

2023 - Study Question Q281

Name of contributing National/Regional Group or Independent Member

Dutch Group

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Q287 - Responsibility of online marketplaces for online infringement

Questions

For I, II and III, the term **General IP Law** means the general responsibility regime for acts of IP rights infringement contained in Industrial property rights legislation and/or caselaw.

The term **Special Digital Law** means special legislation applicable to internet actors, such as online marketplaces.

The term **General Law** means the general law of civil responsibility. The acronym **OM(s)** stands for Online Marketplace(s).

I) Current law and practice

Please answer all questions in Part I based on your Group's current law.

A. Responsibility regimes applicable to OMs

This part is intended to identify the responsibility regime(s) applicable to OMs in your jurisdiction, and the criteria for determining the application of one or other regime.

- 1) In your jurisdiction, please indicate if the responsibility of OMs for IPRs infringement is subject to the following legislation (please answer YES or NO and cite the applicable texts):

- a) the General IP Law regime,

YES:

Trademarks - Benelux Convention on Intellectual Property (BCIP)

The BCIP provides the trademark owner to prohibit the use of the same or similar signs. Under certain circumstances, the CJEU accepted that OMs can itself commit trademark infringement (Louboutin v. Amazon).

Dutch Copyright Act (DCA)

The DCA allows copyright holders to control the reproduction and sharing of their work. This also applies to OMs.

Patents - Dutch Patent Act (DPA)

Article 53(1) allows a patent owner to prohibit others, including OMs, to use the invention. Article 70(4) DPA states that "*damages may be claimed only from a party who performs acts that he knows or reasonably should know constitute an infringement.*"

Other

In addition, design rights (BCIP), tradename rights under the Dutch Trade Name Act and plant variety rights under the Seeds and Planting Materials Act may apply.

- b) a Special Digital Law regime,

YES:

- The e-Commerce Directive 2000/31, that has been implemented inter alia in the Dutch Civil Code, chapter 6 on liability with respect to electronic communication.
- The Directive 2004/48/EC on the enforcement of intellectual property rights ('Handhavingsrichtlijn'), that has been implemented in the Dutch Code of Civil Procedure.
- The EU Digital Services Act (EU Regulation 2022/2065), that will have direct effect in the Netherlands as of 17 February 2024.

c) the General Law regime,

Under Dutch law, an IP infringement is a civil tort/unlawful act (*onrechtmatige daad*) governed by article 6:162 Dutch Civil Code (DCC). As such, the obligation to pay damages is subject to a tort/unlawful act being attributed to an infringer. That attribution may result from the tortfeasor's fault or from a cause for which he is accountable by virtue of law or generally accepted principles (according to article 6:162(3) DCC). It is generally accepted that an act by the infringer who knew or reasonably should have known that he was infringing is attributable due to that infringer's fault.

d) an alternative/different regime.

The implementation in the Netherlands of the ecommerce directive: Notice-and-Take-Down Code of Conduct 2018 (see: www.noticeandtakedowncode.nl).

- 2) If a Special Digital Law regime exists in your jurisdiction (applicable in particular to OMs), is this regime of responsibility more stringent or more liberal (e.g. exemption of responsibility, safe harbour, etc.) for OMs than the General IP Law, in case of IPRs infringement?

The Special Digital Law regime is in general more liberal. The e-Commerce Directive for instance provides the possibility for Member States to establish obligations for information society service providers to promptly inform the competent public authorities of alleged illegal activities undertaken or information provided by recipients of their service or obligations to communicate to the competent authorities, at their request, information enabling the identification of recipients of their service with whom they have storage agreements. This information obligation has not been implemented in the Netherlands.

- 3) If a Special Digital Law regime exists in your jurisdiction, what justifies the application of a Special Digital Law regime to the OMs in relation to IPRs infringement?

National implementation of an EU Directive to establish a clear and general framework regarding certain legal aspects of e-commerce in the internal market or European Regulations that have direct effect in the Netherlands.

- 4) If OMs can benefit an exemption of responsibility/safe harbour, what are the criteria for determining whether an OM is subject to this regime (e.g. active or passive role of the OM, knowledge/control of the presentations of the products, awareness of the IP rights infringement, etc.). Please give examples (case law, etc.).

Criteria article 14 e-Commerce Directive (article 6 DSA) implemented in article 6:196c Dutch Civil Code:

- **Safe harbour only applies to an OM that consists of the storage of information.**

- Safe harbour applies on the condition that the service provider (i) does not have actual knowledge of illegal activity or illegal content and, as regards claims for damages, is not aware of facts or circumstances from which the illegal activity or illegal content is apparent or (ii) upon obtaining such knowledge or awareness, the service provider acts expeditiously to remove or to disable access to the illegal content.
- If the service provider carries out voluntary own-initiative investigations or takes other measures aimed at detecting, identifying and removing, or disabling access to, illegal content, this should not affect the service provider's exemption from liability (good Samaritan clause).
- Safe harbour is not applicable when the recipient of the service is acting under the authority or the control of the provider (article 6(2) DSA).

Examples in European case law:

- CJEU *Louboutin/Amazon*¹: under certain circumstances operators of platforms can themselves commit trademark infringement when their sales partners offer counterfeit products and it is actually not really clear to consumers whether those products are offered by the OM or by the sales partner.

Examples in Dutch case law:

- District court of the Hague *Tommy Hilfiger/Facebook*²: Facebook does not infringe copyrights and trademark rights by displaying fake ads. In this case, the relevant circumstances confirm that Facebook acts as a neutral intermediary in the context of its advertising service and thus qualifies for the exemption from liability.

B. The implementation of the OMs responsibility regimes

The purpose of this chapter is to determine the implementation for each responsibility regime applicable to OMs in your jurisdiction (conditions to engage responsibility, exceptions, exemptions, etc.).

The purpose is, for instance, to determine under what conditions an OM can be considered an IP infringer, co-infringer, accomplice, or contributory IP infringer (use of the IP on its own benefit, awareness of IP rights infringement, providing of specific services such as optimizing the presentation, promoting offers, etc.), and under what conditions an OM can benefit from an exemption of responsibility/safe harbor (acting expeditiously following awareness of IP rights infringement, etc.), etc.

To answer each question in this chapter, please deal separately with each responsibility regime applicable in your jurisdiction.

General IP law regime (if applicable to OMs)

- 5) In your jurisdiction, under what conditions can an OM be held responsible for IP rights infringement or, on the contrary, to be exempted from responsibility for an IP rights infringement in each of these cases?

- a) in patent law:

According to Article 70(1) of the Dutch Patent Act (DPA), the proprietor of a patent may enforce his patent vis-à-vis any (natural or legal) person who, without being entitled to do so, performs any of the acts referred to in Article 53(1) DPA:

- a. to make, use, put on the market or resell, hire out or deliver the patented product, or otherwise deal in it in or for his business, or to offer, import or stock it for any of those

¹ CJEU 22 December 2022, ECLI:EU:C:2022:1016 (*Louboutin/Amazon*).

² District court of the Hague, 17 March 2021, (*Tommy Hilfiger/Facebook*).

purposes;

- b. to use the patented process in or for his business or to use, put on the market, or resell, hire out or deliver the product obtained directly as a result of the use of the patented process, or otherwise deal in it in or for his business, or to offer, import or stock it for any of those purposes.

There are limitations to the patentee's exclusive right, such as the research exemption (Article 53(3) DPA) and exhaustion of rights (Article 53(5) DPA).

Article 73(1) DPA also provides patentees with the possibility to sue for indirect infringement, by bringing an action against a third party (such as a supplier of parts of the patented product). It is required that this party supplies or offers to supply, in or for its business, means relating to an element of the patented invention that is essential for putting the invention into effect in the Netherlands, provided that this party knows, or that it is evident considering the circumstances, that those means are suitable and intended for applying the invention.

For example, the Court of Appeal in The Hague ruled that the supplier of a medicinal product that was suitable for a rare, non-infringing use, but also for a common, infringing use, committed an indirect infringement as he must have understood that it was likely to be used in an infringing way because of the volumes sold (27 January 2015, ECLI:NL:GHDHA:2015:1769 (*Novartis/Sun Pharmaceutical*)).

b) in trade mark law:

Based on Article 2.20(2) of the Benelux Convention on Intellectual Property (BCIP), which – except for subsection d – is the same as Article 9(2) of the European Trade Mark Regulation (EUTMR), a registered trade mark holder can prohibit any third party using a sign that:

- a. is identical to the trade mark, and used in the course of trade for goods or services identical to those for which the trade mark is registered.
- b. is identical or similar to the trade mark, used in the course of trade for goods or services identical or similar to those for which the trade mark is registered, and there is a likelihood of confusion (including a likelihood of association between the trade mark and the sign) among the public.
- c. is identical or similar to the trade mark and the trade mark has a reputation in the Benelux territory, and use of that sign in the course of trade without due cause would take unfair advantage of or be detrimental to the distinctive character or repute of the trade mark.
- d. is used for purposes other than to distinguish goods or services, and such use without due cause would take unfair advantage of or is detrimental to the distinctive character or repute of the trade mark.

Examples of infringing 'use' are offering the goods, putting them on the market or stocking them for these purposes under, or offering or supplying services under the sign; importing or exporting goods under the sign; and using the sign on business papers and in advertising (Article 2.20(3) BCIP / Article 9(3) EUTMR).

The CJEU ruled that an OM does not use the contested mark itself when the mark is displayed on its platform in sales offers (CJEU 12 July 2011, C-324/09 (*L'Oréal/eBay*)). Subsequently, the CJEU has decided that the mere storage of infringing goods by an OM on behalf of a third party, without being aware of that infringement, does not constitute infringing 'use' if that OM does not itself intend to offer or market the goods (2 April 2020, C-567/18 (*Coty/Amazon*)).

In the recent *Louboutin/Amazon* case (22 December 2022, C-148/21 and C-184/21), the CJEU gave further clarification on the position of OMs by ruling that OMs can be held liable for trade mark infringement, if a well-informed and reasonably observant user of that marketplace establishes a link between the services of that operator and the sign at issue. This is particularly the case where the user may have the impression that the OM itself – rather than a third party vendor operating via the OM – is marketing the goods in question in its own name and for its

own account. The CJEU gave the following examples of relevant circumstances:

- whether the OM uses a uniform method of presenting the offers published on its website, displaying both the advertisements relating to its own goods and those relating to goods offered by third party sellers;
- whether the OM places its own logo as a renowned distributor on all those advertisements;
- whether the OM offers additional services to the third party sellers consisting *inter alia* in the storing and shipping of the goods containing the sign at issue.

There are limitations to the trade mark holder's exclusive right, such as when its right is exhausted in the EEA, unless there are legitimate reasons to oppose further commercialisation of the goods, especially where the condition of the goods is changed or impaired after they have been put on the market (Article 2.23(3) BCIP / Article 15 EUTMR).

c) in design law:

Based on Article 3.16 BCIP, a design right holder can challenge the use of a product in which the design is incorporated or on which the design is applied, which has an identical appearance to the design as filed, or which does not produce a different overall impression on an informed user, taking into consideration the designer's degree of freedom in developing the design. Infringing 'use' shall cover, in particular, the making, offering, putting on the market, sale, delivery, hire, importing, exporting, exhibiting, or using or stocking for one of those purposes. This is similar to Articles 10 and 19 of the Community Design Regulation (CDR).

The BCIP and CDR have no explicit provision for indirect infringement (like e.g. the DPA), but implicitly indirect infringement is covered since the design right holder can oppose use of any product in which the design is incorporated and 'product' includes parts intended to be assembled into a complex product.

Unlike the CDR, the BCIP does not provide for protection of unregistered designs. The holder of an unregistered Community design can, however, prevent the infringing acts only if the contested use results from (slavishly) copying the protected design.

The right of the design right holder to contest does not include *inter alia* acts done privately and for non-commercial purposes; acts done for experimental purposes; and acts of reproduction for the purpose of making citations or of teaching, provided that such acts are compatible with fair trade practice and do not unduly prejudice the normal exploitation of the design, and that mention is made of the source.

- 6) Please indicate under what circumstances an OM can be considered an IP infringer, co-infringer / joint tortfeasor, accomplice, or a contributory infringer.

As is determined in Article 11 of the IP Enforcement Directive (2004/48/EC), a person whose services are used by third parties to infringe on IP can be subject to orders or injunctions to stop providing the services that are used to infringe (Article 2.22 BCIP, Article 3.18 BCIP and Article 70(9) DPA). This also applies to OMs (CJEU 12 July 2011, C-324/09 (*L'Oréal/eBay*)).

Liability for damages or monetary compensation can only be based on an unlawful act (General Law regime; unless the safe harbour exemption of the Special Digital Law regime applies) or direct infringement by the OM itself (see conditions set out above in question 5).

The General IP Law regime in the Netherlands does not distinguish further between an IP infringer and a co-infringer / joint tortfeasor, accomplice, or a contributory infringer.

Special Digital Law regime (if such a regime is applicable to OMs)

- 7) In your jurisdiction, what are the conditions for an OM to be held responsible on this basis? What obligations must the OM fulfil in order to be exempted from responsibility for an IP rights infringement? If possible, please give examples for each IPR separately.

Article 12-15 of the E-Commerce Directive (Directive 2000/31/EC) has been implemented in the Netherlands in Article 6:196c of the Dutch Civil Code (DCC), providing a special digital liability regime for intermediary internet service providers, such as hosting and transmission (*mere conduit*) services. Internet service providers have a safe harbour protecting them from liability for third party content if the conditions are met.

Dutch courts follow the settled case law from the CJEU that the liability exemption for hosting applies only to cases where the activity of the service provider is of a mere technical, automatic and passive nature, meaning that the provider has neither knowledge of nor control over the information which is stored by third parties on its server/network. It does not apply where the information service provider has played an active role.

As decided in the *L'Oréal/eBay* case (CJEU 12 July 2011, C-324/09), the mere fact that the operator of an OM stores sales offers on its server, sets the terms of its service, is remunerated for that service and provides general information to its customers, cannot prevent it from relying on the liability exemptions. However, where the OM actively intervenes, for example by pre-selecting the information to be posted on the website or by assisting users in the presentation of the sales offers in question or promoting those offers and thereby has knowledge of, or control over, what is subsequently posted on the OMs platform, there is reason to deny it reliance on the exemption from liability. In order to assess whether an OM is or should be aware of the infringement, the question is whether a diligent market operator should have realised that the sales offers in question were unlawful.

For instance, Facebook's active role as an operator of ad space precludes reliance on the exemption provision. Facebook not only sets the rates, but is also active in determining which ads appear on its platform and which do not. According to the Court of Amsterdam, Facebook is therefore not neutral in this role by controlling the ads, earning from its advertising platform and using its Advertising Policy to determine the conditions of entry (11 November 2019, ECLI:NL:RBAMS:2019:8415 (*Facebook bitcoin ads*)).

In another case, the Court of Appeal of Amsterdam ruled that circumstances put forward by Brein (including determining the retention time, applying a spam filter and offering a search function) do not imply that NSE (hosting provider) had knowledge of or control over the stored messages. The storage of messages took place at the request of third parties. NSE did not take part in the selection of content protected by an IPR, nor did it offer tools on its platform specifically designed to illegally share such content, nor did NSE deliberately encourage the sharing of protected content (19 August 2014, ECLI:NL:GHAMS:2014:3435 (*NSE/Brein*)). We note that this case involved copyright infringement (which is outside the scope of this Study Question), but the court's interpretation of the relevant law is relevant for other IPRs by analogy.

Regarding the condition under Article 6:196c (4)(b) DCC (acting expeditiously to remove or to disable access to the information after obtaining knowledge or awareness of the illegality), the Court of Appeal of Den Bosch found that it may be reasonably expected that requests to Google to remove websites/blogs on account of unlawful content, submitted by means of Google's web form intended for that purpose, will be dealt with expeditiously. In view of what Google stated at the hearing, it should in general be reasonably possible to give a decision to the complainant within a month of receiving that web form (6 October 2015, ECLI:NL:GHSHE:2015:3904 (*Blogger*)).

In addition, the Digital Services Act (EU Regulation 2022/2065), which places new obligations on OMs, applies to the Netherlands as well. At this point, it remains to be seen how the EU-wide cooperation mechanism between national regulators and the Commission will turn out and how the Dutch Digital Services Coordinator will supervise intermediary services and enforce the DSA in the Netherlands.

General Law regime (if this regime is applicable to OMs)

- 8) In your jurisdiction, what are the conditions for an OM to be held responsible on this basis? What obligations must the OM fulfil to be exempted from responsibility for an IP rights infringement? If possible, please give examples for each IPR separately.

The Special Digital Law regime, Article 6:196c DCC as mentioned above, is a *lex specialis* of the general liability regime of Article 6:162 DCC (unlawful act/tort). If the OM has fulfilled the conditions set out in Article 6:196c DCC, it cannot be held liable because of an unlawful act. If these conditions for the exemption are not met, the OM is not automatically liable: the liability must then still be assessed according to the general rules for unlawful acts. This was confirmed by the Dutch Supreme Court (DSC) (DSC 25 November 2005, ECLI:NL:HR:2005:AU4019 (*Lycos/Pessers*)), which coincides with the later *L'Oréal/eBay* case (CJEU 12 July 2011, C-324/09): the national court must then decide whether the OM is liable.

According to Article 6:162 DCC, a person who commits an unlawful act towards another person is obligated to compensate the damage that the other person has suffered as a result. In order to succeed, an action based on an unlawful act must meet five requirements:

- **Unlawfulness:** Dutch law distinguishes between three types of unlawful acts:
 - a violation of someone else's right (such as an IPR infringement),
 - an act or omission in violation of a duty imposed by law, or
 - an act or omission contrary to what is appropriate in society according to unwritten law.
- **Attributability:** the unlawful act must be attributable to the person causing the damage, which is the case if it results from his fault or from a cause for which he is accountable by virtue of law or generally accepted principles (common opinion);
- **Damage:** there is only liability if the act has led to damage, which can be financial loss (both loss suffered and lost profits) and other detriment (immaterial damage).
- **Causality:** there must be a causal link between the unlawful act and the occurrence of the damage; and
- **Relativity:** the violated standard or norm must be intended to protect the violated interest.

This liability can extend to both the party causing the damage (primary liability) and the party that acted negligently (secondary liability), for example by failing to take adequate precautions or to supervise. Under certain circumstances, an act relating to the infringement of another's IPR can in itself be considered an unlawful act for which that person is liable. This can for instance be the case when a person is an intermediary, such as an OM, whose services are used to commit the infringement.

In summary proceedings in a patent case, the District Court of The Hague for example held that involvement with the infringement can result in an unlawful act: "*This is all the more the case when it relates to parties (affiliated to the alleged infringer) that do not themselves infringe but (intentionally) facilitate it.*" (30 March 2016, ECLI:NL:RBDHA:2016:3427 (*Novartis/Teva*)).

If an OM facilitates unlawful behaviour by its users, it can be held liable for damages as a secondary party. To this end, the unwritten standard of care from Article 6:162 DCC is used as the relevant assessment framework. After all, the secondary liable party has created or maintained such a dangerous situation that, according to unwritten law, qualifies as carelessness. Therefore, if it turns out that the OM failed to prevent the unlawful conduct of its users, the liability claim for the damage caused to third parties also extends to the OM as a secondary party.

The Dutch Court of Appeal (22 May 2012, ECLI:NL:GHLEE:2012:BW629 (*Stokke/Marktplaats*)) ruled that while it is true that a host - which does not commit IPR infringement itself - will usually not be held liable for carelessness if it has taken the measures necessary to qualify for indemnification, this cannot be ruled out entirely. Under special circumstances, given the specific interests at stake, it might still be possible to assume carelessness that - even though compensation for damages due to the exemption of Article 6:196c DCC might not be possible - will allow a prohibition or injunction to be granted. Recent case law has provided some practical guidance on the sort of circumstances that might lead a court to find increased duty of care and thus liability on the part of the OMs, such as the degree to which the service provider could have been expected to be aware of (signs of) infringing acts ("red flags") and the options (measures)

available to the service provider to prevent the (further) infringement'.³

However, in the event that the conditions for indemnification are met and, in addition, the obligation required of the host is disproportionate, the host's failure to comply with that obligation will not be considered contrary to the standard of care - a host is not obliged to take measures that are disproportionately detrimental to it - so that in that case, no prohibition or injunction can be imposed under Dutch law either.

Other liability regime (if applicable to OMs)

- 9) In your jurisdiction, what are the conditions for an OM to be held responsible on this basis? What obligations must the OM fulfil to be exempted from responsibility for an IP infringement? If possible, please give examples for each IPR separately.

No other liability regime is applicable to OMs in the Netherlands.

C. Sanctions that can be imposed on OMs

The purpose of this part is to determine the sanctions that can be imposed (in your jurisdiction, by a judge or by any other state entity) on an OM whose responsibility is engaged under one or more forms of responsibility (damages, injunction to delist a seller, obligation to inform/reimburse the buyers, obligation to prevent future sales of the infringing product, etc.).

To answer each question in this chapter, please deal separately with each form of responsibility applicable in your jurisdiction. For each form of responsibility, please treat each IPR (patent, trade mark, design) separately only if you consider it necessary.

General IP law regime (if applicable to OMs)

- 10) In your jurisdiction, what are the sanctions that can be imposed on an OM when the conditions of its responsibility are met?

Various sanctions exist under the general IP law regime: the primary judicial sanction is an injunction, but it is additionally possible to obtain monetary remedies: the claimant can claim the higher of either a surrender of profits or compensation for damages.

Also, the surrender or destruction of infringing goods can be claimed, as can publication of the decision: a court can order publication of the decision, such as online through the website where infringement was made, and state exactly how the rectification is to be published.

Another option is the recall order, whereby the infringing party is ordered to recall the infringing goods.

In some cases, it can also be useful to obtain a court declaration of infringement or indeed non-infringement or (in)validity of the enforced rights. This can only be done in proceedings on the merits (*bodemprocedure*), not in preliminary relief proceedings (*kort geding*).

Other, more specific forms of relief can also be ordered: rectification of marketing materials, the (potentially: full) compensation of legal costs of the enforcement case, the disclosure of records concerning the origin, resellers, and amounts sold and purchased, including prices, can also be sought. Often, these take the form of accountant's reports. Such measures are often employed

³ See for trademarks: District Court The Hague 17 March 2021, ECLI:NL:RBDHA:2021:2532 (*Bacardi/Loendersloot & Flint Logistics*) par. 4.20, recently repeated in District Court The Hague 25 January 2023, ECLI:NL:RBDHA:2023:630 (*Converse / Alpi International Forwarders*), and *idem* for patents: District Court The Hague 30 November 2022 ECLI:NL:RBDHA:2022:12897 (*Abbott / HTG*), par. 4.35.

to verify or calculate the profits that are claimed to be surrendered or to use as a basis of the calculation of damages, although where they reveal the supply chain and professional buyers, they can obviously also be useful to map the logistics behind the infringement.

An example of how such flexible orders can be used is clear in the Dutch Supreme Court case of *Lycos / Pessers*⁴, where the OM in question was required to provide the identity (name, address and city of residence) of the libellous actor smearing the reputation of the claimant.

Special Digital Law regime (if such a regime is applicable to OMs)

- 11) In your jurisdiction, what are the sanctions that can be imposed on an OM when the conditions of its responsibility are met?

As a consequence of non-compliance with the obligations from the special digital law (implementation of the E-Commerce Directive), this makes the OM liable for the damage which an injured party suffers as a result, unless the OM can demonstrate that non-performance is not attributable to it (6:76 Dutch Civil Code). Compensation may then also include the further civil sanctions (see below under 12).

General Law regime (if this regime is applicable to OMs)

- 12) In your jurisdiction, what are the sanctions that can be imposed on an OM when the conditions of its responsibility are met?

Compensation under the general law regime may consist of surrender of the OM's profits gained because of the non-performance (6:104 DCC), as described. The OM can also be ordered to specifically perform the duties / measures it should have complied with (3:296 and 6:103 DCC).

Other liability regime (if applicable to OMs)

- 13) In your jurisdiction, what are the sanctions that can be imposed on an OM when the conditions of its responsibility are met?

No other liability regime is in place in the Netherlands.

II) Policy considerations and proposals for improvements of your Group's current law

- 14) Could your Group's current law or practice relating to the responsibility of online marketplaces for online infringement of industrial property rights be improved? If YES, please explain.

YES:

In view of the following considerations:

- the projected growth of OMs, which fuels mounting fears among brand owners that the scale of online infringement of industrial property rights increase to the extent that it becomes unmanageable;
- the fact that the current legal framework does not provide sufficient incentive for OMs to proactively combat/prevent online infringements or to ensure that listings that are reported by brand owners are not only taken down, but actually stay down;
- the fact that at the same time the current legal framework also encourages counterfeiters to take advantage of Oms, because infringers know their offers are not filtered and shall

⁴ ECLI:NL:HR:2005:AU4019

remain online until the brand owner identifies the offer and decides to submit a takedown notice;

- the fact that as a result of the current safe harbors, the burden of enforcement on OMs lies disproportionately with brand owners; and
- the fact that machine learning and artificial intelligence now seem likely enabling technology candidates to allow OMs to actively detect and manage counterfeit offerings on their platforms.

In view of those points, it seems to the Dutch working group that the current law and practice on the responsibility of OMs for online infringement of industrial property rights might indeed be improved, for instance by implementing (one or more) of the following suggestions:

- reconsidering the broad safe harbours that OMs are currently benefiting from, especially the smaller platforms, strengthen legal framework for platform liability (“joint infringement”?), no escape from so-called “wilful blindness”, where OMs turn a blind eye to counterfeit to allow more business on their platforms, in the sense that if an OM cannot prove as a platform that it is in fact taking responsibility and effective action, such that there should be no easy escape from liability by mere inaction;
- increasing the legal responsibility of entities with financial interests in the shipping and transports to/imports into the Netherlands;
- empower industrial property rights proprietors and authorities to take action against non-resident sellers on OMs (it is easy to hold a local seller liable, but for sellers abroad this easily gets too burdensome, despite the Dutch cross border injunctions case law);
- strengthen requirements or best practices for all offering parties on OMs, large and small, to take proactive measures to limit the sale of infringing goods on their marketplaces, for instance require them to implement:
 - proactive technological measures, such as machine learning tools and AI to monitor offers on the platform and to, at least, identify obvious infringements and escalate those to human operators;
 - a *two-strikes-and-you’re-out* banning penalty system for repeat sellers of counterfeit goods;
 - notification to consumers who have or may have received infringing goods through an offer that was taken down;
 - tracing and profiling sellers with multiple accounts;
 - require all sellers to submit business licenses or appoint local legal representatives, and require updated information frequently;
 - transparency for consumers and IP right holders by disclosure of verified business address and company registration no. of all sellers
 - take down buttons for trusted flaggers to simplify the takedown process, and give the IP right holders the benefit of the doubt rather than the sellers by granting the seller the option to prove the offer concerns non-infringing goods after takedown.
- allow data sharing among OMs to prevent infringers hopping from one OM to another to continue their sales elsewhere after their offers have been flagged on an OM.

Certain improvements are already to be expected in the light of the upcoming entering into effect of the Digital Services Act (“DSA”) in February 2024. The DSA will bring improvements, such as trusted flaggers, an obligation to perform due diligence investigations commensurate to the size of the platform, including Know Your Customer obligations (relevant here to obligate OMs to ensure they know the trader identity).

Potential measures or policy improvements that will not be in the DSA include:

- further effective support of the follow-up against bad actors, e.g. by providing rights holders and/or their authorized agents with the appropriate information and evidence to track, trace and pursue the bad actors in the relevant country of origin;
- requirements to include in the OM terms of use that identification details may be disclosed in case of IP infringements to the rights holder or their representative;
- the registering and providing the actual payment information (and the accompanying ID documentation) is something not yet provided under article 30 DSA, and is for now going

to require an order by an authority or court every time under the DSA (Article 10 - *Orders to provide information*), although it is true that certain OMs may already include this option (much like the previous one) in their T&C;

- In the absence of a motivated objection to a founded complaint by the party offering the allegedly counterfeit goods, the request of the rights owner can and should be followed: that is what the indemnity is for; and
- The DSA only imposes on platforms the obligation to reply to the notices, not if/when to actually follow the rightsholders' request, even if the counterfeit nature of the goods is sufficiently substantiated.

Furthermore, the law might be amended to provide further incentive and encouragement for OMs to use proactive filtering. As the technology has now become available to provide OMs with more and more opportunity to monitor and control their users' content made available on their platform, the responsibility to do so also becomes more defined. Proactive monitoring, detection and filtering or even takedown of infringing content is no longer impossible or unduly burdensome. OMs might thus be encouraged to invest in acquiring, implementing or developing such technical measures, such as implementing automatic filters, voluntary.

15) Could any of the following aspects of your Group's current law relating to responsibility of online marketplaces for online infringement of industrial property rights be improved? If YES, please explain.

a) The regime of responsibility applicable to OMs?

YES: joint liability for OMs regarding counterfeit offered on their platform, if they fail to take responsibility on the suggested best practices outlined above.

b) The implementation of the responsibility regimes applicable to OMs?

YES: by encouraging OMs to adopt practices for verifying the authenticity of sellers and products, since such measures aid the *follow-the-money* approach.

c) The sanctions that can be imposed to OMs

YES: for instance, by implementing other type of penalties such as IP ban, temporarily (geo-) blocking the non-compliant OM.

16) Are there any other policy considerations and/or proposals for improvement to your Group's current law falling within the scope of this Study Question?

The implementation of the DSA seems likely to bring policy discussions on this point to the front again, since the drafters of the DSA clearly made the conscious choice to decouple the question of IP infringement liability from the question of an OM's other responsibilities (such as KYC, due diligence, which responsibilities will exist in any case regardless of IP infringement) which indirectly should help effective efforts against illegal content.

That implementation phase for the DSA will be quite relevant, since many specifics are left to the national authorities to be appointed under the DSA. One major area where we think the DSA does not provide much detail is sector specific rules. For example, if a platform is allowing the sale of prescription drugs (or pesticides, or other regulated goods) and not filtering their names, the platform should be expected to set up its systems in such a way that traders cannot place offers unless they comply with the standards from the applicable regulation (e.g. is the seller a licensed pharmacist, does it hold the certificate for pro-grade pesticides, etc.) and the relevant safety standards. Counterfeiting would be strongly dissuaded if the counterfeiters are held to the same strict rules as legitimate traders, while it would increase safety and the competition on the internal market.

In the same vein, it would be useful if OMs would work with rights holders to create realistic documentary requirements for IP enforcement on their platforms. For example, many platforms hold off on measures until they have received a power of attorney with an apostille from the right holder. Such requirements add unnecessary administrative burdens and waste time.

III) Proposals for harmonisation

Please consult with relevant in-house / industry members of your Group in responding to Part III

- 17) Do you believe that there should be harmonization in relation to the responsibility of online marketplaces for online infringement of industrial property rights?

If YES, please respond to the following questions without regard to your Group's current law or practice

Even if NO, please address the following questions to the extent your Group considers your Group's current law or practice could be improved.

Although international harmonisation tends to be beneficial, the Dutch working group is not convinced about the possibilities of harmonising the responsibilities and liabilities of OMs in an international standard. After all, measures that are appropriate in the governmental and societal context of the EU may not be equally effective, fitting or desirable in for example China, because the rest of the legal system is different as well (e.g. evidence requirements, rules on applicable law and jurisdiction, etc.).

A. Responsibility regimes applicable to OMs

The purpose of this part is to determine the responsibility regime(s) that should be applicable to OMs.

- 18) In case of IP rights infringement, should OMs be subject to:

a) the General IP Law regime,

YES.

b) a Special Digital Law regime, e.g. an exemption of responsibility (safe harbour),

YES.

c) the General Law regime,

YES.

d) an alternative/different responsibility regime.

NO: in principle the aforementioned regimes should cover all aspects.

- 19) If OMs should benefit an exemption of responsibility/safe harbour, what should be the criteria for determining whether an OM should be subject to this regime (e.g. active or passive role of the OM, knowledge/control of the presentations of the products, awareness of the IP rights infringement, etc.)?

A safe harbour mechanism should reward OMs that take their responsibilities towards society, including right holders, seriously. A hands-off approach should never lead to reduced responsibility or liability, as the Good Samaritan clause of the DSA now also makes apparent.

B. The implementation of the OMs responsibility regimes

The purpose of this chapter is to determine the conditions that should be required for an OM to be held responsible for IP rights infringement or, on the contrary, to be exempted from responsibility .

The purpose is, for instance, to determine under what conditions an OM should be considered an IP infringer, co-infringer / joint tortfeasor, accomplice, or contributory IP infringer (use of the IP on its own benefit, awareness of IP rights infringement, providing of specific services such as optimizing the presentation, promoting offers, etc.), and under what conditions an OM should benefit from an exemption of responsibility/safe harbor (acting expeditiously following awareness of IP rights infringement, etc.), etc.

To answer each question in this chapter, please deal separately with each of responsibility regime that should be applicable. If you consider it necessary, please treat each IPR (patent, trade mark, design) separately.

General IP law regime (if this regime should be applicable to OMs)

- 20) Under what conditions should an OM be determined to be an IP infringer or, on the contrary, be exempted from responsibility for an IP rights infringement?

Qualifying lack of responsibility as joint infringement (leading to joint liability) seems most likely to be an effective mechanism for helping to keep OMs aware and interested in proactively opposing illegal content, if not out of a sense of responsibility, then at the least out of a simple risk management perspective.

Special Digital Law regime (if this regime should be applicable to OMs)

- 21) Under what conditions an OM should be held responsible on this basis? What obligations should the OM fulfil be exempted from responsibility for an IP rights infringement?

The coming DSA is expected to fill certain holes in the ecommerce directive and its national application in the sense that OMs will now no longer need to fear being liable because they actively interfere with the content on their platform: the Good Samaritan clause (article 7 of the DSA) provides that OMs and their providers of intermediate services ‘shall not be deemed ineligible for the exemptions from liability solely because they, in good faith and in a diligent manner, carry out voluntary own-initiative investigations into, or take other measures aimed at detecting, identifying and removing, or disabling access to, illegal content, or take the necessary measures to comply with the requirements of Union law and national law in compliance with Union law, including the requirements set out in this Regulation’. Our working group is of the opinion that this ‘fixes’ a perverse effect that the old regulation had on the approach of many OMs to IP infringement: being a ‘mere conduit’ and having a hands-off approach was considered necessary to avoid liability. That should now improve.

General Law regime (if this regime should be applicable to OMs)

- 22) Under what conditions an OM should be held responsible on this basis? What obligations should the OM fulfil be exempted from responsibility for an IP rights infringement?

Even though the safe harbour of the DSA is expected to improve matters in this respect, it should be noted that negligence, the failure to exercise the appropriate duty of care, should always be the primary ground for liability under the general law regime. The DSA makes it explicit that failure to comply with the conditions for the safe harbour does not automatically mean that the party in question is in fact liable, it only means that the safe harbour exception cannot be invoked.

Other liability regime (if this regime should be applicable to OMs)

- 23) Under what conditions an OM should be held responsible on this basis? What obligations should the OM fulfil be exempted from responsibility for an IP rights infringement?

Not applicable.

C. Sanctions that should be applicable to the OMs

The purpose of this part is to determine the sanctions that should be available against an OM whose responsibility is engaged (e.g. damages, injunction to delist a seller, obligation to inform/reimburse the buyers, obligation to prevent future sales of the infringing product, etc.).

General IP law regime (if this regime should be applicable to OMs)

- 24) What should be the sanctions that should be applicable to an OM when the conditions of its responsibility are met?

The existing sanctions under the general IP law regime seem perfectly adequate and flexible, but the potential policy improvement would in ensuring that it becomes easier to show that an OM itself infringes the relevant IP right, as set out before.

We note that public law sanctions, such as the various criminal law sanctions to IP infringement, are not effectively used in the Netherlands, since it does not appear to be a priority for law enforcement. Civil law is thus currently the primary means of acting against IP infringement, although the strengthening of the e-commerce rules by the DSA is expected to improve matters (see below).

Special Digital Law regime (if this regime should be applicable to OMs)

- 25) What should be the sanctions that should be applicable to an OM when the conditions of its responsibility are met?

The DSA appears to leave the exact type of sanctions to the Member States, but it does underline in the considerations (notably No. 117) that Member States ‘*should ensure that violations of the obligations laid down in this Regulation can be sanctioned in a manner that is effective, proportionate and dissuasive, taking into account the nature, gravity, recurrence and duration of the violation, in view of the public interest pursued, the scope and kind of activities carried out, as well as the economic capacity of the infringer*’.

Our working group has outlined several specific sanctions that might be useful in this regard in our response to question 14: these might be included in the implementation rules of the DSA, which are still under preparation.

General Law regime (if this regime should be applicable to Oms)

- 26) What should be the sanctions that should be applicable to an OM when the conditions of its responsibility are met?

Same as our answer under 24.

Other liability regime (if this regime should be applicable to OMs)

- 27) What should be the sanctions that should be applicable to an OM when the conditions of its responsibility are met?

Not applicable.

Other

- 28) Please comment on any additional issues concerning any aspect of the responsibility of online marketplaces for online infringement of Industrial Property Rights you consider relevant to this Study Question.

Our working group has outlined these issues in the answers, but sees an interesting development in the surge in machine learning / AI products that should enable OMs to more effectively deal with all manner of illegal content, something that was often held to be nearly impossible. This further 'fills in' the responsibilities and the duty of care, as well as defining the potential measures that a court can order in a given case, without such things being qualified as an undue burden.

- 29) Please indicate which sectors' views provided by in-house counsel are included in your Group's answers to Part III.

We have had valuable input from React, a not-for-profit organization with over thirty years' experience in fighting counterfeit trade, with one of its main objectives being to keep the costs of anti-counterfeiting actions affordable. Many of the suggestions for improved enforcement measures in this report were suggested by Reach's in-house counsel. Input came from its pharma and fashion, tech and luxury brand teams.

Also included in our group was a member from Spinmaster, a leading global children's entertainment company, active in toys, entertainment and digital games.

Our working group notes that OMs themselves were underrepresented in our group.