



LIABILITY OF E-COMMERCE PLATFORMS FOR COPYRIGHT AND TRADEMARK INFRINGEMENT

A World Tour

By Béatrice Martinet and Reinhard J. Oertli

In a world without borders, such as the Internet, the liability of e-commerce platforms for third-party content is necessarily a global question. As Chinese platforms Alibaba and Taobao are acquiring exponential market shares in online distribution, and as European brands—notably in the luxury, cosmetics, and wine and food worlds—are gaining more and more traction in the U.S. online market, the question is no longer whether U.S. laws can offer protection to its national platforms or right holders, but rather what practices should U.S. platforms and right holders adopt to best limit their liability and protect their rights? The two parts of the article below offer different perspectives on this topic: the first focuses on the differences between the U.S. and European Union (EU) approaches to the liability of online marketplaces through a comparison of the *Tiffany v. eBay* (U.S.) and *LVMH v. eBay* (France) cases; the second part offers a brief world tour of Internet sales platform service provider (ISPP) liability via German, Swiss, and Chinese case law.

noticing that thousands of counterfeit pieces of silver “Tiffany” jewelry had been sold on eBay. The parties mainly disagreed on the role eBay should play in curtailing infringement. While Tiffany expected eBay to take preventive filtering measures to avoid infringement, eBay insisted that its legal liability was limited to taking down content that it was expressly notified of. In June 2004, Tiffany therefore brought action against eBay for direct and contributory trademark infringement, trademark dilution, unfair competition, and false advertising, on the ground that eBay would have knowingly facilitated the sale of counterfeit items on its website, while exercising control over, and deriving profit from, these sales.

On July 14, 2008, the Southern District of New York, affirmed by the Second Circuit on April 1, 2010, dismissed all of Tiffany’s claims and held that eBay was neither directly nor indirectly liable for third parties’ sales on its website. With regard to eBay’s potential direct liability, the court held that eBay’s use of Tiffany’s trademark in its advertising, on

THE LEGAL FRAMEWORK APPLYING TO THE LIABILITY OF E-COMMERCE PLATFORMS FOR COPYRIGHT AND TRADEMARK INFRINGEMENT CAN BE CONSIDERED TO BE GLOBALLY THE SAME

A Glimpse into French, EU, and U.S. Case Law

There is probably no better case study than the French *LVMH v. eBay*¹ case, as opposed to the U.S. *Tiffany v. eBay*² case, to illustrate the divergence in approaches to the question of the potential liability of online marketplaces for third-party content posted on their websites.

As far as applicable legislation is concerned, there is nothing to report because the laws as codified are nearly identical. The E-Commerce Directive, which applies to the liability of hosting providers, was modeled after the Digital Millennium Copyright Act (DMCA) and provides—just like its transatlantic equivalent—that hosting providers are not liable for third-party copyright infringing content except if (1) having knowledge of infringing content (2) they did not take down such content expeditiously.³ While the DMCA does not apply to trademark infringement, similar principles have been applied in the United States based on contributory and vicarious liability so that the legal framework applying to the liability of e-commerce platforms for copyright and trademark infringement can be considered to be globally the same.⁴

These principles, however, have been applied pretty differently on both sides of the pond. In the United States, the landmark case on e-commerce platforms liability is *Tiffany v. eBay*. In this case, Tiffany brought an action against eBay after

its homepage, and in the sponsored links purchased through Yahoo! or Google was a *protected, nominative fair use* of Tiffany’s trademark, in that it was necessary to describe Tiffany’s pieces of jewelry actually offered on its website. As for eBay’s potential contributory liability for “facilitating” third parties’ infringing sales, the court determined that the relevant standard to assess eBay’s liability was the *Inwood* test.⁵ Under this test, the court had to determine whether eBay continued to supply its services to sellers *when it knew or had reason to know* they were engaging in trademark infringement, rather than whether it could have prevented it. Because Tiffany was not able to show that eBay had specific knowledge of specific items infringing its rights, the court ruled that eBay did not have any affirmative duty to remedy the situation.

Béatrice Martinet is special counsel at Sideman & Bancroft in San Francisco, California and a Transatlantic Technology Law Forum fellow at Stanford Law School. She specializes in intellectual property law in Europe and in the United States. She can be reached at bmartinet@sideman.com. **Reinhard J. Oertli** is a partner at Meyerlustenberger Lachenal Attorneys at Law in Zurich, Switzerland. He specializes in technology, media, and telecommunication copyright, design and related arbitration and litigation. He can be reached at reinhard.oertli@mll-legal.com.

This decision stands in sharp contrast with the position adopted by some domestic courts in Europe in similar circumstances, notably in the French decision *LVMH v. eBay*.⁶ In *LVMH v. eBay*, Louis Vuitton, Christian Dior Couture, and a number of luxury perfume companies sued eBay after noticing that thousands of goods infringing on their rights and/or sold in violation of their selective distribution networks were offered on eBay's website. In a decision of May 3, 2012, the supreme court affirmed the appellate court decision that had found eBay liable for abstention and negligence resulting in the violation of the plaintiffs' exclusive rights⁷ as a result of eBay's failure to set up effective and appropriate means to curtail infringement.⁸

In reaching this conclusion, the Paris Commercial Court held that eBay was not a mere "passive host" but rather an "active broker," playing an essential role in the commercialization of counterfeit products and profiting from these sales. As a broker—rather than a technical intermediary—eBay was held ineligible under the hosting exemption and deemed liable for failing to control its own activity. The court further clarified that as a broker, eBay could not claim lack of

another approach. In a decision of May 2009,¹² the Paris trial court held that in conducting its activity as an auction website, eBay played two different roles or functions: (1) a "neutral" function, when merely acting as a broker and hosting third parties' offers, for which it was eligible under the hosting exemption; and (2) an *active role*, when promoting its own activities (sending promotion emails, etc.), for which it was liable under a regular regime of liability. The French court held that in both cases, eBay had a best-efforts obligation to ensure that its activity did not harm any third parties (apparently fulfilled in this case through the VeRO program) and to cooperate with the right holders to curtail infringement. The court concluded its judgment by encouraging the parties to find a settlement agreement through a mediation process.¹³

In the parallel proceeding brought by L'Oréal in the United Kingdom, the England and Wales High Court of Justice (EWHC)—after analyzing in a preliminary decision the damages suffered by L'Oréal as a result of the massive sales of infringing perfumes on eBay's website and the various means carried out by eBay to curtail infringement—referred the case to the EU Court of Justice.¹⁴

INTERNET SALES PLATFORMS PROVIDE ACCESS TO PRODUCTS THAT MAY HAVE BEEN PREVIOUSLY INACCESSIBLE

knowledge as to what information was transmitted on its site, especially because the infringing nature of some of the goods sold on eBay's website was apparent, either because of the use of words such as "imitation" or "fake" in connection with the defendant's trademarks, or because of other circumstances such as the low prices and/or the high number of identical goods offered at the same time by the same user.

In Europe, the landmark decision concerning online marketplace liability is *L'Oréal v. eBay*.⁹ In this case, L'Oréal brought four simultaneous lawsuits against eBay for trademark infringement, negligence, and violation of its selective distribution networks¹⁰ in France, Belgium, England, and Spain. Among other arguments, L'Oréal claimed that eBay, by failing to set up efficient measures and/or filtering tools to prevent the sale of counterfeit perfumes on its websites and by benefiting from these sales, was directly and indirectly liable for trademark infringement, unfair competition, and negligence under a general theory of tort ("*responsabilité civile*").

The first decision to be issued was in Belgium. In *Lancôme v. eBay*,¹¹ the Commercial Court of Brussels held that eBay had acted as a mere hosting provider with regard to third parties' offers and was therefore exempted from liability under Belgian and EU law. The court further clarified that eBay had no monitoring obligations as regards the offers hosted on its website.

By contrast, in France, the Paris trial court (TGI) adopted

On July 12, 2011, the EU Court of Justice (CJEU) handed down its landmark decision in *L'Oréal v. eBay*,¹⁵ holding that while service providers, such as online marketplaces, are normally entitled to the hosting provider exemption, this is only on condition that they confine themselves to "providing an intermediary service, neutrally, by a merely technical and automatic processing of [third-party] data." Where, on the other hand, platforms "play an active role of such a kind as to give them knowledge of, or control over, those data," the CJEU held that they were not entitled to such exemption. The court further clarified that an operator could be deemed to have played an active role where, for instance, "it has provided assistance to its customers, which entails, in particular, optimizing the presentation of the offers for sale in question or promoting those offers."

The court then stressed that, even as a hosting safe harbor, eBay was subject to a duty of care as a "diligent operator" to make sure its platform was not used for unlawful purposes. The court finally clarified that regardless of its liability, an e-commerce platform could always be the subject of injunctive procedures available under the Copyright and Enforcement Directive, to take any effective, proportionate, and dissuasive measures to prevent and/or put an end to an existing infringement.

By taking such approach, introducing new subjective standards of "neutrality" and "duty of care," the CJEU introduced more questions than certainty, and it would not come as a

surprise if we were to see more diverging opinions in Europe in the wake of the *L'Oréal* decision.

A Glimpse into German, Swiss, and Chinese Case Law

Internet Sales Platforms: Safe Harbors and the Obligation to Be Proactive

Internet sales platforms have developed from exotic playgrounds for Internet freaks and a garden of wonders and amazement for the newly Internet-savvy to a household tool that every Tom, Dick, and Sally uses at his or her convenience.¹⁶ Internet sales platforms provide access to products that may have been previously inaccessible because of distance, cultural boundaries, or distribution levels.

The maturation of Internet sales has brought with it a ubiquity of sales opportunities, where besides quasi-monopolistic platforms (e.g., eBay, Taobao), a range of specialized platforms caters to special needs (e.g., www.net-a-porter.com for luxury goods or www.banggood.com for trivial fare), and where icons for individual sales (e.g., <https://b2zone.net/>) may pop up when you open any Facebook or Twitter message. At the beginning of these developments, the Internet sales platform service providers (ISPPs) offered to sellers and buyers merely technical facilities, but now they may mix their own and third-party offers (e.g., www.amazon.com), integrate upstream functions (e.g., Amazon's www.apub.com),¹⁷ acquire other web-based functions (e.g., eBay's www.PayPal.com, actually about to be spun-off again) or develop their own related functions (e.g., Alibaba's www.alipay.com, an online money transfer service), and provide a broad range of support to "their" sellers.

When the DMCA and, in its wake, the E-Commerce Directive were enacted, both the U.S. and the EU legislators considered it appropriate to dig a safe harbor for Internet service providers (ISPs) that transmit, route, provide connections, or provide transient storage for material under the direction of a third party (transit, access, or hosting providers), provided they fulfill certain conditions. These safe harbors were intended to shelter ISPs from claims for damages and injunctive relief on the basis of intellectual property (IP) rights violations. However, since ISPPs now offer a lot more than bland transit, access, or "storage [of material] at the direction of a user," and optimize or promote offers of items for sale,¹⁸ they cannot anchor in the safe harbor anymore. They may also be chased away from its piers because they "have been [or should have been] aware of facts or circumstances on the basis of which a diligent economic operator should have identified the illegality in question"¹⁹ and have not "acted expeditiously to remove or to disable access to the offer."²⁰

Fair and Proportionate Measures

According to the CJEU in the *L'Oréal v. eBay* decision, outside of the safe harbor, national laws must allow for an injunction to be directed against intermediaries such as sales platforms.²¹ Such injunctions may be issued not only to bring an end to infringements committed, but also to prevent further infringements. The measures that an online marketplace can be required to undertake, however, "cannot consist in active

monitoring of all the data of each of its customers in order to prevent any future infringement of intellectual property rights via that provider's website."²² The required "measures . . . must be fair and proportionate and must not be excessively costly."²³ The measures also may not "create barriers to legitimate trade."²⁴ Such measures may consist in "suspend[ing] the perpetrator of the infringement of intellectual property rights in order to prevent further infringements of that kind."²⁵

In *UPC Telekabel v. Constantin Film*,²⁶ the CJEU required the access provider to install filtering measures that block offerings of infringing products from its site without preventing access to legitimate offerings. However, the access provider cannot be asked to make "unbearable sacrifices,"²⁷ and measure can be considered reasonable if they allow some infringing offers to still slip through.²⁸ A general monitoring, investigation, and rights-clearance obligation of the ISPP would be incompatible with EU law.²⁹

Takedown Notices: A Sharp, but Short Sword

Most European jurisdictions do not have any statutory rules regulating takedown notifications³⁰ (e.g., Germany³¹ and Switzerland). In some countries, takedown notices are only binding on the ISPP if confirmed by a court or administrative body (e.g., Italy³²). Under the U.K. regulation,³³ a takedown notice is only one form by which "actual knowledge" of the ISPP may be established.³⁴ Switzerland relies on self-regulation of the ISP.³⁵ None of these rules explicitly provide for counter-notices by the affected seller.³⁶

The takedown notice mechanism is well established through the programs implemented by the ISP.³⁷ Takedown notices for right holders are inefficient tools, however, against repeat infringers, which refile their offerings immediately after a takedown, do so under a different name, or keep offers on the platform open only for a very limited time (e.g., overnight offers). Additionally, individual takedown notices are outrun by the sheer number of sellers and transactions conducted over the Internet³⁸ and drowned in a sea of infringements.³⁹

Proactive Measures of an ISPP

An ISPP (even one acting solely as a host provider) that has become aware of infringing sales on its platform has to take the necessary measures against further infringing offers being posted in the future,⁴⁰ and would have to implement an automatic filtering mechanism for discerning offers that actually or potentially infringe IP rights upon becoming aware that infringing items are available on its platform. The results of such filtering have to then be analyzed manually either by the ISPP or by the party that has notified it of the infringed IP rights.⁴¹ The ISPP would also have to take the necessary measures against the same seller resubmitting the same or a similarly infringing offer (hold down).

Obligations of an Active ISPP

An ISPP that actively supports and promotes offers, e.g., by selling AdWords, would have to shoulder a more active control duty in order to escape injunctions.⁴² It would as a minimum have to analyze what has been caught in the filter, remove the infringing offers so detected, and let the legitimate offers pass. If necessary, it has to do so by manually reviewing the results of the filtering.⁴³

In a procedure before the Landgericht Berlin, the right holder had directed a great number of takedown notices to Alibaba against the same sellers' accounts for four months, whereby these sellers continued submitting infringing offers. The Berlin court considered this good reason for awarding an injunction against Alibaba, first *ex parte*, subsequently confirmed after a hearing of Alibaba, including also compensation for the costs of the warning letters regarding five different seller accounts. Alibaba's claim that it closed the sellers' accounts was not considered sufficient grounds for refusing the injunction or denying compensation.⁴⁴

Filtering Criteria

Not all filtering criteria weed out fakes and nothing but fakes. For example, trademarks may also cause the blocking of legitimate⁴⁵ offers.⁴⁶ Keywords like "fake," replica," or "imitation" can easily be circumvented and may also be contained in legitimate offers.⁴⁷ Low prices are not always an indication of infringing sales.⁴⁸ Ideally, the right holder together with the ISPP develop a bundle of criteria that filter out infringing items while leaving legitimate offers unhampered.⁴⁹ Taking down legitimate offers would have a chilling effect on business in general and discredit the system of takedown notices.

If a seller feels unjustly blocked from the Internet sales platform, he or she may submit a counter-notice and, according to German practice, may move for an injunction against the third party that had filed the takedown notice.⁵⁰

A Glimpse into China

In brief, the legal situation in China regarding the liability of an ISPP is converging with that of Europe and is in many ways similar to the approach of German courts. Regarding the known cases involving Taobao, the first three ended in favor of the Internet giant;⁵¹ however, the court in the fourth case found Taobao liable for contributory infringement.⁵² In that case, the Shanghai First Intermediate People Court required Taobao to complement the system of takedown notices with stricter measures against repeat infringers, but did not impose a burden on it to investigate for IP infringements on its site or to filter out suspected offers in general.⁵³ In the *Descente* cases,⁵⁴ the ISPP was liable as a joint vendor because they were acting in such an active way that they should be considered parties to the online transactions.

Alternative Options

The best way to take away the heat from the ISPP would be the development of the court and enforcement systems in the home countries of the important sellers. Also, alternative legal remedies should be studied, such as measures by the customs authorities⁵⁵ or measures directed at credit card organizations and other financial intermediaries.

Conclusion

The business of an ISPP by its nature is likely to facilitate and multiply IP infringing offers. Thus, the ISPP in the United States and in China risks becoming liable jointly with the seller.⁵⁶ By creating a hazardous situation without taking the appropriate protective measures against such hazard, the

ISPP in Germany may be held liable as interferer (*Störerhaftung*), and may be considered as having violated the general duty of care in Switzerland,⁵⁷ and as such may become independently liable for IP infringement. Under any of these legal concepts, the ISPP may avoid liability by installing a system for eliminating from or at least containing the number of infringing offers on its platform that is both efficient and economically and financially reasonable. EU and Chinese law require both retroactive and proactive measures. As regards reactive measures, the ISPP should apply to all types of IP infringement a notice and counter-notice mechanism analogous to the one imposed by the DMCA. The ISPP should apply varying proactive measures depending on its involvement in the offering process: A passive trading platform may use mechanical filtering for intellectual property of which it has been informed is likely to be infringed. A virtual department store that sells goods both in its own name and through shops within the shop has to suppress evidently infringing offers through its own initiative.⁵⁸ ■

Endnotes

1. SA Louis Vuitton Malletier v. eBay Inc., Cour de cassation [Cass.] [supreme court for judicial matters], May 3, 2012, *aff'd* Cour d'appel [CA] [regional court of appeal] Paris, Pole 5, ch. 2, Sept. 3, 2010, and Tribunal de commerce [TC] [court of trade] Paris, June 30, 2008 (Fr.).
2. Tiffany (NJ) Inc. v. eBay, Inc., 576 F. Supp. 2d 463 (S.D.N.Y. 2008), *aff'd*, 600 F.3d 93 (2d Cir. 2010).
3. See 17 U.S.C. § 512(c); Council Directive 2000/31/EC, art. 14, 2000 O.J. (L178) 1 (EU) [hereinafter E-Commerce Directive].
4. See Béatrice Martinet Farano, *Internet Intermediaries Liability for Copyright and Trademark Infringement: Reconciling the EU and U.S. Approaches* (Transatlantic Tech. Law Forum, Working Paper No 14, 2012), available at https://www.law.stanford.edu/sites/default/files/publication/300252/doc/slspublic/farano_wp14-4.pdf.
5. Inwood Labs., Inc. v. Ives Labs., Inc., 456 U.S. 844 (1982).
6. See also *Hermès Int'l v. eBay Inc.*, Tribunal de grande instance [TGI] [ordinary court of original jurisdiction] Troyes, June 4, 2008, *aff'd*, CA Reims, July 20, 2010 (Fr.); *eBay Int'l AG v. Burberry*, CA Paris, Jan. 23, 2012 (Fr.); *Ricardo v. Rolex, SA*, Bundesgerichtshof [BGH] [Federal Court of Justice] Apr. 30, 2008, I ZR 73/05 (Ger.); *Rolex, S.A. v. eBay GmbH (Internet Auction II)*, BGH Apr. 19, 2007, I ZR 35/04 (Ger.); *Rolex v. Ricardo (Internet Auction I)*, BGH Mar. 11, 2004, I ZR 304/01 (Ger.); *Stokke A/S v. eBay Int'l AG*, Hanseatisches Oberlandesgericht [OLG] [Hanseatic Provincial High Court and Court of Appeal] July 24, 2008, Case No. 3U 216 06 (Ger.) (all holding eBay liable for third parties' sales). *Contra eBay v. Maceo*, TGI Paris, Mar. 13, 2012 (Fr.) (holding eBay not liable for third-party content).
7. The court held eBay had committed a fault by failing to ensure that its business did not generate any illegal transaction. Notably, the court held that by allowing auctions with captions that describe items as "fine imitations," auctions priced suspiciously low, and auctions by sellers with suspiciously large quantities of items, eBay did not satisfy its duty of care.
8. For the Commercial Court, such means could have included measures such as (1) requiring the sellers to supply, upon request, the purchase invoice or a certificate of authenticity of the products offered for sale; (2) sanctioning any guilty vendor by finally terminating his or her account as soon as the breach is ascertained; or (3) immediately

withdrawing any illicit advertisement when notified by the right holder.

9. Case C-324/09, *L'Oréal SA v. eBay Int'l AG*, 2011 E.C.R. I-6011.

10. The claim of violation of selective distribution networks was only raised in France.

11. *Lancôme Parfums et Beaute v. eBay*, Tribunal de Commerce [Comm.] [Commerce Tribunal], July 31, 2008 (Belg.). Lancôme is a subsidiary of L'Oréal.

12. *L'Oréal v. eBay*, TGI Paris May 13, 2009 (Fr.).

13. In *Hermès Int'l v. eBay Inc.*, the tribunal de grande instance de Troyes, in a June 4, 2008, decision upheld by the Reims court of appeal, held eBay liable for sales of counterfeit Hermès bags and ordered it to pay €20,000 in damages. In *LVMH v. eBay Inc.*, the tribunal de commerce de Paris (June 20, 2008) held eBay liable for sales of counterfeit Louis Vuitton and Dior products and ordered it to pay €36.8 million in damages (reduced to €5.7 million on appeal).

14. *L'Oréal S.A. v. eBay Int'l AG*, [2009] EWHC (Ch) 1094 (Eng.).

15. Case C-324/09, *L'Oréal SA v. eBay Int'l AG*, 2011 E.C.R. I-6011; see also *Transatlantic Antitrust and IPR Developments*, TRANSATLANTIC TECH. L.F. (Stanford Law Sch. & Vienna Sch. of Law), Sept. 16, 2011, available at http://www.law.stanford.edu/sites/default/files/child-page/188471/doc/slspublic/2011_4_5.pdf.

16. In 2014, e-commerce sales in Europe are calculated at US\$372 billion, in the United States at US\$302 billion, and in China at US\$352 billion. See STATISTA, <http://www.statista.com>.

17. Third-party sellers account for 40 percent of items sold on Amazon. Lance Whitney, *Amazon's Third-Party Vendors Sold More than 2 Billion Items in 2014*, CNET (Jan. 5, 2015), <http://www.cnet.com/news/amazon-third-party-vendors-sold-more-than-2-billion-items-in-2014/>.

18. Case C-324/09, *L'Oréal SA v. eBay Int'l AG*, 2011 E.C.R. I-6011, ¶¶ 116, 123.

19. *Id.* ¶¶ 120, 124.

20. E-Commerce Directive, *supra* note 3, at art. 14(1)(b).

21. Council Directive 2004/48/EC, art. 11, 2004 O.J. (L 157) 45 [hereinafter Enforcement Directive].

22. Case C-324/09, *L'Oréal SA v. eBay Int'l AG*, 2011 E.C.R. I-6011, ¶ 139.

23. *Id.*

24. *Id.* ¶ 140.

25. *Id.* ¶ 141.

26. Case C-314/12, *UPC Telekabel Wien GmbH v. Constantin Film Verleih GmbH*, Mar. 27, 2014 (EU).

27. *Id.* ¶ 53.

28. *Id.* ¶¶ 58–61.

29. E-Commerce Directive, *supra* note 3, at art. 15.

30. Cf. 17 U.S.C. § 512(c)(1)(C), (3); E-Commerce Directive, *supra* note 3, at art. 21(2).

31. DANIEL HOLZNAGEL, NOTICE AND TAKE-DOWN-VERFAHREN ALS TEIL DER PROVIDERHAFTUNG (2013); DANIEL HOLZNAGEL, MELDE – UND ABHILFEVERFAHREN ZUR BEANSTANDUNG RECHTSWIDRIG GEHOSTETER INHALTE 105–13 (2014).

32. Decreto Legislativo 9 aprile 2003, n. 70 (It.). Attuazione della direttiva 2000/31/CE imposes on the ISPP a duty to notify the court or the supervisory authority of any violations that become known to it. A regulation of the Italian Media Authority (AGCOM) on copyright enforcement over electronic communication networks grants the AGCOM the authority to decide about takedown notices for copyright and neighboring rights violations.

33. The Electronic Commerce (EC Directive) Regulations 2002, Regulation 22 (U.K.).

34. But “all matters [are to be considered] which appear to it in the particular circumstances to be relevant.” Copyright, Designs and Patents Act 1988, § 97A (U.K.); see also The Electronic Commerce (EC Directive) Regulations 2002, Regulation 22 (U.K.).

35. Swiss Internet Indus. Ass'n (SIMSA), Code of Conduct Hosting (CCH) Notice-and-Takedown (2013) (only applicable to hosting-providers).

36. Cf. 17 U.S.C. § 512(g)(1)(B), (3).

37. For example, eBay's Verified Rights Owner (VeRO) Program; Ricardo's IPCop; Taobao's AliProtect and quinquan. AliProtect is considered the most burdensome due to its formal hurdles such as the mandatory entry of registration number and registration documentation (normally not available for copyright) and an end-term of protection (not applicable to trademarks).

38. Through Alibaba alone, 8.5 million sellers conduct 12.7 billion transactions per year. Craig Smith, *By the Numbers: 35 Amazing Alibaba Statistics*, DIGITAL MARKETING RAMBLINGS (Mar. 8, 2015), <http://expandedramblings.com/index.php/alibaba-statistics>.

39. Fei Lanfang, *Liability for an Online Marketplace Provider's Trademark Infringement—Practice and Latest Development of Chinese Law*, 44 INT'L REV. INDUS. PROP. & COPYRIGHT L. 569, 571 (2013) (estimating that the percentage of sales of counterfeits in 2012 was 30 percent, with 800 million product listings). In the dispute between E-Land and Taobao/Du Guofa (see *infra* note 52), E-Land and its licensee Yinian from September to November 2009 filed 131,261 complaints resulting in 117,861 infringing links being deleted, and from February to April 2010, E-land filed 153,277 complaints resulting in 124,742 being deleted. Lanfang, *supra*, at 577. For more recent figures, see Kathy Chu & Laurie Burkitt, *Knockoffs Thrive on Alibaba's Taobao*, WALL ST. J., Apr. 28, 2014.

40. *Internet Auction III*, BGH Apr. 30, 2008, I ZR 73/05, ¶¶ 62 *et seq.* (Ger.).

41. In *Internet Auction I*, the German BGH found manual post-processing too burdensome, but not in *Internet Auction II* and *Internet Auction III*.

42. For example, in Landgericht [LG] [Regional Court] Berlin Jan. 28, 2014, 91 O 111/13, ¶ 36 (Ger.), Alibaba was denied the safe harbor of a hosting provider.

43. In *Internet Auction III*, the court required the ISPP to tick off manually 32,553 offers of children's high chairs per week in order to find and eventually block 51 infringing offers. The argument that no reliable image recognition software is available did not help the ISPP.

44. LG Berlin Jan. 28, 2014, 91 O 111/13 (Ger.). In Germany, virtually every takedown notice is followed by a written warning (*Abmahnung*) by the right holder to the infringer and/or the ISPP accompanied by a request for a cease-and-desist undertaking with contractual penalty clause (*Strafbewehrte Unterlassungserklärung*).

45. For example, spare parts, fitting parts, cleaning or maintenance products, used goods, specialized services, and other circumstances where use of the trademark by a third party without consent of the right holder is legitimate. See Case C-228/03, *Gillette Co. v. LA-Labs. Ltd Oy*, Mar. 17, 2005 (EU).

46. Case C-314/12, *UPC Telekabel Wien GmbH v. Constantin Film Verleih GmbH*, Mar. 27, 2014, ¶¶ 56, 63 *et seq.* (EU).

47. For example, a search with the search terms “Hermès” and “replica” could lead to the Louvre museum shop selling copies of

the Hermes statue by Giambologna.

48. *Internet Auction II*, BGH Apr. 19, 2007, I ZR 35/04, ¶ 51 (Ger.); *Internet Auction I*, BGH Mar. 11, 2004, I ZR 304/01, ¶¶ 47 *et seq.* (Ger.). Taobao uses a price filter to weed out offers of luxury branded goods for extremely low prices. Lanfang, *supra* note 39, at 572.

49. Such profiling criteria may include the number of objects offered (eliminating secondhand sales), the nature of the other objects sold by the same seller (for multibrand infringers), the qualification of the seller as repeat seller (eliminating private sales), or excluding typical spare or must-fit parts.

50. See LG Bremen Oct. 2013 (Ger.); LG Munich I Mar. 18, 2009, Az. 1 HK O 1922/09 (Ger.); LG Munich I Mar. 12, 2009, Az. I HK O 1922/09 (Ger.). In theory, the seller could also assert contractual claims against the ISPP.

51. 2001 Nian 11 Yue 21 Ri Gongsu su Yi Qu Wangluo Xinxi Fuwu Shanghai Youxian Gongsu, Shanghai Yiqu Maoyi Youxian Gongsu, Yibei Yiqu Wangluo Xinxi Fuwu Youxian Gongsu Shangbiao Qinquan Jiufen An [Aktieselskabet AF Nov. 21, 2001 v. eBay Network Info. Servs. (Shanghai) Co. for Trademark Infringement], 2005 Nian Hu Yi Zhong Min Wu (Zhi) Chu 371 (Shanghai No. 1 Interm. People's Ct. Aug. 21, 2006); Ludaofu Dasile Tiyu Yongpin Boma Gufen Gongsu Su Zhejiang Taobao Wangluo Youxian Gongsu deng Xiaoshou Jiamao Zhuze Shangbiao de Shangpin Jiufen An [Puma Aktien-gesellschaft Rudolf Dassler Sport v. Zhejiang Taobao Network Co. for Selling Counterfeit Goods], 2006 Hui Zhong Fa Ming San Chu Zi 179 (Guangzhou Higher People's Ct. Oct. 8, 2006); Fangna Garment Co. v. Zhejiang Taobao Network Co., Wuhan Interm. Ct. 2010; E-Land (Shanghai) Fashion Trading Co. v. Xu, Shanghai Huangpu Dist. People's Ct. 2010. The cases ended in favor of Taobao, but the last only because Taobao had already taken down the infringing offer and provided proper identification of the seller to the plaintiff. See Du Ying, *Secondary Liability for Trademark Infringement Online: Legislation and Judicial Decisions in China*, 37 COLUM. J.L. & ARTS 541 (2014); Lanfang, *supra* note 39.

52. Yinian (Shanghai) Shizhuang Maoyi Youxian Gongsu su Zhejiang Taobao Wangluo Youxian Gongsu, Du Guofa Qinhai Shangbiaoquan Jiufen An [E-Land Fashion (Shanghai) Trade Co. v. Taobao Network Co. & Du Guofa for Infringing Trademark Rights], 2011 Hu Yi Zhong Min Wu (Zhi) Zhong Zi 40 (Shanghai No. 1 Interm. People's Ct. Apr. 25, 2011), *aff'd* 2010 Pu Min San (Zhi) Chu Zi 426 (Shanghai Pudong New Area People's Ct. Jan. 17, 2011). The courts ordered Taobao to remove permanently the seller Du Guofa, who was considered a repeat offender after seven take-down notices filed by E-Land against it without attempt by Du Guofa to defend itself by a counter-notice, and found Taobao to be

jointly liable with Du Guofa for the trademark infringement, imposing joint compensation liability on both. See Zhu Zhi Gang & Paul Ranjard, *Analysis on the Taobao Case*, WANHUIDA (July 29, 2011), http://www.wanhuida.com/Portals/1/YRNewsAttachment/719/wanhuida_analysis_on_taobao_case.pdf; Lanfang, *supra* note 39; Zhao Lin, *Liabilities of Group Buying Sites in Trademark Infringement Cases*, CHINA INTELL. PROP. LAW. (July 3, 2013), <http://www.ciplawyer.com/article.asp?articleid=1795>; Ying, *supra* note 51; Luo Yushu, *Determination of Joint Liability for Trademark Infringement in Online Trading*, CHINA INTELL. PROP. (Mar. 12, 2012), http://ipr.chinadaily.com.cn/2012-03/12/content_14815056.htm.

53. Alibaba's efforts and proactive steps to address the problem of sales of counterfeit goods have resulted in Taobao.com being removed in 2012 from the Notorious Markets Lists published annually by the U.S. Trade Representative (USTR). See U.S. TRADE REPRESENTATIVE, 2013 OUT-OF-CYCLE REVIEW OF NOTORIOUS MARKETS (2014), available at https://ustr.gov/sites/default/files/FINAL-PUBLISHED%202013_Notorious_Markets_List-02122014.pdf. Alibaba claims to have removed 100 million listings in 2013 alone. Cf. Chu & Burkitt, *supra* note 39.

54. Zhushi Huishe Disangte su Beijing Jinri Dushi Xinxi Jishu Youxian Gongsu deng Shangbiao Qinquan Jiufen An [Descente Ltd. v. Today Beijing City Info. Tech. Co. for Trademark Infringement], 2011 Er Zhong Min Chu Zi 11699 (Beijing No. 2 Interm. People's Ct. Apr. 25, 2012), *aff'd*, 2012 Gao Min Zhong Zi 3969 (Beijing Higher People's Ct. Dec. 19, 2012) (defendant ran a website for group purchasing). See Lin, *supra* note 52; Ying, *supra* note 51.

55. Cf. Case C-98/13, Martin Blomqvist v. Rolex SA, Feb. 6, 2014 (goods violating IP rights in the EU were seized and destroyed by the customs authorities as "counterfeit goods" or "pirated goods" although the importer acted in a private capacity and could as such not be sued).

56. Tiffany (NJ) Inc. v. eBay Inc., 600 F.3d 93 (2d Cir. 2010); L'Oréal S.A. v. eBay Int'l AG, [2009] EWHC 1094; E-Land (*supra* note 52).

57. Corresponding to the German *Verkehrssicherungspflicht* and the Swiss *Gefahrensatz*.

58. The upper level is set by the Chinese *Descente* case (*supra* note 54) and the Swiss Federal Supreme Court decision 5A_792/2011 of January 14, 2013, where a party asserting violation of its personality rights by a blog hosted on the website of the newspaper *Tribune de Genève* (*TdG*) sued both the blogger and *TdG*. The Swiss Federal Supreme Court upheld an award against *TdG* to remove the blog (and to pay the costs of the procedure). The privilege granted to ISPs by the E-Commerce Directive and the DMCA (but not by Swiss law) would not have been available to *TdG* because of its direct control over the individual blog contributions.