



JUDICIARY OF
ENGLAND AND WALES

LIABILITY OF ACCESSORIES AND INTERMEDIARIES FOR TRADE MARK INFRINGEMENT IN THE UK

MARKENFORUM

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The Hon. Mr Justice Arnold

Definitions

- An “accessory” is a person (A) who assists another person (B) to commit an infringement in circumstances where A does not himself commit the infringing act
- An “intermediary” is a person (X) whose service is used by another person (Y) to commit an infringement
- An accessory is actively involved in the commission of the infringement whereas an intermediary may be purely passive
- An accessory will usually have at least some knowledge about the infringement whereas an intermediary may have no knowledge in the absence of notice

European law

First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks (now codified as Directive 2008/95/EC of 22 October 2008)

- Article 5(1) and (2) provide that the trade mark proprietor “shall be entitled to prevent all third parties not having his consent from using in the course of trade” signs where certain conditions are fulfilled (subject to limitations in Articles 6 and 7)
- Article 5(3) contains non-exhaustive list of kinds of use which may be prohibited
- No provision for liability of accessories
- No provision for liability of intermediaries

Council Regulation 40/94 of 20 December 1993 on the Community trade mark (now codified as Regulation 207/2009/EC of 26 February 2009)

- Article 9(1) corresponds to Article 5(1) and (2) of the Trade Marks Directive
- Article 9(2) corresponds to Article 5(3) of the Trade Marks Directive
- No provision for liability of accessories
- No provision for liability of intermediaries

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

- Article 12 “mere conduit” defence subject to Article 12(3) which provides that this “shall not affect the possibility for a court or administrative authority, in accordance with Member States' legal systems, of requiring the service provider to terminate or prevent an infringement”
- Article 13 “caching” defence similarly subject to Article 13(2)
- Article 14 “hosting” defence similarly subject to Article 14(3)
- Article 15 no general obligation to monitor
- No provision for liability of accessories
- No provision for liability of intermediaries

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

- No provision for liability of accessories
- First European provision for liability of intermediaries: Article 8(3) provides 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”
- Internet access providers are intermediaries within the meaning of Article 8(3): C-557/07 *LSG-Gesellschaft zur Wahrnehmung von Leistungsschutzrechten GmbH v Tele2 Telecommunication GmbH* [2009] ECR I-1227

European Parliament and Council Directive 2004/48/EC of 29 April 2004 on the enforcement of intellectual property rights

- No provision for liability of accessories
- Article 11 third sentence generalises Article 8(3) of the InfoSoc Directive: “Member States shall also ensure that rightholders are in a position to apply for an injunction against intermediaries whose services are used by a third party to infringe an intellectual property right”
- Recital (59): “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. Therefore ... rightholders should have 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. ... The conditions and modalities relating to such injunctions should be left to the national law of the Member States”

UK implementation of Article 8(3) InfoSoc Directive and Article 11 third sentence Enforcement Directive

- Article 8(3) of the InfoSoc Directive specifically implemented by section 97A of the Copyright, Designs and Patents Act 1988
- Article 11 third sentence of the Enforcement Directive not specifically implemented – Government apparently considered general law sufficient despite manner in which Article 8(3) InfoSoc Directive implemented

L'Oréal v eBay

L'Oréal SA v eBay International AG [2009] EWHC 1094 (Ch), [2009] RPC 21

- Detailed findings of fact concerning eBay's trading methods and policies and eBay's treatment of a number of users who sold infringing goods
- 10 questions referred by High Court of England and Wales to CJEU: 9 questions of interpretation of Trade Marks Directive and CTM Regulation and 1 question of interpretation of Article 11 third sentence Enforcement Directive
- No question referred regarding liability of accessories:

“[345] I can conceive that it might nevertheless be argued that the Trade Marks Directive did approximate national laws on accessory liability in the context of infringement of national trade marks to some extent. It might also be argued that the Community Trade Mark Regulation implicitly regulated the question of accessory liability in the context of infringement of Community trade marks to some extent. In the present case, however, it was common ground between counsel that there was no conflict between domestic law and Community law on this issue ... ”

Case C-324/09 *L'Oréal SA v eBay International AG* [2011] ECR I-0000

“[131] ... the jurisdiction conferred, in accordance with the third sentence of Article 11 of the directive, on national courts must allow them to order an online service provider, such as a provider making an online marketplace available to internet users, to take measures that contribute not only to bringing to an end infringements committed through that marketplace, but also to preventing further infringements.

[139] ... the measures required of the online service provider concerned cannot consist in an active monitoring of all the data of each of its customers in order to prevent any future infringement of intellectual property rights via that provider's website. ...

[140] ... the court issuing the injunction must ensure that the measures laid down do not create barriers to legitimate trade. That implies that, in a case such as that before the referring court, which concerns possible infringements of trade marks in the context of a service provided by the operator of an online marketplace, the injunction obtained against that operator cannot have as its object or effect a general and permanent prohibition on the selling, on that marketplace, of goods bearing those trade marks.

- [141] ... injunctions which are both effective and proportionate may be issued against providers such as operators of online marketplaces. ... if the operator of the online marketplace does not decide, on its own initiative, to suspend the perpetrator of the infringement of intellectual property rights in order to prevent further infringements of 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.
- [142] Furthermore, in order to ensure that there is a right to an effective remedy against persons who have used an online service to infringe intellectual property rights, the operator of an online marketplace may be ordered to take measures to make it easier to identify its customer-sellers. In that regard ... although it is certainly necessary to respect the protection of personal data, the fact remains that when the infringer is operating in the course of trade and not in a private matter, that person must be clearly identifiable.
- [143] The measures that are described (non-exhaustively) in the preceding paragraphs, as well as any other measure which may be imposed in the form of an injunction ..., must strike a fair balance between the various rights and interests mentioned above.”

Current English law as to the liability of accessories for trade mark infringement

- Accessory liability imposed through common law (i.e. non-statutory) doctrine of joint tortfeasance
- Same basic principles apply to all intellectual property rights (and other torts)
- For recent expositions of the principles see *L'Oréal v eBay* at [346]-[352] (trade marks) and *Twentieth Century Fox Film Corp v Newzbin Ltd* [2010] EWHC 608 (Ch), [2010] FSR 21 at [103]-[109] (copyright)
- Joint tortfeasors are jointly liable for infringements both regard to the past (i.e. liability for damages or an account of profits) and the future (i.e. liability to be restrained by injunction)

- A is jointly liable for infringements committed by B in either of two (closely-related) situations: (i) where A procures B to commit the infringing act by inducement, incitement or persuasion and (ii) where A and B act in concert with one another pursuant to a common design
- Generally speaking, procurement must be procurement by A of a particular infringement by a particular infringer
- It is sufficient for liability on the basis of common design that there was a common design by A and B to do acts which amounted to infringement and that A acted in furtherance of that common design

- In *L'Oréal v eBay* it was held at [359]-[382] that eBay was not jointly liable for infringements committed by the users since (i) eBay had not procured the particular acts of infringement by the fourth to tenth defendants of which L'Oréal complained and (ii) eBay had not acted in concert with the other defendants pursuant to a common design even though eBay had facilitated the infringing acts with knowledge that infringements were likely to occur and profited therefrom
- Note that L'Oréal chose not to appeal this finding prior to the reference to the CJEU

- Note also:

“[370] I confess to having considerable sympathy with the suggestion that eBay Europe could and should deal with the problem of infringement by accepting liability and insuring against it by means of a premium levied on sellers. In characterising L’Oréal’s claim as an attack on eBay’s business model, it seems to me that counsel for eBay Europe came close to the heart of the issue. As the evidence in this case graphically demonstrates, eBay and its competitors have created a new form of trade which carries with it a higher risk of infringement than more traditional methods of trade. I consider that there is much to be said for the view that, having created that increased risk and profited from it, the consequences of that increased risk should fall upon eBay rather than upon the owners of the intellectual property rights that are infringed.”

Current English law as to the liability of intermediaries in respect of trade mark infringement

- Judgment of CJEU in *L'Oréal v eBay* makes it clear that English courts can grant injunctions against intermediaries in appropriate cases (but not damages or accounts of profits)
- No further hearing in *L'Oréal v eBay* since judgment of CJEU due to settlement discussions between parties
- No English case has yet applied CJEU ruling in *L'Oréal v eBay* in context of trade mark infringements
- High Court of England and Wales has applied CJEU ruling in context of copyright infringements

- In *Twentieth Century Fox Film Corp v British Telecommunications plc* [2011] EWHC 1981 (Ch), [2011] RPC 28 and [2011] EWHC 2714 (Ch) it was held that the Court had jurisdiction under section 97A CDPA 1988 (Article 8(3) InfoSoc Directive) to grant, and should grant, an injunction against BT (an internet access provider) requiring it to adopt specific technical measures to block or impede access by its subscribers to a file-sharing website called Newzbin2 since
 - both the users and operators of Newzbin2 used BT's service to infringe the claimants' copyrights
 - BT had actual knowledge that this was occurring as a result of the judgment in *Twentieth Century v Newzbin*, notices served by the claimants and evidence served by the claimants
 - the grant of such an injunction would not contravene Articles 12(1) or 15(1) of the E-Commerce Directive

- the grant of such an injunction would not contravene Article 10 of the European Convention on Human Rights (Article 11 of the Charter of Fundamental Rights of the European Union) since it was clear, precise, involved an existing solution, was technically feasible, was not excessively costly and could be discharged or varied if circumstances changed (contrast C-70/10 *Scarlet Extended SA v Société belge des auteurs compositeurs et éditeurs (SABAM)* [2011] ECR I-0000)
- it did not matter that the Newzbin2 website made other kinds of copyright material accessible in addition to works the copyrights in which were owned by the claimants
- it did not matter that other right holders would be likely to seek similar orders
- it did not matter that the injunction could be circumvented by many users
- overall the injunction was proportionate

- Parallel injunctions were subsequently granted against other five other internet access providers
- Similar injunctions were granted against the six major internet access providers requiring them to adopt specific technical measures to block or impede access by their subscribers to The Pirate Bay website in *Dramatico Entertainment Ltd v British Sky Broadcasting Ltd* [2012] EWHC 268 (Ch) and [2012] EWHC 1152 (Ch)