

# The Law of Contributory Liability on the Internet



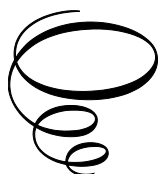
# The Law of Contributory Liability on the Internet:

## *A Trademark Analysis*

By

Berrak Genç-Gelgeç

**Cambridge  
Scholars  
Publishing**



The Law of Contributory Liability on the Internet: A Trademark Analysis

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This book first published 2022

Cambridge Scholars Publishing

Lady Stephenson Library, Newcastle upon Tyne, NE6 2PA, UK

British Library Cataloguing in Publication Data

A catalogue record for this book is available from the British Library

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ISBN (10): 1-5275-7710-4

ISBN (13): 978-1-5275-7710-7

# TABLE OF CONTENTS

Acknowledgements .....	viii
Table of Cases .....	ix
Abbreviations .....	xiv
Chapter 1 .....	1
Trademarks and the Internet Intermediaries' Liability	
The Internet Intermediaries .....	1
Trademarks on the Internet .....	8
The Challenges of the Online World .....	12
The Need for a Trademark-Specific Assessment .....	19
The Structure of the Book .....	23
Chapter 2 .....	28
The Big Picture: The Internet Intermediaries' Liability	
Setting the Scene .....	28
An Outline of the EU's Liability Regime .....	29
Copyright .....	34
Fundamental Rights .....	48
How Are These Rights Pertinent to the Liability Regime? .....	48
<i>Delfi AS. v Estonia</i> .....	52
<i>MTE v Hungary</i> and <i>Pihl v Sweden</i> .....	55
Privacy and the so-called Right to Be Forgotten (RTBF) .....	59
Data on the Internet .....	59
<i>Google Spain</i> and the Right to be Forgotten .....	63
Conclusion .....	68
Chapter 3 .....	71
Establishing Contributory Trademark Liability in the EU:	
The Immunity Regime	
Overview .....	71
The Immunity Regime .....	72
The E-Commerce Directive 2000/31(ECD) .....	72
The Enforcement Directive 2004/48 (ED) .....	97

The Digital Services Act (DSA) Proposal.....	103
Conclusion .....	106
Chapter 4 .....	109
Establishing Contributory Trademark Liability in the EU: The Domestic Applications	
Overview.....	109
England and Wales .....	110
Contributory Liability (Accessory Liability).....	110
The Doctrine of Joint Tortfeasance .....	112
Joint Tortfeasance and the Accessorial Liability of Criminal Law .....	117
Implementation of a Joint Tortfeasance Doctrine in the Online Context .....	121
Discussion .....	137
Germany .....	138
Contributory Liability .....	138
<i>Störerhaftung</i> Liability in the Online Context.....	143
Discussion .....	150
Conclusion .....	151
Chapter 5 .....	155
Re-Evaluating the Contributory Trademark Liability Online: New Developments and Existing Mechanisms in the Pursuit of a Remedy	
Overview.....	155
Mapping out Online Contributory Trademark Law and the Challenges .....	157
Notice and Action Regime.....	165
Current State of EU Law .....	165
Notice and Take Down Mechanism Established by Section 512 of the DMCA .....	168
An Effective Remedy? .....	170
Variations of Notice and Action Mechanism .....	174
Application to Trademark Law .....	181
The Injunctions' Regime.....	184
Compatibility with Tort Law.....	185
Striking the Balance? .....	188
Application to Trademark Law .....	195
Discussion .....	198

More Responsibility for Intermediaries? .....	200
The Duty of Care.....	201
“More Responsibility” and Trademark Law .....	210
Voluntary Measures .....	212
Conclusion .....	218
Chapter 6 .....	221
Reshaping Contributory Trademark Liability Online: The Remedy	
Which Mechanism Would Work Best as a Remedy? .....	221
How Should It Be Implemented?.....	228
What Should Be Contained in a Notice?.....	232
Time Frame for the Issuance of a Notice .....	234
Ensuring the Effectiveness of the System and the Establishment of a Uniform DRB .....	235
Implementation of the Proposed System within EU Law .....	237
Conclusion .....	239
Concluding Remarks.....	241
Bibliography .....	242

## ACKNOWLEDGEMENTS

This book is a product of several years of research. I am, first and foremost, immensely grateful to Dr Andres Guadamuz for his constructive comments and the support that he has generously provided from the very beginning. His experience and valuable contributions helped me point my research in the right direction.

I also owe my deepest gratitude to my father, mother and sister for the love, support and encouragement that they provide me with every day of my life. Without them, I would not have been able to fulfil my objective.

Last but not least, I would like to dedicate the book to my other half who has supported me no matter what.

This book reflects the law as of 30 June 2021.

Berrak Genç-Gelgeç  
Istanbul, July 2021



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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)
CDPA (UK)	Copyrights, Designs and Patents Act 1988
The Charter	Charter of Fundamental Rights of the European Union 212/C 326/02.
CDSMD	Directive (EU) 2019/790 of the European Parliament and of the Council of 17 April 2019 on copyright and related rights in the Digital Single Market and amending Directives 96/9/EC and 2001/29/EC”
CJEU	The Court of Justice of the European Union
DMCA	Digital Millennium Copyright Act 1998
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
DSA	Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on a Single Market For Digital Services (Digital Services Act) and amending

Directive 2000/31/EC COM/2020/825 final  
15.12.2020.

DMA	Proposal for a regulation of the European Parliament and of the Council on contestable and fair markets in the digital sector (Digital Markets Act)" COM/2020/842 final 15.12.2020.
DSM	Digital Single Market
ECD	Council Directive (EC) 2000/31 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 (EC) 2004/48 of 29 April 2004 on the enforcement of intellectual property rights [2004] OJ L 195/16.
EU	European Union
GRS	Graduated Response Scheme
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. (Amended by Directive (EU) 2019/790 of the European Parliament and of the Council of 17 April 2019 on copyright and related rights in the Digital

	Single Market and amending Directives 96/9/EC and 2001/29/EC [2019] OJ L 130/92.)
IP	Intellectual Property
ISP	Internet Service Provider
ISSP	Information Society Service Provider
MoU	Memorandum of Understanding
MS	Member State of the European Union
NTD	Notice and Take down
ODR	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.
OCSSP	Online Content-Sharing Service Provider
OECD	Organisation of Economic Co-operation and Development
P2P	Peer-to-Peer
RTBF	The Right to be Forgotten
TMG	Telemediengesetz (the German Telemedia Act 2007)
UGC	User Generated Content
UK	The United Kingdom
US	The United States of America
The 2002 Regulations	Electronic Commerce Regulations, 2002, No.2013 (UK)
VLOP	Very Large Online Platform



# CHAPTER 1

## TRADEMARKS AND THE INTERNET INTERMEDIARIES' LIABILITY

### **The Internet Intermediaries**

“The Web as I envisaged it, we have not seen it yet.  
The future is still so much bigger than the past.”<sup>1</sup>

These words were expressed by the inventor of the World Wide Web (www or Web 1.0), Timothy Berners-Lee just two decades after its invention. It is the Internet that facilitates communication by interconnecting the computer networks while the world wide web enables users to access the information provided on its web pages. There is no doubt that the invention of the Internet and the technologies that build upon it have had an impact on our daily lives. It is also evident that this impact has different meanings with the evolution of internet technologies. The advent of Web 2.0<sup>2</sup> has paved the way for more interactive technologies. Users' activities on the Internet are no longer limited to browsing web pages and viewing the content that those pages offer. User-generated content (UGC) technologies enable them to create their own online accounts and to be part of the information society by uploading content or commenting on content. In that way, they may even contribute to the flow of information throughout the world.

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<sup>1</sup> “Internet has only just begun, says founders,” Phys.org, accessed June 18, 2021, <https://phys.org/news/2009-04-internet-begun-founders.html>.

<sup>2</sup> 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” *International Journal of Digital Economics*, No. 65 (March 2007): 17-37.

However, as internet technologies are not directly provided to the users, the Internet intermediaries provide a crucial service by maintaining the Internet's infrastructure and connecting users to these services. The task of the intermediaries is 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 to third parties<sup>3</sup>." They are identified, although not exclusively, by the Organisation of Economic Co-operation and Development (OECD)<sup>4</sup> 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.

As their name suggests, Internet intermediaries operate in a technical capacity between the users and the services provided online, accordingly, they enable users to connect with the online services. For example, the ISPs such as BT, Sky and Vodafone provide access for mobile phone users, eBay for online shopping and Visa for online payments. The evolution of internet technologies has also created new types of Internet intermediaries. With the advent of Web 2.0 technologies, new Internet intermediaries such as peer-to-peer (P2P) file-sharing platforms, social networking sites, blogs, cloud services and linking tools have emerged and will undoubtedly continue to emerge.

Considering these above-stated Internet intermediaries, it would not be wrong to say that the role and the dominance of Internet intermediaries within the Internet's infrastructure are important. However, their involvement

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<sup>3</sup> "OECD Report on The Economic and the Social Role of Internet Intermediaries, April, 2010" OECD, accessed June 18, 2021.  
<http://www.oecd.org/internet/ieconomy/44949023.pdf>.

<sup>4</sup> 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/>.

in online activities is limited as they only “bring together or facilitate transactions between third parties on the Internet.”<sup>5</sup> Hence, their involvement in the process of information dissemination is as passive as their offline counterparts. 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 over the users of the Internet as it simply provides the Internet access to its subscribers through its infrastructure without becoming further involved in the distribution of the content, eBay as an online marketplace may have some degree of control over the content that is uploaded by its users. It may be more actively involved in the presentation of the content made available by its users such as enabling them to place links similar to trademark owners’ products that are counterfeit. In contrast, it would not be expected of a brick-and-mortar auction house to get involved in the business activities of its clients in that respect.

What would happen then if the activities of the users of these services amounted to illegal or harmful activity or an infringement of another’s rights? Should an intermediary also be liable for the infringing activities of its users? Or should an intermediary be expected to be more proactive to prevent the presence of such content through their services? In answering these questions, there is also another matter to be solved, that is, the assessment of intermediaries’ possible involvement in their user’s infringing activities. These questions unsurprisingly have been at the crux of internet-related discourse<sup>6</sup> and create new challenges for the courts as well as for the legislators. This is mainly because the delineation of an intermediary’s involvement in the infringing activity is not an easy task to undertake. This can be grounded on two reasons: 1) The fact that it is the

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<sup>5</sup> OECD, “OECD Report on The Economic and the Social Role of Internet Intermediaries, April 2010” 9.

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

user, not the intermediary, who commits the infringing activity and 2) the Intermediaries' position within the Internet infrastructure together with their abilities in terms of enforcement. This complex structure does not appear to bear any similarity to the offline world, which 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 is terror-related. These rights have different underlying policy considerations and different scopes of protection. In a similar sense, the 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 them not being regarded as passive. Accordingly, an intermediary may be liable concerning one of these services while other services may not give rise to liability. The intermediaries' liability is therefore a matter that should be separately considered for each type of right and intermediary as underlying policy considerations of the rights differ, and intermediaries can offer divergent services.

Therefore, addressing intermediaries' liability matters and regulating them has become a part of legal policy and 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 been dealt with under tort law for a long time. This is significant because intermediaries and the technologies implemented by them are the major contributors of innovation and they benefit the economy and society. Henceforth, regulating intermediaries by imposing a high burden on them by way of responsibilities, imposing a blanket liability or by granting blanket immunity to them for the infringements committed by their users on their platforms would directly impact such innovation and benefits to the economy and society. If a burden of responsibility or such a blanket liability is imposed on them, this would result in interference of the freedom on the Internet as well as a negative effect on innovation. Similarly, granting blanket immunity to intermediaries may trigger more infringing activities to be committed online, since intermediaries would not be exposed to the threat of being liable for any infringements committed on their platforms.

Unsurprisingly, different approaches have been adopted by different countries in governing the intermediaries' liability issue. The laws of the United States (US) and the 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 intermediaries, although the rules are established on a different basis. Under US law, the law of intermediaries is shaped vertically, whereas a horizontal application is adopted in the EU. This means that the immunity rules of the EU apply to every substantive right while the US law's rules are right-specific. As an example of the latter, Section 230(c) of the Communications Decency Act<sup>7</sup> grants immunity for interactive computer services<sup>8</sup> from liability arising from infringements of rights other than IP rights, while Section 512 of the Digital Millennium Copyright Act (DMCA)<sup>9</sup> establishes the immunity regime only for the copyright-specific issues.

In contrast, within the EU, the horizontal approach is adopted. To that end, the E-Commerce Directive 2000/31 (ECD)<sup>10</sup> is implemented. This directive establishes safe harbour rules within Arts.12-14 for certain activities of intermediaries and these apply to any type of substantive rights except for data and privacy protection<sup>11,12</sup>. Within those articles, the activities of intermediaries that qualify for immunity are identified and the immunity is dependent on different conditions. The intermediaries specified in that regard are those which merely transmit the information (Art.12 "mere conduit"), or provide automatic, intermediate and temporary storage of

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<sup>7</sup> Communication Decency Act 1996

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

<sup>9</sup> Digital Millennium Copyright Act 1998.

<sup>10</sup> Council Directive (EC) 2000/31 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).

<sup>11</sup> Council Directive (EC) 95/46 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 (EC) 2006/24 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.

<sup>12</sup> The ECD, Art.5(b).

that information (Art.13 “caching”) and store the information in their capacity as a host (Art.14 “hosting”). Linking providers, i.e. search engines, are not expressly included in the scope of the immunity rules. Hosting intermediaries’ immunity is bounded by the requirement of taking appropriate action after obtaining actual knowledge (for criminal law matters) or awareness (civil law matters) of the infringing nature of the content of webpages. As notification is the most common way of obtaining such awareness, the ECD reflects and encourages the notice and take down (NTD) principle but does not provide a comprehensive mechanism<sup>13</sup> 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 an intermediaries’ activities in general by expressly prohibiting the imposition of a general obligation on intermediaries to monitor stored or transmitted information. This Article also specifies the time frame of the hosting intermediaries’ involvement in taking required actions.

At this point, it should be noted that in December 2020, the EU Commission proposed two new regulations governing digital services within the EU: the Digital Services Act (DSA)<sup>14</sup> and the Digital Markets Act (DMA).<sup>15</sup> This legislative movement was initiated for the main purpose of providing transparent, uniform, more clearly defined and up-to-date rules for the online environment. The DMA introduced rules for platforms that qualify as gatekeepers under that Act, whereas the DSA regulates the issue of intermediaries’ liability and recognises their responsibility and due diligence in the online world. Accordingly, it imposes obligations on them. More importantly, when it is to be approved by the EU Council and the Parliament (if it is), it will become the law for the member states (MSs) and will replace the ECD. Hence, it will become the applicable law to the online intermediaries. But until then the ECD remains applicable. Thus, this book will focus on the ECD. Having said that, the proposal of the DSA will be addressed in the relevant chapter<sup>16</sup> to demonstrate what it

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<sup>13</sup> In contrast, the S.512 of the DMCA establishes comprehensive NTD procedures.

<sup>14</sup> Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on a Single Market For Digital Services (Digital Services Act) and amending Directive 2000/31/EC COM/2020/825 final 15.12.2020.

<sup>15</sup> Proposal for a regulation of the European Parliament and of the Council on contestable and fair markets in the digital sector (Digital Markets Act)" COM/2020/842 final 15.12.2020.

<sup>16</sup> Chapter 3.

proposes and what it would bring to the online world if it were to be approved as it is.

Reverting to the existing law, along with the ECD, there is the Enforcement Directive 2004/48 (ED)<sup>17</sup> which regulates the enforcement of IP rights online. The third sentence of Art.11 of the Directive establishes the injunctions regime as it states “[m]ember States shall also ensure that rights holders 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 are also pertinent to the intermediaries’ regimes. This is because injunctions impose a duty to implement and apply the specified injunction on intermediaries. Accordingly, the scope of the injunctions shapes the responsibilities of intermediaries which is ultimately significant in delineating their contributory liability. On the other hand, enabling rightsholders to apply for an injunction against intermediaries is a reflection of the different policy considerations. The justification of the imposition of such measures on intermediaries, regardless of their immunity from the infringements, is that their position in the online world and their infrastructural advantages means they can take steps to prevent infringing activities.

The adaptation of an intermediate approach and providing immunity for certain intermediaries, in essence, serves the main purpose of protecting a passive intermediary from the threat of any liability arising from its users’ illicit activities while being instrumental in 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”<sup>18</sup> while in the further Recitals, harmonisation within the information society and provision of necessary conditions for innovation are specified as other objectives of the Directive. This rationale is well-grounded given that intermediaries are perhaps the most important players of the online world. However, what this book focuses on is how does the liability regime apply to trademarks?

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<sup>17</sup> Council Directive (EC) 2004/48 of 29 April 2004 on the enforcement of intellectual property rights [2004] OJ L 195/16. (The ED)

<sup>18</sup> The ECD, Recital 8.

## Trademarks on the Internet

The development of the Internet and the technologies built within it have not only transformed our daily habits, but also trade activities. Accordingly, E-commerce has recently become the most commonly used method of trade.<sup>19</sup> This is not surprising given the advantages of the online world such as its convenience and borderless nature. These benefits and the convenience of e-commerce have thus led trademark owners to promote and sell their brands online. On the other side of the coin, those benefits have also encouraged infringers to transfer their infringing activities online. The Internet technologies have even paved a way for the new type of infringing activities which are specific to the online world such as purchasing and bidding on the domain names or keywords which correspond to third-party trademarks. Having said that, however, counterfeiting, which is a well-known infringing activity in the offline world, still appears to be the common practice online given that it is deemed as “one of the fastest economic crimes of modern times” by the International Chamber of Commerce.<sup>20</sup>

What makes the Internet a popular platform for infringing activities is not only the opportunities that it provides for infringers but also the obstacles that it creates for rightsholders. As the online world is not bound by the physical realities and borders of the offline world, it allows infringers to act anonymously or under false accounts, and they even have the opportunity to act in a different country from where the trademark is registered. This constricts the trademark owners’ ability to reach the offenders of the infringing activity. A rightsholder may not even be able to reach the offender at all. Even if it starts proceedings against the individual, enforcement of its rights might not be possible if the offender is located outside of their jurisdiction. Even if proceedings and enforcement against the offender were successful, it would still fall short of providing the desired outcome for the rightsholder as the enforcement

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<sup>19</sup> Adebola Adeyemi, “Liability and exemptions of internet service providers (ISPs): assessing the EU electronic commerce legal regime,” *Computer & Telecommunications Law Review*, 24(1) (2018): 6. (“the European e-commerce market broke the €500 billion mark in 2016, with the UK accounting for around €157 billion”). This was followed by a €534 billion turnover in 2017.

<sup>20</sup> Cited from Caroline O’Doherty, “Online trademark and copyright infringement injunctions: implications on ISPs, site owners and IPR owners,” *Computer and Telecommunications Law Review*, 22 (3) (2016): 84.



would be limited to the specific offender. To ensure effective protection of its mark, the rights holder should repeat the process i.e. start proceedings and enforce its rights against every infringer. Yet this process would be very time-consuming, costly and burdensome.<sup>21</sup>

Therefore, redirecting its focus from individuals to intermediaries would prove to be a more sensible act for a rightsholder.<sup>22</sup> This is because the facilities of intermediaries would enable rightsholders to identify and reach the perpetrators of infringing activities more easily. Moreover, intermediaries' facilities enable them to apply precautionary measures against those infringers. Accordingly, pursuing an intermediary's liability would most likely be successful to a greater extent for protecting rights as it would also provide more cumulative protection. Yet, pursuing an intermediary for its liability is not straightforward. First, in general, intermediaries' liability ranges from strict liability to contributory liability depending on different factors such as the right at stake or the type of activity that is carried out by an intermediary. In the case of trademark infringements, there is not one specific type of infringing activity. As mentioned previously, online infringing activities vary from purchasing or bidding on domain names or keywords to counterfeiting, as do the type of liabilities that arise from such activities. However, we shall focus on one specific type of infringing activity: counterfeiting. Counterfeiting is officially defined in the Agreement on Trade-Related Aspects of Intellectual Property Rights<sup>23</sup>, the so-called TRIPS Agreement as follows:

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<sup>21</sup> Costs of legal procedures together with some pre-proceeding costs such as costs of tracking down the offender and gathering evidence and the time that would be spent on these 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 *Copyright Enforcement and the Internet*, ed. Irini A. Stamatoudi (Kluwer Law International, 2010), 120.

<sup>22</sup> Having said that however there still are cases started against individual sellers who sold counterfeits. See The Fashion Law Blog, "Amazon Files New Counterfeit Suits Against Marketplace Sellers, This Time With Salvatore Ferragamo" *The Fashion Law Blog*, February 12, 2021.; The Fashion Law Blog, "Amazon and HanesBrands Team Up to File 13 Lawsuits Over the Sale of Counterfeit Champion Products," *The Fashion Law Blog*, June 16, 2021.

<sup>23</sup> Art.51, fn.14. This is the multilateral agreement on intellectual property rights and its enforcement which came into force on 1 January 1995 and agreed between all the member nations of the World Trade Organisation. See [https://www.wto.org/english/docs\\_e/legal\\_e/31bis\\_trips\\_05\\_e.htm#fntext-14](https://www.wto.org/english/docs_e/legal_e/31bis_trips_05_e.htm#fntext-14)

“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.”

Following on from that, the focus of attention should be on the intermediaries' contribution and involvement in the counterfeiting activity of third parties, since intermediaries do not necessarily appear as the parties who directly and intentionally infringe, namely the offender. Indeed, in most cases, the third party directly commits the infringing activity via the service provided by an intermediary.<sup>24</sup> Henceforth, in these circumstances, the intermediary's liability arises on the grounds of facilitation or contribution to the infringement committed by this third party, which is its user. This liability is called contributory liability.<sup>25</sup>

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<sup>24</sup> Having said that there exist some cases in which the intermediaries' direct liability was the question before the courts. In *Coty Germany GmbH v Amazon Services Europe Sàrl and Others* (C-567/18 *Coty Germany GmbH v Amazon Services Europe Sàrl and Others* [2020] ECLI:EU:C:2020:267, para. 21), direct liability of Amazon for storing, stocking and dispatching the goods that infringe trade mark rights in its marketplace was claimed under the applicable trade mark regulation of the EU (Regulation (EU) 2015/2424 of the European Parliament and of the Council [2015] (OJ L 341), and of Article 9(3)(b) of Regulation (EU) 2017/1001 of the European Parliament and of the Council on the European Union trade mark [2017] (OJ 2017 L 154).), although these infringing goods were sold by the third parties. When the CJEU was referred to the case, it was held that “a person, on behalf of a third party, stores goods which infringe trademark rights, without being aware of that infringement, must be regarded as not stocking those goods in order to offer them or put them on the market” to use in the course of a trade without a consent. Hence the direct liability of Amazon is rejected by the CJEU. This case is followed by another referral concerning the same defendant, Amazon: C-148/21 *Christian Louboutin v Amazon Europe Core Sàrl, Amazon EU Sàrl, Amazon Services Europe Sàrl* Document 62021CN0148. In this case, the CJEU is referred to the question if the use of a mark without consent by trademark owners in third party sellers' advertisements displayed on Amazon would constitute a direct liability for Amazon. The CJEU has not yet handed down its decision.

<sup>25</sup> It shall be noted that for the sake of convenience, the term contributory liability is employed within this book, although in the literature different terms are employed for his type of liability such as secondary liability, indirect liability,

But what are the elements of this liability? More precisely, when and to what extent would an intermediary be considered to facilitate or contribute to the trademark infringement committed by a third party? These questions are the focus of the ongoing online trademark liability discourse within the EU. Since the EU law does not provide specific statutory rules governing contributory trademark liability, the applicable rules to the matter are the above-mentioned immunity rules established within the ECD. Given its horizontal approach, the ECD is a legal instrument that establishes online contributory trademark liability.<sup>26</sup> Henceforth, mere conduit, caching and hosting intermediaries may be granted immunity from contributory trademark liability that arises from their users' infringing activity on their platforms. However, the immunity regime does not answer when and under which circumstances an intermediary would be liable. Rather, it regulates the issue of the intermediaries' liability by specifying the circumstances when an intermediary would not be liable. More importantly, those immunities are provided for intermediaries as additional protection. What that means is explained by the EU Commission as follows:

“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 Articles 12, 13 or 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.”<sup>27</sup>

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accessory liability and joint tortfeasance. For the further insight of what the contributory liability means in this book see Part IV.

<sup>26</sup> That being said, US law does not provide any immunity rules for intermediaries in relation to trademarks either even though the vertical approach adopted by the US legislator. As there is no legislation enacted for online trademark issues, the common tort law rules apply. For further information See Mehra Salil K. and Trimble Marketa. “Secondary Liability of Internet Service Providers in the United States: General Principles and Fragmentation.” In *Secondary Liability of Internet Service Providers*, ed. Graeme Dinwoodie (Cham: Springer, 2017), 93-108; Jeff Kosseff, “Twenty Years of Intermediary Immunity: The US Experience,” *SCRIPTed*, 14(1) (2017): 5-36.

<sup>27</sup> EU Study on “the Legal Analysis of a Single Market for the Information Society” (2009), Chapter 6.3.2.

Therefore, the question of the intermediary's contributory liability is ultimately subject to tort law. This would also mean that the issues concerning contributory liability that arise from trademark infringement are dealt with under tort law<sup>28</sup> if the infringement gives rise to civil liability. However, there are no uniformly applied tort law rules in the EU since tort law is not harmonised within the EU. Hence, the law of contributory liability is not uniform given that the countries have different underlying principles behind their tort laws.

Having said that, one might ask why would a lack of harmonisation on EU tort law be an issue given that contributory liability is not a new type of liability, as 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*<sup>29</sup> in deciding whether eBay was contributorily liable for its users' trademark infringements on its platform. Thereby, is there a need for rules dealing with online contributory trademark 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 infringement is thus important to see whether they have any impact on a consideration of the contributory trademark liability framework.

## The Challenges of the Online World

The most significant features of the Internet are its complexity in structure, its borderless nature and its fast-evolving technologies.<sup>30</sup> These however may sometimes appear as challenges other than advantages in regulating

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<sup>28</sup> As the infringement of a trademark 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").

<sup>29</sup> C-324/09 *L'Oréal SA and Others v eBay International AG and Others* [2011] ECR I-06011. (*L'Oréal v eBay*).

<sup>30</sup> Andres Guadamuz, *Networks, Complexity and Internet Regulation* (Cheltenham, UK; Northampton, MA: Edward Elgar, 2011); Rolf H. Weber, "Liability in the Internet of Things," *Journal of European Consumer and Market Law*, (5) (2017): 207-212. (He underlines that significantly evolved technologies of the Internet together with its complex infrastructure are new challenges for the liability issues).

the Internet.<sup>31</sup> When assessing online contributory trademark liability, these mostly appear as challenges. This can be best demonstrated with the cases dealing with the liability of Internet intermediaries as they are mainly the subject of online contributory liability cases. As stated, although the conditions might differ, in general, the main elements of contributory liability are the existence of a direct infringing act and contribution to, thus the positive knowledge of, this act. However, the assessment of an intermediary's contribution to or involvement in the infringing act while providing its services would not always be a straightforward task to undertake. How much involvement would result in the intermediary being regarded as active? To set a benchmark for that would hardly be possible as the services of intermediaries vary greatly. Hosting intermediaries, for instance, would almost certainly have some degree of involvement in the provision of their services.<sup>32</sup> Indeed, an online auction site as a hosting provider should build the necessary infrastructure and provide some tools for its users to enable them to upload, display and categorise the content they create. However, when a landlord makes his property available for letting, his involvement in this does not necessarily go beyond letting the premises. This is why the hosting intermediaries are required to fulfil different conditions than other intermediaries to be granted immunity in the ECD.

Nevertheless, traditional tort law rules do not consider the diverse nature of intermediaries. The case law of traditional contributory liability is limited to the offline world contexts such as manufacturer/distributor or

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<sup>31</sup> "... the difficulty in identifying a clear standard is compounded by the fast-changing and diverse nature of online intermediaries" Dinwoodie, Graeme, "Comparative Analysis of the Secondary Liability of Online Service Providers". In *Secondary Liability of Internet Service Providers*, ed. Graeme Dinwoodie (Springer International Publishing AG, 2017), p.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 trademark infringement are also progressing." O'Doherty, "Online trademark and copyright infringement injunctions: implications on ISPs, site owners and IPR owners," p.79.

<sup>32</sup> In his opinion in *L'Oréal v eBay*, the AG emphasises this when 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.

landlord contexts where the parties are restrained by physical realities.<sup>33</sup> However, intermediaries' capabilities within the online world are not limited by such physical realities. As a result, rightsholders can more easily reach a customer located on the other side of the world and promote and sell their brand through it with the assistance of an intermediary. Taking the example of an online auction site, it is evident that a trademark owner who sells products this way has the benefit of reaching a more extensive market than an owner who sells his or her products on brick-and-mortar premises.

On the other hand, the very same feature of the Internet, i.e. its borderless nature, appears as a rather significant obstacle for rightsholders in protecting their rights against infringing activities since it allows infringers to act in a country other than where the trademark is registered or to act anonymously or under a false account. This restricts the trademark owners' ability to reach the offenders. However, given the advantages that their infrastructure provides, intermediaries also have their own medicine for that, so to speak. The Internet's infrastructure enables them to implement technologies such as monitoring and filtering technologies for tackling infringing activity. With those mechanisms, every listing can be monitored before being uploaded or they can be filtered out if it consists of illicit content. Those measures would result in more effective and bigger scale enforcement for the rightsholder than it could manage itself, even though the enforcement of these measures would be limited by their own jurisdiction.<sup>34</sup>

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<sup>33</sup> 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 (7<sup>th</sup> Cir.1992). For EU, English cases have mostly dealt with the issue in the traditional context such as *CBS Songs Ltd. v Amstrad Consumer Electronics Plc.* [1988] A.C. 1013; *Itria v Koursk* [1924] P.140; *Fish & Fish Ltd. v Sea Shepherd UK* [2015] UKSC 10.

<sup>34</sup> 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 trademark infringement cases: where is the