



Reports of Cases

JUDGMENT OF THE COURT (Third Chamber)

7 August 2018*

(Reference for a preliminary ruling — Intellectual and industrial property — Directive 2004/48/EC — Article 4 — Legal standing of a body for the collective representation of trade mark proprietors — Directive 2000/31/EC — Articles 12 to 14 — Liability of a provider of IP address rental and registration services allowing the anonymous use of domain names and websites)

In Case C-521/17,

REQUEST for a preliminary ruling under Article 267 TFEU from the Tallinna Ringkonnakohus (Court of Appeal, Tallinn, Estonia), made by decision of 28 August 2017, received at the Court on 1 September 2017, in the proceedings

Coöperatieve Vereniging SNB-REACT U.A.

v

Deepak Mehta

THE COURT (Third Chamber),

composed of L. Bay Larsen, President of the Chamber, J. Malenovský (Rapporteur), M. Safjan, D. Šváby and M. Vilaras, Judges,

Advocate General: M. Wathelet,

Registrar: A. Calot Escobar,

having regard to the written procedure,

after considering the observations submitted on behalf of:

- Coöperatieve Vereniging SNB-REACT U.A., by K. Turk, vandeadvokaat, and M. Pild, advokaat,
- the Estonian Government, by N. Grünberg, acting as Agent,
- the Netherlands Government, by M.K. Bulterman, P. Huurnink, and by J. Langer, acting as Agents,
- the European Commission, by F. Wilman and E. Randvere, acting as Agents,

having decided, after hearing the Advocate General, to proceed to judgment without an Opinion,

gives the following

* Language of the case: Estonian.

Judgment

- 1 This request for a preliminary ruling concerns the interpretation of Article 4(c) of Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights (OJ 2004 L 157, p. 45, and corrigenda, OJ 2004 L 195, p. 16, and OJ 2007 L 204, p. 27), and Articles 12 to 14 of Directive 2000/31/EC of the European Parliament and of the Council of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market ('Directive on electronic commerce') (OJ 2000 L 178, p. 1).
- 2 The request has been made in the course of proceedings between Coöperatieve Vereniging SNB-REACT U.A. ('SNB-REACT') and Mr Deepak Mehta, concerning the latter's liability for infringement of the intellectual property rights of 10 trade mark proprietors.

Legal context

EU law

Directive 2000/31

- 3 Recital 42 of Directive 2000/31 states:

'The exemptions from liability established in this Directive cover only cases where the activity of the information society service provider is limited to the technical process of operating and giving access to a communication network over which information made available by third parties is transmitted or temporarily stored, for the sole purpose of making the transmission more efficient; this activity is of a mere technical, automatic and passive nature, which implies that the information society service provider has neither knowledge of nor control over the information which is transmitted or stored.'

- 4 Chapter II of Directive 2000/31, entitled 'Principles', includes a Section 4, entitled 'Liability of intermediary service providers', which contains Articles 12 to 15 of that directive.

- 5 Article 12 of Directive 2000/31, entitled 'Mere conduit', provides:

'1. Where an information society service is provided that consists of the transmission in a communication network of information provided by a recipient of the service, or the provision of access to a communication network, Member States shall ensure that the service provider is not liable for the information transmitted ...

...

3. This Article shall not affect the possibility for a court or administrative authority, in accordance with Member States' legal systems, of requiring the service provider to terminate or prevent an infringement.'

- 6 Article 13 of Directive 2000/31, entitled 'Caching', provides:

'1. Where an information society service is provided that consists of the transmission in a communication network of information provided by a recipient of the service, Member States shall ensure that the service provider is not liable for the automatic, intermediate and temporary storage of that information, performed for the sole purpose of making more efficient the information's onward transmission to other recipients of the service upon their request ...

...

2. This Article shall not affect the possibility for a court or administrative authority, in accordance with Member States' legal systems, of requiring the service provider to terminate or prevent an infringement.'

7 Under Article 14 of that directive, entitled 'Hosting':

'1. Where an information society service is provided that consists of the storage of information provided by a recipient of the service, Member States shall ensure that the service provider is not liable for the information stored at the request of a recipient of the service ...

...

3. This Article shall not affect the possibility for a court or administrative authority, in accordance with Member States' legal systems, of requiring the service provider to terminate or prevent an infringement, nor does it affect the possibility for Member States of establishing procedures governing the removal or disabling of access to information.'

Directive 2004/48

8 Recital 18 of Directive 2004/48 states:

'The persons entitled to request application of [the] measures, procedures and remedies [provided for by this directive] should be not only the rightholders but also persons who have a direct interest and legal standing in so far as permitted by and in accordance with the applicable law, which may include professional organisations in charge of the management of those rights or for the defence of the collective and individual interests for which they are responsible.'

9 Chapter I of that directive, entitled 'Objective and scope', includes Article 2, entitled 'Scope', which provides in paragraph 1:

'Without prejudice to the means which are or may be provided for in [EU] or national legislation, in so far as those means may be more favourable for rightholders, the measures, procedures and remedies provided for by this Directive shall apply, in accordance with Article 3, to any infringement of intellectual property rights as provided for by [EU] law and/or by the national law of the Member State concerned.'

10 Chapter II of Directive 2004/48, entitled 'Measures, procedures and remedies', contains, inter alia, Article 4 of the directive, entitled 'Persons entitled to apply for the application of the measures, procedures and remedies', which is worded as follows:

'Member States shall recognise as persons entitled to seek application of the measures, procedures and remedies referred to in this chapter:

- (a) the holders of intellectual property rights, in accordance with the provisions of the applicable law;
- (b) all other persons authorised to use those rights, ..., in so far as permitted by and in accordance with the provisions of the applicable law;
- (c) intellectual property collective rights management bodies which are regularly recognised as having a right to represent holders of intellectual property rights, in so far as permitted by, and in accordance with, the provisions of the applicable law;

(d) professional defence bodies which are regularly recognised as having a right to represent holders of intellectual property rights, in so far as permitted by and in accordance with the provisions of the applicable law.’

Estonian law

11 Article 3 of the tsiviilkohtumenetluse seadustik (Code of Civil Procedure) (RT I 2005, 26, 197), entitled ‘Right to apply to the courts’, provides in paragraph 2:

‘Where provided for by statute, the court shall also conduct civil proceedings when a person applies to the court for the protection of a presumed and legally protected right or interest of another person or the general public.’

12 Article 60¹ of the kaubamärgiseadus (Law on trade marks) (RT I 2002, 49, 308), entitled ‘Representatives in trade mark proceedings’, states in paragraph 2:

‘For the defence of his rights, the proprietor of a trade mark may be represented by an organisation, with legal capacity, representing trade mark proprietors of which he is a member.’

13 Article 8 of the infoühiskonna teenuse seadus (Law on information society services) (RT I 2004, 29, 191), entitled ‘Limitation of liability in the case of the mere transmission of information and the provision of access to a publicly accessible data transmission network’, is worded as follows:

‘(1) Where a service is provided that consists exclusively of the transmission in a publicly accessible data transmission network of information provided by a user of the service, or the provision of access to a publicly accessible data transmission network, the service provider shall not be liable for the content of the information transmitted ...’

14 Article 9 of that law, headed ‘Limitation of liability in the case of caching’, states:

‘In the case where a service is provided that consists of the transmission in a publicly accessible data transmission network of information provided by a user of the service, and the transmission method in question requires intermediate storage of the information for technical reasons and the sole purpose of that service is to make more efficient the information’s onward transmission to other recipients of the service upon their request, the service provider shall not be liable for the content of the information in the case of the automatic, intermediate and temporary storage of the information ...’

15 Article 10 of that law, entitled ‘Limitation of liability in the case of the storage of information’, provides, in paragraph 1:

‘Where a service is provided that consists of the storage of information provided by a user of the service, the service provider shall not be liable for the content of the information stored at the request of a user of the service ...’

The dispute in the main proceedings and the questions referred for a preliminary ruling

16 SNB-REACT is a body established in Amsterdam (Netherlands), whose purpose is to ensure the collective representation of trade mark proprietors.

- 17 It has brought proceedings before the Harju Maakohus (Court of First Instance, Harju, Estonia) against Mr Mehta, seeking an injunction terminating the infringement of the rights of 10 of its members and preventing any future infringement of those rights, and seeking damages in respect of the loss caused by Mr Mehta.
- 18 In support of that application, SNB-REACT submitted that Mr Mehta had registered internet domain names which were unlawfully using signs identical to trade marks owned by its members, together with websites unlawfully offering for sale goods bearing such signs. Furthermore, SNB-REACT has argued that Mr Mehta is the owner of IP addresses corresponding to those domain names and websites. Lastly, it maintained that Mr Mehta's liability is incurred by reason of the unlawful use of the signs at issue by those domain names and websites which, it claimed, had been brought to his attention on several occasions.
- 19 In his defence, Mr Mehta has claimed that he had neither registered the domain names and websites challenged by SNB-REACT nor used in any way signs identical to the trade marks owned by the members of that body. Furthermore, whilst acknowledging his ownership of 38 000 IP addresses, he stated that he had rented them only to two third-party companies. Lastly, he stated that, in the light of that activity, he was to be viewed solely as offering a service providing access to an electronic communications network, together with an information transmission service.
- 20 The Harju Maakohus (Court of First Instance, Harju) dismissed the action brought by SNB-REACT, ruling, first, that the latter had failed to show that it had standing to bring an action in its own name seeking to enforce the rights of its members and to recover compensation for the loss caused by the infringement of those rights. In that regard, that court found that SNB-REACT did not itself own any rights over the trade marks concerned by its application, before holding that Article 60¹(2) of the Law on trade marks had to be interpreted as meaning that a body such as the applicant did not have standing to bring legal proceedings for purposes other than the representation of its members.
- 21 Secondly, the Harju Maakohus (Court of First Instance, Harju) found that the evidence adduced by SNB-REACT served to establish that Mr Mehta was the owner of the IP addresses linked to the internet domain names unlawfully using signs identical to the trade marks owned by the members of that body, and to the websites unlawfully selling goods bearing such signs. By contrast, it took the view that that evidence demonstrated neither that Mr Mehta was the owner of those domain names and websites, nor that he himself had unlawfully used the signs at issue. In the light of those findings, that court concluded that Mr Mehta's liability could not be established as a result of the unlawful activity of persons operating those domain names and websites, in accordance with Article 8(1) of the Law on information society services.
- 22 In the appeal which it has brought before the Tallinna Ringkonnakohus (Court of Appeal, Tallinn, Estonia), SNB-REACT submits, first, that it is possible to interpret Article 60¹(2) of the Law on trade marks as meaning that a collective representation body has standing to bring, in its own name, an action to defend the rights and interests of its members. Secondly, it submits that the court of first instance erred in excluding all liability on the part of Mr Mehta for the services that he provided to persons operating domain names and websites in the context of online sales of counterfeit goods. It is submitted that the limitation of liability set out in Article 8(1) of the Law on information society services applies in fact to service providers who act only as neutral intermediaries, but not to those who, like Mr Mehta, are aware of the infringement of intellectual property rights and play an active part in such infringement.
- 23 In its decision to refer, the Tallinna Ringkonnakohus (Court of Appeal, Tallinn) states that, bearing in mind those arguments and the doubts which it entertains as to the compatibility of national law with EU law, it considers a preliminary ruling from the Court to be necessary on two points.

- 24 In the first place, it is unsure whether a body such as SNB-REACT has standing to bring, in its own name, an action to defend the rights and interests of its members. For that reason, it requests the Court to interpret Article 4(c) of Directive 2004/48, in order to allow the referring court to determine, in full knowledge of the facts, the scope which should be given, in the case in the main proceedings, to the combined provisions of Article 3(2) of the Code of Civil Procedure and Article 60¹(2) of the Law on trade marks.
- 25 In the second place, the referring court is unsure whether Mr Mehta's liability cannot be established, even if he has not used signs in breach of the rights held by the members of SNB-REACT, inasmuch as he has provided services to persons who operate the domain names and websites which use those signs unlawfully, by renting the IP addresses which he owns under conditions allowing those persons to operate anonymously. The referring court also states that the answer to that question depends on the meaning of Articles 12 to 14 of Directive 2000/31, which were transposed into national law by Articles 8 to 10 of the Law on information society services.
- 26 It is in those circumstances that the Tallinna Ringkonnakohus (Court of Appeal, Tallinn) decided to stay the proceedings and to refer to the Court the following questions for a preliminary ruling:
- '(1) Is Article 4(c) of [Directive 2004/48] to be interpreted as meaning that Member States are required to recognise bodies collectively representing trade mark proprietors as persons with standing to pursue legal remedies in their own name to defend the rights of trade mark proprietors and to bring actions before the courts in their own name to enforce the rights of trade mark proprietors?
- (2) Are Articles 12, 13 and 14 of [Directive 2000/31] to be interpreted as meaning that even a service provider whose service consists in registering IP addresses, thus enabling them to be anonymously linked to domains, and in renting out those IP addresses, is to be regarded as a service provider within the meaning of those provisions to whom the exemptions from liability provided for in those articles apply?'

Consideration of the questions referred

The first question

- 27 By its first question, the referring court asks, in essence, whether Article 4(c) of Directive 2004/48 must be interpreted as meaning that the Member States are required to recognise a body collectively representing trade mark proprietors, such as that at issue in the main proceedings, as having standing to seek, in its own name, the application of the remedies laid down in that directive, for the purpose of defending the rights of those trade mark owners, and to bring legal proceedings, in its own name, for the purpose of enforcing those rights.
- 28 In that respect, it should be noted from the outset that, while Article 4(a) of Directive 2004/48 provides that Member States are to recognise, in any event, holders of intellectual property rights as persons entitled to seek application of the measures, procedures and remedies referred to in Chapter II of that directive, Article 4(b) to (d) each state that it is only in so far as is permitted by, and in accordance with, the provisions of the applicable law that Member States may recognise other persons, as well as certain specific bodies, as having that same standing.

- 29 In particular, pursuant to Article 4(c) of Directive 2004/48, Member States are required to recognise, as persons entitled to seek application of measures, procedures and remedies, intellectual property collective rights-management bodies which are regularly recognised as having a right to represent holders of intellectual property rights, in so far as permitted by and in accordance with the provisions of the applicable law.
- 30 Taking account of that wording, the meaning and scope of the terms ‘applicable law’ and ‘as permitted’ require clarification.
- 31 As regards, first of all, the reference to the applicable law made in Article 4(c) of Directive 2004/48, it should be understood, in the light of Article 2(1) of that directive, as referring to both national and EU legislation, as appropriate.
- 32 Secondly, as regards the second aspect referred to in paragraph 30 of the present judgment, it should be noted that Article 4(c) of Directive 2004/48 cannot be interpreted as meaning that it affords unlimited discretion to the Member States as to whether or not to recognise intellectual property collective rights-management bodies as persons entitled to seek, in their own name, the application of the remedies laid down by that directive, for the purposes of defending those rights. Such an interpretation would, in fact, render entirely ineffective that provision, which is intended to harmonise the laws of those States.
- 33 Furthermore, it is apparent from recital 18 of Directive 2004/48, in the light of which the above provision must be read, that the EU legislature intended that not only the holders of intellectual property rights, but also persons who have a direct interest in the defence of those rights and the right to bring legal action, be recognised as persons entitled to seek the application of measures, procedures and remedies, provided for by that directive, in so far as the applicable law allows it and in accordance with that law. In addition, that recital states that the latter category of persons may include professional organisations in charge of the management of those rights or for the defence of the collective and individual rights for which they are responsible.
- 34 It follows that Article 4(c) of Directive 2004/48, interpreted in the light of recital 18 of that directive, must be understood as meaning that (i) where a body in charge of the collective management of intellectual property rights and recognised as having standing to represent the holders of those rights is regarded by national law as having a direct interest in the defence of those rights, and (ii) that law allows that body to bring legal proceedings, the Member States are required to recognise that body as a person entitled to seek application of the measures, procedures and remedies provided for by that directive, and to bring legal proceedings for the purpose of enforcing such rights.
- 35 Thus, Article 4(c) of Directive 2004/48 is intended to ensure that, where a body in charge of the collective management of intellectual property rights and representing the holders of those rights has standing, under national law, to bring legal proceedings for the purpose of defending those rights, that body is specifically recognised as having standing for the purpose of enforcing the measures, procedures and remedies provided for by that directive.
- 36 In the absence of that condition, no such recognition obligation is incumbent on the Member States.
- 37 The decision to refer states that the present case involves a body for the collective representation of trade mark proprietors.
- 38 It is for the referring court to determine whether such a body is regarded by national law as having a direct interest in the defence of the rights of the trade mark proprietors whom it represents and whether that law allows it to bring legal proceedings, in which case it must be recognised as a person entitled to seek the application of the measures, procedures and remedies provided for by that directive.

39 In the light of the foregoing, the answer to the first question is that Article 4(c) of Directive 2004/48 must be interpreted as meaning that the Member States are required to recognise a body collectively representing trade mark proprietors, such as that at issue in the case in the main proceedings, as a person entitled to seek, in its own name, the application of the remedies laid down by that directive, for the purpose of defending the rights of those trade mark proprietors, and to bring legal proceedings, in its own name, for the purpose of enforcing those rights, on condition that that body is regarded by national law as having a direct interest in the defence of those rights and that that law allows it to bring legal proceedings to that end, these being matters for the referring court to verify.

The second question

40 By its second question, the referring court asks, in essence, whether Articles 12 to 14 of Directive 2000/31 must be interpreted as meaning that the limitations of liability for which they provide apply to the provider of an IP address rental and registration service allowing domain names to be used anonymously, such as that at issue in the main proceedings.

41 In that regard, it is apparent from both the title of Directive 2000/31 and, more specifically, the wording of Article 12(1), Article 13(1) and Article 14(1) of that directive, that those three provisions apply in the case of the provision of an information society service.

42 The EU legislature has defined the concept of ‘information society service’ as covering services which are provided at a distance, by means of electronic equipment for the processing and storage of data, at the individual request of a recipient of services, and normally in return for remuneration (judgment of 23 March 2010, *Google France and Google*, C-236/08 to C-238/08, EU:C:2010:159, paragraph 110). Furthermore, and as is apparent from the case-law of the Court, that concept includes in particular services contributing to facilitating relations between persons engaged in online sales activities and their customers (see, to that effect, judgment of 12 July 2011, *L’Oréal and Others*, C-324/09, EU:C:2011:474, paragraph 109). In the present case, in so far as the Court does not have sufficient evidence to determine whether the service at issue in the case in the main proceedings comes within the scope of that notion, it is for the referring court to determine whether that is in fact the case.

43 In the case of the provision of such a service, it is necessary to assess whether the limitations of liability provided for in Article 12(1), Article 13(1) and Article 14(1) of Directive 2000/31 are applicable to the provider of that service.

44 For that purpose, it is necessary, first of all, to determine which provision the service concerned comes under and, to that end, to assess whether, in the light of its characteristics, that service constitutes a mere conduit, caching or hosting.

45 In the affirmative, it is appropriate, secondly, to verify whether the conditions relating specifically to the category of services at issue, as stated, depending on the case, in Article 12(1), Article 13(1) or Article 14(1) of Directive 2000/31 have been met.

46 However, it is apparent from the decision to refer that the purpose of the question referred for a preliminary ruling is not to obtain further clarification as to the interpretation of the conditions set out in the two preceding paragraphs of this judgment, but instead relates solely to the criteria serving to establish whether a service such as that at issue in the main proceedings is of a merely technical, automatic and passive nature.

47 Lastly, in that connection, it is settled case-law that Article 12(1), Article 13(1) and Article 14(1) of Directive 2000/31 must be understood in the light of recital 42 of that directive, from which it follows that the exemptions from liability established in that directive cover only cases in which the activity of the information society service provider is of a mere technical, automatic and passive nature, which

implies that that service provider has neither knowledge of nor control over the information which is transmitted or stored by the persons to whom he provides his services (judgments of 23 March 2010, *Google France and Google*, C-236/08 to C-238/08, EU:C:2010:159, paragraph 113, and of 15 September 2016, *Mc Fadden*, C-484/14, EU:C:2016:689, paragraph 62).

- 48 By contrast, those limitations of liability do not apply in the case where a provider of information society services plays an active role, by allowing its customers to optimise their online sales activity (see, to that effect, judgment of 12 July 2011, *L'Oréal and Others*, C-324/09, EU:C:2011:474, paragraphs 113, 116 and 123 and the case-law cited).
- 49 In the present case, the decision to refer states that the service provider at issue in the main proceedings provides an IP address rental and registration service, allowing his customers to use domain names and websites anonymously.
- 50 In those circumstances, it is for the referring court to satisfy itself, in the light of all relevant facts and evidence, as to whether such a service provider has neither the knowledge of nor control over the information transmitted or cached by his clients and whether he does not play an active role by allowing them to optimise their online sales activity.
- 51 Nevertheless, it must be noted that if, following its examination, the referring court were to conclude that the activity of the service provider in the case in the main proceedings can benefit from the limitations of liability referred to in paragraph 43 of the present judgment, it may still, in accordance with Article 12(3), Article 13(2) and Article 14(3) of Directive 2000/31, address to the person concerned, in the case where the existence of an infringement or risk of infringement of an intellectual property right has been established to the requisite legal standard, a targeted measure intended to bring an end to that infringement or to prevent that risk (judgment of 15 September 2016, *Mc Fadden*, C-484/14, EU:C:2016:689, paragraphs 77, 78 and 94).
- 52 In the light of the foregoing, the answer to the second question is that Articles 12 to 14 of Directive 2000/31 must be interpreted as meaning that the limitations of liability for which they provide apply to the provider of an IP address rental and registration service allowing the anonymous use of internet domain names, such as that at issue in the case in the main proceedings, inasmuch as that service comes within the scope of one of the categories of service referred to in those articles and meets all the corresponding conditions, in so far as the activity of such a service provider is of a merely technical, automatic and passive nature, implying that he has neither knowledge of nor control over the information transmitted or cached by his customers, and in so far as he does not play an active role in allowing those customers to optimise their online sales activity, these being matters for the referring court to verify.

Costs

- 53 Since these proceedings are, for the parties to the main proceedings, a step in the action pending before the national court, the decision on costs is a matter for that court. Costs incurred in submitting observations to the Court, other than the costs of those parties, are not recoverable.

On those grounds, the Court (Third Chamber) hereby rules:

- 1. Article 4(c) of Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights must be interpreted as meaning that the Member States are required to recognise a body collectively representing trade mark proprietors, such as that at issue in the case in the main proceedings, as a person entitled to seek, in its own name, the application of the remedies laid down by that directive, for the purpose of defending the rights of those trade mark proprietors, and to bring legal**

proceedings, in its own name, for the purpose of enforcing those rights, on condition that that body is regarded by national law as having a direct interest in the defence of such rights and that that law allows it to bring legal proceedings to that end, these being matters for the referring court to verify.

- 2. Articles 12 to 14 of Directive 2000/31/EC of the European Parliament and of the Council of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market ('Directive on electronic commerce') must be interpreted as meaning that the limitations of liability for which they provide apply to the provider of an IP address rental and registration service allowing the anonymous use of internet domain names, such as that at issue in the case in the main proceedings, inasmuch as that service comes within the scope of one of the categories of service referred to in those articles and meets all the corresponding conditions, in so far as the activity of such a service provider is of a merely technical, automatic and passive nature, implying that he has neither knowledge of nor control over the information transmitted or cached by his customers, and in so far as he does not play an active role in allowing those customers to optimise their online sales activity, these being matters for the referring court to verify.**

[Signatures]