



## **In need of Hephaestus's tools**

### **3<sup>rd</sup> Session: Hot topics in anti-counterfeiting: Goods in Transit and Contributory Infringement**

#### **Liability of Intermediaries**

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#### **Abstract**

Following up on the prior presentations, I would like to put the focus on the electronic world: Intermediaries in the Internet. Internet Intermediary, by definition, are organizations that "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". Often these organization are directly involved in, or have, or should have knowledge of an, infringement of an intellectual property right. There are numerous cases all around Europe, many of them having been decided by the Court of Justice of the European Union (CJEU), in particular - and to the vast majority - in copyright related cases and - lesser - in trademark related cases. The presentation will therefore also deal with copyright infringement by intermediaries and the question whether these cases might have an impact on the liability of internet intermediaries for trademark infringement.

One of the underlying legal problems is the antagonism in EU legislation. On the one hand, the E-Commerce Directive (Directive 2000/31/EC) provides for certain privileges of internet intermediaries, aiming to enable an easy flux in electronic trade, in particular for access and host providers (Article 12 and 14 of the E-Commerce Directive); and on the other hand, the InfoSoc Directive (Directive 2001/29/EC) (regarding copyright protection) and the Enforcement Directive (Directive 2004/48/EC) (regarding trademarks, etc) extends the liability of "intermediaries whose services are being used by a third party to infringe an intellectual property right" (Article 9 and 11 of the Enforcement Directive; Article 8 (3) of the InfoSoc Directive). The wording of this provisions already indicates that the legislator had electronic services in its minds. These directives are aimed to "catch all multipliers and middlemen". Naturally, these aims do not match the ones of the E-Commerce Directive but are contradicting.

Apart from this, national laws in many countries have had constructs of contributory infringers and intermediaries, such as the „*Beitragstäter*“ or „*Störerhaftung*“ (duty to care) in Germany and Austria. Naturally, all of these concepts have been (slightly) different, and do not (necessarily) match the concept of liability of internet intermediaries under the EU regime. Most of these national provisions are tying the liability of intermediary to a "subjective requirement" either being fault as such ("known or should have known") or active knowledge (as in the "notice-and-take-down" process).

As from the EU law perspective there are numerous cases on copyright related matters dealing with liability of internet platforms, search engines, internet access providers, etc. as intermediaries. However, all of these decisions do not deal with the legal concept of liability of internet intermediaries (as laid down in Article 8 (3) of the InfoSoc Directive), but rather answer questions related to an author's exclusive right of "communication to the public" (Art 3 (1) of the InfoSoc Directive). The line of case law of the CJEU and the national decisions is long and complex. The CJEU rather deals with technical issues of an actual "direct infringement" committed by internet intermediaries (mainly "communication to the public" through a website, rather than "copying", "distribution", "performing" etc) and, therefore, has not yet had to substantially address any issues of "indirect infringement" related to the intermediary liability as laid down in Art 8 (3) of the InfoSoc Directive. At least in C-314/12, *UPC Telekabel*, the CJEU dealt with issues of Art 8 (3) when deciding over a blocking-order, but rather put the focus on the extent of such an order against an internet access provider.

Symptomatically for the CJEU approach is the recent "The Pirate Bay"-decision of the CJEU (C-610/15), wherein The Hoge Raad der Nederlanden's first question is directed to having an ISP be directly liable for copyright infringement of "communication to the public", whereas only the second question aims to establish liability of the ISP as intermediary. Regarding the first question the CJEU – in line with the recent case law on similar issues (C-314/12, *UPC Kelekabel*; C-466/12, *Svensson*; C-348/13, *Bestwater*; C-275/15, *ITV Broadcasting*; C-160/15, *GS Media*; C-527/15, *Stichting Brein*) – finds that any act by which a user, (i) with full knowledge of the relevant facts, provides its clients with access to protected works and (ii) plays an active role, e.g. by indexing the infringing content, (iii) and that the infringing content is available to the public, is directly liable to constitute an "act of communication to the public". In other decisions the CJEU held decisive the fact whether a "new audience" is reached (C-348/13, *Bestwater*) or a "new technical process" is utilized (C-275/15, *ITV Broadcasting*). For the knowledge criteria (as mentioned above in (i) the CJEU applies the legal presumption that (a) If the intermediary acts with profit-making intentions or (ii) if the intermediary being a platform, which is advertising copyright infringement, structures and indexes the content, provides search functionalities, and most of the content is copyright-infringing material, this knowledge is presumed (for (a): C-160/15, *GS Media*; for (b): C-610/15, *The Pirate Bay*, C-527/15, *Stichting Brein*).

As a consequence of this interpretation of "communication to the public" liability as intermediary in the light of Art 8 (3) of the InfoSoc Directive practically seems to have become somewhat obsolete. Also from a dogmatical point of view the test questions raised by the CJEU for direct copyright infringement would be asked under national legislation to verify "indirect infringement" of an intermediary: i.e. knowledge of the infringement by the intermediary; taking an active role with the infringement, etc. We know these concepts from CJEU, C-324/09, *eBay*, according to which a host-provider (operator of an online marketplace) might be held liable for trademark infringement, when (i) he has an active role (e.g. an operator of an online marketplace provides assistance which entails, in particular, optimising the presentation of the offers for sale in question or promoting them) or (ii) where the operator was aware of facts or circumstances on the basis of which a diligent economic operator should have realised.

This brings us to the liability of internet intermediaries for trademark infringement. The UK England and Wales Court of Appeal, Civil Division 658, *Cartier Int'l AG*, recently confirmed that measures against intermediaries can also be sought in cases involving other IP rights than copyrights, and can issue blocking orders against websites offering goods infringing trademarks.

However, in C-324/09, *eBay*, the CJEU clarified that an operator of an online marketplace (host-provider) does not 'use' a sign as a trademark and the role of the online marketplace operator must be examined from the point of view of other rules of law, which concerns the

“liability of intermediary service providers”. As a consequence, although the enumeration of use acts in Article 9 (3) of the EUTMR (Regulation EU/2017/1001) and Art 10 (3) of the Trademark Directive (Directive 2015/2436/EU) is not exhaustive (in contrast to the “use acts” in copyright laws), internet intermediaries in trademark related aspects are rather liable under the concept of that “indirect liability” than for “direct” trademark infringement.

However, the test the CJEU applies for the notice-and-take-down process is rather strict: It is sufficient that the operator (after receipt of notice of the right-holder) was aware of facts or circumstances on the basis of which a diligent economic operator should have realised the facts. In addition, the operator is required to take measures which contribute, not only to bringing an end to infringements of those rights by users of that marketplace, but also to preventing further infringements of that kind.