

Intermediary Trademark Liability: A Comparative Lens

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Graeme B. Dinwoodie, *Secondary Liability for Online Trademark Infringement: The International Landscape*, **36 Colum. J.L. & Arts** (forthcoming 2014), available at [SSRN](#).

Although we live in a global, interconnected world, legal scholarship – even scholarship about the Internet – often focuses on domestic law with little more than a nod to developments in other jurisdictions. That’s not necessarily a bad thing; after all, theoretically robust or historically thorough works can rarely achieve their goals while surveying the landscape across multiple countries with disparate traditions and laws. But as a student of U.S. law, I appreciate articles that explain how other legal systems are addressing issues that perplex or divide our scholars and courts. Given the tumult over intermediary liability in recent years, comparative commentary on that topic has special salience.

In this brief (draft) article, Graeme Dinwoodie explores both structural and substantive differences in how the United States and Europe approach intermediary trademark liability in the Internet context. To an outsider, the European web of private agreements, Community Directives, CJEU opinions, and sundry domestic laws can appear daunting and sometimes self-contradictory. Dinwoodie puts them all into context, offering a coherent explanation of the interaction between Community law, member state law, and private ordering, and situating the overall picture within a broad normative framework. And he contrasts that picture with the one emerging through common law in the United States. The result is a readable, informative study of two related but distinct approaches to intermediary trademark law.

Dinwoodie begins by framing the core normative question: how should the law balance trademark holders’ interest in enforcing their marks against society’s interest in “legitimate development of innovative technologies that allow new ways of trading in goods”? This tension is a familiar one: from *Sony* through *Grokster*, from *Inwood* through *eBay*, courts and lawmakers have struggled with how to allocate responsibility between intellectual property holders, those who infringe their rights, and those whose behavior, product, or technology plays some role in that infringement. Dinwoodie identifies the tension but does not resolve it, purporting to have the more modest goal of exposing the differences between the American and European approaches and discussing their relative virtues. But the article barely conceals Dinwoodie’s preference for rules that give intermediaries at least some of the burden of policing trademark infringement online.

Structurally, there are some significant differences between the European and American approaches. Whereas courts have shaped the U.S. law primarily through common law development, Europe has a set of Directives that offer guidance to member states in developing intermediary trademark liability rules. Europe has also experimented with private ordering as a partial solution, with stakeholders recently entering a Memorandum of Understanding (MOU) that addresses the role of brand owners and intermediaries in combating counterfeiting online. In other words, rather than relying exclusively on judge-made standards of intermediary liability, European policymakers and market actors have crafted rules and norms of intermediary responsibility for trademark enforcement.

Whether as a result of these structural differences or as a byproduct of Europe’s tradition of stronger unfair competition laws, the substantive rules that have emerged in Europe reflect more solicitude for trademark owners than provided by United States law. Doctrinally, intermediaries have a superficial

advantage in Europe, because the Court of Justice limits direct infringement to those who have used the mark in connection with their own advertising or sales practices. They also benefit from Europe's horizontal approach to Internet safe harbors. Unlike the United States, Europe includes trademark infringement, unfair competition, and other torts in the "notice-and-takedown" system, offering service providers the same kind of immunity for these infractions as they receive under copyright law. The safe harbor law explicitly provides that intermediaries need not actively root out infringement.

Other features of European law, however, temper the effects of these protections. Most significantly, Article 11 of the European Enforcement Directive requires member states to ensure that "rights holders are in a position to apply for an injunction against intermediaries whose services are used by third parties to infringe an intellectual property right." In other words, even if they fall within the Internet safe harbor (and thus are immune from damages), intermediaries may face an injunction requiring affirmative efforts to reduce infringement on their service. In Germany, at least, courts have ordered intermediaries to adopt technical measures such as filtering to minimize future infringement. The threat of such an injunction no doubt played a role in bringing intermediaries to the table in negotiating the MOU, which requires them to take "appropriate, commercially reasonable and technically feasible measures" to reduce counterfeiting online.

This explicit authority to mandate filtering or other proactive enforcement efforts finds no counterpart in U.S. law. On its face, U.S. contributory infringement law requires specific knowledge of particular acts of infringement before an intermediary has an obligation to act. And while scholars (including myself) have argued that intermediaries' efforts to reduce infringement have played an implicit role in case outcomes, the letter of the law requires nothing but a reactive response to notifications of infringement. Dinwoodie suggests that this "wooden" approach to intermediary liability may miss an opportunity to place enforcement responsibility with the party best suited to enforce.

In the end, while professing neutrality, Dinwoodie clearly sees virtues in the European model. He applauds the horizontal approach to safe harbors, welcomes the combination of legal standards and private ordering, and praises the flexibility and transparency of Europe's largely least-cost-avoider model. Whether the reader agrees with him or prefers the United States' more technology-protective standard, she will come away with a better understanding of the structure and content of intermediary trademark law in both the United States and Europe.

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