

Beyond the Safe Harbours: Harmonising Substantive Intermediary Third Party Liability for Copyright Infringement in Europe

INTRODUCTION

The internet has proven a convenient vehicle for the commission of unprecedented levels of copyright infringement by leagues of anonymous – and impecunious – infringers. In their quest for deep pockets and easy targets, right-holders have, in reaction, turned against the internet middlemen, attempting to hold them accountable for the wrong-doings of the small-scale offenders using their networks. As a result, the tricky issue of indirect liability has been given new urgency. With perplexed domestic courts turning to the general rules on extra-contractual liability to parse the issue, during the 90s a number of EU Member States started introducing special liability laws in order to shield the budding internet industry from legal uncertainty. In an effort to forestall the parallel development thus threatened of multiple disparate European national regimes for intermediary liability,¹ in 2000 the Commission adopted in the E-Commerce Directive a set of safe harbour provisions granting immunity to intermediaries from liability incurred in the supply of three types of services: mere conduit, caching and hosting.² But these immunities apply only in certain circumscribed conditions, barring which domestic courts perforce fall back onto national liability standards that remain greatly divided: the safe harbours, therefore, offer only a buffer zone against intra-EU secondary liability law inconsistencies. The harmonisation achieved applies in an evasive, negative fashion, dictating only when Member States *can't* impose liability for intermediary activities, not when they can. As a result, the national substantive rules on intermediary liability for copyright infringement continue to diverge from one another, a discrepancy which has consequences not only for businesses engaging in activities not currently covered by the safe harbours, e.g. search engines, but also for intermediaries providing protected services that fail to abide by the required conditions and thereby forfeit immunity, such as hosting providers that refuse to expeditiously take down unlawful information upon obtaining knowledge of its existence or caching providers that do not appropriately update cached content. Thus, the veneer of approximation that the safe harbours supply masks the persisting fragmentation of substantive liability law along European borders.

The lack of a European cross-border consensus on the scope and normative basis of intermediary liability is probably unsurprising given the close connection of the issue with the hard to harmonise area of general tort law. But much more perplexingly, as this essay will show, even on the national level the law of indirect liability is one of the most badly understood areas of intellectual property law – or indeed civil law.³ It is therefore apparent that a cogent solution to the problem of intermediary liability will require significant doctrinal reform across the board of EU Member States. As a result, a gap has emerged that would be most efficiently covered with one single harmonised European solution for substantial intermediary copyright infringement than multiple national ones.

Happily, such harmonisation is far from as hopeless as it is usually presented: indeed, as shall be shown below, although the underlying national traditions and bodies of law in tort are doubtlessly

¹ Recital 40, 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 (Directive on Electronic Commerce), [2000] OJ L 178/1.

² See Art. 12-15 of the E-Commerce Directive.

³ “EU Study on the Legal Analysis of A Single Market for the Information Society – New Rules for a New Age?” (November 2009), Chapter 6: “Liability of Internet Intermediaries”, available online.

dissimilar, specifically in the area of intermediary copyright liability the rules are moving closer together and common principles are beginning to take shape beneath the national divergences.⁴

The essay shall focus on the liability of internet service providers acting in their intermediary capacity for copyright infringement committed on their networks and web pages by their users. Direct liability incurred by a platform for its own harmful behaviour without third party involvement shall not be discussed. It should be noted that, although this analysis is concerned exclusively with intermediary liability for copyright infringement, cases involving other forms of illegality will be discussed where they allow for conclusions to be drawn that can be applied to copyright.

1. England

The legal tool primarily relied upon by the English courts for findings of liability by internet-related service providers is that of authorisation.⁵ Under s. 16(1) of the UK's Copyright, Designs and Patents Act 1988 (CDPA) the owner of a copyrighted work is granted exclusive rights over certain restricted activities, as well as, under s. 16(2), the right to authorise others to engage in these activities; accordingly, copyright in a work may be infringed by any person who either does any of the listed restricted acts without authorisation or authorises another person to commit them.

When the right was first introduced to the Copyright Act of 1911, it was dismissed as superfluous and tautologous, however, over time the concept of authorisation has evolved to exact liability beyond the directly and vicariously liable, from persons associated or affiliated in a variety of ways with the primary infringer. In *Falcon v Famous Players Film Company Ltd*⁶, Bankes LJ accepted that to "authorise" means to "sanction, approve and countenance", while a concurring Atkin LJ defined the notion as to "grant or purport to grant to a third person the right to do the act complained of, whether the intention is that the grantee shall do the act on his own account, or only on account of the grantor." The seminal authority in the area is *CBS v Amstrad*,⁷ in which Lord Templeman, speaking for a unanimous House of Lords, considered both *Falcon* formulations and came down in favour of the narrower Atkin LJ approach. Lord Templeman observed that a distinction must be made between conferring the *power* to copy upon the purchaser and purporting to grant the *right* to copy. Significantly for the regulation of modern online technologies, the court noted that although a variety of materials are "by their nature almost inevitably to be used for the purpose of an infringement", their invention, manufacture, sale and advertisement is nonetheless not inhibited by the law and cannot be convincingly interpreted as authorisation of infringement: as the commonly understood meaning of the term "authorisation" necessarily requires the assumption of some degree of authority, authorisation excludes the mere facilitation of copyright infringement.⁸

But the argument of facilitation as a form of authorisation has been gaining more traction in recent years.⁹ Faced with rampant online infringement, right-holders have been putting forth claims that making available facilities in the knowledge that they will probably be used to infringe should qualify as "authorising" them.¹⁰ In response, UK judges have attempted to introduce a bit more flexibility to the traditionally restrictive interpretation of authorisation by backpedalling to the broader Bankes LJ definition. In *Newzbin I*¹¹, a case involving the liability of a Usenet indexer for locating, categorising and reassembling for download binary files containing copies of protected films, the court, although initially endorsing Lord Templeman's understanding of authorisation as "the granting or purporting to

⁴ Martinet Farano suggests a similar evolution can be detected between European states and the US and pushes for further transatlantic intermediary liability harmonisation: B Martinet Farano, "Internet Intermediaries' Liability for Copyright and Trademark Infringement: Reconciling the EU and US Approaches" (2012) TTLF Working Paper No 14.

⁵ Although the CDPA applies across the United Kingdom, in view of the separate tort systems of the various legal jurisdictions of the UK, for simplicity's sake, this essay shall limit itself to the law of England and Wales.

⁶ *Falcon v Famous Players* [1926] 2 KB 474.

⁷ *CBS Songs v Amstrad* [1988] 2 All ER 484.

⁸ See *CBS Inc v Ames Records and Tapes* [1981] 2 All ER 812.

⁹ PS Davies, "Accessory Liability for Assisting Torts" (2011) 70(2) Cambridge Law Journal, 353.

¹⁰ L Bently and B Sherman, *Intellectual Property Law* (3rd ed, OUP, Oxford 2009) 154.

¹¹ *Twentieth Century Fox Film Corporation & Anor v Newzbin Ltd* [2010] EWHC 608 (Ch).

grant of a right”, unaccountably reverted to the “sanction, approve and countenance” test, ignoring its dismissal by the House of Lords. The *Newzbin* case law was replicated two years later in *Dramatico Entertainment*,¹² a case examining whether the operators of the well-known peer-to-peer file-sharing website the Pirate Bay have infringed the claimant’s copyrights. Yet, arguably neither *Newzbin* nor the Pirate Bay “purport to authorise” copyright infringement by their users: if both parties know that the intended copying is illegal, it is misleading to talk about the purported grant of a right; quite to the contrary, what the sites in question encourage is precisely *unauthorised* copying.¹³ The distinction is significant as it highlights the limits of the authorisation doctrine and the extent to which the term is being distorted beyond its natural meaning in an effort to adapt outdated liability rules to a changing landscape.¹⁴

The two High Court decisions cannot be said to mark a departure from the precedent laid down in *Amstrad* – such a development would be a task for the Supreme Court of the United Kingdom.¹⁵ What they do reveal is bewildered lower courts struggling to identify a sound jurisprudential basis on which to ground the liability of third parties whose wrongfulness the judges instinctively accept. The result is legal gymnastics that fail to convince. As an alternate route, given that infringement of copyright is a tort, a more sensible and straightforward approach to the issue of intermediary liability can be identified in the common law theory of tort law and more specifically in the tort-based doctrine of joint tortfeasance,¹⁶ in which the codified notion of authorisation finds its roots.

Joint tortfeasance holds multiple persons liable where they are connected with or somehow associated with the same infringement.¹⁷ Joint tortfeasors must be distinguished from several concurrent tortfeasors, i.e. independent wrongdoers whose acts combine to produce a single damage to the plaintiff.¹⁸ A good if somewhat abstract test for joint tortfeasance was given in *SABAF SpA v MFI Furniture*, where it was stated that each joint tortfeasor must be “so involved in the commission of the tort as to make the infringing act their own.”¹⁹ This can occur through the establishment (to use the terminology of Carty’s leading exposition of the topic)²⁰ of a “participation link” connecting the primary and “secondary” wrongdoers. Three such links are generally acknowledged: authorisation, procurement and combination. As with the statutory version of authorisation enshrined in the CDPA, mere or even knowing facilitation of a wrongdoing is insufficient to substantiate joint tortfeasance.²¹

Joint tortfeasance has a pronounced advantage over the overworked and outdated concept of authorisation in that it provides solid legal grounds for the introduction of a component of blameworthiness to the liability standard, i.e. of precisely that mental element of malevolence as to the commission of the tortious act that the courts seem to be searching for. Under such an approach, while Lord Templeman’s assessment that no common design to infringe could be deduced in *Amstrad* would remain entirely valid, cases involving file-sharing providers could, without any incongruity, lead to the opposite result, at least where the operators of the site make their anti-copyright sentiments public, thereby allowing the courts sturdy footing for condemning excessive involvement in the infringements of others.²² Indeed, the principles of joint tortfeasance have already been applied in both *Newzbin I* and *Dramatico*. Admittedly, there still seems to be some confusion on the part of the courts, but discrepancies are likely to be ironed out over time.

¹² *Dramatico Entertainment Ltd & Ors v British Sky Broadcasting Ltd & Ors* [2012] EWHC 268 (Ch).

¹³ H Laddie *et al.*, *The Modern Law of Copyright and Designs* (3rd ed, Butterworths, London, 2000) 1776.

¹⁴ ED Ventose & JJ Forrester, “Authorisation and Infringement of Copyright on the Internet” (2010) 14(6) *Journal of Internet Law*, 3.

¹⁵ M Shillito & D Meale, “Twentieth Century Fox Film Corp v *Newzbin Ltd* – copyright – online service provider held liable for copyright infringements of its users” [2010] 32(8) *EIPR*67.

¹⁶ *Supra* note 14.

¹⁷ *Supra* note 10 at 1075.

¹⁸ G Williams, *Joints Torts and Contributory Negligence* (London, Stevens & Sons Ltd 1951), 16.

¹⁹ *SABAF SpA v MFI Furniture* [2003] RPC (14), para. 59.

²⁰ H Carty, “Joint Tortfeasance and Assistance Liability” (1999) 10 *L.S.* 489.

²¹ *Credit Lyonnais Bank Nederland NV v Export Credits Guarantee Dept* [1999] UKHL 9 and *Belegging-en Exploitiemaatschappij Lavender B.V. v Witten Industrial Diamonds Ltd* [1979] FSR 59. See also: N McBride and R Bagshaw *Tort Law* (4th ed, Pearson 2012) 702.

²² *Supra* note 14.

Finally, the tricky question of duties of care should be mentioned. In *L'Oreal v eBay*,²³ Arnold J, while acknowledging that eBay (a much more sympathetic defendant) facilitate the infringement of third parties' trademarks by sellers, know in a general sense that such infringements have occurred and are likely to continue to occur and make profit from such infringements, stated that this is not enough to confirm eBay's liability. The judge pointed out that eBay could not be held liable as, under the provisions of the CDPA, although it owed a duty to not infringe copyright and not to authorise an infringement of copyright, it was under no duty or obligation to prevent infringement of third parties' registered trademarks. It remains unclear where such duties might derive from of who they might burden.

L'Oreal also revealed the discontinuity between UK and EU law with regard to possible injunction ordering the future prevention of the same or similar infringements as envisioned in Article 11 of the Enforcement Directive should be mentioned.²⁴ This would not be a problem in a copyright, as opposed to a trademark case, as s. 97A and 191JA of the CDPA explicitly allow ordering injunctive relief, but it does reveal the disjointed legal patchwork that the partial harmonisation of intermediary liability on the European level has engendered in national law. As we shall see below, continental courts seem much more confident, if not entirely problem-free, regarding the answer to both of these conundrums.

2. France

Art. 122-3 of the French *Code de la propriété intellectuelle* provides that “[a]ny complete or partial communication to the public or reproduction made without the consent of the author or of his successors in title or assigns shall be unlawful.” In principle under French copyright law only the person who commits the material act of infringement will be held liable.²⁵ However, as in the UK, the general tort law principles may be relied upon to expand liability to additional actors.

Yet, in French civil law no notion of accessory liability in the English sense is encountered. Prior to the introduction of safe harbours in favour of intermediaries into French law, French courts instead relied primarily on expansive interpretations of the *direct* breach of the general tort principles to determine the liability framework applicable to online service providers. Art. 1382 of the *Code civil* obliges any person who, when acting with fault, caused prejudice to another to the payment of damages (*responsabilité délictuelle*). Art. 1383 expands the obligation of reparation to damage caused by negligence (*responsabilité quasi-délictuelle*). To be successful, the claimant must therefore prove three elements: fault or negligence; a resultant damage and a causal connection between the those two.²⁶

In copyright, these three are further whittled down to only the latter two: The *Cour de cassation* in a much criticised decision has declared that, due to the *erga omnes* opposability that results from copyright's nature as an absolute right, no fault is required for the imposition of, not only restitutionary measures, that is to say court orders, injunctions and fines intended to prevent the continuation of the infringement and to confirm the exclusivity of the holder's rights, but also claims for the compensatory payment of damages. Indeed, French judges are traditionally afforded the discretion to pick and choose from among available remedies, resulting in a hybrid *action en contrefaçon* that encompasses both restitutionary court orders and the compensatory payment of damages.²⁷

²³ *L'Oreal S.A v eBay International AG* [2009] EWHC 1094 (Ch).

²⁴ Corrigendum to 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.

²⁵ See Art. L. 122-4 CPI.

²⁶ Y Benhamou, “Compensation of Damages for Infringements of Intellectual Property Rights in France, Under Directive 2004/48/EC and its Transposition Law – New Notions?” (2009) 40 IIC 125.

²⁷ A Lucas, H-J Lucas & A Lucas-Schloetter, *Traité de la Propriété Littéraire et Artistique* (4th ed, LexisNexis 2012) 893.

However, while for the primary offender a rule of strict liability appears quite reasonable, it becomes less easy to accept in the case of other parties connected to the distribution of a work,²⁸ particularly the multiple actors involved in the digital dissemination of works, who do not directly contribute to an infringement and whose fault is harder to take as given.²⁹ As we shall see below, the German courts have developed a much more coherent framework for recognising the distinction between the imposition of restitutionary measures against persons acting without fault and the compensation of damages in cases of fault, although here too criticism has been levied against the idea that any sanction at all should be imposed on innocent intermediaries. In any case, the lower French courts have taken a much more moderate approach: they generally impose the burden of proving the absence of fault on the defendant, but will absolve from liability defendants who demonstrate that they could not have foreseen the damage.³⁰

The pre-E Commerce Directive case law provides insights into the regime still applicable outside the reach of the immunities. The jurisprudence of the day imposed a harsh liability scheme which placed intermediaries under a general obligation of prudence and vigilance for damage occasioned to third parties. Failure to abide by this obligation would constitute a fault and thus give rise to liability under the general principles of extra-contractual liability.³¹ Intermediaries were thus placed under a duty to take all necessary precautions to prevent any breach of the rights of third parties if they were to avoid liability. At the same time, French courts refused to hold liable ISPs who blocked access to or promptly took down unlawful content, thus excluding own fault.³² This system is strikingly different from its English counterpart: not only is facilitation of the primary tort explicitly recognised as capable of substantiating liability, but this is achieved through the imposition of duties of care of a kind explicitly rejected in the UK.

In the *Lacoste* case, the TGI de Nanterre identified the three main obligations incumbent on service providers that derive from the general duty of care of Art. 1382 and 1383 Cc: to bring the need to respect the rights of others to the attention of users, to remain vigilant against infringement and to act against verified infractions by removing the unlawful material and impeding its future re-posting.³³ The Cour d'appel de Versailles later mitigated the obligation of vigilance by specifying that it should not be understood as requiring a systematic and general examination of all content on hosted websites, but only due diligence checks (*diligences appropriées*), which must be proactively executed by the intermediary once it acquires knowledge of the unlawful nature of the content of a site or once it has reason to suspect unlawfulness.³⁴

The subsequent adoption of Art. 15 of the E-Commerce Directive should have put an end to attempts to impose surveillance obligations on intermediaries, at least when providing caching, hosting and mere conduit services. Yet French courts have been reluctant to let go of the notion of due diligence as a precondition for delivery from liability. Beginning in 2007, lower courts have imposed obligations on host service providers requiring the monitoring of new publications, indexing or uploads of material previously notified as unlawful. So, in *Tranquility Bay* the TGI de Paris held that, once a host provider had been informed of the existence of infringing copies of the film, it was under an obligation to implement any means necessary to avoid future dissemination. In January 2011, the Paris Court of Appeal confirmed this line of thinking in four judgements handed down on the same day, in which Google Video was held liable for copyright infringement committed by users with regard to the films "*Le génocide arménien*"³⁵, "*L'affaire Clearstream*"³⁶, "*Les dissimulateurs*"³⁷ and

²⁸ *Ibid* 903.

²⁹ A Lucas & H-J Lucas, *Traité de la Propriété Littéraire et Artistique*, (2nd ed, Litec 2001) 606 *et seq.*

³⁰ *Supra* note 26.

³¹ *Estelle H.c / Valentin L. et Daniel*, Cour d'appel de Paris, 14^e ch., Arrêt du 10 février 1999.

³² B Beignier, B de Lamy & E Dreyer, *Traité de droit de la presse et les médias* (Litec, 2009) 1161; L Thoumyre, "Etude 464 – La responsabilité pénale et extra-contractuelle des acteurs de l'Internet" (Novembre 2009) Lamy droit des médias et de la communication.

³³ *Madame L. c/ les sociétés Multimanía*, Tribunal de Grande Instance de Nanterre, 8 December 1999.

³⁴ *S.A Multimanía Production c/ Madame Lynda L.*, Cour d'Appel de Versailles, Arrêt du 8 juin 2000.

³⁵ *Google Inc. c/ Compagnie des phares et balises*, Cour d'appel de Paris (Pôle 5, chambre 2), Arrêt du 14 janvier 2011.

³⁶ *Google Inc. c/ Bac Films, The Factory*, Cour d'appel de Paris (Pôle 5, chambre 2), Arrêt du 14 janvier 2011.

“*Mondovino*”.³⁸ Although Google was absolved from liability in view of the safe harbours, an injunction was issued ordering it to refrain from future reproduction or communication to the public of all or part of the films in question or any link to them. The Court of Appeal found the Art. 15 E-Commerce Directive prohibition on general monitoring obligations inoperable in this case, as the obligation was seen as specific to the documentary in question and notice as to its copyright status had already been given.

Under this line of thinking the liability position of a host service provider rests in rightholder hands, changing drastically once a notification of an infringement has been received, suspending the applicability of the immunities. Subsequent inaction on the part of intermediary will not only disqualify it from safe harbour protection, but is further interpreted as a dereliction of a duty of care, which serves to substantiate its fault and thus its liability. The “notice and take down” scheme crudely hinted at by Art. 14 of the E-Commerce Directive was thus transformed by the French courts into a judge-made “notice and stay down” regime, with an obligation to monitor derived directly from the Article 14’s requirement of expeditious removal or disabling of access to allegedly infringing information upon obtaining knowledge or awareness. This is arguably a considerable misinterpretation of a provision intended to protect against liability, not add grounds for its establishment.³⁹

The *Cour de cassation* finally put an end to this extended liability regime with two rulings on “*L’affaire Clearstream*” and “*Les dissimulateurs*” on 12 July 2012.⁴⁰ According to the court, the judge-made “stay-down” obligation cannot be observed by online providers without conducting prohibited general monitoring. Copyright holders must therefore monitor the content of websites themselves and notify intermediaries for each new infringement of protected content. Indeed, a duty to avoid future infringement is difficult to navigate around a ban on general monitoring by the intermediary. Although the multiple postings of identical content by the same or different users arguably renders the monitoring obligation specific, if host service providers wish to avoid liability they are obliged, after receiving notification, to hunt down each and every remaining or reposted unauthorised copy. This however, can only be achieved by screening all (even non-infringing) content passing through their servers for infringing copies, *i.e.* practicing general monitoring. In fact, as notifications are likely to accumulate at a fast rate, the only practical way to achieve this would be through fingerprinting or similar automatic filtering technology. The *prima facie* specificity of the obligation is therefore negated by the broad reach of the practical implications, which would affect the liability of all hosting services for all works for which a notification has been sent as to a single infringing copy.⁴¹ As we shall see below, the German approach of *Störerhaftung*, although crafted in much more careful terms, encounters the same fundamental obstacle.

3. Germany

As in France, in Germany too basic tort law principles can be relied upon to investigate the liability of persons participating in the commission of an infringement. According to § 823(1) of the *Bürgerliches Gesetzbuch* (BGB) any person who, intentionally or negligently, unlawfully injures the life, body, health, freedom, property or any other legal right of another person or commits a breach of a statute that is intended to protect another person is liable to compensate the other party for the damage thus incurred. As in France therefore, aside from the other constituent elements of the infringement (the

³⁷ *Google Inc. c/ Bac Films, The Factory, Canal+*, Cour d’appel de Paris (Pôle 5, chambre 2) Arrêt du 14 janvier 2011.

³⁸ *Google Inc. c/ Les Films de la Croisade, Goatworks Films*, Cour d’appel de Paris (Pôle 5, chambre 2), Arrêt du 14 janvier 2011.

³⁹ C Jasserand, “France: The Court of Cassation puts an end to the Notice and Stay Down Rule”, Kluwer Copyright Blog, 14 August 2012.

⁴⁰ *La société Google France c/ La société Bach films*, Cour de cassation (Première chambre civile), Arrêt n° 831 du 12 juillet 2012; *La société Google France c/ La société Bac films*, Cour de cassation (Première chambre civile), Arrêt n° 828 du 12 juillet 2012.

⁴¹ C Angelopoulos, “Filtering the Internet for Copyright Content in Europe” IRIS plus 2009-4.

violation of a right, unlawful behaviour and causal connection), culpability is also a necessary prerequisite for the establishment of extra-contractual liability.

The element of *unlawfulness* (*Rechtswidrigkeit*) is automatically satisfied whenever a legal right is violated intentionally. If the protected right is violated unintentionally, unlawfulness will only accrue if the defendant has failed to satisfy the standard of care demanded by society. In other words, an act or omission is only unlawful in the event that an actor violates a duty of care (*Sorgfaltspflicht*, *Verkehrspflicht*). A duty of care will arise to anybody who through her activity or property creates a source of potential danger which is likely to affect the interests and rights of others. This will include a duty to prevent the misuse of one's property by third persons in violation of another's rights. The rule of reason (*Zumutbarkeit*) prevails: accordingly, the measures a person can be expected to take to prevent a violation of the legal rights of others must be technically and economically feasible. Breaches of a duty of care lead to liability as a *Täter*, i.e. main perpetrator, whether for monetary or injunctive relief.

A statutory tort as required by Art. 823(2) is provided by the Article 97(2) of the German copyright act (*Gesetz über Urheberrecht und verwandte Schutzrechte* – UrhG). This provision obliges whoever infringes a copyright or related right intentionally or as the result of negligence to pay compensation for damages suffered in cases of unlawful infringements committed intentionally or as a result of negligence. Although with regard to all of the above German tort law strongly resembles its French equivalent, German law is much more consistent than French law in distinguishing between the conditions for restitutionary and compensatory action: so, where a defendant was not at fault but there is a danger of infringement or of repetition of an infringement, Art. 97(1) also explicitly permits injunctive relief requiring the direct wrongdoer to cease and desist.

Another basis for intermediary liability can be found in Art. 830§1 BGB. This establishes that joint tortfeasors (*Mittäter*) are all to be held responsible. Under Art. 830§2, participants to an infringement (*Beteiligte* or *Teilnehmer*), instigators (*Anstifter*) and accessories (*Gehilfen*), also face the same liability as direct offenders. Instigators are understood as being persons who incite the decision to infringe, while deliberate assistance to the direct infringement will brand one an accessory.⁴² At least contingent intent is necessary for a finding of liability under this heading, i.e. the participant must have seriously considered the risk of infringement and approvingly accepted it.⁴³ Knowledge of the objective circumstances that form the main offence and awareness of their unlawfulness are accordingly required. This condition is not usually met by online intermediaries. However, the defendant may also be held liable if she consistently violated duties of care over a longer period of time.⁴⁴

Yet this framework is largely irrelevant for copyright purposes: in Germany intermediary contribution to copyright infringements committed by others is mainly dealt with through the specially-developed theory of *Störerhaftung*. This permits cease and desist claims to be imposed not only on the immediate wrongdoer (*Täter*) and any participants in the wrongdoing (*Mittäter*), but also on “disturbers” (*Störer*) who knowingly and causally contribute to an infringement by another. *Störerhaftung* is a form of strict liability and thus not dependent on the establishment of fault; the only relevant factor is the unlawfulness of the conduct as such.⁴⁵ Importantly, and in keeping with its strict liability nature, *Störerhaftung* can only ground claims for injunctive orders requiring the defendant to terminate and refrain from infringements. It is not possible to claim against a *Störer* for damages

⁴² H Köhler & J Bornkamm, *Gesetz gegen den Unlauteren Wettbewerb* (C.H. Beck, Munich 2012) Rn. 2.15.

⁴³ J Becher, “Copyright and User-Generated Content: Legal Challenges for Community-Based Businesses in Germany and the USA” (2010) master thesis, Bucerius Law School/WHU Otto Beisheim School of Management.

⁴⁴ BGH, *Internet-Versteigerung I*, 11 March 2004, I ZR 304/01; JB Nordemann, “Liability for Copyright Infringements on the Internet: Host Providers (Content Providers) – The German Approach” (2011) 2(1) JIPITEC 37.

⁴⁵ A Bayer, “Liability 2.0 – Does the Internet Environment Require New Standards for Secondary Liability? An Overview of the Current Legal Situation in Germany” in MJ Adelman et al., *Patents and Technological Progress in a Globalized World* (Springer 2009) 365.

unless they were acting at fault and therefore fulfil the requirements for direct liability.⁴⁶ Culpable breach of an injunction constitutes contempt of court and is punishable with a disciplinary fine.⁴⁷

Although injunctive relief is not specifically provided for by the tort provisions of the BGB,⁴⁸ it has been made available by the German courts by analogy with the law of property. *Störerhaftung* thus finds its roots outside tort liability.⁴⁹ Unusually for Germany's mainly civil law based system, the theory of *Störerhaftung* was therefore developed through extensive case law.⁵⁰

For claims against a disturber to be acknowledged the following conditions must be met:

- (a) Adequately causal contribution to a legal violation;
- (b) Breach of a reasonable duty to review (*Prüfpflicht*).

Thus, as is the case with similar constructions in the UK and France, *Störerhaftung* requires the commission of a direct infringement by a third party. The disturber must have deliberately, adequately and causally contributed to the creation or maintenance of a legal wrong, including taking advantage of the infringements committed by others.

The breach of a reasonable duty to review is a relatively new addition to the previously entirely fault-free *Störerhaftung*. The requirement of reasonableness turns the duty to review into an exceptionally flexible criterion: a host of factors influence the outcome, while the tasks that can be demanded of a disturber are likewise variable, ranging from attempts to detect unlawful conduct in advance to more passive behavioural standards.⁵¹ As a result, the exact scope of *Störerhaftung* can only be decided on a case-by-case basis. This flexibility also provides room for the courts to take into consideration the complicity of the disturber: a domain name registry will be subject to a less stringent duty to review than a provider of peer-to-peer software used exclusively for illegal exchanges of copyright-protected works. Yet flexibility carries with it considerable disadvantages: *Störerhaftung*'s duty to review has been criticised as overly broad, while the regional courts of Germany remain confused about its exact scope and requirements, resulting in conflicting rulings.

A possible conflict with the prohibition of general monitoring duties under Article 15 of the E-Commerce Directive by *Störerhaftung*'s expansion to clear future repetitions of the notified infringement has been argued.⁵² Recital 47 does concede that monitoring obligations in specific cases and, in particular, orders by national authorities in accordance with national legislation are not disallowed. But *Störerhaftung*'s duty to review does not have a statutory basis, while all the objections regarding the surreptitiously general nature of such orders mentioned in the French context above apply here as well.⁵³

In addition to these misgivings, the doctrine of *Störerhaftung* is currently being argued in Germany as dogmatically unnecessary and replaceable by tort law rules on participation.⁵⁴ The criticism is stronger in the area of unfair competition, which, as opposed to intellectual property, does not create absolute rights, but there are those that argue in favour of a general inapplicability of disturbance

⁴⁶ A Wandtke (ed.), *Urheberrecht* (De Gruyter Recht, Berlin 2012) 286 et seq.

⁴⁷ G Spindler, "Country Report – Germany" for the EU's "Study on the Liability of Internet Intermediaries" (2006), available online.

⁴⁸ See BGB, Book 2 on the Law of Obligations.

⁴⁹ Art. 862 and 1004 BGB of Book 3 of the BGB.

⁵⁰ BGH, *Internet-Versteigerung I*, 11 March 2004, I ZR 304/01; J Bornkamm, "E-Commerce Directive vs. IP Enforcement – Legal Balance Achieved?" (2007) GRUR Int 642; T Hoeren, "German Law on Internet Liability of Intermediaries", LIDC Congress, Oxford 2011.

⁵¹ Supra note 44.

⁵² JB Nordemann, "Liability for Copyright Infringements on the Internet: Host Providers (Content Providers) – The German Approach" (2011) 2(1) JIPITEC 37.

⁵³ R Matulionytė & S Nérison, "The French Route to an ISP Safe Harbour Compared to German and US Ways" (2011) 42(1) IIC, 55.

⁵⁴ T Hoeren, "German Law on Internet Liability of Intermediaries", LIDC Congress, Oxford 2011.

liability in all areas of law.⁵⁵ In any case, the BGH continues to employ the doctrine in intellectual property matters, albeit circumscribed by the principle of reasonable review duties.⁵⁶

4. Converging in Confusion: Towards a European Substantive Intermediary Liability Regime

The country-by-country analysis engaged in above highlights the deep-rooted structural differences between the three examined national systems for third party copyright infringement. At the same time however, it also reveals a number of common trends that unite them.

The most striking of these is of course the parallel regression to national tort law basics. Copyright infringement is a tort and, in view of the lack of satisfactory *sui generis* intermediary liability theories internal to copyright, judges in all three selected countries have turned to basic tort law principles to craft appropriate legal reactions. On this basis, it is easy to conclude that, to a large extent, differences between European liability regimes are attributable to the differences in their tort traditions: the E-Commerce safe harbours have yielded differing interpretations because of the divergent tort rules guiding their application.

But basic tort rules are vague by nature and their application to intermediary liability is by no means a straightforward business. The result has been much national legal uncertainty, as domestic courts fumble for ways to adjust the applicable general principles to the peculiarities of the specific situation. It is indicative that, even in the civil law jurisdictions of France and Germany, the rules have been developed primarily through judge-made case law. With doctrine in flux, the result has been an assortment of murky and ill-defined *ad hoc* solutions that fail to stand up to thorough examination: so, while UK courts are struggling to squeeze intermediary liability into the ill-fitting concept of authorisation and use joint tortfeasance to rekindle the long-rejected liability for the facilitation of infringement, the ambivalent French courts have trodden back and forth in their case law, as higher courts invalidate the theories developed by *juges du fond* intent on avoiding the application of the safe harbours. Finally, while the German principle of *Störerhaftung* is notoriously unpredictable and possibly incompatible with the E-Commerce Directive, the direct application of *Täterhaftung* is only just beginning to be explored. A systematic approach to intermediary liability is accordingly lacking in all three countries, something unfortunate given the political sensitivity of the topic. The EU Member States appear, in a way, to be converging towards a mutual confusion. More significantly, that confusion would seem to be concentrated in similar areas.

For example, all three jurisdictions above reveal a preoccupation with the intermediary's state of mind, although courts disagree about (or are completely unclear on) where the normative basis for such requirements might lie: in secondary liability, where the material act of infringement is committed by a third party, while the intermediary's culpability is indicated by his mental connection to the infringement, the usual strict liability rule in copyright reaches its limits. In France, if it weren't for the inconvenient jurisprudence of the *Cour de cassation*, this would be easily dealt with, as the fundamental delictual principle applies directly, placing fault at centre stage. By contrast, UK courts have a harder time fitting mental elements into their adjudication: the mental participation link in both authorisation and joint tortfeasance is much more strictly delineated in English law, leading UK judges to an impasse, as they struggle to reconcile their instinctive conviction regarding the blameworthiness of certain service providers with the rigid standards of their national law. Germany seems to lie on the intersection between the other two: although the fault-free theories of disturber liability have dominated the discussion in recent decades, even *Störerhaftung* requires the dereliction of duties of care and commentators are pushing for a return to a fault-based *Täterhaftung* approach. It should be noted that the European efforts to inject an element of blameworthiness into the third party

⁵⁵ H Köhler, "'Täter' und 'Störer' im Wettbewerbs- und Markenrecht Zur BGH-Entscheidung 'Jugengefährdende Medien bei eBay'" (2008) 1 GRUR 2; H Köhler & J Bornkamm, *Gesetz gegen den Unlauteren Wettbewerb* (C.H. Beck, Munich 2012) Rn. 2.2 *et seq.*

⁵⁶ *Supra* note 46.

copyright liability standard could be said to parallel, or perhaps even be inspired by, the US introduction of an inducement rule with its 2005 Supreme Court *Grokster* case.⁵⁷

The different national approaches to intermediary culpability can to a large extent be explained by the fundamental divide in the approaches of civil and common law to the concept of duties of care: while in civil law systems, under the general tort rule, any person whose activity is likely to cause prejudice to another holds a broad duty to ensure they do not prejudice third parties, in the common law no such duty is envisaged, unless explicitly foreseen by precedent or statute.⁵⁸ Instead, there is a sharp division in common law tort rules between the requirements for direct and indirect liability, which does not exist in civil law systems.⁵⁹ Yet it is possible that the UK courts might be slowly coming round to a more continental way of thinking, at least in the circumscribed area of indirect copyright infringement. So, for example, in *Dramatico* and *Newzbin I*, the English courts interpreted failure to take any substantial steps against mass-scale infringement as circumstances giving rise to liability, thus introducing considerations of due care to the assessment intermediary liability. Similarly, calls in the literature to re-examine the historical complete rejection of facilitation as a way of incurring liability (and the courts' rather disingenuous attempts to bypass the same) could be foreshadowing an EU-wide approximation in the conditioning of intermediary liability for third party copyright infringement on the violation of a duty of care. It is possible that some harmonising influence of the E-Commerce Directive can be detected here: the conditions for safe harbour protection, such as the requirement that host service providers lack all actual knowledge, the CJEU's insistence that intermediaries must be "neutral" to enjoy protection, as well as the vague reference to the possibility of regulating intermediary behaviour through the imposition of duties of care in the recitals to the Directive provide some first inklings of European guidance in this area.⁶⁰

The requirements for injunctive relief have inspired comparable musings across national borders, although the EU safe harbours afford absolutely no guidance, excluding injunctive relief from their ambit. Through the doctrine of *Störerhaftung* the German courts have put this autonomy to great effect: liability for damages is rarely acknowledged by the German courts, while all parties involved in a wrongdoing can be subjected to an injunction, without any need to establish participation in the commission of the tort or fault. But this originally strict principle has been diluted in recent years with the introduction of the duty to review accompanied by a reasonableness defence, thus injecting elements of blameworthiness into the discussion also in the area of restitutionary remedies. The French approach exemplifies a dichotomy between the jurisprudence of the lower courts, which favour a fault test for injunctive relief as well as monetary compensation, and the *Cour de cassation*, which would rather apply a strict liability approach to both. At the opposite extreme, the British courts are entirely suspicious of injunctions. Yet under EU influence, the British courts have opened up to the possibility of injunctive relief in defence of IPRs: in implementation of Art. 8(3) of the Copyright Directive,⁶¹ s. 97A CDPA grants courts the power to issue injunctive relief against service providers in cases of copyright infringement. Accordingly, injunctive relief was granted to the plaintiffs under this heading in both *Dramatico* and *Newzbin II*, the follow-up to *Newzbin I* that turned against British ISPs seeking the blocking of the Newzbin website.⁶²

Finally, the scope of any injunctive intervention is another topic ruled by mutual cross-border uncertainty: unlike their US counterparts, the courts in all three examined European states have been toying with the idea of demanding not only the take-down by intermediaries of notified infringing material, but also of targeted monitoring intended to prevent future infringement. In France, due

⁵⁷ *MGM Studios, Inc. v Grokster, Ltd.*, 545 U.S. 913 (2005). For further analysis of the evolution of US law in this regard see A Yen "Sony, Tort Doctrines, and the Puzzle of Peer-to-Peer" (2005) 55 Case Western Law Review, 815 and A Yen "Third Party Copyright After Grokster" (2006) 91 Minnesota Law Review, 180.

⁵⁸ Supra note 4.

⁵⁹ KJ Koelman, "Online Intermediary Liability", in PB Hugenholtz (ed.) *Copyright and Electronic Commerce - Legal Aspects of Electronic Copyright Management*, (Information Law Series (no. 8), Kluwer Law International 2000) 18.

⁶⁰ Recital 48, E-Commerce Directive.

⁶¹ Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society [2001] OJ L167/10.

⁶² *Twentieth Century Fox Film Corp & Ors v British Telecommunications Plc* [2011] EWHC 1981 (Ch).

diligence considerations ballooned into a notice-and-stay-down regime that had to be curtailed by supreme court intervention. In Germany the notoriously vague *Störerhaftung* has led courts to stray in the same direction. The question has arisen even in the injunction-sceptic UK, where *L’Oreal v eBay*, after a lengthy description of the German approach, identified the scope of the injunctive relief demanded by Article 11 of the Enforcement Directive as a matter requiring CJEU guidance.⁶³

The re-occurrence of similar patterns across European borders is unsurprising in view of the negative, round-about nature of the E-Commerce special liability regime: the safe harbours and CJEU case law have set the tone for the discussion of intermediary liability in Europe, but have failed to provide real answers. Instead, national courts have been left attempting to structure the EU’s hints as to the correct solution (“control”, “knowledge”, “neutrality”, “duties of care”, “no general monitoring obligations”) into their heterogeneous – and still developing – national approaches. As a result, the first step towards the European harmonisation of intermediary liability has probably contributed towards the very confusion that now necessitates further intervention. A bit more constructively, it has also led to an emerging European discussion on the topic. In this way the ground has been laid for the introduction of further European coordination mandating not only where Member States cannot impose liability for intermediary activities, but also where they should; that would not only allow the imposition of duties of care or of injunctive relief, but would also stipulate under which circumstances that must happen – in other words for a European harmonisation of the substantive issues surrounding intermediary liability.⁶⁴

CONCLUSION

The fragmented conglomeration of national systems described above is ill-suited to the global nature of the internet and the liability attribution problems it presents: a borderless problem deserves a borderless solution. But the European harmonisation of intermediary liability beyond the superficial approximation provided by the safe harbours presents a difficult task: the issue is closely connected to general tort law, an area in which divergences between EU countries remain deeply entrenched.⁶⁵ Yet interestingly, although the normative basis and systemic organisation of basic tort norms may vary considerably across Member States, in practice the principles and legal standards of protection specific to secondary copyright liability appear to be slowly – and spontaneously – converging. This is to a large extent due to the lateral harmonising influence of the E-Commerce safe harbours: under the gentle prodding they provide, the same or similar factors dominate the discussions on intermediary liability across European borders, while, more conspicuously, the same or similar question marks hang over them.

But these common elements have failed to be incorporated into a cogent legal framework: instead domestic courts have been left struggling to fit European elements into their pre-existing systems of substantive law. Not only does this approach not make for good harmonisation, but it also undermines coherence on the national level. The problem is exacerbated by the lack of well-founded, systematic national theories on the issue. In all three examined states, third party liability remains a troublesome, under-analysed area of private law and consistent, flexible solutions for intermediary copyright infringement are consequently lacking. In their default, judges are left to rely on their personal intuitive sense of justice in the application of general tort norms to the specificities of third party online copyright infringement. The result is doctrinal tension, legal uncertainty and conflicting, only sluggishly maturing, domestic judicial interpretations.

Paradoxically, this provides the best opportunity for the Commission to step in with a cross-border, unifying regime: since a well-founded solution to the challenge posed will anyway require significant doctrinal reform on a national level across the board of Member States, a window has opened for an EU-level debate on intermediary copyright liability. Unlike other areas of tort law that have been left

⁶³ *L’Oreal S.A v eBay International AG* [2009] EWHC 1094 (Ch).

⁶⁴ J Bornkamm, “E-Commerce Directive vs. IP Rights Enforcement – Legal Balance Achieved?” (2007) GRUR Int 642.

⁶⁵ A Ohly, “Economic Rights” in E Derclaye (ed.), “Research Handbook on the Future of EU Copyright” (Edward Elgar, 2009) 235.

untouched by the EU, in recent decades EU Member States have undertaken to approximate their national copyright laws and practices to a considerable degree. Although basic tort norms may therefore vary considerably across Member States, intermediary liability for copyright infringement is specific enough that the harmonisation of this one area should be possible without also necessarily requiring the prior harmonisation of its national tortious underpinnings. In its 2012 Communication on e-commerce and other online services⁶⁶ the Commission concluded that a revision of the Directive is not necessary at this stage. This essay would suggest that more drastic action is needed. The E-Commerce Directive's safe harbours and the corresponding CJEU case law present a hesitant first step in the direction of a coherent, sensitive, comprehensive and harmonised European system for intermediary copyright liability. Instead of shying away from further action, the EU should tackle the unfinished business it began with their adoption to usher in the next era in European intermediary liability.

⁶⁶ Commission Communication to the European Parliament, the Economic and Social Committee and the Committee of the Regions, "A Coherent Framework for Building Trust in the Digital Single Market for E-Commerce and Online Services", 11 January 2012, COM(2011)942 final.