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Chapter 20

Intermediary Liability and Trademark Infringement: Proliferation of Filter Obligations in Civil Law Jurisdictions?

Martin Senftleben

The erosion of the safe harbour for hosting in the EU Directive on Copyright in the Digital Single Market (DSM Directive)¹ leads to a remarkable climate change in the field of EU copyright law and the civil law jurisdictions of continental EU Member States.² Inevitably, it raises the question of potential repercussions on the safe harbour for hosting and filtering standards in trademark cases. Even though online marketplaces are explicitly exempted from the new copyright rules³ and the DSM Directive is not intended to neutralize the safe harbour for hosting in trademark cases,⁴ the adoption of a more restrictive approach in copyright law may quicken the appetite of trademark proprietors for

¹ See Directive 2019/790/EU of the European Parliament and of the Council of 17 April 2019 on copyright and related rights in the Digital Single Market and amending Directives 96/9/EC and 2001/29/EC [2019] OJ L 130/92, Art 17(3).

² Almost all EU Member States follow the civil law tradition. Even in the United Kingdom, Scotland is a civil law jurisdiction. As to the climate change, see Martin Senftleben, 'Bermuda Triangle – Licensing, Filtering and Privileging User-Generated Content Under the New Directive on Copyright in the Digital Single Market' (2019) VUA Centre for Law and Internet Working Paper Series <<https://ssrn.com/abstract=3367219>>. As to the heated debate accompanying the legislative process, see Martin Senftleben and others, 'The Recommendation on Measures to Safeguard Fundamental Rights and the Open Internet in the Framework of the EU Copyright Reform' (2018) 40 EIPR 149; Christina Angelopoulos, 'On Online Platforms and the Commission's New Proposal for a Directive on Copyright in the Digital Single Market' <https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2947800>; Giancarlo Frosio, 'From Horizontal to Vertical: An Intermediary Liability Earthquake in Europe' (2017) 12 JIPLP 565-575; Giancarlo Frosio, 'Reforming Intermediary Liability in the Platform Economy: A European Digital Single Market Strategy' (2017) 112 Northwestern U L Rev 19; Reto Hilty and Valentina Moscon (eds), 'Modernisation of the EU Copyright Rules – Position Statement of the Max Planck Institute for Innovation and Competition' (2017) Max Planck Institute for Innovation and Competition Research Paper no 17-12; Reto Hilty and Valentina Moscon, 'Contributions by the Max Planck Institute for Innovation and Competition in Response to the Questions Raised by the Authorities of Belgium, the Czech Republic, Finland, Hungary, Ireland and the Netherlands to the Council Legal Service Regarding Article 13 and Recital 38 of the Proposal for a Directive on Copyright in the Digital Single Market' (2018) <<http://www.ip.mpg.de>>; CREATE and others, 'Open letter to Members of the European Parliament and the Council of the European Union' (26 April 2018) <<http://www.create.ac.uk/policy-responses/eu-copyright-reform>>; Eleonora Rosati, 'Why a Reform of Hosting Providers' Safe Harbour is Unnecessary Under EU Copyright Law' (August 2016) CREATE Working Paper 2016/11 <<https://ssrn.com/abstract=2830440>>; Sophie Stalla-Bourdillon and others, 'Open Letter to the European Commission – On the Importance of Preserving the Consistency and Integrity of the EU Acquis Relating to Content Monitoring within the Information Society' (19 October 2016) <<https://ssrn.com/abstract=2850483>>.

³ See Directive 2019/790/EU (n 1) Recital 62.

⁴ *ibid* Art 17(3).

similar measures in trademark law. If primary platform liability and strict filtering standards made their way into copyright law,⁵ why not adopting a similar approach in trademark law? Moreover, the cumulation of copyright and trademark protection—often following from character merchandising⁶—may lead to system competition already at this point. Does a biting Mickey Mouse parody on YouTube fall under the strict copyright regime (which no longer offers the traditional safe harbour for hosting) or the more flexible approach in trademark cases⁷ (still allowing the invocation of the safe harbour rules)?

In the light of potential repercussions, it is of particular importance to point out that the intellectual property rights at issue—copyright on the one hand; trademark rights on the other—are different in many respects. In comparison with the infringement test following from the exploitation rights awarded in copyright law, an act of trademark infringement can be less readily inferred from the mere appearance of a trademark on an online platform. The infringement test in EU trademark law is more context-specific than the infringement analysis in copyright law (following section 2). Moreover, limitations of trademark rights provide room for unauthorized use that serves (commercial) freedom of expression and freedom of competition.⁸ The use of filtering mechanisms must not wash away these important nuances of the scope of trademark protection. By contrast, a distinction is to be made between legitimate comparative advertising and infringing consumer confusion, legitimate brand criticism and infringing defamation, legitimate offers of second hand goods and infringing sales of replicas. Otherwise, trademark owners obtain overbroad protection (section 3).

⁵ *ibid* Art 17(1) and (4).

⁶ As to the dilemmas arising from cumulative copyright and trademark protection, see Martin Senftleben, ‘A Clash of Culture and Commerce: Non-Traditional Marks and the Impediment of Cyclic Cultural Innovation’ in Irene Calboli and Martin Senftleben (eds), *The Protection of Non-Traditional Marks: Critical Perspectives* (OUP 2018) 309; Irene Calboli, ‘Overlapping Rights: The Negative Effects of Trademarking Creative Works’ in Susy Frankel and Daniel Gervais (eds), *The Evolution and Equilibrium of Copyright in the Digital Age*, (CUP2014, 52; Estelle Derclaye/Matthias Leistner, *Intellectual Property Overlaps – A European Perspective*, (Hart Publishing 2011) 328; Annette Kur, ‘Funktionswandel von Schutzrechten: Ursachen und Konsequenzen der inhaltlichen Annäherung und Überlagerung von Schutzrechtstypen’ in Gerhard Schrickler, Thomas Dreier and Annette Kur (eds), *Geistiges Eigentum im Dienst der Innovation* (Nomos 2001) 23; D Feer Verkade, ‘The Cumulative Effect of Copyright Law and Trademark Law: Which Takes Precedence?’ in Jan Kabel and Gerard Mom (eds), *Intellectual Property and Information Law – Essays in Honour of Herman Cohen Jehoram*, (Kluwer 1998) 69.

⁷ The Mickey Mouse drawing is registered internationally as a trademark in respect of various goods and services. See international registrations no 135376, 135377 and 296478 under the Madrid System. The particulars of the registrations can be found at The Mickey Mouse drawing is registered internationally with regard to various products. See the international registrations no. 135376, 135377 and 296478 under the Madrid System. The particulars of the registrations can be found at <<http://www.wipo.int/madrid>>. As to the status quo reached at EU level with regard to the safe harbour for hosting in trademark cases, see Joined C-236/08 to C-238/08, *Google France and Google* [2010] EU:C:2010:159, para 114; C-324/09, *L’Oréal SA and Others v eBay International AG and Others* [2011] ECLI:EU:C:2011:474, para 120.

⁸ Cf Martin Senftleben and others, ‘The Recommendation on Measures to Safeguard Freedom of Expression and Undistorted Competition: Guiding Principles for the Further Development of EU Trade Mark Law’ (2015) 37 EIPR 337.

Leading case law of the Court of Justice of the European Union (CJEU) on the question of intermediary liability and filter obligations points towards a cautious approach in trademark cases—an approach that does not undermine the inherent limits and statutory limitations of trademark rights.⁹ However, examples of court decisions in civil law jurisdictions, such as Germany, show a tendency of developing national doctrines that allow the imposition of more extensive filtering duties (section 4). Against this background, it is to be recalled¹⁰ that a balanced approach based on the principle of proportionality should prevail in trademark cases (concluding section 5).

1. Trademark Rights

Trademark rights are a specific type of intellectual property. Instead of constituting exploitation rights, they are granted to safeguard market transparency.¹¹ In principle, every trader is bound to use her own, individual trademark for the identification of her goods and services. In this way, trademark law seeks to ensure fair competition between market participants and protect consumers against confusion about the origin of goods and services offered in the marketplace. From an economic perspective, it can be added that the clear indication of the commercial origin of goods and services reduces consumers' search costs.¹² To achieve these goals, trademark law allows enterprises to establish an exclusive link with a distinctive sign: the law grants enterprises exclusive rights to their trademarks.

This protection mechanism has important ramifications. By exclusively assigning a trademark to a specific enterprise, trademark law offers sufficient legal security for substantial investment in the sign concerned. Through advertising, consumers may learn to associate a particular lifestyle or attitude with the trademark. The maintenance of high product quality will add an additional layer of positive associations. In this way, the trademark becomes a platform which the enterprise, provided that its marketing strategy is successful, can use to raise positive pictures, associations and expectations in the minds of consumers.¹³

⁹ CJEU, *ibid.*

¹⁰ For an earlier analysis leading to this recommendation, see Martin Senftleben, 'An Uneasy Case for Notice and Takedown: Context-Specific Trademark Rights' (2012) Amsterdam VU Centre for Law and Governance Research Paper <<https://ssrn.com/abstract=2025075>>.

¹¹ Annette Kur and Martin Senftleben, *European Trade Mark Law – A Commentary*, (OUP 2017) para 1.06.

¹² With regard to the search costs argument, see Andrew Griffiths, 'A Law-and-Economic Perspective on Trade Marks' in Lionel Bently, Jennifer Davis and Jane Ginsburg (eds), *Trade Marks and Brands – An Interdisciplinary Critique* (CUP 2008) 241; Stacy Dogan and Mark Lemley, 'Trademarks and Consumer Search Costs on the Internet' (2004) 41 *Houston L Rev* 777; Mathias Strasser, 'The Rational Basis of Trademark Protection Revisited: Putting the Dilution Doctrine into Context' (2000) 10 *Fordham Intellectual Property, Media & Entertainment L J* 375, 379-382.

¹³ Cf Griffiths (n 12) 255; Ralph Brown, 'Advertising and the Public Interest: Legal Protection of Trade Symbols' (1999) 108 *Yale L J* 1619, 1619-1620; Karl-Heinz Fezer, 'Entwicklungslinien

The process of attaching these ‘meta data’ to the trademark can result in the creation of a powerful and valuable brand image.¹⁴ The initial step of sign reservation, thus, leads to a further process of brand image creation.¹⁵ Trademarks are capable of serving as carriers of complex information referring to a specific lifestyle, behaviour or attitude. Viewed from this perspective, trademarks constitute focal points of communication with consumers in the digital environment.¹⁶ They summarize the messages subtly conveyed to consumers through advertising and marketing efforts. As a symbol evoking a whole bundle of associations, trademarks begin to ‘speak’ to consumers. They acquire a ‘communication function.’¹⁷

Hence, two major protection interests can be identified in trademark law: first, the interest in a protection system that allows an enterprise the establishment of an exclusive link with the sign that it uses on goods or services, and that safeguards this link once it is established (sign reservation). Protection in this area can be regarded as a precondition of investment in the protected sign because it provides the required legal security. In modern trademark law, this first protection interest is predominantly satisfied by the concept of protection against confusion – with distinctive character as central substantive requirement and trademark rights serving the rather defensive purpose to prevent confusing use of identical or similar signs.¹⁸ Second, however, there is the interest in protecting the investment made in a particular brand image (brand image creation). Protection in this area concerns the value and reputation of a trademark, resulting from advertising and promotion activities.¹⁹ Not surprisingly, exploitation and

und Prinzipien des Markenrechts in Europa – Auf dem Weg zur Marke als einem immaterialgüterrechtlichen Kommunikationszeichen’ (2003) *Gewerblicher Rechtsschutz und Urheberrecht* 457, 461-462; Sabine Casparie-Kerdel, ‘Dilution Disguised: Has the Concept of Trade Mark Dilution Made its Way into the Laws of Europe?’ (2001) *EIPR* 185, 185-186; Michael Lehmann, ‘Die wettbewerbswidrige Ausnutzung und Beeinträchtigung des guten Rufs bekannter Marken, Namen und Herkunftsangaben – Die Rechtslage in der Bundesrepublik Deutschland’ (1986) *GRUR Int’l* 6, 14-17.

¹⁴ See Jonathan Schroeder, ‘Brand Culture: Trade marks, Marketing and Consumption’ in Lionel Bently, Jarvis Davis and Jane Ginsburg (eds), *Trade Marks and Brands – An Interdisciplinary Critique* (CUP 2008) 161.

¹⁵ See the description given by Schroeder (n 14) 161; Lehmann (n 13) 15.

¹⁶ Cf Strasser (n 12) 382-386; Brown (n 13) 1619-1621; Mark Lemley, ‘The Modern Lanham Act and the Death of Common Sense’ (1999) 108 *Yale L J* 1687, 1690 and 1693.

¹⁷ Brown (n 13) 1634-1635 and 1640-1644, refers to ‘commercial magnetism’ and a ‘persuasive advertising function.’ As to the recognition of this trademark function in EU trademark law, see *C-487/07 L’Oréal Sa and others v Bellure and others* [2009] *ECLI:EU:C:2009:378*, para 58. Cf Kur and Senfleben (n 11) para 1.12-1.39. As to the underlying concept of average consumer, see Graeme Dinwoodie and Dev Gangjee, ‘The Image of the Consumer in European Trade Mark Law’, in Dorota Leczykiewicz and Stephen Weatherill (eds), *The Images of the Consumer in EU Law: Legislation, Free Movement and Competition Law* (Hart Publishing 2016) 339.

¹⁸ See Directive 2015/2436/EU of the European Parliament and of the Council of 16 December 2015 to approximate the laws of the Member States relating to trade marks [2015] *OJ L* 336/1, Art 10(2)(b); Regulation 2017/1001/EU of 14 June 2017 on the European Union trade mark [2017] *OJ L* 154/1, Art 9(2)(b).

¹⁹ See Directive 2015/2436/EU (n 18) Art 10(2)(c); Regulation 2017/1001/EU (n 18) Art 9(2)(c).

amortization interests often play an important role in trademark cases addressing the specific reputation and communication value of trademarked symbols.²⁰

1.1 Inherent Limits

Whatever the stage of trademark development, however, trademark rights, by definition, do not offer a degree of control over the use of the protected sign that is comparable to the control that can be exerted by copyright owners.²¹ In contrast to copyright, trademark law does not protect the trademarked sign as such. Trademark protection only concerns particular trademark functions, such as the aforementioned identification function, the quality function and the communication function.²²

Copyright protection of the Mickey Mouse drawing, for instance, means that the drawing as such is protected. The copyright owner acquires a broad right of reproduction²³ and a broad right of communication to the public.²⁴ Accordingly, the mere act of copying the Mickey Mouse drawing or making it available on the internet may amount to infringement, if the user cannot successfully invoke a copyright limitation as a defence.²⁵ Trademark protection of the Mickey Mouse drawing,²⁶ by contrast, is confined to ensuring the proper functioning of that drawing as a trademark. From the outset, protection is confined to use of the

²⁰ Cf C-487/07 (n 17) para 58.

²¹ For a more detailed discussion of this point, see Martin Senfleben, 'The Trademark Tower of Babel – Dilution Concepts in International, US and EC Law' (2009) 40 *Int'l Rev of Intellectual Property and Competition* L 45. As to the tendency of bringing trademark rights closer to exploitation rights (as awarded in copyright law), see Jonathan Moskin, 'Victoria's Big Secret: Whither Dilution Under the Federal Dilution Act?' (2004) 93 *Trademark Reporter* 842, 856-857, (insisting on 'a property right similar to copyright or patent'). Cf Fezer (n 13) 464 and 467; Casparie-Kerdel (n 13)188; Brown (n 13) 1620. In fact, the risk of creating property rights in gross seems to be inherent in the dilution doctrine. It can be traced back to early concepts, such as Schechter's concept of trademark uniqueness. See Frank Schechter, 'The Rational Basis of Trademark Protection' (1927) 40 *Harvard L Rev* 813, 824-833; Barton Beebe, 'A Defense of the New Federal Trademark Antidilution Law' (2006) 16 *Fordham Intellectual Property, Media & Entertainment L J* 1143, 1146-1147 and 1174; Graeme Dinwoodie and Mark Janis, 'Dilution's (Still) Uncertain Future' (2006) 105 *Michigan L Rev First Impressions* 98.

²² See C-487/07 (n 17) para 58.

²³ See Berne Convention for the Protection of Literary and Artistic Works, Art 9(1); of 22 May 2001, on the harmonisation of certain aspects of copyright and related rights in the information society (2001) OJ L 167/10, Art 2

²⁴ See WIPO Copyright Treaty, Art 8; Directive 2001/29/EC (n 23) Art 3.

²⁵ See Directive 2001/29/EC (n 23) Art 5 for limitations of copyright protection that are permissible in EU copyright law. Cf C-5/08 *Infopaq International A/S v Danske Dagblades Forening* [2009] ECLI:EU:C:2009:465 para 56-57; C-145/10 *Eva-Maria Painer v Standard VerlagsGmbH and Others* [2013] ECLI:EU:C:2013:138 para 132-133; C-201/13 *Johan Deckmyn and Vrijheidsfonds VZW v Helena Vandersteen and Others* [2014] ECLI:EU:C:2014:2132 para 22-26.

²⁶ The Mickey Mouse drawing is registered internationally with regard to various products. See the international registrations no. 135376, 135377 and 296478 under the Madrid System. The particulars of the registrations can be found at <<http://www.wipo.int/madrid>>.

mark in the course of trade and as a trademark.²⁷ Because of these inherent limits of trademark rights, non-commercial use for private, social, cultural, educational or political purposes is less likely to fall under the control of the trademark owner. The mere act of copying is not sufficient to establish infringement.

The crucial point here is that the monopoly position of the trademark owner—the degree of general control over the use of the protected subject matter—is less absolute than the position enjoyed by a copyright owner. Instead of being able to exert general control over certain types of use, such as acts of copying, the success in invoking trademark rights depends on the particular context in which the use takes place. The mere reproduction or making available of a trademark is not sufficient. Further conditions are to be fulfilled, in particular use in the course of trade, use in relation to goods or services, use with an adverse effect on a protected trademark function, and use that is likely to cause confusion or dilution.²⁸ Against this background, it becomes clear that a liability regime relating to trademarks must be context-specific enough to allow the consideration of the inherent limits of trademark rights. Otherwise, the liability rules will lead to overbroad control over trademark-related online communications that does not correspond to the scope of the underlying exclusive rights.

The reason for less complete communication control lies in fundamental differences in the underlying rationales of protection. In contrast to exclusive rights in the area of copyright, trademark rights are not primarily intended to serve as exploitation instruments. They are legal instruments to ensure market transparency, undistorted competition and protection of consumers against confusion.²⁹ Accordingly, a finding of trademark infringement depends on the individual circumstances of use. The identification of trademark infringement on online platforms—marketplaces, search engines, keyword advertising services, social media or virtual worlds—requires a careful analysis of each individual case. The mere appearance of a trademark can only serve as a starting point for this analysis. For a finding of infringement, the assessment of the context in which the trademark appears is indispensable.

²⁷ The requirement of use in trade is reflected in Article 16(1) TRIPS Agreement. As to the debate on the requirement of use as a trademark, see Stacey Dogan and Mark Lemley, ‘The Trademark Use Requirement in Dilution Cases’ (2008) 24 Santa Clara Computer & High Tech L J 541 (542): ‘By maintaining the law’s focus on misleading branding, the trademark use doctrine keeps trademark law true to its ultimate goal of promoting competitive markets.’ However, see also Graeme Dinwoodie and Mark Janis, ‘Confusion Over Use: Contextualism in Trademark Law’ (2007) 92 Iowa L Rev 1597, 1657-1658 (doubting that problems arising in the current ‘expansionist climate’ could be solved by recalibrating the notion of trademark use: ‘Trademark use is simply too blunt a concept, no matter how defined, to capture the full range of values at play in these debates’) For a summary of the debate, see Mark Davison and Frank Di Giantomasso, ‘Use as a Trade Mark: Avoiding Confusion When Considering Dilution’ (2009) 31(9) EIPR 443. With regard to the discussion in the EU, see Annette Kur, ‘Confusion Over Use? Die Benutzung ‘als Marke’ im Lichte der EuGH-Rechtsprechung’ (2008) GRUR Int’l 1 (warning of limiting trademark protection from the outset on the basis of a restrictive notion of trademark use, in particular with regard to Community trademarks)

²⁸ For a discussion of these infringement criteria, see Kur and Senftleben (n 11) para 5.14-5.272.

²⁹ *ibid* para 1.06.

In the area of social media, for instance, the inherent limits of trademark rights become particularly relevant. If a trademark is used in the context of a social networking site to share information about a product, the question arises whether this use constitutes use in the course of trade and relevant use as a trademark in the sense of trademark law.³⁰ Many communications on social media platforms will fall outside the scope of trademark protection because of their non-commercial nature. The importance of this breathing space for unauthorized, trademark-based communication must not be underestimated. Online ‘word of mouth’ can help consumers make good choices. The suppression of unfavourable online word of mouth may moreover minimize the credibility of the internet as an independent information resource.³¹ The outlined inherent limits of trademark rights, therefore, fulfil important functions in respect of consumer information and information infrastructure.

1.2 Context-Specific Infringement Analysis

In sum, the unauthorized appearance of a trademark on an online platform does not allow the establishment of infringement with a degree of certainty that is comparable to copyright cases. In trademark law, mere copying or making available is not sufficient. By contrast, further infringement conditions must be satisfied, such as use in the course of trade, use in relation to goods or services, a likelihood of confusion, harm to the trademark’s reputation or the taking of unfair advantage of the trademark’s distinctive character. The liability question is also complex because of the diversity of online platforms and use modalities involved. Hence, the alignment of trademark liability and filtering standards with obligations to employ automated, algorithmic filtering mechanisms in copyright law³² will inevitably fail to reflect the inherent limits of trademark protection—limits that follow from the context-specific nature of the exclusive rights awarded in trademark law. Serious concerns about overblocking have been expressed with regard to the use of algorithmic filtering systems in copyright law.³³ When it

³⁰ For a closer analysis of these questions, see Lisa Ramsey, ‘Brandjacking on Social Networks: Trademark Infringement by Impersonation of Markholders’ (2010) 58 Buffalo L Rev 851, 872-894.

³¹ See Eric Goldman, ‘Online Word of Mouth and its Implications for Trademark Law’ in Graeme Dinwoodie and Mark Janis (eds), *Trademark Law and Theory: a Handbook of Contemporary Research* (Edward Elgar Publishing 2008) 404, 428-429.

³² Cf Senftleben (n 2) 5-10.

³³ Cf Maayan Perel and Niva Elkin-Koren, ‘Accountability in Algorithmic Copyright Enforcement’ (2016) 19 Stanford Technology L Rev 473, 490-491. For empirical studies pointing towards overblocking, see Sharon Bar-Ziv and Niva Elkin-Koren, ‘Behind the Scenes of Online Copyright Enforcement: Empirical Evidence on Notice & Takedown’ (2017) 50 Connecticut L Rev 3, 37 (noting that ‘[o]verall, the N&TD regime has become fertile ground for illegitimate censorship and removal of potentially legitimate materials’); Jennifer Urban, Joe Karaganis and Brianna Schofield, ‘Notice and Takedown in Everyday Practice’ (March 2017) UC Berkeley Public Law and Legal Theory Research Paper Series, 2 <<https://ssrn.com/abstract=2755628>> (‘[a]bout 30% of takedown requests were potentially problematic. In one in twentyfive cases, targeted content did not match the identified infringed work, suggesting that 4.5 million requests in the entire six-month data set were fundamentally flawed. Another 19% of the requests raised

comes to trademarks, these concerns have even more weight because of the described context-specific nature of exclusive rights.

2. Limitations of Trademark Rights

The rights enjoyed by trademark owners—rights that are more context-specific than copyright from the outset—are additionally limited through several exemptions of use that are deemed important for economic, social or cultural reasons.³⁴ Competing fundamental freedoms, in particular freedom of expression and freedom of competition, play a crucial role.³⁵ As the inherent limits of trademark rights, statutory limitations of protection³⁶ must therefore be factored

questions about whether they had sufficiently identified the allegedly infringed work or the allegedly infringing material’)

³⁴ Cf. Graeme B. Dinwoodie, ‘Lewis & Clark Law School Ninth Distinguished IP Lecture: Developing Defenses in Trademark Law’ (2009) 13/1 *Lewis and Clark L Rev* 99, 152 (‘[h]owever, as the scope of trademark protection expands and the metes and bounds of protection become more uncertain, we cannot rely exclusively on creative interpretation of the prima facie cause of action to establish limits. Trademark law must more consciously develop defenses that reflect the competing values at stake in trademark disputes’).

³⁵ Cf. Wolfgang Sakulin, *Trademark Protection and Freedom of Expression—An Inquiry into the Conflict between Trademark Rights and Freedom of Expression under European Law* (Kluwer Law Int’l 2010); Lisa Ramsey and Jens Schovsbo, ‘Mechanisms for Limiting Trade Mark Rights to Further Competition and Free Speech’ (2013) 44 *IIC* 671; Martin Senftleben, ‘Free Signs and Free Use - How to Offer Room for Freedom of Expression within the Trademark System’ in Christophe Geiger (ed), *Research Handbook on Human Rights and Intellectual Property* (Edward Elgar 2015) 354; Ilanah Simon Fhima, ‘Trade Marks and Free Speech’ (2013) 44 *IIC* 293; Robert Burrell and Dev Gangjee, ‘Trade Marks and Freedom of Expression: A Call for Caution’ (2010) 41 *IIC* 544; Christophe Geiger, ‘Marques et droits fondamentaux’ in Christophe Geiger and Joanna Schmidt-Szalewski (eds), *Les défis du droit des marques au 21^e siècle/Challenges for Trademark Law in the 21st Century* (Litec 2010) 163; Mohammad Nasser, ‘Trade Marks and Freedom of Expression’ (2009) 40 *IIC* 188; Lionel Bently, ‘From Communication to Thing: Historical Aspects of the Conceptualisation of Trade Marks as Property’ in Graeme Dinwoodie and Mark Janis, *Trademark Law and Theory: A Handbook of Contemporary Research* (Edward Elgar 2008); William McGeeveran, ‘Four Free Speech Goals for Trademark Law’ (2008) 18 *Fordham Intellectual Property, Media and Entertainment L J* 1205; Christophe Geiger, ‘Trade Marks and Freedom of Expression—the Proportionality of Criticism’ (2007) 38 *IIC* 317; Lisa Ramsey, ‘Free Speech and International Obligations to Protect Trademarks’ (2010) 35 *Yale J of Int’l L* 405; Katja Weckström, ‘The Lawfulness of Criticizing Big Business: Comparing Approaches to the Balancing of Societal Interests Behind Trademark Protection’ (2007) 11 *Lewis & Clark L Rev* 671; Pratheepan Gulasekaram, ‘Policing the Border Between Trademarks and Free Speech: Protecting Unauthorized Trademark Use in Expressive Works’ (2005) 80 *Washington L Rev* 887; Pierre Leval, ‘Trademark: Champion of Free Speech’ (2004) 27 *Columbia J of L and the Arts* 187; Kerry Timbers and Julia Huston, ‘The ‘Artistic Relevance Test’ Just Became Relevant: the Increasing Strength of the First Amendment as a Defense to Trademark Infringement and Dilution’ (2003) 93 *Trademark Reporter* 1278; Rochelle Dreyfuss, ‘Reconciling Trademark Rights and Expressive Values: How to Stop Worrying and Learn to Love Ambiguity’ in Graeme Dinwoodie and Mark Janis (eds), *Trademark Law and Theory: a Handbook of Contemporary Research* (Edward Elgar Publishing 2008) 261; Keith Aoki, ‘How the World Dreams Itself to be American: Reflections on the Relationship Between the Expanding Scope of Trademark Protection and Free Speech Norms’ (1997) *Loyola of Los Angeles Entertainment L J* 523.

³⁶ See Directive 2015/2436/EU (n 18) Art 14(1); Regulation 2017/1001/EU (n 18) Art 12(1).

into the equation when devising an intermediary liability regime in the field of trademark law.

2.1 Commercial Freedom of Expression

The protection of trademark proprietors must be reconciled with the commercial freedom of expression³⁷ and the freedom of competition of other market participants.³⁸ For instance, the trademark owner is not entitled to prevent other traders from the use of the protected trademark, if this is necessary to properly inform the public about product characteristics or the intended purpose of a product or service.³⁹ For this reason, a provider of car repair and maintenance services specializing in BMW cars, for instance, enjoys the freedom of using, in good faith, the indication ‘specialist in BMW’ in advertising. As this indication is necessary to inform consumers about the nature of the services, the use does not amount to an infringement of the trademark rights of the car producer.⁴⁰

Similar conclusions can be drawn on the basis of the economic rationale to reduce consumers’ search costs. In circumstances where freedom to use a trademark better serves the purpose of informing consumers about the goods and services available on the market, it makes sense to permit use of the trademark for this purpose. Against this background, use of a trademark in comparative advertising satisfying all requirements of the EU Misleading and Comparative Advertisement Directive 2006/114/EC is exempted from the exclusive rights of trademark owners.⁴¹ Finally, room for legitimate unauthorized use of a trademark follows from the fact that trademark rights are exhausted after the first sale of genuine products by or with the consent of the trademark owner.⁴² As trademark rights can no longer be invoked with regard to those goods, resellers do not only enjoy the freedom of reselling. They are also free to use the trademark in advertising that brings the further commercialization of the goods to the attention of consumers.⁴³

³⁷ As to the recognition of the fundamental freedom of expression with regard to commercial speech, see, for instance, *Autronic v Switzerland* App no 12726/87 (ECHR, 22 May 1990) para 47.

³⁸ Cf. Senftleben and others (n 8) 337.

³⁹ See Directive 2015/2436/EU (n 18) Art 14(1)(c); Regulation 2017/1001/EU (n 18) Art 12(1)(c).

⁴⁰ In this sense C-63/97 *Bayerische Motorenwerke AG (BMW) and BMW Nederland BV v Ronald Karel Deenik* [1999] ECLI:EU:C:1999:82 para 59. Cf Kur (n 27) 1; Po Jen Yap, ‘Essential Function of a Trade Mark: From BMW to O2’ (2009) 31 EIPR 81.

⁴¹ See Directive 2015/2436/EU (n 18) Art 10(3)(f) and 14(1)(c); Regulation 2017/1001/EU (n 18) Art 9(3)(f) and 12(1)(c). Cf C-487/07 (n 17) para 54 and 65; C-533/06 *O2 Holdings Limited and O2 (UK) Limited v Hutchison 3G UK Limited* [2008] ECLI:EU:C:2008:339 para 45. Cf. Kur and Senftleben, (n 11) para 6.39-6.58; Yap (n 40) 81.

⁴² See Directive 2015/2436/EU (n 18) Art 15; Regulation 2017/1001/EU (n 18) Art 13.

⁴³ In this sense, for instance, C-337/95 *Parfums Christian Dior SA and Parfums Christian Dior BV v Evora BV* [1997] ECLI:EU:C:1997:517 para 38 (‘when trade-marked goods have been put on the Community market by the proprietor of the trade mark or with his consent, a reseller,

In the context of online marketplaces, these user freedoms play an important role. Trademarks may be used legitimately in the context of online offers to indicate the characteristics of goods, clarify their intended purpose or announce a resale of genuine goods after the exhaustion of trademark rights. Drawing attention to the underlying human rights dimension, Advocate General Jääskinen urged the CJEU in his opinion in *L'Oréal v eBay* not to forget

that the listings uploaded by users to eBay's marketplace are communications protected by the fundamental rights of freedom of expression and information provided by Article 11 of [the] Charter of Fundamental Rights of the EU and Article 10 of the European Convention on Human Rights.⁴⁴

In the context of keyword advertising, issues of commercial freedom of speech can arise with regard to the advertising made by resellers who sell genuine goods, in respect of which trademark rights have been exhausted after the first sale.⁴⁵ Keyword advertising can also be used legitimately for the purpose of comparative advertising.⁴⁶ In *Interflora v Marks & Spencer*, the CJEU created additional room for keyword advertising that, without comparing goods or services, seeks to inform consumers about an alternative in the marketplace. The Court explained that

where the advertisement displayed on the internet on the basis of a keyword corresponding to a trade mark with a reputation puts forward – without offering a mere imitation of the goods or services of the proprietor of that trade mark, without causing dilution or tarnishment and without, moreover, adversely affecting the functions of the trade mark concerned – an alternative to the goods or services of the proprietor of the trade mark with a reputation, it must be concluded that such use falls, as a rule, within the ambit of fair competition in the sector for the goods or services concerned and is thus not without 'due cause' for the purposes of Article 5(2).⁴⁷

The need to reconcile the protection of trademarks with commercial freedom of expression and freedom of competition enjoyed by other market participants, therefore, makes inroads into the exclusive rights of trademark proprietors. In particular, they are rendered incapable of objecting to the unauthorized use of

besides being free to resell those goods, is also free to make use of the trade mark in order to bring to the public's attention the further commercialization of those goods')

⁴⁴ C-324/09 *L'Oréal SA and Others v eBay International AG and Others* [2010] ECLI:EU:C:2010:757, Opinion of AG Jääskinen, para 49.

⁴⁵ C-558/08 *Portakabin Ltd and Portakabin BV v Primakabin BV* [2010] ECLI:EU:C:2010:416, para 78.

⁴⁶ See C-533/06 (n 41) para 45.

⁴⁷ C-323/09 *Interflora Inc. and Interflora British Unit v Marks & Spencer plc and Flowers Direct Online Ltd* [2011] ECLI:EU:C:2011:604 para 91. For a more detailed discussion of this point, see Martin Senftleben, 'Adapting EU Trademark Law to New Technologies - Back to Basics?' in Christophe Geiger (ed), *Constructing European Intellectual Property: Achievements and New Perspectives* (Edward Elgar Publishing 2012).

their trademarks where this is necessary to properly inform consumers. Advertising by resellers, comparative advertising and advertising putting forward an alternative product or service serve the objective to inform consumers about competing offers and enhance the efficient functioning of the market.

2.2 Artistic and Political Freedom of Expression

Besides the importance attached to competing economic interests, there is growing awareness in the field of trademark law that protection must be balanced against social and cultural values. In particular, the gradual expansion of trademark protection in the area of well-known marks led to the recognition of a need to adopt appropriate limitations safeguarding freedom of expression and information in social and cultural contexts.⁴⁸ In 1990, Professor Rochelle Dreyfuss already pointed out that trademarks have become focal points of communication:

[a]pparently, the graduates of the American educational system are no longer acquainted with the classic literature that in the past formed the basis for rhetorical and literary allusion. Betty Crocker has replaced Hestia in the public consciousness. Accordingly, it is not surprising that speakers and writers are drawn to those devices that are, by dint of heavy advertising, doubtlessly universally familiar.⁴⁹

Against this background, the importance of counterbalances for use that is socially or culturally valuable must not be underestimated with regard to use of trademarks on online platforms. Considering today's digital environment, there can be little doubt that trademarks are more than mere identifiers of commercial source. As trademarks are often symbols that raise complex associations in respect of lifestyles, behaviour and attitudes, they allow internet users to sum up complex social or cultural norms and developments by referring to a simple word mark or logo. It has also been pointed out in the debate on the social and cultural dimension of trademarks that the richness of associations and meanings attached to a trademark is the result of a joint effort of trademark owners *and* consumers. It is the consuming public that frequently imbues trademarks with connotations distinct from and sometimes unrelated to the advertising messages conveyed by the trademark owner.⁵⁰ As a result, trademarks become metaphors with complex meanings that are of particular importance for social and cultural discourse.

⁴⁸ See the references to relevant literature (n 35).

⁴⁹ Rochelle Dreyfuss, 'Expressive Genericity: Trademarks as Language in the Pepsi Generation' (1990) 65 *Notre Dame L Rev* 397, 424.

⁵⁰ Cf Deborah Gerhardt, 'Consumer Investment in Trademarks' (2010) 88 *North Carolina L Rev* 101; Jessica Litman, 'Breakfast with Batman: The Public Interest in the Advertising Age' (1999) 108 *Yale L J* 1, 15-16; Steven Wilf, 'Who Authors Trademarks?' (1999) 17 *Cardozo Arts and Entertainment L J* 1; Alex Kozinski, 'Trademarks Unplugged' (1993) 68 *New York U L Rev* 960. However, see also the critical comments on the limitation of trademark rights made by Megan Richardson, 'Trade Marks and Language' (2004) 26 *Sydney L Rev* 193.

Recognizing this public interest in the use of trademarks for social and cultural ends, law and policy makers have been alert to the need for corresponding limitations on trademark rights, particularly in the area of the protection of well-known marks against dilution. Trademark legislation in the EU creates breathing space for free expression by providing for a defence of referential use⁵¹ and the flexible defence of ‘due cause’ in the area of the protection of marks with a reputation against dilution.⁵²

So far, the CJEU has not had the opportunity to decide cases involving the invocation of these defences with regard to political or artistic speech. National decisions in civil law jurisdictions, however, demonstrate the potential of the due cause defence to serve as a safeguard for political and artistic freedom of expression. The case *Lila Postkarte* of the German Federal Court of Justice, for example, concerned the marketing of postcards that alluded ironically to trademarks and advertising campaigns of the chocolate producer Milka.⁵³ On purple background corresponding to Milka’s abstract colour mark, the postcard sought to ridicule the nature idyll with cows and mountains that is evoked in Milka advertising.⁵⁴ It showed the following poem attributed to ‘Rainer Maria Milka’:

Über allen Wipfeln ist Ruh/

irgendwo blökt eine Kuh/

*Muh!*⁵⁵

Assessing this ironic play with Milka insignia, the German Federal Court of Justice held that for the use of Milka trademarks to constitute relevant trademark use in the sense of Article 10(2)(c) TMD, it was sufficient that the postcard called to mind the well-known Milka signs.⁵⁶ Even though being decorative, the use in question therefore gave rise to the question of trademark infringement.⁵⁷ Accordingly, the German Federal Court of Justice embarked on a scrutiny of the trademark parody in the light of the infringement criteria of detriment to

⁵¹ See Directive 2015/2436/EU (n 18) Art 14(1)(c); Regulation 2017/1001/EU (n 18) Art 12(1)(c).

⁵² See Directive 2015/2436/EU (n 18) Art 10(2)(c); Regulation 2017/1001/EU (n 18) Art 9(2)(c). For a more detailed discussion of the role of these defences in cases involving artistic and political expression, see Kur and Senftleben (n 11) para 5.265-5.268 and 6.59-6.68; Jens Schovsbo, ‘Mark My Words’ – Trademarks and Fundamental Rights in the EU’ (2018) 8 UC Irvine L Rev 555, 575-580; Sakulin (n 35) 85-87; Geiger, ‘Proportionality of Criticism’ (n 35) 317.

⁵³ See Bundesgerichtshof (BGH) [German Federal Court of Justice] *Lila Postkarte* [3 February 2005] I ZR 159/02 (DE) in (2005) GRUR 583.

⁵⁴ *ibid* 583.

⁵⁵ *ibid* (‘It is calm above the tree tops, somewhere a cow is bellowing. Moo!’). The attribution to ‘Rainer Maria Milka’ is an allusion to the famous German writer Rainer Maria Rilke.

⁵⁶ *ibid* 584.

⁵⁷ *ibid* 584-585.

distinctive character or repute, and the taking of unfair advantage.⁵⁸ Weighing Milka's concerns about a disparagement of the trademarks against the fundamental guarantee of the freedom of art, the Court finally concluded that the freedom of art had to prevail in light of the ironic statement made with the postcard.⁵⁹ The use of Milka trademarks was thus found to have taken place with 'due cause' in the sense of Article 10(2)(c) TMD.⁶⁰

Other national decisions show that the due cause defence may also play an important role in safeguarding political freedom of speech.⁶¹ In the light of the fundamental guarantee of freedom of expression, the German Federal Court of Justice permitted the use of the expression 'gene-milk' in connection with products bearing the trademarks 'Müller', 'Weihenstephan', 'Sachsenmilch' and 'Loose' to make consumers aware of the risks of genetically modified milk in milk products.⁶² The French Supreme Court allowed the use of the trademark ESSO for the purposes of an environmental campaign which Greenpeace had organized to criticize environmental policies of the company on the basis of the trademark caricature 'E\$\$O'.⁶³

National case law also shows the limits of the due cause defence in parody cases with a commercial background. In the decision *Styriagra*, the Austrian Supreme Court prohibited the marketing of pumpkin seeds with blue frosting under the trademark STYRIAGRA.⁶⁴ As the blue frosting and the trademark called to mind Pfizer's well-known VIAGRA trademark and the blue Viagra pills, the Court was convinced that the defendant sought to profit unfairly from the strong reputation of Pfizer's trademark as a vehicle to draw the attention of consumers to his pumpkin product.⁶⁵ In this context, the Court rejected the argument that the use had taken place with due cause.⁶⁶ As the defendant conducted his business in the Austrian state Styria, the trademark STYRIAGRA could be understood as an ironic blend of the name of the Austrian state where the pumpkin seeds came from, and the VIAGRA trademark of the plaintiff.⁶⁷ To further support his parody argument, the defendant had also pointed out that his ironic play with Pfizer's trademark and pill colour created a sharp contrast between chemical and natural means of treating erectile dysfunction.⁶⁸ The

⁵⁸ *ibid*

⁵⁹ *ibid*

⁶⁰ *ibid* 585.

⁶¹ For an overview of national decisions, see Kur and Senfleben (n 11) para 5.267 and 6.59– 6.70.

⁶² BGH *Gen-Milch* [11 March 2008] VI ZR 7/07 (DE) in (2008) *Neue Juristische Wochenschrift* 2110.

⁶³ See Cour de Cassation *Greenpeace v Esso* [8 April 2008] case 06-10961 (FR). See also Cour de Cassation *Greenpeace v Areva* [8 April 2008] case 07-11251 (FR).

⁶⁴ Oberster Gerichtshof (OGH) [Supreme Court of Justice] *Styriagra* [22 September 2009] case 17Ob15/09v, para 3.4 (AT).

⁶⁵ *ibid* para 2.

⁶⁶ *ibid*

⁶⁷ *ibid*

⁶⁸ *ibid*

Austrian Supreme Court, however, remained unimpressed.⁶⁹ While conceding that the due cause defence could be invoked to justify an artistic trademark parody, it held that in these specific circumstances, the intention to take unfair advantage of the magnetism of Pfizer's highly distinctive trademark was predominant.⁷⁰ Pfizer's interest in trademark protection thus prevailed over the defendant's free speech interests.⁷¹

These examples illustrate how national courts in the EU employ the due cause defence to strike a proper balance between trademark protection and competing social and cultural interests. With regard to online platforms, in particular social media, this case law indicates that the due cause defence can play a crucial role when it comes to the use of a trademark for the purposes of criticism and comment. The defence is capable of preserving room for artistic and political freedom of expression. However, cases of trademark infringement arise where trademarks are used as a fake username or account name to mislead consumers as to the origin of the information communicated under this name, and where this information does not serve the legitimate purpose of criticism and comment.⁷²

2.3 Context-Specific Limitations

In sum, the analysis of measures taken to safeguard competing fundamental freedoms in trademark law yields the insight that the exclusive rights of trademark owners are not only context-specific, as pointed out in the previous section, but also limited in several respects. Trademark law seeks to strike a proper balance between trademark protection and competing economic, social and cultural values. As a result, forms of use that are considered particularly relevant in this context – use describing product characteristics or the intended purpose of goods or services, comparative advertising and advertising of resellers, use criticizing or commenting upon trademarked products and use for the purpose of parody – are exempted from the control of the trademark owner. The latter cannot invoke trademark rights against unauthorized use serving these purposes as long as the use keeps within the limits of the respective limitations laid down in the law.

Hence, online enforcement systems relating to trademarks would not only have to reflect the context-specific scope of trademark rights but also the limits set to trademark rights to satisfy competing economic, social and cultural

⁶⁹ *ibid* para 3.4.

⁷⁰ *ibid*

⁷¹ *ibid*

⁷² Cf the examples given in WIPO document SCT/24/4, dated 31 August 2010, Annex I, 14-18 <www.wipo.int/sct>, and the discussion of these issues by Lisa Ramsey, 'Brandjacking on Social Networks: Trademark Infringement by Impersonation of Markholders' (2010) 58 Buffalo L Rev 851, 872-919 (concluding at 919 that '[i]mpersonating a markholder may be an effective way to attract attention to expression on a social networking site, but this use of the mark may not be protected speech if it causes ordinary consumers to be confused about the source of the expression')

interests. Otherwise, trademark owners would be granted broader control over the use of their trademarks in the digital environment than justified in the light of the underlying exclusive rights. The fundamental freedoms justifying the exemption of the outlined forms of use, in particular freedom of expression and freedom of competition, would be neglected.

Against this background, it becomes apparent that the risk of overbroad content blocking that has been identified in the field of copyright law⁷³ arises—arguably to an even larger extent⁷⁴—with regard to algorithmic enforcement of trademark rights. As current content identification and filtering systems are not sophisticated enough to lend sufficient weight to competing user freedoms, the extension of filtering obligations, as adopted in the DSM Directive, to the field of trademark law would curtail breathing space for valuable forms of use and most probably encroach upon underlying fundamental freedoms. The risk of excessive filtering of privileged trademark-related communications must not be played down in the debate on intermediary liability in trademark cases.

3. Developments in Case Law

The discussion of the scope of trademark rights in the preceding sections yielded the insight that in the debate on liability and filtering standards, the default position can hardly be the assumption that uploads including a protected trademark justify the employment of algorithmic filtering tools because the inclusion of the protected sign clearly points in the direction of infringement.⁷⁵ By contrast, further conditions must be fulfilled, in particular use in the course of trade, use in relation to goods and services, and use that causes confusion,

⁷³ See the study conducted by Jennifer Urban and Laura Quilter, ‘Efficient Process or ‘Chilling Effects’? Takedown Notices Under Section 512 of the Digital Millennium Copyright Act’ (2006) 22 Santa Clara Computer and High Tech L J 621 (showing, among other things, that 30% of DMCA takedown notices were legally dubious, and that 57% of DMCA notices were filed against competitors; while the DMCA offers the opportunity to file counter-notices and rebut unjustified takedown requests, Urban and Quilter find that instances in which this mechanism is used are relatively rare). However, cf also the critical comments on the methodology used for the study and a potential self-selection bias arising from the way in which the analysed notices have been collected by Frederick Mostert and Martin Schwimmer, ‘Notice and Takedown for Trademarks’ (2011) 101 *Trademark Reporter* 249, 259-260.

⁷⁴ See Graeme Dinwoodie, ‘Secondary Liability for Online Trademark Infringement: The International Landscape’ (2014) 37 *Columbia J of L & the Arts* 463, 498-499 pointing out, with regard to the debate on the appropriateness of horizontal liability standards covering both copyright and trademark rights, that a horizontal legal basis for granting injunctions need not lead to the same filtering standards. More concretely, he sees copyright as a potential field of application for ‘file-matching technology,’ whereas trademark law might require ‘human-intensive assessments’ (at 499). This distinction seems to confirm that, due to the context-specific nature of trademark rights, algorithmic filter systems are even more problematic in the field of trademark law than they are in the area of copyright.

⁷⁵ For a discussion of the fundamental change of the default position that follows from the adoption of filtering obligations in copyright law, see Niva Elkin-Koren, ‘Fair Use by Design’, (2017) 64 *UCLA L Rev* 1082, 1093 (‘if copyrighted materials were once available unless proven to be infringing, today materials that are detected by algorithms are removed from public circulation unless explicitly authorized by the right holder’).

dilution or unfair free-riding. An intermediary liability regime relating to trademarks must be context-specific enough to offer room for the consideration of inherent limits and statutory limitations of trademark rights.

3.1 Guidelines at EU Level

Addressing the traditional liability privilege for online platforms—the safe harbour for hosting following from Article 14 of the E-Commerce Directive⁷⁶—the CJEU has taken a cautious approach that is capable of satisfying this general requirement. In *Google France v Louis Vuitton*, the Court qualified the advertising messages displayed by the Google keyword advertising service as third-party content provided by the advertiser and hosted by Google. These advertising messages appear once the search terms selected by the advertiser are entered by the internet user. If an advertiser selects a competitor’s trademark as a keyword, the question of trademark infringement and intermediary liability arises. As to the applicability of the safe harbour for hosting in these circumstances, the CJEU pointed out that it was necessary to examine whether the role played by Google as an intermediary was neutral, in the sense that its conduct was ‘merely technical, automatic and passive, pointing to a lack of knowledge or control of the data which it stores’.⁷⁷ The financial interest which Google had in its advertising service was not decisive in this context. An active involvement in the process of selecting keywords, by contrast, would be relevant to the assessment of eligibility for the safe harbour.⁷⁸

In the further case *L’Oréal v eBay*, the CJEU arrived at a more refined test by establishing the standard of ‘diligent economic operator.’ The Court explained that it was sufficient,

⁷⁶ 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 [2000] OJ L 178/1. Cf Stefan Kulk, *Internet Intermediaries and Copyright Law: Towards a Future-Proof EU Legal Framework*, Utrecht 2018; Christina Angelopoulos, *European Intermediary Liability in Copyright: A Tort-Based Analysis* (Kluwer Law International 2016); Martin Husovec, *Injunctions Against Intermediaries in the European Union: Accountable But Not Liable?* (CUP 2017); Thomas Hoeren and Silviya Yankova, ‘The Liability of Internet Intermediaries: The German Perspective’, (2012) 43 IIC 501; Rita Matulionyte and Sylvie Nerisson, ‘The French Route to an ISP Safe Harbour, Compared to German and US Ways’ (2011) 42 IIC 55; Miguel Peguera, ‘The DMCA Safe Harbour and Their European Counterparts: A Comparative Analysis of Some Common Problems’ (2009) 32 Columbia J of L and the Arts 481; Christiaan Alberdingk Thijm, ‘Wat is de zorgplicht van Hyves, XS4All en Marktplaats?’ (2008) *Ars Aequi* 573; Matthias Leistner, ‘Von ‘Grundig-Reporter(n) zu Paperboy(s)’ Entwicklungsperspektiven der Verantwortlichkeit im Urheberrecht’ (2006) GRUR 801.

⁷⁷ Joined C-236/08 to C-238/08 (n 7) para 114. The Court also held that the search engine offering a keyword advertising service did not use affected trademarks in the sense of trademark law. Direct liability arising from keyword advertising services thus seems to be excluded in the EU. *ibid* para 57. As to the debate on potential direct liability and primary infringement, see Graeme Dinwoodie and Mark Janis, ‘Lessons From the Trademark Use Debate’ (2007) 92 Iowa L Rev 1703, 1717 (pointing out in the light of developments in the U.S. that ‘the sale of keyword-triggered advertising and the manner of presentation of search results potentially create independent trademark-related harm, thus making it an appropriate subject of direct liability’).

⁷⁸ Joined C-236/08 to C-238/08 (n 7) para 116-118.

in order for the provider of an information society service to be denied entitlement to the exemption [for hosting], for it to have been aware of facts or circumstances on the basis of which a diligent economic operator should have identified the illegality in question.⁷⁹

While stressing that this new diligence test should not be misunderstood to impose a general monitoring obligation on platform providers, the Court indicated that, under this standard, own investigations of the platform provider would have to be taken into account. Moreover, a diligent economic operator could be expected to consider even imprecise or inadequately substantiated notifications received in the framework of its notice-and-takedown system. Such notifications represented a factor of which the national court had to take account when determining whether the intermediary was actually aware of facts or circumstances on the basis of which a diligent economic operator should have identified the illegality.⁸⁰ CJEU jurisprudence thus reflects a shift from a general exemption from investigations to an obligation to consider even imprecise notifications. Platform providers must set up a knowledge management system that reaches a certain level of sophistication.⁸¹

However, these guidelines of the CJEU must not be misunderstood as an indication that, in the case of trademarks, the mere appearance of a protected sign on an online platform could be sufficient to apply automated, algorithmic filter systems. This follows quite clearly from the rules which the Court established in the field of injunctions that can be imposed on an intermediary despite eligibility for the safe harbour for hosting.⁸² In the context of measures against trademark infringement on online marketplaces, the Court clarified in *L'Oréal v eBay* that it was possible to order an online service provider, such as eBay, to take measures that contribute 'not only to bringing to an end infringements committed through that marketplace, but also to preventing further infringements.'⁸³ Hence, the Court opened the door to the introduction of filtering obligations. However, it pointed out that this should not culminate in a general and permanent ban on the use of goods bearing a specific trademark.⁸⁴ By contrast, measures only had to be taken against repeat infringers of the same trademark. The CJEU explained that

'if the operator of the online marketplace does not decide, on its own initiative, to suspend the [infringer] to prevent further infringements of

⁷⁹ C-324/09 *L'Oréal SA and Others v eBay International AG and Others* [2011] ECLI:EU:C:2011:474 para 120.

⁸⁰ *ibid* para 122.

⁸¹ For discussion, see Martin Senftleben, 'Breathing Space for Cloud-Based Business Models – Exploring the Matrix of Copyright Limitations, Safe Harbours and Injunctions' (2013) 4 JIPITEC 87, 94-95.

⁸² See Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights, [2004] OJ L 195/16, Art 11. Cf. C-314/12 *UPC Telekabel v Constantin Film and Wega* [2014] ECLI:EU:C:2014:192, para 52-63; Dinwoodie (n 74) 496-497.

⁸³ C-324/09 (n 79) para 131.

⁸⁴ *ibid* para 140.

that kind by the same seller in respect of the same trade marks, it may be ordered, by means of an injunction, to do so.⁸⁵

Hence, the CJEU did not have a system in mind that generally prevents uploads of offers or other content comprising a protected trademark. First, the filtering system following from *L'Oréal v eBay* only targets repeat infringers. In the absence of a first illegitimate act that identifies a particular platform user as an infringer, no filtering is required. Second, the filter system only concerns further infringements in respect of the same trademark. It is based on a 'double identity' requirement: the same infringer and the same trademark. This approach differs markedly from the approach taken in Article 17(4)(b) of the DSM Directive which requires 'best efforts to ensure the unavailability of specific works' and, therefore, leads to filtering measures that block content whenever the content identification algorithm detects traces of a protected work.⁸⁶ In contrast to this new legal framework for algorithmic copyright enforcement, the EU framework for intermediary liability in trademark cases is not based on cooperation between the online platform industry and the branding industry that encourages trademark proprietors to send information about their entire trademark portfolio and obliges online platforms to block any upload containing a trademark, in respect of which 'rightholders have provided the service providers with the relevant and necessary information.'

3.2 Application in Civil Law Jurisdictions

At the national level, however, the line between targeted filtering under the double identity rule following from *L'Oréal v eBay* and more general filtering measures may become blurred. In Germany, for instance, the rules on secondary infringement in the strict sense of aiding and abetting are regularly inapplicable unless an online platform has actual knowledge of individual persons using its services to infringe intellectual property rights. This starting point, however, did not prevent the German Federal Court of Justice from developing a specific liability regime in analogy with a general provision in the German Civil Code which entitles proprietors to request that interferences having detrimental effects on their property be removed and enjoined in the future.⁸⁷ In the context of this so-called 'Störerhaftung,' it is not necessary to establish guilt or negligence. It is sufficient to establish an adequate causal link between an (ongoing) infringement of an intellectual property right and acts or omissions of the defendant: in the case of online platforms, acts or omissions of the platform provider and a platform design that offers room for interferences with intellectual property rights. Moreover, the platform provider must be able – factually and legally – to

⁸⁵ *ibid* para 141.

⁸⁶ Senftleben (n 2) 5-10.

⁸⁷ Civil Code ('Bürgerliches Gesetzbuch'), § 1004 (DE). See BGH *Internet-Versteigerung* [11 March 2004] I ZR 304/01 36 (DE) in 36 (2005) IIC 573; BGH *Internet-Versteigerung II* [19 April 2007] case No. I ZR 35/04 (DE); BGH *Internet-Versteigerung III* [30 April 2008] I ZR 73/05 (Germany). Cf Joachim Bornkamm, 'E-Commerce Directive vs IP Enforcement—Balance Achieved?' (2007) GRUR – Internationaler Teil 642, 643.

remove the cause for the interference. To avoid infinite obligations, ‘Störerhaftung’ also requires a specific duty of care vis-à-vis the prevention of continued infringement.⁸⁸ In practice, this final element allows the courts to draw the conceptual contours of the liability regime more precisely. Intermediaries can escape the verdict of liability if it cannot be demonstrated that they have neglected monitoring obligations which the courts tailor to the individual characteristics of the online platform concerned.⁸⁹

The German Federal Court of Justice developed the core principles of liability for trademark infringement under the standard of *Störerhaftung* in cases concerning sales of infringing articles on auction sites.⁹⁰ In particular, the Court confirmed that, in the absence of actual and concrete knowledge of infringing acts of third parties, it was not possible to claim damages. Once the platform provider had been made aware of an infringement, however, liability as ‘Störer’ allowed the grant of injunctive relief and the imposition of preventive measures.⁹¹

With regard to the scope of preventive measures—*de facto* filtering obligations—the open-ended concept of *Störer* offers German courts considerable room to develop specific duties which they deem adequate and reasonable in light of the individual circumstances of the tort at issue. As Article 15 of the E-Commerce Directive prohibits general monitoring obligations, this constitutes the ceiling of filtering orders that may result from *Störerhaftung*.⁹² Nonetheless, the specific monitoring duties imposed on platform providers to prevent further infringements can be quite substantial—more substantial than double identity filtering (same infringer; same trademark) which the CJEU considered appropriate in *L’Oréal v eBay*.

Cases that culminated in substantially broader filter obligations concerned in particular copyright infringement. In *Rapidshare*, the German Federal Court of Justice dealt with a cloud storage service that allowed users not only the uploading of content to their individual locker space but also the sharing of content via download links that could be added to link collections.⁹³ Given the characteristics of the service, the Court found that Rapidshare enhanced the risk of infringement by offering premium accounts with very high download speed that made the accounts particularly attractive for illegal content sharing. The Court saw the premium offer as an indication that Rapidshare sought to profit

⁸⁸ This specific duty of care must not be confused with negligence of duties of care that would result in an independent tort leading to direct liability of the intermediary.

⁸⁹ Cf Kur and Senfteben, (n 11) para 13.133-13.134. As the monitoring duty following from the concept of *Störerhaftung* is regarded as a specific duty, it is believed to be compatible with the prohibition of general monitoring obligations in Article 15 of the E-Commerce Directive.

⁹⁰ See *Internet-Versteigerung I-III* (n 87). Cf Annette Kur, ‘Secondary Liability for Trademark Infringement on the Internet: The Situation in Germany and Throughout the EU’ (2014) 37 *Columbia J of L & the Arts* 525, 532-539.

⁹¹ Cf Kur and Senfteben (n 11) para 13.136.

⁹² See BGH *File-Hosting-Service* [15 August 2013] I ZR 80/12. Cf Bornkamm (n 87) 643; Dinwoodie (n 74) 492.

⁹³ See *File-Hosting-Service* (n 92). Cf Kur (n 90) 538-539.

from illegal downloads. As the service also offered anonymous user accounts, the Court held the platform providers liable as *Störer* and imposed far-reaching control obligations. Upon receipt of a notice of infringing content, Rapidshare had to remove the individual content item at issue. Moreover, it had to ensure that the affected literary and artistic work was not infringed again in the future. Hence, the German Federal Court of Justice departed from the double identity rule following from *L'Oréal v eBay*. Instead of limiting filter obligations to cases where the same user infringed the same work, the Court generalized the monitoring and filtering duty by establishing an obligation to prevent any unauthorized reappearance of the same work – irrespective of the user involved.⁹⁴ Furthermore, it held that Rapidshare had to actively search for names and descriptions of download links that contained the title of works, in respect of which it had received notifications of infringement. This obligation included the use of web crawlers and text filters to detect links to illegal content on Google, Facebook and Twitter.⁹⁵

In Germany, the flexible concept of *Störerhaftung* thus served as a vehicle to go beyond the concept of double identity filtering which the CJEU accepted in *L'Oréal v eBay*. This development occurred in decisions concerning the infringement of literary and artistic works. Given the universal applicability of the underlying provision in the German Civil Code, however, it cannot be ruled out that a similar broadening of filter obligations may take place with regard to trademarks. In *Internet Auction I*, for instance, the German Federal Court of Justice recognized in respect of trademark infringement that it would be too heavy a burden for the provider of an auction site to check each individual offer prior to its publication on the website.⁹⁶ The situation was different, however, once the platform provider had been notified of clear trademark infringements, such as infringing offers of Rolex watches. In such a case, the provider had to block the concrete offer without delay and apply preventative measures to ensure – as far as possible – that no further trademark infringements of the same kind occurred. More concretely, the provider had to see the notification of clear cases of trademark infringement as a reason to subject offers for Rolex watches to specific (automated) checking which could be based, for instance, on typical features of suspect offers, such as a low price or a reference to Rolex imitations.⁹⁷ Under the concept of *Störerhaftung*, targeted filtering in trademark cases has thus already been deemed possible in the past. It is an open question whether more extensive filter obligations, such as the measures which the German Federal Court of Justice considered necessary in *Rapidshare*, comply with harmonized EU law – despite the explicit prohibition of general monitoring duties in Article 15 of the E-Commerce Directive.⁹⁸ The prejudicial questions which the German

⁹⁴ See *File-Hosting-Service* (n 92).

⁹⁵ *ibid*

⁹⁶ See *Internet-Versteigerung I-III* (n 87) para 19.

⁹⁷ *ibid* para 20. Cf Kur (n 90) 536; Matthias Leistner, 'Structural Aspects of Secondary (Provider) Liability in Europe' (2014) 9 *JIPLP* 75, 78-82.

⁹⁸ See also the critical comments by Kur (n 90) 539-540.

Federal Court of Justice submitted in *YouTube* may clarify this compliance question.⁹⁹

Whatever the outcome of the request for CJEU guidance, the above analysis of context-specific inherent limits and statutory limitations of trademark rights is a call for caution. Even if the concept of *Störerhaftung* survives the ruling of the CJEU in *YouTube*, it is not advisable to use this national concept as a backdoor to bring filter obligations in the field of trademark law close to the copyright standard that follows from the adoption of the DSM Directive.¹⁰⁰ As filter technology is not sophisticated enough to take account of the limited scope of trademark rights, this step would encourage excessive algorithmic trademark enforcement that disregards the context-specific conceptual contours of trademark rights.

An alternative, more cautious approach to filtering can be found in the Netherlands where injunctions including a filtering obligation to ensure that infringing content – after removal – does not reappear on an online platform, have traditionally¹⁰¹ only been granted in cases where the platform provider played an active role in the sense that he dealt with content on the platform in a way that implied knowledge of infringing material, collaborated with third parties offering illegal content, or added content himself. In these cases of ‘systematically and structurally facilitating’ the uploading of infringing content, Dutch courts are prepared to impose not only an obligation to remove the content at issue, but also an obligation to prevent the uploading of the same content by the same infringer or other platform users.¹⁰² Hence, an obligation to take

⁹⁹ BGH *YouTube* [13 September 2018] I ZR 140/15 (DE) in (2018) GRUR 1132, 1132. As to the question of compliance of the concept of *Störerhaftung* with EU law, see the case comment by Ansgar Ohly, *ibid* 1139-1141.

¹⁰⁰ Cf Senftleben (n 2) 5-10.

¹⁰¹ It remains to be seen in which way the decisions in C-527/15 *Stichting Brein v Jack Frederik Willems* [2017] ECLI:EU:C:2017:300, para 50, and C-610/15 *Stichting Brein v Ziggo BV and XS4All Internet BV* [2017] ECLI:EU:C:2017:456, para 36, impact national Dutch practice. As these decisions broaden the concept of primary liability, they may lead to broader injunctions on the basis of a finding of primary liability. Cf Ansgar Ohly, ‘The Broad Concept of ‘Communication to the Public’ in Recent CJEU Judgments and the Liability of Intermediaries: Primary, Secondary or Unitary Liability?’, (2018) 67 GRUR – Internationaler Teil 517; Eleonora Rosati, ‘The CJEU Pirate Bay Judgment and its Impact on the Liability of Online Platforms’ 39 (2017) EIPR 737.

¹⁰² Court of Appeals of The Hague *FTD v Eyeworks* [15 November 2010] LJM BO3980, ECLI:NL:GHSGR:2010:BO3980, para 6.9 (NL); Court of Appeals of Den Bosch *C More Entertainment v MyP2P* [12 January 2010] LJM BM9205, ECLI:NL:GHSHE:2010:BM9205, para 5 (NL); District Court of Utrecht *BREIN v Mininova* [26 August 2009] LJM BJ6008, ECLI:NL:RBUTR:2009:BJ6008, paras 4.66-4.69 (NL); Court of Appeals of Amsterdam *Techno Design v BREIN* [15 June 2006] LJM AX7579, ECLI:NL:GHAMS:2006:AX7579, para 5 (NL). Cf Jurre Reus, ‘De bescherming van IE-rechten op platforms voor user-generated content’ (2012) *Intellectuele eigendom en reclamerecht* 413, 414–15; B Rietjens, ‘Over leechers, seeds and swarms: auteursrechtelijke aspecten van BitTorrent’ (2006) *Tijdschrift voor auteurs-, media- en informatierecht* 8; Madeleine de Cock Buning and Daan van Eck, ‘Aansprakelijkheid van derden bij auteursrechtinbreuk’ (2009) *Intellectuele eigendom en reclamerecht* 224; A P de Wit, ‘De civielrechtelijke aansprakelijkheid van internetproviders (Deel I)’ (2009), *Tijdschrift voor*

measures against repeat infringers are conceivable with regard to specific content, if the platform provider plays an active role and has knowledge of the infringing content.¹⁰³

In cases where the intermediary does not systematically and structurally facilitate infringing activities, Dutch courts are hesitant to impose far-reaching filter obligations. In particular, they embark on a thorough scrutiny of the scope of the injunction in the light of the principle of proportionality. In *Stokke v Marktplaats*, for instance, the Court of Appeals of Leeuwarden attached particular importance to the fact that the majority of offers on the online sales portal Marktplaats stemmed from private parties and had a less corrosive effect on Stokke's business activities than offers posted by commercial sellers. The Court also attached importance to the fact that Stokke—as copyright and trademark owner—monitored the offers on the auction site anyway and had declared during the proceedings that it would continue this practice in the future. Against this background, the Court found it disproportionate to impose the additional burden of establishing a filtering system on the platform provider Marktplaats. In the Court's view, additional monitoring by Marktplaats itself would add little to the results reached on the basis of the measures already taken by the rights holder himself.¹⁰⁴

The proportionality test also played a decisive role in the context of copyright infringement. In the national *BREIN v Ziggo* decisions preceding the ruling of the CJEU,¹⁰⁵ blocking orders with regard to the platform The Pirate Bay had been granted in first instance. The Court of Appeals of The Hague, however, concluded that the website blocking had been disproportionate because internet users had little difficulty in circumventing the resulting access restriction. Moreover, the Court held that the blocking order could hardly be deemed effective as long as BREIN focused on only one file-sharing platform while leaving other platforms intact that could serve as alternative avenues for infringing activities. In such a case, the file-sharing traffic would only be diverted instead of being reduced. Given this lack of effectiveness, the inroads made into the fundamental freedom to conduct a business could not be justified.¹⁰⁶

Internetrecht 37; AP de Wit, 'De civielrechtelijke aansprakelijkheid van internetproviders (Deel II)' (2009) Tijdschrift voor Internetrecht 72.

¹⁰³ For an example of the grant of a preliminary filtering injunction because of active control of platform content and knowledge resulting from this control activity, see District Court of Amsterdam *PVH v Facebook* [21 December 2018] ECLI:NL:RBAMS:2018:9362, para 4.10-4.11 (NL).

¹⁰⁴ See Court of Appeals of Leeuwarden *Stokke v Marktplaats* [22 May 2012] LJN BW6296, ECLI:NL:GHLEE:2012:BW6296, para 8.4–10.5 (NL). Cf Reus (n 102) 416; MHM Schellekens, 'Internet-filteren – komt van het een het ander?' (2011) Mediaforum 286, 289–93; Christiaan Alberdingk Thijm, 'Wat is de zorgplicht van Hyves, XS4All en Marktplaats?' (2008) *Ars Aequi* 573.

¹⁰⁵ See C-610/15 (n 101) para 36.

¹⁰⁶ See Court of Appeals of The Hague *BREIN v Ziggo* [28 January 2014] case no 374634, ECLI:NL:GHDHA:2014:88, para 5.10–5.22 (NL).

3.3 Need for Balanced, Proportionality-Based Approach

In contrast to the case law that evolved in Germany, national decisions in The Netherlands thus reflect a somewhat different attitude: Dutch courts take a cautious approach to filtering orders. They rely heavily on the principle of proportionality as a compass to arrive at tailor-made solutions case-by-case. While Article 17 of the DSM Directive will lead to broader filtering obligations in the copyright arena, it is important that this cautious approach survives in the field of trademark rights. Otherwise, as pointed out above, overbroad control over trademark-related online communications will be offered – control based on algorithmic enforcement that does not correspond to the scope of the underlying trademark rights.

4. Conclusions

An inquiry into the context-specific nature, inherent limits and statutory limitations of trademark rights shows that the expansion of algorithmic content identification and filtering systems to trademark cases is likely to yield undesirable results. Trademark law seeks to strike a proper balance between trademark protection and competing economic, social and cultural needs. Due to the different conceptual contours of trademark rights, a system mimicking the filtering obligations following from the DSM Directive in the field of copyright law would give trademark proprietors excessive control over the use of their trademarks in the digital environment. Such an overbroad system of automated, algorithmic filtering would encroach upon the fundamental guarantee of freedom of expression and freedom of competition. It is likely to have a chilling effect on legitimate descriptive use of trademarks, comparative advertising, advertising by resellers, information about alternative offers in the marketplace, and use criticizing or commenting upon trademarked products. As a result, consumers would receive less diverse information on goods and services. The reliability of the internet as an independent source of trademark-related information would be put at risk.

Instead, a liability regime is necessary that is tailored to the particular scope and reach of trademark protection. Besides the inherent limits of trademark rights, statutory limitations of protection play an important role that satisfy competing economic, social and cultural needs. Moreover, it is advisable to take into account the differences between online platforms and the different ways in which trademarks may be used in accordance with the platform infrastructure.

In sum, the configuration of trademark protection requires a nuanced approach to the question of intermediary liability and related filtering issues. The principle of proportionality constitutes an important signpost in this respect. Only a cautious, proportionality-based approach allows judges to align their decisions with the specific scope and reach of trademark rights and the individual characteristics of online platforms.