elaboration provides assistance. It was decided that most of these technologies such as online web auction sites, social networking platforms and Adwords are within the meaning of intermediary. This

demonstrates that the rules are still working satisfactorily in assessing the applicability of new technologies to some extent.

In addition, the ECD provides some general rules regarding the safe harbour principles which can provide uniformity. Although the controversy still continues on the application of Art.14, case law provides some insight on that matter. In *L'Oréal v Ebay*, the Court clarified that awareness is the appropriate level of knowledge required for civil law matters and provided some insight into the assessment of this requirement by stating the circumstances that cover the diligent economic operator standard. Furthermore, it stipulated the test for the assessment of the required passivity level of the hosting intermediary as whether a hosting intermediary '*plays and active role of such a kind as to give it knowledge of, or control over*'³⁰⁸ the data provided by its customers.

Another principle that serves the purpose of harmonisation is Art.15 of the ECD which prohibits MSs from imposing a general obligation on providers but excludes the obligations of a specific nature. However, this Article again appears as a boundary issue for the EU liability regime, since the notion of specific remains hypothetical in the absence of further explanation by the Directive and CJEU. With respect to this principle, its application to future infringements is another issue related to the EU liability regime. Although the CJEU provided insight to some extent in *L'Oréal v Ebay*, its guidance did not go beyond stating that the measures can be applied to prevent future infringements provided that those measures comply with the conditions provided by the ED.

In relation to this, injunctions are another general principle that should be stated under the EU liability regime. The ECD states the general principle that injunctions can be applied against intermediaries to prevent infringement. Accordingly, the ED creates uniform sets of rules for the enforcement of IP rights and enables right holders '*to apply for an injunction against intermediaries whose services are used by a third party to infringe*' IP rights in the third sentence of Art.11. According to this, the injunctions should be proportionate, effective, equitable, fair, affordable and uncomplicated, yet not limited to these principles. Despite that, providing uniformity for injunctive reliefs appears challenging because the conditions and the procedures of the injunctions are ultimately left to the MSs to decide. Accordingly, the framework of injunctions can be differently

³⁰⁸ Case C-324/09 *L'Oréal v Ebay* [2011] ECR I-06011, para 113.

shaped in practice as long as they respect the minimum standards established by the CJEU. Indeed, as aforementioned Austrian law permits the courts to grant a generic order³⁰⁹ while this may not be permitted in another MSs.

To conclude, despite the immunity regime provides some uniform rules for the liability regime, harmonisation appears limited. What seems to be lacking in that regard is further insight given by either EU legislator or the CJEU. They both appear to establish general principles as to the application of the rules, but those principles lack practicality as the national courts have not been guided on the exact boundaries of these principles and how they should apply. This is an issue with respect to trade marks as well. As demonstrated, the application of the principles requires trade mark specific consideration for more certain and effective application. However, the EU case law dealing with contributory liability is very limited. In that sense, determining the current law of online contributory trade mark liability does not go beyond stating the general EU immunity regime. This also requires examination of the national applications.

³⁰⁹ **Case** C-314/12 *UPC Telekabel* (27 March 2014).

CHAPTER 4: ASSESSING THE NATIONAL LAWS OF ENGLAND AND GERMANY: HOW IS THE IMMUNITY REGIME IMPLEMENTED AND HOW IS CONTRIBUTORY LIABILITY APPLIED?

I.	OVERVIEW	97
II.	ENGLAND	98
A.	Contributory Liability (Accessory Liability).....	98
B.	The Doctrine of Joint Tortfeasance.....	100
1.	Procurement	101
2.	Combination.....	103
3.	Authorisation.....	104
C.	Joint Tortfeasance and the Accessorial Liability of Criminal Law.....	105
D.	Implementation of Joint Tortfeasance Doctrine in the Online Context	108
E.	Discussion.....	123
III.	GERMANY	125
A.	Contributory Liability.....	125
B.	Störerhaftung and Intermediaries' Liability	129
1.	The Internet Auction cases	129
2.	A Reasonable Duty to Investigate: Has the Scope of Reasonableness Been Clearly Specified?.....	132
C.	Discussion.....	136
IV.	CONCLUSION	137

I. OVERVIEW

The previous chapter concluded that assessing only the immunity regime would not be sufficient to determine the current law of online contributory liability, nor would it provide an answer to the question whether the approach undertaken within the EU is appropriate in dealing with the challenges that arise online. This is because the immunity regime is provided as an additional shield for intermediaries. Henceforth, not qualifying for the immunity would only mean the loss of this additional protection for an intermediary. It would not necessarily mean that the intermediary is liable. As a consequence, intermediary's liability issue becomes subject to the laws of the MSs governing the matter which is mainly tort law. Therefore, it would not be wrong to state that the issue of contributory liability within the EU ultimately depends on each MS's

governing law. Indeed, in *L'Oréal v Ebay*,³¹⁰ the issue was regarded as '*a matter of national law*' by the CJEU.

In that sense, the EU's liability regime appears to be similar to US law where it is the domestic tort law rules that govern the liability. However, in the EU, the courts are also bound to apply the immunity rules and the principles established under the EU *acquis*. Therefore, the chapter needs to answer the following questions: '*How is the immunity regime applied at the national level?*' and '*To what extent do these applications contribute to the harmonisation?*'. In pursuit of answers, the development of contributory trade mark liability in the chosen MSs will be assessed. Then it will be demonstrated how those rules applied to the online context together with the safe harbour rules. The assessment will be limited to the domestic laws of England and Germany since they represent the two major legal traditions -respectively common law and civil law- and have a great impact on the law of the other MSs.³¹¹ The first to be examined is English law.

II. ENGLAND

A. Contributory Liability (Accessory Liability)

The term of accessorial liability is employed under English law to describe the circumstances when the liability of an accessory for a wrong committed by another arises.³¹² Accessorial liability stems from common law doctrine and was established in criminal law under the principle that the liability may be imposed on those who '*aid, abet, counsel or procure*'³¹³ to the primary offence committed by another. However, the doctrine is regarded as lacking clarity in criminal law and more importantly as being embryonic for civil law related issues, ie where the primary wrong is tort, breach of contract etc. This is because the principles have mostly been embodied under other forms

³¹⁰ Case C-324/09 *L'Oréal v Ebay* [2011] ECR I-06011, para 55

³¹¹ Cees Van Dam, *European Tort Law*, (2nd edn, Oxford University Press 2013), para 102-2.

³¹² In that sense, it corresponds the secondary liability terminology used in this work. But for the sake of the clarity of the work, it must be reminded that notion of the contributory liability in this work is referred for the circumstances dealing with the liability issue derives from the wrong committed by another as has been occurred in the trade mark cases.

³¹³ The Accessories and Abettor Act 1861, S.8.

of liability which may have different principles.³¹⁴ The liability that arises from third-party infringements concerning IP rights may best reflect this complexity since infringement of an IP right is a tort.³¹⁵ Lord Sumption explains this in the following way:

*“In both England and the United States, the principles have been worked out mainly in the context of allegations of accessory liability for the tortious infringement of intellectual property rights. There is, however, nothing in these principles which is peculiar to the infringement of intellectual property rights. These cases depend on ordinary principles of the tort.”*³¹⁶

Therefore, the tort law doctrine of joint tortfeasance³¹⁷ applies to IP rights under English law. However, one point must be made here. Although the doctrine of joint tortfeasance is equally applicable to copyright as well as other IP rights, there exist a doctrine of authorisation that has been the mainly applied principle in dealing with an infringement of copyright. This rule is statutorily provided. Section 16(2) of the Copyrights, Designs and Patents Act 1988 (CDPA) provides ‘(c)opyright in a work is infringed by a person who without the licence of the copyright owner does, or authorises another to do, any of the acts restricted by the copyright.’ Therefore, one who authorises another to infringe copyright will be liable for this infringement. The notion of authorisation and its implementation by the courts need to be examined in more detail. This will be done in the chapter where intermediaries’ liability is considered.³¹⁸ As stated the doctrine of authorisation is only provided for copyright matters.³¹⁹

The joint tortfeasance doctrine is therefore applied to trade mark infringements. This doctrine embraces some elements of accessorial liability. However, the implementation of the principles of accessorial liability developed under criminal law to civil law has

³¹⁴ Paul S. Davies ‘Accessory Liability: Protecting Intellectual Property Rights’ (2011) *Intellectual Property Quarterly* 4 390-409, 390.

³¹⁵ “*Infringement of a patent or copyright is a tort.*” *Credit Lyonnais Bank Nederland NV v Export Credits Guarantee Department* [1998] 1 Lloyd’s Rep 19 (CA), [44].

³¹⁶ *Fish & Fish Ltd. v Sea Shepherds UK* [2015] UKSC 10; [2015] A.C. 1229, [40].

³¹⁷ This doctrine applies unless there is specific statutory provision provided such as Patents Act 1977 S.60 (2) or S.10 (5) of Trade Marks Act 1994. Under these provisions, the secondary liability is established mainly depending upon the knowledge requirement.

³¹⁸ However, for detailed examination on authorisation *See* Sir Richard Arnold and Paul S. Davies ‘Accessory Liability for Intellectual Property Infringement: The Case of Authorisation’ (2017) *Law Quarterly Review* 133 (Jul) 442-468.

³¹⁹ However, Sir Richard Arnold and Paul S. Davies argue that there is nothing to prevent the application of the authorisation doctrine to the trade marks, designs and patent. Accordingly, they propose two options: either extending the authorisation applicable to all statutory IP rights, or removing authorisation from the copyright law. For comprehensive examination *See* *Ibid*.

been rejected by the courts. Yet, the applicability of these rules to IP matters has still been discussed in the doctrine. Hence, the accessorial liability as applied to criminal law should also be examined to provide a more comprehensive understanding of contributory trade mark liability in England. However, the joint tortfeasance doctrine shall be examined first.

B. The Doctrine of Joint Tortfeasance

Joint tortfeasance is described as the doctrine that ‘*holds parties liable for the same harm where they are linked to the tort complained of by the plaintiff*’ in the oft-cited article by Carty³²⁰. Joint tortfeasor is one of the subcategory of the concurrent tortfeasors other than the several concurrent tortfeasors which imposes a liability to persons whose separate tortious acts create a single damage.³²¹ This would follow that joint tortfeasance imposes liability on persons whose tortious acts are linked and result in the same single damage.³²² This stipulates that joint tortfeasors are liable as if a principal wrongdoer. Dietrich, however, underlines ‘*the fact that the joint tortfeasors are treated by the law as if they are principal tortfeasors does not alter the accessorial nature of the liability...*’ He adds ‘*the preferable approach is specifically to identify, where such case is the case, liability that is based on the involvement of an accessory in a principal tortfeasor’s wrong.*’³²³

Williams states that the following three circumstances give rise to the joint tortfeasance liability: ‘*(a) where one is the principal of or vicariously responsible for the other, or (b) where a duty imposed jointly upon them is not performed, or (c) where there is a concerted action between them to a common end.*’³²⁴

The first category amounts to vicarious liability, as it is embraced in the US, in which the liability depends on the relationship between the tortfeasors such as the agent/principal or employer/employee relationship. According to this doctrine, the employer is liable for

³²⁰ Hazel Carty ‘Joint tortfeasance and assistance liability’ (1999) legal studies 19 489-514, 490.

³²¹ Glanville L. Williams, *Joint Torts and Contributory Negligence* (Steven & Sons Limited London 1951), 1.

³²² *Clerk & Lindsell on Torts*, (21st ed. Sweet Maxwell 2014) 4.01-4.12, p. 295-302

³²³ Joachim Dietrich ‘Accessorial Liability in the Law of Torts’ (2011) 31 Legal Studies 231-258, 233-234.

³²⁴ Williams, *Joint Torts and Contributory Negligence*, 1.

the tort committed by his/her employee if this tortious act occurs within the course of the employment.³²⁵ The latter indicates the circumstances where the law imposes the duty on the parties. This type of liability is not pertinent to the research subject since English law does not impose any duty on intermediaries in that respect. Finally, the last category indicates the contributory liability which depends on the participation link between the parties and this is the legal ground to assess the intermediary's liability in the IP cases. By virtue of the case law, three participation links are identified by Carty as being main links for the imposition of the liability.³²⁶ These are procurement, authorisation and combination.³²⁷

1. Procurement

Procurement was defined by the House of Lords (HL)³²⁸ as amounting to an inducement, incitement or persuasion in *CBS Songs Ltd. v Amstrad Consumer Electronics Plc.*³²⁹ where copyright infringement was the issue before the Court. In this case, CBS as a copyright owner started the proceeding against Amstrad claiming that Amstrad authorised the infringements committed by its users and was joint infringer with these users. This was grounded on the fact that the hi-fi system manufactured and advertised by Amstrad allowed its users to record the content from pre-recorded cassettes on to blank tapes. Therefore, the fact that such system had a potential for infringing use by the users was the matter before the Court and the ground of the plaintiff's joint tortfeasors' liability claim.

For the authorisation requirement as provided within the CDPA, it was claimed that there was an authorisation by Amstrad as the advertisement for the hi-fi system encouraged the user to make the recording despite the fact that it might amount to copyright

³²⁵ For its application in US law See *Hard Rock Café Licensing Corp. v Concession Services Inc.*, 955 F.2d 1143 (7th Cir.1992). *AT&T v Winback and Conserve Program, Inc.*, 42 F.3d 1421, 63 USLW 2382 (3d Cir. 1994). *Procter & Gamble Co. v. Haugen*, 317 F.3d 1121 (10th Cir. 2003).

³²⁶ Carty 'Joint tortfeasance and assistance liability' (1999), 491.

³²⁷ Ibid. It should however be noted here that the participation links as identified by Carty are the most commonly used ones. But, not all the academics are agreed on them. McBride and Bagshaw consider the possibility of "ratification" as another participation link. McBride & Bagshaw, *Tort Law* (5th ed, Pearson 2015) 885.

³²⁸ It has been transferred to a new body 'Supreme Court' by 1 October 2009.

³²⁹ [1988] A.C. 1013, 1058. (*CBS v Amstrad*)

infringement.³³⁰ However, this claim was rejected by the HL.³³¹ Assessment then turned to the joint liability claim where the Lords examined the participation links.

Joint liability was claimed on the same ground, ie providing a hi-fi system which enabled users to record the content on to blank tape cassettes. Amstrad then asked the claim to be struck out and eventually had this argument accepted both at the Court of Appeal and HL. At the HL, Lord Templeman in his leading speech held that selling or advertising hi-fi technology to customers did not amount to a procurement to the possible infringement.³³² Having found no procurement, Lord Templeman relied on Buckley LJ's observation in *Belegging en Exploitiemaatschappij Lavender B.V. v Witten Industrial Diamonds Ltd*³³³ which stated '[f]acilitating the doing of an act is obviously different from procuring the doing of the act.' He concluded '[g]enerally speaking, inducement, incitement or persuasion to infringe must be by a defendant to an individual infringer and must identifiably procure a particular infringement in order to make the defendant liable as a joint infringer.'³³⁴ It was evident from the present case '[t]he purchaser will not make unlawful copies because he has been induced or incited or persuaded to do so by Amstrad. The purchaser will make unlawful copies for his own use because he chooses to do so'.³³⁵

This meant that mere assistance to a tort is insufficient to establish a participation link between the contributory tortfeasor and the tort committed. Accordingly, this does not give rise to joint tortfeasorship. This principle was later explicitly stated by Hobhouse LJ in *Credit Lyonnais Bank Nederland N.V. v Export Credit Guarantee Department (ECGD)*³³⁶ with the following words:

“...there is no second category (of aiding and abetting)³³⁷ in the law of tort. Mere assistance, even knowing assistance, does not suffice to make the ‘secondary’ party jointly liable as a joint tortfeasor with the primary party.”

³³⁰ ‘The advertisement boasted that the model “now features ‘hi-speed dubbing’ enabling you to make duplicate recordings from one cassette to another, record direct from any source and then make a copy and you can even make a copy of your favourite cassette.’ And asterisked footnote stated ‘The recording and playback of certain material may only be possible by permission. Please refer to the Copyright Act 1956, the Performers’ Protection Acts 1958-1972.’ *CB v Amstrad* [1988] A.C. 1013, 1051

³³¹ *Ibid*, 1045-1056.

³³² *Ibid*, 1058.

³³³ [1979] F.S.R. 59, para 65.

³³⁴ *CBS v Amstrad* [1988] A.C. 1013, 1058.

³³⁵ *Ibid*, 1058.

³³⁶ [1998] 1 Lloyd’s Rep 19, [46].

³³⁷ (Brackets inserted).

Hence, the application of the broader concept of assistance in criminal law is precluded by the authority.³³⁸ This is significant in terms of online infringements and intermediaries' liability issue as even knowing assistance has been held insufficient in establishing the participation link necessary for joint tortfeasance. This is because under this principle holding an intermediary jointly liable appears to be impossible for an intermediary such as Ebay. Nevertheless, this will be examined later.

2. Combination

In *The Koursk*,³³⁹ the combination element was held by the Court of Appeal as sufficient to establish the participation link and therefore for the imposition of joint liability when Scrutton LJ found the following observation as the most appropriate view on joint liability:

*"Persons are said to be joint tortfeasors when their respective shares in the commission of the tort are done in furtherance of a common design (...) but mere similarity of design on the part of independent actors, causing independent damage, is not enough; there must be concerted action to a common end."*³⁴⁰

Henceforth, holding a person liable as joint tortfeasor depends on finding that this person committed an infringement in concert with another pursuant to a common design in the infringement. Relying upon this, in *CBS v Amstrad*, a joint liability claim was also examined through the combination element. However, it was held that there was no common design, either.³⁴¹

Nevertheless, after *CBS v Amstrad*, Mustill LJ held in *Unilever Plc. v Gillette (UK) Ltd* that common design does not 'call for any finding that the secondary party has explicitly mapped out a plan with the primary offender. The tacit agreement will be sufficient.'³⁴²

³³⁸ It must be reminded that there were cases in which the accessory liability in civil law was examined in a similar way to the criminal law. For instance: *Petrie v Lamont* [1841] Car & M 93, 96 ('[a]ll persons in trespass who aid or counsel, direct, or join are joint trespassers.') It was stated by Davies that this approach has also been cited by leading practitioners in the cases. See Paul, S. Davies, *Accessory Liability* (Hart Publishing 2015) at fn.5

³³⁹ *The Itria v The Koursk* [1924] P.140.

³⁴⁰ *Ibid*, 156.

³⁴¹ *CBS v Amstrad* [1988] A.C. 1013, 1057.

³⁴² [1989] RPC 583 (CA), 594.

This appears to expand the boundaries of the common design test. In the Supreme Court case of *Fish & Fish v Sea Shepherd*³⁴³ this test was unanimously³⁴⁴ approved since it was held that the assistance pursuant to a common design ‘*must be material, but that means no more than that it must be more than de minimis*’.³⁴⁵ Moreover, it was underlined that the doctrine is ‘*so fact sensitive*’³⁴⁶ and depends heavily on the facts of the case. In that sense, establishing a common design link appears less challenging than before.

3. Authorisation

As stated, authorisation is a statutorily provided test for copyright. Davies and Arnold argue that there is no sound reason indicating that the core principles of accessory liability should apply differently as between different rights. Indeed, an authorisation also appears as a participation link in establishing liability under the doctrine of joint tortfeasor which applies to all statutory IP rights.³⁴⁷

It was described by Whitford J in *CBS Inc. v Ames Records & Tapes Ltd.*³⁴⁸:

“... [A]n authorisation can only come from somebody having or purporting to have authority and that an act is not authorised by somebody who merely enables or possibly assists or even encourages another to do that act, but does not purport to have any authority which he can grant to justify the doing of act.”

What was significant in this decision was that mere assistance was not held sufficient to prove an authorisation. A more positive role than the mere assistance was required. This was later approved in *CBS v Amstrad*³⁴⁹ by the HL although in this case authorisation was

³⁴³ [2015] UKSC 10.

³⁴⁴ Although the decision was held with majority (3 to 2), the dissenting judges did not raise any rejection on the stated legal test of joint liability.

³⁴⁵ *Fish & Fish v Sea Shepherd* [2015] UKSC 10, [49].

³⁴⁶ *Ibid.*, [56].

³⁴⁷ Sir Richard Arnold, Paul S. Davies ‘Accessory Liability for Intellectual Property Infringement: The Case of Authorisation’ (2017). Davies also underlined the fact that in another article ‘*authorisation was previously recognised by the common law as leading to a liability as a joint tortfeasor (Harris v James (1876) 45 L.J.Q.B 545)*’. Paul S Davies ‘Accessorial Liability for Assisting Torts’ (2011) *The Cambridge Law Journal* 70 353-380, 359.

³⁴⁸ [1982] Ch. 91, 106.

³⁴⁹ *CBS v Amstrad* [1988] A.C. 1013, 1054.

claimed under S.16(2) CDPA. Ultimately, the Court held that there was no authorisation by Amstrad to make the illegal recordings.

Although not much can be said with respect to trade mark as authorisation element is mainly examined in relation to copyrights, rejecting the application of mere assistance in establishing authorisation appears important for trade mark realm, as well. As it will be assessed later, the Courts have dealt with intermediaries' liability issue mainly under authorisation test, accordingly it would be assistive for trade mark liability regime of English law by means of analogy.

C. Joint Tortfeasance and the Accessorial Liability of Criminal Law

As demonstrated, under the joint tortfeasance doctrine of tort law, participation links are interpreted strictly, ie the mere assistance is held inadequate to establish procurement or authorisation. This is where the joint tortfeasance doctrine becomes removed from accessorial liability in criminal law. Despite the courts' rejection of the implementation of this test within the civil liability cases,³⁵⁰ the scope of accessory liability still appears pertinent to the joint tortfeasor liability.³⁵¹ Moreover, it is significant for the discourse on intermediary liability as this would also have a role in assessing intermediaries' liability as joint tortfeasor.

Accessorial liability in criminal law has a broader scope. Acts of assistance or facilitation are sufficient for criminal liability if it is proven that the accessory '*at least know[s] of*

³⁵⁰ It must be noted here that the Courts rejected to apply accessory liability within tort law, whereas it has been applied in equity. See *Royal Brunei Airlines Sdn Bhd v Tan* [1995] 2 A.C. 378; *Twinsectra Ltd v Yardley* [2002] UKHL 12; [2002] 2 A.C. 164.

³⁵¹ Application of the broader principles is also proposed in the literature by some academics. Such as: Williams, *Joint Torts and Contributory Negligence*, 1351, 11 ('In a criminal law a principal in the second degree shares the full guilt of the actual perpetrator of the crime, and is defined as anyone (other than the principal in the first degree) who, being a conspirator, is present at the time of the crime, or who (whether a conspirator or not) assists in its commission. It is submitted that a similar definition can be used to indicate a joint tortfeasor.'). Philip Sales 'The Tort of Conspiracy and Civil Secondary Liability' (1990) 49 Cambridge Law Journal 491-514, 509 ('Indeed, the existence of general principles of secondary liability on criminal offences on the basis of both procuring and assisting in the commission of such offences is itself a strong indication that there ought to be such principles in the civil law. The criminal rules govern secondary criminal liability in respect of acts to which civil liability often attaches.'). Dietrich 'Accessorial Liability in the Law of Torts' (2011) ('... the current tests for accessorial liability, in rejecting liability for 'mere' assistance, are too narrowly stated.'). Davies, *Accessory Liability* (2015).

the essential matters which constitute that offence'.³⁵² More precisely, accessory liability arises based on '*a widely-defined conduct element (assistance or facilitation) coupled with a narrow mental element (knowledge)*'³⁵³ whereas in tort law the mere assistance does not suffice for liability. Specific knowledge in the principal's act is required under the current case law. Yet, it is argued that the implementation of the criminal law approach to the tort context would ensure a better and more effective protection for the concerned rights, more precisely for IP rights.³⁵⁴ This is because in some cases '*[t]he distinction between procurement and assistance may be very fine*'³⁵⁵ or even '*so fine as to be non-existent*'³⁵⁶. It is also argued that the courts have neither explained the grounds for why criminal law and civil law principles should apply differently³⁵⁷ nor addressed the content of the question in those cases³⁵⁸.

However, this suggestion is rejected by some academics on the ground that this would bring uncertainty to the law and would even inhibit legitimate activities.³⁵⁹ Although the uncertainty claim is sound, this does not seem convincing not to implement the accessory liability rules in tort law. This is because certainty can be ensured by specifying the boundaries of the mental element as Davies suggested.³⁶⁰ Indeed, he astutely proposes

³⁵² [1995] 2 A.C. 378, 392. Brackets added.

³⁵³ Davies 'Accessorial Liability for Assisting Torts' (2011), 357. (Brackets added)

³⁵⁴ Ibid; Dietrich 'Accessorial Liability in the Law of Torts' (2011).

³⁵⁵ Davies, *Accessory Liability*, 199. He explains this with an example: '*The current unwillingness to recognise assistance liability, coupled with the continued acceptance of inducement liability, means that the difficult boundary between inducement and assistance must be confronted. For instance, in Innes v Short and Beal, it was considered to be lawful for the defendant to sell powdered zinc, even if he thought it was to be used by the purchasers in a manner which infringed the claimant's patent. Yet inducement liability arose on the facts of the case since the defendant had asked the purchaser to use the product in that way 'in order to induce them to buy his powdered zinc from him'. The distinction between these situations is very fine; even in the latter scenario, the purchaser might already have decided to infringe, and so the acts of the defendant could still be considered to constitute assistance of the infringement. It may be better to focus upon the mental element required of accessory liability: there should only accessory liability if the defendant actually knew that the primary tort would occur.*'; Dietrich 'Accessorial Liability in the Law of Torts' (2011), 240 with referring to Sales 'The Tort of Conspiracy and Civil Secondary Liability' (1990), 507.

³⁵⁶ Sales 'The Tort of Conspiracy and Civil Secondary Liability' (1990), 507.

³⁵⁷ Davies 'Accessorial Liability for Assisting Torts' (2011), 368. While criticising Hobhouse L.J.'s holding in *Credit Lyonnais v ECGD*, Davies states '*[i]t is readily accepted that the paradigm cases of criminal and civil law differ, as do some of their underlying rationales, but when considering whether someone should bear responsibility for a wrong which is both a criminal and civil wrong, what are the 'obvious policy reasons' for the criminal law going further than the civil law?*'.

³⁵⁸ Dietrich 'Accessorial Liability in the Law of Torts' (2011), 246. ('...the 'content of knowledge' issue simply has not been adequately addressed in torts cases that reject 'knowing assistance' liability. Once that issue is address, many of the decisions can be rationalised with such a broader basis for liability.').

³⁵⁹ McBride & Bagshaw, *Tort Law*, 887.

³⁶⁰ Davies 'Accessorial Liability for Assisting Torts' (2011), 361

that the scope of liability should be confined through a mental element; culpability³⁶¹ (knowing assistance). This would mean that:

*“... the victim of a tort cannot just ‘shop around’ in order to sue any third party who has somehow assisted the breach, but should only be successful against a person who knew that the assistance rendered would assist the primary tort. This narrow mental element is crucial in limiting the scope of accessory liability; negligent conduct cannot suffice.”*³⁶²

However, in *Fish & Fish v Sea Shepherd*,³⁶³ Lord Sumption reapproved the courts existing application by stating that ‘...because in the criminal law aiding and abetting the commission of an offence is itself an offence distinct from the primary offence. Knowledge that the primary offence is being aided and abetted is therefore sufficient mens rea.’. Furthermore, it was stated that even though in some cases the evidence regarding the elements such as common design or the difference between procurement and assistance is very fine, ‘they are unexceptionable as statements of the kind of accessory support which may give rise to liability as a joint tortfeasor.’³⁶⁴

In the light of the case law, therefore, it does seem unlikely that assisting or facilitating the tort with a specified degree of mental element would be approved and regarded as a ground for joint liability to arise in the near future. However, there exists an important aspect of the issue which keeps the debate alive regardless of the existing judicial persistence. It is the fact that joint tortfeasance is now more commonly discussed through a new context; the Internet. Indeed, in the domestic proceeding of *L’Oréal v Ebay*³⁶⁵ Arnold J expressed his considerable sympathy for the idea that Ebay could and should bear the liability more than Loreal since the risk of infringement was increased as Ebay ‘knowingly facilitated’ to and profited from the infringements.³⁶⁶ Moreover, as it was a new platform ‘[i]t requires the application of well-established principles to a new and rather different scenario to those to which they have previously applied.’³⁶⁷ If knowing

³⁶¹ Ibid.

³⁶² Ibid. Further states ‘[b]y knowingly assisting the primary wrong the accessory has acted culpably; such culpability should prevent the assister from complaining if he is later made to compensate the victim of the wrong’.

³⁶³ [2015] UKSC 10, [39].

³⁶⁴ Ibid, [38].

³⁶⁵ [2009] EWCH 1094, [369]-[370].

³⁶⁶ However, this would amount to the extension of the participation link established in *CBS v Amstrad* case.

³⁶⁷ *L’Oréal v Ebay* [2009] EWCH 1094, [369].

assistance or facilitation is implemented as a ground for joint tortfeasance liability, then Ebay would most probably have been held joint tortfeasor and so, would have been liable for its users infringing activities provided that the mental element was proved in the case.

Indeed, there might be some circumstances where imposing liability on the ground of knowing assistance may prove to be a more effective in tackling online infringements or in providing a more balanced liability regime. For instance, when an online auction site provider encourages its customers to upload and sell counterfeit products, it facilitates the infringements. However, if it cannot be proved that such a platform had the specific knowledge pertaining to the specific infringements, it is unlikely it would be held liable under the existing law. It would therefore escape from the liability regardless of its involvement in the infringement. At first sight, therefore, Davies' proposition of the application of 'knowing assistance' to tort law appears to be appropriate for IP cases in the online context yet may be limited to hosting providers as their services consist of greater involvement than those of an intermediary. However, before drawing a final conclusion the case law pertaining to intermediaries should be examined.

D. Implementation of Joint Tortfeasance Doctrine in the Online Context

The ECD was implemented into the English law by the 2002 Regulations.³⁶⁸ In general, the ECD was transposed into national law with very few changes to the wording of some of its provisions such as Arts.12-14 ECD.³⁶⁹ However, these sections do not bear different meanings. The knowledge standard of Art.14 ECD was preserved in 2002 Regulations under Section 19³⁷⁰ and it stipulates actual knowledge for criminal liability and awareness for a claim for damages. Nevertheless, Art.15 (general monitoring prohibition) was not

³⁶⁸ 2002, No.2013. Available at <<http://www.legislation.gov.uk/ukxi/2002/2013/made>>.

³⁶⁹ Transposed as Section 17-19.

³⁷⁰ 'Section 19 (Hosting) : Where an information society service is provided which consists of the storage of information provided by a recipient of the service, the service provider (if he otherwise would) shall not be liable for damages or for any other pecuniary remedy or for any criminal sanction as a result of that storage where— (a)the service provider— (i)does not have actual knowledge of unlawful activity or information and, where a claim for damages is made, is not aware of facts or circumstances from which it would have been apparent to the service provider that the activity or information was unlawful; or (ii)upon obtaining such knowledge or awareness, acts expeditiously to remove or to disable access to the information, and (b)the recipient of the service was not acting under the authority or the control of the service provider.'

transposed into the 2002 Regulations. Moreover, the Regulation provides a section on the prerequisites of the notices³⁷¹ in determining the knowledge for the purposes of the mere conduit and hosting exemptions. By virtue of this Section, the required knowledge can be obtained through a notification if the notification has the requirements stated in the Section.

Besides this, the ED was transposed by *the Intellectual Property (Enforcement, etc.) Regulations 2006*³⁷² into domestic law. What is significant is that the third sentence of Art.11 ED, which enables the right holders to apply for an injunction, was not implemented in this Regulation as the government stated that implementation was not needed in that regard. English law, however is not completely deprived of injunctive relief by the provision. Art.8(3) of the InfoSoc Directive,³⁷³ which provides the same right to a copyright owner, was implemented by Regulation 27 into Sections 97A and 191 JA in Parts I and II respectively of the CPDA³⁷⁴. Section 97A states: '*[t]he High Court (in Scotland, the Court of Session) shall have power to grant an injunction against a service provider, where that service provider has actual knowledge of another person using their service to infringe copyright.*' Actual knowledge is required as a threshold condition in determining the applicability of an injunction order against an intermediary while the InfoSoc Directive does not include such a requirement. As such, actual knowledge of an intermediary as to the copyright infringements committed in its service must be proven by the copyright owner before the English Court. It is further stated in that regard that actual knowledge should be determined by considering all the relevant facts. More notably, it is stated that existence of a notice would be regarded as evidence of actual knowledge.³⁷⁵ Thus, the actual knowledge requirement of English law does not appear to represent a big difference.

³⁷¹ 'Section 22: In determining whether a service provider has actual knowledge for the purposes of regulations 18(b)(v) and 19(a)(i), a court shall take into account all matters which appear to it in the particular circumstances to be relevant and, among other things, shall have regard to— (a) whether a service provider has received a notice through a means of contact made available in accordance with regulation 6(1)(c), and (b) the extent to which any notice includes— (i) the full name and address of the sender of the notice; (ii) details of the location of the information in question; and (iii) details of the unlawful nature of the activity or information in question.'

³⁷² SI 2006/1028 Available at <<http://www.legislation.gov.uk/uksi/2006/1028/contents/made>> .

³⁷³ InfoSoc Directive 2001/29 was implemented into domestic law by *the Copyright and Related Rights Regulations 2003*, SI 2003/ 2498 (*the 2003 Regulations*).

³⁷⁴ SI 2003/ 2498 (*the 2003 Regulations*).

³⁷⁵ 'Section 97A Injunctions against service providers: (1) The High Court (in Scotland, the Court of Session) shall have power to grant an injunction against a service provider, where that service provider has actual knowledge of another person using their service to infringe copyright. (2) In determining whether

In the light of these briefly mentioned provisions, it is time to turn to the case law. However, it must be noted here that the case law will be assessed in relation to how it provides a general understanding of the domestic application of the EU rules.

The first case to be examined is *L'Oréal v Ebay*³⁷⁶ since it was referred from the English Court to the CJEU. As stated, this case related to trade marks in which the right holder brought the proceeding against an online auction site, Ebay, claiming its primary and contributory liability over third parties' sales of counterfeit products on Ebay's platform. It was basically a claim that Ebay should be jointly liable for its users' sales of products bearing the *L'Oréal* trade mark which were counterfeits, goods intended for sale outside the EU and unauthorised sample products.³⁷⁷ It was claimed that Ebay was also directly liable from the use of keywords corresponding to *L'Oréal* trade marks as it allowed the placement of links to infringing goods on its platform. Finally, it was stated that if there was a finding of infringement, then an injunction order should be granted against Ebay. This case was referred to the CJEU. Guidance was then received by the English Court, but it did not have the opportunity to apply the principles to the case because the litigation was settled between the parties after the CJEU handed down its decision. Nevertheless, the judgment of the English High Court will be examined.

In his judgment, with respect to joint tortfeasor liability, Arnold J held that Ebay was not liable as joint tortfeasor for the infringements committed by its users. In his appraisal, Ebay's specific service was examined under the joint tortfeasance doctrine by applying the tests of procurement and participation in a common design.³⁷⁸ Accordingly, it was held that there was neither procurement nor common design elements in Ebay's activity in relation to the particular acts of infringement. It was done by relying heavily on the case law examined above. In assessing these elements, Arnold J focused on the fact that

a service provider has actual knowledge for the purpose of this section, a court shall take into account all matters which appear to it in the particular circumstances to be relevant and, amongst other things, shall have regard to— (a)whether a service provider has received a notice through a means of contact made available in accordance with regulation 6(1)(c) of the Electronic Commerce (EC Directive) Regulations 2002 (SI 2002/2013); and (b)the extent to which any notice includes— (i)the full name and address of the sender of the notice; (ii)details of the infringement in question. (3)In this section "service provider" has the meaning given to it by regulation 2 of the Electronic Commerce (EC Directive) Regulations 2002.'

³⁷⁶ [2009] EWCH 1094.

³⁷⁷ Liability claim with respect to the goods were intended to sale outside of the EU and not authorised to sale was assessed under the Trade Mark Directive 89/104 and Trade Mark Regulation 40/94 to answer whether selling of these products were amounted to an infringement, accordingly whether trade mark owner had a right to prevent such selling.

³⁷⁸ *L'Oréal v Ebay International AG*, [2009] EWCH 1094, [343]-[364].

Ebay took action to terminate the infringements within sufficient time after receiving notice from the right holders and implemented a filtering system in its service to prevent such infringements, although it was not under a legal duty to prevent infringements. Given such efforts, it was held that Ebay did not participate in a common design, either. Also, mere knowledge³⁷⁹ and intention to profit were held insufficient to impose liability as the doctrine stipulates.³⁸⁰

What was most remarkable is the following pronouncement by Arnold J stated on the liability issue:

*“Ebay could and should deal with the problem of infringement by accepting liability and insuring against it by means of a premium levied on sellers” since “Ebay and its competitors have created a new form of trade which carries with a higher risk of infringement than more traditional methods of trade”.*³⁸¹

With this, Arnold J appears to suggest that the application of the joint tortfeasor doctrine to the Internet should be reconsidered given its different nature.

Following *L’Oréal v Ebay*, the English Courts mostly encountered with the issue of the liability of intermediaries in relation to copyright matters.³⁸² The so-called *Newzbin I-II*³⁸³ cases provided further insight for the application of the traditional rules to the online world but in relation to copyright. Newzbin was a website which operated as a search engine but directed its users to Usenet which was a platform that allowed its users to upload binary content, including films, TV shows, DVDs and CDs. The Newzbin website indexed and provided links related to the content made available on Usenet and allowed its premium account users³⁸⁴ to download these links which were likely to be protected by copyright. However, it was asserted by the defendants that the operation of Newzbin was ‘content agnostic’ like search engines and they had no knowledge about the infringements on their website.

³⁷⁹ *CBS v Amstrad* [1988] A.C. 1013. For detailed analysis See Chapter 3.

³⁸⁰ *L’Oréal v Ebay International AG*, [2009] EWCH 1094, [382].

³⁸¹ *Ibid.*, [369].

³⁸² For a comparative analysis See O’ Doherty, ‘Online trade mark and copyright infringement injunctions: implications on ISPs, site owners and IPR owners’ (2016).

³⁸³ *Twentieth Century Fox Film Corp v Newzbin Ltd* [2010] EWHC 608 (Ch); [2010] E.C.C. 13 (Ch D) (*Newzbin I*); *Twentieth Century Fox Film Corp v British Telecommunications Plc* [2011] EWHC 1981 (Ch); [2011] EWHC 2714 (Ch); [2012] 1 All E.R. 806 (Ch D) (*Newzbin II*).

³⁸⁴ Upon weekly payment.

In the first Newzbin case, *Twentieth Century Fox Film Corp v Newzbin Ltd (Newzbin I)*,³⁸⁵ film makers and distributors, who held the copyright of the movies, brought an action against Newzbin by claiming its primary and joint tortfeasor liability from the copyright infringements committed on its website. For its contributory liability, it was claimed that Newzbin authorised its members' acts of infringement and procured and participated in a common design with its members. It was held that Newzbin authorised its' users infringing acts since it failed to show any intention to prevent the illegalities committed on its platform by implementing a filtering measure or something similar. In contrast, it enabled its users to download the infringing copies made available on Usenet and made payment to Usenet for this service.³⁸⁶

The assessment on the joint tortfeasor liability was given in the light of the seminal case, *CBS Songs v Amstrad*.³⁸⁷ It was held that there was procurement and participation in a common design with its users' infringement by encouraging its users to download copyright-protected contents. Moreover, it was held that its operation was designed and intended to provide a platform for the infringing copies and was promoted in that way.³⁸⁸ The decision reached a different conclusion to the one in *L'Oréal v Ebay* with respect to intermediaries' liability as joint tortfeasors. However, it is evident that the facts of these cases were different, especially the operations of the intermediaries. *Newzbin I* focused on the operation and the design of the intermediary. In that regard, it was found that Newzbin actually '*involved himself in the tort so as to make it his own*'³⁸⁹. This therefore demonstrates the significance of implementing a mechanism to deal with the potentially infringing activities for intermediaries in order not to be held liable. However, this criterion is bound to be fact-specific as there are different sized intermediaries which may affect their ability to implement different mechanisms. Moreover, in the end the examination did not only depend on the mechanisms implemented. Intermediaries' activity and operation with respect to the infringing activities should be more than mere assistance as the doctrine stipulates.

³⁸⁵ [2010] EWHC 608 (Ch).

³⁸⁶ *Ibid*, [85]-[102].

³⁸⁷ *CBS v Amstrad* [1988] A.C. 1013.

³⁸⁸ *Newzbin I* [2010] EWHC 608 (Ch), [103]-[112].

³⁸⁹ *Ibid*, [108].

Following this case, in *Twentieth Century Fox Film Corp v British Telecommunications Plc. (Newzbin II)*,³⁹⁰ copyright owners chose a different path against the Newzbin II website, which operated in the same way as Newzbin I,³⁹¹ and sought an injunction order against BT, the largest ISP in the UK, which required the implementation of a technology to block users' access to the Newzbin II. This order was sought pursuant to S.97(A) CDPA. The defendant BT claimed that the imposition of this injunction would not fulfil the requirements of S.97(A) since there was no 'use' of its service to infringe copyright and it had no 'actual knowledge' of another person using its service to infringe copyright. It was also claimed that imposition of this injunction would be contrary to the principles established under Art.15 ECD, Art.12(3) ED and the fundamental rights enshrined under the Charter and ECHR.

Nevertheless, Arnold J held that both requirements namely the use of the service and actual knowledge were satisfied in the case. With regard to the 'use' standard, it was held that S.97(A) should be interpreted in the same way as Art.8(3) of the InfoSoc Directive. By analogically applying the assessment of the CJEU in *LSG-Gesellschaft zur Wahrnehmung von Leistungsschutzrechten GmbH v Tele2 Telecommunication GmbH*³⁹², it was decided '*the defendant's subscribers and the operators of the Newzbin 2 website both "used" the defendant's service*'³⁹³. For the actual knowledge requirement of S.97(A), it was decided that this standard should not be understood in a restrictive manner. It was further elaborated that, establishment of actual knowledge does not require to prove actual knowledge of '*a specific infringement of a specific copyright work by a specific individual*'. Yet, the '*focus of the requirement was knowledge of the use of the service to infringe rather than upon the infringements committed*' and '*it was relevant to consider whether it had been given notice of the infringement; and that, in the circumstances, the defendant had sufficient knowledge to satisfy the requirements of section 97A*'.³⁹⁴ Therefore, the knowledge requirement was held to be satisfied in the case.

³⁹⁰ [2011] EWHC 1981 (Ch); [2011] EWHC 2714 (Ch); [2012] 1 All E.R. 806 (Ch D).

³⁹¹ As closed after the *Newzbin I* case by locating its servers outside of the UK.

³⁹² Case C-577/07 *LSG-Gesellschaft zur Wahrnehmung von Leistungsschutzrechten GmbH v Tele2 Telecommunication GmbH* [2009] ECR I-1227 (*LSG v Tele2*).

³⁹³ *Newzbin II* [2011] EWHC 1981 (Ch), [103]-[113].

³⁹⁴ *Newzbin II* [2011] EWHC 1981 (Ch), [147].

With regard to the injunction's compatibility with the EU regime, it was stated that the concerned injunction was consistent with the related Directives and struck the balance between the rights of the parties. The remarkable outcome was on the applicability of the injunction under the general monitoring obligation prohibition since Art.15 was not transposed into national law. Arnold J stated that Art.15 does not prevent the imposition of monitoring obligations to specific infringements. The injunction in this case, accordingly, would not contravene this Article as it amounted to a specific one.³⁹⁵ In this way, Arnold J considered and applied Art.15 to the case despite it not having been transposed into domestic law. Ultimately, the injunction order was held proportionate and to have struck a balance between the fundamental rights of the parties.³⁹⁶

These two cases brought success for copyright owners in protecting their rights online. They were followed by others: *Dramatico Entertainment Ltd v British Sky Broadcasting Ltd*³⁹⁷ and *EMI Records Ltd v British Sky Broadcasting Ltd*.³⁹⁸ Although these cases will not be examined in detail, they should be briefly mentioned. In *Dramatico*, copyright owners started proceedings in pursuit of an injunction order against P2P service (The Pirate Bay, TPB) whose servers were located outside the UK. The court, however, first dealt with the issue of whether the users had infringed copyright by copying and communicating sound recordings to the public, and whether TPB's operators were jointly liable for having authorised that infringement. By following *Newzbin I*, the Court found that the operators went '*far beyond merely enabling or assisting. On any view, they sanction, approve and countenance the infringements of copyright committed by its users.*'³⁹⁹ Thereafter, the applicability of the blocking injunction request was assessed and granted as it was found consistent with the EU principles.⁴⁰⁰ However, it should be noted that at the time of the judgment, the CJEU had handed down its judgment in *Scarlet v SABAM*. However, the English Court seemed to have failed to assess the injunction order at issue under the test laid out in this case by the CJEU, especially from the fundamental rights' aspect.⁴⁰¹

³⁹⁵ Ibid, [162].

³⁹⁶ Ibid, [177]-[200].

³⁹⁷ [2012] EWHC 268 (Ch); [2012] 3 C.M.L.R. 14.

³⁹⁸ [2013] EWHC 379 (Ch).

³⁹⁹ [2012] EWHC 268 (Ch), [81].

⁴⁰⁰ *Dramatico Entertainment Ltd. v British Sky Broadcasting Ltd. (No 2)* [2012] EWHC 1152 (Ch); [2012] 3 C.M.L.R. 15.

⁴⁰¹ Guadamuz, 'Developments in Intermediary Liability' (2014) 329-330.

Similarly, in *EMI Records v British Sky Broadcasting*⁴⁰² the Court granted a blocking injunction against an ISP on the ground that certain torrent tracking websites infringed plaintiffs' copyrights. Copyright owners' success in such cases by being granted injunction orders against intermediaries appeared to have an impact on trade mark owners as lately the English Court was challenged to decide such an injunction order against ISP but for trade mark infringement. Notably, liability was not the issue before the Court as copyright owners argued in the aforementioned cases. As such, they differed from *L'Oréal v Ebay* in that regard.

*Cartier International AG v British Sky Broadcasting and Others (Cartier I)*⁴⁰³ was the first case dealing with an injunction request for trade mark infringement. This injunction was pursued against five main UK ISPs⁴⁰⁴ and it required from these ISPs to block, or at least impede, the access of their respective subscribers to the websites (target websites) which were advertising and selling counterfeit copies of the plaintiff's goods. The assessment of the applicability of this injunction was undertaken by Arnold J under five main aspects, namely; 1) jurisdiction, 2) threshold conditions to grant such an order, 3) application of these conditions to the case, 4) principles to be applied to grant an order and 5) appropriateness of granting such an order under the facts of the case.

Jurisdiction was the first issue before the Court, because, in contrast to copyright law there is no specific provision dealing with injunctions under the trade mark law of England. It was, therefore claimed that the Court had no jurisdiction to apply an injunction order as neither the third sentence of Art 11 of the ED was transposed into domestic law, nor did the domestic law provide any right for trade mark holders similar to the right provided for copyright holders under S. 97 (A) of the CDPA. However, Arnold J examined the jurisdiction issue pursuant to domestic law namely S.37(1) of the Senior Courts Act 1981.⁴⁰⁵ According to this section; '*the High Court may by order (whether*

⁴⁰² [2013] EWHC 379 (Ch).

⁴⁰³ [2014] EWHC 3354 (Ch); 2014 EWHC 3915 (Ch); 2014 EWHC 3794 (Ch).

⁴⁰⁴ Sky, BT, EE, Talktalk and Virgin. Collectively the ISPs.

⁴⁰⁵ '*Powers of High Court with respect to injunctions and receivers. (1) The High Court may by order (whether interlocutory or final) grant an injunction or appoint a receiver in all cases in which it appears to the court to be just and convenient to do so. (2) Any such order may be made either unconditionally or on such terms and conditions as the court thinks just. (3) The power of the High Court under subsection (1) to grant an interlocutory injunction restraining a party to any proceedings from removing from the jurisdiction of the High Court, or otherwise dealing with, assets located within that jurisdiction shall be exercisable in cases where that party is, as well as in cases where he is not, domiciled, resident or present*

interlocutory or final) grant an injunction ... in all cases in which it appears to be just and convenient to do so.' It was thus concluded by applying the associated case law of this Section that the Court had jurisdiction. In reaching this conclusion Arnold J also drawn an analogy with *Norwich Pharmacal Co. v Customs and Excise Commissioners*⁴⁰⁶ known as *Norwich Pharmacal* orders. The order granted in this case was the disclosure of the certain information about the subjects of the infringing activity. According to the principle laid out in this case, such remedy can be granted against a third party who happens to be either in possession of the goods subjected to the infringement or in a best position to prevent this infringement given her equitable duty in protecting these goods, regardless of the fact that she is not the wrongdoer. In relying on this, Arnold J stated '*[a]lthough this principle is inapplicable to the circumstances of the present case, it is not a long step from this to conclude that, once an ISP becomes aware that its services are being used by third parties to infringe an intellectual property right, then it becomes subject to a duty to take proportionate measures to prevent or reduce such infringements even though it is not itself liable for infringement*'.⁴⁰⁷

In the presence of the reservations from the ISPs on the applicability of S.37(1), it was pointed out that even if the court had had no power under the domestic interpretation of S.37(1), the Court would have had the jurisdiction when S.37(1) was interpreted in compliance with the third sentence of Art.11 of the ED following the '*Marleasing*'⁴⁰⁸ principle.⁴⁰⁹

After holding that the Court had jurisdiction, Arnold J examined the threshold conditions to grant such an order. In that respect, conditions applied to copyrights were analogically

within that jurisdiction. (4)The power of the High Court to appoint a receiver by way of equitable execution shall operate in relation to all legal estates and interests in land; and that power (a)may be exercised in relation to an estate or interest in land whether or not a charge has been imposed on that land under section 1 of the Charging Orders Act 1979 for the purpose of enforcing the judgment, order or award in question; and (b)shall be in addition to, and not in derogation of, any power of any court to appoint a receiver in proceedings for enforcing such a charge. (5)Where an order under the said section 1 imposing a charge for the purpose of enforcing a judgment, order or award has been, or has effect as if, registered under section 6 of the Land Charges Act 1972, subsection (4) of the said section 6 (effect of non-registration of writs and orders registrable under that section) shall not apply to an order appointing a receiver made either (a)in proceedings for enforcing the charge; or (b)by way of equitable execution of the judgment, order or award or, as the case may be, of so much of it as requires payment of moneys secured by the charge.'

⁴⁰⁶ [1973] UKHL 6 (26 June 1973).

⁴⁰⁷ Arnold J also draw an analogy with *Cartier v BskyB*, [2014] EWHC 3354 (Ch), [106].

⁴⁰⁸ According to the CJEU's ruling in Case C-106/89 *Marleasing SA v La Comercial Internacional de Alimentacion SA* [1990] ECR I-04135, the Courts of the MSs shall interpret their national legislations in respect of the EU legislation even though the legislation has not been implemented by the member state.

⁴⁰⁹ *Cartier I* [2014] EWCH 3354 (Ch), [132].

applied to the issue as trade mark law does not provide any guidance in that respect. Those principles were construed in accordance with the related provisions especially with the third sentence of Art 11 of the ED. After the examination, the threshold conditions for trade mark infringements were laid down as follows;⁴¹⁰

“1. The ISPs must be intermediaries within the meaning of the third sentence Article 11;

2. The users and/or operators of the website must be infringing the claimant’s trade-mark(s);

3. The users and/or the operators of the website must be using the ISP’s services to infringe; and

4. The ISPs must have actual knowledge of the infringement.”

Having assessed these conditions, the Court confirmed that they had been satisfied in the present case. The first and second conditions were held to have been met since the ISPs in the case were an intermediary under Art. 11 of the ED and the target websites infringed the trade marks. However, for the third threshold condition ‘*Do the operators of the Target Websites use the ISPs’ services to infringe?*’ it was claimed by the counsel of the ISPs that the issue was in need of guidance from the CJEU for trade marks.⁴¹¹ Nevertheless, Arnold J stated that there exists two CJEU’s cases applicable to the current issue: *LSG v Tele2*⁴¹² and *UPC Telekabel*⁴¹³. In the light of these cases, it was concluded that the third condition was also satisfied since ‘*(...) the operators of the Target Websites are infringing the Trade Marks by placing on the internet advertisements and offers for sale which are targeted at UK consumers. The ISPs have an essential role in these infringements, since it is via the ISPs’ services that the advertisements and offers for sale are communicated to 95% of broadband users in the UK. It is immaterial that there is no contractual link between the ISPs and the operators of the Target Websites.*’⁴¹⁴

⁴¹⁰ Ibid, [141].

⁴¹¹ Ibid, [147].

⁴¹² Case C-577/07 *LSG v Tele2* [2009] ECR I-1227. (Where, the CJEU held ‘access providers which merely provide users with Internet access, without offering other services such as email, FTP or file-sharing services or exercising any control, whether *de iure* or *de facto*, over the services which users make use of, must be regarded as intermediaries within the meaning of Article 8(3) of Directive 2001/29’.)

⁴¹³ Case C-314/12 *UPC Telekabel* (27 March 2014). (In that case, the CJEU decided that intermediary ‘covers any person who carries a third party’s infringement of a protected work or other subject-matter in a network’ within the meaning of Art. 8(3) of the InfoSoc Directive to qualify the use of the services requirement.)

⁴¹⁴ *Cartier I* [2014] EWHC 3354 (Ch), [155].

Finally, for the requirement of actual knowledge, it was held that there was evidence to show that ISPs acquired the actual knowledge⁴¹⁵ when Richemont informed them by sending emails concerning its registered trade marks and the test purchases from the target websites.⁴¹⁶

Following this, Arnold J determined the principles to be applied in examining the injunctions when the threshold conditions are met. The principles submitted by the counsel of ISPs were the minimum standards provided under the EU regime, namely: the relief must be necessary; effective; dissuasive; must not be unnecessarily complicated or costly; must avoid barriers to legitimate trade; must be fair and equitable and strike a 'fair balance' between the applicable fundamental rights; and must be proportionate.⁴¹⁷ In considering these principles, Arnold J pointed out that most of them were actually indicated the same thing: proportionality.⁴¹⁸ Accordingly, the principles were applied to the case with the proportionality principle at the core of the appraisal. For the appraisal, the main question was stated as being '*...whether the likely costs burden on the ISPs is justified by the likely efficacy of the blocking measures and the consequent benefit to Richemont having regard to the alternative measures which are available to Richemont and to the substitutability of the Target Websites.*'⁴¹⁹

After undertaking a rather comprehensive analysis of the issues, a website blocking injunction against those ISPs was granted.⁴²⁰ A safeguard clause determining the time period of the order was also provided to prevent potential abuse of the order.⁴²¹ Finally, the implementation cost of the order was left to the ISPs to bear. Therefore, it became the first injunction granted in the trade mark realm.

Two years later, following the success in *Cartier I*, in *Cartier International AG & others v BSKyB & Others*, (*Cartier II*)⁴²² the same plaintiffs sought another blocking injunction

⁴¹⁵ Ibid, [57]

⁴¹⁶ Ibid, [157].

⁴¹⁷ Ibid, [158].

⁴¹⁸ Ibid, [169]-[190]

⁴¹⁹ Ibid, [261].

⁴²⁰ For more detailed analysis over the effectiveness of a blocking injunction See Althaf Marsoof, 'The blocking injunction- a critical review of its implementation in the United Kingdom in the context of European Union' (2015) International Review of Intellectual Property and Competition Law 46(6) 632-664, 652-655.

⁴²¹ *Cartier I* [2014] EWHC 3354 (Ch), [265]-[266]. Mr. Justice Arnold stated his provisional view for the sunset clause as two years. See Marsoof, 'The blocking injunction- a critical review of its implementation in the United Kingdom in the context of European Union' (2015) 650-651.

⁴²² *Cartier II* [2016] EWHC 339 (Ch).

order against the same five ISPs on the same ground. Identical to the *Cartier I* case, the injunction order at issue required ISPs to block, or at least impede, access of the target websites. Hacon J took Arnold J's comprehensively reasoned judgment into consideration and applied it to the current case. Relying on Arnold J's reasoning, the blocking injunction against the ISPs was granted. This case was also appealed later by the ISPs.

It must be noted that, while *Cartier II* was finding its way to the first-degree court, *Cartier I* was at appeal, but the judgment had not yet been given by the Court of Appeal. However, later the Court of Appeal handed down its judgment in *Cartier I*.⁴²³ In the appeal, ISPs challenged the decision on all the five main points⁴²⁴ examined by Arnold J. In assessing Arnold J's reasoning and the ISPs' claims, the Court of Appeal upheld the first-degree court's judgment and confirmed the application of the concerned blocking injunction against the ISPs. However, there are some points worth remarking on. As examined, Arnold J held that the Court had jurisdiction by virtue of S.37(1) of the Seniors Courts Act 1981. Nevertheless, at the appeal, the jurisdiction issue was considered by Kitchen LJ⁴²⁵ by focusing on the EU *acquis* instead merely focusing on the interpretation of the domestic law. In that regard, Kitchen LJ stated that although this provision was also a proper basis in concluding that the Court had jurisdiction,⁴²⁶ '*... Article 11 does indeed provide a principled basis for extending the practice of the court in relation to the grant of injunctions to encompass, where appropriate, the services of an intermediary, such as one of the ISPs, which have been used by a third party to infringe a registered trade mark*'⁴²⁷ under the CJEU's guidance given in *L'Oréal v Ebay*⁴²⁸. Thus, he concluded that '*subject to the threshold conditions (...) this court must now recognise pursuant to general equitable principles that this is one of those new categories of case in which the*

⁴²³ *Cartier I* [2016] EWCA Civ 658 (06 July 2016).

⁴²⁴ *Ibid*, [7]. This was explained by the Court of Appeal in a broad manner with the following words: '*They [ISPs] contend, in broad outline, that they are wholly innocent parties and are not alleged to be wrongdoers; that the court had no jurisdiction to make any such order; that if the court did have jurisdiction, the jurisdictional threshold requirements were not satisfied in the circumstances of these cases; that the judge failed properly to identify the correct principles that should be applied in deciding whether or not to make an order; that the orders made were disproportionate having regard to the evidence before the court; and that the judge fell into error in making the orders that he did in relation to costs.*'

⁴²⁵ Who gave the leading judgment.

⁴²⁶ *Ibid*, [66]-[74].

⁴²⁷ *Ibid*, [65].

⁴²⁸ Case C-324/09 *L'Oréal v Ebay* [2011] ECR I-06011. Kitchen J stated in the para 60 '*the jurisdiction conferred in accordance with the third sentence of Article 11 on national courts must allow those courts to order an online service provider, such as the provider of an online marketplace, to take measures that contribute not only to bringing end the actual infringements committed through that marketplace, but also to preventing further infringement*' referring to the paras 131-134 of *L'Oréal v Ebay*.

court may grant an injunction when it is satisfied that it is just and convenient to do so'.⁴²⁹ Moreover, the jurisdiction of the Court was explicitly confirmed by Briggs LJ, in his concurring opinion with the following words:⁴³⁰ *'[t]he courts could and probably would have developed this jurisdiction regardless of the requirement in the two Directives that it be made available as specified'*.

Furthermore, Kitchin LJ provides further elaboration with respect to the ISPs' position in the online world and for the surrounding doctrinal debate in general. He stated:

*"I recognise that the ISPs are not guilty of any wrongdoing. They have not infringed Richemont's trade marks, nor have they engaged in a common design with the operators of the websites offering counterfeit goods for sale. I also accept that it is clear in light of the decision of the House of Lords in CBS Songs Ltd v Amstrad plc that they do not owe a common law duty of care to Richemont to take reasonable care to ensure that their services are not used by the operators of the offending websites."*⁴³¹

Having stated that, however, Kitchin LJ believed that the ISPs are in the best position to prevent the infringements. Accordingly, *'[t]he operators of the target websites need the services of the ISPs in order to offer for sale and sell their counterfeit goods to consumers in the United Kingdom, and the ISPs are therefore inevitable and essential actors in those infringing activities.'*⁴³² This demonstrates dilemma that the Courts encountered in trying to impose a measure on the intermediaries although they cannot be held liable. This also triggers the question about who should bear the costs of implementation of an injunction order even though Arnold J's decision on the costs, that the cost of the implementation of the injunction should be borne by the ISPs, was also approved by the Court by relying on the normal cost rule.⁴³³

This has been the question before the Supreme Court since two ISPs had been granted permission to appeal on the costs ground. On this, Briggs LJ's dissenting judgment at the Court of Appeal must be noted as he dissented in the decision on the implementation of costs. In his dissenting judgment, his Lordship stated that the costs concerning the

⁴²⁹ *Cartier I* [2016] EWCA Civ 658, [65].

⁴³⁰ *Ibid*, [205].

⁴³¹ *Ibid*, [54].

⁴³² *Ibid*, [56].

⁴³³ For general analysis on the cost issue of the blocking injunctions in the UK See Paul S. Davies, 'Costs of Blocking Injunctions' (2017) *Intellectual Property Quarterly* (4) 330-345.

blocking injunction should be met by right owners as the ISPs in those cases were not the wrongdoers⁴³⁴.⁴³⁵

In fact, the Supreme Court agreed with Brigg's LJ in its keenly awaited decision.⁴³⁶ It was decided that the matter of compliance costs is a matter for English law, accordingly the ordinary principle should be applied. According to this principle '*unless there are good reasons for a different order an innocent intermediary is entitled to be indemnified by the right-holder against the costs of complying with a website-blocking order*'.⁴³⁷ Thus, it was established that the right-holders should indemnify the ISPs against their compliance costs which are reasonable and proportionate.⁴³⁸ These implementation costs are explained under three heads : '*the marginal cost of the initial implementation of the order, which involves processing the application and configuring the ISP's blocking systems; the cost of updating the block over the lifetime of the orders in response to notifications from the rights-holders, which involves reconfiguring the blocking system to accommodate the migration of websites from blocked internet locations; and the costs and liabilities that may be incurred if blocking malfunctions through no fault of the ISP, for example as a result of over-blocking because of errors in notifications or malicious attacks provoked by the blocking.*'⁴³⁹ This decision is very significant for the intermediary's liability regime. This is not only because it is the first of its kind -at least to the author's knowledge-, this is also because of the courts' reasoning. First, the court grounded its decision on the legal innocence of the ISPs. It was stated that an ISP serving as a mere conduit is neither liable from the infringements of its users nor is under a duty to take any proactive steps to prevent or terminate the access to an illegal content.⁴⁴⁰ In the lack of such responsibility, it cannot be expected to bear to burden of remedying an

⁴³⁴ *Cartier I* [2016] EWCA Civ 658, [211]. ('It is, according to the evidence, a modest cost but one which in principle the rightsholder ought to defray as the price of obtaining valuable injunctive relief for the better exploitation of its intellectual property. I consider that, while there may be exceptional cases justifying a different order, the judge was wrong in principle in concluding that the ISP ought usually to pay the costs of implementation').

⁴³⁵ In his dissenting judgment Briggs LJ relied on the *Norwich Pharmacal Co. v Customs and Excise Commissioners* [1973] UKHL 6 and stated that equitable principle stated in this case concerning the injunctive relief should be applied analogically to the case, accordingly to the ISPs if they are regarded to non-wrongdoers.

⁴³⁶ *Cartier International AG and others (Respondents) v British Telecommunications Plc and another (Appellants)* [2018] UKSC 28 (13 June 2018).

⁴³⁷ *Ibid*, [31].

⁴³⁸ For all the costs that can arise from the implementation of website blocking injunction, *See Ibid*, [5].

⁴³⁹ These are the only costs that the ISPs complained about. *Ibid*.

⁴⁴⁰ *Ibid*, [33]-[34].

injustice. Moreover, dealing with such infringements and preventing them benefits the right holders and the costs relating to it are naturally a cost of the right holders.⁴⁴¹

In that regard, the decision of leaving the compliance costs of blocking injunction to right holders appears to strike the balance between the parties of an injunction cases as it no longer imposes an economical burden on an intermediary. It can moreover be stated that imposing these costs on right holders could prevent the use of injunction requests as a weapon against intermediaries. On the other hand, the decision is not free from the questions. Its applicability on copyright related matter is an important one. As examined, English courts mostly dealt with the injunction request for the copyright matters. For the online trade mark infringement issue, those cases applied analogically. It is therefore keenly awaited to see if this decision could be applied analogically to copyright cases. Another question is related to the costs that can be indemnified. The court held that the reasonable costs of compliance can be indemnified. Yet, determining the limits of the reasonableness might be challenging. For example: an intermediary may not have filtering capabilities while another one has already implemented filtering measure as its own measure. Could then the first type of intermediary ask for the costs of installation, maintaining, implementing etc.? These are the questions that need to be answered.

There is one final point which must not be overlooked. In deciding the above-mentioned cost rule, the court distinguished the ISPs from the other service providers namely caching and hosting intermediaries. It was underlined that intermediaries in question were mere conduits so that the same principle may not be applicable to caching and hosting intermediaries given that their operations involve a greater degree of participation which might result in them not to be regarded as innocent intermediaries.⁴⁴² Thus, the applicability of this principle to these intermediaries should not be taken for granted.

E. Discussion

⁴⁴¹ Ibid, [35].

⁴⁴² Ibid, [37].

The tort law doctrine of joint tortfeasance applies to intermediaries' liability issue under English law. Under this doctrine basically a party who procures or authorises the act of the primary tortfeasor or acts in pursuit of a common design with the primary tortfeasor is held liable. Moreover, this liability is confined by the courts with a conduct element, ie mere assistance does not suffice to create liability since the application of accessorial liability principles of criminal law is rejected. This is a principle which received criticism in the literature. It is argued that '*a widely-defined conduct element (assistance or facilitation) coupled with a narrow mental element (knowledge)*'⁴⁴³ namely knowing facilitation or assistance would work better for liability that arises from online infringements. It can be noted that cases in which this rather broad application was rejected were not dealing with online infringements.⁴⁴⁴

Understandably, case law pertaining to online infringements henceforth did not focus on the issue. The precedents and established principles were applied in these cases. Thus, Arnold J restated the fact that mere assistance or mere knowledge of the infringements was not sufficient to impose liability on Newzbin in *Newzbin I*. However, in that case Newzbin was still found liable as its operation suggested that it did not take any action to prevent the infringements committed through its service, even though it encouraged its users to download the illegal copies. Similarly, in *L'Oréal v Ebay*, Ebay's self-initiated NTD mechanism was at the core of the assessment. In fact, this was the reason why the court did not hold Ebay liable.

It appears that under the case law intermediaries' way of operation and the mechanisms implemented or the genuine efforts undertaken by them in tackling the infringements were where the courts laid their focus. This therefore appears to be the test in assessing the intermediary's assistance or facilitation in the provision of its services. Although it aligns with Art. 14 ECD, it appears challenging as it is bound to be very fact specific. For instance, it is not clear what steps would have been regarded sufficient to demonstrate that Newzbin made sufficient effort to deal with the infringements. What we know from

⁴⁴³ Davies 'Accessorial Liability for Assisting Torts' (2011), 357. (Brackets added)

⁴⁴⁴ Dinwoodie states on that point '[a]lthough there is no formal difference (between the test applicable offline and online intermediaries), in practice courts may be willing to infer the required mental element in ways that extend liability for online service providers or interpret the general standards in a way that leads to broader prima facie liability being imposed'. Dinwoodie 'Comparative Analysis of the Secondary Liability of Online Service Providers' (2017), 66.

case law is that Ebay's NTD system was regarded as sufficient. Nevertheless, this sufficiency still depends on the facts of the case before the court. Hence, this test seemingly fails in providing the required certainty. In the call for certainty, the test of knowing facilitation appears a feasible approach in establishing the liability of an intermediary provided that the required level of mental element (knowledge) is clearly specified.

Finally, other significant outcomes of English case law should be highlighted. First, the liability issue was considered and applied purely as a matter of domestic law by the English courts. The immunity rules of the ECD have barely been considered unless injunctive relief was an issue. Even in injunction cases, the courts appear to have failed to deal with the issue from a fundamental rights' aspect. On the other hand, the non-implementation of Art.15 does not appear to be an issue under English law, as it was considered and applied in *Newzbin II*. Finally, the parts of the appraisals of Kitchen LJ in *Cartier I* and Arnold J in *L'Oréal v Ebay* where both judges considered the intermediaries should be underlined. Those appraisals pointed out the same dilemma; although the intermediaries are not the wrongdoers and under a legal duty to act, they are in the best position to prevent the infringements. The Supreme Court's judgment on the costs issue however can be regarded as a movement providing more balance between the parties.

III. GERMANY

A. Contributory Liability

Under German law, there is no specific tort principle like the joint tortfeasorship liability of English law. The German Civil Code, the BGB, comprises a Section which deals with 'joint tortfeasor and persons involved'. Yet, this Section, S.830(1), only maintains that joint tortfeasors are responsible for the damage and that the instigators and accessories are equivalent to joint tortfeasors (S.830(2)). The assessment of whether the concerned party is joint tortfeasor or not is dealt with under general tort principles. The applicable Section, S.823(1) of BGB reads as follows:

*“A person who, intentionally or negligently, unlawfully injures the life, body, health, freedom, property or another right of another person is liable to make compensation to the other party for the damage arising from this.”*⁴⁴⁵

Furthermore, S.823(2) restates the same rules but for breach of statutory rights.⁴⁴⁶ Under this Section, contributory liability arises depending upon the following requirements: 1) there must be an infringement, 2) the tortfeasor must be culpable, ie intention (*Vorsatz*)⁴⁴⁷ or negligence (*Fahrlässigkeit*)⁴⁴⁸, 3) the infringement must be unlawful (*Rechtswidrigkeit*)⁴⁴⁹ and 4) there must be a causal link between the tortfeasors’ act and the damage. Intention, in the light of this section, is the formal limitation of tort liability. However, negligence satisfies the culpability requirement as well. Hence, the difference between intention and negligence appears to be minimal in practice given that negligent conduct is easier to establish than intention.⁴⁵⁰ Thus, tort liability can be imposed upon negligence under German law. In that regard, German contributory liability principles appear to have a broader scope than joint tortfeasance liability has under English law. The different outcomes with respect to the liability of intermediaries would therefore not be unanticipated.

However, it is not this general tort law principle that the courts consider and apply to IP and online infringement cases. Instead, a judge-made doctrine,⁴⁵¹ ‘*Störerhaftung*’ liability, is primarily applied to these issues. This translates as ‘*disturber or interferer liability*’. According to the doctrine:

“Anybody who- without being an offender or participant- contributes in any way wilfully and with adequate causation to the infringement of a protected position can be the subject of proceedings to cease and desist an infringement

⁴⁴⁵ <http://www.gesetze-im-internet.de/englisch_bgb/englisch_bgb.html#p3483>.

⁴⁴⁶ ‘The same duty (S. 823/1) is held by a person who commits a breach of a statute that is intended to protect another person. If, according to the contents of the statute, it may also be breached without fault, then liability to compensation only exist in the case of fault.’ (brackets added).

<http://www.gesetze-im-internet.de/englisch_bgb/englisch_bgb.html#p3483> .

⁴⁴⁷ Cees Van Dam, *European Tort Law*, 2nd ed., para 802-2.

⁴⁴⁸ Ibid, para 802-2.

⁴⁴⁹ Ibid, para 701.

⁴⁵⁰ Ibid, para 802-2. It was stated that the difference between those conduct elements is significant under the S.826 ‘where only intentional infliction of damage is sufficient to establish liability’.

⁴⁵¹ The first decisions of the BGH pertaining this doctrine were stated as following: German Federal Court of Justice (BGH), May 18, 1955, I ZR 8/54, 1955 GRUR 492 – *Grundig-Reporter* (copyright matter); January 15, 1957, I ZR 56/55, 1957 GRUR 352- *Pertussin II* (trademark matter). See Alexander Bayer ‘Liability 2.0- Does the Internet environment require new standards for secondary liability? An overview of the current legal situation in Germany’ in M. J. Adelman et al. (eds), *Patents and Technological Progress in a Globalized World* (Springer, 2006), 365-377.

of an intellectual property right in its capacity of a perpetrator of a 'disturbance.'" ⁴⁵²

The origin of the doctrine is in fact in property law, namely S.862 and S.1004 of the BGB, not in tort law principles.⁴⁵³ Those articles, in general, deal with disturber's unlawful interference to possession and entitle the proprietor with the right to ask the disturber to remove the disturbance or implement a prohibitory injunction on any further interference. More significantly, this liability only provides interim relief to the aggrieved right owner such as injunctions provided under the EU regime do. For this reason, it cannot be claimed as a legal basis for the damages.⁴⁵⁴ Moreover, the doctrine principally applies to circumstances where the direct infringer is not within legal reach or is not known. Online infringement cases, therefore fit in with this perfectly most of the time.

The doctrine applies to the circumstances where a causal link between the third party's indirect acts (or omissions) and the infringement exists. However, in order to impose a liability, a third party must also be able to prevent the ongoing infringement. Finally, it should be underlined that there must be no fault since it is a form of strict liability. If there is fault then liability under the S.823(1)⁴⁵⁵ is triggered. In the light of these, the three elements of this liability are stated as follows:

*"... [A] wilful adequate causal contribution to the infringing acts of any third party; the legal and factual possibility of preventing the resulting direct infringements; and the violation of a reasonable duty of care to prevent these infringements."*⁴⁵⁶

It has been stated that the reasonableness standard was established by the courts to limit liability because it had been criticised as being a form of pure causal liability.⁴⁵⁷ This reasonableness standard is assessed on a case-by-case basis although there exists some

⁴⁵² I ZR 304/01, 11 March 2004 (*Internet- Versteigerung I*) (Ger), 2006 E.C.C. 9, [2005] E.T.M.R 25 (Eng).

⁴⁵³ Angelopoulous 'Beyond the Safe Harbours: Harmonising Substantive Intermediary Liability for Copyright Infringement in Europe' (2013), 267; Thomas Hoeren and Silviya Yankova 'The Liability of Internet Intermediaries- the German Perspective' (2012) *International Review of Industrial Property and Copyright Law* 43 (5) 501-531, 504. Nevertheless, Bayer claimed that '*the dogmatic origin of this concept remains open*'. See Bayer 'Liability 2.0- Does the Internet environment require new standards for secondary liability? An overview of the current legal situation in Germany' (2006).

⁴⁵⁴ It is because the disturber is neither primarily nor secondly liable under the tort principles.

⁴⁵⁵ Annette Kur 'Secondary Liability for Trademark Infringement on the Internet: The Situation in Germany and Throughout the EU' (2014) *Columbia Journal of Law & the Arts* 37 525-540, 532.

⁴⁵⁶ Leistner 'Structural Aspects of Secondary (Provider) Liability in Europe' (2014), 79.

⁴⁵⁷ Hoeren and Yankova 'The Liability of Internet Intermediaries- the German Perspective' (2012), 504.

common criteria that the courts have considered in the cases. These are: the interferer's economic or technical capability to prevent the infringements and the effect of the infringement over other rights.⁴⁵⁸ The former in fact is the same reason that the EU legislators rely on for the purpose of applying injunctions against intermediaries: the intermediaries are in the best position to apply the measures to prevent the infringements. Indeed, the *Störerhaftung* doctrine is argued to be the most appropriate legal principle to be applied to online intermediaries' liability question in those cases on the ground that it *'...is intended to be available only in cases where the direct infringer is not known or within legal reach or where, although the direct infringer might be known, the nature of the infringement requires action against the disturber in order to ensure immediate and effective relief'*.⁴⁵⁹ Thus, it has been discussed by German courts within the scope of the injunction regime of the EU. Moreover, the impact of this liability appears to go beyond its jurisdiction. As aforementioned, Arnold J mentioned and discussed the doctrine in *L'Oréal v Ebay*⁴⁶⁰ and expressed his sympathy for it.

Finally, German trade mark law should be mentioned with respect to contributory liability. It deals with matters that amount to contributory liability but in a very limited sense. S.14(7) of the German Trade Marks Act (Markengesetz, MarkenG) maintains the vicarious liability for trade mark infringements in a similar way to English and US law.⁴⁶¹ Furthermore, the Act, addresses situations which can be considered equivalent to both the English concept of participant-based liability and the US doctrine of contributory liability.⁴⁶² Indeed, citing S.14(4),⁴⁶³ the German Federal Court of Justice

⁴⁵⁸ Ibid.

⁴⁵⁹ Angelopoulos 'Beyond the Safe Harbours: Harmonising Substantive Intermediary Liability for Copyright Infringement in Europe' (2013), 266.

⁴⁶⁰ [2009] EWCH 1094, [456]-[464].

⁴⁶¹ This Article reads as: *'If the act of infringement is committed in a business operation by an employee or agent, the right to an injunction and, insofar as the employee or agent acted intentionally or negligently, the compensation claim, may also be asserted against the proprietor of the operation.'* See <http://www.gesetze-im-internet.de/englisch_markeng/englisch_markeng.html#p0085>.

⁴⁶² Kurt Saunders and Gerlinde Berger-Walliser 'The Liability of Online Markets for Counterfeit Goods: A Comparative Analysis of Secondary Trademark Infringement in the United States and Europe' (2011) 32 *Northwestern Journal of International Law & Business* 37-92, 55.

⁴⁶³ *'1. affixing a sign which is identical with or similar to the trade mark to packaging or wrappings or to means of marking such as labels, tags, sewn-on labels or the like; 2. offering packaging, wrappings or the means of marking under a sign which is identical with or similar to the trade mark, putting them on the market or stocking them for these purposes under that sign; or, 3. importing or exporting packaging, wrappings or means of marking under a sign which is identical with or similar to the trade mark, if there is a risk that the packaging or wrappings are being used for the packaging or the wrapping of goods or services, or the means of marking for marking goods or services, in respect of which, pursuant to subsections (2) and (3), third parties would be prohibited from using that sign.'*

(Bundesgerichtshof, BGH) held a '*defendant liable for trademark infringement for producing labels which were identical to a trademark and- without using them himself- selling these labels to businesses who attached them to similar goods as those protected under the trademark.*'⁴⁶⁴ Nevertheless, these sections' applicability are confined to the matters specified in these sections. Beyond these provisions, German law fails to deal with contributory trade mark infringements in general. The *Störerhaftung* doctrine is thus applied by the courts. Yet, unfortunately, no case has yet dealt with contributory trade mark liability that arises from the offline world. The seminal case in that regard considered the liability of an online auction website.

B. *Störerhaftung* and Intermediaries' Liability

The ECD was implemented into German law as a part of the Telemedia Act (TMG)⁴⁶⁵ which regulates information society services and e-commerce. Also, the ED was transposed by the German Enforcement Act.⁴⁶⁶ Although the provisions implemented will not be assessed in detail, some general points must be mentioned. S.10 of the TMG which corresponds to Art.14 ECD does not mention actual knowledge; it merely states the knowledge. Also, the test for awareness, which is applicable to the claim for damages, is determined by the 'reasonable man standard' as it is applied in most of the MSs. Finally, German law does not provide formal NTD procedures. Bearing these in mind, German case law should now be examined for further insight. As stated above, case law relies heavily on the *Störerhaftung* doctrine in dealing with contributory liability matters. The safe harbour rules have not been considered much in those cases. The domestic rules have been at the core of the appraisal as is the case under English law.

⁴⁶⁴ *Ettaler Klosterliqueur*, Bundesgerichtshof, [BGH] [Federal Court of Justice] Nov. 18, 1955, *Gewerblicher Rechtsschutz und Urheberrecht* [GRUR] 179, 1956 (Ger) citing from Saunders and Berger-Walliser 'The Liability of Online Markets for Counterfeit Goods: A Comparative Analysis of Secondary Trademark Infringement in the United States and Europe' (2011), 56, fn. 123.

⁴⁶⁵ Telemediengesetz [TMG] Feb. 26, 2007, BUNDESGESETZBLATT, Teil I [BGB I] at 179 (Ger), available at <<http://www.gesetze-im-internet.de/tmg/>>

⁴⁶⁶ *Gesetz zur Verbesserung der Durchsetzung von Rechten des geistigen Eigentums*, September 2008.

1. The *Internet Auction* cases

The trilogy of *Internet Auction* cases (*Internet Versteigerung I, II, III*)⁴⁶⁷ are the seminal cases in which the courts applied *Störerhaftung* liability to an online context. More importantly, these cases concerned trade marks. It should also be noted that they shared very similar facts with other Ebay cases brought before other MSs' courts.⁴⁶⁸ Therefore, they are also significant for comparative assessment.

As the trilogy of *Internet Auction* cases had very similar facts and the last two cases appeared as a confirmation of the first one, it would be accurate to examine the first case and indicate the differences with the other cases if any.

These cases concerned trade mark infringements committed by the users of an online auction site when counterfeit products were uploaded and sold by them. It was claimed that the online auction provider⁴⁶⁹ was liable as an interferer for these infringements as it was the one who provided the platform for the users; accordingly, who made the infringements possible. On that basis, the claimants sought injunctive relief together with the disclosure of information and payment of damages.

The issue, therefore, was whether the online auction site at stake was liable as a *störer* (interferer). This is, where these cases differed from other Ebay cases brought in other jurisdictions. This is because the *Störerhaftung* doctrine provides injunctive relief to the aggrieved right owner. The court, therefore did not assess the liability under tort law rules in contrast to the English Ebay case where the liability was assessed under joint tortfeasance liability.

In *Internet Auction I*, the Appeal Court held that the intermediary was not liable as interferer as there was no willful participation in the infringements by it. It was stated by the court that the intermediary's operation was merely hosting; it did not exert any influence on the seller and the details of the seller's product. However, the BGH

⁴⁶⁷ I ZR 304/01, 11 March 2004 (*Internet- Versteigerung I*) (Ger), 2006 E.C.C. 9, [2005] E.T.M.R 25 (Eng); I ZR 35/04, 19 April 2007 (*Internet- Versteigerung II*) (Ger), [2007] E.T.M.R. 70 (Eng); Case I ZR 73/05 (*Internet- Versteigerung III*), Bundesgerichtshof, April 30, 2008 (Ger).

⁴⁶⁸ *L'Oréal v Ebay* [2009] EWCH 1094, [2009] R.P.C. 21; *Louis Vuitton Malletier SA v eBay Inc.*, Unreported June 30, 2008 (Trib Comm (Paris)); *Lancome Parfums et Beatue & Cie v eBay International AG, eBay Europe SARL* (Belgium, Comm. Bruxelles) May 28, 2008.

⁴⁶⁹ It was Ricardo.de in the first case, and Ebay in the other two cases.

disagreed. In its appraisal, the interferer's liability was assessed through the duty to investigate test. It is submitted that interferer liability cannot be unduly extended to third parties who have not themselves committed the infringing act but have facilitated it somehow. It is required to show that the third party infringed its duty to investigate on the part of the perpetrator.⁴⁷⁰ The scope of this duty was also determined by the court with the following test: '*whether and to what extent the perpetrator could be expected to carry out an investigation on the particular circumstances of the case*'.

With respect to the platform concerned, it stated that it cannot be expected to check every product before it is uploaded on the Internet. Indeed, this would lead to a general monitoring. Yet, whenever it is made aware of the infringement then it should act accordingly which was specified by the Court as blocking the concerned infringements and preventing possible future ones. From the facts of the case, the BGH decided that there were clearly ascertainable trade mark infringements that the defendant should have investigated. Yet, the ultimate decision on the application of injunctive relief was not given by the BGH since the Appeal Court did not make any ruling as to whether the sellers' activity was a trade mark infringement. Thus, the BGH held that it could not decide whether there was interferer liability in the absence of the primary trade mark liability.⁴⁷¹

Nevertheless, this did not restrain the BGH from deciding on the matter of the *Störerhaftung*'s compatibility with EU law. In that regard, the BGH decided that the governing provisions are clear so, guidance from the CJEU would not be needed. This is because the immunity provided under Art.14 does not cover the applicability of the injunctive relief against an intermediary. The Court also stated that interferer liability is borne out by Art.14(1)(a) since the Article requires awareness for immunity from damages. In that regard, it was stated that if the injunctive relief were covered by the immunity stated under this Article, which depends upon the knowledge, this would mean that stricter requirements would apply to injunctive relief than the liability for damages.⁴⁷² Moreover, it was held that the implementation of such injunctive relief would be compatible with Art.14(3) ECD and Art.11 ED since these allow the implementation of

⁴⁷⁰ (*Internet Auction I*), 40-41. The Court states this duty as a duty to investigate. Yet this duty has various names in the literature such as duty to review, duty of care.

⁴⁷¹ *Ibid*, 44.

⁴⁷² *Ibid*, 29-30. See also analysis from Joachim Bornkamm 'E-Commerce Directive v. IP Rights Enforcement- Legal Balance Achieved?' (2007) GRUR International 642.

the preventive measures by the courts. Thus, qualifying for the immunity does not prevent injunctions to be granted against the intermediary under the *Störerhaftung* doctrine. Finally, the court approved the Appeal Court's decision which refused the plaintiff's claim for damages. This is because as underlined by the court, interferer liability does not give rise to a claim for damages.

As can be deduced from the BGH's decision, the limitation to the *störerhaftung* liability is the intermediaries' reasonable duty to investigate the infringement. Accordingly, this was where the court focused on its appraisal to decide whether the intermediary was a *störer*. This was determined by the question of '*whether and to what extent the perpetrator of the "disturbance" can be expected to carry out an investigation in the particular circumstances of the case*'.⁴⁷³ It is evident from *Internet Auction I* that an intermediary cannot be expected to check every offer listed on its platform before making it available online. *Internet Auction II* further elaborated that the injunctions should not be unreasonable as this would jeopardise the ISP's business model, such as the requirement of the implementation of very costly measures. It was also held that the ISPs' duty to take such measures to prevent infringements could be undertaken against future infringements '*if potential interferer gives reason to suspect the likelihood of a first infringement*'.⁴⁷⁴ In the light of these, however the outcome of the BGH's decision appears to be conflicting. While an intermediary cannot be expected to check every listing appears to be in line with Art.15 of the ECD and EU case law, the application of the reasonableness test may lead to incompatible injunctions since the court did not provide extensive clarification on the scope of this condition in these cases. Moreover, the possibility of the implementation of an injunction against future infringements can result in a broad application that amounts to general monitoring.

Fortunately, there exist two recently decided copyright cases that may shed light on the court's interpretation of the scope of the reasonableness test under the *Störerhaftung* doctrine in relation to online infringement cases. At the same time, those cases also demonstrate that the reasonableness test can indeed be construed broadly by the courts as having a negative impact on the competing rights of the parties of the case.

⁴⁷³ 2006 E.C.C. 9, [2005] E.T.M.R 25 (Eng), 40.

⁴⁷⁴ [2007] E.T.M.R. 70 (Eng), 41.

2. A Reasonable Duty to Investigate: Has the Scope of Reasonableness Been Clearly Specified?

There exist two copyright cases which help to specify the scope of reasonableness. Both cases were brought against a file hosting provider, Rapidshare which offered digital storage for content that is only accessible via direct links to files which could be shared by an individual user. The first case, *Atari v Rapidshare AG*⁴⁷⁵ concerned the computer game ‘Alone in the Dark’ which was illegally made available to the public on third-party search platforms. The game was actually stored in Rapidshare’s storage. Right holders notified the third-party and hosting provider (Rapidshare) together for the removal of the content which was illegally stored. Yet, the intermediary did not remove it from its servers. Right holders claimed that Rapidshare was under a duty to remove the content from its servers as well as to prevent future access to the same content. This claim was approved by the BGH after it found that Rapidshare was liable⁴⁷⁶ as *Störer*. As such, it should have taken appropriate measures to prevent current and future infringements from the time the notification was received.⁴⁷⁷ Further, the appropriate measure to do this was determined as filtering which would terminate the access to the illegal content currently stored on servers and would monitor the same users who uploaded the illegal content to prevent possible future infringements. The BGH in fact decided that this measure was proportionate and reasonable to impose on the hosting provider since monitoring ‘*a single digit number of external websites*’ was regarded as one specific work.⁴⁷⁸ This appears to be consistent with Art.15 ECD as long as the injunctive relief concerned the specific infringements.

⁴⁷⁵ I ZR 18/11 Unreported July 12, 2012 (Ger.) (*Alone in the Dark*). Analysis of the case from Annette Kur ‘Secondary Liability for Trademark Infringement on the Internet: The Situation in Germany and Throughout the EU’, *Columbia Journal of Law & The Arts*, (2014); Annette Gartner and Andreas Jauch, ‘GEMA v RapidShare: German Federal Supreme Court extends monitoring obligations for online file hosting providers’ (2014) *European Intellectual Property Review* 36(3) 197-200.

⁴⁷⁶ In the absence of the actual knowledge it was held immune from the liability by virtue of the Art.14 of ECD regarding the initial infringements.

⁴⁷⁷ Kur ‘Secondary Liability for Trademark Infringement on the Internet: The Situation in Germany and Throughout the EU’ (2014), 537-540.

⁴⁷⁸ Gartner and Jauch ‘GEMA v RapidShare: German Federal Supreme Court extends monitoring obligations for online file hosting providers’ (2014), 198-199.

In a similar vein, in *GEMA v Rapidshare*⁴⁷⁹ the monitoring obligation imposed on Rapidshare was the issue before the BGH on the ground that illegal uploads of the numerous songs were made available on its server and again remained accessible even after the notice was given by right holders.⁴⁸⁰ The BGH relied on its former decision and the findings of the lower courts, and accordingly held that Rapidshare was under a duty to terminate and prevent the infringements on its servers due to its liability as a *Störer*⁴⁸¹.⁴⁸² Nevertheless, this time the monitoring obligation was ordered in a broader sense on the ground that:

*“[i]f the business model of a file hosting service is not a priori designed for the infringement of rights, the fact that measures taken by the operator increase the risk of an infringing use of the service is to be taken into account in determining the extent of the monitoring obligations incumbent upon him as infringing party”.*⁴⁸³

This was based on the fact that the new business model of Rapidshare which offered premium accounts affected its neutral position as this model more was likely to give rise to illegal content sharing by users.⁴⁸⁴ Therefore, the BGH considered it reasonable to impose a measure on Rapidshare which would oblige it:

*“to investigate through search engines such as Google, Facebook or Twitter using appropriately formulated searches and possibly also with the assistance of so-called webcrawlers, whether indications can be found as to further illegal links to its service with regard to the relevant works”.*⁴⁸⁵

The court’s only limitation to this rather extensive monitoring obligation was the proportionality requirement stipulated by the CJEU in *L’Oréal v Ebay*. In that regard, the

⁴⁷⁹ I ZR 80/12, 15 August 2013, (Ger) (File- Hosting Services) Analysis of the case from Kur ‘Secondary Liability for Trademark Infringement on the Internet: The Situation in Germany and Throughout the EU’ (2014), and Gartner and Jauch, ‘GEMA v RapidShare: German Federal Supreme Court extends monitoring obligations for online file hosting providers’ (2014) 197-200.

⁴⁸⁰ GEMA, as a collecting society of composers and songwriters.

⁴⁸¹ But immune from the liability regarding the initial infringement under Art.14 of the ECD as there was no actual knowledge.

⁴⁸² Kur ‘Secondary Liability for Trademark Infringement on the Internet: The Situation in Germany and Throughout the EU’ (2014), 537-540; Annette Gartner and Andreas Jauch, ‘GEMA v RapidShare: German Federal Supreme Court extends monitoring obligations for online file hosting providers’ (2014), 199-200.

⁴⁸³ Cited from ‘Germany: “Rapidshare III”- Telemedia Act secs. 7 (2)’ (2014) International Review of Intellectual Property and Competition Law 45(6), 716-719. (Case Comment).

⁴⁸⁴ It is because, the premium accounts are provided to the users depending upon the number of their files downloaded by the others.

⁴⁸⁵ Cited from Kur ‘Secondary Liability for Trademark Infringement on the Internet: The Situation in Germany and Throughout the EU’ (2014), 539.

court underlined that this obligation should not impose a heavy burden on the provider. However, it is difficult to say that the injunction imposed in this case was either reasonable or compatible with the EU *acquis*. Such an extensive injunction which comprises monitoring of third-party websites is seemingly incompatible with the principles established under the EU regime and case law as it would likely affect the fair balance between the fundamental rights of the parties and would constitute a general monitoring under Art.15 ECD by virtue of *Scarlet v SABAM*⁴⁸⁶ and *SABAM v Netlog*⁴⁸⁷. Accordingly, this decision hints at how unclear and malleable the reasonableness test can be applied under German law.

Besides those two cases, the BGH also had the opportunity to evaluate the blocking injunction order on the *Störerhaftung* ground in the case of *Goldesel.to*.⁴⁸⁸ In this case, the court was asked to grant a blocking injunction order against an ISP requiring it to block its customers' access to a P2P sharing network (Goldesel) as illegal copies of the claimant's work were available there and could easily be downloaded. In assessing *Störerhaftung* liability, reasonableness was assessed according to '*whether and to what extent the party sued as disturber can reasonably be expected to perform such duties depending on the circumstances*'. Under the facts of the case, it was held that the ISP at stake was not a *Störer*. Accordingly, the imposition of the blocking injunction would be unreasonable in that regard. This is because '*[a] disturber's liability of the internet access provider only comes under consideration if the right holder first undertook reasonable efforts to stop those involved who – like the website operator- themselves committed the infringement or –like the host provider- contributed to the infringement by providing services*'.⁴⁸⁹

In this respect, it was stated that, the ISP's business model was designed not to create a particular risk for copyright infringement. Accordingly, imposing heavy measures would jeopardise its business and be disproportionate unless it was notified by the claimant regarding illegality or the risk of continuous illegality. The BGH made a further

⁴⁸⁶ Case C-70/10 *Scarlet v SABAM* [2011] ECR I-11959. See p 36-37.

⁴⁸⁷ Case C-360/10 *SABAM v Netlog* (16 February 2012) C-360/10. See p 37-38.

⁴⁸⁸ I ZR 174/14 (BGH, unreported 26 November 2015) (Ger). Analysis from AF 'Germany: Disturber Liability of an Access Provider' (2016) *International Review of Intellectual Property and Competition Law* 47(4), 481-490 (Case Comment); Jaani Riordan '*The Liability of Internet Intermediaries*' (Oxford University Press 2016), p. 516.

⁴⁸⁹ AF 'Germany: Disturber Liability of an Access Provider' (2016), 481 (Case Comment).

assessment on the proportionality of the blocking injunction request under the facts of the case and considering the fundamental rights of the parties. It was stated that imposing such a duty on the ISP at issue would be unreasonable since the claimants failed to make a reasonable effort to prevent the infringements. Neither did they demonstrate why such an injunction would be effective in combatting those infringements. Moreover, it was concluded that the probable circumvention over blocking the access and the potential danger in blocking the lawful element would make the blocking injunction ineffective in preventing the infringements in contrast to Arnold J's holding in *Cartier I*.

In this case, the BGH examined the issue from both parties' perspective. On the one hand, the ISPs are regarded as being in the best position to terminate the infringements that occur on their platforms, yet BGH pointed to the fact that the duty imposed on them should be reasonable both under EU law and the doctrine of *Störerhaftung*. Therefore, right holders' activities in aiming to prevent or terminate infringements were taken into consideration in assessing the reasonableness of this duty. In that sense, the BGH appeared to strike a balance between the parties in contrast to the last *Rapidshare* case. However, the issue is still being debated.

C. Discussion

The most significant feature of German law as to intermediaries' liability is the fact that the liability is primarily dealt with under a property law based doctrine, *Störerhaftung*. This liability as a strict liability provides interim relief, and so appears as an accessory to the primary infringement.⁴⁹⁰ Liability for damages is dealt with under general tort law rules so the fault or intention must be proved. The *Störerhaftung* liability, however, depends on the third-party's duty to investigate on the perpetrator. Yet, as can be seen from the above assessment this duty cannot be equated with the duty of care of the negligence liability, although the notion of duty of care is used interchangeably with the duty to investigate or review in the literature.

⁴⁹⁰ 'It is rather intended as a tool to extend the legal protection of property rights by broadening the group of possible infringers.' Hoeren, and Yankova, 'The Liability of Internet Intermediaries- the German Perspective' (2012), 504.

The duty imposed with *Störerhaftung* liability is a separate and accessory obligation. However, it appears that the courts have failed to provide clarity on this. More precisely, there is no clear and uniform answer given by the courts on the extent of the investigation that could have been expected from a *Störer*. In *GEMA v Rapidshare*, the extent of this duty was set down broadly while monitoring and filtering throughout the third-party websites was being held reasonable by the court. Moreover, preventive measures as to the future infringements were regarded reasonable to implement without clearly specifying the borders. The matter, as a whole, thus depends on the facts of the cases. It can therefore be concluded that German law does not provide the required legal certainty in establishing the intermediary liability as well as failing to consider the EU liability regime within its national law. The CJEU's guidance as to the compatibility of *Störerhaftung* with Art.15 of the ECD seems to be a must at least for providing some measure of clarity.

IV. CONCLUSION

Two different national laws governing contributory trade mark liability have been assessed in this chapter since whether an intermediary is contributorily liable is for the national laws of the MSs to assess. It is therefore evident that the EU's immunity regime is in fact a two-tiered system. There are safe harbour rules which provides immunity from contributory liability for certain types of intermediaries. Accordingly, they deal with the question of whether an intermediary should be regarded as immune from the liability. There also exist MSs' domestic tort law rules governing the issue which decide whether the same intermediary is contributorily liable under the national law of that particular MS. Thus, the latter deals with the main liability question whilst the former provides the rules for an additional protection. More significantly, it is evident that tort law rules are not harmonised under EU law, although the immunity rules are uniformly provided. This chapter indeed proves the existing fragmentation of the liability matter.

First, the two legal systems examined have conceptual and fundamental differences in their tort law rules which have had an impact on the evolution of contributory trade mark liability principles, and so too on the liability of intermediaries online. Indeed, the joint

tortfeasance doctrine of English law is a common law doctrine that stems from accessory liability as a criminal law rule.⁴⁹¹ Significantly, the joint tortfeasance doctrine imposes liability on persons whose tortious acts are linked and result in the same single damage. In dealing with these issues, as was demonstrated, assessment is heavily dependent on the mental element of the tortfeasor (ie the intent) as the application of knowing facilitation or assistance as applied under the accessory liability doctrine of criminal law was rejected by the courts.

On the other hand, under German law the general principles of tort law apply. The S.823(1) of BGB in that respect stipulates both intention and negligence for the liability. However, as the courts have primarily relied on the *Störerhaftung* doctrine for contributory liability issues concerning IP rights, it is not very clear to what extent the negligence applies to the matter. The German courts focus on the *Störerhaftung* doctrine of the property law and the injunctive relief it provides. Therefore, German contributory trade mark law liability has evolved differently to English one since the liability does not depend on a tort-based doctrine.

In the presence of these conceptual and fundamental differences, divergent outcomes in relation to contributory trade mark liability should not be unexpected. However, this is not where the controversy ends. More significantly, the Internet as a new platform makes the issue more challenging. The above examination demonstrates the courts' struggle in dealing with this new context and the new technologies and issues it brings. As stated, the most fundamental difference between the offline and online world is the Internet's digital nature in contrast to the tangibility and the possibility of physical possession in the offline world. It is not straightforward to assess the mental state of an intermediary compared to a vendor in the offline world since an intermediary would necessarily be involved in provision of its service to some extent as the AG astutely stated in *L'Oréal v Ebay*. That is arguably why the application of knowing facilitation is still discussed within the English literature despite the courts' rejection of it. In a similar sense, German case law fails to provide a clear framework for the duty of investigation on an intermediary as an interferer since the intermediaries' infrastructure enables them to be more active and

⁴⁹¹ The Accessories and Abettors Act 1861, s 8; Davies 'Accessory Liability: Protecting Intellectual Property Rights' (2011), 390.

gives more infrastructural advantages to them in dealing with the infringing activities than what a vendor is able to do in the offline world.

On the other hand, English and German implementations hint that the courts have actually considered the Internet and intermediaries' operation to some extent. Arnold J in *L'Oréal v Ebay*⁴⁹² emphasised that Ebay has created a new form of trade so, it should and could deal with the infringing activities committed on its platform as its way of working carries a higher risk of infringements than traditional trade. Similarly, the BGH in *Internet Auction I* stated that an online auction provider cannot be expected to check every listing in assessing the extent of its duty to investigate. Yet, those considerations would not be sufficient to conclude that national courts have satisfactorily implemented and applied the rules to online infringements.

Moreover, the above examination points to another significant outcome. Although harmonised immunity rules are provided within the EU, these have been of little assistance in providing uniformity at a national level or in establishing a solid liability regime. As examined, the national courts' appraisals primarily focused on their national laws. Those case laws did not provide further insight into how the immunity rules should be implemented, construed and applied within the national law context. The BGH even decided that there was no need to ask for guidance from the CJEU as to the compatibility of the *Störerhaftung* doctrine with the EU *acquis* since it opined it was clearly compatible.

All these outcomes actually underline the importance of the uniformity which EU law seems unable to provide at both the national and EU level. Therefore, the above appraisal concludes that establishing an online contributory trade mark liability law with a solid framework is incredibly challenging task under the two-tiered system of the EU. It would follow that the EU's approach undertaken for the intermediaries' regime which establishes an immunity regime in pursuit of harmonisation is not proving to be appropriate or satisfactory for contributory trade mark liability issues online. Quite the opposite, it brings divergence in application while providing very limited uniformity. The task of the next chapter is to seek a solution for a more concrete and clearly established regime for trade marks.

⁴⁹² [2009] EWCH 1094, [369].

CHAPTER 5: RE-EVALUATING CONTRIBUTORY TRADE MARK LIABILITY ONLINE: NEW DEVELOPMENTS AND EXISTING MECHANISMS IN THE PURSUIT OF A REMEDY

I.	OVERVIEW	141
II.	MAPPING OUT ONLINE CONTRIBUTORY TRADE MARK LAW AND THE CHALLENGES	143
III.	NOTICE-and-ACTION REGIME.....	151
A.	Current State of EU Law.....	151
B.	Notice-and-Takedown Mechanism of S.512 DMCA	153
C.	An Effective Remedy?.....	155
D.	Variants of Notice-and-Action Mechanism.....	158
1.	Notice-and-Stay Down	159
2.	Notice-and-Notice	161
3.	Notice-and-Judicial Takedown	162
4.	Notice-and-Disconnection (Graduated Response Scheme).....	161
E.	Application to the Trade Marks	165
IV.	THE INJUNCTIONS REGIME	168
A.	Compatibility with Tort Law	169
B.	Striking the Balance?.....	172
C.	Application to Trade Mark.....	176
D.	Discussion.....	181
V.	MORE RESPONSIBILITY FOR INTERMEDIARIES?	180
A.	The Duty of Care	181
1.	The German Störerhaftung (Interferer) Liability and the Duty of Care	182
2.	Draft Article 13 of the Copyright Directive Proposal	186
B.	“More Responsibility” and the Trade Mark Law	1913
C.	Voluntary Measures.....	1925
VI.	CONCLUSION	200

I. OVERVIEW

Throughout the previous chapters, the evolution of the law of online contributory trade mark liability has been examined in the light of the immunity regime and domestic laws of the chosen MSs. Ultimately, it was concluded that the current state of the law that governs contributory trade mark liability has failed to stand up to the challenges that the Internet poses. However, this does not necessarily mean that the current system is not working at all. Indeed, it has been demonstrated that there are some significant elements of the EU’s liability regime which cannot be ignored in assessing its feasibility. These

are: 1) the immunity rules are specifically established by taking the way that the Internet and intermediaries operate into the consideration; 2) immunity is provided according to the type of activity that the intermediary undertakes, thus, adopted a problem-oriented approach; and 3) the regime provides general principles to create uniformity and more balanced regime.

However, the examination undertaken so far has concluded that the EU regime fails to provide the certainty and establish a solid framework for the law despite all this. Specifically, the immunity regime provided within the ECD appears to have failed to address the gaps in relation to online infringements. These rules only deal with situations in which certain intermediaries can be regarded as immune from liability. Therefore, its assistance remains limited in providing the necessary framework. There is also a lack of guidance from the CJEU and the EU legislators on the application of the rules which prevents the law from being more solid and effective. Finally, the fact that the EU liability regime is actually two-tiered and primarily dependent on the national tort laws of the MSs cannot be ignored. As demonstrated, this makes the EU liability regime more fragmented and ultimately prevents the regime from achieving its main aim of creating uniformity.

In the light of these, the remedy should be sought in order to deal with the existing challenges that arise from the Internet as well as to provide a more effective and solid framework for the law of online contributory trade mark liability. This is what this chapter will focus on. While doing this, the Chapter will re-evaluate the current state of the law under the new developments undertaken within the EU, more precisely under the published Communications which are pertinent to trade mark law. These are: the DSM Strategy⁴⁹³ and the Communications published related to this Strategy,⁴⁹⁴ Communication on Tackling Illegal Content⁴⁹⁵ and the draft Proposal of the CD⁴⁹⁶. Those Communications, in general, aim to provide the required assistance for the issues identified in relation to the intermediaries' regime for the purpose of creating a DSM. Creation of a DSM would mean free movement of goods, persons, services, capital and data which would pave a way to an economic boost, innovation and more uniform rules.

⁴⁹³ Communication on 'A Digital Single Market Strategy for Europe' COMM (2015) 192 final.

⁴⁹⁴ EU Commissions press release on 'Digital Single Market: Commissions calls for swift adoption of key proposals and maps out challenges ahead' IP/17/1232; Communication on 'Online Platforms and the Digital Single Market Opportunities and Challenges for Europe' COMM (2016) 288 final.

⁴⁹⁵ Communication on 'Tackling Illegal Content Online Towards an Enhanced Responsibility of Online Platforms' COMM (2017) 555.

⁴⁹⁶ Proposal of 'a Directive on copyright in the Digital Single Market' COMM (2016) 593.

Those Communication do not necessarily target trade mark issues. Nevertheless, those developments mention the implementation of specific mechanisms or indicate the prospects for new policies. These are pertinent to the trade mark discussion with respect to the horizontal approach of EU law even though trade marks are not expressly mentioned in some of these Communications. Along with those developments, existing mechanisms will also be examined to see whether they can work for the online contributory trade mark liability regime if further action is taken. Those mechanisms are NTD and injunctions.

By undertaking this assessment, the Chapter aims to contribute to the main purpose of the thesis by answering the following question: *‘Can a remedy be found within current EU law governing online contributory trade mark liability without a radical overhaul of the existing regulatory framework?’*. The examination should start by mapping out the current law of online contributory liability with the challenges that have arisen in the light of the examination undertaken so far.

II. MAPPING OUT ONLINE CONTRIBUTORY TRADE MARK LAW AND THE CHALLENGES

In the preceding chapters, the law governing contributory liability that arises online is assessed for the purpose of establishing the current law that is applicable to trade mark. As demonstrated, the applicable law has been established horizontally and unfortunately there is no comprehensive case law either at EU or national level dealing with trade mark matters. As a result, application of the law has been mainly examined from the perspective of copyright as copyright has dominated the liability discourse. Yet, those cases are still pertinent to trade mark law as Chapter 2 concluded that they are the most analogous rights to trade mark.

In the light of all examinations undertaken, the law of contributory trade mark liability applicable to online issues should now be mapped out and the existing challenges should be identified in the light of the examination undertaken so far.

For contributory trade mark liability matters that arise online, the most pertinent legal instrument is the immunity regime of the ECD as it is for the other rights. Those rules can

therefore be said to be the rules that shape the law. As the immunity regime is comprehensively assessed within chapter 3, there is no need to restate them here. What is needed in order to map out the law is the trade mark-specific implementations. *Google France*⁴⁹⁷ and *L'Oréal v Ebay*⁴⁹⁸ are the only CJEU cases at hand. It was especially the latter which set an important precedent for the trade mark realm since it considered Ebay, which is an online auction site, and the counterfeit sales on it. This type of infringement on an online marketplace is the most common trade mark infringement as well as the main consideration of this thesis. By virtue of the CJEU's decision, the following principles given below can be established for the application of the immunity rules in relation to trade mark infringement.

First, just as it is for intermediaries' liability in general, hosting intermediaries' liability is the focus of debate in relation to trade mark. Assessing hosting intermediaries' involvement in the infringing activity through a knowledge standard was what the CJEU focused on in these cases. In fact, in *Google France*, the CJEU also assessed this but in *L'Oréal v Ebay* the applicable test was laid out more thoroughly. In this case, the diligent economic operator test was provided. In examining the awareness of the online auction site about trade mark infringements committed by its users, the applicable test is set as whether a diligent economic operator should have identified the illegality in question as a result of either its own investigation or a receipt of notification and acted accordingly. However, the court failed to give further insight on how this test should be applied to infringements that arise from counterfeit selling.

As previously demonstrated, the identification of the genuineness of a good requires expert information unless there are obvious signs as to the counterfeit nature of the good. An online auction provider is not expected to have such expertise. It also never takes the physical possession of the goods for comprehensive investigation. Given this, how much diligence should be regarded sufficient for fulfilling the diligent economic operator role? It is clear that taking an offline market place as a standard is not appropriate given the differences in their way of working. Neither is considering another online auction provider as a standard of the 'diligent economic operator' given their potential differences in terms of size and capabilities. Perhaps implementing a filter mechanism whereby certain words are filtered out as a result of this process could place upon an intermediary

⁴⁹⁷ Joined cases C-236/08 to C-236/10 *Google France* [2010] ECR I-02417.

⁴⁹⁸ Case C-324/09 *L'Oréal v Ebay* [2011] ECR I-06011.

the awareness as to the infringing activity committed. Providing answers to these issues are quite important because the duty to act is triggered after obtaining such awareness. Given the lack of certainty, further guidance on the practical application of the diligent economic operator is what is needed.

Second, analysis of the domestic laws of the chosen MSs reveals that the examination of the contribution through a mental element has also been significant element in determining contributory liability for domestic courts. This appears to be a significant element of joint tortfeasance liability under English law. However, it is clear that English law sets a different level of knowledge as a condition since knowing facilitation is rejected under its case law. For trade marks, English case law's contribution is limited to *L'Oréal v Ebay*. This case's influence also remains limited as the case was settled between the parties and the guidance received from the CJEU was never implemented.

As happened in *L'Oréal v Ebay*, a notification is the most common way of obtaining the awareness in practice. In that regard, further clarification on the issue would provide a solution for the shortcomings of the regime. In fact, the Court assessed the notification element in the case to decide the immunity of Ebay. However, the EU regime lacks uniformity and certainty as it has not established a solid NTD system with necessary safeguards, and neither has the CJEU provided further clarification.

The duty to take appropriate action, ie by the removal of the content or by blocking access to it, is also important for trade mark infringements. This relates to Art.15 and the injunctions. The duty to act differs from injunctions as they are applied quasi-judicial while injunctions granted are part of a judicial process. What we have for trade mark law are the minimum standards that the injunctions should fulfil which are provided in the ED. Moreover, the applications of injunctions are not limited to infringements already committed. Injunctions against future infringements are also applicable if they target a specific infringement, as the CJEU approved in *L'Oréal v Ebay*. However, the Court did not determine what specific infringement or specific monitoring means. The German doctrine of *Störerhaftung* hints at the importance of resolving this issue from the application of the reasonableness standard under German case law. Although the case law examined in that regard related to copyright, the seminal *Internet Auction*⁴⁹⁹ cases

⁴⁹⁹ I ZR 304/01, 11 March 2004 (Ger), 2006 E.C.C. 9, [2005] E.T.M.R 25 (Eng); I ZR 35/04, 19 April 2007 (Ger), [2007] E.T.M.R. 70 (Eng); Case I ZR 73/05 Bundesgerichtshof, April 30, 2008 (Ger).

considered trade mark and an online auction site and approved the implementation of injunctions for future infringements. More remarkably, the applicability of *Störerhaftung* liability was not referred to the CJEU for clarification.

The decision of the CJEU in *Google France*⁵⁰⁰ appears to assist in determining the law of online contributory trade mark liability, as well. This case concerned another common trade mark infringement online: infringements that arise from purchasing and bidding for Adwords that correspond to others' trade marks. In this case, the CJEU held that Google's activity with respect to Adwords fulfils the hosting activity stated under Art.14. Thus, it can be granted immunity provided that the conditions are satisfied.

The above are the rules that govern online contributory trade mark liability. However, as is highlighted, the law is far from complete. There appear to be two reasons behind this: 1) lack of uniformity and further guidance pertaining to the liability regime, and 2) lack of an Internet specific or even sector-specific problem driven approach. Lack of uniformity is an issue for online as well as offline infringements. Yet, it appears to bring many more challenges for the online world given the Internet's borderless nature. In the presence of fragmented rules that change from one country to another, intermediaries are subject to a range of diverging legal requirements which affect the legal certainty that an intermediary seeks. The immunity regime as demonstrated provides only limited uniformity. Early cases brought against Ebay before the different MSs of the EU illustrate this best. Their outcomes were diverging. This may lead an intermediary to cease its operations in a country where the rules differ considerably. This would ultimately impact the economy as well as creating a DSM.

Along with that, the Internet's sui generis nature also demands more defined problem-oriented liability regime. It is clear that the courts have failed to conduct a right-specific analysis when dealing with the issues. There is limited case law dealing with trade mark. To make matters worse, in those limitedly available cases the courts failed to pay specific attention to the specifics of the trade mark realm which might require different implementation. This, appears more important with respect to the application of the enforcement mechanisms, namely NTD and injunctions. Those mechanisms are provided for effective protection. However, the nuance is the level of effectiveness that those measures can provide for the prevention of different types of infringements. The

⁵⁰⁰ Joined cases C-236/08 to C-236/10 *Google France* [2010] ECR I-02417.

effectiveness may differ depending on the type of measure implemented or type of infringement committed. Besides the case law demonstrates that the courts have failed to assess the applicability of these measures from the fundamental rights ground although the balancing act is established as a test in the injunction cases. This is significant and should not be overlooked in the purpose of providing and enhancing legal security and the fair balance for the parties as the enforcement mechanism are directly related to the balance that exists between the parties.

Moreover, as previously concluded, the analogy deployed with offline world infringements is somewhat inadequate and has led to ambiguous applications and an imbalance between the parties according to the responsibilities imposed. Safe harbour rules have been tailored for certain intermediaries, yet their assistance remains limited since those rules only deal with specific situations in which only specific intermediaries can be regarded as immune from liability.

In the light of all these, it appears that the missing part is the rules that govern the liability of intermediaries as well as more solid rules for the enforcement of the rights. In that regard, what appears to be necessary or desirable for the intermediary regime is the enactment of the rules that deal specifically with the question of when an intermediary is liable. However, although desirable, expecting enactment of new legislation dealing with the liability question would not be realistic under the current EU developments. This is firstly because it is evident under current EU policy that the EU legislators have no intention of taking such action, at least for the time being. Even if this option were considered in the future, the enactment of new legislation would have the potential to easily become outdated in the short term given the nature of the Internet and how fast technologies evolve. Such a process would also be time consuming.

Secondly, regulating the liability question horizontally might not offer a desirable result either -as the Chapter 2 hinted- while the enactment of vertically applicable rules may be an impossible task for EU legislators to undertake, either. Moreover, there is nothing indicating that harmonisation on tort law rules at EU level, nor specifically provided contributory trade mark liability law are a possibility for the time being or even for the future. This thesis therefore seeks after a remedy from existing mechanisms to establish a more satisfactorily working contributory trade mark liability regime for the EU.

The reason why the existing mechanisms can still be taken into consideration in the pursuit of the aim of this thesis lies in the EU's latest actions in dealing with the challenges surrounding the intermediary liability regime. The Communications published by the EU in the last two years are in fact indicate a possible change in the EU's approach. The first initiative that should be considered in that regard is dated 2012.⁵⁰¹ In that Communication, adaptation of a horizontally applicable notice-and-action procedure was proposed for the effective and clear protection of rights.⁵⁰² However, in 2013,⁵⁰³ the proposal for a Directive dealing with the matter was withdrawn. Following this, in 2015 the DSM Strategy was published.⁵⁰⁴ Briefly, the strategy in relation to the intermediaries' liability regime was stated as to provide '*a fit-for purpose regulatory environment for platforms and intermediaries*'.⁵⁰⁵ It was further stated that more effective enforcement should be provided to combat the illegal content and to enhance the uniformity within the EU. A duty of care was mentioned as a possible measure to reach this aim. This duty is simply explained as requiring '*intermediaries to exercise greater responsibility and due diligence in the way they manage their networks and systems*'.⁵⁰⁶

One year later, another Communication was published⁵⁰⁷ which aimed to identify the key issues of online platforms⁵⁰⁸ and the EU's policy in combatting these issues was set out. In that regard, the Communication emphasised the need for a '*balanced and predictable liability regime for online platforms*'.⁵⁰⁹ For the creation of such a regime, the implementation of new types of initiatives, ie EU-wide self-regulatory measures,⁵¹⁰ formal notice-and-action procedures⁵¹¹ were mentioned for further consideration. In the

⁵⁰¹ Commission 'A coherent framework for building trust in the Digital Single Market for e-commerce and online services' (Communication) COMM (2011) 942 final.

⁵⁰² Ibid, p 13-15.

⁵⁰³ Leaked draft Commission 'Proposal for a Directive of the European Parliament and of the Council on procedures for notifying and acting on illegal content hosted by online intermediary service providers ('Directive on notice-and-action procedures')' [...] (2013) XXX draft, and See letter by nine MEPs to European Commissioner for Internal Market and Services Michel Barnier on the matter, 3 July 2013, available at:

<https://ameliaandersdotter.eu/sites/default/files/letter_commissioner_barnier_notice_and_takedown.pdf>

⁵⁰⁴ Communication on 'A Digital Single Market Strategy for Europe' COMM (2015) 192 final.

⁵⁰⁵ Besides this purpose, the strategy covers many areas related to the digital market which fall afoul of the scope of the thesis.

⁵⁰⁶ Communication on 'A Digital Single Market Strategy for Europe' COMM (2015) 192 final, p 12.

⁵⁰⁷ Communication on 'Online Platforms and the Digital Single Market Opportunities and Challenges for Europe' COMM (2016) 288 final.

⁵⁰⁸ The communication employs the term online platforms however, in this thesis the term of intermediaries will be continued to employ.

⁵⁰⁹ Communication on 'Online Platforms and the Digital Single Market Opportunities and Challenges for Europe' COMM (2016) 288 final, p 8.

⁵¹⁰ Ibid, 7-9.

⁵¹¹ Ibid.

mid-term review of the DSM Strategy, which was published in May 2017⁵¹², the Commission again set out the notice-and-action mechanisms as part of their policy initiatives in its aim of promoting the fairness and responsibility of online platforms and of combating illegal content on the Internet. In a lately published Communication, *Tackling Illegal Content Online*,⁵¹³ the importance of intermediaries in the fight against illegal content was underlined by stating that their responsibility in that regard ‘*flows from their central role in society*’.⁵¹⁴ Accordingly, the implementation of voluntary measures by them are encouraged. What is asked from the intermediaries is, in brief, to take the appropriate actions suggested in the Communication against infringing content along with ensuring the protection of fundamental rights and due process.

Finally, the new CD was proposed as part of the developments undertaken by the EU for the intermediaries’ liability regime.⁵¹⁵ This proposal also includes a provision that require the imposition of the new obligations on the intermediaries. Under the proposed Art.13, intermediaries which provide storage and access to the public to large amounts of copyright protected works uploaded by their users are required to take appropriate measures to ‘*prevent the availability on their services of works or other subject-matter identified by rightholders*’ such as the use of ‘*effective content recognition technologies*’.⁵¹⁶

When all these developments are taken into consideration together, the EU’s approach to the intermediary regime appears to focus on intermediaries’ responsibility rather than their liability by means of implementing and applying enforcement measures. Indeed, throughout these Communications, effective enforcement mechanisms are considered such as notice-and-action procedures, but more importantly intermediaries’ position in tackling the infringements has been the focal point. The notice mechanism is still discussed in this latest Communication. Furthermore, new obligations are mentioned and considered within these Communications. While the CD proposal opted for a legislative

⁵¹² EU Commissions press release on ‘Digital Single Market: Commissions calls for swift adoption of key proposals and maps out challenges ahead’ IP/17/1232.

⁵¹³ Communication on ‘Tackling Illegal Content Online Towards an Enhanced Responsibility of Online Platforms’ COMM (2017) 555.

⁵¹⁴ Ibid, 2.

⁵¹⁵ Proposal for ‘a Directive on copyright in the Digital Single Market’ COMM (2016) 593.

⁵¹⁶ See also Ibid, recital 38.

obligation, self-regulatory obligations⁵¹⁷ have been also considered as an alternative in reaching the aim of a *fit-for purpose regulatory environment*.

On the other side of the coin, these developments may also be considered as suggesting another potential policy change in intermediaries' liability regime. Besides emphasising the imposition of more responsibility on the intermediaries in pursuit of a *fit-for-purpose regulatory environment*, implementation of a *sectorial, problem-driven approach to regulation*⁵¹⁸ was also pointed out. What was proposed in Art.13 of the CD draft would indeed be the best to reflect such a sectorial, problem-driven approach in practice if it were accepted. In this Article, the intermediaries which store and provide to the public access to large amounts of works or other subject-matter uploaded by their users are required to implement the enforcement measure stated in the Article. The EU legislators' goal in proposing such an obligation is an attempt to prevent the illegal content and solve the so-called *value gap*⁵¹⁹ issue between the copyright holders and the platforms. Therefore, regardless of its possible impact on the EU regime and trade mark realm, this was proposed as a copyright specific solution so, it is a sector specific approach.

Nevertheless, this approach's compatibility with the existing regime should not be taken for granted. As Frosio⁵²⁰ soundly argues, '*[i]ntroducing proactive monitoring solely through copyright regulation- rather than amending the horizontal eCommerce regulation- would open a systematic crack into the EU liability regime.*' Indeed, as it will be examined later, the proposed Art.13's compatibility with Art.14 has been raised as a concern in the literature on the ground that it might damage the current negligent-based liability regime. Henceforth, a *sectorial, problem-driven approach* may result in a policy change which would affect the whole liability regime.

Against all these developments, the current mechanisms, ie the injunctions and notice mechanism as well as newly proposed ones ie imposition of duty of care or new obligations, and self-regulatory measures should be assessed to see whether these can

⁵¹⁷ Communication on 'Online Platforms and the Digital Single Market Opportunities and Challenges for Europe' COMM (2016) 288 final, p 7-9.

⁵¹⁸ Ibid, p 8.

⁵¹⁹ This term is used to describe the difference in remuneration obtained by some intermediaries, such as YouTube and Spotify. As Spotify works with the right owners and pays the licenses for the distribution of a content, YouTube does not do such licence agreement with the right holders. The proposal aimed to provide the fair distribution.

⁵²⁰ Giancarlo F. Frosio 'From Horizontal to Vertical: An Intermediary Liability Earthquake in Europe' (2017) *Journal of Intellectual Property Law & Practice* 12 (7) 565–575, 571.

provide the required remedy for trade mark law. Those mechanisms will be assessed through the lens of the EU's new approach in order to see how they would fit in the existing regime, if they could provide the required assistance to the trade mark law and the creation of DSM.

The notice mechanisms will be examined first.

III. NOTICE-and-ACTION REGIME

Notice-and-action is an umbrella term which comprises different types of notice mechanisms such as notice-and-takedown (NTD) and notice-and-stay-down. These will be considered in this thesis as the current developments focus on these mechanisms in tackling the illegal content as well as the current liability regime employs the NTD procedures.

A. Current State of EU Law

Under Art.14 ECD, a hosting intermediary is under a duty to act when it obtains the actual knowledge or awareness (for the damages) about the illegal activity on its service. One of the ways of having awareness is by a receipt of a notification. This is in fact the most common way of obtaining awareness given the general monitoring obligation prohibition in Art.15 unless an intermediary implements its own measures. An intermediary should therefore act accordingly when it receives the notification as to the claimed unlawfulness. This act would either be the removal of the material or the blocking of access to the material. However, it should be noted that the duty imposed on the caching intermediaries within Art.13 differs from the duty of hosting intermediaries. A caching intermediary is under a duty to remove or disable the information which has already been removed or disabled at the source while the hosting intermediary's duty to act expeditiously is for the information which is being hosted by an intermediary at the time of obtaining the awareness.

In that regard, what makes the takedown difficult for a hosting intermediary is its involvement in the decision process of takedown. The existing NTD mechanism and its

discussion revolve around hosting intermediaries. Nevertheless, the guidance as to the application of the NTD system is limited. As it is stated in Recital 46, specific requirements are left to the MSs' discretion and their domestic laws. This leads, in the Commission's own words, to '*a heavily fragmented system in the EU over the elements of the NTD mechanisms*' to the point where in some MSs it applies as notice-and-stay-down-like procedures in practice.⁵²¹ In fact, the NTD mechanism has arguably become the least harmonised part of the intermediary liability regime. According to the Commission's staff working document dated 2012, these existing uncertainties mainly arise from the fragmentation of the following elements: the requirements of notice, the possibility of a defence for providers of information, and the time frame.⁵²²

Despite these uncertainties, there have been some developments since Art.21 of the ECD requires the Commission to analyse if there is a need for the proposals regarding NTD procedures. As the leaked draft indicates, even the adoption of a Directive on notice-and-action procedures was on the Commission's agenda. Yet, unfortunately the proposal was later revoked.⁵²³ Nevertheless, the latest initiatives taken by the Commission under the DSM Strategy, as stated above, hint that further development as to the notice-and-action procedures is still a possibility. Accordingly, these procedures are important for the thesis's aim of providing remedy for the contributory trade mark liability regime. However, since there is neither an EU-wide applicable NTD system, nor further harmonisation on the matter, the DMCA's rather comprehensively established and seemingly well-functioning NTD system should be of assistance. It should be noted here again that the DMCA in S.512 creates an ECD-like safe harbours for the intermediaries for their particular activities and it is applicable for copyright claims. Nevertheless, its NTD regime would still be greatly assisted by its analogical analysis and more importantly for understanding the mechanisms' operation, effectiveness and impacts on the liability regime. Thus, it cannot be ignored.

⁵²¹ For instance: the French HADOPI law's three strike procedures for copyright infringements appears as notice-and-stay down like procedure. For detailed explanation and detailed analysis on the legislative developments in MSs concerning NTD systems See Commission Staff Working Document, Online Services, Including e- Commerce, in the Single Market Accompanying the document Communication on 'A coherent framework to boost confidence in the Digital Single Market of e-commerce and other online services' SEC (2011) 1641 final, 43.

⁵²² Ibid, 43-46.

⁵²³ Angelopoulos 'European Intermediary Liability in Copyright: A Tort-Based Analysis' (2016), 59.

B. Notice-and-Takedown Mechanism of S.512 DMCA

S.512 basically creates safe harbour rules for four particular intermediaries, namely: 1) transitory digital network communications (Internet access, mere conduit),⁵²⁴ 2) system caching,⁵²⁵ 3) information residing on a system or networks at direction of users (hosting)⁵²⁶ and 4) information location tools (linking)⁵²⁷.⁵²⁸ Further, it establishes a NTD system for caching, hosting and linking providers as they are under a duty to act accordingly after gaining actual knowledge or awareness about illegal content in order to be granted immunity for their users' copyright infringements committed on their services. Nevertheless, relying on the same grounds stated above, the US debate over the NTD also focuses on the hosting intermediaries as well as information location tools. S.512 provides a comprehensively established NTD mechanism under the sub-section designated for hosting providers, S.512(c)(3).

This sub-section specifies the elements that a notice must have. These are specified as follows: 1) the notification must be written and include either the physical or electronic signature of the person authorised to act on behalf of the copyright owner,⁵²⁹ 2) detailed information regarding the allegedly infringing content must also be provided in the notice⁵³⁰ and 3) a statement indicating the good faith of the complaining party must be included in the notification.⁵³¹ Failure to comply with these requirements will result in the notification not to be considered in the determination of knowledge requirement.⁵³² If the notification contains all these elements, then the intermediaries' duty to act expeditiously to remove the content or disable the access to it is triggered.⁵³³ S.512 also creates rules for intermediaries to follow after removal of the content by means of safeguards. Firstly, upon receiving the notification, the intermediary is required to promptly notify the person, who uploaded the allegedly infringing content, about the

⁵²⁴ the DMCA, S 512(a).

⁵²⁵ Ibid, S 512(b).

⁵²⁶ Ibid, S 512(c).

⁵²⁷ Ibid, S 512(d).

⁵²⁸ These mapped out in the ECD respectively as follows: art 12 (mere conduit), art 13 (caching) and art 14 (hosting). As stated however information location tools as stated in the DMCA did not included in the ECD.

⁵²⁹ The DMCA, S 512 (3) (A) (i).

⁵³⁰ Ibid, S 512 (3) (A) (ii), (iii), (iv).

⁵³¹ Ibid, S 512 (3) (A) (v) (vi).

⁵³² Ibid, S 512 (3) (B).

⁵³³ The intermediary will not be liable to any person from the takedown unless the infringing nature of the material is apparent. Ibid, S 512 (g) (1).

removal of this content.⁵³⁴ Accordingly, the accused infringer is given a right to issue a counter-notification to the intermediary, yet this notification must also contain the required elements specified under S.512(g)(3).⁵³⁵ This counter-notification should be sent to the provider of the first notification by an intermediary. If the provider of the notification fails to show that the legal action has been started in order to restrain the accused infringer in engaging in the infringing activity after 14 days, then the intermediary can restore the content.⁵³⁶

The system created under S.512 appears as a good model for NTD systems since it deals with the elements that were identified as persisting issues in the EU's staff working document. ie requirements of notice, after- notice safeguards as counter-notice.⁵³⁷ It clearly provides the requirements of the notice, sets a time frame, creates a counter-notice mechanism and regulates the liability question as to the wrongful notice issuance or takedown. Yet, it cannot be concluded that adopting the DMCA system in EU law is the answer. This is because, even these safeguards cannot be a solution to the challenges that arise from NTD mechanisms. First and foremost, the mechanism still put intermediaries in the position of being able to assess the alleged illegality of the content and act accordingly. More precisely, it gives them power to act as if they are the judges in the cases.⁵³⁸ Therefore, the fundamental rights of the parties are at stake as it is the case for injunctions. Yet, it must be underlined that the position of ISPs in the operation of the NTD system differs from its position in the application of injunctions as the latter is the result of the judicial process while in the takedown process it is the intermediary who decides to takedown. Furthermore, there is again the question of the effectiveness of the application of the mechanism in practice.

In the presence of these questions, it is difficult to conclude that the DMCA's system is a good precedent for EU law. It appears that it offers the answers as to the procedural requirements, but it fails to provide answers for some other important points relating to the substance of the process of the NTD mechanism such as leaving the take down

⁵³⁴ Ibid, S 512 (g) (2) (A).

⁵³⁵ These requirements are same to the requirements stated for the form of the notification received from the right owner.

⁵³⁶ S 512 (g) (2) (C) of the DMCA.

⁵³⁷ Commission Staff Working Document, 'Online Services, including e- Commerce, in the Single Market' SEC (2011) 1641 final, p 43-46.

⁵³⁸ Georgios N. Yannopoulos 'The Immunity of Internet Intermediaries Reconsidered?' in Mariarosaria Taddeo and Luciana Floridi, *The Responsibilities of Online Service Providers* (Springer International 2017) 43-59, 54-56.

decision and discretion to a service provider and the fundamental right affected by this act.⁵³⁹

C. An Effective Remedy?

The NTD mechanism should be the first notice-and-action mechanism to examine in pursuit of an effective remedy for the liability regime given that EU law indicates the implementation of the NTD procedures for immunity within the ECD and there is a statutorily established NTD system in S.512 of the DMCA. First of all, the intermediaries' position and their involvement in the decision process as to the takedown arises as the most criticised element of this procedure. This is because when the notification is received it will be the intermediary who checks the content and then takes down if necessary. Aside from putting an intermediary in the position of a judge and resulting in a private enforcement, this may also appear a burden for the intermediary in certain cases. Indeed, the intermediary may not have the knowledge to be able to assess the legitimacy of the notified content. For trade mark and copyright, this would be the most likely case as the decision requires expertise to some extent and its legitimacy can depend on the specific circumstances. For instance, it would be challenging for an online auction intermediary to assess the authenticity of a good, or for the hosting website to assess the legality of a digital copy of a movie.⁵⁴⁰ The intermediaries' incompetence or difficulty in ascertaining the infringing nature of the content may lead the intermediary to take the content down without undertaking an adequate assessment, or perhaps without any assessment at all in order not to have liability imposed. Furthermore, the lack of transparency⁵⁴¹ as to their process of taking down has made the issue more challenging in terms of providing a well-balanced system. Transparency in the process is therefore essential for both intermediaries and other parties who become affected by the procedure.

⁵³⁹ It has indeed been criticised with respect to its effectivity. For detailed analysis See Jennifer N Urban, Joe Karaganis and Brianna L Schofield 'Notice and Takedown in Everyday Practice' (2017) University of California Berkeley Public Law Research Paper No. 2755628. Available at <https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2755628>

⁵⁴⁰ Van-Eecke 'Online Service Providers and Liability: A Plea for a Balanced Approach' (2011). ('*Indeed, even information that some would presume to always be illegal – such as copies of recent Hollywood films that are made publicly available on a peer-to-peer network- can be legal.*')

⁵⁴¹ This concern is raised in the public consultation on e-commerce by the respondents. See Commission Staff Working Document, 'Online Services, including e- Commerce, in the Single Market' SEC (2011) 1641 final, p 45.

Indeed, empirical research have been conducted to demonstrate that the criticisms levelled against the NTD system correspond with the practical reality, even if they are not representative. In the *Liberty Project*,⁵⁴² two ISPs, one US and one UK based, were chosen for the *Mystery Shopper Test*. Researchers first uploaded the illegal content on the hosting pages of the chosen ISPs and, then sent a notification to them claiming the illegality of that content by acting as copyright owner and asked for it to be taken down. Remarkably, in this artificially created notification neither the detailed address of the sender nor other proof of identity were provided. As a response to these notifications, the US ISP did not directly act to takedown but instead asked for further information as to the illegal content in order to comply with the requirements set out in S.512. Yet, this further information was intentionally not provided by the researchers so, no further action was taken by the US ISP. On the other hand, the UK ISP responded by taking down the content after just 5 days from receiving the notification, and more importantly without asking for more detail about the allegedly infringing content.

In another piece of research focusing on ten different ISPs located in the Netherlands, the *Multatuli Project*,⁵⁴³ it was demonstrated that the responses of these ISPs to the same notification were varied. In the *Take Down Test* undertaken, the notification was again created artificially by the researchers and did not contain detailed information. Even more, the content uploaded by the researchers was not in fact protected by copyright as the copyright holder had died many years ago, so copyright had expired. Despite these facts, seven of the ten ISPs responded to the notification by removing the content but without examining the validity of the notification. Only one ISP considered and examined the legality of the claim and then refused to takedown the content while other two ISPs asked for the further information with a questionnaire, but did not take further action, so the process ended.⁵⁴⁴ The research also revealed that the application of the expeditious act requirement of Art.14 as to the removal differed from one ISP to another in practice. Amongst the ISPs in the test, the time frame for the removal of the content varied from

⁵⁴² Christian Ahlert, Chris Marsden and Chester Yung 'How 'Liberty' Disappeared from Cyberspace: The Mystery Shopper Tests Internet Content Self-Regulation' (2004) (Liberty project). Available at <<http://pcmlp.socleg.ox.ac.uk/sites/pcmlp.socleg.ox.ac.uk/files/>>

⁵⁴³ Sjoera Nas, 'The Multatuli Project ISP Notice & take down' (2004) (Multatuli project) <<https://www-old.bof.nl/docs/researchpaperSANE.pdf>>

⁵⁴⁴ Ibid.

three hours to ten days,⁵⁴⁵ which is an important outcome to demonstrate the existing uncertainty in practice as this divergence arose within just one country.

As such, the NTD mechanism under EU law not only represents serious uncertainties but also carries a potential for interference on the fundamental rights of the parties who are subject to the takedown. The fundamental rights that can be affected by such take down are mostly the users and content providers' right to freedom of expression and information whereas it appears to respect the intermediaries' freedom to conduct of business and right owners' right to have an effective remedy.⁵⁴⁶ This is because the existing regime appears to have adopted or promoted the '*shoot first ask questions later*' approach. Even perhaps without applying the second part in most of the cases since the aforementioned pieces of research indicate that the asking questions part was not properly applied. Moreover, there is no counter-notice mechanism which would violate the fundamental rights of the content provider as to the procedures such as fair trial

Therefore, it can be concluded that the elements and the application of the EU's NTD regime as it is represents a serious danger to the freedom of expression of the parties and due process. These elements appear to give rise to potential abuses which can be specified as follows: over-blocking or censorship or false removal given the lack of expertise of the intermediaries in identifying the legality of the content or notification and the lack of a comprehensive examination undertaken by the intermediaries. There is a lack of guidance or provisions on what will happen if the false notification is received by an intermediary or if an intermediary unlawfully removes the content, as well as a lack of transparency as to the intermediaries' assessment principles and lack of counter-notice mechanism.

Therefore, the present state of the regime undoubtedly requires safeguards and clearer rules in order to be considered feasible and have its desired effect under the EU liability regime. To this end, the DMCA sets a good precedent for the EU in relation to the procedural safeguards as stated above.⁵⁴⁷ Yet, even with those safeguards in application,

⁵⁴⁵ Ibid.

⁵⁴⁶ Wallberg assesses these in detail. See Knud Wallberg, 'Notice and takedown of counterfeit goods in the Digital Single Market: a balancing of fundamental rights' (2017) *Journal of Intellectual Property Law & Practice* 12 (11) 922-936. See also Van Eecke, 'Online Service Providers and Liability: A Plea for a Balanced Approach' (2011), 1479.

⁵⁴⁷ There is also Japanese system which is called notice- wait and takedown. In this system, the intermediary is required to wait for the specified time before taking down the allegedly infringing material, yet the mechanism still appears as the NTD system with slight difference; waiting. Therefore, this mechanism arguably eliminates the concerns raised for the NTD system. See Angelopoulos and Smet 'Notice-and-fair-

the NTD and its possible effectiveness should not be taken for granted as this would not be the end of the discussion. In fact, the DMCA's counter-notice mechanisms are not as effective as they were intended to be. Bridy and Keller states '*[c]ounter-notices certainly appear to be far less common than the improper removals that they are intended to counteract*'.⁵⁴⁸

Against this background, it would be wrong to conclude that the NTD is a fail-safe enforcement system in dealing with infringements which also provides the fair balance between the parties. Moreover, the DSM Strategy and the EU agenda hint that the NTD is not the only system in the Commission's mind for further harmonisation and effective enforcement mechanisms. The specific mention of the sectoral approach also indicates the probability of the adoption of the different notice mechanisms. Therefore, those variations will not be ignored and will be examined next.

D. Variants of Notice-and-Action Mechanism

There exist many types of notice mechanisms adopted or applied within the national laws of the countries as applicable for different types of rights.⁵⁴⁹ However, not all of these alternatives will be examined in this part since the thesis' focus is trade mark. Therefore, the most appropriate alternatives for trade mark, but mainly the currently adopted notice mechanisms for copyright, are to be considered as copyright is the most appropriate vehicle for analogical comparison if the application of the same rules is not regarded as feasible. The following alternatives will be examined here: 1) notice-and-stay down 2) notice-and-notice 3) notice-and-judicial-takedown and 4) notice-and-disconnection.

1. Notice-and-Stay Down

balance: how to reach a compromise between fundamental rights in European intermediary liability' (2016), 296-297.

⁵⁴⁸ Annemarie Bridy and Daphne Keller 'US Copyright Office Section 512 Study: Comments in Response to Notice of Inquiry' 31 March 2016 Available at <https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2757197>.

⁵⁴⁹ Notice and suspension, notice-wait and takedown, automatic takedown can be stated as an example to these alternatives beside the ones will be examined. For examination of each system for different clashes, See Angelopoulos and Smet 'Notice-and-fair-balance: how to reach a compromise between fundamental rights in European intermediary liability' (2016).

Notice-and-stay down means that an intermediary is also under a duty to prevent the reappearance of the illegal content which is previously removed pursuant to a notice. More precisely, intermediary not only takes down the illegal content but also needs to be sure that this particular content will never be uploaded again on its platform. To achieve this, the intermediary should have the appropriate mechanism in place for monitoring all the contents that are uploaded. Automated filtering and monitoring systems would therefore be the most appropriate option for implementation as the required monitoring could not be done by human supervision.

Requiring an intermediary to monitor all uploaded contents to ensure that the concerned material is not re-uploaded presents serious challenges without providing any safeguards if not already harms the fair balance between parties. Actively seeking to identify the previously removed content for an unlimited time would most likely amount to general monitoring which poses a serious concern for the freedom of expression and information of the users as it promotes censorship. More importantly, general monitoring is prohibited under Art.15 ECD, and, as confirmed by the CJEU in *Scarlet v SABAM*⁵⁵⁰ and *SABAM v Netlog*⁵⁵¹ such a filtering system, which was applicable for all users and for an unlimited time, was not compatible with Art.15. At that point, one can argue that the CJEU's decision in *L'Oréal v Ebay* with respect to the application of injunctions to future infringements was the confirmation of the notice-and-stay down mechanism. However, there is a significant nuance which should be considered in applying preventive mechanisms. Whether the right to act to prevent future infringements comprises of the preventing act taken for the same, similar or every infringement? Along with the AG's opinion in *L'Oréal v Ebay*, the CJEU's judgment should be read as granting an injunction only for the re-appearance of the same infringement. The other possibilities however may appear possible for notice-and-stay down mechanisms in the lack of explicitly established rules. This is evident that such mechanism would represent serious concerns on the fundamental rights as well as is in conflict with Art. 15.

Against this background, the notice-and-stay down mechanism appears to be an unfavourable mechanism for the effective enforcement of the rights given the serious concerns that arise from the system. Indeed, the imposition of such a duty on the

⁵⁵⁰ Case C-70/10 *Scarlet v SABAM* [2011] ECR I-11959.

⁵⁵¹ Case C-360/10 *SABAM v Netlog* (16 February 2012).

intermediaries was also rejected by the Milan Court of Appeal⁵⁵² in 2015 and French Supreme Court⁵⁵³ in 2012 on the grounds that it was incompatible with EU law and it would be a great burden to impose on intermediaries. Despite this, the mechanism still receives a great deal of attention on both sides of the Atlantic, especially from right holders. In the EU Commission's staff working document, it was revealed that the most of the right holders who were part of the public consultation expressed their support for the notice-and-stay down procedures.⁵⁵⁴ Moreover, the study undertaken by the US Copyright Office demonstrated the same kind of support for a mechanism from some right holders in the US.⁵⁵⁵ More importantly, the system was mentioned by the EU Commission in its 2015 Communication⁵⁵⁶ as an alternative tool for copyright issues. Finally, the Communication, '*Tackling Illegal Content Online*'⁵⁵⁷ considers the stay down mechanisms and appears to encourage intermediaries to implement required technologies to prevent the re-appearance of the illegal content. It then indicates the importance of the safeguards in that regard yet does not offer further insight on what type of safeguards should be implemented.

Overall, despite its popularity amongst right holders, it is evident that it has not proven itself to be efficient, just and proportionate as an enforcement mechanism on the grounds that it poses a serious danger to the fundamental rights of the users and imposes a great burden on intermediaries by leaving it to them of preventing re-appearance of illegal content⁵⁵⁸.

2. Notice-and-Notice

⁵⁵² Milan Court of Appeal, *Reti Televisive Italiane S.p.A. (RTI) v. Yahoo! Italia S.r.l (Yahoo!) et al*, 7 January 2015. Cited from, Monica Horten 'Content Responsibility: The looming cloud of uncertainty for internet intermediaries' (2016) Center for Democracy and Technology 1-24, 10.

⁵⁵³ *La société Google France c La société Bach films*, Cour de cassation (Première chambre civile) 12 July 2012 Cited from Angelopoulos and Smet 'Notice-and-fair-balance: how to reach a compromise between fundamental rights in European intermediary liability' (2016), 289.

⁵⁵⁴ Commission Staff Working Document, 'Online Services, including e- Commerce, in the Single Market' SEC (2011) 1641 final, p 43.

⁵⁵⁵ Giancarlo F. Frosio 'Why Keep a Dog and Bark Yourself? From Intermediary Liability to Responsibility' (2017) Oxford International Journal of Law and Information Technology 26(1) 1-33.

⁵⁵⁶ Commission, 'Towards a Modern, More European Copyright Framework' (Communication) COMM (2015) 626 final.

⁵⁵⁷ Communication on 'Tackling Illegal Content Online Towards an Enhanced Responsibility of Online Platforms' COMM (2017) 555.

⁵⁵⁸ This also justifies the right holders' position in support of the mechanism, as the process does not impose any burden to the copyright holders other than issuing a notice for the removal.

A notice-and-notice regime basically requires an intermediary to forward the notice to the user of its service who is claimed to have infringed the right. After doing this, the intermediary is no longer involved in the process. This mechanism was adopted by Canada for copyright issues with the aim of discouraging online copyright infringement. Under the relevant sections of Canada's Copyright Act,⁵⁵⁹ an intermediary's only duty is to forward such notice to the alleged infringer who is the user of the service. If the infringer cannot be identified, then the records of the notice should be kept for six months by the intermediary. This regime also sets out the conditions that the notice should contain.

The most significant outcome of this regime is that the intermediary's involvement is limited to passing the notice on the user. There is no requirement of takedown. Accordingly, the decision about whether to takedown the infringing content is not one for the intermediaries to make. This decision is left to the notified user under this regime. The user may takedown the content or may not. Depending on the users' act, the copyright owner may start proceedings.

On this basis, mechanism eliminates the concerns raised for the NTD and notice-and-stay down mechanisms since it leaves the intermediaries out of the decision process on the illegality of the content and potential takedown. The copyright owner who has the expertise and knowledge regarding the content is now more involved in the process. The alleged infringer is given the right to represent itself as part of due process. Thus, it eliminates the concerns raised with respect to fundamental rights of the parties and appears to ensure the fair balance while its effectiveness raised as a question.

Under the Canadian regime, the content owner is neither under a duty to respond to the notice nor to contact the copyright owner. If for instance, it uploads the content legitimately, yet chooses not to inform the copyright owner as there is no requirement for that, the copyright owner may start the proceedings given that the content has not been removed. This can be time consuming as well as conflicting with the rule of procedural economy since the user lawfully uploaded the content. Even if the content is infringing and illegally uploaded, the content owner may still not want to remove it. In that case, the copyright owner will most likely start the court proceedings in seeking removal of the

⁵⁵⁹ Copyright Act (Revised Statutes of Canada 1985, c. C-42) ss. 41.25-41.27. See <<<http://laws-lois.justice.gc.ca/eng/acts/c-42/>>>.

content. Therefore, in either case, the mechanism appears to be more time consuming for resolving the matter than the other systems examined above. Nevertheless, this does not necessarily mean that the notice-and-notice mechanism is not preferable to the other mechanisms. Given the fact that the notice-and-notice regime provides a relatively more balanced system especially with respect to the fundamental rights, it should be in the legislators' mind as the strongest alternative for further harmonisation in tackling online infringements.

3. Notice-and-Judicial Takedown

As it can be deduced from its name, under the notice-and-judicial takedown system, taking down or blocking cannot be done without a court order. This means that the removal or blocking of content is always a result of the judicial process. After receiving the order, an intermediary should act accordingly to the order of the court. This appears to be the preferred in Spain⁵⁶⁰ and was adopted in Chilean copyright law⁵⁶¹. Moreover, this regime was regarded as a good alternative to the NTD system by the Special Rapporteur of the United Nations Human Rights Council in his report since the NTD system is regarded as posing a serious danger of violation of fundamental rights.⁵⁶²

Indeed, the mechanism offers the required protection for fundamental rights given that the removal of the content is done after a judicial process and by virtue of a court order. However, in terms of time and procedural economy, it poses the same challenges as the notice-and-notice mechanism and does not offer any solution, either.⁵⁶³ The establishment of an alternative dispute resolution model specifically dealing with these issues could be considered as means of lightening the burden of the judicial system and shortening the process. Having this option in mind, this mechanism also appears to be proportionate in protecting the fundamental rights of the parties and in providing an effective remedy for right owners.

⁵⁶⁰ Angelopoulos and Smet 'Notice-and-fair-balance: how to reach a compromise between fundamental rights in European intermediary liability' (2016), 299.

⁵⁶¹ Report of the Special Rapporteur on the promotion and protection of the right to freedom of opinion and expression, Frank La Rue, United Nations General Assembly Human Rights Council A/ HRC/17/27 (2011), 13.

⁵⁶² Ibid.

⁵⁶³ Manila Principles on Intermediary Liability- Background Paper 30 May 2015,17 <<https://www.eff.org/files/2015/07/08/manila_principles_background_paper.pdf>>

4. Notice-and-Disconnection (Graduated Response Scheme)

This mechanism is most commonly adopted in copyright law to prevent infringing content made available through P2P file sharing. Although its application may diverge between countries,⁵⁶⁴ it principally stems from the idea of preventing repeated infringements. In that regard, if the infringer continues to the infringing activity even after receiving a certain number of notices in a specified period of time,⁵⁶⁵ it will then be subject to a sanction which is mainly takes the form of the suspension of Internet access for a specified time. The general framework of the mechanism, however differs from one country to another in practice. These divergent elements generally relate to the required number of notifications before the imposition of a sanction, who is the issuer of these notifications, the types of sanctions that can be imposed on the infringer and who will impose the sanctions on the repeat infringer. For example, in France there are administrative agencies who are responsible for the operation of this system. With respect to the related law, French HADOPI law,⁵⁶⁶ infringers are notified and warned by these agencies. If one infringer is identified for a third time in one year (three-strike model), then the administrative agency can apply to a court for the imposition of a sanction which would be the suspension of access for a time determined by the Court.⁵⁶⁷ Similarly, South Korean law adopted the three-strike model for copyright infringements yet the suspension orders are issued by the Minister of Culture, Sports and Tourism.⁵⁶⁸

⁵⁶⁴ For detailed examination See Frosio 'Why Keep a Dog and Bark Yourself? From Intermediary Liability to Responsibility' (2017); Nicolo Zingales 'Internet Intermediary Liability: Identifying Best Practices for Africa' Association for Progressive Communications (2013).

⁵⁶⁵ Which is regulated differently under the national laws.

⁵⁶⁶ Law No. 2009-669 of June 12, 2009, Promoting the Dissemination and Protection of Creative Works on the Internet (HADOPI Law) (France). See Frabboni, 'File Sharing and the Role of Intermediaries in the Marketplace: National, European Union and International Developments' (2010), 136-137; Guadamuz, 'Developments in Intermediary Liability' (2014) 333-336.

⁵⁶⁷ It should be noted that when the HADOPI law first enacted, the law enabled these administrative authorities to decide and impose the sanctions on the infringers without referring to the Court. However, after it was held that this was not consistent with the French Constitution by the French Constitutional Court, the related provisions were amended as requiring a judicial determination as to the infringer's access suspension. *Loi favorisant la diffusion et la protection de la création sur internet*, Conseil Constitutionnel, Décision n° 2009-580 DC du 10 juin 2009 cited from Zingales 'Internet Intermediary Liability: Identifying Best Practices for Africa' (2013), fn 77.

⁵⁶⁸ Frosio 'Why Keep a Dog and Bark Yourself? From Intermediary Liability to Responsibility' (2017).

Besides the legislative adoption by countries, this mechanism is also favoured by private parties as part of voluntary agreements. In an abandoned model⁵⁶⁹ of the graduated response scheme (GRS) called Copyright Alert System, which the five largest US broadband ISPs and the entertainment industry voluntarily agreed on, the six-strike model was chosen, and the intermediaries were the ones who would impose the specified measures on the infringers.

In Ireland, however, GRS came into play in a rather different way. The Irish ISP, Eircom voluntarily made the agreement with Irish record companies by means of a settlement after those companies sought an injunction against Eircom which required Eircom to implement a three-strike GRS for illegal file sharing. The implementation of the mechanism was sought by the right owners through an injunction order from a court.⁵⁷⁰ Although in this case Eircom voluntarily accepted to implement such mechanism, later in *Sony Music Entertainment (Ireland) Limited v UPC Communications Ireland Limited (No1)*,⁵⁷¹ the Irish Court granted the injunction against the concerned ISP (UPC) which required the UPC to implement the GRS to prevent copyright infringements.⁵⁷²

Based on the models adopted either through a legislation or a voluntary agreement, the first and foremost outcome that can be deduced with respect to the mechanism is its potential negative outcome on users' rights. Regardless of how many strikes are required before imposing sanctions or the specified time period in order to establish a more balanced system, the fact that the last sanction is -more commonly- the suspension or the termination of an Internet access means there is a high likelihood of the violation of the fundamental rights of the users. Furthermore, under the possibility of creating a system that enables either an intermediary or administrative authority to decide on a suspension without judicial process, this mechanism becomes less able to strike a balance between the parties. Secondly, the effectiveness of the mechanism in reaching its aim which is to prevent illegal activity online is also criticised. For the French HADOPI law, it was stated that '*the Hadopi law has not deterred individuals from engaging in digital piracy...*'.⁵⁷³

⁵⁶⁹ It was discontinued in January 2017. Ibid, 18

⁵⁷⁰ *EMI Records (Ireland) Ltd & ors v. Eircom Ltd*, [2010] IEHC 108.

⁵⁷¹ [2015] IEHC 317.

⁵⁷² For detailed analysis of these Irish cases See Kelly Gerard 'A court-ordered graduated response system in Ireland: the beginning of the end?' (2016) *Journal of Intellectual Property Law & Practice* 11(3) 183–198.

⁵⁷³ Micheal Arnold, Eric Darmony, Sylvain Dejean and Thierry Penard 'Graduated Response Policy and the Behavior of Digital Pirates: Evidence from the French Three-strike (Hadopi) Law' (2014) Available at <https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2380522>. Also See Annamarie Bridy 'Graduated

Finally, the cost of the implementation of such a mechanism is another matter that would have an impact on the effectiveness of the mechanism as well as ensuring the proper balance between the parties since the implementation costs are borne by the intermediaries.

Overall, it would not be wrong to conclude that the scheme poses a significant risk of encroaching on the fundamental rights of the users. This makes the mechanism least favourable within the considered systems. Accordingly, it should not be considered as a strong candidate in the search for an effective means of enforcement.

E. Application to Trade Marks

The analysis undertaken so far demonstrates that although the ECD implies the use of the NTD system, there are many variations of the notice-and-action mechanisms implemented and applied within countries. However, there is no mechanism specifically and statutorily designed for trade mark issues. All the variations examined above target copyright infringements. It is clear that the EU notice regime takes a horizontal approach, meaning that the rules are applicable to all types of illegal content from hate speech to IP rights. However, in the presence of the Communications suggesting a sector-specific approach for copyright and the existing fundamental differences between copyright and trade mark in terms of the extent of the protection provided for the right owners, the following questions should be asked: Are the differences between copyright and trade mark substantial enough to require a different and, specifically adopted notice mechanism for each realm? If so, which mechanism would prove to be effective for trade mark?

The differences between copyright and trade mark pertinent to the application of the notice mechanisms should be set out in order to answer the first question. The most relevant difference in that regard is the extent of the protection provided for right holders. It is evident that the copyright owner is entitled to a wider protection than the trade mark owner. The trade mark owner's right is to use the mark in the course of trade. In other

Response American Style: 'Six Strikes' Measured Against Five Norms' (2012) Fordham Intellectual Property, Media & Entertainment Law Journal 23(1) 1-66. Frabboni also states that an administrative authority as in French HADOPI law could provide higher standards of safeguards but creating such an authority is challenging. Frabboni, 'File Sharing and the Role of Intermediaries in the Marketplace: National, European Union and International Developments' (2010), 138.

words, to be regarded as an infringement, the mark should be used in the course of trade without authorisation, or the use of an identical sign should give rise to confusion.

In contrast, copyright protection provides more absolute control to its owner. When copyright protected content is used without the consent of the owner, infringement occurs. This is because copyright protects the contents itself whereas trade mark protection is given for a certain function of the mark, ie identification or quality functions. That difference is also significant for infringements committed online. Trade mark infringement occurs when the infringing good is made available online within the course of trade or for the purpose of trade. For example, as happened in *L'Oréal v Ebay*, the trade marks of L'Oréal were held to be infringed when the counterfeit version of a L'Oréal product was uploaded by an Ebay user to make a sale, thus fulfilling the requirement of 'use in the course of trade'. In contrast, the mere use of copyright protected content without consent would constitute an infringement.⁵⁷⁴ In that respect, as Senftleben astutely states '*[t]he infringement test in trademark law is more context-specific than the infringement analysis in copyright law*'.⁵⁷⁵

Trade mark infringement being more context-specific is a fact that would make a difference in practice in the appraisal of the infringing nature of a mark when a notice is received. Indeed, as examined, the NTD regime creates an extra-judicial system where the intermediaries act as the judges in the court process since they are the ones who decide the illegality of a notice and eventually the removal of the content. Besides all the aforesaid negative externalities that make the system one of the least favourable among others, the fact that the assessment of the illegality is done by the intermediary alone does not appear to assist in fulfilling the aim of the effective enforcement of trade marks. This is because the likelihood of an intermediary to make false takedown is seemingly high for trade mark matters with respect to its context-specific nature. The intermediary should have detailed information as to the allegedly infringing good to be able to act with the lowest margin of error. In the world of almost perfectly imitated goods, simple checking would not be sufficient to verify the illegality of goods. Yet, it is evident that the intermediaries would be unlikely to have such expertise. Moreover, not taking the physical possession of the goods leaves the door open for more mistakes in the decision

⁵⁷⁴ Of course, the exceptions are still available and applicable.

⁵⁷⁵ Martin Senftleben 'An Uneasy Case for Notice and Takedown: Context- Specific Trademark Rights' (2012) VU University Amsterdam, 10, 7. Available at <<http://ssrn.com/abstract=2025075>>.

process.⁵⁷⁶ Therefore, as it is concluded from a general point of view, NTD systems would not work to strike a balance and provide effective enforcement for trade mark infringements.

Provision of safeguards similar to those in the DMCA for copyright could also be considered for the trade mark realm and can be construed as an alternative, if the existing drawbacks of S.512 were eliminated.⁵⁷⁷ Mechanisms which may require the implementation of an automated filtering mechanisms such as notice-and-stay down or GRS would also prove to be inefficient in respect to the difference between these two IP rights. This is because such automated processes would be highly unlikely able to accurately identify the trade mark infringement.⁵⁷⁸

Pursuant to the second question asked above, amongst the other variations adopted in the copyright realm the notice-and-notice and notice-and-judicial takedown regimes appear as the most appropriate candidates for trade mark as well as for copyright as those respect the fundamental right of parties and provide the fair balance. Besides the positive outcomes stated above, these systems eliminate the intermediary's involvement in the decision process pertaining to the illegality of the good⁵⁷⁹ as well as reducing the likelihood of false removals caused by the specific nature of the trade mark rights.

Against all this background, an overall evaluation should therefore be done in the pursuit of the aim of the thesis. The first thing that can be deduced from the above appraisal is that some of the variations of notice regimes namely notice-and-notice and notice-and-judicial-takedown, appear to provide the required assistance for an effective enforcement of IP rights online. Yet, it is evident that the NTD system as indicated by the ECD is not one of them unless the required certainty and safeguards are provided. Secondly, it was also demonstrated that the fundamental differences between the scope of the protection of copyright and trade mark should be construed in seeking the best means of enforcement for these specific rights under a notice mechanism. However, the appraisal undertaken

⁵⁷⁶ O' Doherty, 'Online trade mark and copyright infringement injunctions: implications on ISPs, site owners and IPR owners' (2016), 85.

⁵⁷⁷ For example, the fact that DMCA S 512 requires claimant to declare that the notification issued with a good faith and its legitimate, whereas the defendant is required to swear an oath and its liability for wrong counter-notice is to be the penalties for perjury. Together with that the one-sidedness of the way of the provisions created is mostly criticised. See Zingales 'Internet Intermediary Liability: Identifying Best Practices for Africa' (2013), 17.

⁵⁷⁸ Senftleben 'An Uneasy Case for Notice and Takedown: Context- Specific Trademark Rights' (2012), 5.

⁵⁷⁹ In notice-and-notice regime, the intermediary would be out of this process leaving the issue to other parties to solve while in notice-and-judicial takedown the decision is held by the judge.

reveals that the notice-and-notice and notice-and-judicial takedown mechanisms are also the most appropriate candidates for trade mark amongst the others since those appear to correspond to the differences underlined. Therefore, it can be concluded that, although the vertical approach is suggested for different rights for the EU liability regime, this is not necessarily the case for trade mark and copyright. As it is examined, the promotion of notice-and-notice, notice-and-judicial-takedown or a similar notice mechanism, which minimises the involvement of an intermediary as much as possible in the appraisal of the illegality of content appear to provide the legal certainty as well as respecting the fair balance between fundamental rights are the preferred mechanisms which would work for the enforcement of both trademark and copyright online provided that safeguards for trade mark specific situations are put in place by the legislators

IV. THE INJUNCTIONS REGIME

Injunctive relief as provided in the third sentence of Art.11 of the ED is one of the current mechanisms of the EU liability regime for the effective enforcement of rights online. Even though the previous chapters revealed that the current injunction regime has failed to provide a solid framework and uniform implementations, injunctions cannot be ignored in the pursuit of a remedy. This is because injunctions are the enforcement measures which are imposed as a result of judicial process. Accordingly, they should be assessed for the purposes of this chapter. The current law of injunctions has been shaped through the national laws of the MSs as the community law only provides its minimum standards and leaves the conditions and procedures to MSs to decide. Therefore, this mechanism will now be examined by means of the following question: If a more comprehensive and solid framework were to be provided at the EU level, would injunctions prove to be effective in tackling online infringements? Moreover, as concluded above, the law of injunctive relief is germane to the discourse on intermediaries' responsibility. The idea behind imposing such orders is that the intermediaries are best placed to tackle infringing activities. Accordingly, it will also be examined under the 'more responsibility' idea to see how this idea fits into the current regime and what are the possible impacts of the more responsibility approach.

A. Compatibility with Tort Law

In the light of the examination undertaken in the previous chapter, injunctions appear to be the preferred mechanism by right holders for protecting and enforcing their rights online. It does not look like this will change in the near future as it is arguably a successful way for right holders to achieve enforcement.⁵⁸⁰ Nevertheless, the challenge is to answer the question of how well the current injunction regime performs in the existing liability regime. This is because injunctions are part of the liability regime although the issuance of an injunctive relief does not depend on the liability question.⁵⁸¹

In order to do this, the first thing that should be examined is the legal basis of the injunctive reliefs under EU law. It appears to hardly fit into tort law. Tort law is about '*(re-)distribution of losses and in consequence allocation of risks*'.⁵⁸² It therefore deals with the liability question and the liability is simply imposed on the party who the wrongdoer is.⁵⁸³ As contributory liability is a matter of tort law, the national courts try to determine if the intermediary has involved in the infringement committed it in those cases. However, when the application of an injunction is considered, the approach undertaken is different. The injunctions can be imposed against an intermediary who is the non-infringing party in most of the cases. There are several reasons for that, and the most evident reason is possibly the difficulty of finding the identity or true identity of the person/s who is the wrongdoer, who does actually infringe the concerned rights. Also, it would be more likely that the right holders have more effective enforcement of their rights if they seek after an injunction against intermediaries rather than the individuals itself, since the intermediaries are in a better position to prevent the infringements more effectively. Finally, this would not impose a financial burden to the right holder who seeks the injunction as he/she is only, so far, required to pay the litigation costs not the implementation of the injunctive relief. With that respect, it is difficult to say that the injunctions fit the tort law mind-set.

⁵⁸⁰ They especially prove to be popular in the England.

⁵⁸¹ the ECD 2000/31, recital 45.

⁵⁸² Walter Van Gerven and Jeremy Lever Pierre Larouche, *Cases, Materials and Text on National, Supranational and International Tort Law* (Hart Publishing 2000), 13.

⁵⁸³ Or the facilitator of wrongdoing as in the cases of the secondary liability.

On this point, Husovec⁵⁸⁴ states ‘for civil law jurisdictions, strong theoretical foundations for this paradigm of injunctions can be found (....), in the system of protection of tangible property’ which he refers to as in rem injunctions. Briefly, this Roman law concept is a ‘separate system of the tangible property protection with its own scope and characteristic features’⁵⁸⁵ which is the basis of the specific injunctive reliefs in some civil law countries. The foremost instance is the German law doctrine of *Störerhaftung*.⁵⁸⁶ Under English law, however, the basis of injunctive reliefs, as applied to intermediaries, can be found⁵⁸⁷ in the equity principle which was stated in *Norwich Pharmacal*⁵⁸⁸ orders. The order granted in this case was the disclosure of certain information about the subjects of the infringing activity. According to the principle laid out in this case, such a remedy can be granted against a third party who happens to be either in possession of the goods⁵⁸⁹ that the subject of the infringement or in the best position to prevent this infringement given her equitable duty in protecting these goods, regardless of the fact that she is not the wrongdoer.⁵⁹⁰ Perez also argues that the English Courts retain their discretionary power in the injunctions cases as this remedy stems from equity.⁵⁹¹

Against this background then, even though the legal foundation of the injunction relief differs from one jurisdiction to another, it would not be wrong to conclude that this remedy is implemented and applied for the effective protection of the rights concerned. Thus, it can be said to be result-oriented. Indeed, it was described by the European Commission in the Official Report on the application of the ED as follows;

*“Injunctions against intermediaries are not intended as a penalty against them, but are simply based on the fact that such intermediaries (e.g. Internet service providers) are in certain cases in the best position to stop or to prevent an infringement.”*⁵⁹²

⁵⁸⁴ Husovec ‘Injunctions Against Innocent Third Parties: The Case of Website Blocking’ (2012), 118.

⁵⁸⁵ Ibid.

⁵⁸⁶ For detailed examination, Ibid.

⁵⁸⁷ It should be noted that, now injunctions are granted under the Section 97A of the CPDA which is the transposition of the Art 8 (3) of InfoSoc Directive into the English Law.

⁵⁸⁸ [1973] UKHL 6 (26 June 1973).

⁵⁸⁹ However, Angelopoulos argues that the reasoning behind the extension of this principle to the copyright law with regard to the Internet intermediaries is rather unclear. See Angelopoulos ‘European Intermediary Liability in Copyright: A Tort- Based Analysis’ (2016), fn. 692.

⁵⁹⁰ *Norwich Pharmacal Co. v. Customs and Excise Commissioners* [1974] AC 133, [145]-[146].

⁵⁹¹ See Rafael Garcia Perez, ‘Injunctions in intellectual property cases: what is the power of the courts?’ (2016) *Intellectual Property Quarterly* (1) 87-101.

⁵⁹² Commission Staff Working Document: Analysis of the application of Directive 2004/48/EC of the European Parliament and the Council of 29 April 2004 on the enforcement of intellectual property rights in the MSs -- accompanying document to the Report from the Commission to the Council, the European Parliament and the European Social Committee on the application of Directive 2004/48/EC of the European

Therefore, the injunctions of EU law should be seen as an auxiliary to the intermediaries' liability regime since they are merely provided for the purpose of more effective protection of IP rights online. In that way, the remedy appears as the best available mechanism to correspond to the judiciary's sympathy⁵⁹³ for the idea that intermediaries should do something either to prevent or to terminate the infringements committed by their users on their services even though they are not liable for them under tort law.⁵⁹⁴ However, it must be noted that injunction orders '*should only correspond to what appears to be necessary in order to preserve the rights at issue*'⁵⁹⁵ as French court once astutely stated.

Nevertheless, in practice the application of this remedy appears to have been assigned a much greater role than the legislators intended. This is because the mechanism has proven to be a relatively easy and cost-effective way for right holders to pursue infringements. Accordingly, this has led injunction orders to be the most preferred instrument or even become a kind of weapon used by the right holders in protecting their rights online. Indeed, as Maele states there is nothing to prevent the courts to grant an injunction which would block a hundred or more websites in one judgment.⁵⁹⁶

Looking from the right holders' perspective, injunctive relief is indeed a cost and time effective way for them to protect their rights online rather than bringing the liability question before the courts. However, examining the matter as whole and especially from the intermediaries' side, it does not appear so straightforward and promising for the purposes of the EU legislators. This can be explained by the existing lack of certainty on the exact framework of the injunctions which will be examined next.

Parliament and the Council of 29 April 2004 on the enforcement of intellectual property rights COMM (2010) 779 final.

⁵⁹³ See Case C-314/12 *UPC Telekabel* (27 March 2014); *L'Oréal v Ebay*, [2009] EWCH 1094, [369] Arnold J stated '*Ebay could and should deal with the problem of infringement by accepting liability and insuring against it by means of a premium levied on sellers*'.

⁵⁹⁴ Husovec called this accountability of the intermediaries. For detailed examination, See Husovec 'Injunctions Against Innocent Third Parties: The Case of Website Blocking' (2012).

⁵⁹⁵ Association des producteurs de cinema (APC) et autres c. Auchan Telecom et autres, Tribunal de Grande Instance de, 28 November 2013 (Cited from Angelopoulos 'European Intermediary Liability in Copyright: A Tort- Based Analysis' (2016), 146.

⁵⁹⁶ Darren Maele, 'Cartier: Blocking injunctions given a resounding thumbs up by Court of Appeal' (2016) *Journal of Intellectual Property Law & Practice* 11 (11) 818-821, 821.

B. Striking the Balance?

The current state of the injunctions regime and how it has been applied within the EU were examined in the previous chapter. It was established by the CJEU and the Directives that the injunctive relief measures must be fair, equitable, effective, proportionate and dissuasive. They must strike a balance between competing rights, must not be unnecessarily complicated or costly and must not create a barrier to legitimate trade. This part will not examine these principles in detail. Neither will there be a focus on required balance between the fundamental rights. Rather, the examination in this part will provide an answer to the thesis main question. In that regard, the main idea behind such measures will be the focal point of the examination and this will be done through case law. This is aimed to demonstrate whether the injunction orders justify their popularity through the eyes of the law and innovation.

The idea behind injunction relief stems from the cheapest cost avoider theory as the intermediaries are considered to be best placed to bring infringing activities to an end.⁵⁹⁷ Three characteristics of intermediaries are identified as elements that make them least cost avoiders. Those are: *'(1) an increase in the likelihood that it will be easy to identify specific intermediaries for large classes of transactions, (2) a reduction in information costs, which makes it easier for the intermediaries to monitor the conduct of end users, and (3) increased anonymity, which makes remedies against end users generally less effective.'*⁵⁹⁸ It is evident that those put them in a better position than right holders in dealing with illegal activities. They are in a position to reach the infringer, terminate or even prevent the illegality more easily and effectively than a right holder in most of the cases. Nevertheless, considering intermediaries as the cheapest cost avoider does not necessarily mean that they are the ones who have developed or can develop measures to avoid the harm most cheaply⁵⁹⁹ in every case. Indeed, the wording of Recital 59 *'in many cases such intermediaries are best placed to bring such infringing activities to the end.'* implies that the intermediaries are not always best placed to end the infringements. The issue is therefore very fact-specific. Accordingly, the question of whether the intermediary at issue is in the best position to terminate the infringement should be

⁵⁹⁷ the InfoSoc Directive 2001/29, recital 59 of and the ED 2004/48, recital 23.

⁵⁹⁸ Ronald J Mann and Seth R Belzley 'The Promise of Internet Intermediary Liability' (2005) William & Mary Law Review 47 239-307, 240.

⁵⁹⁹ Husovec 'Accountable, not Liable: Injunctions Against Intermediaries' (2016), 21.

thoroughly examined on a case-by-case basis. However, the present case law indicates that the courts do not undertake this examination when they are asked to grant an injunction. At such, one can argue that the examination as to whether the intermediary at issue is best placed to bring an end to the infringement is actually being done through the assessment of the applicability of the injunction. It is evident that it is for the courts to assess whether the injunction at issue is compatible with the principles provided by the EU and this is the assessment which also determines whether the intermediary is best placed to terminate the infringement.

Nevertheless, it is difficult to claim that the courts deal with all these principles thoroughly and justly. The difficulty is that the courts in most of the cases rely on the evidence provided by right holders, not an examination undertaken themselves. For example, the courts' assessment on whether the injunction sought is effective or whether the blocking injunction is the appropriate type of injunction for terminating the illegality is done using the evidence submitted by the right holder.⁶⁰⁰ It is true that the courts are not required to carry out such analysis, nor are they competent to do so, but it cannot be ignored that this factor increases the likelihood of abuse of the order. For instance, in *The Football Association Premier League Limited (FAPL) v British Sky Broadcasting Ltd. (BSB) and others*,⁶⁰¹ Arnold J's assessment on the proportionality of a blocking injunction, which was IP address blocking, relied on the evidence provided by the claimant stating that the concerned IP addresses were not shared and so, it would not result in over-blocking.⁶⁰² What if this information was wrong and the IP addresses in fact were shared?⁶⁰³ Although in this case the learned judge included a safeguard provision⁶⁰⁴ to prevent potential over-blocking by giving permission to the operators of the other websites affected by this order to apply to vary the order, this is still important to demonstrate how delicate the balance is in these cases.

Another point is that even if particular intermediary is held to be best placed to offer effective protection of the IP right at stake, striking the balance between the parties is still

⁶⁰⁰ At that point, Husovec proposes that the right holders should be required to undertake cost-benefit analysis before seeking an injunction in pursuit of more effective enforcement. For detailed discussion, *See Ibid*

⁶⁰¹ [2013] EWCH 2058 (Ch).

⁶⁰² [2013] EWCH 2058 (Ch), [55].

⁶⁰³ Alpana Roy and Althaf Marsoof, 'Blocking injunctions and collateral damage' (2017) *European Intellectual Property Review* 39(2) 74-78, 75-77.

⁶⁰⁴ [2013] EWCH 2058 (Ch), [56].

of utmost importance and it is for the courts to deal with. This is because holding the intermediaries accountable does not mean that they should be required to make unbearable sacrifices as the CJEU stated in *UPC Telekabel*.⁶⁰⁵ Who should bear the costs of implementation of an injunction is one of the significant points discussed in the doctrine, though perhaps not in depth, under the notion of unbearable sacrifices. The current EU regime does not provide much guidance for that matter. In its decision in *Mc Fadden v Sony Music*,⁶⁰⁶ however, it was held by the CJEU that the right owner's costs of giving formal notice and court costs can also be imposed on the intermediaries along with the implementation costs. Yet, the cost issue ultimately is bound to national laws as '*conditions and procedures relating to such injunctions*'⁶⁰⁷ are left to the MSs. In the light of the case law, so far, the courts have imposed the implementation costs of an injunction order on the intermediaries whilst the right holders have only borne the costs of the application which are relatively low in comparison.

Under English law, Arnold J (who dealt with most of the cases regarding injunction orders against intermediaries), analogically applied the costs regime of S.97A cases to the trade mark case, *Cartier I* without ruling out '*the possibility of ordering the right holder to pay some or all of the implementation costs in an appropriate case*'.⁶⁰⁸ At the appeal, Briggs LJ, in his dissenting judgement, pointed out '*[i]t is only in this appeal (the Cartier I case)*'⁶⁰⁹ (and only on appeal, in depth) that this issue has been raised for argument'.⁶¹⁰ However, ultimately Arnold J's decision imposing the implementation costs on the intermediaries were upheld and the issue was not left open for further discussion. However, the appeal on the cost issue was permitted and the issue came before the Supreme Court. As examined in detail the Supreme Court held that the rights holders in the injunctions cases should indemnify the ISPs against their reasonable compliance costs.⁶¹¹ This is a very important decision of its kind and the first one given in the EU and England, so its effect on the current state of injunctions law and on copyright law is keenly awaited. However, what can be stated at first sight is that the decision appears to bring

⁶⁰⁵ Case C-314/12 *UPC Telekabel* (27 March 2014), [55].

⁶⁰⁶ Case C-484/14 *Mc Fadden v Sony Music* (15 September 2016), paras 72-79.

⁶⁰⁷ the ED, recital 23.

⁶⁰⁸ *Cartier I* [2014] EWHC 3354 (Ch); 2014 EWHC 3915 (Ch); 2014 EWHC 3794 (Ch), [240].

⁶⁰⁹ Brackets added

⁶¹⁰ *Cartier II*, [2016] EWCA Civ 658, [210].

⁶¹¹ *Cartier International AG and others (Respondents) v British Telecommunications Plc and another (Appellants)* [2018] UKSC 28 (13 June 2018).

more balance in the injunction cases as well as creating some sort of barrier for the application of injunctions as a weapon against intermediaries by the right holders.

On the similar cost issue, however the French Supreme Court have taken a different position and held⁶¹² the costs of the injunctions should be left to ISPs and web browsers to bear on the ground that '*despite their non-liability, access and hosting providers are legally bound to contribute to the fight against illicit material and, more specifically, against the infringement of authors' and neighboring rights*'⁶¹³. Although the Supreme Court relied on Recital 59's wording that intermediaries are best placed to terminate the infringements the court's evaluation of who is best placed appears problematic. Because in its appraisal the court relied on the economic status of the parties rather than focusing on the infrastructural positions and privileges of the parties in fighting the infringements. It was stated in the decision '*...the financial situation of the unions (claimant), already threatened by the infringement, could not be worsened by the costs of the measures ordered...*'.⁶¹⁴ Perhaps, it was not the financial situation of the intermediaries that the EU legislator had in mind when considering the intermediaries as being best placed to deal with the infringements.

On the other hand, even if imposition of the implementation costs on the intermediary would be justified under the facts of specific cases before the courts, the cumulative impact of these orders should not be ignored in pursuit of an answer to the chapter question. In fact, as can be seen from the English cases, intermediaries have been subject to many injunction orders regarding either copyright or trade mark infringements. Thus, especially with regard to the implementation costs, this appears rather too much of a financial burden to bear. Although, in these cases, the intermediaries at issue were the sector dominating and financially strong intermediaries and as it was argued by the right holders that they already had the technology needed for the implementation of such orders,⁶¹⁵ granting an order on these grounds would likely bring more challenges given the strong probability that the right holders may apply for a large number of similar

⁶¹² *SFR and others v Association of cinema producers and others*, Cour Cass, Civ 1, 6 July 2017, No 16-17.217, 16-18.298, 16-18.348, 16-18.595, ECLI:FR:CCASS:2017:C100909. Available at https://www.courdecassation.fr/jurisprudence_2/premiere_chambre_civile_568/909_6_37275.html (French).

⁶¹³ Citing from The IPKat Mathilde Pavis, 'France: cost of blocking injunctions to be borne by internet intermediaries' (The IPKat 1 August 2017) <http://ipkitten.blogspot.co.uk/2017/08/france-costs-of-blocking-injunctions-to.html>.

⁶¹⁴ Ibid. Brackets added

⁶¹⁵ *Cartier I* 2014 EWHC 3354 (Ch), [241].

orders. Indeed, in *Cartier I* right after the defined period⁶¹⁶ for the injunction order ended, the same order was sought against the same intermediaries in *Cartier II*.⁶¹⁷ Moreover, as to copyright, an English court granted a *live* blocking injunction,⁶¹⁸ which requires intermediaries to block the infringing content while it is being streamed.⁶¹⁹ With respect to *Cartier II*, it may still be argued that the intermediaries have already implemented the same injunction, and so already have had the required technology. However, as the live blocking injunction case proves, the same intermediaries can be subjected to different injunctions which might require different technologies. More remarkably, the impact of such continuous orders on the intermediaries who perform as small or medium-sized businesses would likely pose a greater threat to their existence.

Furthermore, an injunction order may have a negative influence on innovation and technology. The CJEU case, *Mc Fadden v Sony Music*⁶²⁰ is a good example of this. Briefly, in this case the CJEU held that an injunction could be imposed on a Wi-Fi provider in order to terminate or prevent the copyright infringements committed by the users of its services. It was further stated that the measure of securing the Internet connection with a password would be proportionate and would strike the balance required under the EU principles. However, the AG astutely pointed out the potentially negative impact of the concerned measure on innovation and society along with voicing his concerns over proportionality, especially in terms of fundamental rights.⁶²¹

“The introduction of a security obligation could potentially undermine the business model of undertakings that offer Internet access as an adjunct to their other services. Indeed, some such undertakings would no longer be inclined to offer that additional service if it necessitated investment and attracted regulatory constraints relating to the securing of the network and the management of users. Furthermore, some users of the service, such as customers of fast-food restaurants or other businesses, would give up using the

⁶¹⁶ Which was defined as two years.

⁶¹⁷ See Chapter 4.

⁶¹⁸ *The Football Association Premier League Limited (FAPL) v. British Telecommunications (BT) & Others* [2017] EWHC 480 (Ch). This order was granted for the second half of the Premier League, yet the claimants again sought after the same injunction after this test time passed. This order was also granted by Arnold J on the same grounds and comprising the full 2017/2018 Premier League season.

⁶¹⁹ For detailed analysis See Alice Blythe, ‘Website blocking orders post-Cartier v B Sky B: an analysis of the legal basis for these injunctions and the potential scope of this remedy against other tortious acts’ (2017) *European Intellectual Property Review* 39 (12) 770-777, 775-776; Joel Smith and Laura Deacon, ‘Live blocking orders: the next step for the protection of copyright in the online world’ (2017) *European Intellectual Property Review* 39(7) 438-440 (Case Comment).

⁶²⁰ Case C-484/14 *Mc Fadden v Sony Music* (15 September 2016).

⁶²¹ Case C-484/14 *Tobias Mc Fadden v Sony Music Entertainment Germany GmbH* (CJEU 16 March 2016), Opinion of AG Szpunar, paras 140-147.

*service if it involved a systematic obligation to identify themselves and enter a password.”*⁶²²

Finally, the injunction measures as well as all these proportionality assessments are directly related to the fundamental rights’ debate. As it is previously identified, implementation of an injunction effects the fundamental rights of the parties who are affected by this measure and providing the balance between those rights is the part of the proportionality assessment and is for the courts to be undertaken. It is evident that the courts have considered the fundamental rights in injunction cases but perhaps not thoroughly. Guadamuz argues that the English Court seemed to have failed to assess the injunction order from all aspects especially from fundamental rights’ aspect in *Newzbin II*.⁶²³ On the other hand, having had the sunset clauses determining the time period of the applicability of an injunction in the cases such *FAPL v BSB* and *Cartier I* were crucial in providing the balance and preventing the abuse of an order.⁶²⁴ In a similar sense, the English Supreme Court’s decision on costs issue in *Cartier I* should be considered as another significant movement in the pursuit of fair balance between the parties.

With respect to fundamental right, there however exists case, a CJEU case that should not be overlooked; the CJEU’s holding in *UPC Telekabel*⁶²⁵ which approved the implementation of the generic injunction order.⁶²⁶ As well as approving such an order giving a permission to the intermediary to choose the best available measure to apply, the assessment in choosing the best measure that respected the users’ fundamental rights was also left to the intermediary by the CJEU. Leaving aside the likelihood of a serious damage to the fundamental rights, this discretion hardly fits in the injunctions regime. It appears to amount much more than the ‘do something’⁶²⁷ idea behind the injunctions. Finally, against the arguments stating that generic injunction orders are possible under the Austrian law thus the decision’s influence on the other MSs’ laws might remain

⁶²² Ibid, paras 138-139.

⁶²³ Guadamuz, ‘Developments in Intermediary Liability’ (2014) 329-330

⁶²⁴ Those time periods were determined as 2 years in these cases.

⁶²⁵ Case C-314/12 *UPC Telekabel* (27 March 2014).

⁶²⁶ Although the AG gave a negative answer to this in his opinion by saying that ‘No balance can be said to exist in the case of an outcome prohibition not specifying the measures to be taken, which is issued against an ISP’ Case C-314/12 *UPC Telekabel* (27 March 2014), opinion of AG Cruz Villalón, para 85.

⁶²⁷ Case C-314/12 *UPC Telekabel* (27 March 2014).

limited, it should be noted that the application of the decision in other laws is still a possibility by means of an analogy.⁶²⁸

To conclude, the proportionality assessment undertaken by the courts has potentially negative outcomes for the ultimate balance between the parties of the injunction orders and hardly fits under the ‘do something’ idea as the case law has an ambiguous framework and appears to impose more duties than this notion suggests. Yet, there is one significant point that should not be overlooked: injunctions are granted as a result of judicial process.

C. Application to Trade Mark

The third sentence of Art.11 ED is applicable to trade mark infringements and the same right is provided specifically for copyright issues within Art.8(3) of the InfoSoc Directive. Moreover, as the safe harbour rules are horizontally applicable, copyright and trade mark cases have proved to be essential instruments for each other by means of analogical assessment. However, the differences between the way that infringements occur and the extent of the protection provided for rights holders should not be ignored. Accordingly, this must be assessed in order to see whether these differences play a sufficient role in considering the applicability of different measures under the existing injunctions regime.

L’Oréal v Ebay was the first case to deal with a trade mark infringement through a question of contributory liability and injunctive relief. For the latter, the referred question was limited to the applicability of the injunctions to future infringements. Thus, the CJEU’s assessment would provide limited assistance for the question asked in this part of the work. The only applicable case to the issue is then the English court’s case of *Cartier I*.⁶²⁹ This case is the first and the only case,⁶³⁰ to the best of the author’s

⁶²⁸ Indeed, even before this case, in 2013, the French Court ordered the intermediaries at issue to implement all appropriate measures to prevent the access to certain websites where the copyright infringement occurred. In that way, the Court’s wording hints the similar kind of discretion given to the intermediaries in Case 314/12 *UPC Telekabel* (27 March 2014). Tribunal de grande instance de Paris, Ordonnance de refere, 28 novembre 2013, APC et autres/AuchanTelecomet autres. See <<https://www.whitecase.com/publications/article/french-courts-ordered-block-and-delist-16-streaming-websites>>.

⁶²⁹ [2014] EWHC 3354 (Ch); 2014 EWHC 3915 (Ch); 2014 EWHC 3794 (Ch). See Chapter 4.

⁶³⁰ Although this case was followed by the *Cartier II* case, this case dealt with the same request against same intermediaries, and the judge heavily relied on the assessment of Arnold J in the *Cartier I* [2014] EWHC 3354 (Ch). See Chapter 4.

knowledge, to deal with a request for injunctive relief for a trade mark infringement. Yet, this case is still limited in providing guidance as it was a domestic case. As aforementioned, under English law there is no counterpart to S.97A, which is the transposition of Art.8(3) of InfoSoc Directive, for trade mark. Yet, in this case, the court held that English courts had the jurisdiction to grant injunctive relief in the trade mark realm on the grounds of both national and EU laws, and this was later upheld by the Appeal Court.⁶³¹ However, what was missed in this case was the assessment over the differences between trade mark and copyright infringements and the potential impact on the type of injunction sought.

The first point is the occurrence of infringements on the Internet. Trade mark infringement occurs when the mark is ‘used’ without authorisation in the course of trade. For copyright infringement to be committed, however, copyrighted material -of course without the consent of the copyright holder- must be made available by means of a ‘communication to the public’. The notion of ‘communication to the public’ appears to require greater involvement from the intermediaries’ side.⁶³² The infringing content must be made available by means of a ‘communication to the public’.

On the other hand, existence of copyright protected material online has much greater potential to create serious damage for both right holders and society. Because, once the illegal content becomes available, it can go ‘viral’ and be accessed and downloaded by many people. In contrast, a counterfeit good does not represent such a danger since it exists in a physical form.⁶³³ Finally, users’ attitude to accessing an illegal copy differs from those who buy counterfeit good online. For the latter group, most commonly they do not want to buy a counterfeit good so can in fact be seen as victims.⁶³⁴

When these differences are considered in the light of an injunction order, it would not be wrong to conclude that these elements could have an impact on the appraisal of the proportionality to some extent. However, this is what seems to be missed in practice, at

⁶³¹ For the detailed examination on the applicability of the S97A cases to the trade mark matters, *See* Mohamed Ali Althaf Marsoof, ‘Holding Internet Intermediaries Accountable for Infringements of Trademark Rights Approaches and Challenges’ (DPhil Thesis King’s College London 2016), 281-318.

⁶³² Indeed, the CJEU set out rather new test for the assessment of the communication to the public. *See* Chapter 2.

⁶³³ Kur ‘Secondary Liability for Trademark Infringement on the Internet: The Situation in Germany and Throughout the EU’ (2014), 529.

⁶³⁴ Husovec, ‘Injunctions Against Innocent Third Parties: The Case of Website Blocking’ (2012), 118; Marsoof, ‘Holding Internet Intermediaries Accountable for Infringements of Trademark Rights Approaches and Challenges’ (2016), 281-318.

least in the *Cartier I* case. In this case, Arnold J relied on the evidence submitted in copyright cases in determining the effectiveness of a blocking injunction in reducing the use of the websites concerned. This was, in fact, about the efficacy of this order in preventing infringements rather than terminating them. In that scenario, the blocking injunction did not necessarily provide same degree of efficiency as it was assumed for copyright infringements.⁶³⁵ On this point Marsoof argues that blocking access to a website which sold counterfeit would not have the same impact in preventing similar infringements in the future.⁶³⁶ Further, he points out that prevention can only be done by removing the counterfeit good from its source.⁶³⁷ Moreover, the difference in the users' attitude in accessing the illegal material would appear to lead to different outcomes for the efficacy of the orders since the users most likely appears as victims in trade mark cases. Accordingly, this should also be taken into consideration by courts in their appraisal.

Such differences thus appear significant for injunction orders to some extent and so should be analysed by the courts whenever applicable. Yet, the matter remains theoretical until a court is challenged to undertake such an examination. Even if this happens, the court may still reach the same decision and grant the same type of injunction order which has most commonly been granted in copyright cases.

D. Discussion

It is evident that intermediaries are the best available vehicles when it comes to prevention or termination of infringements committed online. It is also evident that this does not mean they should have a great burden imposed on them. The examination undertaken above demonstrates that there exists uncertainty over the exact borders of intermediaries' responsibilities by means of injunctive reliefs.⁶³⁸ This appears to arise from the fact that the issuance of an injunction order does not depend on the liability question. It seems

⁶³⁵ O' Doherty, 'Online trade mark and copyright infringement injunctions: implications on ISPs, site owners and IPR owners' (2016), 86.

⁶³⁶ Marsoof, 'Holding Internet Intermediaries Accountable for Infringements of Trademark Rights Approaches and Challenges' (2016), 302.

⁶³⁷ Ibid, 302.

⁶³⁸ Wilman states that providing uniformity is one of the part of the solution that would ensure the effective enforcement. Wilman 'A decade of private enforcement of intellectual property rights under IPR Enforcement Directive 2004/48: where do we stand (and where might we go)?' (2017), 530.

much more germane to the responsibility discourse. Therefore, striking a balance is the issue for the courts. On the one hand, there is an aggrieved right holder who is entitled to seek such a measure, while on the other hand there is an intermediary who has to bear such a burden even though it is not liable for the infringement that is the subject of the injunction. This is a very delicate balance to strike. As demonstrated above, the existing injunctions regime not only appears to be incomplete but also raises serious concern in practice. Therefore, further guidance and more uniformity at EU level appears a must,⁶³⁹ although this would not be the end of the issue. As the issuance of an injunction order heavily depends on the facts of the case and the national laws of the MSs, the issue seems unclear.

It is seen that the injunctive relief is an auxiliary of the intermediaries' liability which invokes the intermediaries to 'do something' given their position online. Nevertheless, as it is mostly preferred by the right holders, developments are moving in a different direction. Hence, along with more certainty, more safeguards or more limitations in applying the injunctions⁶⁴⁰ as it had been done in *FAPL v BSB* might prove to be of assistance. In that way, the limits of the responsibility would be determined to some extent.

Finally, specifically for trade mark liability some points should be stated under the examination undertaken in this part. First, the current injunctions regime arguably provides instant relief to infringements and so creates the harmonisation although in a very limited sense.⁶⁴¹ It raises more questions and results in more uncertainties for the long term so, cannot be considered a satisfactory assisting instrument in its aim to provide *fit-for purpose* trade mark liability regime if the necessary actions are not initiated. Secondly, the potential impact of the divergences between the occurrence of trade mark and copyright infringements should not be ignored. This may affect the EU's stance on horizontally applicable rules and lead them to create more trade mark specific rules, but this will happen over the long-term if it happens at all.

⁶³⁹ Eleonora Rosati, 'Intermediary IP injunctions in the EU and UK experiences: when less (harmonisation) is more?' (2017) *Journal of Intellectual Property Law & Practice* 12 (4) 338-350.

⁶⁴⁰ This can be the requirement of cost- benefit analysis before applying for an injunction as Husovec suggests. See Husovec, 'Accountable, not Liable: Injunctions Against Intermediaries' (2016).

⁶⁴¹ It should not be ignored that the injunction orders provide limited effect as they target the infringements already committed.

V. MORE RESPONSIBILITY FOR INTERMEDIARIES?

Injunctions and notice mechanisms are the existing mechanisms of the EU liability regime and serve the purpose of effective enforcement and prevention of infringements of IP rights online. As the above assessments demonstrate, the suggested notice mechanisms assist in reaching this aim whereas the injunctions' assistance is arguable since they have been assigned much greater meaning than the EU legislators intended. However, both mechanisms are still of utmost importance for the EU liability regime provided further action and required developments are undertaken by the EU legislators to establish clearer framework and to provide harmonisation.

Nevertheless, the latest developments seem to be placing greater weight on rather different mechanisms for the intermediaries' regime although the notice-and-action is still considered part of the DSM Strategy. With regard to the Communications published pursuant to the DSM Strategy and the harmonisation aim, the EU legislators are now considering and discussing the imposition of greater responsibility on the intermediaries. On this, the first Communication sets out a duty for the Commission to analyse whether there is a need for the imposition of '*greater responsibility and due diligence on the intermediaries in the way that they manage their networks and systems- a duty of care*' to tackle illegal content on the Internet.⁶⁴² Moreover, within the draft Art.13 of the CD, such a responsibility was made concrete as the proposed Article requires intermediaries which provide storage and access to the public to large amounts of copyright protected works to implement *effective content recognition technologies* by means of an appropriate measure to prevent the availability of the illegal content. Beside such legislative duties, the Communications also emphasise the importance of voluntary mechanisms that intermediaries should implement in tackling infringements online. In the Communication dated 25 May 2016, it was stated '*... principle-based, self-regulatory/co-regulatory measures, including industry tools for ensuring application of legal requirements and appropriate monitoring mechanisms, can play a role*'.⁶⁴³ It then emphasised with regard to IP rights that:

⁶⁴² Communication on 'A Digital Single Market Strategy for Europe' COMM (2015) 192 final, 12.

⁶⁴³ Communication on 'Online Platforms and the Digital Single Market Opportunities and Challenges for Europe' COMM (2016) 288 final, 5.

“[t]he Commission will also continue to engage with platforms in setting up and applying voluntary cooperation mechanisms aimed at depriving those engaging in commercial infringements of intellectual property rights of revenue streams emanating from their illegal activities, in line with a follow the money approach.”⁶⁴⁴

Against this background, the imposition of greater responsibility on intermediaries by using such new mechanisms should be examined. Moreover, as those measures arise through either legislative duties or voluntary measures the examination should be undertaken for both and in two parts. Accordingly, the first to be assessed is the duty of care as it is considered and proposed as a part of the DSM Strategy developments.

A. The Duty of Care

Although a ‘duty of care’ is not a lately introduced term under EU law, there are many uncertainties as to the exact scope of the term and its application within the liability regime. It is probably because the duty of care is originally a tort law term as a one of the elements of the negligence liability.⁶⁴⁵ According to that, if the law imposes a duty on a person and this person breaches that duty which also causes damage, then the tortfeasor will be liable for compensation for the damage under the tort of negligence. The scope of this duty under tort law diverges from one MS to another as tort law is not harmonised at EU level. Therefore, tort law does not appear to provide much assistance at this point.

With regard to the intermediaries’ liability regime, the term was firstly introduced within Recital 48 of the ECD in which the MSs are entitled ‘*to apply duties of care (to the intermediaries)*⁶⁴⁶ *which can reasonably be expected from them and which are specified by national law in order to detect and prevent certain types of illegal activities*’, yet there is no further clarification as to its applicability, nor is it included in any of the Articles of the ECD. In the doctrine, however, the Recital is considered applicable for the matters related to ‘*criminal and public law e.g. aid in investigation of crime or security matters,*

⁶⁴⁴ Ibid, 8.

⁶⁴⁵ Van Dam, *European Tort Law* (2nd ed. 2013), 102. See also *Clerk & Lindsell on Torts*, (2014).

⁶⁴⁶ Brackets added.

*not as extending to duties under private law e.g. to help prevent copyright infringement-since that would negate the point of Article 15 and indeed Art. 14 generally’.*⁶⁴⁷

Indeed, with respect to the Recital’s compatibility with Art.14, Bagshaw stated his concern⁶⁴⁸ under the following grounds: 1) whether it is applicable to Art.14 given that neither Art.14 nor Art.15 include or mention such a duty, and 2) if it is to be applied to the hosting providers by means of Art.14, it is unclear how it can be applied to civil law cases where the hosting provider’s duty to act is triggered by the awareness. More precisely, since the hosting provider is not liable unless it obtains awareness as to the illegality, how can this intermediary be able to detect the illegality without having acquired the awareness? This might give rise to general monitoring which is prohibited under Art.15. Accordingly, it is concluded that Recital 48 can only be considered applicable to specific circumstances.⁶⁴⁹ Moreover, even if the duty is imposed on hosting intermediaries but limited to specific circumstances, as Bagshaw astutely states the Directive leaves the following question open: What would happen if an intermediary breach such a duty?

It is also clear that the duty of care is now more commonly discussed under the EU liability regime, especially for the copyright realm (as a civil law matter) and for hosting providers as is proposed in the CD draft. Yet, its compatibility within the ECD is still one of the most controversial subjects in the copyright debate since the existing liability regime provides very little guidance on the issue and in fact brings more questions. Hence, it should be examined. In that regard, the German doctrine of *Störerhaftung* is the best means of demonstrating how such a duty can be applied to Internet related issues and for shedding light on the possible outcomes of such a mechanism.

1. The German *Störerhaftung* (Interferer) Liability and the Duty of Care

⁶⁴⁷ Edwards, ‘Role and Responsibility of Internet Intermediaries in the Field of Copyright and Related Rights’ (2011), 10.

⁶⁴⁸ Roderick Bagshaw, ‘Downloading Torts: An English Introduction to On-Line Torts’ in Henk Snijders and Stephen Weatherill, *E-Commerce Law National and Transnational Topics and Perspectives* (Kluwer 2003), 59-78, 72-73.

⁶⁴⁹ As art 15 permits monitoring for the specific matters. Therefore, these specific cases can be thought as the issues for example: where the same users who committed an infringement before, uploaded the same infringing content to the hosting site.

As the previous chapters demonstrated, whenever the question of whether an intermediary is under a duty to seek and prevent the infringement has arisen, the doctrine of *Störerhaftung* has also been discussed. Although the remedy under this liability is an injunctive relief and has mostly been discussed in that regard, the application of the doctrine is still germane to the analysis undertaken with respect to the duty of care.

As has been stated throughout the thesis, the *Störerhaftung* liability is a long-standing principle which applies to contributory liability cases. This is because, under this principle, an interferer who is not the direct infringer but a wilful contributor to the infringement can be held liable for injunctive relief provided that these three elements are fulfilled:

*“a wilful adequate causal contribution to the infringing acts of any third party; the legal and factual possibility of preventing the resulting direct infringements; and the violation of a reasonable duty of care prevent these infringements.”*⁶⁵⁰

Although here it was called a duty of care, a duty to review or duty to investigate has been used interchangeably with duty of care in German law. Regardless of the term employed, this duty’s scope is determined as ‘*whether and to what extent the perpetrator of the “disturbance” can be expected to carry out an investigation in the particular circumstances of the case*’.⁶⁵¹ It should again be underlined that this liability is a form of strict liability and is limited to injunctive relief, and so cannot be claimed for damages. Accordingly, it is not a tort more precisely not a negligence law principle. Moreover, the application of negligence as an independent tortious act in trade mark and copyright law was rejected by the BGH. Thus, *Störerhaftung* liability performs as an accessory.⁶⁵² Therefore, the liability is applied to both trade mark and copyright infringements that occur online, as was assessed in the previous chapters, by means of an auxiliary relief to those infringements committed by a third party by using intermediaries’ services. It should be recalled with respect to the applicability of a principle that the injunctive relief provided under this doctrine was limited to future infringements which are clearly

⁶⁵⁰ Matthias Leistner *Common Principles of Secondary Liability, Common Principles of European Intellectual Property Law*, (Ansgar Ohly 2012) 117-146, 124.

⁶⁵¹ I ZR 304/01 (Ger), 2006 E.C.C. 9, [2005] E.T.M.R 25 (Eng) para 40 (2).

⁶⁵² Leistner *Common Principles of Secondary Liability, Common Principles of European Intellectual Property Law* (2012) 127-128; Kur ‘Secondary Liability for Trademark Infringement on the Internet: The Situation in Germany and Throughout the EU’ (2014), 535-536.

recognisable, of a same character and committed by the same users in the seminal *Internet Auction*⁶⁵³ cases. The assessment should now focus on the notion of duty of care as an element of this liability since the previous chapters dealt with this liability thoroughly and mostly from an injunctive relief aspect.

What can be taken from the current case law regarding the duty of care as applied in German law -where the intermediary is regarded as having a duty of care- can be summarised as follows: 1) the intermediary is under a duty to prevent the infringements yet this duty is confined to future infringements by the same user and of the same character; 2) the intermediary's duty is also confined within the reasonableness threshold, meaning that the intermediary can only be expected and required to take steps to prevent the infringement when it is not burdensome, is technically possible and does not jeopardise its business model, and this is assessed on a case-by-case basis; and 3) this duty is held to be consistent with Art.14 and 15 of the ECD.⁶⁵⁴

In the light of these principles, imposing duties on intermediaries to take action to prevent an infringement as an *ex-post* examination and injunction indeed appears consistent with the EU *acquis* (as far as it does not amount to general monitoring) and strikes an appropriate balance as well as being effective. However, where this doctrine appears as the most appropriate indicator of the possible outcomes of the imposition of a duty of care is the application of this liability in case law and to newly developed technologies. This can be best illustrated by two copyright cases brought against Rapidshare, a digital storage service which also provides access to content and enables the user to download it: *Atari v Rapidshare AG*⁶⁵⁵ and *GEMA v Rapidshare*⁶⁵⁶.

As examined earlier, in the first case it was decided by the Appeal Court that installation of a word filtering system was the reasonable and appropriate preventive measure that should be implemented by Rapidshare -as it was found liable as *Störer*- to prevent the

⁶⁵³ Case I ZR 304/01 (Ger); Case I ZR 35/04 (Ger); Case I ZR 73/05 (Ger). Bornkamm 'E-Commerce Directive vs. IP Rights Enforcement: Legal Balance Achieved?' (2007).

⁶⁵⁴ These principles are mainly established in the *Internet Auction* cases by the BGH.

⁶⁵⁵ I ZR 18/11 Unreported July 12, 2012 (Ger.) (*Alone in the Dark*). Analysis of the case from Kur 'Secondary Liability for Trademark Infringement on the Internet: The Situation in Germany and Throughout the EU' (2014), 525-540 and e Gartner and s Jauch, 'GEMA v RapidShare: German Federal Supreme Court extends monitoring obligations for online file hosting providers' (2014).

⁶⁵⁶ I ZR 80/12, 15 August 2013, (Ger) (File- Hosting Services) Analysis of the case from Kur 'Secondary Liability for Trademark Infringement on the Internet: The Situation in Germany and Throughout the EU' (2014) and Gartner and Jauch, 'GEMA v RapidShare: German Federal Supreme Court extends monitoring obligations for online file hosting providers' (2014).

re-occurrence of the infringing content in the future. However, in the latter case what was considered reasonable under a duty to investigate was an extensive monitoring obligation which involves an investigation ‘...*through search engines such as Google, Facebook or Twitter using appropriately formulated searches and possibly also with the assistance of so-called web crawlers, whether indications can be found as to further illegal links to its service with regard to the relevant works.*’⁶⁵⁷ These two cases are the most appropriate instances to demonstrate how malleable the scope of the duty of care and the reasonableness threshold are. Although these monitoring and filtering duties were in theory granted for future infringements committed by the same party or of the same character, these mechanisms did not specifically function in a way that the court thought and expected when granting such an order. Under the second case scenario, the intermediary should monitor the activity of all its users to prevent the re-occurrence of the illegal content uploaded either by the same person notified or by another user. In that way, monitoring would appear as general monitoring in practice. It is therefore clear from the current case law of the EU that such mechanisms pose a serious threat to the fundamental rights specifically the fundamental rights of the users and may violate the general monitoring prohibition under Art.15 ECD.⁶⁵⁸ It should be reminded that the German Court did not seek a reference from the CJEU on that basis, so it is not clear that whether such obligation is in consistent with the Art. 15 or not.

With specific regard to these cases, it can be concluded that even under a long-standing principle as *Störerhaftung*, the exact scope of the duties that can be imposed on the intermediaries appears uncertain, and this uncertainty presents a potential threat to the fundamental rights and the appropriate balance required under the EU liability regime. Moreover, the interplay between property law and tort law with respect to this duty remains unclear under the German law even though it has been applied considerably long.

As far as the duty of care as stated in the DSM Strategy is concerned, it should however be noted that the only material available is the draft of the CD -which will be examined

⁶⁵⁷ Kur ‘Secondary Liability for Trademark Infringement on the Internet: The Situation in Germany and Throughout the EU’ (2014), 539.

⁶⁵⁸ On the one hand it was claimed that it did not violate the Art. 15 since the monitoring was granted for the investigation of a same person or for a same type of the illegal content, hence specific monitoring obligation. On the other hand, however, it was claimed that by virtue of two *SABAM* cases, this type of monitoring cannot be considered as specific monitoring obligation hence it violates the art 15. The author also opines the latter view. See also Kur ‘Secondary Liability for Trademark Infringement on the Internet: The Situation in Germany and Throughout the EU’ (2014), 539.

in the next part- with respect to its possible framework and the application to civil law matters which does not appear to bear a close resemblance to the German doctrine. Henceforth, the German doctrine's assistance may be limited⁶⁵⁹ but it will still be of assistance and guidance for EU policy in general as it hints at the potential shortcomings in the application of such a mechanism.

2. Draft Article 13 of the Copyright Directive Proposal

Although the main focus of this thesis is trade mark, the CD proposal cannot be ignored in pursuit of the aim of the thesis. With regard to duty of care as applicable to IP law matters, this draft Directive is the only material available to assess the notion, though it concerns copyright. However, it should be noted that the Directive will not be examined in detail, only the provisions related to the duty of care discourse are to be dealt with. In that regard, Art.13 and Recital 38 of the Directive will be the focus of the analysis.

Under Art.13,⁶⁶⁰ an ISSP which stores and provides the public access to large amounts of works or other subject-matter uploaded by their users has two alternative duties imposed on it:⁶⁶¹ 1) to take measures to ensure the functioning of agreements concluded with rightholders for the use of their content or other subject matter, or 2) to take measures to prevent the availability of works or other subject-matter identified by rightholders. The Article further states that *'those measures, such as the use of effective content recognition technologies, shall be appropriate and proportionate'*. In Recital 38, it is further elaborated that the first obligation is only applicable if the intermediary is not eligible for the liability exemption provided in Art.14 of the ECD whereas the same intermediary is obliged to take the second measure regardless of its immunity from liability under Art.14.

What is proposed in this Article as well as its interpretative tool Recital 38 has attracted criticism from some academics.⁶⁶² Alongside the vagueness of its wording, its compatibility with Arts.14 and 15 of the ECD is the most commonly raised concern in

⁶⁵⁹ As it is a domestic law principle and there is no clarity on what the EU means by the duty of care.

⁶⁶⁰ Proposal of 'a Directive on copyright in the Digital Single Market' COMM (2016) 593.

⁶⁶¹ For the purpose of closing the value gap.

⁶⁶² Stalla-Bourdillon et al., 'Open Letter to the European Commission- On the Importance of Preserving the Consistency and Integrity of the EU Acquis Relating to Content Monitoring within the Information Society' (2017).

academia. With respect to Art.14 of the ECD, although few of the inconsistencies have been discussed,⁶⁶³ what is important for the thesis is the existing lack of clarity over the question of what will happen if the intermediary fails to implement the required measures. The fact that the proposed Directive does not include an answer is not ideal for the existing liability regime. Nevertheless, as this is included in the proposal as an obligation for intermediaries, it would not be wrong to assume that this Article implies some liability for an intermediary who does not fulfil this obligation. Given the lack of further insight, Art.14 ECD appears to be the only legal instrument that can be considered in seeking the answer.

Art.14 imposes a duty to act on the hosting intermediary only when it acquires the awareness as to the illegality that has occurred on their platform. Therefore, the measure undertaken in that regard is an *ex-post* obligation. However, what is imposed under Art.13 of the CD draft is the implementation of *ex-ante* measures.⁶⁶⁴ Therefore, these two obligations appear not to be aligned with each other. This is because, under the current negligence-based liability regime provided in the ECD, the hosting provider's liability depends on its negligent behaviour, ie its failure to take the appropriate measure in tackling the illegal content whenever it acquires the awareness as to the illegality which happens after receiving the notice in most cases. Yet, under the proposed Art.13 the same hosting provider is obliged to implement the specified measure regardless of a knowledge element. Thereby, how can the liability of hosting providers for failing to take appropriate measures as required in the proposed CD be aligned with the liability regulated in Art.14 of the ECD in which the intermediary is required to take the appropriate measures and act only when it acquires the awareness? This seems to have presented inconsistencies with the current negligent-based liability regime if the proposal stands as it is.

Fortunately, the proposal has not been accepted as it is and has sent back to the Parliament for the review. Following this, the proposal has been reviewed and the new amended version of the Directive is approved by the Parliament in September 2018. However, the above-mentioned concerns raised in the academia cannot be said to have been ironed out

⁶⁶³ See Angelopoulos, 'Study On Online Platforms and the Commission's New Proposal for a Directive on Copyright in the Digital Single Market' (2017); Rendas, 'Form and Substance in the Value Gap Proposal' (2017).

⁶⁶⁴ Although deployment of ex-ante measures is not prohibited under the EU regime, the proposed Article 13 seems to indicate great responsibility to the hosting providers which might lead to the general monitoring which is prohibited under the art 15 of the ECD.

since the newly accepted draft makes no more than small changes which are mostly made on the wording of the concerned Article 13.⁶⁶⁵

Starting with its wording, the amended version of Art.13 does not comprise one of the mostly criticised part of wording ie. *‘information society service providers that store and provide to the public access to large amounts of works’* other than its title. However, it is difficult to conclude that taking this part from Article and inserting in its title would make any difference and would eliminate the ambiguity that may arise. As previously stated, use of the wording ‘large amounts of work’ gives a rise to the confusion as to what should be understood from storing or providing large amounts of work. Accordingly, having had the same wording in the title does not iron out the prospect of ambiguity.

After stating in its title that Article would be applicable to online content sharing service providers storing and giving access to large amounts of works and other subject matter uploaded by their users, amended version of Article 13 (1) reads as follows:

“Without prejudice to Article 3(1) and (2) of Directive 2001/29/EC, online content sharing service providers perform an act of communication to the public. They shall therefore conclude fair and appropriate licensing agreements with right holders.”

In the light of these, article now clearly states that online content sharing service providers (not information society providers as originally proposed) storing and giving access to large amounts of works and other subject-material uploaded by their users perform an act of communication to public and it imposes that these providers must conclude fair licensing agreements with the right owners. Henceforth, these service providers are under an obligation to make licencing agreements. Further to this, Art.13(2)(a) indicates that the online content providers who do not wish to conclude the licencing agreements should still ensure that the unauthorised content is not made available on their platform. In other words, the amended version stipulates that the online content providers who give public an access to large amount of works should either conclude licencing agreements with right owners or they should take necessary measures in order to prevent the availability of the unauthorised content on their platforms. Therefore, the burden of tackling the

⁶⁶⁵ For adopted text <<http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P8-TA-2018-0337+0+DOC+XML+V0//EN&language=EN>>

unauthorised content on the Internet is left on these intermediaries by means of responsibilities.

Perhaps, to make the matter worse, new version of Article does not provide further insight on how these providers are expected to identify, remove and prevent the unauthorised content or what those measures can or should be. It is an improvement that the problematic part of a first draft of Article which indicated the implementation of content recognition technologies as a measure has been omitted but it is difficult to say that amended version has ironed out the prospects of ambiguity and concerns. Although the amended Article underlines the importance of the availability of effective and expeditious compliant as well as redress mechanisms for the purpose of protecting the fundamental rights of the parties that can be affected by the use of the preventative measures, further insight has not been provided on that. Leaving the matter of protecting fundamental rights of the parties as well as providing necessary redress mechanisms to service providers would most likely bring the question of transparency unless these service providers are required to publish their transparency reports. Otherwise the questions of how these mechanisms are working and if they are effective and sufficient would be left unanswered. Besides, implementation of different measures by different service providers would lead in fragmentation in the absence of further insight given on the application of Article and the duty imposed on it. This, imposing the burden of taking preventive measures on the service providers, could also mean a competitive disadvantage for the small or medium sized service providers who cannot afford to implement rather expensive measures.

Besides those, there is a prospect of another issue: Article's compatibility with Art.15 of the ECD. Firstly, it is evident that the Article represents the EU's tendency on the idea that the intermediaries are the ones who should bear more responsibility and take measures to prevent illegal content appearing on their services. If these measures were applied by means of extensive and active monitoring which they have the potential of it, this might amount to a general monitoring which is prohibited under Art.15. Indeed, such filtering mechanism was held to be incompatible with Art. 15 by the CJEU in *SABAM v Netlog*.⁶⁶⁶ Moreover, it is evident from the case law that this kind of technology poses a

⁶⁶⁶ Case C-360/10 *SABAM v Netlog* (16 February 2012).

serious threat to the fundamental rights of users.⁶⁶⁷ Although, the proposal underlines the protection of the fundamental rights of the parties while applying the measures, it does not provide further information on the extent of the measures that can be applied by intermediaries which are under the duty of taking preventative measures to prevent the availability of an unauthorised content. As a result, service provider may choose to implement extensive and active monitoring which could amount to general monitoring. It would therefore not be wrong to conclude that the amended Article has not eliminated the concerns raised for the first draft of Article. There is still ambiguity on the exact framework of the principles that are established.

Finally, by considering and elaborating the proposed Article in relation to the *Störerhaftung* liability, some significant points should be made for the sake of comparison. With regard to the *Störerhaftung* liability, the duty to monitor is imposed for future infringements by means of an *ex-post* measure and as a result of judicial process, whereas the proposed Art.13 indicates the implementation of measures by means of an *ex-ante* measure. Yet, it is evident from the above examination that even this *ex-post* measure which was approved by the Court itself may appear as amounting to general monitoring and as harming the appropriate balance between the fundamental rights of the parties. Against this fact then, the obligation proposed in Art.13 represents rather a greater risk for the intermediary liability regime and the fundamental rights, although the Article⁶⁶⁸ emphasises the importance of the safeguards and states that it is another obligation for intermediaries to take (but does not provide further insight). Therefore, the proposed Article does not appear to have its own answers for the possible negative outcomes that such an obligation may result in. In fact, it brings more questions and concerns for the intermediary liability regime.⁶⁶⁹ Finally, what would happen if this obligation was not fulfilled by an intermediary and the interplay between this obligation

⁶⁶⁷ Angelopoulos states in that regard ‘the new Proposal is thus also incompatible with the permissive German interpretation of Article 15 ECD, as it omits even this procedural safeguard.’ Angelopoulos, ‘Study On Online Platforms and the Commission’s New Proposal for a Directive on Copyright in the Digital Single Market’ (2017), 37.

⁶⁶⁸ Art. 13(2): ‘Member States shall ensure that the service providers referred in paragraph 1 put in place complaints and redress mechanisms that are available to users in case of disputes over the application of the measures referred to in paragraph 1.’ Amended version also requires the implementation of safeguards. See <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P8-TA-2018-0337+0+DOC+XML+V0//EN&language=EN>.

⁶⁶⁹ See Martin Senftleben *et al.* ‘The recommendations on measures to safeguard fundamental rights and the open internet in the framework of the EU copyright reform’ (2018) European Intellectual Property Review 40 (3) 149-163.

and Art.14 of the ECD are the questions that more likely affect the uniformity or even the horizontal applicability of the liability regime.

B. “More Responsibility” and Trade Mark Law

Finally, the duty of care notion should be assessed from a trade mark perspective even though there is no express mention of trade mark specific action within the DSM Strategy. Since the imposition of more responsibility on the intermediaries is stated as a part of EU policy for tackling illegal content online for different rights (ie defamation, and copyright), this discussion is, thus germane to trade mark law, too.

Starting with the CJEU’s case law, in *L’Oréal v Ebay*,⁶⁷⁰ which dealt with contributory trade mark infringement committed via an online auction site Ebay, the Court delineated that the awareness -as required in Art.14 of ECD- should be assessed based on the ‘*diligent economic operator*’⁶⁷¹ criterion. Although further insight was not provided for its appraisal, this criterion indicates the responsibility of an intermediary to some extent. In addition, as the previous chapter revealed, the underlying tort law principles of the MSs which are applicable to contributory trade mark liability appear to be of little assistance in dealing with the challenges that the Internet poses. This is most likely because Arnold J in the domestic case of *L’Oréal v Ebay*⁶⁷² stated that Ebay was the one who could and should deal with the problem of infringement as it had created a new form of trade. It further suggested that the joint tortfeasors doctrine of England should be considered according to the nature of the Internet as it is new context. In that respect, is the imposition of more responsibility necessary or can it be the appropriate remedy for the trade mark realm?

At first glance, it is difficult to give a positive answer to that question given the serious concerns that arise from the proposed CD. Indeed, on the grounds that the EU policy

⁶⁷⁰ Case C-324/09 *L’Oréal v Ebay* [2011] ECR I-06011.

⁶⁷¹ Ibid, para 120 ‘*In the last-mentioned respect, it is sufficient, in order for the provider of an information society service to be denied entitlement to the exemption from liability provided for in Article 14 of Directive 2000/31, for it to have been aware of facts or circumstances on the basis of which a diligent economic operator should have identified the illegality in question and acted in accordance with Article 14(1)(b) of Directive 2000/31.*’

⁶⁷² [2009] EWCH 1094, [369].

pertaining to the intermediary regime applies horizontally and these two IP rights have a close resemblance and are taken into consideration by the courts for analogical application, the proposed Art.13 of the CD would set the best precedent for trade mark if such a duty is to be seriously considered within trade mark context by the EU legislators. Along with the aforementioned negative outcomes that can be drawn from the Article, a further question arises: Would the fundamental differences between trade mark and copyright play any significant role in the preferred type of preventing measures to be implemented?

It is indeed, as concluded in the previous parts of the chapter, the difference between these two rights appears to have an impact on the effectiveness of some preventive mechanisms such as blocking injunctions. For the implementation of effective content technologies, the same conclusion can be drawn on the same grounds. The draft Art.13 of CD requires from service provider to implement the adequate technologies by means of preventative measure and, as stated, these technologies basically operate on an extensive monitoring and filtering basis. It is clear that the copyright infringements that occur online have no parallel in trade mark law given that distributing infringing copyright content is easier in comparison to trade mark. Thus, the effectiveness of such a mechanism in preventing the occurrence of counterfeit goods would appear to be relatively low. This is because in most cases the identification of a good, ie it is genuine or not, requires expertise about the concerned good. Therefore, the probability of false positives is most likely to be high in number for trade mark cases. Accordingly, the fundamental rights would more likely be threatened.

Moreover, there is another fact which may have an impact on the effectiveness of such a mechanism: an intermediary does not have the possession of the counterfeit good. Accordingly, it cannot terminate the real existence of the good unless it has possession. What it can do at most is to terminate the subscription of its user who uploaded this content to its platform. Therefore, implementation of such comprehensive monitoring technologies appears not to provide the necessary assistance in pursuit of tackling illegal content for the trade mark realm. It also poses a serious threat to the fundamental rights.

C. Voluntary Measures

Under current intermediary liability law, aside from the duty of care as a means of bringing to bear more responsibility on intermediaries, intermediaries' responsibility is also discussed through the voluntary measures which can be self-regulatory or co-regulatory. As stated before, the DSM Strategy emphasises the importance of such measures in enhancing more uniform and clearer rules for effective enforcement. More importantly, Communication on *Tackling Illegal Content Online*⁶⁷³ focuses on indicating the responsibilities of intermediaries in the fight against illegal content online. In this Communication, the steps that should be taken by the intermediaries for 1) detecting and notifying, 2) removing and 3) preventing the re-appearance of the illegal content are stated by means of voluntary measures and regarded '*as part of the (intermediaries)responsibility which flows from their central role in society*'.⁶⁷⁴ What is asked from the intermediaries is, briefly, to take the appropriate actions suggested in the Communication against the infringing content to ensure the protection of fundamental rights and due process.

In fact, investing and implementing self-regulatory measures in the course of their trade is the highly preferred and known initiative for intermediaries, especially for large-sized businesses like Google.⁶⁷⁵ They do this either to deal with the illegality that may occur in their services or as part of their responsibility for being in a central role in society.⁶⁷⁶ In that sense, intermediaries, besides the obligations imposed on them by law, are expected to take appropriate measures in the fight against matters which are directly related to public policy such as terrorism and, child abuse. However, the Communication also considers intermediaries to be in a socially responsible position for IP related matters with specific regard to copyright. It is true that the negative impacts of mass copyright infringement and counterfeit products on society and the economy are the facts that cannot be ignored. Nevertheless, regarding intermediaries being responsible for these and requiring them to take action by means of self-regulatory voluntary measures does not

⁶⁷³ Communication on 'Tackling Illegal Content Online Towards an Enhanced Responsibility of Online Platforms' COMM (2017) 555.

⁶⁷⁴ Ibid, 2. Brackets added.

⁶⁷⁵ Yannopoulos states that voluntary actions taken by YouTube '*has shown positive results in the case of copyright eg. for the posting of content on YouTube. However, the potential of self-regulatory measures may have been overestimated and does not cover any demands for compulsory measures to be taken by the intermediaries, which may be enforced only by means of hard-law or co-regulation.*' Yannopoulos 'The Immunity of Internet Intermediaries Reconsidered?' (2017), 51.

⁶⁷⁶ Yannopoulos also states '*a degree of reconciliation between authorities and intermediaries would be required, the latter being those who control access to the Internet as a medium. It is, hence far more important to create confidence and social responsibility in a similar manner anticipated by the users from other players of the computer industry...*' Ibid, 53-54.

appear to be a straightforward solution. This is because promotion of such measures in tackling illegal content online is not only related to the question of whether the intermediaries should have such a great burden imposed or whether their position brings with it such social responsibility. It is more precisely about the question of the protection of the rights and appointing intermediaries (private companies) as the principal players for fighting illegality and providing effective protection.⁶⁷⁷

As was pointed out with regard to the CJEU's decision in *UPC Telekabel*,⁶⁷⁸ leaving an intermediary to decide the appropriate measure to be implemented and apply as a blocking injunction and also asking it to ensure the rights of freedom of information of its users are too much discretion to give an intermediary without ensuring the rights of the parties, due process and fair balance. The EU's tendency to encourage voluntary measures represents the same threats but with a small yet significant difference: the *UPC Telekabel* order was a result of a judicial process, whereas the decisions undertaken with respect to the self-regulatory measures are part of a non-judicial process. As Frosio⁶⁷⁹ astutely states that the latter makes intermediaries '*...prone to serve governmental purposes under murky, privately-enforced standard, rather than transparent obligations*'. This is because with respect to the self-regulatory measures, the intermediaries will be the ones who control the process of identifying, detecting, removing and preventing the illegal content in the light of the terms decided by themselves, not by public bodies or judges.⁶⁸⁰ It is obvious that their enforcement standards will be inconsistent with the law, but the fact that the decision is eventually for them to take as to the matters that may violate the rights enshrined under the law, for instance, removal of a content claimed as infringing. As a result of a non-judicial process, the negative impact of such decision on the user's freedom of expression therefore would be potentially high.

Indeed, according to the *Synopsis Report of public consultation on the Regulatory Environment for Platforms, Online Intermediaries and the Collaborative Economy*,⁶⁸¹

⁶⁷⁷ Belli and Sappa, 'The Intermediary Conundrum Cyber-Regulators, Cyber-Police or Both?' (2017) 183-198.

⁶⁷⁸ Case C-314/12 *UPC Telekabel* (27 March 2014).

⁶⁷⁹ Frosio 'Why Keep a Dog and Bark Yourself? From Intermediary Liability to Responsibility' (2017), 15.

⁶⁸⁰ Horten 'Content Responsibility: The looming cloud of uncertainty for internet intermediaries' (2016), 16.

⁶⁸¹ Full Report on the results of the public consultation on the Regulatory Environment for Platforms, Online Intermediaries and the Collaborative Economy, 25 May 2016, p 19. Available at <<https://ec.europa.eu/digital-single-market/en/news/full-report-results-public-consultation-regulatory-environment-platforms-online-intermediaries>>.

numerous respondents pointed out the technical impossibility of such systems with specific regard to difficulties in distinguishing legal from illegal content which might result in the interference on the users' fundamental rights. Although the intermediaries' decision in that regard can be challenged before the courts, the law's first aim is always to provide the required assurances to protect the rights of the parties and to strike the delicate balance before the court process. These can be done with an obligation to implement necessary safeguards and redress mechanisms. This is indeed emphasised and suggested by the EU legislators in almost every Communication for such initiatives. Yet, unfortunately, these Communications failed to provide the necessary guidance for intermediaries on transparency, uniformity and clarity while implementing safeguards or operating redress mechanisms. The previous chapters demonstrated that lack of transparency is the last thing the EU intermediary liability regime needs.⁶⁸²

Moreover, the implementation of self-regulatory enforcement measures may not be the desired option for the intermediaries either. Indeed, the transparency and clarity in the intermediary liability regime are what the intermediaries need and seek. This is because implementing the required measures in alignment with the law is also in their interest. Furthermore, self-regulatory measures may have a negative influence on the digital innovation and competitiveness of the market. As was raised as a concern in the *Synopsis Report of public consultation on the Regulatory Environment for Platforms, Online Intermediaries and the Collaborative Economy*,⁶⁸³ estimating the accurate financial costs of the implementation and operation of these measures can be quite difficult for intermediaries. This was stated as a factor that may hold them back from investing.⁶⁸⁴ Moreover, the associated costs may appear as a financial burden especially for new start-ups and small-sized intermediaries. This puts these intermediaries at a competitive disadvantage to other intermediaries and ultimately influences the digital innovation in a negative way.

Besides, implementing voluntary measures as self-regulation happens through the implementation of the enforcements mechanisms in terms and conditions and by means of a contractual relationship between the users and the intermediary. Actually, the current NTD system appears as one of this kind mechanism. As there is no statutorily established

⁶⁸² Belli and Sappa, 'The Intermediary Conundrum Cyber-Regulators, Cyber-Police or Both?' (2017), 197.

⁶⁸³ Full Report on the results of the public consultation on the Regulatory Environment for Platforms, Online Intermediaries and the Collaborative Economy, 25 May 2016, p 18.

⁶⁸⁴ Ibid.

system, thus intermediaries implemented notice mechanism as a part of their voluntary own initiative. This means that each intermediary would have a freedom to implement an enforcement measure to apply in the case of an infringement as a result of its freedom of contract. It is evident that having different contractual terms and binding of them would not bring the required uniformity that is aimed with the DSM Strategy.

On the other hand, however, voluntary measures have proved to be effective to some extent especially when they are employed as a policy option or legally-mandated obligations or by means of a private agreement or initiative. Legislation requires the implementation of the GRS, such as the French HADOPI law which is a good example of the implementation of such measures as a legally-mandated obligation, although the effectiveness of GRS is arguable. The Canadian notice-and-notice system as provided in the Canadian Copyright Act is another good illustration showing that the self-regulatory initiatives can prove to be of assistance in providing effective enforcement. This is because the Canadian notice-and-notice mechanism was a self-regulatory initiative before it was included in the Copyright Act. That is to say, a purely voluntary enforcement scheme has now become part of Canadian copyright law and policy.

There also exist such agreements initiated for trade mark. The EU's *Memorandum of Understanding (MOU)*⁶⁸⁵ is a multi-stake dialogue between brand owners and Internet platforms that aims 'to establish a code of practice in the fight against the sale of counterfeit goods over the internet and to enhance collaboration between the signatories including and in addition to Notice and Take-Down procedures' but it is limited to each signatory and the European Economic Area. It is not a binding agreement and does not close the legislative process. Instead it aims to create a more uniform enforcement process, namely an NTD mechanism, that deals with the sale of counterfeit goods.⁶⁸⁶ In the report published by the EU Commission in 2013, it was concluded that '*the approach adopted by the MoU works, but also highlights the need for Internet Platforms and Rights Owners to remain alert and vigilant.*'⁶⁸⁷ Accordingly, in 2016, further action to

⁶⁸⁵ Memorandum of Understanding on the Sale of Counterfeit Goods via the Internet, May 4, 2011. Available at <http://ec.europa.eu/internal_market/iprenforcement/docs/memorandum_04052011_en.pdf>

⁶⁸⁶ For further examination See Dinwoodie 'Secondary Liability for Online Trademark Infringement: The International Landscape' (2014), 467-470.

⁶⁸⁷ Commissions' Report from the Commission to the European Parliament and the Council on the Functioning of the Memorandum of Understanding on the Sale of Counterfeit Goods via the Internet COM (2013) 209.

implement a new *MOU on the online sale of counterfeit goods* was undertaken by the EU and it was opened for signature.⁶⁸⁸ In that sense, the *MOU* does not appear to be a temporary initiative for the signatories and the EU. Although its true impact over the enforcement of trade mark rights can only be evaluated with empirical evidence, in the light of the Commission's report and having taken further action to implement a new *MOU*, it would not be wrong to conclude that the *MOU* has proven to be successful.

In addition to these examples, the '*follow the money*' approach, as a voluntary cooperation mechanism, is also stated to be part of the DSM Strategy in '*depriving those engaging in commercial infringements of intellectual property rights of the revenue streams emanating from their illegal activities.*'⁶⁸⁹ This voluntary practice has mostly been adopted and applied in the US.⁶⁹⁰ In brief, this type of enforcement aims to minimise the funding for IP infringement by working with the payment processors such as Mastercard, Visa or Paypal. In the light of the further actions undertaken under the DSM Strategy, it is understood that the *follow the money* system is considered to be implemented through a multi-stake dialogue, namely as a new *MOU*.

Overall, all these developments demonstrate that the EU policy now considers the self-regulatory measures as an important player for effective enforcement. This policy change can be seen as part of a rather bigger shift in the intermediary liability regime; a shift towards an intermediary responsibility from an intermediary liability. However, it is evident from the above appraisal that, merely depending on voluntary measures in pursuit to an effective enforcement and uniform rules would seemingly not provide the relief for EU liability regime but would bring more questions. Nevertheless, this does not mean that the promotion and implementation of such measures should not be considered any further under the intermediary liability regime. The examination undertaken in this part demonstrates that self-regulatory measures have some power in tackling illegal content. The process that made Canadian legislators include the notice-and-notice mechanism in

⁶⁸⁸ See <https://ec.europa.eu/growth/industry/intellectual-property/enforcement_en>

⁶⁸⁹ Communication on 'Online Platforms and the Digital Single Market Opportunities and Challenges for Europe' COMM (2016) 288 final, 8.

⁶⁹⁰ Frosio, 'Why Keep a Dog and Bark Yourself? From Intermediary Liability to Responsibility' (2017), 29. Also See O' Doherty, 'Online trade mark and copyright infringement injunctions: implications on ISPs, site owners and IPR owners' (2016), 88.

the Copyright Act is the best illustration of this. Voluntary measures therefore appear as another significant player in establishing uniform and effective enforcement mechanisms as well as enhancing the awareness in the intermediaries' world when they operate as auxiliary mechanisms.

VI. CONCLUSION

After determining that the current approach adopted for shaping online trade mark liability (ie the immunity regime) does not provide a satisfactorily working framework for the challenges that arise, this chapter focused on the ultimate aim of the thesis; that of pursuing a remedy for the existing challenges and shortcomings of the regime. The previous chapters revealed that the uniformity that the EU regime mainly strives for as this would bring transparency, efficiency and consistency in the application of the rules as much as possible throughout the EU. As such it is the main purpose of establishing the DSM. To this end, the chapter asked the following question: *'Can a remedy be found within current EU law governing online contributory trade mark liability without a radical overhaul of the existing regulatory framework?'*

Offering a solution for the existing challenges has also been the aim of the EU. A series of Communications were published for the purpose of establishing a fit-for purpose regulatory environment as well as a more balanced and predictable liability regime for platforms and intermediaries. More importantly, in pursuing this aim, the EU policy seems to have inclined towards the adaptation of a different approach. As has been assessed above, the EU's current approach seems to be focused on two significant points; intermediaries' responsibility and the implementation of sector-specific initiatives. The responsibility of intermediaries was considered in these Communications, either by suggesting new mechanisms (ie the imposition of duty of care or implementation of voluntary measures) or by simply emphasising the intermediaries' position in tackling the illegal content online, whereas the sector-specific approach became apparent with the proposal of the CD. These initiatives have therefore been examined to see whether they would fit into the existing regime and to what extent they would provide a remedy to

ongoing challenges. Besides this, existing mechanisms, ie injunctions and the NTD system, have been assessed in pursuit of finding an answer to the chapter's question.

Considering the above examination, it can be concluded that the mechanisms considered have the power to deal with the infringing activities and provide harmonisation. However, as demonstrated, they appear to provide a different level of assistance in that respect. Moreover, some bring more challenges especially for fundamental rights and in terms of striking a balance between the parties. Indeed, some of the variants of notice-and-action mechanisms namely notice-and-stay down, notice-and-disconnection and NTD as implemented in the EU bear out this concern, although the others proved to be working. In a similar sense, injunctions pose the same risk in that they do not appear to provide the required and satisfactory level of assistance unless further clarification is provided by the EU legislators. For newly considered mechanisms, ie duty of care and voluntary mechanisms, the same uncertainty arises as an issue which affects their preference over existing mechanisms.

Overall, as an answer to the question asked in this chapter, the analysis concludes that the solution can indeed be found within current EU law governing online contributory trade mark liability without *a radical overhaul of the existing regulatory framework*. It would follow that instead of implementing new mechanisms, namely duty of care or voluntary measures, the existing mechanisms, ie the NTD and injunctions, could prove to be of greater assistance in dealing with the challenges that arise from online trade mark infringements. Accordingly, these mechanisms would make the existing regime more aligned with the Internet technologies. More specifically, it is found that the notice-and-notice and notice-and-judicial takedown mechanisms are the best mechanisms to be implemented for trade mark, yet their effectiveness should be ensured. The existing NTD and injunction mechanisms are not regarded as the best unless further harmonisation and safeguards are provided especially with respect to fundamental rights. Finally, the implementation of assistance of voluntary measures as an auxiliary to the main mechanisms is underlined. In the light of these, the ultimate examination that aims to delineate the most appropriate mechanism will be undertaken in the next chapter as a proposal of the thesis.

CHAPTER 6: RESHAPING CONTRIBUTORY TRADE MARK LIABILITY ONLINE: THE REMEDY

I.	WHICH MECHANISM WOULD WORK BEST AS A REMEDY?.....	203
II.	HOW SHOULD IT BE IMPLEMENTED?	210
	A. What Should Be Contained in a Notice?.....	214
	B. Time Frame for the Issuance of a Notice.....	216
	C.Ensuring the Effectiveness of the System and the Establishment of a Uniform	
DRB.....		217
	D. Implementation of the Proposed System within EU Law.....	220
III.	CONCLUSION.....	221

I. WHICH MECHANISM WOULD WORK BEST AS A REMEDY?

We now proceed to the main proposal of the thesis in pursuit of developing the law of online contributory trade mark liability. So far, it has been demonstrated that the uniformity and further clarification are what the existing law of contributory trade mark liability mainly strives for. In the search of a solution that would provide more harmonised and clearer rules, the mechanisms that have already implemented and applied within the intermediaries' liability regime (notice-and-action mechanisms and injunctions) together with the mechanisms that have not yet been implemented into law but considered by the EU legislators for the purposes of creating the DSM and providing more concrete law framework (imposition of duty of care, voluntary measures) have been examined. That examination has most significantly proved that the solution can indeed be found within the current law without a radical overhaul of the existing regulatory framework.

However, it is also demonstrated that each mechanism's contribution to the existing law as a remedy would be at different level. Henceforth, the previous chapter concluded that within the above-mentioned mechanisms notice-and-notice and notice-and-judicial takedown mechanisms are the best working ones as they prove to strike the fair balance between the parties. Having said that it is also concluded these mechanisms lack effectiveness in terms of providing an effective solution for the challenges that arise. Yet, what is sought in this thesis and precisely in this chapter is a solution that would fulfil all the following goals: providing a harmonisation, striking the balance between the fundamental rights of the parties and ensuring the effectiveness. In that way, chosen

mechanism should contribute to harmonisation. But, it cannot be considered complete and effective unless it ensures the fair balance between the parties.

In the pursuit of these goals, this thesis ultimately proposes the implementation of a notice-and-notice mechanism as a solution. Yet, what is proposed here is not the notice-and-notice mechanism as it is currently applied in Canada. The proposed system is different than the system applies in Canadian copyright law. To remind it, the Canadian notice-and-notice system limits the intermediary's involvement in the process to simply forwarding the notices issued by the parties. Therefore, the issue of take down is left to the parties to decide, not to an intermediary. The chosen mechanism in this thesis is founded on the same basis but it elaborates the system further. However, before explaining the system, its working principle and how it should be implemented, reasons of why this mechanism is proposed and why the other alternatives have been ruled out should be explained.

First, all mechanisms have been considered within the previous chapters should be examined with respect to harmonisation and uniformity purposes. The imposition of a duty of care and the implementation of voluntary measures as enforcement mechanisms should be ruled out as they do not appear feasible for harmonisation purposes although they are considered within the DSM Strategy for this purpose.

The notion of duty of care is a new concept for the online world and its framework is not clear. It is therefore difficult to suggest that the implementation of the mechanism would bring more harmonisation, if only not bring more questions. Art.13 of the proposed CD and the German doctrine of *Störerhaftung* are the most suitable candidates to demonstrate the possible impacts of the imposition of such duty on intermediaries, although Art.13 has not yet come into force. On the other hand, it is evident that these two legal instruments differ from each other on the point that duty imposed under the *Störerhaftung* doctrine is an ex-post measure whereas Art.13 imposes ex-ante duty on the intermediaries. As it is not clear that how the duty of care would be implemented within the law, the above two are assistive to establish and demonstrate the possible impact of the mechanism from different aspects.

The amended version of Art.13 stipulates that the online content sharing service providers which give access to large amounts of work should either conclude licencing agreements with the right owners or take the necessary measures to prevent the availability of the

unauthorised content on their platform. The previous chapter concluded that the latter would mean the implementation of ex-ante measures which might lead in general monitoring which is prohibited within the ECD. Moreover, the proposed Article may give rise to ambiguous applications given the lack of further insight on the precise scope of Article and the duty imposed in. Article, as it is, does not explain what these measures should be. This would mean that different measures may be implemented by different service providers who fall into the scope of Article. This would most likely create a regime of divergent applications.

In fact, the application of the doctrine of *Störerhaftung* has proven that even the duty of care as applied in German law suffers from divergent applications despite it is applied as an ex-post measure and as a result of judicial process. The two *Rapidshare* cases demonstrated how malleable the boundaries of the duty of care can be in practice and how the German courts have struggled in applying this long-standing doctrine to newly evolved technologies. Such ambiguity and perhaps a fragmentation are the last things that the EU legislators and the law desire.

There is danger of creating a more fragmented regime, which is also evident in the promotion of the voluntarily implemented enforcement measures. When those measures are implemented as self-regulation, enforcement processes undertaken by the intermediaries against the content providers would only be bound by the intermediary's own terms which are non-negotiable. Users of the service should agree on these terms which are previously prepared by an intermediary when signing up in order to use the service. Therefore, they do not have any input on the terms. It is true that those terms should and would be in consistent with the law. But other than that, the framework of those measures is determined by each intermediary within the limits of their freedom of contract. This would most likely result in the creation of fragmented privately-enforced standards given the variations in the service provided by the intermediaries.⁶⁹¹ As previously examined, the *Multatuli Project*,⁶⁹² in which the NTD procedures of ten different ISPs of Netherlands were considered, demonstrated the divergence between the

⁶⁹¹ Clement Salung Petersen and Thomas Riis 'Private enforcement of IP law by internet service providers: notice and action procedures' in Thomas Riis, *User Generated Law. Re-Constructing Intellectual Property Law in a Knowledge Society* (Edward Elgar Publishing Limited 2016) 228-251, 236.

⁶⁹² Sjoera Nas, 'The Multatuli Project ISP Notice & take down' (2004) (Multatuli project) <<https://www-old.bof.nl/docs/researchpaperSANE.pdf>>

concerned ISPs as to take down requests since the research revealed that the timeframe for the removal of the content varied from three hours to ten days.⁶⁹³

Besides this fragmentation, in most of the cases privately enforced measures suffer from lack of transparency. In one study undertaken by the OECD in 2011,⁶⁹⁴ it was indicated that there is a lack of transparency on the elements of the NTD procedures of the intermediaries such as the number of the notices or counter-notices filed, the estimated costs of complying with the procedures to service providers or right owners. The lack of information as to how the procedure is implemented and applied by intermediaries and all necessary numbers and statistics related to the procedures would result in the difficulty in examining the actual implications and effectiveness of the procedures as well as in striking the fair balance between the fundamental rights of the parties. In the light of these then the implementation of the voluntary measures is also ruled out.

At that point, it should be underlined that the existing NTD mechanisms which are implemented in practice by means of fulfilling the requirements of the immunity provided in Art.14 of ECD applies as voluntary self-regulatory procedures since the Directive leaves the matter to the domestic laws of the MSs to be decided and puts the intermediaries in the centre of the process. In that sense, the prospects of fragmentation and lack of transparency become valid for the existing NTD mechanism as well.

Turning to the injunctions, it has been demonstrated in the previous chapters that this mechanism is of significant importance as an enforcement mechanism for the liability regime as it tackles infringements as a result of judicial process. The role of the judiciary in injunction cases is an important element in regulating intermediaries' liability since in those cases the judiciary has the power to offer a solution for the issues that are brought before it. The cost issue brought before the English Supreme Court in the *Cartier I* is the best example of this.⁶⁹⁵ It is because the Supreme Court's holding that the implementation costs of the blocking injunction can be imposed on the rights owners can be read as an instrument to deter the right owners to use injunction orders as a weapon against intermediaries.

⁶⁹³ For detailed analysis See Chapter 5

⁶⁹⁴ OECD, *The Role of Internet Intermediaries in Advancing Public Policy Objectives* (OECD Publishing 2011), 146.

⁶⁹⁵ *Cartier I*, [2018] UKSC 28. See Chapter 4

However, for the purpose of harmonisation, injunctive reliefs' assistance remains limited since the injunctions cannot be applied unless the request is brought before the courts and they target infringements that have already taken place. Thus, any movement undertaken in establishing solid framework would provide more clarity and uniformity in terms of creating a norm for intermediaries' responsibilities, yet its impact would be limited with the fact that injunctions can only be granted in judicial process.

On the other hand, the notice mechanism in general appears to be the best candidate to provide the harmonisation on the ground that the notice is the element of the immunity regime established within the EU. In other words, the notice regime is directly related to the intermediary question as it is an element in deciding the immunity of hosting intermediaries. In that regard, every action undertaken in providing a concrete notice system would have its impact on the liability regime. This would follow that clearly provided rules as to the notice mechanism would be expected to bring transparency and uniformity to the liability regime to some extent. This is probably because notice-and-action mechanisms are still considered in the DSM Strategy for the purpose of creating a single market.

Having said that not all variations of the notice mechanism appear to provide the anticipated transparency and uniformity. Indeed, the NTD mechanism as is currently applied in the EU lacks the required clarity and uniformity. This is because the NTD mechanism is implemented as a self-regulatory mechanism by the intermediaries. In that regard, any further movement undertaken by the EU legislators with respect to the NTD mechanism would not mean more than a guidance for MSs domestic laws as procedures of the NTD are firstly left to MSs and eventually to intermediaries to decide in their terms and conditions. Therefore, this mechanism does not fulfil the goal of harmonisation although the notice mechanisms appear to be the best candidates for harmonisation. Following this, the notice-and-stay down and notice-and-disconnection mechanisms also appear to fail to provide more uniformity that is expected from notice mechanisms in general. What is in common with respect to these three mechanisms is the intermediary's involvement in the process. Intermediary is the one who decides the taking down or the one who undertakes more proactive measures to prevent the occurrence of an infringement. Therefore, the way of working of these mechanisms would still be bound by the intermediaries' own terms. This underlines the importance of leaving the

intermediaries out of the decision process of enforcement even for the purposes of harmonisation.

More importantly, intermediaries' involvement in the decision process cannot be justified from the fundamental rights' aspect, as well. In that regard, it is also difficult to conclude that the notice mechanisms as applied in practice strike the fair balance between fundamental rights with some exceptions. Starting with the NTD mechanism as implemented within the ECD, it is evident that the mechanism is far from providing fair balance as it leaves the discretion of taking down the content to intermediaries. Here, the protection of the rights to freedom of information of users and freedom of expression of content providers is left to intermediaries as they are the ones who take down the content against a notice issued by rights holder. Moreover, as it is applied within the EU, the NTD system is a part of a private enforcement. As there is not any requirement of counter-notice as a safeguard, the mechanism also has a negative impact on the procedural fundamental rights of the content providers ie the rights enshrined within Art 47 of the Charter.

The DMCA version of NTD system entitles content providers to issue a counter-notice yet it does not leave the intermediary out of taking down process. It still is the intermediary who decides the take down. The fact that the intermediary is under a duty to notify the content provider about the allegation of an infringement made by right holder does not appear to work as a strong safe-guard mechanism as the content provider is notified after taking down the content. This is considered as equivalent to a temporary restraining order which is given extra-judicially and based on the right owners' allegation of infringement.⁶⁹⁶ Thus, the counter-notice as provided in the DMCA cannot be regarded as an element ensuring the protection of fundamental rights of the content providers, as this right to fair trial is given to content provider not for the trial, just after the trial.

On similar grounds, the notice-and-stay down and notice-and-disconnection mechanisms have to be ruled out. These mechanisms encourage intermediaries to implement more pro-active measures in order to prevent the reappearance of an infringement as well as leaving the discretion of taking an action to them. Implementing and applying such measures can easily result in censorship (over-removal) which would interfere the

⁶⁹⁶ Jennifer M Urban and Laura Quilter, 'Efficient Process or "Chilling Effect?" Takedown Notices under Section 512 of the Digital Millennium' (2006) Act 22 Santa Clara Computer & High Technology Law Journal 621-693, 639.

freedom of expression and information of the users. However, with respect to the French version of notice-and-disconnection mechanism (GRS) one significant element should not be overlooked.⁶⁹⁷ In this no longer applicable GRS, intermediaries' duties within the process were limited with detecting and informing the administrative authority which was called HADOPI. The decision of taking an action and which type of sanction should be awarded were left to these administrative agencies. This can be considered as a safeguard for fundamental rights, accordingly a step towards a more balanced regime. However, it should not be ignored that such administrative agencies are a non-judicial public authority. So that the HADOPI law can be construed as a law that '*resulted in a specific procedure bypassing the legal guarantees granted under the judicial procedure*'.⁶⁹⁸

In contrast, the notice-and-judicial take down mechanism ensures the legal security as taking down of the content can only happen with a court order. Thus, the balancing act is done by the court as happens in the injunction cases, so the concerns raised for the other types of notice mechanisms are abolished by offering optimum guarantees of judicial process. Nevertheless, this mechanism is still ruled out as a remedy on the ground that the implementation of this system within the existing regime would be impractical since every take down request should be brought before the court. This would create a big burden for the courts in terms of the workload as it would not be possible to deal with the numerous take down requests.

All of these findings leave us with the notice-and-notice system in which the intermediary's involvement in dealing with the dispute and take down request are eliminated and the issue is left to the parties to decide. As has been underlined throughout the thesis, the most concerning element of the existing regime is the discretion given to intermediaries in dealing with an infringing content, more precisely their judge-like position in the taking down or blocking acts with regard to Art. 14. In that sense, this mechanism appears more practical than the notice-and-judicial take down as well as being feasible but with one exception: effectiveness. The Canadian system does not provide any answer to how the aim of tackling infringements can be achieved with it, neither does it establish a system for this. Ensuring an effective enforcement mechanism is as important as creating a system that eliminates the supremacy of one private party and ensures the

⁶⁹⁷ See Chapter 5. III. D.4

⁶⁹⁸ Heritiana Ranaivoson and Anne-Catherine Lorrain, 'Graduated response beyond the copyright balance: why and how the French HADOPI takes consumers as targets' (2012) Digital Policy, Regulation and Governance 14 (6) 34-44, 41.

fair balance. Thus, this thesis proposes an implementation of a notice-and-notice mechanism within the EU with the creation of a uniform dispute resolution body (DRB) which can provide effectiveness, certainty and assurance while tackling infringement issues. It is submitted that this would provide further harmonisation as well as it would foster the protection of fundamental rights of the parties.

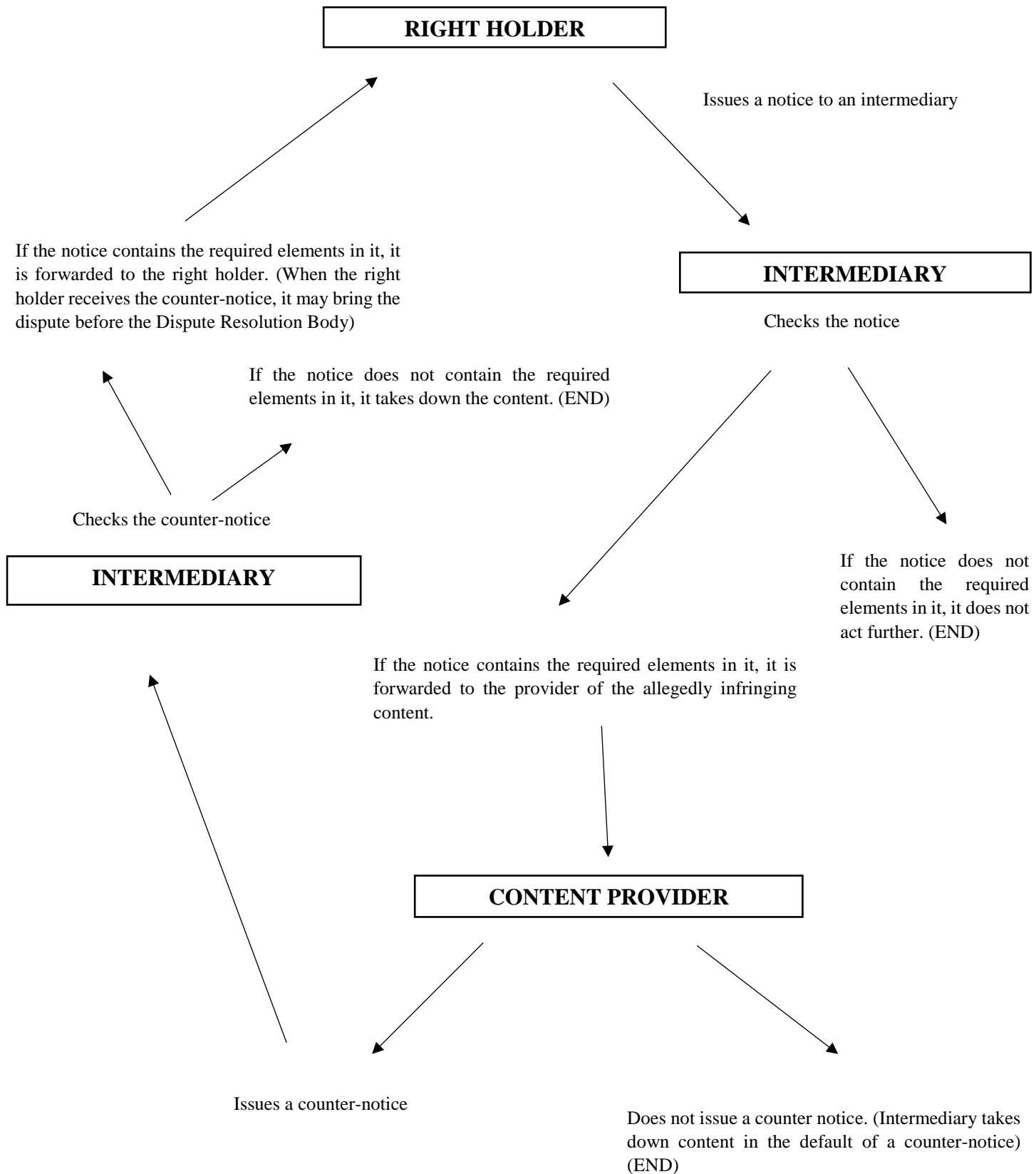
II. HOW SHOULD IT BE IMPLEMENTED?

Here, the first thing needs to be answered is how should this mechanism work? The hint is actually in its name: notice-and-notice. This indicates that system is founded on the exchange of the notices and it is intermediaries' duty to forward the notices between the right owner and content provider. More precisely, the proposed mechanism simply works in the following way (*See* Figure 1 on the following page): When an intermediary receives the notice issued by a rights holder requesting taking down the content or blocking the access, it checks the notice whether it contains all the elements. If the notice does not contain all the required elements in it, intermediary does not act further. However, if the notice fulfils the requirements, then it is forwarded to the provider of the allegedly infringing content by that intermediary. At that stage, the proposed system entitles the content provider a right to issue a counter-notice. If the content provider chooses to issue a counter-notice, this counter-notice must also be valid meaning that it must contain all the required elements in it. When the counter-notice is issued against the right holder via an intermediary, it is again the intermediary's duty to check the notice against the requirements and then forward it to the right holder if it fulfils the all requirements.

Most significant aspect of the above mechanism is that an intermediary does not involve in the dispute further than checking and forwarding the notices. Having said that, proposed system requires from intermediary to take down the content in one specific case: when content provider does not issue a counter-notice, or the counter-notice issued does not contain the required elements in it. It must be underlined that except from this, the intermediaries' duty is limited to provide the correspondence between the right owner and content provider by forwarding the notices to each other. Therefore, the main dispute which is the illegality of the content is not for an intermediary to decide as it is applied under the existing NTD system. At that point, encouraging Alternative Dispute

Resolution (ADR) via the creation of a uniform DRB for the resolution of the dispute is proposed.

Figure 1: Working principle of the notice-and-action mechanism



This is the main working principle of the mechanism proposed here. As it can be seen, the most significant feature of the mechanism is leaving the intermediaries out of the decision process. As it has been underlined before, active involvement by the intermediaries in the appraisal of illegality of a content and their discretion in taking down the content are the most criticised elements of the existing NTD system. It is demonstrated that giving such discretion to intermediaries as private parties in resolving the dispute between content providers and right owners does not only fail to assure the legal security, it also harms the balance between the fundamental rights of the parties. The fundamental rights that could be affected within the NTD process are identified as: right holders' right to property, content providers' right to freedom of expression and protection of data and privacy, intermediaries' right to conduct business and last but not least the fundamental procedural rights enshrined for the both parties such as right to fair trial or effective remedy.

The proposed mechanism is therefore aimed firstly and most significantly to eliminate the involvement of an intermediary in the process as well as to provide an effective system which establish uniform rules. It is why intermediary's involvement is limited to the act of providing the communication between the parties by simply forwarding the notices issues and no discretion given to them by means of resolving the dispute or taking down the allegedly infringing content. Further to that the creation of a uniform DRB by means of an ADR is proposed as a platform for parties to bring their disputes to be resolved. This would also lead to a balanced system which protects the fundamental rights of the parties. The act of balancing is not undertaken by an intermediary under the proposed mechanism. Dispute will be considered and resolved with ADR process so that all parties are given a right to bring and discuss their claims.

However, for the aim of a satisfactorily working mechanism, the system should establish more than that and it must readily have its answers within the system. In that regard, notice and its elements should be the first thing to be focused on and established. It is evident that it is essential to specify what should be included in the notice. Although these are the procedural requirements, they are also the elements which would provide the transparency and foster the protection of the fundamental rights of the parties. Besides, determining the elements of the notice is a method of preventing the issuance of groundless notices in other words abuse of the system. Although the issuance of a notice does not result in taking down the allegedly infringing content under the proposed

mechanism, the system can still be a subject of abuse. One can issue a notice hoping not to receive a counter-notice or to receive an invalid one. As stated, in the default of a counter-notice or a valid counter-notice, intermediary takes down the content. Bearing this in mind, the elements that would protect the system against possible abuse should also be determined.

As the DMCA statutorily establishes the elements that a valid notice should contain, it can be of an assistance on this matter.⁶⁹⁹

A. What Should Be Contained in a Notice?

The following elements are proposed as the minimum requirements that a notification must consist of:

- Signature of the issuer of the notification on a written notification,
- Clear specification of the infringing content and provision of evidences related to a claim,
- Verifiable contact details of the issuer of the notification ie full name, telephone number, verified address etc.,
- A statement indicating the accuracy of the information provided.

In the light of these above-mentioned requirements determined as the minimum standards, when rights owner issues a notice, the notice must include the sufficient information as to the infringing content and the claim. Here, the proof of an ownership of the mark may be requested to be included in the notice. In fact, some intermediaries have already implemented a system that works as database where a rights holder provides the related information as to its right proving that it is the owner.⁷⁰⁰ An implementation of such a system can be asked from intermediaries with that respect.

In addition to this, the issuer of a notice should provide verifiable contact address. Failing to do this would result in an issuance of an invalid notification. Thus, the requirement of a verifiable address is one of the elements that would assist to prevent the abuse of the

⁶⁹⁹ See Chapter 5.III. B

⁷⁰⁰ Chinese e-commerce site Alibaba created an IP Protection Platform where the rights owners can upload the related documents as to their rights in the database when creating a profile. These documents are saved in database and can be used as a proof whenever the claim of infringement is lodged by right owners, See <https://ipp.alibabagroup.com/index.htm?language=en_US>

system. With the same regard, notification must include the signature of rights owner as well as clear statement indicating the accuracy of the information provided. Although these proposed elements are very similar to what the DMCA establishes, on the matter of preventing abuse of notices the DMCA requires from an issuer of the notice to state its good faith regarding to the take down request and a statement under the penalty of perjury from the issuer of counter notice.⁷⁰¹

However, the proposed system does not include such requirements. It is because, the notion of good faith is bound by the different interpretations under national laws of MSs, but more importantly defining its framework and assessing it would be rather challenging. Nevertheless, the proposed system should still provide a safeguard against the cases of abuse which would also provide more balanced and effective mechanism. Type of the sanction is to be applied against the abuse of the system for example providing false or misleading information should be determined within the framework of the scheme. However, it is submitted that the determination of the sanction should be left to national laws of the MSs since determining one single type might not be compatible with every MSs' national laws. Yet, it is important that the type of penalty chosen should be clearly stated within the relevant law.

Further to that, it is proposed that intermediaries might be required to create a template of notice for its users to fill when sending the notices. Accordingly, this template may include a statement indicating the accuracy of the information provided as well as the statement accepting the liability under the specified sanction. It should be noted for the sake of clarity that the type of sanction is not to be determined by intermediaries. This should be specified in the relevant legal piece that is provided under national law. Finally, it should be stated that the chosen type of the sanction would also be valid for the issuer of counter-notices when these notices consist of misleading or false information.

These are the minimum requirements that a notification must include, and it is intermediaries' duty to check them when the notice is received. This would follow that if the notice does not have the above stated elements, intermediary will not forward to notice. However, there is one significant point needs to be underlined. The proposed system stipulates that not having provided these elements in the counter-notice would result in taking down the content.

⁷⁰¹ The DMCA, S 512 (3) (a)- (g).

It is evident that the counter-notice is a significant element in striking the balance between the parties' fundamental rights since it entitles content providers to a right to defend themselves namely a right to a fair trial. In that sense, one can argue that the immediate take down proposed here would be inconsistent to strike that balance. However, the proposal of immediate take down can be justified with the intention behind the selling of counterfeit goods. It is difficult to argue that the sellers of counterfeit products are the victims of their actions. In most of the cases, sellers benefited from the features of the protected mark and earns a revenue from these transactions. The anonymity and the convenience that the Internet offers are the most significant elements to make these activities possible and more straightforward in the online world. This would follow that the content providers of allegedly infringing content would not want to reveal their identity or lose their anonymity. Therefore, they would not send any counter-notice unless they genuinely feel that the allegations are wrong. A counterfeit seller would not want to reveal its identity if it knows that the content is indeed infringing. Therefore, in the absence of a counter-notice or the issuance of a counter-notice that does not consist of required elements, the content should be taken down by an intermediary to ensure the effectiveness of the mechanism.

B. Time Frame for the Issuance of a Notice

The determination of the time frame for sending a notice is another safeguard and an element to ensure the effectiveness. Art. 14 of the ECD stipulates that an intermediary must act expeditiously when it receives a notice or obtains an awareness as to the infringing nature of a content. However, it does not provide further explanation and clarity on the exact limits of the expeditiousness notion. It should be fair to say that the time provided to a content owner to issue a counter-notice and to an intermediary to act should be sufficient for both the content provider to issue a counter-notice the intermediary to check and act in order to ensure the effectiveness of the system.

In that sense, it is submitted that the time allowed for an intermediary to check the notice issued by a right owner and then to forward to the alleged content provider should be 2 or 3 working days in order to ensure the speed of the process. This time period should be sufficient for an intermediary to check if the notice contains all the details required as the intermediaries have been doing this and they have mostly implemented the necessary

systems for that. The same 2 or 3 working days time frame should also be set out for an intermediary to forward the counter notice to a right holder.

However, the time allowed to an issuer of a counter-notice, more precisely to a content provider should be longer than that. This is because, the time provided should be adequate for content provider to understand the claim and establish its counter-claim together with the evidences if there is any. Here, it is submitted that 4 working days should be provided to content provider in order to issue a counter-notice.

Even though these time frames can be set out differently by the EU legislators, there is one thing that should not be ignored: these time frames should clearly be set out and applied as a uniform rule within the EU.

C. Ensuring the Effectiveness of the System and the Establishment of a Uniform DRB

So far, the proposal has established the working way of the notice-and-notice system as well as its elements. This proposal assures that intermediary's involvement in the process is limited to checking the notices and forwarding to the parties of the dispute. By leaving intermediary out of the decision process together with entitling content provider a right to issue a counter-notice are the safeguards proposed for the protection of fundamental rights of the parties. However, as it stands, the system does not address the question of who will examine the claims of the parties. This is, as demonstrated earlier, a significant matter to be dealt with and a significant element in striking the balance between fundamental rights as well as in establishing an effectively working system. It has been demonstrated that injunctions appear as the only mechanism ensuring the legal assurance. Yet, it is also concluded that the contribution of this mechanism in resolving the challenges that arise remain limited since the application of an injunction is not possible without legal process.

In the light of these, the proposed notice-and-notice mechanisms must address the question of who should deal with the dispute between the parties. The answer of this question should fulfil the aims of establishing a solid, an effectively working and a result-oriented system. In that regard, the establishment of a uniform DRB which would be based on the ADR process is proposed here.

The ADR process is not foreign to EU law. One of the example is created within the Regulation 524/2013 on Online Dispute Resolution (ODR Regulation).⁷⁰² This regulation establishes the pan-EU ODR platform for consumers to bring their claims arising from e-commerce ie from online purchases of goods and services and here the dispute is resolved through a chosen ADR body. According to that, a consumer who would like to process its claim lodges this claim on this pan-EU ODR platform for the resolution of the dispute under an ADR process. Through this platform provided, consumer electronically lodges all the details of itself and the claim and can choose the DRB. Once the trader of the concerned e-commerce activity agrees the use of a chosen body, then the dispute is dealt with under this process by a chosen body. The Regulation determines all the necessary time frames for that.

What is significant and can be inspired for the notice-and-notice mechanism proposed here is the fact that such ODR platform is used as a platform for facilitating the communication between the parties and the dispute is assessed under an ADR process. Such an ADR process appears as feasible and sensible for the counterfeit selling and taking down the content. This is because, such process would work faster than the judicial process while leaving the intermediary out of the process and bringing the two actual parties of the claim together to resolve the dispute between them. Although it is evident that this is a non-judicial proceeding and the parties could still bring their cases before the court, from the fundamental rights' aspect a mechanism which provides safeguards to parties and leaves the intermediary out of the decision process would be the preferred and best working one.

It must be pointed out that such dispute resolution service has also been in the application with respect to IP rights namely for the domain name disputes. Yet here, with respect to the Uniform Domain Name Dispute Resolution Policy (UDRP)⁷⁰³ prepared by World Intellectual Property Office (WIPO), uniform dispute resolution system as an initiative is established by the Internet Corporation for Assigned Names and Numbers (ICANN) and has been referred to numerous disputes. This system provides an ADR system for the disputes over domain name ownership as an alternative to the court proceeding.

⁷⁰² Regulation 524/2013 of 21 May 2013 on online dispute resolution for consumer disputes and amending Regulation (EC) No 2006/2004 and Directive 2009/22/EC (Regulation on consumer ODR) OJ L 165/1.

⁷⁰³ <<https://www.icann.org/resources/pages/help/dndr/udrp-en>>

According to its policy, the dispute that arises from the abuse of domain name⁷⁰⁴ is administered by authorised dispute resolution service providers. When the dispute is filed through, the chosen dispute resolution service provider appoints the Administrative Panel which consists of the experts in the areas of domain name issues, trade mark law, e-commerce etc. and the panel decides the issue within 60 days. Therefore, the dispute is most likely to be resolved faster than the court process. However, what is most significant with respect to this system is its scope since it provides an internationally applicable single mechanism for resolving a domain name dispute regardless of where the registrar of the domain name holder or the complainant are located. This is quite significant considering how challenging is to tackle the issues that arises from the Internet on an international basis and can be inspiring for the mechanism that is sought in this chapter. But, perhaps for something at EU level, not on the international base.

Reverting to the proposed mechanism, what is submitted here is sort of a mixture of the above-mentioned systems. In the way of working the notice-and-notice mechanism, the intermediaries are positioned as a medium to facilitate the exchange of the notices and the claims. Thus, creating an additional pan-EU ODR like platform in order to provide such communication would be time consuming and wasting of the resources. As intermediaries provide the communication between the parties by forwarding the notices right owner to content provider or vice versa, they can also be asked to provide some basic and necessary information as to the prospects of ADR process that the parties may choose to follow in order to resolve the dispute on the contents' legitimacy.

This would work in the following way: When the first notice is received, an intermediary not only forwards this notice, but also provides the related information as to the ADR process to a content provider. This information will inform the content provider about the prospects of possible process, more precisely it will explain that right owner may bring its claim before a DRB if content provider contests the claim of illegality and issues a valid counter-notice. If it does so, their dispute will be moved to that platform. Following this if the dispute is concluded in favour of a right owner, the content provider will bear

⁷⁰⁴ Art 4(a) of the UDRP Policy explains what types of disputes that can be as follows: '*i) your domain name is identical or confusingly similar to a trademark or service mark in which the complainant has rights; and ii) you have no rights or legitimate interest in respect of the domain name; and iii) your domain name has been registered and being used in bad faith.*'

the costs related to the dispute. Otherwise the costs of bringing the issue before the DRB is for right owners to bear.

In a similar way, when the valid counter-notice is issued, an intermediary sends this notice to a right owner and informs it about the DRB. Bearing its working mechanism in mind, thesis proposes the creation of pan-EU DRB as UDPR that will deal with the issues that arise from online counterfeit selling.

D. Implementation of the Proposed System within EU Law

Now, it is to be determined that how the proposed system should be implemented within EU law. With respect to what is proposed, the first thing to be done should be the alignment of the system within the immunity regime, specifically with Art. 14 of the ECD. This is because Art.14 provides an immunity to hosting provider on the condition of specific actions to be taken by it which are taking down the illegal content from its platform or blocking an access to the content.

However, the proposed mechanism establishes that intermediary's principal duty is to forward the notices to the content providers and right owners. Intermediary's act of taking down the content is limited to the one specific case explained above. Therefore, the existing system should be changed in a way that clearly indicates that the intermediary's duty is to send the notices to parties with an exception of the one case and intermediary will not be liable from this.

Nevertheless, the inclusion of the proposed system may not be as straightforward as it is desired provided that the ECD's immunity regime is established horizontally meaning that it applies to all substantive rights. Therefore, any change to the ECD would mean the change on the principles that apply to all these rights. However, what is proposed here only considers and deals with the specific trade mark infringement, although the proposed system may also be of an assistant for other rights especially copyright, but this is outside of the thesis scope. Therefore, Art.14 and its recitals should be amended to indicate that hosting intermediaries' immunity from liability that arise from trade mark infringement committed by counterfeit selling on their platform depends on their acts of exchanging the notices between the parties and also taking of the content only when the counter-notice is not issued or is not valid.

Along with that, a new directive dealing with the notice and its elements should be implemented by the EU legislators. This directive should clearly establish the elements of the notice and counter-notice as well as the time frames as proposed above. Here, the implementation of a directive is proposed because a directive would provide the required liberty⁷⁰⁵ to the MSs in order to implement some of the elements of the mechanism in accordance with their national laws for instance the type of the sanction that will be applied to the cases of the abuse.

Finally, another legislative reform should be undertaken for the creation of a pan-EU DRB. The most important aspect of this is to identify the type of the legislation that should be implemented. As the thesis proposes the establishment of a uniform body, it also proposes that this should be done through the enactment of a new EU regulation which will be directly applicable within the domestic laws of the MSs and have general application within the EU.⁷⁰⁶ It is evident that this would ensure the uniformity sought by the creation of such system.

III. CONCLUSION

It has been established in the previous chapters that the uniformity and further clarification are what the existing law of contributory trade mark liability mainly strives for. More significantly it is demonstrated that a remedy that would provide a relief to the shortcomings of the existing regime is indeed possible without a radical overhaul of the existing regulatory framework. In that regard, this chapter sought for this remedy by means of an enforcement mechanism. In the light of the identified shortcomings of the existing law, goal of the chapter is set for finding a remedy that is striking the fair balance between the fundamental rights of the parties, that is being effective in tackling infringements and last but not least that is providing further harmonisation within the EU.

Taking all these elements into consideration, it is concluded and submitted that the implementation of notice-and-notice system with creating a uniform DRB for parties to bring and discuss their claims that arises from online counterfeit selling would provide

⁷⁰⁵ See p 25.

⁷⁰⁶ See fn 71.

the best remedy for contributory trade mark liability online. It is demonstrated that the notice-and-notice mechanism as proposed provides the necessary safeguards as it principally limits the intermediaries' involvement in the process by facilitating the communication between the parties with exchanging their notices and entitles content provider to a right to issue a counter-notice. This ensures the protection of the fundamental rights of all the parties while the creation of a uniform DRB provides the effectiveness of the mechanism and the uniformity.

Briefly, the proposed mechanism would work in the following way: When the right holders' notification claiming the infringing nature of the specific content and requesting the take down of the content is received, service provider firstly assesses this notification whether it has all the required elements in it. In that respect, the following elements are submitted as the minimum requirements that a notification must consist of:

- Signature of the issuer of the notification on a written notification,
- Clear specification of the infringing content and provision of evidences related to a claim,
- Verifiable contact details of the issuer of the notification ie full name, telephone number, verified address etc.,
- A statement indicating the accuracy of the information provided.

If the notice is included in these elements, it is sent to a provider of the allegedly infringing content by an intermediary. The content provider may issue a counter-notice at that stage and challenge the claims of the right owner. This notification must also contain all the required elements in it and its assessment is again undertaken by an intermediary. Intermediary's involvement in the process is limited to check and forward the notices within the allotted time. With respect to the time frames, it is submitted as a recommendation that 2 or 3 working days should be provided for an intermediary to check the notice issues and to forward it. While 4 working days is submitted as an adequate time frame to be given to provider of the content to understand the claim of right owner and establish its claim with the necessary evidences.

It must be underlined that after forwarding the valid counter-notice to a right owner, intermediary will not be any longer involved in the process. Following this, a right owner has an option to seek its claim via ADR process. For that, the establishment of a uniform DRB is proposed. The dispute between the parties is proposed to be resolved by this body.

If the take down is decided, the intermediary is to be informed about that decision and it will be under a duty to act according to this decision. Otherwise, the intermediary's take down action is limited to one specific cases: when the counter-notice is not issued at all or the counter-notice issued is not valid.

In the light of these, the Chapter also dealt with the question of how this the proposed mechanism should be implemented within the EU. In that respect, it is submitted that the amendment on Art.14 ECD should be made for the system to be working. Moreover, a new directive dealing with the notification and its elements should be implemented. Finally, the creation of proposed DRB should be done by implementing a new regulation.

As a very final matter, it should be noted here that the injunctions appear to be another mechanism which can work to shape the contributory trade mark liability online. This is because the notice mechanism is only applicable for hosting intermediaries while injunctions can be applied against all types of service providers. Indeed, the current state of the injunctions law demonstrates that this mechanism is more readily available for access providers. It is therefore submitted that the injunctions could also prove to be effective for the trade mark regime if the required transparency and uniformity is provided at the EU level on the ground that the injunction orders are a result of a judicial process.

CHAPTER 7: CONCLUSION

I.	THE FOCUS OF THE THESIS	225
II.	SUMMARY OF THE FINDINGS	227
III.	THE PROPOSAL OF THE THESIS	234
IV.	CONCLUDING REMARKS	237

I. THE FOCUS OF THE THESIS

The focus of the analysis undertaken within this work is the law of online contributory trade mark liability of the EU. It is because the liability of online worlds' most important players, the internet intermediaries is mostly questioned under the law of contributory liability. They have been the most important players of the online world as a consequence of their position in the Internet infrastructure. This popularity, however, has brought a great deal of controversy from a legal perspective, although the contributory liability is not a new type of liability and it has long been dealt with under tort law.

Assessing intermediaries' involvement in the infringing activities committed by third parties namely their contributory liability has appeared as a new challenge for the courts because the online world differs greatly from the offline world. Therefore, addressing this rather new issue and regulating intermediaries have become a part of legal policy. This is significant because intermediaries and the technologies implements by them are the major contributors of the innovation, economy and society. Henceforth, regulating intermediaries by imposing a high burden on them as means of responsibilities or imposing a blanket liability or by granting a blanket immunity to them for the infringements committed by their users on their platform would directly impact the innovation, the economy and the society. If a high burden by means of responsibilities or a blanket liability is imposed on them, this would result in an interference on the freedom on the Internet as well as a negative effect on innovation. In a similar sense, granting a blanket immunity to intermediaries may trigger more infringing activities to be committed online since the intermediaries would not be under a threat of being liable for the infringements committed on their platforms.

The EU legislators, however, have adopted an intermediate approach in regulating the online world. In that regard, safe harbour rules that provide an immunity to intermediaries are established with the ECD. According to this Directive, intermediaries can be granted immunity from the liability that arises from its users' infringing activities but depending on the specific conditions set out in the Directive. Those rules apply to the infringing activities that arise from all types of substantive rights whereas the immunity is granted only for the specific services provided by intermediaries, ie mere conduit, caching and hosting. The conditions set forth for the immunity from liability are provided differently and are depended upon the type of service that an intermediary provides. This is because intermediaries' involvement in the provision of these three services is at different levels. What is intended by this is to distinguish the passive intermediary from the active one, and accordingly providing an immunity to the former.

However, the most significant feature of the EU's immunity regime is that the immunity rules are provided by means of an additional protection to intermediaries. This means that not satisfying the requirements of the immunity does not automatically trigger the liability. It follows that the liability should also be assessed and this will be the national courts of the MSs' duty in the light of their domestic tort law rules governing the issue which generally is tort law rules. Henceforth, EU law applicable to the issue appears two-tiered. In other words, online contributory liability law is shaped and established by both immunity and national tort law rules of the MSs. More remarkably, the immunity rules apply in the same way to all types of substantive rights (criminal or civil law rights) as a consequence of the horizontal approach adopted within the ECD. Thus, it was inevitable to ask whether this is indeed the effective and accurate approach in dealing with contributory trade mark liability issues that arise online.

Trade mark and the specific type of trade mark infringement namely an infringement that arises from online counterfeit selling are the focus of the thesis because trade mark has been one of the least considered rights within EU law both legislatively and judicially, although the damage that the online counterfeit selling on the rights protected by trade mark and on the economy is a fact. Indeed, the CJEU and the domestic courts of the MSs have not had a good deal of opportunity to consider the issue of contributory liability that arises online from trade mark aspect. Moreover, the EU legislators appear to have lacked the interest in trade marks. The latest developments initiated within the EU for the purpose of establishing the DSM, providing more uniformity and tackling illegal content online

do not expressly consider or mention trade mark law or trade mark-specific issues. This however should not be understood as suggesting that trade mark law does not require special attention or that the existing law works satisfactorily for online issues. This rather indicates that the law of trade mark has been neglected by the EU legislators.

Against this background, this thesis asked: *‘To what extent does the current state of the law of contributory trade mark liability that governs online issues prove to be satisfactory in dealing with the ongoing and emerging issues that the Internet brings?’*. In order to answer this question, the thesis is built on three main bases: 1) establishing the current state of online contributory trade mark liability; 2) identifying ongoing and emerging issues that arise and reassessing the law in the light of the new initiatives undertaken by the EU; and 3) seeking a remedy for the issues where the law falls short in dealing with them. Accordingly, each chapter asked its own question in pursuit of fulfilling the main aim of the thesis.

II. SUMMARY OF THE FINDINGS

In pursuit of the answer to the main question of the thesis, a brief insight on the discourse on Internet intermediaries was provided in Chapter 2. The appraisal undertaken in this chapter considered the rights other than trade mark. Those rights were: copyright, privacy and the RTBF, and finally fundamental rights. This examination was significant for defining the general framework of the intermediaries’ liability as well as for demonstrating the general stance of EU law from different rights’ aspects. Those three rights were chosen because of their supremacy in the liability regime and their influence in shaping the regime in general. Indeed, as the chapter demonstrated, copyright and data protection have been the most considered and reviewed areas of law by the EU legislators for the purpose of further action. Similarly, the fundamental rights have been the significant element of the intermediaries’ liability issue since the courts have been challenged to strike a balance between the fundamental rights.

Thus, the chapter asked the following questions: *‘How is the immunity regime applied to rights other than trade mark?’* and *‘To what extent would those implementations assist in establishing contributory trade mark liability?’* The examination undertaken in this chapter was pertinent to trade mark because the immunity rules apply horizontally. So

that, both the interpretations of the rules provided by the CJEU's and the EU legislators from the aspects of different rights should be of assistance for trade mark law yet, as the chapter asked, to what extent this assistance would be?

Copyright was the first right examined as it is the most prominent and analogous right to trade mark. This examination demonstrated that the current copyright case law of the EU has mostly focused on the injunctions. Considering those cases, it can be concluded that the CJEU has provided an insight on the injunctions regime to some extent. More notably, those decisions appeared to be consistent with EU law perhaps except *UPC Telekabel*⁷⁰⁷. The chapter demonstrated that in *Scarlet v SABAM*⁷⁰⁸ and *SABAM v Netlog*⁷⁰⁹, the CJEU assessed the applicability of an injunction order in conjunction with the relevant EU instruments, namely the ED,⁷¹⁰ the ECD⁷¹¹ and the Charter⁷¹². Accordingly, the injunctions that were required the implementation and application of rather extensive monitoring or filtering measures were held to be inconsistent with the principles of the EU regime on the grounds that it would amount to a general obligation which is prohibited within Art.15 of the ECD. Moreover, the balancing exercise on the fundamental rights was undertaken and held that such obligation would not strike the balance between the fundamental rights of the parties enshrined under the Charter. These are the principles that will apply to all the injunction cases, so would to the cases concerning the application of an injunction against an infringement of trade mark.

Moreover, the appraisal on copyright revealed another significant outcome for the liability regime. It was demonstrated that the latest developments considering copyright seem to have indicated a potential change to the EU's intermediaries' policy. This policy change appears to have adopted a more right-specific and problem-driven approach, perhaps an approach indicating a shift on the focus from liability discourse to a responsibility discourse. The draft of the CD proposes rather new and extensive responsibilities on the intermediaries without offering certainty and leaving the question of how it can fit into the ECD's immunity regime unaddressed. These developments and

⁷⁰⁷ Case C-314/12 *UPC Telekabel* (27 March 2014)

⁷⁰⁸ Case C-70/10 *Scarlet v SABAM* [2011] ECR I-11959

⁷⁰⁹ C-360/10 *SABAM v Netlog* (16 February 2012)

⁷¹⁰ Council Directive 2004/48/EC of 29 April 2004 on the enforcement of intellectual property rights [2004] OJ L 195/16.

⁷¹¹ Council Directive 2000/31/EC of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market [2000] OJ L 178/1.

⁷¹² Charter of Fundamental Rights of the European Union 212/C 326/02.

their applications within the immunity regime are therefore significant for the immunity regime in general as it might result in a change of the EU's policy and its horizontal approach, and perhaps pave the way for trade mark specific regulation.

Following this, the examination undertaken on privacy and RTBF demonstrated that intermediaries' liability has been differently shaped when those rights are at stake. Indeed, there is a right-specific Regulation, GDPR, applicable for the data protection. Along with bringing some questions as to the applicability of immunity rules of the ECD to the case dealing with the data protection and the interaction between the GDPR and the ECD, the GDPR construes the intermediaries and their role in the protection of the data differently than the ECD. As the chapter's appraisal on two different cases (*Google France*⁷¹³ and *Google Spain*⁷¹⁴) concerning same intermediary Google demonstrated that a same intermediary can be subject to different obligations depending on its service at stake. This proves the difficulty in establishing the uniform liability regime given that the rights have different underlying policies.

Finally, the intermediaries' liability issue is examined from the fundamental rights' aspect. In that sense, the fundamental rights of the parties that might be at stake in online infringement case are identified as follows: the right holders' right to protection of property, service providers' right to conduct business and freedom of expression, the users of the services' right to freedom of expression and information as well as the right to protection of personal data and privacy and finally the fundamental rights enshrine the procedural fairness such as right to access to justice, right to fair trial and effective remedy. It was demonstrated that, striking the fair balance between the fundamental rights of the parties is an important element in regulating the law of intermediary liability and providing an effective enforcement.

Besides, the examination undertaken in this part hinted the prospects of a controversy from another aspect. This time the divergences had not arisen as a conclusion of divergent policies surrounding the rights. It is demonstrated that this time it was the different courts which indicate this possible controversy, namely the CJEU and the ECtHR, following the ECtHR's decision in *Delfi v Estonia*⁷¹⁵. In that case, the ECtHR found that the NTD and filtering systems concerned in the case as inadequate in protecting the fundamental rights

⁷¹³ Joined Cases C-236/06 -C-236/08 *Google France* [2010] ECR I-02417.

⁷¹⁴ Case C-131/12 *Google Spain* (13 May 2014).

⁷¹⁵ App. no. 64569/09.

online against the availability of the defamatory comments online. Although the court took more aligned approach in *MTE v Hungary*,⁷¹⁶ and decided such systems were adequate to protect the freedom of expression against the comments which are not defamatory, the test applied in this case still appeared to raise different questions. Overall, the examination of that part underlined the importance of the balancing act for the purposes of providing balanced regime as well as effective enforcement.

In the light of these findings, the chapter eventually concluded that the EU's immunity regime has been shaped under a right-specific, problem-driven approach although it is provided horizontally. Thus, the assistance of the above-examined rights in the pursuit of a remedy for contributory trade mark liability would be limited except copyright. This is because copyright is the most analogous right to trade mark. Indeed, the courts have been applying the principles of these two IP rights interchangeably by means of an analogical approach. Ultimately, seeking trade mark-specific rules appears feasible and copyright should be of assistance for this purpose as part of an analogical approach.

After concluding this, the examination turned to trade mark law in Chapter 3. This chapter aimed to undertake the first of three main assessments that the thesis is built on: establishing the current state of contributory trade mark liability. In that regard the ECD's immunity regime as well as the ED's applicable principles have been thoroughly examined together with the CJEU's case law. The chapter asked the following questions: *'Is the EU law's immunity regime the appropriate approach to deal with online infringements and establish a contributory trade mark liability regime online? More importantly, does this regime have the answers to the challenges that the Internet brings or may bring in the future?'*

It was firstly concluded that the assessment undertaken in this chapter would not be sufficient to give a comprehensive answer to the first question without examining national courts' implementation of the rules as well as their tort law rules. In that regard, the ultimate answer to this question was left to be answered in the next chapter. However, existing chapter's findings were not limited to this. The assessment has assisted to determine the framework of the current EU law applicable to the issue. In that respect, uniformly applied rules of the EU's immunity regime were identified. Those briefly are:

⁷¹⁶ App. No 22947/13.

the prohibition of general monitoring, the minimum standards that should be applied to the injunctions, and the general framework of the awareness test to be applied in assessing hosting intermediaries' immunity. However, what the chapter has proved was that the harmonisation which is aimed to be provided with the establishment of an immunity regime remains limited. It concluded that EU law has failed to fulfil its objective of harmonisation in a bigger scale as it only establishes the general principles but has not provided the necessary further guidance on the application of those principles. It appears that the CJEU has also failed to do that as well as failing to undertake trade mark specific considerations in the cases related to trade mark.

In pursuit of establishing the current state of contributory trade mark liability, Chapter 4 examined the national courts' implementations of the rules into their national laws and their domestic tort law rules governing the issue. This analysis was undertaken as a continuation of the previous chapter's assessment. This is because, under EU law national laws of MSs governing the issue as well as the immunity regime established within the EU *acquis* are the rules applicable to the contributory liability matter. As the immunity regime has been examined in the previous chapter, this chapter took an assessment on tort law rules of two MSs (England and Germany) and asked: *'How is the immunity regime applied at the national level' and 'To what extent do these applications contribute to the harmonisation?'*

These questions are aimed to complete the previous chapter's objective since it considered the missing part in establishing the current law of online contributory trade mark liability. In doing so and answering its question, the chapter focused on two different MSs' laws. Those MSs are England and Germany and chosen on the ground that they are the representatives of two major legal traditions. England is a common law country whereas Germany is a civil law one. This difference is a significant element of the assessment since the liability is governed by tort law rules at the national law level and tort laws of these countries are shaped very differently. Therefore, the appraisal should be very indicative in demonstrating the extent to which these applications contribute to the harmonisation.

It was concluded that despite the presence of the general principles established at the EU level, the national courts' appraisals have primarily focused on their national laws. Their case law has hardly provided an insight on how the immunity rules should be

implemented, construed and applied within their national laws. The assessments of the courts had been instead based on their national law. This outcome was significant but perhaps not unforeseen given the fact that the liability question is primarily dealt with under the national laws of the MSs. This chapter has proved that there exists a fragmentation. This accordingly underlines the lack of uniformity within the EU and its importance. Furthermore, the analysis revealed another outcome. It demonstrated the courts' struggle in dealing with contributory liability question within this new context, the Internet. Having said that it was also evident that the courts have considered the Internet and its differences in applying traditional tort law rules, but they appeared to have failed to pay sufficient attention to the Internet's specific nature.

In the light of these findings, the chapter concluded that under the two-tiered system of the EU, establishing uniformly applicable rules for the issues of online contributory trade mark liability is a challenging task. It would follow that the EU's approach towards intermediaries' regime which establishes an immunity regime in pursuit of harmonisation has not proved to be an appropriate and satisfactory to tackle the contributory trade mark liability that arises online. It is concluded that this approach brings divergence in application while providing uniformity but in a very limited sense.

Therefore, Chapter 5 was aimed to find the remedy for the existing challenges that arise online as well as providing a more effective and solid framework for the law of contributory trade mark liability. The analysis was based on the following question: *'Can a remedy be found within current EU law governing online contributory trade mark liability without a radical overhaul of the existing regulatory framework?'*

The examination has firstly mapped out the current law of online contributory trade mark liability in the light of the findings of the previous chapters and identified the existing challenges that arise. This is because the examinations undertaken in the previous Chapters had not only focused on trade mark on the grounds that the immunity regime is horizontally applicable and the case law mostly focused on copyright not trade mark. Thus, what those applications have meant for trade mark was also examined in that chapter. It was found that trade mark law suffers from the same problems identified for the EU immunity regime in general: lack of uniformity and further guidance. Besides, it was concluded that there is a lack of trade mark specific considerations. It has further proven that even in the cases that consider trade mark, the courts failed to pay specific

attention to the specifics of trade mark law which might require different implementations. For example, the CJEU shed light on the application of the awareness test in *L'Oréal v Ebay*, yet did not consider this test in the light of the trade mark infringement committed in the case.

After mapping out the current law by identifying the existing issues in the trade mark realm, the chapter re-evaluated the law in the light of the latest developments undertaken by the EU in order to find the remedy to those challenges. These developments are undertaken in pursuit of establishing the DSM, tackling online infringements and providing more harmonisation within the EU. The focus of the EU legislators has been mainly on sector-specific and problem-driven approaches. In that respect, implementation of the notice-and-action mechanisms, imposition of a duty of care and promotion of voluntary measures are considered by the EU to deal with the existing issues. Henceforth, those mechanisms together with the existing mechanisms of EU law, ie NTD and injunctions were examined in this chapter to see how they would fit into trade mark law and if they would provide the remedy that was sought. After examining those mechanisms thoroughly, it was concluded that most of them have the power to deal with the infringing activities and provide harmonisation. Yet, they provide different levels of assistance.

Indeed, it was concluded that the notice-and-notice and notice-and-judicial takedown mechanisms appear as the best possible mechanisms to be implemented within trade mark law from fundamental rights' aspect. But, it was also concluded that these mechanisms do not appear effective in tackling infringements. In a similar sense, the injunctions' applicability as a remedy is underlined on the ground that it ensures the protection of fundamental rights and assures the legal certainty. However, it was ultimately concluded that injunctions' assistance is auxiliary as they cannot be applied unless the request is brought before the courts.

In contrast, it has proven that the existing NTD fails to strike the balance between the parties as it puts the intermediaries at the centre of the decision process and does not provide any safeguard to content providers. In a similar sense, the implementation and promotion of voluntary measures raise similar concerns on the protection of the fundamental rights of the parties despite demonstrating that some variations of voluntary measures have proved to be convenient to deal with the infringements online. Ultimately, as an answer to the question asked here, the analysis demonstrated that a remedy could

indeed be found within current EU law governing online contributory trade mark liability without *a radical overhaul of the existing regulatory framework*.

In the light of these findings, the most important job was left to the Chapter 6: finding the most appropriate mechanism to be implemented as a remedy.

III. THE PROPOSAL OF THE THESIS

The proposal of the thesis was submitted in Chapter 6. It is proposed that the best working remedy for online trade mark contributory liability law is the implementation of a notice-and-notice mechanism together with establishing a uniform DRB for the resolution of the issues that arise from the online counterfeit selling. This mechanism was chosen on the following grounds: 1) the notice mechanism is the one of the significant elements of the immunity regime established within the ECD, even though those mechanisms have been implemented as part of intermediaries' policy and as a self-regulatory initiative; 2) the mechanism proposed respects the fundamental rights of the parties and ensures the protection of these by limiting intermediaries' involvement in the process, by providing the right to counter-notice to a content provider and by clearly establishing the elements of notice mechanism; 3) it also provides the effectiveness which is found to be lacking in the notice-and-notice system as applied in Canada and notice-and-judicial take down mechanisms by establishing a uniform DRB to deal with the issue of taking down under the ADR process.

After identifying this mechanism as the most feasible solution for trade mark realm to provide the harmonisation and transparency, the chapter undertook an examination of how it should be implemented within trade mark law.

The way of working of the proposed notice-and-notice mechanism is submitted as following. When a right owner issues a notice, service provider checks the notice against all the requirements established within the relevant legislation. If it contains all the required elements, this notice is forwarded to the provider of an allegedly infringing content by an intermediary within the allotted time. Here the system entitles content

providers a right to issue a counter-notice within the determined time frame. The counter-notice is also bound by the requirements established for the notice issues by right owner.

If the counter-notice is issued, intermediaries' duty is again to assess the counter-notice against the elements established in the legislation. If the counter-notice contains all the requirements elements in it, intermediary forwards it to the right owner. It is significant that the intermediaries' activity and the involvement in the process do not go further than forwarding these notifications. The danger of private enforcement is therefore abolished in this proposed mechanism as taking the intermediary out of the taking down process. Yet, it should be reminded that an intermediary is still under a duty to take down the content if the counter-notice is not received or the counter-notice is not a valid one.

After establishing its basic working system, the elements of the mechanism which provide more effective and uniformly applied mechanism are established. With that respect, the first thing determined was the elements of the notice. It is established that the signature of the issuer of the notification on a written notification, a clear specification of the infringing content and provision of evidences related to a claim, verifiable contact details of the issuer of the notification ie full name, telephone number, verified address etc. and a statement indicating the accuracy of the information are the minimum elements that should be included in the notice. These elements are required for both notice and counter-notice.

It is also submitted that the system should also deal with the cases of abuse of notification for instance when the false or misleading information is provided in the notice. Here, it is proposed that the type of sanction to be applied against such abuse should be clearly determined by the legislators. Yet, the determination of the type of the sanction should be left to the national laws of the MSs since appointing one single type of penalty might not be compatible with every MSs' national laws.

Besides, the time frames for the issuance of notices are determined. It is underlined that the time provided to a content provider to issue a counter-notice as well as to an intermediary to check and forward the notices must be adequate for these parties to act in the required way. In that sense, it is proposed that 2 or 3 working days should be specified for intermediaries to check and forward the notices whereas content providers should be allowed to have longer time in order to establish their claim and issue a counter-notice. In that regard, 4 working days time frame is proposed. However, it should be noted that

these are proposed as a recommendation meaning that they can be set out differently by the legislator as long as they are clearly set out.

What is proposed so far focuses on fostering the fundamental rights and ensuring their protection. Leaving intermediaries out of the decision process of taking down as well as entitling content providers a right to issue a counter-notice are the elements that would assist in balancing the parties' fundamental rights. However, the question of who will deal with the dispute between the right owner and content provider remained unanswered.

Thesis has considered this question and proposes the creation of a uniform DRB as a body of ADR to deal with the issue. In that regard, it is submitted that this body should be established to deal with the specific issue considered within the thesis. So that, if a right owner chooses to pursue its claim after receiving the counter-notice, then this would be the way to be followed. It, however, must be stated that the judicial process would always be an option for the parties to bring their cases. It is submitted that the establishment of such a pan-EU DRB would provide the effectiveness that is found lacking in the similar mechanisms implemented in practice as well as contributing to the harmonisation that the EU legislator seeks for and aims to create under the DSM Strategy.

Finally, thesis deals with the question of how should these changes be implemented within the EU law? It is evident that the current immunity regime established within the ECD, specifically Art.14 depends on the activities of taking down or blocking access undertaken by hosting intermediaries whilst the proposed system requires from hosting intermediaries to check and forward the notifications but not to examine and take down the content. This suggests that Art.14 should be amended and be aligned with the proposed system as a principal matter in order to have effectively working mechanism. Since Art.14 of the ECD applies to all substantive rights, it is submitted that the amendment should be done in a way to indicate that this would be only applicable to the trade marks and the infringements that arise from the online counterfeit selling.

Along with this development, the enactment of a new EU directive and a regulation is proposed in order to give the proposed mechanism its desired effect and to establish a solid system. A directive is proposed as a best mechanism to establish the principles concerning the notice such as elements of the notice, time frames and the specification of a type of sanction to be applied the cases of abuse on the ground that a directive would provide the required liberty to the MSs in implementing these principles in accordance

with their domestic laws. However, for the creation of a uniform DRB, the enactment of a new EU regulation is proposed since this would be the instrument to ensure the uniformity needed and aimed with the creation of such system.

IV. CONCLUDING REMARKS

The implementation of the notice-and-notice consisting of the above-mentioned principles and the establishment of a uniform DRB are what is proposed as a remedy to online contributory trade mark liability law. However, some important points should be underlined here as closing remarks. First, it should be underlined that the proposal of this work should not be understood as being a clear-cut remedy which would provide all the necessary remedy for the law. Due to EU law's tiered formation and the Internet's infrastructure, relying on one single instrument as an ultimate remedy would not be sensible. The solution for EU law rather requires a combined approach, meaning that making traditionally established rules more aligned with the Internet's specifics in order to account for practical reality. That is why the importance of injunctive relief and the role of the judiciary in those cases are also emphasised. In the light of these, what is aimed at with the proposal of the thesis is hopefully to provide assistance in establishing a more harmonised, clear and solid framework for contributory trade mark law that would work sufficiently well for the challenges that arise online. Having a clear framework is not only significant in dealing with the existing challenges, this is also significant for the prospects of emerging technologies such as 3D printing and artificial intelligence. The law should be clear and provide satisfactory guidance for the courts when they face new types of trade mark infringements that arise from these new technologies. Liability questions will arise from these technologies, for example: what would be the liability of the manufacturers or suppliers of 3D printing machines when a trade mark protected good is 3D printed and sold, or the liability of intermediaries when their users sell such goods on their platforms? The answers to these questions should be readily available within the existing law. In fact, it is unknown yet that what type of questions and issues will arise

with respect to artificial intelligence.⁷¹⁷ As such, the law should be capable of dealing with the existing questions in order to be keep pace with future prospects.

⁷¹⁷ For analysis from copyright aspect *See* Guadamuz, 'Do androids dream of electric copyright? Comparative analysis of originality in artificial intelligence generated works.' (2017) *Intellectual Property Quarterly* 2 169-186.

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