



PRESUMED INNOCENT

SHOULD THE LAW ON ONLINE IP ENFORCEMENT AND ISP LIABILITY CHANGE?

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Table of abbreviations

AG	Advocate General
AGCOM	Autorità per le Garanzie nelle Comunicazioni
BT	British Telecommunications
CDPA	UK Copyright, Designs and Patents Act 1988
Charter of Fundamental Rights	Charter of Fundamental Rights of the European Union
CJEU	Court of Justice of the European Union
DSMS	Digital Single Market Strategy
Ecommerce Directive	Directive 2000/31/EC of the European Parliament and of the Council of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market
EC	European Community
Enforcement Directive	Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights
EU	European Union
HHJ	His Honour Judge
J	Rt Honourable Mr Justice
InfoSoc Directive	Directive 2001/29/EC on the harmonisation of certain aspects of copyright and related rights in the information society
IP	Intellectual Property
ISP	Internet Service Provider
SCA	Senior Courts Act (1981)
Swedish Copyright Act	Copyright on Literary and Artistic Works Act (1960:729)
TFEU	Treaty on the Functioning of the European Union
UK	United Kingdom

Table of legislation (in chronological order)

EC/EU

- First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks, OJ L40, 1-7
- Council Directive 91/250/EEC of 14 May 1991 on the legal protection of computer programs, OJ L 122, 42-46
- Directive 98/34/EC of the European Parliament and of the Council of 22 June 1998 laying down a procedure for the provision of information in the field of technical standards and regulations, OJ L 204, 37-48
- Directive 98/48 of the European Parliament and of the Council of 20 July 1998 amending Directive 98/34/EC laying down a procedure for the provision of information in the field of technical standards and regulations, OJ L 217, 18-26
- Charter of Fundamental Rights of the European Union, OJ C 364, 1-22
- Directive 2000/31/EC of the European Parliament and of the Council of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market, OJ L 178, 1-16
- Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society, OJ, L 167, 10-19
- Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights, L 195, 16-25
- Council Regulation (EC) No 207/2009 of 26 February 2009 on the European Union trade mark (codified version), OJ L 78, 1-42
- Treaty on the Functioning of the European Union (consolidated version 2012), OJ C 326, 47-200
- Regulation (EU) No 1215/2012 of the European Parliament and of the Council of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters, OJ L 351, 1-32

Italy

- Regolamento in materia di tutela del diritto d'autore sulle reti di comunicazione elettronica e procedure attuative ai sensi del Decreto Legislativo 9 aprile 2003, n 70, Allegato A alla Delibera n 680/13/CONS del 12 dicembre 2013
- Codice di Procedura Civile, coordinated text updated further to DL 27 June 2015, No 83, converted, with amendments, by legge 6 August 2015, No 132 and, after that, legge 28 December 2015, No 221

Sweden

- Copyright on Literary and Artistic Works Act (1960:729)

UK

- Copyrights, Designs and Patents Act 1988 (UK)

USA

- Digital Millennium Copyright Act (DMCA), 112 Stat. 2860 (1998)

Table of cases (in chronological order)

Germany

- BGH Urteil vom 12 May 2010 – I ZR 121/08 [*Sommer unseres Lebens*]
- BGH, Urteil vom 26 November 2015 - I ZR 3/14; BGH, Urteil vom 26 November 2015 - I ZR 174/14 [*Störerhaftung des Access-Providers*]

Italy

- Autorità per le Garanzie nelle Comunicazioni, Delibera No 41/14/CSP - Provvedimento ai sensi degli articoli 8, commi 2 e 4, e 9, comma 1, lett. d), del Regolamento in materia di tutela del diritto d'autore sulle reti di comunicazione elettronica e procedure attuative ai sensi del decreto legislativo 9 aprile 2003, n. 70, di cui alla delibera n. 680/13/CONS (Proc. n. 02/DDA/FP), 23 April 2014
- Corte Costituzionale, Sentenza No 247, 21 October 2015

UK

- *CBS Songs Ltd v Amstrad Consumer Electronics Plc* [1988] AC 1013 HL
- *Twentieth Century Fox Film Corporation and others v Newzbin Limited* [2010] EWHC 608 (Ch)
- *Twentieth Century Fox and others v British Telecommunications plc* [2011] EWHC 1981 (Ch)
- *The Football Association Premier League Limited v British Sky Broadcasting Limited and Others* [2013] EWHC 2058 (Ch)
- *Paramount Home Entertainment Home International Limited and Others v British Sky Broadcasting Limited and Others* [2014] EWHC 937 (Ch)
- *Cartier and Others v BskyB and Others* [2014] EWHC 3354 (Ch)
- *Twentieth Century Fox Film Corporation and Others v Sky UK Limited and Others* [2015] EWHC 1082 (Ch)

Sweden

- Stockholm District Court, *Bredbandsbolaget v The Pirate Bay*, T15142-14 (27 November 2015)

The Netherlands

- Court of Appeal of The Hague, *Expandable grafts Partnership v Boston Scientific* [1999] FSR 352

Court of Justice of the European Union

- *Marleasing SA v La Comercial Internacional de Alimentacion SA*, C-106/89, EU:C:1990:395
- *Productores de Música de España (Promusicae) v Telefónica de España SAU*, C-275/06, EU:C:2008:54
- *LSG-Gesellschaft zur Wahrnehmung von Leistungsschutzrechten GmbH v Tele2 Telecommunication GmbH*, C-557/07, EU:C:2009:107

- *Google France SARL and Google Inc v Louis Vuitton Malletier SA (C-236/08)*, *Google France SARL v Viaticum SA and Luteciel SARL (C-237/08)* and *Google France SARL v Centre national de recherche en relations humaines (CNRRH) SARL and Others (C-238/08)*, EU:C:2010:159
- *DHL Express France SAS v Chronopost SA*, C-235/09, EU:C:2011:238
- *L'Oréal SA, Lancôme parfums et beauté & Cie, Laboratoire Garnier & Cie, L'Oréal (UK) Limited v eBay International AG, eBay Europe SARL and eBay (UK) Limited*, C-324/09, EU:C:2011:474
- *Interflora Inc and Interflora British Unit v Marks & Spencer plc and Flowers Direct Online Ltd*, C-323/09, EU:C:2011:604
- *Scarlet Extended SA v Société belge des auteurs, compositeurs et éditeurs SCRL (SABAM)*, C-70/10, EU:C:2011:771
- *Eva-Maria Painer v Standard VerlagsGmbH and Others*, C-145/10, EU:C:2011:798
- *Martin Lüksan v Petrus van der Let*, C-277/10, EU:C:2012:65
- *Belgische Vereniging van Auteurs, Componisten en Uitgevers CVBA (SABAM) v Netlog NV*, C-360/10, EU:C:2012:85
- *Nils Svensson and Others v Retriever Sverige AB*, C-466/12, EU:C:2014:76
- *UPC Telekabel Wien GmbH v Constantin Film Verleih GmbH and Wega Filmproduktionsgesellschaft mbH*, C-314/12, EU:C:2014:192
- *ACI Adam BV and Others v Stichting de ThuisKopie and Stichting Onderhandeligen ThuisKopie vergoeding*, C-435/12, EU:C:2014:254
- *Sotiris Pappas v O Fileleftheros Dimosia Etaireia Ltd and Others*, C-291/13, EU:C:2014:2209
- *Tobias Mc Fadden v Sony Music Entertainment Germany GmbH*, C-484/14 (pending)

Court of Justice of the European Union – Opinions of Advocates General

- Opinion of Advocate General Juliane Kokott in *Frisdranken Industrie Winters BV v Red Bull GmbH*, C-119/10, EU:C:2011:258
- Opinion of Advocate General Pedro Cruz Villalón in *UPC Telekabel Wien GmbH v Constantin Film Verleih GmbH and Wega Filmproduktionsgesellschaft mbH*, C-314/12, EU:C:2013:781
- Opinion of Advocate General Maciej Szpunar in *Tobias Mc Fadden v Sony Music Entertainment Germany GmbH*, C-484/14, EU:C:2016:170

Introduction

I. EU harmonisation in the area of IP: building the internal market

The discourse around harmonisation at the European Community (EC)/European Union (EU) level of Member States' intellectual property (IP) laws began at the end of the 1970s¹ and intensified over the late 1980s and early 1990s. Ultimately, it culminated in the adoption of the first harmonising instruments in the area of trade marks and copyright, these being – respectively – Directive 89/104² (the first Trade Marks Directive) and Directive 91/250³ (the Software Directive). Previously, intervention on the IP laws of Member States had occurred sporadically, and mostly through the provisions on competition and free movement of goods, as currently included in the Treaty on the Functioning of the European Union (TFEU).⁴

Over the years, a number of directives has been adopted at the EU level, harmonising Member States' IP laws further or updating the law on areas already touched by relevant directives. EC/EU competence in the area of IP has been justified in light of internal market-building concerns, further to Article 26 and 114 TFEU. Article 26(1) TFEU sets the competence to adopt measures aimed at establishing or ensuring the functioning of the internal market, while Article 114(1) TFEU clarifies the legislative procedure that needs to be followed to adopt such measures. Overall, EC/EU harmonisation has occurred whenever it was considered necessary to remove barriers that would prevent the free movement of goods and services based on or incorporated IP-protected elements, thus impeding the proper functioning of the internal market. Consistently, Commission's action has been also justified on grounds that “[t]he fragmentation of the [intellectual property] landscape in the EU has implications for Europe's growth, job creation and competitiveness.”⁵

II. Objective of the research and relevant research questions

Besides harmonisation of substantial aspects of IP law, over the years the EU has also undertaken

¹ Over the 1970s, for instance, the then EC Commission commissioned a number of studies regarding IP harmonisation issues, an example being A Dietz, *Copyright law in the European Community* (Sijthoff & Noordhoff:1978), as cited in E Rosati, *Originality in EU copyright. Full harmonization through case law* (Edward Elgar:2014), 11.

² First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks, *OJ L40*, 1-7.

³ Council Directive 91/250/EEC of 14 May 1991 on the legal protection of computer programs, *OJ L 122*, 42-46.

⁴ Currently included in Title VII (Chapter I) and Title II, respectively, of the Treaty on the Functioning of the European Union (consolidated version 2012), *OJ C 326*, 47-200.

⁵ European Commission, Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, A Single Market for Intellectual Property Rights boosting creativity and innovation to provide economic growth, high quality jobs and first class products and services in Europe, COM(2011) 287 final, 6.

the harmonisation of the remedies available to IP rightholders against the infringement of their rights and – with the advent of the internet – harmonised the conditions for the liability of and the remedies that can be sought against internet service providers (ISPs). The same internal market-building rationale has been at the basis of these further harmonising efforts.⁶

Starting from ISP liability, Articles 12 to 14 of Directive 2000/31⁷ (the Ecommerce Directive) set the conditions under which these subjects are exempted from liability for third-party information that they transmit, memorise or store passively. Article 15 of the same directive prohibits Member States from imposing on ISPs a general obligation to monitor the information transmitted or stored. Member States are also prevented from imposing on ISPs a general obligation to seek actively facts or circumstances indicating illegal activity. However this provision allows Member States to establish obligations for ISPs to inform promptly 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 storage agreements. In any case, when allegedly illegal activities are detected, intermediaries must take effective action, and act expeditiously to remove relevant content, whether information that is illegal (eg child pornography, terrorism) or information that infringes the property rights of others (eg IP rights, notably trade marks or copyright).

On the one hand, the removal of allegedly unlawful content is said to be slow and complicated while content that is legally available may be removed erroneously.⁸ In the context of the 2012 Public Consultation of the EU Commission on *A clean and an open internet*, 51.7% of stakeholders stated that action against illegal content is often ineffective and lacks transparency.⁹ On the other hand, the number of requests to remove content that infringes IP rights has steadily increased. In relation to copyright, data from the Google Transparency Report outlines how the number of takedown requests relating to Search has increased by 120% in just two years (from the first week of 2014 to the first week of 2016).¹⁰

⁶ See Recitals 5 and 6 in the preamble to Directive 2000/31/EC of the European Parliament and of the Council of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market, OJ *L* 178, 1-16; and Recitals 7 and 8 in the preamble to Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights, L 195, 16-25.

⁷ Directive 2000/31/EC of the European Parliament and of the Council of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market, *cit.*

⁸ European Commission, Communication from the Commission to the European Parliament, The Council, The European and Economic and Social Committee and The Committee of the Regions, A Digital Single Market Strategy for Europe, Brussels, COM(2015)192, §3.3.2.

⁹ European Commission – Directorate General Internal Market and Services, A clean and open internet: Public consultation on the procedures for notifying and acting on illegal content hosted by online intermediaries, Summary of responses (2012), 2.

¹⁰ Google Copyright Transparency Report, available at <https://www.google.com/transparencyreport/removals/copyright/>.

Divergences in national practices undermine online enforcement, imposing a negative effect on the fight against online IP infringements, and confidence in the digital world.¹¹ Recognising this deficiency even in the aftermath of the harmonisation occurred over the 2000s by means of relevant directives (see further below), the EU Commission has recently proposed an ambitious plan to modernise the so-called ‘digital single market’ through the Digital Single Market Strategy (DSMS) issued in May 2015.¹² Among other things, through the DSMS the EU Commission intends to determine whether a new framework for tackling illegal content on the internet, eg more rigorous procedures for removing illegal content and addressing commercial-scale infringements, is needed. Furthermore, the EU Commission intends to determine whether it is necessary to impose on intermediaries greater responsibilities, including obligations to exert a greater duty of care in how they manage their network systems.

All this brings into consideration whether the liability regime, in particular the safe harbour exemptions under the Ecommerce Directive, is (still) fit for purpose or should be amended instead, especially in relation to online trade mark and copyright infringements, and in relation to the subjects that should be eligible for inclusion in the framework established by Articles 12 to 15 of the Ecommerce Directive.

This work discusses the foregoing by focusing in particular on relevant provisions in the Ecommerce Directive and consideration of a particular type of remedy, ie injunctions, that can be sought against ISPs. To this end, Article 8(3) of Directive 2001/29¹³ (the InfoSoc Directive) in relation to copyright and the third sentence in Article 11 of Directive 2004/48¹⁴ (the Enforcement Directive) in relation to other IP rights (notably trade marks) are discussed. It will be examined how these provisions have been implemented differently across a number of selected jurisdictions or, as in the case of the third sentence of Article 11 of the Enforcement Directive in relation to UK law, not even transposed into national legal systems. This will serve to highlight how, despite the harmonising efforts of EU legislature, national enforcement regimes in the area of IP can be hardly considered harmonised.

Overall this work intends to address the following principal research question:

Is the EU ISP liability regime in the area of IP fit for purpose?

¹¹ European Commission, Memo 15/6262, Making EU copyright rules fit for the digital age – Questions & Answers, Brussels, 9 December 2015, available at http://europa.eu/rapid/press-release_MEMO-15-6262_en.htm.

¹² European Commission, Communication from the Commission to the European Parliament, the Council, the European and Economic and Social Committee and the Committee of the Regions – A Digital Single Market Strategy for Europe, *cit.*

¹³ Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society, OJ, L 167, 10-19.

¹⁴ Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights, *cit.*

In order to articulate a response to the above, the following sub-questions will be considered:

Legislative framework

- What is the current legislative framework on online enforcement of IP rights at the EU level?
- How has such legislative framework been transposed at the national level in selected jurisdictions?

Judicial application

- How has the Court of Justice of the European Union (CJEU) interpreted relevant provisions in the Ecommerce Directive, InfoSoc Directive, and Enforcement Directive?
- How have courts in selected jurisdictions interpreted relevant national provisions that have transposed into the legal systems of these Member States the EU directives mentioned above?

Policy debate

- What has been and is currently being discussed at the policy level as regards potential reform of the online IP enforcement framework?
- What has been the outcome of relevant public consultations at the EU level?

Case for reform

- In light of relevant legislative provisions, their judicial interpretation and application, and policy action, is a reform of the IP enforcement framework, notably in the context of alleged online infringements, needed?
- If so, what should policy and legislative action focus upon?

III. Methodology: the internal market lens

Although traditionally IP theory has distinguished between copyright and industrial property rights, it may be argued that – with the evolution of relevant IP rights (eg copyright vesting on works of industrious collection or technical creations, and trade mark protection being available in certain cases to three-dimensional objects) and the increasing overlapping between different IP rights – this distinction has increasingly lost relevance.¹⁵

This is particularly the case if one considers IP law from the standpoint of EU harmonisation: this has occurred whenever barriers existed to the free movement of goods and were such as to prevent

¹⁵ T Chiou, 'Lifting the (dogmatic) barriers in intellectual property law: fragmentation v integration and the practicability of a European Copyright Code' (2015) 37(3) EIPR 138, 144.

the *proper functioning of the internal market*.¹⁶ This rationale of IP harmonisation has been relevant to: (1) policy, (2) legislative, and (3) judicial discourse:

- An example of (1) is the current debate surrounding the establishment of a digital single market by the current Commission;
- Evidence of (2) is in the legislative basis for the adoption of EU directives in the area of IP, including in relation to the harmonisation of remedies available to rightholders and the establishment of a common (EU) liability framework for ISPs;
- Evidence of (3) is to be found in relevant CJEU case law, which has highlighted in numerous instances how the realisation of the internal market has been at the centre of IP harmonisation agenda and is relevant to the interpretation of relevant legislative provisions.

On consideration that the establishment of a fully-integrated internal market rationale has been and still is the unifying rationale of relevant action at policy, legislative, and judicial levels, the methodology that I intend to adopt is indeed one that both evaluates relevant developments and recommends possible improvements to the current framework from this very perspective.

In developing my research and attempting to provide an answer to my principal question, I intend to take into account multiple sources at policy, legislative and judicial levels (the latter by considering both CJEU interpretation of relevant provisions and national application of provisions by which Member States have transposed some key aspects of relevant EU directives into their own national laws). The ultimate goal is to evaluate whether current reform proposals should be translated into legislative action.

Starting from relevant legislative provisions at the international, EU and national levels, I will consider their actual judicial application and appreciate – by means of an inductive method – to what extent the latter has been filling out the content of and, at times, even reshaped relevant legal principles. Within this framework, attention will be paid, first, to relevant legislative sources, in particular at the EU level. This is necessary to outline the EU understanding of the impact of ISP liability regime and the evolution of online enforcement.

Secondly, in relation to the analysis of the efficiency enforcement actions, relevant case law and judicial decisions, both at the level of the CJEU and of national courts, will be considered. My choice of relevant jurisdictions will depend on the availability of case law discussing and applying critically national provisions corresponding to relevant EU provisions.

Thirdly, in developing my research I will refer to relevant policy documents at the level of the EU Commission. This is necessary to outline the understanding and evolution of the discourse around enforcement, as well as the underlying rationale of proposed changes.

Finally, I will take into account relevant academic literature in order to appreciate fully the objectives and principles governing online enforcement of IP rights.

¹⁶ Rosati, *Originality*, *cit*, 11.

IV. Structure of the research

In developing my research and, ultimately attempting an answer the relevant questions, I will divide my analysis into four parts:

- The first part discusses the liability framework and remedies (notably injunctions) envisaged by the Ecommerce, InfoSoc and Enforcement directives, and includes a discussion of the concepts of ‘internet service provider’ and ‘intermediary’.
- The second part focuses on national implementations of relevant provisions in these directives, their judicial application, and highlights the significant divergences in this area of the law.
- The third part engages in a discussion of the current policy debate in the area of online IP enforcement, notably whether ISP liability regime should be altered.
- The final part concludes that, on consideration of the cross-border nature of online IP infringements, what is rather urgently needed at the EU level is to impose on Member States truly harmonised enforcement provisions, particularly with regard to the requirements and scope of injunctions available to rightholders. This should take precedence over a discussion of whether the ISP liability regime should be amended.

Chapter 1

The relevant EU framework: ISPs, filtering and blocking

Introduction

By adopting Directive 2000/31/EC on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market¹⁷ (the Ecommerce Directive), the European Union (EU) legislature intended to remove obstacles to cross-border provision of online services in the internal market and provide legal certainty to businesses and citizens.¹⁸ The objective to ensure the free movement of ‘information society services’ throughout the EU is apparent from the wording of Recital 8. The aim of this directive was also to encourage greater use of ecommerce by breaking down barriers across the EU and boost consumer confidence and trust by clarifying the rights and obligations of business and consumers.¹⁹

The Ecommerce Directive has been implemented by all EU Member States, and this has also resulted – among other things – in the establishment of protection and the shielding of ISPs – defined at Article 2(b) as any natural or legal person providing an information society service – from liability. Modelled on parallel provisions in the US Digital Millennium Copyright Act²⁰, Articles 12 to 14 of the directive establish exemptions (so called safe harbour protections) from liability for third-party infringement of service providers whose activities amount to mere conduit, caching or hosting of third-party information. The safe harbours were considered indispensable to ensure both the provision of basic services and the establishment of a framework that would allow the internet and ecommerce to develop.²¹

¹⁷ Directive 2000/31/EC of the European Parliament and of the Council of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market, OJ L 178, 1-16.

¹⁸ Ecommerce Directive, Recital 8.

¹⁹ Ecommerce Directive, Recitals 1 and 6.

²⁰ Digital Millennium Copyright Act (DMCA), 112 Stat. 2860 (1998), §512.

²¹ First Report on the application of Directive 2000/31/EC of the European Parliament and of the Council of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market, COM(2003) 702 final, available at [http://www.europarl.europa.eu/registre/docs_autres_institutions/commission_europeenne/com/2003/0702/COM_COM\(2003\)0702_EN.pdf](http://www.europarl.europa.eu/registre/docs_autres_institutions/commission_europeenne/com/2003/0702/COM_COM(2003)0702_EN.pdf), 13.

A discussion of enforcement measures available to contrast online infringement of IP rights must also take into account relevant provisions in Directive 2001/29/EC on the harmonisation of certain aspects of copyright and related rights in the information society²² (the InfoSoc Directive) and Directive 2004/48/EC on the enforcement of intellectual property rights²³ (the Enforcement Directive). The question thus becomes – in the first place – one of definition: who can be regarded as an intermediary for the purpose of both applying the safe harbour protection and being the addressee of an injunction? The relevance of this issue becomes particularly apparent if one considers that, unlike the general principles of tort law, the addressees of such remedies are neither primary nor secondary infringers, but rather by-standers who comply with the law:

“The basis of injunctions against intermediaries is thus not an act of disrespect towards the rights of others, but the mere existence of circumstances giving hope to right holders, that if they are assisted by such a person, they will be better off. Put differently, such injunctions want to achieve better enforcement by seeking a help of intermediaries who can do more, but do not have to, as they did all the law require from them in order to avoid liability in tort.”²⁴

This chapter is structured as follows: the first part provides an overview of different types of ISPs in the Ecommerce Directive and the safe harbour regime applicable to them. The second part discusses the notions of ‘internet service providers’ and ‘intermediaries’ (the latter being a term employed in the InfoSoc and Enforcement Directives) and mentions the current debate at the EU level regarding the desirability of introducing further categories of intermediaries.²⁵ The third part reviews main measures that can be imposed on ISPs, notably filtering and blocking injunctions, as interpreted in relevant case law of the Court of Justice of the European Union (CJEU).

²² Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society, *cit.*

²³ Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights, *cit.*

²⁴ M Husovec, ‘Accountable, not liable: injunctions against intermediaries’ [draft] (May 2016) available at http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2773768, 6.

²⁵ A more thorough discussion of the current policy debate at the EU level is to be found *sub* Chapter 3.

This chapter concludes that at the EU level there are certain ambiguities, especially as regards the availability of filtering and blocking injunctions. These will become more apparent in the next chapter, which discusses relevant applications at the national level, notably in the areas of copyright and trade marks.

I. Types of providers in the Ecommerce Directive

The Ecommerce Directive does not adopt an expansive definition of intermediaries²⁶, but rather focuses on ‘information society services’ (as the title of the directive indicates) and distinguishes between three types of service providers: mere conduit, caching, and hosting service providers.

(a) Mere conduit service providers

Mere conduit service providers (Article 12) deliver either network access services or network transmission services. The typical service providers targeted by Article 12 are traditional internet access providers (which connect their subscribers to the internet using dial-up modems, cable connects or fixed lines) and backbone operators (which interconnect various subparts of the internet).²⁷ Initially, both types of service providers transmit large amounts of data at the request of their subscribers.

(b) Caching service providers

Caching providers (Article 13) temporarily and automatically store data in order to make the onward transmission of third-party information more efficient. The typical service envisaged by Article 13 is a so-called ‘proxy server’, which stores local copies of websites accessed by a user. When the same website is subsequently accessed again, the proxy server can deliver the locally stored copy of the website, which avoids that the original web server needs to be contacted again, hence reducing

²⁶ CJ Angelopolous, *European intermediary liability in copyright: A tort-based analysis* (2016) PhD thesis defended on 22 April 2016 at the Instituut voor Informatierecht (IViR) – University of Amsterdam, available at <http://dare.uva.nl/document/2/172299>, 44.

²⁷ DLA Piper, ‘EU study on the Legal analysis of a Single Market for an Information Society, new rules for a new age? – Liability of online intermediaries’ (2009), available at http://ec.europa.eu/newsroom/dae/document.cfm?doc_id=835, 7.

network traffic and speeding up the delivery process.²⁸ Because information is locally stored by the caching provider during a certain period of time, various conditions need to be met by the caching provider in order to benefit from the liability exemption. The most important conditions are that the local copy must be identical to the original information, and that the service provider must comply with the access conditions associated with the locally stored information.²⁹ Furthermore, the service provider must update the copy in the manner specified by the original website, and must remove (or block access) to the local copies when it acquires actual knowledge of the fact that the original data is removed, or access to the original data is blocked.³⁰

(c) **Hosting service providers**

Hosting providers (Article 14) store data provided by their users. The data stored is specifically selected and uploaded by a user of the service, and is intended to be stored (hosted) for an indeterminate period of time. The typical service envisaged by Article 14, is a webhosting company, which provides webspace to its customers, on which they can upload content to be published on a website.

Hosting providers may be exempted from liability if they are “*not aware of facts or circumstances from which the illegal activity or information is apparent*” (when it concerns civil claims for damages) or they “*do not have actual knowledge of illegal activity or information*” (when it concerns other claims). Article 14 therefore differentiates the level of knowledge, depending on the type of claim asserted against the service provide. Furthermore, service providers must act expeditiously to remove, or block access to, such information once they become aware of its unlawful nature.

II. **Who is an ISP? The Mc Fadden case**

The Ecommerce Directive concisely defines (Article 2(b)) ‘internet service providers’ as any natural or legal person providing an information service within the meaning of Article 1(2) of Directive

²⁸ *Ibid.*

²⁹ *Ibid.*, 8.

³⁰ *Ibid.*

98/34/EC³¹ as amended by Directive 98/48/EC.³² An information service is “*any service normally provided for remuneration, at a distance, by electronic means and at the individual request of a recipient of services.*”

A case currently pending before the CJEU, *Mc Fadden v Sony*³³ (*Mc Fadden*) will require the Court to determine whether a professional who, in the course of business, operates a Wi-Fi network that is accessible to the public free of charge is to be considered as providing an information society service within the meaning of the Ecommerce Directive and, if so, to what extent his liability may be limited in respect of third-party copyright infringements committed and what remedies (notably injunctions) may be sought against him.

A case that has already raised considerable interest for its potential implications³⁴, this is a reference for a preliminary ruling from the Regional Court, Munich I (Germany). It was made in the context of proceedings between Sony and a person (Tobias Mc Fadden) who operates a business selling and renting lighting and sound systems for various events. Mc Fadden owns a Wi-Fi connection that is open to anyone to use as it not protected by any password. In 2010 that connection was used by someone other than Mc Fadden to download unlawfully a musical work to which Sony owns the copyright. Following Sony’s formal notice, Mc Fadden sought a negative declaration from the referring court. This dismissed it and upheld Sony’s counterclaim, granting an injunction against Mc Fadden on the ground of his direct liability for the infringement at issue and ordering him to pay damages, the costs of the formal notice, and costs. Mc Fadden appealed that decision, arguing that the provisions of German law transposing Article 12(1) of the Ecommerce Directive would shield him from liability for third-party infringements. The Regional Court held the view that Mc Fadden would not be directly liable, but rather indirectly liable according to the German doctrine of

³¹ Directive 98/34/EC of the European Parliament and of the Council of 22 June 1998 laying down a procedure for the provision of information in the field of technical standards and regulations, OJ L 204, 37-48.

³² Directive 98/48 of the European Parliament and of the Council of 20 July 1998 amending Directive 98/34/EC laying down a procedure for the provision of information in the field of technical standards and regulations, OJ L 217, 18-26.

³³ *Tobias Mc Fadden v Sony Music Entertainment Germany GmbH*, C-484/14 (pending).

³⁴ See, eg, P Eckersley – A Kamdar – J Malcolm, ‘Open wireless advocates to European court: don’t make us lock down our networks’ (2 June 2015) Electronic Frontier Foundation, available at <https://www.eff.org/deeplinks/2015/06/open-wireless-advocates-european-court-dont-make-us-lock-down-our-networks>; M Husovec, ‘AG speaks out on accountability for third party infringements committed via one’s open WiFi’ (20 March 2016) Hut’ko’s Technology Law Blog, available at <http://www.husovec.eu/2016/03/ag-speaks-out-on-accountability-for.html>.

*Störerhaftung*³⁵, on the ground that his Wi-Fi network had not been made secure. This court decided nonetheless to stay the proceedings and seek guidance from the CJEU.

In his Opinion on 16 March 2016³⁶, Advocate General (AG) Maciej Szpunar first addressed the economic nature (or lack thereof) of the service in question. He recalled that the concept of 'services' within the directives that the Ecommerce Directive refers to (notably the condition that the service must normally be provided for remuneration) is taken from Article 57 TFEU³⁷ and reflects the principle that only services of an economic nature are covered by the TFEU provisions relating to the internal market.³⁸ The AG further observed that the concepts of economic activity and of the provision of services in the context of the internal market must be given a broad interpretation³⁹, and that the provision of internet access is normally an economic activity.⁴⁰ This is the case even if an economic operator offers internet access for free and as an ancillary service to his principal activity⁴¹ (in the case of *Mc Fadden*, this was also used to encourage customers to visit his shop or website).⁴² This conclusion appears consistent with the earlier decision in *Papasavvas*⁴³ (an online defamation case), in which the CJEU held the notion of 'information society services' extends, in so far as they represent an economic activity, to services which are not remunerated by those who receive them (but are for instance remunerated by income generated by advertisement, as it was the case there), such as those offering online information or commercial communications.⁴⁴

³⁵ For recent applications, see: BGH, Urteil vom 26 November 2015 - I ZR 3/14; BGH, Urteil vom 26 November 2015 - I ZR 174/14 [*Störerhaftung des Access-Providers*] (discussed in M Mimler, 'First things first: German Federal High Court provides guidance on ISP liability in online copyright infringement cases' (2016) (forthcoming) *JIPLP*); BGH Urteil vom 12 May 2010 – I ZR 121/08 [*Sommer unseres Lebens*].

³⁶ Opinion of Advocate General Maciej Szpunar in *Tobias Mc Fadden v Sony Music Entertainment Germany GmbH*, C-484/14, EU:C:2016:170.

³⁷ Article 57(1) provides that: "Services shall be considered to be "services" within the meaning of the Treaties where they are normally provided for remuneration, in so far as they are not governed by the provisions relating to freedom of movement for goods, capital and persons."

³⁸ Opinion of Advocate General Maciej Szpunar in *Tobias Mc Fadden v Sony Music Entertainment Germany GmbH*, *cit.*, [37].

³⁹ *Ibid.*, [38].

⁴⁰ *Ibid.*, [40].

⁴¹ *Ibid.*, [41] and [43].

⁴² *Ibid.*, [47].

⁴³ *Sotiris Papasavvas v O Fileleftheros Dimosia Etaireia Ltd and Others*, C-291/13, EU:C:2014:2209.

⁴⁴ *Ibid.*, [28].

Such interpretations descends from Article 57 TFEU, where the notion of 'services' does not appear to require the service to be paid for by those for whom it is performed.⁴⁵

In his Opinion AG Szpunar adopted a broad interpretation of information society services and ISPs. By referring to relevant provisions in Article 8(3) of the InfoSoc Directive and the third sentence in Article 11 of the Enforcement Directive when addressing the issue of injunctions (on which see further below *sub* §IV) against 'internet service providers' (more specifically: mere conduit providers) he also appeared to consider ISPs as synonymous with 'intermediaries'. This conclusion should be welcome for the reasons outlined below, although it must be noted that the concept of 'intermediary' has not been defined at the legislative level.

III. Who is an 'intermediary'?

Whilst the CJEU decision in *Mc Fadden* will hopefully provide more clarity regarding what subjects may be included in the notion of ISPs, it remains uncertain what definition is to be provided to the notion of 'intermediary'. It is unclear whether this term is synonymous with ISP. However it is arguable that the subjects referred to in the Ecommerce Directive are just specific types of intermediaries, also on consideration of the broad definition of internet intermediaries adopted at the international level. According to the Organisation for Economic Co-operation and Development (OECD),

“Internet intermediaries’ 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.”⁴⁶

Angelopolous has criticised the fragmented classification of intermediaries and their liability regime within the Ecommerce Directive. Accordingly, while this horizontal compartmentalisation that

⁴⁵ *Ibid*, [29]. See further Angelopolous, *European intermediary liability in copyright*, *cit*, 45. See also E Rosati, 'Can you be liable for third-party copyright infringements if you offer password-free free internet access? New case referred to CJEU!' (26 November 2014) The IPKat, available at <http://ipkitten.blogspot.co.uk/2014/11/can-you-be-liable-for-third-party.html>.

⁴⁶ K Perset, 'The Economic and Social Role of Internet Intermediaries' (2010) OECD Study, STI/ICCP(2009)9/FINAL, 9.

divides the law by subject rather than subject-matter might have provided a good foothold for concretising the debate in the early days of the internet, the idea of internet exceptionalism – including internet intermediary exceptionalism – must be questioned and intermediary liability should be appreciated from a unitary perspective.⁴⁷

During the 1st iCLIC conference on the *Role of internet intermediaries in the law enforcement process* held at the University of Southampton in September 2015, The Hon Mr Justice Arnold (High Court of England and Wales) addressed the question of who an ‘intermediary’ within Article 11 of the Enforcement Directive is.⁴⁸ He began his analysis by recalling the relevant EU legislation preceding the adoption of the Enforcement Directive. Mr Justice Arnold noted at the outset that the rationale for enrolling online intermediaries in the enforcement process is enshrined in Recital 59 of the InfoSoc Directive:

"In the digital environment, in particular, the services of intermediaries may increasingly be used by third parties for infringing activities. In many cases such intermediaries are best placed to bring such infringing activities to an end".

Thus, the EU legislature considered intermediaries as best placed to bring an end to the infringing activities, and also to prevent new infringements from occurring (as the CJEU recalled at paragraph 37 of its *Telekabel* judgment⁴⁹) because these subjects are the lowest-cost avoiders.⁵⁰ He also noted how Article 8(3) of the InfoSoc Directive does not contain any express reference to the digital environment, and Recital 59 itself stresses that the role of intermediaries may be relevant “*in the digital environment, in particular*”, but does not appear limited to that. Although the InfoSoc Directive is limited to copyright, the rationale of Recital 59 is the same of the general provision in Article 11 of the Enforcement Directive.

⁴⁷ Angelopolous, *European intermediary liability in copyright*, *cit*, 12.

⁴⁸ E Rosati, ‘Who is an ‘intermediary’ for the sake of Article 11 of the Enforcement Directive?’ (18 September 2015), The IPKat, available at <http://ipkitten.blogspot.co.uk/2015/09/who-is-intermediary-for-sake-of-article.html>.

⁴⁹ *UPC Telekabel Wien GmbH v Constantin Film Verleih GmbH and Wega Filmproduktionsgesellschaft mbH*, C-314/12, EU:C:2014:192. See further below *sub* §IV.4.

⁵⁰ Rosati, ‘Who is an ‘intermediary’’, *cit*.

To address the issue of who an intermediary is, Mr Justice Arnold considered two CJEU cases, namely: *Telekabel* and *LSG-Gesellschaft zur Wahrnehmung von Leistungsschutzrechten*⁵¹ (*LSG*). In those cases, the CJEU held that access providers and ISPs are intermediaries. In particular, the CJEU stated at paragraph 32 of its *Telekabel* judgment that:

“[A]n internet service provider ... which allows its customers to access protected subject-matter made available to the public on the internet by a third party is an intermediary”.

Nonetheless, if one considers the case of credit card providers, it is uncertain whether they should be regarded as intermediaries. As a result it is uncertain whether injunctions may be sought and granted against them. As such, Mr Justice Arnold expressed the need for guidance being provided at the level of national courts or the CJEU itself.⁵²

Although from a practical standpoint it may not be really necessary to draw a distinction between the InfoSoc and Ecommerce Directive (also on consideration that the CJEU appears to have interpreted the term ‘intermediary’ in the sense of Articles 8(3) of the InfoSoc Directive and 11 of the Enforcement Directive as including “*basically anyone who “provide[s] a service capable of being used by a third party to infringe”*”⁵³), it is worth highlighting how a definitory task appears to be part of EU Commission’s efforts to develop its Digital Single Market Strategy (DSMS).

In its Public Consultation on a *Regulatory environment for platforms, online intermediaries, data and cloud computing and the collaborative economy*⁵⁴ (see further *sub* Chapter 3) the EU Commission sought views from relevant stakeholders as to whether a distinction should be drawn between online platforms and intermediary service providers. The former are intended to refer “*to an undertaking operating in two (or multi)-sided markets, which uses the Internet to enable interactions between two or more distinct but interdependent*

⁵¹ *LSG-Gesellschaft zur Wahrnehmung von Leistungsschutzrechten GmbH v Tele2 Telecommunication GmbH*, C-557/07, EU:C:2009:107.

⁵² Rosati, ‘Who is an ‘intermediary’’, *cit.*

⁵³ M Husovec – M Peguera, ‘Much ado about little - privately litigated internet disconnection injunctions’ (2015) 46(1) IIC 10, 13 (emphasis in the original text).

⁵⁴ European Commission, Public consultation on the regulatory environment for platforms, online intermediaries, data and cloud computing and the collaborative economy, 24 September 2015, available at http://ec.europa.eu/newsroom/dae/document.cfm?doc_id=10932.

groups of users so as to generate value for at least one of the groups.” Some platforms would also qualify as intermediary service providers, eg general internet search engines, specialised search tools, location-based business directories or some maps, news aggregators, online marketplaces, audiovisual and music platforms, video sharing platforms, payment systems, social networks, app stores or collaborative economy platforms. However, this would not always be the case. For instance, in the Commission’s view, internet access providers would fall outside the scope of the definition of ‘online platform’.

As it would appear from the early results of this Public Consultation⁵⁵, the reason why further distinctions between types of intermediaries/providers could be drawn is to determine whether the relevant liability regime should differ between different subjects, particularly with regard to liability exemptions (safe harbours). Among those who oppose the introduction of further categories of intermediary service, as it might be the case of ‘online platforms’, there has been the Computer and Communications Industry Association (CCIA).⁵⁶ This has outlined how it is unclear what public policy concerns need to be addressed (if any) to introduce such a notion and that the Commission should first determine whether existing law can deal with any concerns.

IV. Injunctions

Among the issues that AG Szpunar considered in his Opinion in *Mc Fadden*, there was also whether – under Article 12 of the Ecommerce Directive – it is possible to seek an injunction against an ISP, including an order to refrain from doing something which would enable a third party to infringe. The AG recalled that, subject to the conditions in letters a to c in paragraph 1⁵⁷ and the clarification provided sub Recital 42⁵⁸, the limitation from liability in Article 12(1) of the directive extends,

⁵⁵ European Commission, First brief results of the public consultation on the regulatory environment for platforms, online intermediaries, data and cloud computing and the collaborative economy (26 January 2016) available at <https://ec.europa.eu/digital-single-market/news/first-brief-results-public-consultation-regulatory-environment-platforms-online-intermediaries>.

⁵⁶ Computer and Communications Industry Association, Online platforms: bringing down borders, creating the digital single market (2016), available at http://www.cciainet.org/wp-content/uploads/2016/02/CCIA_OnlinePlatform_Paper_A4.pdf.

⁵⁷ Opinion of Advocate General Maciej Szpunar in *Tobias Mc Fadden v Sony Music Entertainment Germany GmbH*, *cit*, [65].

⁵⁸ *Ibid*, [66]. Recital 42 in the preamble to the Ecommerce Directive states that: “*The exemptions from liability established in this Directive cover only cases where the activity of the information society service provider is limited to the technical process of operating and*

horizontally, to all forms of liability for unlawful acts of any kind.⁵⁹ This said, the AG noted – also further to Recital 45⁶⁰ – that:

“it is clear from a combined reading of paragraphs 1 and 3 of Article 12 of Directive 2000/31 that the provisions in question limit the liability of an intermediary service provider with respect to the information transmitted, but do not shield him from injunctions.”⁶¹

As such, Article 12 distinguishes between actions for damages (which should extend to any pecuniary claim that entails a finding of liability⁶²) and injunctions.⁶³ In relation to the former, according to AG Szpunar,

“a judicial or administrative decision imposing certain obligations on a service provider may not be based on a finding of the latter’s liability. An intermediary service provider cannot be held liable for failing to take the initiative to prevent a possible infringement or for failing to act as a *bonus pater familias*. He may incur liability only after a specific obligation contemplated by Article 12(3) of Directive 2000/31 has been imposed on him.”⁶⁴

Injunctions can be sought independently from a finding of civil liability.⁶⁵ This is in line with the interpretation that some commentators have given of the CJEU judgment in *L’Oréal v eBay*⁶⁶

giving access to a communication network over which information made available by third parties is transmitted or temporarily stored, for the sole purpose of making the transmission more efficient; this activity is of a mere technical, automatic and passive nature, which implies that the information society service provider has neither knowledge of nor control over the information which is transmitted or stored.”

⁵⁹ *Ibid*, [64].

⁶⁰ *Ibid*, [69]. Recital 45 states that: “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.”

⁶¹ *Ibid*, [68].

⁶² *Ibid*, [74].

⁶³ *Ibid*, [70].

⁶⁴ *Ibid*, [79].

⁶⁵ *Ibid*, [86].

⁶⁶ *L’Oréal SA, Lancôme parfums et beauté & Cie, Laboratoire Garnier & Cie, L’Oréal (UK) Limited v eBay International AG, eBay Europe SARL and eBay (UK) Limited*, C-324/09, EU:C:2011:474.

(*L'Oréal*, on which see further below, *sub* §IV.1.). According to Husovec that decision has clarified⁶⁷ that injunctions in IP cases are not limited by any liability in tort law.⁶⁸

At paragraph 81 of his Opinion AG Szpunar referred to Article 8(3) of the InfoSoc Directive and observed that the InfoSoc Directive is without prejudice to the provisions of the Ecommerce Directive.⁶⁹ It follows that Article 12(1) and (3) of the Ecommerce Directive does not preclude the granting of an injunction, such as those referred to in Article 8(3) of the InfoSoc Directive and the third sentence of Article 11 of the Enforcement Directive⁷⁰, against a provider of mere conduit services.⁷¹ While the conditions and detailed procedures relating to such injunctions are matters for national law⁷², when adopting them a national court must nevertheless have regard to the limitations which flow from those provisions⁷³, as well as the Ecommerce Directive itself⁷⁴ and EU fundamental rights.⁷⁵

The AG then considered whether measures such as termination of the internet connection, the password-protection of the internet connection and the examination of all communications passing through that connection may be regarded as consistent with the Ecommerce Directive. He concluded in the negative, also by reference to earlier CJEU decisions in *Scarlet*⁷⁶, *Netlog*⁷⁷ and *Telekabel*⁷⁸ (on which see further below).

⁶⁷ *Ibid*, [134] and [144].

⁶⁸ M Husovec, 'Injunctions against innocent third parties: the case of website blocking' (2013) 4(2) JIPITEC 116, 117, also referring to the Opinion of Advocate General Juliane Kokott in *Frisdranken Industrie Winters BV v Red Bull GmbH*, C-119/10, EU:C:2011:258, [39].

⁶⁹ Opinion of Advocate General Maciej Szpunar in *Tobias Mc Fadden v Sony Music Entertainment Germany GmbH, cit*, [83].

⁷⁰ *Ibid*, [106].

⁷¹ *Ibid*, [84].

⁷² *Ibid*, [85].

⁷³ *Ibid*, [107]-[108].

⁷⁴ *Ibid*, [109]-[110].

⁷⁵ *Ibid*, [111]-[112].

⁷⁶ *Ibid*, [127].

⁷⁷ *Ibid*, [128].

⁷⁸ *Ibid*, [129].

IV.I. Article 11 of the Enforcement Directive

The third sentence in Article 11 of the Enforcement Directive sets out that:

“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 an intellectual property rights, without prejudice to Article 8 (3) of Directive 2001/29/EC”.

In *L’Oréal*⁷⁹ the CJEU clarified that subjects operating internet marketplaces can in certain circumstances be liable for secondary trade mark infringement as a result of their users’ postings. In relation to Article 11 of the Enforcement Directive this means that Member States must ensure that national courts are able to order ISPs of this kind to take measures which contribute not only to bring existing third-party infringements to an end, but also prevent further infringements from occurring. In doing so, the CJEU has provided clarity in an area for which pre-*L’Oréal* national practices diverged significantly⁸⁰, although some commentators have considered the impact of this judgment reductively.⁸¹

In 2009, Arnold J (High Court of England and Wales) made a preliminary reference to the CJEU in the context of litigation between *L’Oréal* and eBay and a number of its users in various European countries, including the UK. *L’Oréal* claimed that eBay was not taking sufficient steps to stop the sale of counterfeits and other trade mark infringing goods on its own online marketplace. In particular, *L’Oréal* alleged that:

- eBay and the individual defendants infringed *L’Oréal*’s trade mark rights by the sales of counterfeits; samples provided to distributors free of charge; unboxed products; and non-European Economic Area products.

⁷⁹ *L’Oréal SA, Lancôme parfums et beauté & Cie, Laboratoire Garnier & Cie, L’Oréal (UK) Limited v eBay International AG, eBay Europe SARL and eBay (UK) Limited, cit.*

⁸⁰ See B McMahon, ‘Imposing an obligation to monitor on Information Society service providers’ (2011) 17(4) CTLR 93.

⁸¹ See D Lievens, ‘*L’Oréal v. eBay* – welcomed in France, resented in England’ (2012) 43(1) IIC 68, 76 arguing that “[d]espite introducing the negligent behaviour of an online auctioneer as a criterion to rebut an online auctioneer’s plea for a liability exemption, the ECJ does not consider negligence itself to be sufficient for an online auctioneer to be automatically held accessory liable. Proving an online auctioneer’s negligence will only avoid its successful reliance on a liability exemption. Determining the conditions which constitute an online auctioneer’s accessory liability remains solely with the Member States.”

- by purchasing keywords corresponding to the names of L'Oréal trade marks paid internet referencing services (eg Google AdWords), eBay directed its users towards goods offered for sale on eBay's website and that would infringe L'Oréal's trade marks; and
- even if eBay would not be liable for the infringements of L'Oréal's trade mark rights, L'Oréal should be granted an injunction against eBay, pursuant to Article 11 of the Enforcement Directive.

For the purpose of the present work, the two first points referred by Mr Justice Arnold will not be addressed. Attention will be instead devoted to the third point, ie the injunction against eBay.

In line with earlier decisions in *Google France*⁸² and *Interflora*⁸³ (concerning the making available by Google of AdWord keywords corresponding to registered trade marks), the CJEU considered that where an operator of an online marketplace merely enables its customers to display signs corresponding to trade marks on its website in the course of their commercial activities, such an operator does not itself 'use' those signs. An operator of an online marketplace may also benefit from the restrictions in liability set out in Article 14(1) of the Ecommerce Directive in relation to the hosting of information provided by the recipients of its services.

Accordingly, the CJEU considered that an operator plays an *active* role, which gives it knowledge of or control over the data relating to the offer for sale – and makes it ineligible for safe harbour protection – when it provides assistance to its users by, for instance, optimising the presentation of the online offers for sale or promoting those offers. When an operator has played an active role of that kind, it can no longer rely on the exemption from liability which Article 14(1) of the Ecommerce Directive confers. Whether an operator plays an active role must be assessed by relevant national courts on a case-by-case basis. According to the CJEU,

⁸² *Google France SARL and Google Inc v Louis Vuitton Malletier SA (C-236/08)*, *Google France SARL v Viaticum SA and Luteciel SARL (C-237/08)* and *Google France SARL v Centre national de recherche en relations humaines (CNRRH) SARL and Others (C-238/08)*, EU:C:2010:159.

⁸³ *Interflora Inc and Interflora British Unit v Marks & Spencer plc and Flowers Direct Online Ltd*, C-323/09, EU:C:2011:604.

“[T]he mere fact that the operator of an online marketplace stores offers for sale on its server, sets the terms of its service, is remunerated for that service and provides general information to its customers cannot have the effect of denying it the exemptions from liability provided for by Directive 2000/31 ... Where, by contrast, the operator has provided assistance which entails, in particular, optimising the presentation of the offers for sale in question or promoting those offers, it must be considered not to have taken a neutral position between the customer-seller concerned and potential buyers but to have played an active role of such a kind as to give it knowledge of, or control over, the data relating to those offers for sale. It cannot then rely, in the case of those data, on the exemption from liability referred to in Article 14(1) of Directive 2000/31.”⁸⁴

Moreover, even where an operator has not played an active role of that kind, it cannot rely on that exemption if it were aware of facts or circumstances on the basis of which a diligent economic operator would have realised that the online offers for sale were unlawful and, in the event of it being so aware, failed to act promptly to remove the data concerned from its website.⁸⁵

The CJEU held that, when an operator of an online marketplace does not in itself decide to end infringements of IPRs, and prevent such infringements from occurring again, the operator may be ordered to take measures making it easier to identify those customers responsible.⁸⁶ Although it is necessary to respect the protection of personal data, when the perpetrator of the infringement is operating in the course of trade (ie not in a private matter), that person must be clearly identifiable.⁸⁷

Overall, pursuant to Article 3(2) of the Enforcement Directive, injunctions of this kind must be effective, proportionate and dissuasive, must not create barriers to legitimate trade, and – pursuant to the CJEU decision in *Promusicae*⁸⁸ – where different rights are at stake must also provide a fair balance between different rights. The number and variety of such requirements outline the possibly

⁸⁴ *L'Oréal SA, Lancôme parfums et beauté & Cie, Laboratoire Garnier & Cie, L'Oréal (UK) Limited v eBay International AG, eBay Europe SARL and eBay (UK) Limited, cit.*, [115]-[116].

⁸⁵ *Ibid.*, [124].

⁸⁶ *Ibid.*, [142].

⁸⁷ *Ibid.*

⁸⁸ *Productores de Música de España (Promusicae) v Telefónica de España SAU*, C-275/06, EU:C:2008:54, [68].

conflicting interests (“*the lattice of contradictory obligations*”⁸⁹) that ISPs are required to safeguard to give effect to and comply with Article 3 of the Enforcement Directive. The first paragraph of this provision requires Member States to provide for the measures, procedures and remedies necessary to enforce IP rights. Although it is not entirely clear whether Article 3(2) is addressed to the Member States’ legislatures or their national courts and despite diverging interpretations at the national levels, it is arguable that national courts should rely directly upon it when considering the grant and content of injunctions.⁹⁰

It will be discussed in the following chapter how national courts have relied on Article 11 of the Enforcement Directive to conclude that blocking injunctions (discussed further below in relation to copyright) are also available in trade mark cases.

IV.2. Article 8(3) of the InfoSoc Directive

Article 8(3) of the InfoSoc Directive states that “*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.*” This provision has been applied on a number of occasions. For the sake of the present discussion, attention will be devoted to the topic of injunctions aimed at imposing on ISPs obligations to *filter* content to be made available through their services or *block* access to certain type of content or websites. Both instances showcase how the extensive margin of appreciation left by Article 8(3) to national legislatures have resulted in uncertainties surrounding the availability of certain measures, as well as their scope.

IV.3. Filtering

⁸⁹ C Angelopoulos, ‘Are blocking injunctions against ISPs allowed in Europe? Copyright enforcement in the post-*Telekabel* EU legal landscape’ (2014) 9(10) *JIPLP* 812, 813.

⁹⁰ In this sense, see R Arnold – E Rosati, ‘Are national courts the addressees of the three-step test?’ (2015) 10(10) *JIPLP* 741, 748.

The question whether (blanket) filtering would be compatible with EU law was brought to attention of the CJEU in *Scarlet*⁹¹, a case concerning the alleged liability of an ISP for third-party copyright infringements. A Belgian collecting society (Sabam) had requested a mere conduit (access) provider (Scarlet) to monitor and block peer-to-peer transfer of music files relating to works for which Sabam administered the relevant rights. Following Scarlet's refusal, litigation ensued before the Tribunal de première instance de Bruxelles (Brussels Court of First Instance) and the Cour d'appel de Bruxelles (Brussels Court of Appeal), respectively. The latter stayed the proceedings and sought guidance from the CJEU as to whether – among other things – EU law would preclude an injunction against an ISP to filter copyright-protected content, with a view to blocking the transfer of infringing files.

The relevant question that the Belgian court referred was phrased in a significantly detailed manner, although it has been argued that the background national proceedings would represent “*a clear case of strategic litigation, surpassing the interests of the specific litigants at hand.*”⁹² The Brussels Court of Appeal asked whether the InfoSoc and Enforcement directives, read in conjunction with other EU directives and construed in light of relevant provisions in the European Convention on the Protection of Human Rights and Fundamental Freedoms, would permit Member States to authorise a national court to order an ISP to install:

- for all its customers;
- *in abstracto* and
- as a preventive measure
- exclusively at the cost of that ISP
- and for an unlimited period,

a system for filtering all electronic communications, both incoming and outgoing, passing via its services, in particular those involving the use of peer-to-peer software, in order to identify on its network the movement of electronic files containing protected works in respect of which the

⁹¹ *Scarlet Extended SA v Société belge des auteurs, compositeurs et éditeurs SCRL (SABAM)*, C-70/10, EU:C:2011:771.

⁹² E Psychogiopoulou, ‘Copyright enforcement, human rights protection and the responsibilities of internet service providers after *Scarlet*’ (2012) 34(8) EIPR 552, 554 (emphasis in the original text).

applicant claims to hold rights, and subsequently to block the transfer of such files, either at the point at which they are requested or at which they are sent.

The CJEU stated that a general filtering requirement would both contravene the Ecommerce Directive and unduly compress users' fundamental rights. EU law as such precludes such an injunction to filter. More specifically, the Court stated that the injunction that Sabam had requested would require the ISP targeted to monitor actively all of its users' traffic. This would consequently contravene Article 15 of the Ecommerce Directive.⁹³ Additionally, such an injunction would infringe internet subscribers' right of privacy and freedom of expression.⁹⁴

Article 15 of the Ecommerce Directive prevents Member States from imposing any obligation on ISPs to monitor content in order to qualify for the safe harbour protection under Article 12 to 14 of that Directive. However, Article 15 does not prevent public authorities in the Member States from imposing a monitoring obligation in specific, clearly defined individual cases.⁹⁵ This conclusion also stems from Recital 47 in the Ecommerce Directive, which states that the prohibition in Article 15 “*does not concern monitoring obligations in a specific case and, in particular, does not affect orders by national authorities in accordance with national legislation.*”

Although the response of the CJEU may appear to have prevented general filtering, it is important to note how – similarly to the question referred by the Brussels Court of Appeal – also the response of the CJEU was phrased in an extremely specific fashion, in the sense that EU law prevents injunctions made against an ISP that would require it to install a system for filtering:

- all electronic communications passing via its services, in particular those involving the use of peer-to-peer software;
- which applies indiscriminately to all its customers;
- as a preventive measure;
- exclusively at its expense; *and*

⁹³ *Scarlet Extended SA v Société belge des auteurs, compositeurs et éditeurs SCRL (SABAM)*, *cit*, [39].

⁹⁴ *Ibid*, [50].

⁹⁵ Ecommerce Directive, Recital 47.

- for an unlimited period,

which is capable of identifying on that provider's network the movement of electronic files containing a musical, cinematographic or audio-visual work in respect of which the applicant claims to hold intellectual-property rights, with a view to blocking the transfer of files the sharing of which infringes copyright.⁹⁶ As such, the CJEU may have prevented filtering systems like those at hand in the background national proceedings in *Scarlet*, ie blanket filtering, but “*the option of arguing for narrower filters is still open and as such filters will remain an attractive goal for right holders.*”⁹⁷

Following the reference for a preliminary ruling in *Scarlet*, the rechtbank van eerste aanleg te Brussel (Brussels Court of First Instance) made another reference to the CJEU seeking clarification on filtering injunctions available against hosting providers. The *Netlog*⁹⁸ case indeed referred to injunctions against social networking platforms. Belgian collecting society SABAM brought an action against Netlog, which runs an online social networking platform where every person who registers acquires a personal space known as a ‘profile’ which the user can complete himself in the knowledge that that profile becomes available globally. The function of that platform is to build virtual communities enabling those individuals to connect and communicate with each other. According to SABAM, Netlog’s network also enabled all users to make use – by means of their profiles – of the musical and audio-visual works in SABAM’s repertoire, making those works available to the public in such a way that other users of that network could have access to them without SABAM’s consent and without Netlog paying it any licence fee. The Brussels Court of First Instance stayed the proceedings and made a reference for a preliminary ruling to the CJEU, asking whether EU law would preclude a national court from issuing an injunction against a hosting service provider, such as an owner of an online social network, which would require it to install a system for filtering information stored on its servers by its users, which applies to all of those users, as a preventative measure, exclusively at its expense and for an unlimited period.

⁹⁶ *Scarlet Extended SA v Société belge des auteurs, compositeurs et éditeurs SCRL (SABAM)*, *cit*, [55].

⁹⁷ D Meale, ‘*SABAM v Scarlet*: of course blanket filtering of the internet is unlawful, but this isn't the end of the story’ (2012) 34(7) EIPR 429, 431.

⁹⁸ *Belgische Vereniging van Auteurs, Componisten en Uitgevers CVBA (SABAM) v Netlog NV*, C-360/10, EU:C:2012:85.

The CJEU found at the outset that it was not in dispute that Netlog stores information provided by the users of that platform, relating to their profile, and that is thus a hosting service provider within the meaning of EU law.⁹⁹ Furthermore, it was also common ground that implementation of that filtering system would require the hosting service provider to identify, within all of the files stored on its servers by all its servers by all its service users, the files which are likely to contain third-party protected works.¹⁰⁰ The hosting service provider would have to determine which of those files are being stored and made available to the public unlawfully, and it would have to prevent files that it considers to be unlawful from being made available. Such preventive monitoring would therefore require active observation of the files stored by users with the owner of the social network. Accordingly, the filtering system would require that owner to carry out general monitoring of the information stored on its servers. A system of this kind would contravene Article 15 of the Ecommerce Directive.¹⁰¹ The CJEU also recalled that, in the context of measures adopted to protect copyright holders, national authorities and courts must strike a fair balance between the protection of copyright and the protection of the fundamental rights of individuals who are affected by such measures.¹⁰² An injunction requiring the installation of a filtering system would involve monitoring all or most of the information stored by the hosting provider, in the interests of the copyright holders.¹⁰³ Moreover, that monitoring would have no limitation in time, be directed at all future infringements, and intended to protect not only existing works, but also works that have not yet been created at the time when the system is introduced.¹⁰⁴ Thus, such an injunction would result in a serious infringement of Netlogs's freedom to conduct its business as per Article 16 of the Charter of Fundamental Rights of the European Union¹⁰⁵, since it would require Netlog to install a complicated, costly, permanent computer system at its own expenses.¹⁰⁶ In addition, the effects of that injunction would not be limited to Netlog, as the filtering system might also infringe the fundamental rights of its service users – namely their right to protection of their personal data and

⁹⁹ *Ibid*, [27].

¹⁰⁰ *Ibid*, [36].

¹⁰¹ *Ibid*, [38].

¹⁰² *Ibid*, [43].

¹⁰³ *Ibid*, [45].

¹⁰⁴ *Ibid*.

¹⁰⁵ Charter of Fundamental Rights of the European Union, OJ C 364, 1-22.

¹⁰⁶ *Belgische Vereniging van Auteurs, Componisten en Uitgevers CVBA (SABAM) v Netlog NV*, *cit*, [46].

freedom to receive or impart information. Both are safeguarded as fundamental rights within Articles 8 and 11 of the Charter of Fundamental Rights, respectively.¹⁰⁷ First, such an injunction would involve the identification, systematic analysis and processing of information connected with the profiles created on the social network, that information being protected personal data because, in principle, it allows those users to be identified.¹⁰⁸ Secondly, such injunction could potentially undermine freedom of information. This is because that system might not distinguish adequately between unlawful and lawful content, with the result that its introduction could lead to the blocking of lawful communications.¹⁰⁹ Consequently, the CJEU held that, in adopting an injunction requiring a hosting service provider to install such a filtering system, a national court would contravene the requirement that a fair balance is struck between the right to intellectual property, whose protection – as the CJEU had also recalled in its judgment in *Luksan*¹¹⁰ (issued a few days before the one in *Netlog*) – is mandated within the right to property in Article 17 of the Charter of Fundamental Rights, on the one hand, and the freedom to conduct business, the right to protection of personal data and the freedom to receive or impart information, on the other.¹¹¹

The CJEU decisions in *Scarlet* and *Netlog* appear to have clarified that an injunction imposing blanket filtering on ISPs would be hardly considered compatible with EU law. However, neither decision has addressed whether specific forms of filtering could be instead accepted. An example might be the so called ‘notice-and-stay down’ system, advocated by a number of rightholders. This would require ISPs, once notified for removal, to then pursue pro-actively a ‘notice and stay down’ approach, so that when a piece of content has been notified for removal, it is not indexed again for the same site and stays removed.¹¹²

¹⁰⁷ *Ibid*, [48].

¹⁰⁸ *Ibid*, [49].

¹⁰⁹ *Ibid*, [51].

¹¹⁰ *Martin Luksan v Petrus van der Let*, C-277/10, EU:C:2012:65, [68]. For criticisms or the “*very thinly reasoned*” reliance by the CJEU on Article 17 of the Charter see J Griffiths, ‘Constitutionalising or harmonising? The Court of Justice, the rights to property and European copyright law’ (2013) 38(1) *EL Rev* 65, 76.

¹¹¹ *Belgische Vereniging van Auteurs, Componisten en Uitgevers CVBA (SABAM) v Netlog NV*, C-360/10, *cit*, [47].

¹¹² British Phonographic Industry, ‘“Urgent reform” needed to notice and takedown as removal of 200 millionth illegal search result from Google approaches’ (24 March 2016), available at <https://www.bpi.co.uk/media-centre/urgent-reform-needed-to-notice-and-takedown-as-removal-of-200-millionth-illegal-search-result-from-google-approaches.aspx>.

IV.4. Blocking injunctions

As recalled above, Recital 59 in the InfoSoc Directive provides that: “[Because] intermediaries may increasingly be used by third parties for [IPR] infringing activities ... rightholders should have the possibility of applying for an injunction against an intermediary who carries a third party’s infringement of a protected work in a network”. In particular, Article 8(3) in the same directive provides national courts with the possibility to issue an injunction against an ISP, and it also awards national courts some degree of discretion (as to what type of injunctions are available), whose services are used by a third party, to infringe copyright or related rights. Because ISPs have concrete means to control network traffic, rightholders and legislators, have focused on the extent and proportionality of measures that may be imposed onto certain ISPs. More specifically, as ISPs generally have a limited degree of knowledge about the data they transmit or store, deciding the appropriate allocation of liability between ISPs and the individual infringer may be problematic.

In *Telekabel*¹¹³ the Oberster Gerichtshof (Austrian Supreme Court) referred four questions to the CJEU. First, it sought clarification as to whether someone who makes infringing material available on a website ‘uses’ the services of an ISP whose customers seek access to that content, even though the website itself is not a customer of the ISP. Secondly, it asked if reproductions for private use and transient and incident reproductions might be permissible only if the original reproduction was lawfully reproduced, distributed or made available to the public.¹¹⁴ Thirdly, the Austrian court asked whether the fundamental rights recognised by the EU preclude a blocking injunction that does not specify the measures that should be taken to achieve the result, if the access provider can avoid coercive penalties for breach of the injunction by showing that it has taken all reasonable measures. Finally, the Austrian Supreme Court sought guidance as to whether it would be compatible with EU law to require an access provider to take specific measures to make it more difficult for its customers to access a website containing material made available unlawfully if those measures require not considerable costs and can be easily circumvented without any special technical knowledge.

¹¹³ *UPC Telekabel Wien GmbH v Constantin Film Verleih GmbH and Wega Filmproduktionsgesellschaft mbH*, C-314/12, EU:C:2014:192.

¹¹⁴ This question was also addressed in *ACI Adam BV and Others v Stichting de ThuisKopie and Stichting Onderhandeligen ThuisKopie vergoeding*, C-435/12, EU:C:2014:254.

This reference was made in the context of proceedings encompassing the unauthorised availability over the internet of certain films. It involved two film production companies (Constantin and Wega) that detected that their films were being offered for download and streaming on a website (kino.to), access to which was possible through the service provided by an access provider (UPC Telekabel). The two film production companies successfully applied for an interim injunction aimed at prohibiting UPC Telekabel from providing access to the site. The decision of the Handelsgericht Wien (Vienna Commercial Court) was however overturned by the Oberlandesgericht Wien (Vienna Higher Regional Court), that found that the order granted by the former did not state what specific measures UPC Telekabel was actually required to adopt. The Austrian Supreme Court subsequently referred the questions mentioned above to the CJEU.

In his Opinion AG Cruz Villalón stated on the one hand that an ISP may be required to block access by its customers to a website which infringes copyright. However, such court order must refer to *specific* measures that, while aimed at bringing infringements already committed to an end and also prevent news ones from occurring, achieve an appropriate balance between the opposing interests which are protected by fundamental rights.¹¹⁵ It would be incompatible with the weighing of the fundamental rights of parties to prohibit an ISP generally and without ordering specific measures from allowing its customers to access a particular website that infringes copyright, ie to adopt general filtering measures (eg *Scarlet* and *Netlog* discussed in the preceding section).¹¹⁶

The CJEU on the other hand, gave a combined answer. In relation to the first question posed by the Austrian court, it held that an ISP 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 rights within the meaning of Article 8(3) of the InfoSoc Directive.¹¹⁷ The Court then considered the third question, and observed that the conditions to be met and the procedures to be followed for the granting of injunctions are a matter of national law.¹¹⁸

¹¹⁵ Opinion of Advocate General Pedro Cruz Villalón in *UPC Telekabel Wien GmbH v Constantin Film Verleih GmbH and Wega Filmproduktionsgesellschaft mbH*, C-314/12, EU:C:2013:781, [90].

¹¹⁶ *Ibid*, [89].

¹¹⁷ *UPC Telekabel Wien GmbH v Constantin Film Verleih GmbH and Wega Filmproduktionsgesellschaft mbH*, *cit*, [40].

¹¹⁸ *Ibid*, [43].

Where several fundamental rights are at issue, the authorities and courts of the Member States must not only interpret their national law in a manner consistent with the InfoSoc Directive, but also ensure that they do not rely on an interpretation of it which would be in conflict with those fundamental rights or with the other general principles of EU law, such as the principle of proportionality.¹¹⁹ Accordingly, the Court found that an injunction such as that at issue in the main proceedings would primarily result in a conflict between i) copyright and related rights, which are intellectual property and are therefore protected under Article 17(2) of the Charter of Fundamental Rights of the European Union, ii) the freedom to conduct a business, which economic agents such as ISPs enjoy under Article 16 of the Charter, and iii) the freedom of information of internet users, whose protection is ensured by Article 11 of the Charter.¹²⁰

The CJEU pointed out that the adoption of an injunction such as that at issue in the main proceedings would restrict an ISP's freedom to conduct a business, in that it would oblige it to take unspecified measures which may represent a significant cost, have a considerable impact on the organisation of its activities or require difficult and complex technical solutions.¹²¹ However, such an injunction would not appear to infringe the very substance of the freedom of an ISP, in that: 1) it would leave its addressee free to determine the specific measures to be taken in order to achieve the result sought; and 2) such an injunction would allow its addressee to avoid liability by demonstrating that it has taken all reasonable measures.¹²² Furthermore the measures taken by the relevant ISP must not unnecessarily deprive internet users of the possibility of lawfully accessing the information available, while preventing unlawful access – or making it more difficult – to protected subject-matter.¹²³

Some commentators have suggested that the *Telekabel* decision appears to have brought national judges closer to legal certainty¹²⁴, although it may be questionable how easy it will be for an ISP to

¹¹⁹ E Rosati, 'Breaking news: CJEU says that blocking orders are OK and do not have to be specific' (27 March 2014), The IPKat, available at <http://ipkitten.blogspot.se/2014/03/breaking-news-cjeu-says-that-blocking.html>.

¹²⁰ *Ibid.*

¹²¹ *UPC Telekabel Wien GmbH v Constantin Film Verleih GmbH and Wega Filmproduktionsgesellschaft mbH*, *cit.*, [48]-[50].

¹²² *Ibid.*, [51].

¹²³ *Ibid.*, [63].

¹²⁴ G Minero, 'European Union: case note on "UPC Telekabel Wien"' (2014) 45(7) IIC 848, 851.

prove that it has taken “*all reasonable measures*”, especially if it is left to its discretion to decide what measures “*are best adapted to the resources and abilities available to him and are compatible with the other obligations and challenges which he will encounter in the exercise of his activity*”.¹²⁵ Indeed, AG Cruz Villalón in *Telekabel* also held that “*Courts must refer to specific blocking measures that may be aimed at bringing infringements already committed to an end, and also preventing new ones from occurring and achieve an appropriate balance between the opposing interests which are protected by fundamental rights*”.¹²⁶

Furthermore, ISPs would have to be careful when deciding what measures to adopt, in that they may become liable for infringing their costumers’ fundamental rights. These measures have in fact to be “*strictly targeted, in the sense that they must serve to bring an end to a third party’s infringement of copyright or a related right but without thereby affecting internet users who are using the provider’s service in order to lawfully access information. Failing that, the provider’s interference in the freedom of information of those users would be unjustified in the light of the objective pursued*”.¹²⁷

It can be also argued that even the implementation of technology-specific and fixed website-blocking injunctions can lead to a problem of over-blocking of other legitimate content. Any collateral over-blocking of lawful content would render such initiatives *prima facie* disproportionate. To overcome this difficulty, user involvement may be a solution, as is apparent from instances like *Cartier*.¹²⁸ In that case the High Court of England and Wales considered that this could be among safeguards against possible abuses of blocking injunctions. In particular Arnold J accepted the submission of the Open Rights Group about the information to be included on landing pages and a ‘sunset clause’.

¹²⁵ *UPC Telekabel Wien GmbH v Constantin Film Verleih GmbH and Wega Filmproduktionsgesellschaft mbH*, *cit.*, [52].

¹²⁶ *Ibid.*, [109].

¹²⁷ *Ibid.*

¹²⁸ *Cartier and Others v BskyB and Others*, *cit.*

Overall, as things currently stand it may be difficult for ISPs to find solutions that, while effective (eg URL blocking, but not really domain name blocking) would not be excessively costly to them (eg, again, URL blocking) or result in overblocking (eg IP address blocking).¹²⁹ Put it otherwise:

“According to the [CJEU], the right solution is the one that keeps everybody happy, while the hot potato of how this might be achieved is tossed to the intermediaries. Internet access providers must thus make sure that both rightholders and users are served the whole of the same cake, with no real guidance as to what measures might achieve that effect.”¹³⁰

Conclusion

Although the EU attempted to harmonise substantive law in the area of online IP enforcement, the preceding discussion has highlighted that ambiguities have arisen in respect, first, of definitions of the very subjects mentioned in relevant legislative provisions. With dialogue on online IP enforcement progressively moving towards the involvement of further providers, eg payment providers, these ambiguities may become increasingly difficult to overcome.

Secondly, relevant provisions – notably Article 8(3) of the InfoSoc Directive – have left Member States with a significant margin of appreciation. This, on the one hand and as it will be discussed more at length in the next chapter, has resulted in diverging national implementations and their judicial applications. On the other hand, the CJEU has been called to interpret relevant EU provisions and, while providing guidance in certain cases, eg in relation to preventative measures under Article 11 of the Enforcement Directive, in other cases its interpretation has been arguably inconclusive (eg with regard to filtering) or hardly capable of receiving satisfactory practical applications (eg with regard to blocking injunctions).

¹²⁹ J Hörnle, ‘On whose side does the internet access provider stand? Blocking injunctions against communication service providers. Case C-314/12, *UPC Telekabel Wien GmbH v Constantin Film*’ (2014) 19(3) Comms L 99, 100. In a similar sense, see J Smith – A Moir – R Montagnon, ‘ISPs and blocking injunctions: *UPC Telekabel Wien GmbH v Constantin Film Verleih GmbH and and Wega Filmproduktionsgesellschaft mbH* (C-314/12)’ (2014) 36(7) EIPR 470, 474.

¹³⁰ Angelopoulos, ‘Are blocking injunctions’, *cit*, 818.

Chapter 2

ISP liability in national solutions

Introduction

The preceding chapter has provided an overview of the relevant EU legislative framework for ISPs, with regard to both the applicable liability regime and the types of injunctions that can be sought against these subjects. More specifically, it has engaged in a discussion of Article 11 of the Enforcement Directive and Article 8(3) of the InfoSoc Directive, and their interpretation and application at the CJEU level. This chapter illustrates relevant national approaches to online enforcement in the area of copyright and trade marks.

As regards the former, first consideration will be devoted to highlighting how Article 8(3) of the InfoSoc Directive has been implemented differently by Member States, and that also Member States that have opted for the inclusion of a knowledge requirement have adopted different understandings of what ‘knowledge’ (of third-party infringements by an intermediary) entails. To this end, the approaches of courts in Sweden and the UK will be used as a case study. Secondly, this chapter will highlight how injunctions pursuant to Article 8(3) of the InfoSoc Directive may not be issued solely by courts but that in some Member States, eg Italy, also administrative authorities have been vested with such power.

Turning to trade marks, attention will be devoted to answering the particular question of whether blocking injunctions may be also sought in this area, even lacking express national provisions that have specifically transposed the content of Article 11 of the Enforcement Directive into national law. The answer, at least in the UK and for the time being, appears to be in the affirmative.

This chapter is structured as follows: the first part examines ISP liability in the area of copyright. Specific attention will be devoted to the interpretation in Sweden and the UK of the knowledge requirement. Still in the area of copyright, the second part reviews administrative enforcement

models, as is currently the case in Italy. The third part examines online trade mark enforcement and the remedies available in the UK, in particular blocking injunctions against ISPs as interpreted and applied in *Cartier*.¹³¹ The fourth part engages in a discussion of some key aspects that appear to emerge from national regimes, including efficacy and proportionality of injunctions. Finally, this chapter questions whether, in light of the approaches adopted at the Member State level, it is really possible to speak of a harmonised enforcement regime across the EU.

I. ISPs and copyright: national approaches

Article 8(3) of the InfoSoc Directive mandates upon Member States to “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.” This provision has been implemented differently in EU Member States, and some of them – in their respective transpositions – have envisaged a knowledge requirement that must be met for an injunction to be available against an ISP.

In Swedish law, for instance, §53B of the Copyright on Literary and Artistic Works Act (1960:729) (the Swedish Copyright Act) states that: “at the request of the author or his or her legal successor or the person because of tenure have the right to exploit the work, the court may under penalty, prohibit the taking or participating in an action involving infringement or a violation referred to in § 53 to continue with the action”. In an (only) apparently similar fashion, s97A of the UK Copyright, Designs and Patents Act 1988 (CDPA) states that “[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”. The similarities between these two Member States’ laws end here though: as the discussion below highlights, courts in these countries have interpreted the ‘knowledge’ requirement in the respective provisions differently.

¹³¹ *Cartier International and Others v BSKyB and Others*, *cit.*

I.1. The Swedish approach

In a recent judgment, T15142 – 14 (*Bredbandsbolaget v The Pirate Bay*)¹³², the Stockholm District Court rejected an application for an injunction against Swedish internet access provider ‘Bredbandsbolaget’ (B2) to block access to torrent sites The Pirate Bay and Swefilmer.¹³³ The Pirate Bay contains works protected by copyright and allows users to upload and make those works available, without the rightholders’ consent. This was also the case with Swefilmer, which was shut down in July 2015.

The claimants in this case (including Universal Music, Sony Music Entertainment, Warner Music, Nordisk Film) brought an action against B2 claiming that the latter, by providing internet connection to its own customers (and so enabling access to The Pirate Bay and Swefilmer) was aiding and abetting (objectively) infringements of their copyrights. The rightholders thus requested the District Court, in accordance with §53B (first sentence thereof) of the Swedish Copyright Act to order B2 to block access to these websites. B2’s defence was in essence that it had no role in third party-infringements, and – as such – did not aid and abet any infringements.

Having held that without doubt the websites at hand, ie The Pirate bay and Swefilmer, would favour the unlawful availability and transmission of copyright works, the court considered whether an injunction could be issued against B2. More specifically, to this end what needed to be determined was whether B2 could be regarded as having aided and abetted such infringements. The court first addressed whether B2 had knowledge of third party-infringements, and concluded that, although a definite determination was not possible, B2 might have expected that some users would use its service to infringe copyright and/or access infringing content. The court then considered Swedish implementation of Article 8(3) of the InfoSoc Directive. It noted how this Member State decided not to use the same language of Article 8(3) but rather phrase §53 in the sense of allowing injunctions to be granted against those who commit copyright infringements and those who aid and abet such infringements. The latter, according to the court, should be intended in the same sense as any other criminal offence: what needs to be demonstrated is that the defendant did so through

¹³² Stockholm District Court, T15142-14 (27 November 2015).

¹³³ N Malovic, ‘Stockholm District Court refuses to issue blocking injunction against access provider’ (4 March 2016) The IPKat, available at <http://ipkitten.blogspot.co.uk/2016/03/stockholm-district-court-refuses-to.html>.

action or other active conduct. As such, to obtain an injunction against an online intermediary it is not sufficient that this merely provides access to the internet without also providing some sort of direct assistance to the primary infringers.

At the time of implementing the InfoSoc Directive, to comply with Recital 59 and Article 8(3) of the InfoSoc Directive, the Swedish Government did not deem it necessary to prescribe the availability of injunctions independently from a subjective element requirement. This is because the national provisions in force at that time already provided the opportunity to direct a prohibition on penalty of a fine against ISPs.

The court rejected the applicants' submission that Swedish law is incompatible with EU law, and also dismissed that the CJEU decision in *Telekabel*¹³⁴ could have any relevance in the present case. Overall nothing in Article 8(3) prevents Member States from imposing additional conditions for injunctions to be granted. This said, the Court nonetheless conceded that the conditions under Swedish law must not be interpreted in such a way that the real possibility for rightholders to obtain an injunction becomes merely illusory.

The decision of the Stockholm District Court has been appealed, and debate has ensued on whether and to what extent site blocking is allowed under Swedish IP law. Recently, also the Swedish national coordinator for IP crime, Paul Pintér, has called for a change in the law to allow site blocking (and also domain seizure) during the phase of preliminary investigations in copyright and trade mark infringement cases. In his memorandum to Swedish Government, Pintér suggested to undertake a number of reforms to: allow seizure and confiscation of intangible assets, eg a domain name, during the course of an investigation; introduce a felony in both copyright and trade mark laws to define more clearly relevant criminal provisions; block sites that infringe copyright or trade mark laws.¹³⁵

¹³⁴ *UPC Telekabel Wien GmbH v Constantin Film Verleih GmbH and Wega Filmproduktionsgesellschaft mbH*, C-314/12, *cit.*

¹³⁵ S Campanello, 'Polisens piratjägare: blockera Pirate Bay och andra piratsajter' (29 April 2016) IDG.se, available at <http://www.idg.se/2.1085/1.657089/polisen-blockera-pirate-bay>.

I.2. The UK approach

Following the landmark *decision of the House of Lords in Amstrad*¹³⁶, in his 2010 decision in *Twentieth Century Fox Film Corporation and others v Newzbin Limited (Newzbin I)*¹³⁷ Kitchin J (as he then was) clarified the extent to which intermediaries can be held liable for third-party copyright infringements under UK law.¹³⁸

The claimants were six well-known makers and distributors of films. The defendant was a website (Newzbin) facilitating the use of and access to content on Usenet, a worldwide distributed internet discussion forum. According to the claimants, Newzbin's business was focused on piracy, in that it located and categorised unlawful copies of films and then (i) displayed the titles of these copies in its indices, (ii) provided a facility for its users to search for particular unlawful copies, (iii) displayed their search results, and (iv) provided a sample one-click mechanism for users to acquire the unlawful copies of their choice.

The defendant company argued that the Newzbin website was simply a search engine but that it was directed to Usenet rather than to the World Wide Web. It also argued that it was “*content agnostic*”¹³⁹, being designed to index the entire content of Usenet. Where possible, it provided hyperlinks so that any supply of unlawful material was an act occurring exclusively between the hyperlink user and the relevant Usenet server operators, but that it played no part in any such activity.

Kitchin J concluded on the evidence submitted to the Court that Newzbin clearly knew that its facility was used mainly by its members for the unauthorised downloading of infringing copies of the claimant's films. Kitchin J then went on to address the claims that Newzbin: (i) was authorising acts of infringement by its members; (ii) procuring, encouraging and entering into a common design with its members to infringe; (iii) communicating the claimants' copyright works to the public,

¹³⁶ *CBS Songs Ltd v Amstrad Consumer Electronics Plc* [1988] AC 1013 HL.

¹³⁷ *Twentieth Century Fox Film Corporation and others v Newzbin Limited* [2010] EWHC 608 (Ch).

¹³⁸ In light of the *Amstrad* decision, some commentators have indeed argued that the *Newzbin I* decision did not bring about significant changes into UK law: see R Hocking, 'Secondary liability in copyright infringement: still no Newz?' (2012) 23(4) Ent L Rev 83, 87.

¹³⁹ J Phillips, 'Son of Newzbin: another victory for the film-makers' (28 July 2011), The IPKat, available at <http://ipkitten.blogspot.co.uk/2011/07/son-of-newzbin-another-victory-for-film.html>.

namely the defendant's members; (iv) was a service provider with actual knowledge of other persons using its service to infringe copyright, in respect of which the claimants could seek and obtain an injunction pursuant to s97A CDPA.¹⁴⁰ The judge concluded that since Newzbin's premium members downloaded the claimants' films from a place and at a time individually chosen by them, and since its members considered Newzbin to be making the films available to them, Newzbin was liable for infringing – both as primary and secondary infringer – the claimant's copyrights.¹⁴¹

According to a commentator, on the particular facts of this case, Kitchin J “*was fortunate to be able to find that the defendants had “authorised” the primary infringements in question, but it is clear that this escape route will not always be available.*”¹⁴² In this sense, UK law could provide narrower protection than the one available in other legal systems.

Kitchin J refused however to grant a blocking injunction against the defendants, in that such measure would not be appropriate for a number of reasons, including that:

- The claimants were seeking an injunction to restrain activities in relation content in respect of which they owned no rights and about which he had heard little or no evidence;
- The defendant did not really have actual knowledge of other persons using its service to infringe all such rights;
- The rights of all other rights holders were wholly undefined and consequently the scope of the injunction would be very uncertain.¹⁴³

¹⁴⁰ *Twentieth Century Fox Film Corporation and others v Newzbin Limited, cit*, [85] – [124].

¹⁴¹ *Ibid*, [125].

¹⁴² PS Davies, 'Accessory liability: protecting intellectual property rights' (2011) 4 IPQ 390, 403.

¹⁴³ *Twentieth Century Fox Film Corporation and others v Newzbin Limited, cit*, [135].

Kitichin J concluded that the scope of any injunction under section 97A(2) CDPA should have extended no further than that to restrain the defendant from infringing the claimants' copyrights in relation to their own repertoire of films.¹⁴⁴

A blocking injunction was instead granted by Arnold J in 2011 in *Twentieth Century Fox and Others v British Telecommunications Plc*¹⁴⁵ (*Newzbin II*). In this new case the defendant was an access provider (British Telecommunications, BT) which potentially allowed its customers to access the recently resurrected Newzbin website. This – as discussed above – facilitated the use of and access to content on Usenet. Following the injunction issued in *Newzbin I*, the original company ceased to trade, but a virtually identical website, Newzbin II, had begun business shortly afterwards.

Arnold J held that he had jurisdiction to grant an injunction pursuant to s97A CDPA. BT accepted that it was a 'service provider' within the meaning of the provision, but disputed that the other requirements in s97A CDPA were also satisfied. However Arnold J rejected this argument and found instead that each and every requirement had been met. First, BT's service had been used to infringe copyright.¹⁴⁶ This was found to be true both on the side of end users and the operators of the site: the end users, in downloading illegal film copies, and using BT's service to infringe copyright, and the operators of the website who used BT's services to infringe copyright in these films.¹⁴⁷ Secondly, BT had actual knowledge that its service was used to infringe.¹⁴⁸ This knowledge requirement does not stipulate that BT had to have knowledge of every single individual infringement. This is rather to enable – pursuant to Recital 59 in the InfoSoc Directive – the issuing of an injunction against the subject best placed to bring the infringing activities to an end, namely the service provider.¹⁴⁹ Proof of actual knowledge of a specific infringement is thus not required.

This said, the second issue was what scope injunction sought should have, including whether it should be only limited to the particular infringements of which the service provider had

¹⁴⁴ *Ibid.*

¹⁴⁵ *Twentieth Century Fox and others v British Telecommunications plc, cit.*

¹⁴⁶ *Ibid.*, [99]-[113].

¹⁴⁷ *Ibid.*, [113].

¹⁴⁸ *Ibid.*, [114]-[158].

¹⁴⁹ *Ibid.*, [149].

knowledge.¹⁵⁰ After the hearing of *Newzbin II*, but before judgment was handed down, the CJEU issued its decision in *L'Oréal*.¹⁵¹ This indicated that a court is not limited in preventing the continuance of known infringements but could include measures which contribute to preventing further infringements of the same kind.¹⁵² As such, the broader injunction sought in *Newzbin II* could be granted.¹⁵³

Overall, Arnold J considered that the effectiveness of website blocking would mainly result from the circumstance that users demanding unlawful services would be facing higher transaction costs¹⁵⁴:

“If, in addition to paying for (a) a Usenet service and (b) Newzbin2, the users have to pay for (c) an additional service for circumvention purposes, then the cost differential between using [an unlawful service] and using a lawful service ... will narrow still further. This is particularly true for less active users. The smaller the cost differential, the more likely it is that at least some users will be prepared to pay a little extra to obtain material from a legitimate service.”¹⁵⁵

The approach indicated by Arnold J in *Newzbin II* has been followed in a number of subsequent cases, including – amongst others - *FAPL v Sky*¹⁵⁶ (*FAPL*), *Paramount v Sky*¹⁵⁷ (*Paramount*), and *Twentieth Century Fox v Sky*¹⁵⁸ (*Popcorn Time*).

In *FAPL* Arnold J considered whether to grant a blocking order pursuant to s97A CDPA to block access to a streaming site that operated as an indexing and aggregation portal for broadcasts of sporting events. Arnold J granted the application and held that FAPL's interest in enforcing its copyright outweighed the right of the site's users, who could obtain the copyright works from lawful

¹⁵⁰ *Ibid*, [150].

¹⁵¹ *L'Oréal (UK) Limited v eBay International AG*, *cit*.

¹⁵² *Ibid*, [127].

¹⁵³ *Twentieth Century Fox and others v British Telecommunications plc*, *cit*, [157].

¹⁵⁴ Husovec, 'Injunctions against innocent third parties', *cit*, 121.

¹⁵⁵ *Twentieth Century Fox and others v British Telecommunications plc*, *cit*, [196].

¹⁵⁶ *The Football Association Premier League Limited v British Sky Broadcasting Limited and Others* [2013] EWHC 2058 (Ch).

¹⁵⁷ *Paramount Home Entertainment Home International Limited and Others v British Sky Broadcasting Limited and Others* [2014] EWHC 937 (Ch).

¹⁵⁸ *Twentieth Century Fox Film Corporation and Others v Sky UK Limited and Others* [2015] EWHC 1082 (Ch).

sources.¹⁵⁹ They even more clearly outweighed the freedom of expression rights of the site operators, who were profiting from infringement on a large scale.¹⁶⁰ Furthermore, the fact that website operators profited from infringement on an industrial scale justified proportionality of blocking order sought.¹⁶¹

In another application for an order ex s 97A CDPA (*Paramount*), Henderson J ruled that the operators of the target websites had infringed copyright by intervening in a highly material way to make the copyright works available to a new audience.¹⁶² He also reasoned that the 2014 CJEU decision in *Svensson*¹⁶³ had established more clearly than previous authority had done that the mere provision of access by means of a hyperlink will normally amount to a communication within the meaning of Article 3(1) of the InfoSoc Directive.¹⁶⁴

Finally, in *Popcorn Time* Birss J considered whether to grant another s 97A CDPA application in favour of members of the Motion Picture Association of America in respect of nine different websites with the objective of restraining alleged large-scale copyright infringement in films and television programmes. In doing so the judge reviewed the approach of UK courts to blocking orders within s 97A CDPA.¹⁶⁵ He held that in order for a court to be able to issue an order pursuant to s97A CDPA, there are four matters that need to be established: (1) that the ISPs are service providers; (2) that the users and/or operators of the target websites infringe copyright; (3) that users and/or the operators of the target websites use the services of the ISPs to do that; and (4) that the ISPs have actual knowledge of this.¹⁶⁶ In this case, the operators of the target websites (part of the Popcorn Time system) used the services of the ISPs to infringe. The Popcorn Time operators were

¹⁵⁹ *The Football Association Premier League Limited v British Sky Broadcasting Limited and Others*, *cit*, [59].

¹⁶⁰ *Ibid*.

¹⁶¹ *Ibid*.

¹⁶² *Paramount Home Entertainment Home International Limited and Others v British Sky Broadcasting Limited and Others*, *cit*, [35].

¹⁶³ *Nils Svensson and Others v Retriever Sverige AB*, C-466/12, EU:C:2014:76.

¹⁶⁴ *Paramount Home Entertainment Home International Limited and Others v British Sky Broadcasting Limited and Others*, *cit*, [32].

¹⁶⁵ According to some commentators, this case would be also relevant in the sense of proposing a different interpretation of what amounts to communication to the public. Contrary to the CJEU decision in *Svensson* (paragraph 19), in which it was held that it is sufficient for a work to be made available to access for that work to fall within the scope of Article 3(1) of the InfoSoc Directive, here Birss J referred to the need of a 'transmission': *see* E Rosati, 'High Court issues blocking order against Popcorn Time' (2015) 10(8) *JIPLP* 585.

¹⁶⁶ *Twentieth Century Fox Film Corporation and Others v Sky UK Limited and Others*, *cit*, [25].

jointly liable with the operators of the host websites for the infringing communications to end users of Popcorn Time.¹⁶⁷

I.3. Administrative enforcement models: the case of Italy

The preceding discussion has focused on the provision of a knowledge requirement in countries for which the issuing of injunctions falls however within the remit of courts. Article 8(3) of the InfoSoc Directive is silent as regards what authority should be competent to issue injunctions, and at Member State level this has resulted in diverging interpretations and approaches. Italy is for instance an example of a Member State in which courts have competence to issue injunctions, whether interim¹⁶⁸ or final.¹⁶⁹ However recently the judicial route has become one of the alternatives available to rightholders, as it is also possible to seek an injunction from a non-judicial, ie administrative, authority.

In 2013 the Italian Communication Authority (Autorità per le Garanzie nelle Comunicazioni, AGCOM) issued its Regulation on online copyright enforcement.¹⁷⁰ By adopting the Regulation, AGCOM set a very important precedent for Italy and the EU alike.¹⁷¹ This was the first time in Italy that an administrative authority such as AGCOM had vested itself with powers to grant injunctions that have traditionally fallen within the competence of Italian courts.

The Regulation provides for two different tracks: a ‘regular’ one (which may last up to 35 working days)¹⁷², and an ‘expedite’ one to be pursued in case of massive infringements and lasts up to 12 working days.¹⁷³ Furthermore, the Regulation provides for two sets of sanctions, which depend on

¹⁶⁷ *Ibid*, [55]-[56].

¹⁶⁸ Article 700 of Codice di Procedura Civile, coordinated text updated further to DL 27 June 2015, No 83, converted, with amendments, by legge 6 August 2015, No 132 and, after that, legge 28 December 2015, No 221.

¹⁶⁹ *Ibid*, Article 282.

¹⁷⁰ Regolamento in materia di tutela del diritto d'autore sulle reti di comunicazione elettronica e procedure attuative ai sensi del Decreto Legislativo 9 aprile 2003, n 70, Allegato A alla Delibera n 680/13/CONS del 12 dicembre 2013.

¹⁷¹ A Bellan – E Rosati, ‘Super- Breaking News: EU Commission had several serious doubts about Italian Communication Authority’s Online Copyright Enforcement Regulation compatibility with fundamental rights and EU law’ (15 January 2014), The IPKat, available at <http://ipkitten.blogspot.se/2014/01/super-breaking-news-eu-commission-had.html>.

¹⁷² Regolamento in materia di tutela del diritto d'autore sulle reti di comunicazione elettronica e procedure attuative ai sensi del Decreto Legislativo 9 aprile 2003, n 70, *cit*, Articles 6-8.

¹⁷³ *Ibid*, Article 9.

the location of the server hosting the allegedly infringing content. If the server is located in Italy, the procedure may end either with an order of selective takedown to the Italian hosting provider or with a blocking order of the entire website issued towards the Italian access providers in the case of massive infringements.¹⁷⁴ For websites hosted outside Italy, the only measure available is to block the entire website.¹⁷⁵

In its decision (41/14/CSP) on 23 April 2014¹⁷⁶, AGCOM addressed the case of a US hosting provider, using a server located in The Netherlands, while the registrar of the domain name was established in Panama. AGCOM found that more than 90% of accesses to the website (www.cineblog-01.net) were from Italy, and the language of the website appeared to be Italian.¹⁷⁷ On 7 and 14 April 2014, FAPAV (the Italian Federation for the Protection of Audio-visual and Multimedia Contents, representing BIM Distribuzione Srl, Eagle Pictures Spa, Filmauro Srl, Lucky Red Srl, and Notorious Pictures Spa) and Inthelfilm srl filed two distinct complaints with AGCOM, claiming copyright infringement in eleven movies unlawfully hosted on that website. AGCOM considered the making available of eleven works was sufficient for this to be considered a massive infringement and allowed the rightholders to pursue the expedite route.¹⁷⁸ After joining the two claims in a single procedure, AGCOM verified the ownership of the claimed copyright, the actual availability of the eleven protected works on www.cineblog-01.net, and concluded that no copyright limitation could apply. Therefore, on 15 April 2014 AGCOM sent the website managers a notice reproducing the claimants' request and the URLs where the infringing works were located, asking them to take them down or to appear in the proceedings within three days. A public notice was also published on AGCOM's website to warn Italian access providers of the pending procedure and allow them to file observations.¹⁷⁹ Three working days passed without reaction from the website managers or from the access providers and AGCOM ordered the providers operating into the

¹⁷⁴ *Ibid*, Article 8(3).

¹⁷⁵ *Ibid*, Article 8(4).

¹⁷⁶ Autorità per le Garanzie nelle Comunicazioni, Delibera No 41/14/CSP - Provvedimento ai sensi degli articoli 8, commi 2 e 4, e 9, comma 1, lett. d), del Regolamento in materia di tutela del diritto d'autore sulle reti di comunicazione elettronica e procedure attuative ai sensi del decreto legislativo 9 aprile 2003, n. 70, di cui alla delibera n. 680/13/CONS (Proc. n. 02/DDA/FP), 23 April 2014.

¹⁷⁷ A Bellan, 'Breaking News: AGCOM issues the first fastissimo administrative blocking injunction' (24 April 2014), The IPKat, available at <http://ipkitten.blogspot.se/2014/04/breaking-news-agcom-issues-first.html>.

¹⁷⁸ *Ibid*.

¹⁷⁹ *Ibid*.

Italian territory to disable access to the website. The communication also pointed out that, in case of non-compliance within three days from its service, AGCOM could fine the *mere conduits* amounts between €10,000 and €258,000, and forward the procedure to the Italian Judiciary Police.¹⁸⁰

II. ISPs and trade marks: the case of missed national implementations

Besides issues arisen in respect of the interpretation of relevant elements of legislative provisions, eg a knowledge requirement, and the possibility to vest non-judicial authorities with the power to issue injunctions, another problem may be when a certain Member State has not taken any specific steps to implement expressly a certain EU law provision into its own national law. This is indeed what has happened in the UK, where the legislature did not give express implementation to Article 11 of the Enforcement Directive. In particular, the question arisen before the High Court of England and Wales in 2014 was whether – even lacking a specific provision in UK trade mark law – rightholders could seek and obtain an injunction against ISPs (more specifically: access providers) to block access to websites where goods allegedly infringing their trade marks were available for sale.

On 17 October 2014 Arnold J handed down his decision in *Cartier*¹⁸¹, holding that trade mark holders may be granted blocking injunctions against ISPs. As the law in the UK stands today, blocking injunctions pursuant to s97A CDPA are well established in relation to online content which infringes copyright; however the judgment in *Cartier* paves the way for a similar regime in respect of online trade mark infringement, notwithstanding the absence of a comparable statutory provision. The claimants in this case were all companies within the Richemont Group and owned well-known luxury brands and registered trade marks. The defendants were five ISPs (access providers) that together had a market share of approximately 95% of UK broadband users. The claimants applied for injunctions against the defendants requiring them to impede access to a number of websites which advertised and sold counterfeit goods under the claimants' trade marks.

Absent an express provision along the lines of s97A CDPA, Arnold J reviewed the High Court's general power to grant injunctions as recognised by s 37(1) Senior Courts Act (SCA) 1981 and held

¹⁸⁰ *Ibid.*

¹⁸¹ *Cartier International and Others v BSKyB and Others* [2014] EWHC 3354 (Ch).

that, on a purely domestic interpretation of this section, the Court would have jurisdiction to make the order sought.¹⁸² In the alternative, Arnold J also considered the correct interpretation of s37(1) SCA 1981 in light of Article 11 of the Enforcement Directive which requires Member States to “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, without prejudice to Article 8 of the [InfoSoc Directive].”

As mentioned above, Article 8(3) of the InfoSoc Directive was implemented by means of s97A CDPA 1988. However the UK took no steps to implement the provision in Article 11 of the Enforcement Directive, which applies to IP rights other than copyright. At the time of implementing the Enforcement Directive into UK law, UK Government held the view that no specific implementation of Article 11 was needed, because s37(1) SCA 1981 already allowed the High Court by order (whether interlocutory or final) to grant an injunction in all cases in which it appears to be just and convenient to do so. Arnold J considered that, even if the High Court would not have power to grant a website blocking injunction in a trade mark case upon a purely domestic interpretation of s37(1), this can and should be interpreted in compliance with the third sentence of Article 11 by virtue of the *Marleasing*¹⁸³ principle¹⁸⁴, ie the obligation to interpret national law in conformity with EU directives.¹⁸⁵ On this ground Arnold J concluded that he had the power to grant the injunction sought by the claimants, in accordance with the Enforcement Directive.¹⁸⁶

Arnold J considered the conditions which need to be satisfied for the Court to make such an order and held that they were effectively the same as those for blocking injunctions against copyright holders under s97A CDPA 1988, namely that:

- i) the ISPs must be an intermediary;
- ii) the users and/or operators of the website must be infringing the claimant's trade marks;
- iii) the users and/or operators must use the ISPs' services to do that; and

¹⁸² *Ibid*, [111].

¹⁸³ *Marleasing SA v La Comercial Internacional de Alimentacion SA*, C-106/89, EU:C:1990:395.

¹⁸⁴ *Cartier International and Others v BSKyB and Others* [2014], *cit*, [132].

¹⁸⁵ P Craig – G de Búrca, *EU law. Text, cases and materials* (OUP:2015), 6th edn, 209 ff.

¹⁸⁶ *Cartier International and Others v BSKyB and Others* [2014], *cit*, [138].

iv) the ISP must have actual knowledge of this.¹⁸⁷

In addition to the order sought, the relief must: be necessary; be effective; be dissuasive; not to be unnecessary or costly; avoid posing barriers to legitimate trade; be fair and equitable and strike a 'fair balance' between the applicable fundamental rights; and be proportionate.¹⁸⁸

By considering each and every of these factors Arnold J concluded that a blocking order should be issued in favour of the claimants.¹⁸⁹ In particular, the judge noted that the claimants had a legitimate interest in curtailing trade mark infringement and that there was also a public interest in preventing further trade mark infringement, especially where counterfeit goods were involved.¹⁹⁰ Upon considering expert evidence on the efficacy of blocking measures implemented pursuant to s97A CDPA the judge held that they had been reasonably effective in reducing access to the websites targeted by them.¹⁹¹

Consideration was given to other measures available to the claimants, including takedown notices to hosts of the websites (as opposed to blocking injunctions). However, Arnold J concluded that there were no real alternative measures that would be as effective as a blocking order.¹⁹² A particular shortcoming considered in relation to blocking injunctions was that ISPs would be subject to additional operating costs. In Arnold J's view, however, this would not be really the case as ISPs today have the requisite technology and technical capacity to implement the orders; far more so than when such orders were first made under s97A CDPA.¹⁹³

In relation to proportionality, a particular advantage is that ISPs can react to attempts by operators to circumvent site blocking in a way that is not possible with other enforcement options. For example, where a site operator seeks to elude an enforcement action by adopting an alternative

¹⁸⁷ *Ibid*, [139]-[157].

¹⁸⁸ *Ibid*, [158] – [184].

¹⁸⁹ *Ibid*, [194].

¹⁹⁰ *Ibid*.

¹⁹¹ *Ibid*, [236].

¹⁹² *Ibid*, [237].

¹⁹³ *Ibid*, [195].

domain, the ISPs can be notified almost immediately and redirect their technical process to the new domain. This in turn provides for a reactive and on-going rights protection strategy. In *Cartier* the clear benefit of securing a site blocking order was held to outweigh the burden on ISPs in implementing and maintain the technical measures to secure the site blocking. Accordingly, it was justified that the blocking orders strike a fair balance between the respective rights that are engaged and the efficacy of the blocking measure.¹⁹⁴

On balance, the court therefore granted the order sought but with two modifications; (i) a requirement that the notice on the blocked page should identify the party who applied for it to be blocked; and (ii) the orders should contain a “*sunset clause*” such that they would be reviewed at the expiry of a defined period (two years).¹⁹⁵

The decision in *Cartier* has been appealed and the hearing took place on 13 and 14 April 2016. Since that judgment there has been another application for a website blocking – *Cartier International and Others v BskyB and Others (Cartier II)*¹⁹⁶ – in which the claimants and defendants were the same of those in *Cartier* (or *Cartier I*) – owners of registered trade marks (*Cartier* for watches and *Montblanc* for pens) and five major access providers in the UK.

In *Cartier II* His Honour Judge (HHJ) Hacon considered it correct to apply all the principles set in *Cartier I* and deemed that all conditions were also met in the present case, and thus granted the injunction sought by the claimants. In particular, HHJ Hacon confirmed that “*there is no requirement for the claimant to show that blocking access to the targets websites in issue is likely to reduce the overall infringement of his trade marks*”.¹⁹⁷ This would imply that as long one meets the requirements needed to issue a blocking order (without needing to show the actual efficacy of the blocking order) the injunction would be issued. In turn, this means that the kind of assessment deployed by the Courts is more a formal one, rather than a substantial one.

¹⁹⁴ *Ibid*, [253].

¹⁹⁵ *Ibid*, [262]-[266].

¹⁹⁶ *Cartier International and Others v BskyB and Others* [2016] EWHC 339 (Ch) (*Cartier II*).

¹⁹⁷ *Ibid*, [64].

It is apparent from the decision in *Cartier* (as also confirmed in *Cartier II*) that trade mark owners seeking to limit the online sale of counterfeit goods can avail themselves with the possibility of seeking a blocking injunction against ISPs. In particular, Arnold J's remarks about the effectiveness, alternative measures, and the proportionality of imposing blocking injunctions may well encourage rightholders to seek them, in lieu of alternatives like seeking payment freezing, submitting take down requests or applying for domain name seizures (where applicable).

III. Is there really a harmonised IPR enforcement framework?

The online IPR enforcement framework has been extensively harmonised at the EU level, including with regard to the role and liabilities of online intermediaries and the remedies that rightholders can seek and obtain against them.

As regards intermediary responsibility, on the one hand the liability exemptions in Articles 12 to 14 of the Ecommerce Directive (as previously discussed *sub* Chapter 1) for online intermediaries providers is based on their neutrality and passivity, and the technical nature of the of the information transmitted or stored. Thus, the lack of knowledge and control over the transmitted information is what makes intermediaries' harbours 'safe'. On the other hand, such harbours remain 'safe' as long as intermediaries become aware of illegal activities or facts or circumstances from which illegality is apparent. Upon obtaining such awareness, providers need to act expeditiously to remove or disable access to that content.

With particular regard to the topic of injunctions, the apparent harmonising effort of the EU legislature has resulted in diverging approaches at the national level. Despite the lack of a knowledge requirement in Article 8(3) of the InfoSoc Directive, some Member States have nonetheless decided to introduce it into their own national laws. On the one hand, the Swedish experience shows how injunctions would not be available against innocent subjects that have not aided and abetted third-party infringements. On the other hand, in the UK 'knowledge' within s97A CDPA has been interpreted in a manner that cannot be farther away than the Swedish understanding of 'knowledge'. The landmark judgment in *Newzbin II* makes this clear. In that case Arnold J considered that it is not required that an intermediary has actual knowledge of every single infringement for an injunction to be granted against it.

In *L'Oréal*¹⁹⁸ AG Jääskinen stated that “*the requirement of actual knowledge seems to exclude construed knowledge*”¹⁹⁹, such that the mere suspicion of illegal activity is not the same as ‘actual knowledge’ of it. But defining the standards of knowledge or awareness sufficient to trigger liability, as well as how such knowledge is acquired, are not straightforward processes. This is because ‘actual knowledge’ or ‘awareness’ of facts or circumstances from which the illegal activity or information is apparent’ are not notions defined by the Ecommerce Directive. Some authors have questioned if the two notions are actually the same, but it appears more appropriate to conceptualise actual knowledge and awareness as different levels of duty of care.²⁰⁰ Indeed, the simple fact that the Ecommerce Directive uses both expressions instead of relying on a single standard is an indication that these notions are not synonymous with each other. Overall this uncertainty has also contributed to different approaches being adopted at the national legislative and judicial levels, thus questioning the very idea of a harmonised enforcement framework.

In addition to diverging interpretations of what knowledge entails, administrative authorities such as AGCOM in Italy, have vested themselves with powers to grant injunctions, which traditionally have fallen within the competence of national courts. AGCOM’s actual competence to adopt its own Regulation has been questioned. An Italian administrative court (TAR Lazio) has recently sought guidance from the Italian Constitutional Court as regards the legitimacy of AGCOM Regulation.²⁰¹ In its 2015 judgment the latter conceded that there is no express provision under Italian law that would authorise AGCOM to adopt its own Regulation. However, the Court declared that the questions that TAR Lazio had referred were non-admissible. This was because the latter had not specified the type of judgment sought and this prevented a decision on the merits of the case.²⁰²

¹⁹⁸ *L'Oréal SA, Lancôme parfums et beauté & Cie, Laboratoire Garnier & Cie, L'Oréal (UK) Limited v eBay International AG, eBay Europe SARL and eBay (UK) Limited, Cit.*

¹⁹⁹ *Ibid*, [163].

²⁰⁰ C Riefa, ‘Consumer Protection and Online Auction Platforms: Towards a Safer Legal Framework (Routledge:2015), 206.

²⁰¹ A Bellan, ‘Are blocking injunctions unconstitutional?’ (26 September 2014), The 1709 Blog, available at <http://the1709blog.blogspot.se/2014/09/are-blocking-injunctions.html>.

²⁰² Corte Costituzionale, Sentenza No 247, 21 October 2015.

Overall, the preceding discussion has highlighted that, despite the presence of an apparent common ground at the EU level, diverging approaches have been adopted at the national level. This, together with practical issues concerning the actual efficacy of remedies like blocking injunctions, questions whether it is indeed possible to speak of an EU approach to online IP enforcement. As the following chapter will discuss, currently it is being considered whether the relevant framework at the EU level should be amended, particularly with regard to the role and responsibilities of online intermediaries. What however appears not to be part of this discussion is whether further harmonisation – or rather: *actual* harmonisation – should be pursued at the EU level, particularly with regard to the remedies that can be imposed on online intermediaries.

Chapter 3

The policy debate within the Digital Single Market Strategy

Introduction

In May 2015 the EU Commission released its DSMS²⁰³, in which it presented future steps towards the realisation of a connected digital single market to generate additional growth in Europe in the course of its mandate.²⁰⁴ The DSMS is built around three main pillars: better access for consumers and businesses to online goods and services across Europe; creating the right conditions for digital networks and services to flourish; and maximising the growth potential of our European digital economy.²⁰⁵ Besides ecommerce, telecoms, cross-border sales, interoperability and standardisation, the DSMS intends to bring about reforms in respect of copyright and – more generally – IP enforcement. With regard to the former, the EU Commission noted how:

“An effective and balanced civil enforcement system against commercial scale infringements of copyright is central to investment in innovation and job creation. In addition the rules applicable to activities of online intermediaries in relation to copyright protected works require clarification, given in particular the growing involvement of these intermediaries in content distribution.”²⁰⁶

The Commission announced that it would make a number of legislative proposals before the end of 2015 to reduce the differences between national copyright regimes and allow for wider online access to works by users across the EU, including through further harmonisation measures. Proposed initiatives would encompass a clarification of the rules on the activities of intermediaries in relation to copyright-protected content. Furthermore in 2016 the Commission would propose measures to

²⁰³ European Commission, Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions *A digital Single Market Strategy for Europe*, *cit.*

²⁰⁴ *Ibid*, 2.

²⁰⁵ *Ibid*, 3-4.

²⁰⁶ *Ibid*, 7.

modernise IP enforcement, focusing on commercial-scale infringements (the 'follow the money' approach) as well as its cross-border applicability.²⁰⁷

With regard to the more general issue of IP enforcement, the DSMS addresses both platforms (a term that is not really part of the EU legislative language) and intermediaries. The EU Commission noted how online platforms (according to the Commission this term includes search engines, social media, ecommerce platforms, app stores, price comparison websites) are playing an increasingly central role in social and economic life. On the one hand platforms enable consumers to find information online and help business to exploit the advantages of ecommerce. On the other hand, also by accumulating and controlling customers' data, some platforms can control access to online markets and exercise significant influence over how various players in the market are remunerated.²⁰⁸ One of the questions that arises is whether and what type of control should be exerted on these subjects.

In relation to online intermediaries, the DSMS recalls the safe harbour provisions in the Ecommerce Directive, and highlights the shortcomings of the current system, including: (1) allegedly ineffective and slow takedown procedures; and (2) an unharmonised national enforcement framework. With particular regard to the latter, the DSMS stresses how *"[d]ifferences in national practices can impede enforcement (with a detrimental effect on the fight against online crime) and undermine confidence in the online world."*²⁰⁹

On the point of enforcement, the DSMS announced that:

"In tandem with its assessment of online platforms, the Commission [would] analyse the need for new measures to tackle illegal content on the Internet, with due regard to their impact on the fundamental right to freedom of expression and information, such as rigorous procedures for removing illegal content while avoiding the take down of legal

²⁰⁷ *Ibid*, 8.

²⁰⁸ *Ibid*, 11-12.

²⁰⁹ *Ibid*, 12.

content, and whether to require intermediaries to exercise greater responsibility and due diligence in the way they manage their networks and systems – a duty of care.”²¹⁰

Further to the release of the DSMS, the EU Commission launched a number of public consultations, including one on online platforms and intermediaries²¹¹, and one on the evaluation and modernisation of the legal framework for the enforcement of IP rights.²¹²

I. The public consultation on online intermediaries and platforms

The public consultation on the regulatory environment for platforms, online intermediaries, data and cloud computing and the collaborative economy ran from 24 September 2015 to 6 January 2016. It defined an ‘online platform’ as referring to an undertaking operating in two (or multi)-sided markets, which uses the internet to enable interactions between two or more distinct but interdependent groups of users so as to generate value for at least one of the groups. Certain platforms also qualify as intermediary service providers.

I.1. Online platforms: should safe harbours apply to them?

Besides seeking views as to the appropriateness of the definition of ‘online platform’, the public consultation covered a broad range of topics, including – among other things – whether there are instances in which online platforms (actively) use copyright works but claim that they are a hosting provider under Article 14 of the Ecommerce Directive. This would be so in order to refuse to negotiate a licence or to do so under their own terms.²¹³

A question of this kind might suggest that the EU Commission is considering whether in some instances the shield of safe harbours may be unduly invoked or relied upon. This appears to echo the remarks of rightholders in a number of sectors (including music and film), as also flagged in the

²¹⁰ *Ibid.*

²¹¹ European Commission, Public consultation on the regulatory environment for platforms, online intermediaries, data and cloud computing and the collaborative economy, *cit.*

²¹² European Commission, Public consultation on the evaluation and modernisation of the legal framework for the enforcement of intellectual property rights, 9 December 2015, available at http://ec.europa.eu/growth/tools-databases/newsroom/cf/itemdetail.cfm?item_id=8580.

²¹³ European Commission, Public consultation on the regulatory environment for platforms, online intermediaries, data and cloud computing and the collaborative economy, *cit.*, 12.

UK in a discussion paper on *Safe harbour provisions and online service providers* prepared by Mike Weatherley, former intellectual property adviser to the UK Prime Minister. Rightholders have advocated that at the EU level a distinction should be made within the wide definition of information society service providers between, on the one hand, ISPs and other true intermediaries and, on the other hand, service providers which are allegedly “*publishing and profiting from infringing content*”.²¹⁴ While the former should be eligible for safe harbour protection, the same should not be the case for the latter.

I.2. Intermediaries

In relation to intermediaries, among other things the public consultation sought views on as to whether:

- the liability regime further to Articles 12 to 15 of the Ecommerce Directive “*has proven not fit for purpose or has negatively affected market level playing field*”²¹⁵;
- the concept of a ‘mere technical, automatic and passive nature’ of information transmission by information society service providers provided under recital 42 of the Ecommerce Directive is sufficiently clear to be interpreted and applied in a homogeneous way;
- new categories of intermediaries besides mere conduit, caching and hosting should be introduced at the EU level or existing categories should be clarified²¹⁶;
- the same notice-and-action procedures should be available for different categories of illegal content (including the content of the notice);

²¹⁴ M Weatherley, *Safe harbour provisions and online service providers* (2015), available at <http://www.mpaonline.org.uk/sites/default/files/Safe-harbour-provisions-and-online-service-providers-FINAL.pdf>, §3.1.

²¹⁵ European Commission, Public consultation on the regulatory environment for platforms, online intermediaries, data and cloud computing and the collaborative economy, *cit*, 18.

²¹⁶ For instance and as mentioned, according to Mr Justice Arnold of the High Court of England and Wales it is not entirely clear whether a search engine could be considered an intermediary for the sake of Article 11 of the Enforcement Directive: see Rosati, ‘Who is an ‘intermediary’, *cit*.

- despite the prohibition to impose a general obligation to monitor further to Article 15 of the Ecommerce Directive, an obligation to exercise a duty of care for certain categories of illegal content should be imposed on intermediaries, also further to Recital 48 but in the preamble to the Ecommerce Directive.²¹⁷

Overall the formulation of the questions in this part of the public consultation suggests that, should any initiative be undertaken, this would be likely in the sense of restricting intermediaries' immunities. In addition, despite reference in the DSMS to the need for more harmonisation in the national enforcement frameworks, the public consultation did not seem to consider measures that could be proposed to remove certain national differences.

I.3. Early results

On 26 January 2016 the EU Commission published the early results of the consultation.²¹⁸ Although this report does not provide individual responses, the EU Commission observed certain preliminary trends in the 1,036 responses received via the procedures foreseen in the consultation (an additional 10,599 individual contributions were received via one single advocacy association, mostly addressing only some of the questions posed in the consultation).

While no information is provided with specific regard to online platforms and Article 14 of the Ecommerce Directive, the early report of the EU Commission highlights that, as far as online intermediaries and their role in tackling illegal content is concerned, views are divided. Some respondents considered that no changes are needed in the liability framework envisaged by the Ecommerce Directive, while others requested instead clarification and guidance for its implementation, or a rebalancing of interests, including the establishment of further categories of intermediary services. Most respondents indicated that different categories of illegal content should be treated differently for the sake of notice-and-action procedures, but views were again divided as

²¹⁷ Ecommerce Directive, Recital 48: "This Directive does not affect the possibility for Member States of requiring service providers, who host information provided by recipients of their service, to apply duties of care, 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."

²¹⁸ European Commission, First brief results of the public consultation on the regulatory environment for platforms, online intermediaries, data and cloud computing and the collaborative economy, *cit.*

to whether and what kind of duties of care should be imposed on intermediaries, and also whether notice-and-takedown procedures should become notice-and-stay down procedures.²¹⁹

UK Government has recently held the view that a clarification of the current EU rules around platform liability is needed. In parallel to this, this Member State intends to consider the scope for introducing a system of notice-and-trackdown to enable rightholders to take action directly against identified infringers.²²⁰

II. The public consultation on the evaluation and modernisation of the legal framework for the enforcement of intellectual property rights

This second public consultation ran between 9 December 2015 and 15 April 2016 and sought views on the functioning of the Enforcement Directive in the online environment (particularly whether the rules contained therein have helped effectively in protecting IP rights and preventing related infringements), as well as experience and opinions about the use and impact of so-called 'follow the money' initiatives.

This public consultation expressly raised the issue of whether measures and remedies provided for in the Enforcement Directive are applied homogeneously across the Member States. Among the questions in the public consultation there was also whether there is a need to adjust the rules for provisional and precautionary measures and injunctions alike. In relation to injunctions, two further questions were whether the Enforcement Directive should explicitly establish that: no specific liability or responsibility (violation of any duty of care) of the intermediary in question is required to issue an injunction; and national courts must be allowed to order intermediaries to take measures aimed not only at bringing to an end infringements already committed by third parties using their

²¹⁹ While rightholders' umbrella organisations like the British Phonographic Industry have long advocated the introduction of such a principle into EU law (see, eg, recently S Dredge, 'British music labels demand 'notice and stay down' piracy policy from Google' (24 March 2016) *The Guardian*, available at <https://www.theguardian.com/technology/2016/mar/24/bpi-british-music-labels-piracy-policy-google>), intermediaries like Google have rejected this idea and called it "unjustified" (see, eg, C White, 'Google counsel: 'take down stay down is unjustified'' (17 November 2015) *Intellectual Property Magazine*, available at <http://www.intellectualpropertymagazine.com/copyright/take-down-stay-down-unjustified-google-counsel-says-113023.htm>).

²²⁰ UK Intellectual Property Office, *Protecting creativity, supporting innovation: IP enforcement 2020* (May 2016), available at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/521776/IP-Enforcement-Strategy.pdf.

services, but also at preventing further infringements. In respect of the latter, the consultation further asked whether the Directive should establish criteria on how preventing further infringements is to be undertaken in the online context without establishing a general obligation to monitor on intermediaries.

Still in the context of injunctions, the consultation also asked whether a legislative definition of 'proportionality' and 'intermediary' should be provided. Furthermore, views were sought as to whether a clarification is needed on how to balance the effective implementation of a measure and users' freedom of information in case of a provisional measure or injunction prohibiting an ISP from allowing its customers access to allegedly infringing content without specifying the measures that that subject must adopt.

III. The Communication on Online platforms and the Digital Single Market

On 25 May 2016 the Commission adopted a further DSMS package²²¹, including a new Communication entitled *Online platforms and the Digital Single Market – Opportunities and Challenges for Europe*.²²² The purpose of the Communication is twofold: to outline the key issues identified in the assessment of online platforms as per the relevant public consultation (discussed *supra sub §I*); and to present the Commission's position on both the innovation opportunities and the regulatory challenges presented by online platforms, including setting out its approach to supporting their further development in Europe.²²³ On the one hand the role of platforms is said to promote efficiency and increase consumer choice.²²⁴ On the other hand, the Communication acknowledges that Europe is not driving the online platform revolution, which is instead led by US and Asian enterprises.²²⁵ As such, the EU should create the right environment for new online platforms innovators.²²⁶ In doing so, it is necessary to harmonise the sets of rules for online platforms in a

²²¹ European Commission, Commission updates EU audiovisual rules and presents targeted approach to online platforms (25 May 2016), available at http://europa.eu/rapid/press-release_IP-16-1873_en.htm.

²²² European Commission, Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, Online platforms and the Digital Single Market – Opportunities and Challenges for Europe, COM(2016) 288/2.

²²³ *Ibid*, 2.

²²⁴ *Ibid*, 3.

²²⁵ *Ibid*.

²²⁶ *Ibid*.

digital single market so to remove the fragmentation that is currently both limiting the emergence of new platforms and the development of existing ones.²²⁷ The Communication clarifies that Commission's action will be informed by a number of principles. These include: a level playing field for comparable digital services; responsible behaviour of online platforms to protect core values; transparency and fairness for maintaining user trust and safeguarding innovation; open and non-discriminatory markets in a data-driven economy.²²⁸

With specific regard to the liability regime for online intermediaries, the Communication notes how maintaining a balanced and predictable liability regime for online platforms "is crucial for the further development of the digital economy in the EU and for unlocking investments in platform ecosystems".²²⁹ Although designed at a time when the online environment was distinctly different from the way it currently is, the liability regime introduced by the Ecommerce Directive has "considerably" facilitated the scaling-up of platforms, also thanks to the harmonisation of liability exemptions (safe harbours) for third-party information.²³⁰ The public consultation on online platforms and intermediaries has showed strong support for maintaining the principles currently enshrined in the Ecommerce Directive, but also the need to clarify certain concepts, including the scope of safe harbour protection. While the Commission intends to preserve the existing liability regime, in the context of the evaluation and modernisation of the enforcement of IP rights it will assess the role intermediaries, and will consider amending the specific legal framework for enforcement.²³¹ This is also in light of the fact that revenues for the use of copyright-protected content might not be allocated fairly between online content distributors and rightholders.²³² As such – within the framework of the copyright package to be adopted in Autumn 2016 – the Commission intends to achieve a fairer allocation of value generated by the online distribution of copyright-protected content by online platforms providing access to such content.²³³

²²⁷ *Ibid*, 4.

²²⁸ *Ibid*, 5.

²²⁹ *Ibid*, 8.

²³⁰ *Ibid*, 7-8.

²³¹ *Ibid*, 8.

²³² *Ibid*.

²³³ *Ibid*, 9.

A further concern is the lack of a uniform approach to notice-and-action procedures. According to the Commission, there is a need to monitor existing procedures for notice-and-action to ensure the coherence and efficiency of the intermediary liability regime. However, no specific action is being proposed for the immediate future.²³⁴

IV. Divergent national approaches

At the time of writing, the Commission has not yet made available the responses to the public consultation on the Enforcement Directive, either individually or in aggregated format. From the questions referred to above, however, two main features can be detected.

First, the EU system fails to provide detailed guidance on either the interpretation of key concepts (including 'proportionality' and 'intermediary') or the content of the remedies that can be sought. As seen in the previous chapters, courts – whether the CJEU or national courts – have been left with the task of filling out such gaps.

Secondly, the EU enforcement framework (not just the Enforcement Directive) in the area of IP has been implemented differently across the various Member States. This has been illustrated above in relation to both the third sentence in Article 11 of the Enforcement Directive (which some Member States, eg the UK, have not even deemed necessary to implement into their own legal systems) and Article 8(3) of the InfoSoc Directive (with, eg, the provision of a knowledge requirement under, eg UK and Swedish laws that, nonetheless, has been interpreted differently by courts). An instance in which the divergences in national approaches is particularly apparent – both as regards the interpretation of key notions such as proportionality and actual availability – is blocking injunctions. Such differences are also due to the fact that authorities and courts of the Member States must not only interpret their national law in a manner consistent with the InfoSoc Directive, but also ensure that they do not rely on an interpretation of it which would be in conflict with fundamental rights or with the other general principles of EU law, such as the principle of proportionality. Proportionality has been considered in case law, though often in a summary fashion as it is difficult to determine the criteria used in the evaluation. The criteria may also have been formulated at so high a level (as with most CJEU judgments) that applying them *in concreto* is

²³⁴ *Ibid.*

challenging. Closely related to the issue of proportionality is consideration of whether injunctions, notably blocking injunctions, are really effective. A recent study of the University of Amsterdam²³⁵ (yet criticised by Arnold J in *Cartier*²³⁶) noted that blocking could in theory only affect the behaviour of those 27-28% of consumers who download or intend to download from illegal sources. Of these infringing consumers, the large majority (70-72%) was found to be non-responsive to blocking by finding other ways to access the same or a different site.²³⁷ In another survey Dutch university students were asked if they were downloading less illegal material after the blockade of The Pirate Bay.²³⁸ 13% of 302 respondents used only legitimate sources, the rest at least sometimes downloaded from illegal sources: 39% used The Pirate Bay and 48% used other sources.²³⁹ Of The Pirate Bay users, 66% used various techniques to bypass blockings, 18% did not notice blocking, and 17% no longer had access to the site.²⁴⁰ Only 22% of its users told they now downloaded less from the site.²⁴¹ This is because there was essentially no lasting effect, and even the awareness effect wore off quickly.²⁴² Because some downloaded more, statistically blocking had no discernible impact on the amount of infringements.²⁴³ Connectivity providers have also in a similar fashion observed no significant impact on traffic levels. This is also supported by a finding that those who are already aware of the site (say, The Pirate Bay) can just enter the name in a search engine and obtain the list of proxy services on the first page of results.²⁴⁴ It would appear that blocking might affect some users, especially the ones who are not already familiar with the site and arrive at the site by web references or by searching for specific content. Equally obvious is that blocking would not affect those regular users who know sites by name, and would continue using them or the alternatives

²³⁵ EM Wesselingh – C Arona – N Tveeboom, 'To Block Or Not To Block?' (2013) available at http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2273453.

²³⁶ *Cartier and Others v BskyB and Others, cit*, [218]-[231], on the basis that: i) it lacked a particular methodology, and ii) the respondents were being asked to report on their own behaviour which was recollected over extended periods of time causing inconsistency.

²³⁷ P Savola, 'Proportionality of Website Blocking: Internet Connectivity Providers as Copyright Enforcers' (2014) 5 JIPITEC 116, 127.

²³⁸ *Ibid*, 127.

²³⁹ *Ibid*.

²⁴⁰ *Ibid*.

²⁴¹ *Ibid*.

²⁴² *Ibid*.

²⁴³ *Ibid*.

²⁴⁴ *Ibid*.

through other, essentially equally easy means (eg proxies). Consequently, blocking appears to – at most – accomplish a slight deterrence against some non-recurring users. It also appears that those sharing and downloading from notable unauthorised sources are aware of its illegality. Indeed the reasoning (Arnold J in *Cartier*) that users do not bother or will forgo accessing the site when encountering a block would seem to apply at most with non-recurring users. Blocking with inefficient mechanisms usually results from having to resort to a least bad solution. While more effective mechanisms would in principle be desirable, usually one does not exist or must be rejected on other grounds. Thus, the main alternative would be to reject the request.²⁴⁵

A more recent study that has considered recent blocking orders in the UK has however highlighted that the efficacy of blocking injunctions and the relationship with legal consumption also depends on the number of sites targeted by them. While blocking of a single site appears not to have any causal impact on legal consumption, simultaneous blocking of major piracy sites increases consumption of legal content.²⁴⁶

Conclusion

The preceding discussion suggests that the actual question for EU policy- and law-makers is not really whether the current legislative framework should be more or less stringent for intermediaries, but rather whether a higher degree of harmonisation should be achieved at the national level.

From the text of Communication on online platforms it appears that, while not directly intervening on the safe harbours in the Ecommerce Directive, the Commission intends to address somehow the liability regime applicable to platforms that engage not just in *hosting* of content, but also its *distribution*. In addition, the Communication flags the lack of uniformity of notice-and-action procedures at the level of individual Member States as an area of concern and, as such, possible intervention.

²⁴⁵ *Ibid*, 127.

²⁴⁶ B Danaher – MD Smith – R Telang, 'The effect of piracy website blocking on consumer behavior' (2015), available at http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2612063.

The following chapter will reflect upon the application at the level of national legislatures and courts of principles of EU law as also interpreted by the CJEU and consider whether the discussion around ISP liability and its boundaries should not instead be preceded by what appears a lack of harmonisation in this area of the law.

Chapter 4

The future of ISP liability: more, less or just more harmonised?

Introduction

The preceding discussion has focused, first, on the legislative framework on ISP liability and remedies (injunctions) that can be sought against them, as well as related interpretation at the CJEU level. Secondly, attention has been devoted to the diverging national implementations and judicial interpretations of relevant provisions in this area of the law. This has served to highlight how, despite the harmonising efforts of EU legislature, significant divergences remain at the national level. Thirdly, attention has moved to the current policy debate, and the possible areas of intervention in respect of ISP liability and online IP enforcement.

Two trends appear to emerge from the foregoing. On the one hand, in certain instances judicial interpretation has either provided or complemented the definition of certain key concepts that the law has failed to define, including the concepts of ‘knowledge’ and ‘proportionality’, and the requirements for the availability of injunctions against ISPs (independently from any finding of liability). On the other hand, despite the active role of the CJEU in this area of the law, judicial interpretation at the national level has led to diverging outcomes, eg in relation to ‘knowledge’ and the availability of blocking injunctions in Sweden and the UK.

This raises the further question of whether, instead of altering the current framework for ISP liability and remedies at the EU level, what is needed in the first place is a greater degree of harmonisation across the EU. It is submitted that this is also necessary to achieve one of the goals of the DSMS, ie ameliorating online IP enforcement.

I. Cross-border enforcement: the case of injunctions

The increasing dematerialisation of content and related distribution channels raises the question of how to ensure that rightholders are in a position to enforce their rights effectively. A significant instance in this sense is the availability of cross-border injunctions.

The issue whether cross-border injunctions – whether permanent or temporary – are available in IP cases (trade mark and copyright) has been debated for a while. As a general rule, courts having jurisdiction under Article 4 of the Brussels I Regulation recast²⁴⁷ (defendant’s domicile) are in principle entitled to issue injunctions with extra-territorial effect, irrespective of the IP right involved.²⁴⁸ Different positions have however emerged at the national level. On the one hand, in the past some Dutch courts have held that injunctions granted in The Netherlands could not have effect abroad.²⁴⁹ On the other hand, UK courts have traditionally adopted the view (also in cases other than IP) that cross-border injunctions could be available where there is a real connecting factor with the UK.²⁵⁰

With regard to trade marks, there is a legal basis (Article 102(1)) in Regulation 207/2009 on the European Union trade mark²⁵¹, the scope of which has been clarified by the CJEU in its 2011 decision in *DHL v Chronopost*²⁵² (*DHL*). There it held that a prohibition against further infringement or threatened infringement issued by a competent EU trade mark court must therefore, as a rule, extend to the entire area of the EU.²⁵³

²⁴⁷ Regulation (EU) No 1215/2012 of the European Parliament and of the Council of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters, OJ L 351, 1-32. Article 4 provides that: ”1. Subject to this Regulation, persons domiciled in a Member State shall, whatever their nationality, be sued in the courts of that Member State. 2. Persons who are not nationals of the Member State in which they are domiciled shall be governed by the rules of jurisdiction applicable to nationals of that Member State.”

²⁴⁸ O Vriens – M Schneider, ‘Cross-border enforcement of intellectual property: The European Union’, in P Torremans, *Research handbook on cross-border enforcement of intellectual property rights* (Edward Elgar:2014), 264.

²⁴⁹ Court of Appeal of The Hague, *Expandable grafts Partnership v Boston Scientific* [1999] FSR 352.

²⁵⁰ JF Fawcett – P Torremans, *Intellectual property and private international law*, 2nd edn (OUP:2011), 247-249.

²⁵¹ Council Regulation (EC) No 207/2009 of 26 February 2009 on the European Union trade mark (codified version), OJ L 78, 1-42.

²⁵² *DHL Express France SAS v Chronopost SA*, C-235/09, EU:C:2011:238.

²⁵³ *Ibid*, [42].

As far as copyright is concerned since the 2013 CJEU in *Painer v Standard VerlagsGmbH*²⁵⁴ (*Painer*) it is clear that cross-border injunctions can be granted against foreign defendants based on Article 8(1) Brussels I Regulation recast.²⁵⁵ The CJEU had been asked to determine – among other things – whether Article 8(1) must be interpreted as precluding its application if actions against several defendants for substantially identical copyright infringements are brought on national legal grounds which vary according to the Member States concerned. The Court answered in the negative, and held that:

- Article 8(1) does not include a requirement that the actions brought against different defendants should have identical legal bases²⁵⁶;
- In order for judgments to be regarded as irreconcilable, it is required that such divergence must arise in the same situation of fact and law²⁵⁷;
- The identical legal bases of the actions brought is only one relevant factor among others: it is not an indispensable requirement²⁵⁸;
- This is particularly so if, as in the case of copyright, the national laws on which the actions against the various defendants are based are substantially identical.²⁵⁹

It follows that when there is a number of alleged infringements of copyright in the same work in different Member States, the courts of the Member State where one or more defendants are domiciled are likely to assume international jurisdiction to grant a cross-border injunction based on Article 8(1) of the Brussels I Regulation recast.

²⁵⁴ *Eva-Maria Painer v Standard VerlagsGmbH and Others*, C-145/10, EU:C:2011:798.

²⁵⁵ This provision states that: “A person domiciled in a Member State may also be sued ... where he is one of a number of defendants, in the courts for the place where any one of them is domiciled, provided the claims are so closely connected that it is expedient to hear and determine them together to avoid the risk of irreconcilable judgments resulting from separate proceedings.”

²⁵⁶ *Eva-Maria Painer v Standard VerlagsGmbH and Others*, *cit* [76].

²⁵⁷ *Ibid*, [79].

²⁵⁸ *Ibid*, [80].

²⁵⁹ *Ibid*, [82].

When it comes however to certain types of injunctions, eg the ones against intermediaries discussed in this work, the conditions of availability differ across different Member States. Although *Painer* suggests that cross-border injunctions can be sought where the applicable law is ‘substantially identical’, this may not be the case of national implementations of Article 8(3) of the InfoSoc Directive (or third sentence in Article 11 of the Enforcement Directive). This is because – pursuant to Recitals 59 in the preamble to the InfoSoc Directive and 23 of the Enforcement Directive – the conditions and modalities relating to such injunctions should be left to the national law of the Member States.²⁶⁰ This might give rise to instances of forum shopping which may appear “*intuitively offensive to notions of procedural fairness*”.²⁶¹ Choice of jurisdiction may thus result in significantly different outcomes, despite the existence of an allegedly harmonised framework at the EU level.

II. The choice left to Member States

After clarifying that in the digital environment intermediaries are best placed to bring third-party infringing activities to an end, Recital 59 of the InfoSoc Directive mandates upon Member States to provide rightholders with the possibility of applying for an injunction against an intermediary who carries a third party's infringement of a protected work or other subject-matter in a network. This recital also clarifies that in any case the conditions and modalities relating to such injunctions are left to the national law of the Member States. The same is recalled in Recital 23 of the Enforcement Directive, which also states that the latter is without prejudice to the InfoSoc Directive, including Article 8(3) thereof.

It is thus apparent that it is indeed the EU legislative framework that, while mandating the availability of injunctions, also encourages – or at least: it does not seek to remove – national inconsistencies and, with them, also forum shopping. The result is far from that of a nucleus of a

²⁶⁰ *L'Oréal SA, Lancôme parfums et beauté & Cie, Laboratoire Garnier & Cie, L'Oréal (UK) Limited v eBay International AG, eBay Europe SARL and eBay (UK) Limited*, cit, [135]; *Scarlet Extended SA v Société belge des auteurs, compositeurs et éditeurs SCRL (SABAM)*, cit, [32]; *Belgische Vereniging van Auteurs, Componisten en Uitgevers CVBA (SABAM) v Netlog NV*, cit, [30]; *UPC Telekabel Wien GmbH v Constantin Film Verleih GmbH and Wega Filmproduktionsgesellschaft mbH*, cit, [23].

²⁶¹ A Bell, *Forum shopping and venue in transnational litigation* (OUP:2003), §3.86.

truly European intermediary liability.²⁶² Rather, both the InfoSoc and Enforcement Directive are very thin on the details of the injunctions available to rightholders:

“The scope of the obligation they impose is, as a result, entirely unclear: if injunctions must be ensured by the Member States for the benefit of copyright holders, what type of injunctions should those be and under which circumstances should they be made available? No common European answer is provided.”²⁶³

The result, as highlighted particularly sub Chapter 2, is a plethora of national solutions and models. If the Commission intends to reform the EU acquis in the area of online IP enforcement, it is necessary – before any discussion as to whether the current liability regime should be altered in scope – to address whether more uniformity is needed. The answer – it is submitted – is ‘yes’.

Conclusion

If the same reasons that supported the Enforcement Directive are still valid today, then more needs to be done to reduce and ultimately eliminate the fragmentation of the internal market and ensure that IP rights enjoy an equivalent level of protection throughout the EU.²⁶⁴ Ultimately, besides fragmenting the internal market, national disparities weaken the substantive law on IP. This causes a loss of confidence in the internal market in business circles, with a consequent reduction in investment in innovation and creation.²⁶⁵

To this end, the discussion around injunctions and their modalities should be addressed at the EU level even before any reflection as to whether new categories of intermediaries and the applicable liability regime should be reformed. It is submitted, that the conditions and modalities of injunctions should not be left to Member States to define, but rather harmonised fully at the EU level. This is necessary to ensure that the EU really has a harmonised IP enforcement framework,

²⁶² M Leistner, ‘Common Principles of Secondary Liability?’ in A Ohly (ed), *Common principles of European intellectual property law* (Mohr Siebeck:2012), 117.

²⁶³ Angelopolous, *European intermediary liability in copyright*, cit, 4.

²⁶⁴ Enforcement Directive, Recital 8.

²⁶⁵ *Ibid*, Recital 9.

which is particularly needed in the context of increasingly cross-border exploitation (and related infringement) of both copyright works and goods and services protected by trade marks.

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