

# LIDC CONGRESS IN OXFORD 2011

## Question B

*To what extent should online intermediaries (such as ISPs and operator of online market places) be responsible for the control or prohibition of unfair competitive practices (in particular sales of products contrary to the law) carried out on their systems?*

Swiss national reporter: Virginie A. Rodieux, att.

### 1. BASIS OF LIABILITY

*In your jurisdiction on what legal theories can online intermediaries be held liable for infringement under intellectual property and unfair competition laws?*

#### 1.1 Introduction

The present report deals with the liability of Internet service providers, in particular liability of online intermediaries who provide search engine or online market places.

There is no codified legal definition of the various types of online intermediaries under Swiss law.

Nevertheless it is generally admitted that an Internet service provider is a person who provides customers with services in relation with Internet. The services can be of different kinds: hosting of websites, hosting of electronic addresses, links to other website, online market places for sale via Internet. The service provider is not directly the author of the information. He is only an intermediary<sup>1</sup>.

In Switzerland, the supply of services in relation with Internet is not subject to authorization<sup>2</sup>.

There are two main categories of service providers:

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<sup>1</sup> WERRO, *Les services Internet et la responsabilité civile*, medialex 2003, p. 119ff.

<sup>2</sup> KILLIAS, *La responsabilité des fournisseurs de services Internet*, Lausanne, 2005, p. 33.

- a) **access providers:** the access providers provide customers with access to Internet through a cable connection or a Wi-fi system. The access providers also allow customers to surf the Internet;
- b) **host providers:** they provide a disk space on server in order for a website to be available through Internet<sup>3</sup>.

The present report presents the criminal and civil aspects of online intermediaries' liability in case of intellectual property rights infringements or unfair competitive practices.

## 1.2 Civil Law

### 1.2.1 General observations

Swiss law has **no specific legal provision applying to online intermediary's liability**. One has to refer to the general terms and rules of the Swiss intellectual property and unfair competition laws as well as civil liability (*responsabilité aquilienne*) under article 41 of the Swiss Code of obligations (thereafter "CO") for damages.

Swiss law distinguishes between (a) **injunctions** (*actions défensives*) and (b) **actions for monetary relief** (*actions réparatrices*). With injunctions the rightsowner asserts unlawful injury to his rights. Actions for monetary relief are additional and dependent on a fault (*faute*). Intellectual property and unfair competition laws provide for specific provisions regarding injunctions while they refer to the general conditions of article 41 CO for damages.

- a) On the whole, the injuring party can be served with an **injunction** banning him from intellectual property rights' infringement or unfair competitive practice regardless of whether he is aware of the unlawful use of its system<sup>4</sup>. As a consequence, the rightsowner is entitled to seek for an injunction against the online intermediary when the latter participates to the unlawful injury, in other words if its services are used in relation to intellectual property's infringements. It does not matter whether the online intermediary is aware or not of such infringements. The injunction, which aims to stop the infringements, can be served against any contributing party. A fault is not required. Therefore it is irrelevant that the control of the customers' actions by the ISP is nearly impossible, or not always possible<sup>5</sup>.

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<sup>3</sup> KILLIAS, *op. cit.*, pp. 33-34.

<sup>4</sup> WERRO, *op. cit.*, p. 131.

<sup>5</sup> AIPPI Swiss Group report, Question Q216B, Exceptions to copyright protection and the permitted uses of copyright works in the hi-tech and digital sectors, <https://www.aippi.org/?sel=questions&sub=workingcommittees&viewQ=216B#216>.

- b) As far as **actions for monetary relief** are concerned, the usual conditions of civil liability are the following: (1) unlawful behaviour (*acte illicite*); (2) offence (*préjudice*) (3) fault (*faute*) and (4) causal relation between the unlawful behaviour and the injury (*rapport de causalité*) (art. 41 CO).

Unlawful behaviour ensues from infringement of a rule which aims to protect the affected interests. In the present matter, such interests consist of copyright, trademarks and/or fair competition. The facilities offered by online intermediaries do not raise specific questions with regard to the conditions of unlawful behaviour and offence and causal relation. The situation is not the same concerning the fault. The victim of an infringement has to prove that the online intermediary acted with intent or at least negligently. The online intermediary is negligent when he knows or should know that the litigious act potentially infringes third parties' rights. Therefore the condition of fault essentially depends on **whether the online intermediary knows or should know the content of the information he contributes to spread**<sup>6</sup>.

Since there is nearly no Swiss case regarding the liability of online intermediaries, it has not been definitively settled under which circumstances the online intermediary should have knowledge of the intellectual property rights' infringement under Swiss law. We think that as soon as the online intermediary has been informed by the rightsowner or by a third party that his services are used in relation with intellectual property rights' infringement, one should consider him as knowing the infringement. In addition, the solution should depend on the circumstances of the matter. Vigilance expected from the online intermediary should vary in function of the amount of information broadcasted by the online service, the financial mean of the online intermediary, the technical progress or any other circumstances which should arouse particular attention.

Despite the lack of case regarding the liability of online intermediaries, one case which deals with civil law has to be considered as relevant although the matter at issue was about defamation. This case concerns print media but can also be applied to online press. In this case dated December 1999<sup>7</sup>, the Swiss Federal Court (*Tribunal fédéral*) considered that the printer of a newspaper, which started press campaign against a third party, whose attention should have been attracted by the first defamatory article published by the newspaper on the same subject, should have been vigilant. Indeed, in such situation, if the printer publishes further defamatory articles, he accepts liability. The vigilance expected from the printer is not the same as the one expected from the author of the article or from the responsible editor. It is only in case of particular circumstances that the printer must carry out meticulous control.

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<sup>6</sup> BENEDICT, *La responsabilité civile des prestataires techniques sur Internet*, in *Responsabilité civile et assurance, Etudes en l'honneur de Baptiste Rusconi*, Lausanne, 2000, p. 11ff, p. 31 ; WERRO, *op. cit.*, p. 131.

<sup>7</sup> ATF 126 III 161.

In case of sensation-seeking newspaper or when the defamatory statement is not an exception but the printer knows that the editor or author has already committed similar infringement in the past, the printer is not allowed to ignore the facts. In such circumstances particular vigilance is expected from him. In the case ATF 126 III 161, the printer was held liable for not having refused to print the following articles after the publication of the first defamatory articles. According to the Swiss Federal Court, after the publication of the first defamatory articles, the printer should have known that he was participating to defamatory offence and from this moment the printer should have intervened with the editor of the newspaper and agreed upon a preliminary control of the articles concerning the same matter. Specific vigilance could be expected from the printer who should not remain passive. This specific vigilance is expected after the first publications and not from the beginning. By staying passive after the publication of the first defamatory articles, the printer accepted the following offences and must be held liable for the damages.

As for the online intermediary one can conclude from the above-mentioned case that specific vigilance is expected from the online intermediary as soon as he knows or should know that his services are used in relation to intellectual property rights' infringements. If he is aware that his services have served to infringe intellectual property rights or carry out unfair competitive practices, he cannot remain passive and must intervene with the principal infringer in order to stop the infringement. Otherwise, he will be held liable for the consecutive damages like the principal infringer.

According to article 50 CO, when held liable, all the participants to the injury are jointly and severally responsible regardless of their degree of involvement<sup>8</sup>. Thus beside the direct infringer, the abettor or the instigator can also be held liable for contributory infringement. In other words, an online intermediary may be liable for the whole damage like the principal infringer. Article 50 CO applies as soon as someone knows or should have known the involvement of the other participants or realizes that his own behaviour will damage the rightsowner<sup>9</sup>.

## 1.2.2 Trademark

According to article 13 of Trademark Law<sup>10</sup>, the owner of a trademark has the exclusive right to use it for the registered goods and services, to assign it or otherwise to conclude any contract relating to the trademark. He has the right to prohibit any use of his mark, or of a similar sign, as a trademark by another party for identical or similar goods or services. If the

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<sup>8</sup> BENEDICT, *op. cit.*, p. 31.

<sup>9</sup> KILLIAS, *op. cit.*, p.37.

<sup>10</sup> RS 232.11 Loi fédérale sur la protection des marques et des indications de provenance.

signs or the goods are not identical, but only similar, an additional condition is required, the likelihood of confusion<sup>11</sup>.

According to article 15 of the Trademark Law, the owner of a famous trademark is entitled to prohibit the use of his trademark for any products and/or services if such use threatens the distinctive nature of his trademark or exploits his reputation. Article 15 of the Trademark Law protects famous trademarks against dilution through their use by a third party for others products and services that the one for which the owners use them<sup>12</sup>. The scope of protection for famous trademarks is therefore wider than for other trademarks.

The infringement supposes that the infringer uses this sign as a trademark. The use of the trademark is the use to distinguish a product or a service when it is offered on the market.

According to article 55 of Trademark Law, in case of infringement of its trademark, the rightsowner can petition to the court to obtain the following relief:

- an order to prevent an infringement which is on the verge of happening;
- an order to stop and desist from infringing act;
- an order to indicate the names and addresses of the providers of infringing goods and wares.

Trademark Law refers to the general provision of article 41 CO for the conditions that must be fulfilled for the court to award monetary relief (art. 55 § 2 Trademark Law). Three types of actions are given for monetary relief: damages (*dommages-intérêts*); compensation for "moral suffering" (*tort moral*) and transfer of profits (*remise du gain*).

As it only provides Internet access or links, or even hosts Internet website or permits trade on its online market place, the online intermediary does not use this sign itself. Such use can only be the fact of the provider of the offending content and, by the way, be considered as infringement of the trademark<sup>13</sup>.

The online intermediary can only incur liability for the content he himself publishes and broadcasts. One has to consider that online providers are liable for the infringement of trademark on their website when they directly intervene in the content of the furnished information<sup>14</sup>.

The online intermediary who manages a research engine and makes the litigious trademark appear on the result list does not use that trademark for commercial purpose but only for

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<sup>11</sup> DESSEMONTET, *Intellectual Property Law in Switzerland*, Bern, 2000, pp. 129-130.

<sup>12</sup> DESSEMONTET, *op. cit.*, p. 117.

<sup>13</sup> GILLIERON, *La responsabilité des fournisseurs d'accès et d'hébergement*, in RDS 2002 (121) p. 387ff, p. 431.

<sup>14</sup> GILLIERON, *op. cit.*, p. 431;

informative purpose. One has to consider therefore that the online intermediary cannot be held liable for the infringement of the trademark<sup>15</sup>.

Most of the cases are connected with the use of metatags, advertisement hypertext links, such as Google AdWords, or sale on online markets, such as Ebay. Those particular cases will therefore be presented thereafter:

a) Metatags

Metatags are components introduced in the HTML language of a website. The metatags give instructions to the research engines in order for them to find the aimed website. Thus, when a keyword is typed in the research engine, the research engine finds a website thanks to keywords available in the metatags or visible text of the website<sup>16</sup>.

The question is not definitely settled to determine whether the use of a metatag identical to a trademark constitutes an infringement of the trademark.

In a case dated 10<sup>th</sup> April 2001, the Commercial Court of Argovie (*Tribunal commercial du Canton d'Argovie*) considered that there was no infringement of the trademark since the use of metatags in the HTML language of the website did not create any risk of confusion. In substance a licensee was using the trademark of the licensor in the HTML language of his website. According to the Commercial Court of Argovie, there was no risk of deception because the website of the licensee was used to promote products which the licensee was authorized to sell under the license agreement<sup>17</sup>.

This case implies that the introduction of metatags constitutes an infringement of the trademark when it creates a risk of confusion<sup>18</sup>.

Some Swiss authors however think that the use of metatags does not infringe any trademark. According to them, there can be a risk of confusion for the public only when the sign which infringes the trademark of a third party is visible on the website<sup>19</sup>. Therefore since the metatags do not appear on the website, there cannot be any risk of confusion related to the use of metatags<sup>20</sup>.

When the research engine provides links to a website on which a trademark is used to offer counterfeiting products, the online intermediary can be subject to an **injunction** since he contributes to the infringement of the trademark by making the link available. The injunction will aim at removing the link from the result of the research engine. In addition, if the online

<sup>15</sup> GILLIERON, *Propriété intellectuelle et Internet*, Lausanne, 2003, p. 224.

<sup>16</sup> LEGLER, *Les rôles des différents acteurs de l'Internet*, Lausanne, 2005, p. 17.

<sup>17</sup> sic! 2001, p. 532.

<sup>18</sup> sic! 2001, p. 532 ; GILLIERON, *op. cit.*, p. 196 ; LEGLER, *op. cit.*, 19.

<sup>19</sup> GILLIERON, *op. cit.*, p. 226.

<sup>20</sup> GILLIERON, *op. cit.*, p. 197.

intermediary knew that his research engine provided links to such website but did not take away the link, he can theoretically be held, jointly and severally with the holder of the website, liable for the consecutive **damages**.

Some authors however consider that in such case the online intermediary should be exempted and should not be held liable for the damages since there is no proper answer regarding research engine<sup>21</sup>. Indeed the prohibition to access a website on the basis of some keywords is insufficient to prevent infringements since the website on which infringements of trademark occur would still be accessible by other means<sup>22</sup>. Some authors propose to provide search engine with a specific exemption in a legislative text<sup>23</sup>. Furthermore, the results appear automatically according to keywords introduced by the user so that it is impossible for the online intermediary to check. For this reason, his responsibility should be exempted<sup>24</sup>.

#### b) Hypertext links

Search engines which provide not only links but advertisement hypertext links, such as Google AdWords, allow a third party to use a registered trademark in order to promote its own products. The facts are the following: somebody (A) buys as keyword a term which is registered and protected as a trademark. This trademark belongs to a third party (B). Then when Internet users type the trademark in the search engine, the website of A appears as advertisement hypertext links thanks to the keyword selected. Thanks to the notoriety of B's trademarks which the public will often types, A makes himself and his products and/or services known whereas he is not the rightsowner of the trademark. The trademark of B is thus used to promote products and/or services which are not the ones of B.

Two situations must be distinguished: the one when the trademark appears within the hypertext link and the one when the trademark does not appear. If the trademark appears in the hypertext link, it is considered as an unlawful use of the trademark by the holder of the website according to article 13 of the Trademark Law, as the trademark is used in such case for distinctive purpose, provided that the trademark is used to offer identical or similar products. If the trademark does not appear in the hypertext link, there is no real use of the trademark. Indeed the simple purchase as keyword of a term that is registered and protected as trademark is not a use of the trademark for distinctive purpose. The purchase as keyword of the trademark and its use to provide link to a third party's website which is not the one of the trademark's owner could however be subject to the Unfair Competition Law<sup>25</sup>.

As for the online intermediary which provides links to advertisement hypertext links, his liability depends on whether its behaviour furthers the infringement of the trademark. The

<sup>21</sup> GILLIERON, *op. cit.*, p. 363.

<sup>22</sup> LEGLER, *op. cit.*, p. 21.

<sup>23</sup> GILLIERON, *op. cit.*, p. 363; LEGLER, *op. cit.*, p. 21.

<sup>24</sup> GILLIERON, *op. cit.*, p. 226.

<sup>25</sup> CHERPILLOD, *Le droit suisse des marques*, Lausanne, 2007, pp. 263-264.

simple fact to allow people to buy trademarks as keywords in order to make appear the hypertext links is legal. It could be different if the system proposes the purchase of trademarks as keywords<sup>26</sup>. Indeed in such hypothesis the online intermediary is not only passive but contributes actively to the infringement by proposing keywords.

In both of the above-mentioned hypothesis, as soon as the online intermediary knows or should know that its service is used for unlawful purposes in a concrete situation, it may be held liable for damages since the search engine which makes available the purchase of keywords contributes to the infringement of the trademark<sup>27</sup>.

### c) Online market places

What about online intermediaries which provide online market places, as Ebay? Such websites allow the infringement of the trademark by making available the necessary infrastructure for sale of counterfeiting products. If counterfeiting products are therefore sold on an online market place, the rightsowner can bring an injunction against the intermediary in order to stop the disturbance. As for the action for monetary relief, it must be established that the online intermediary knows or should know that counterfeit goods or services were offered on its market place and that he did not take any measure to avoid such infringement. General knowledge of possible infringement of trademark is not sufficient for the online intermediary to be held liable. The online intermediary is liable only with concrete case. He also accepts responsibility when he knows that the users often resort to the online market place to trade counterfeiting products but fails to plan control measures<sup>28</sup>.

## 1.2.3 Copyright

As far as copyrights are concerned, the scheme applicable is the same as the one applicable to trademarks.

According to article 9 of Copyright Law<sup>29</sup>, the author has the exclusive right on his work. This right covers the reproduction right, the distribution right, the broadcasting and retransmission rights (art. 10 § 2 Copyright Law). The broadcasting of the work is subject to the approval of the author. "Broadcasting" means "*any and all direct transmission by technical means such as radiodiffusion, television, or direct cablediffusion*". It is discussed whether it covers Internet distribution<sup>30</sup>. Most of the authors consider however that downloading and uploading of a work on Internet are a kind of reproduction of the work reserved to the author<sup>31</sup>.

<sup>26</sup> CHERPILLOD, *op. cit.*, p. 265.

<sup>27</sup> CHERPILLOD, *op. cit.*, p. 265.

<sup>28</sup> CHERPILLOD, *op. cit.*, p. 267.

<sup>29</sup> RS 231.1 Loi fédérale sur le droit d'auteur et les droits voisins.

<sup>30</sup> DESSEMONTET, *op. cit.*, p. 55.

<sup>31</sup> BARRELET/EGLOFF, *Le nouveau droit d'auteur*, 3<sup>rd</sup> ed., Bern, 2008, p. 57 § 12.



If its copyright is infringed, the author is entitled to refer to the appropriate jurisdiction in order to forbid, stop or know the origin and quantity of unlawful goods (art. 62 Copyright Law). Under article 62, there are three actions:

- action to prevent harm and wrongful acts;
- action to cease and desist;
- action to get information about the source of the infringing goods and wares.

The civil actions of the Code of obligations are also available in order to compensate losses:

- action for damages (art. 41 CO);
- action for compensation of moral damages (art. 49 CO);
- accounting of defendant's profit.

The online intermediary who only permits the relaying of information cannot be held responsible for its content. It is however different when the intermediary steps in actively into the content of the information. In such hypothesis, he cannot ignore the information broadcasted and makes this his own<sup>32</sup>.

When the intermediary maintains control over the information, he may be held responsible. The extent of the duty of control of the intermediary depends of the concrete circumstances. Care that can be expected from the online intermediary is not the same according to the amount of information relayed on the website.

If the exam of circumstances lead to the conclusion that the online intermediary did actually know the content relayed, most of Swiss authors are of the opinion that there is infringement of article 10 of the Swiss Copyright Law. As the case may be, the online intermediary can also be held responsible for complicity for unlawful reproduction according to article 10 § 2 litt. c of the Copyright Law<sup>33</sup>.

Online intermediary's liability is accepted if he knows the content of the information regardless of whether he knows the unlawful nature of his behaviour. If the online intermediary is informed of the content of the website but does not take any necessary step, he takes part to the infringement of the copyright and may be liable for damages. Thus the online intermediary who knows that his research engine provides hypertext links that contains or allows the illegal reproduction of work could have to compensate, jointly and severally with the main author of the reproduction, in application of articles 10 of the Copyright Law and 50 CO<sup>34</sup>.

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<sup>32</sup> GILLIERON, *op. cit.*, p. 432.

<sup>33</sup> GILLIERON, *op. cit.*, p. 433.

<sup>34</sup> GILLIERON, *Les liens hypertextes en le droit privé*, in sic ! 2000 p. 755, p. 764.

### 1.2.4 Unfair Competition

The Swiss Unfair Competition Law<sup>35</sup> protects fair competition and good faith in business dealings and fair business practices. The application of intellectual property laws does not exclude the application of the Unfair Competition Law<sup>36</sup>. Indeed the Unfair Competition Law can apply concurrently with the intellectual property laws since their respective objectives are different<sup>37</sup>. The rightsowner of an intellectual property right can put forward its right but also seek for an injunction based on the Unfair Competition Law<sup>38</sup>.

According to article 2 of the Unfair Competition Law, unfair and illegal is every behaviour or business practice that is deceptive or that in any other way infringes the principle of good faith and which affects the relationship between competitors or between suppliers and customers.

Article 3 of the Unfair Competition Law provides with a non-exhaustive list of behaviours judged to be unfair such as, defamation (let. a), deceptive advertising (litt. b), inexact professional designations (litt. c) or creating confusion with the goods and wares of competitors (litt. d).

A person who is victim of an unfair practice can undertake one of the following three legal actions (art. 9 Unfair Competition Law):

- restraining action if the threat is imminent;
- suspensive action if the threat continues;
- an action establishing the illicit nature, if the problem thus created continues.

The Unfair Competition Law also refers to the Code of obligations for the compensation of losses. Action for damages (art. 41 CO), action for compensation of moral damages (art. 49 CO) and accounting of defendant's profit are therefore available to the victim under the ordinary conditions.

As already exposed, if a trademark is used as keyword in the research engine system such as Google AdWords in order to find the third party's website there is no use of the trademark in the sense of article 13 of the Trademark Law as long as the trademark does not appear in the hypertext link. The online intermediary cannot be accused of contributing to the infringement of trademark. Such conduct however raised issue of unfair competitive practice. Indeed, the Internet users who are interested in the products or services covered by the trademark will be diverted for the benefit of the website that offers imitations. If in the context it creates a risk of confusion between the imitations and the original goods or services, there

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<sup>35</sup> RS 241 Loi fédéral contre la concurrence déloyale.

<sup>36</sup> ATF 55 II 66, JdT 1929 p. 389; TROLLER, *Manuel du droit suisse des biens immatériels*, 2<sup>nd</sup> ed., Bâle, 1996, p. 371.

<sup>37</sup> ATF 73 II 117, JdT 1947 p. 581.

<sup>38</sup> Sic! 2009 p. 432 "FERRARI".

is unfair competitive practice in the sense of article 3 litt. b of the Unfair Competition Law. If the website is used to promote competitive products, the conduct is unfair in the sense of the general provision of article 2 of the Unfair Competition Law<sup>39</sup>.

Consequently, an injunction can be brought against the online intermediary who provides a search engine that allows clients to buy a trademark as keyword even though the trademark does not appear in the hypertext link.

An injunction should also be brought against the online intermediary who runs an online market place which allows trade of goods or wares contrary to the Unfair Competition Law. Indeed by providing the online market place, the online intermediary contributes to the unfair competitive practice. He can be subject to a suspensive action.

In addition, in case of unfair competitive practices, the conditions of the online intermediary's liability for damages are the same than for the infringement of trademark. It depends on whether or not the online intermediary knows or should know the unfair competitive practices carried out on its research engine or online market place.

### 1.3 Criminal Law

#### 1.3.1 General observations

Swiss law has no specific provision to punish online intermediaries for criminal offence. There is however a case, which the authors consider relevant as regards the criminal liability of online intermediaries<sup>40</sup>.

This case is the case "Rosenberg/PTT" (ATF 121 IV 109). Telecom PTT ran a service of erotic records and chats. Anybody could dial the telephone number with the prefix "156" which enabled to access the erotic records. There was no way to avoid minors to access the service.

The General Prosecutor ordered the PTT to put in a system to prevent minor children from accessing this service or to stop the running of this service. The PTT did not take any measure. Its director was therefore condemned for complicity of obscene publications.

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<sup>39</sup> CHERPILLOD, *op. cit.*, p. 264.

<sup>40</sup> MOREILLON, *La responsabilité pénale des fournisseurs de services Internet*, Lausanne, 2005, p. 64 ; MOREILLON/DE COURTEN, *La responsabilité pénale du Cyber-Provider (fournisseur)*, in RDA 2002, p. 10.

From the Swiss Federal Court's point of view, after the General Prosecutor's order, the PTT accepted the fact that it was contributing to the broadcast of obscene records which were also available to minors. It was therefore guilty of complicity.

The blamed behaviour of the PTT was an active one. Indeed, by running the service "156" the PTT was providing people with a way to broadcast obscene records. Furthermore, despite the General Prosecutor's order, the PTT continued to run the service. PTT was not held responsible for a simple complicity by omission but was held liable as main author.

According to article 25 of the Swiss Criminal Law (*Code pénal*) a person takes part to an infringement if he helps the main author to act by providing assistance. An accessory provides the author causal contribution to the infringement, so that events would not take place as they do. The online intermediary is guilty of complicity as soon as he knows and is able to prevent the infringement of property rights and/or the unfair competitive practice. If the online intermediary knows that among information available on his online service, there is generally speaking information which breaches the law but nevertheless allows access to this information, he is not held liable. Indeed general knowledge is not sufficient to involve the online intermediary's criminal liability. For him to be held liable, he must be aware of concrete infringement.

The online intermediary does not undertake any obligation to check the whole content of the provided information broadcasted through its services in order to make sure that there is no unlawful information<sup>41</sup>. But he will be held liable if he knows or has been warned by a third party that by providing services on Internet, he contributes to an infringement of intellectual property rights and/or unfair competitive practice and fails to take suitable measures despite such warning<sup>42</sup>. Therefore, if the online intermediary is warned of a potential criminal content and if he does not react, he is considered as an abettor and becomes criminally liable.

The Swiss Criminal Law contains some provisions about media. It is debated whether said provisions can apply to online intermediary<sup>43</sup>. Under article 28 of the Swiss Criminal Law, the sole author is liable for the content of any publication in media. It is only when the author cannot be identified or if the publication was made without the author's knowledge that the publisher, or in the event the publisher cannot be identified, the person responsible for the publication, will be held criminally liable.

Nevertheless it is considered that, when the online intermediary accepts information without reviewing its content, without taking part to any redaction and without any influence on the

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<sup>41</sup> KILLIAS, *op. cit.*, p. 36.

<sup>42</sup> MOREILLON, *op. cit.*, p. 72 ; WERRO, *op. cit.*, p. 130.

<sup>43</sup> MOREILLON/DE COURTEN, *op. cit.*

publication, he is not acting as a conventional media and should not benefit from the media exemption under the Criminal Law<sup>44</sup>.

### 1.3.2 Trademark

Criminal remedies are only available for intentional infringement of a trademark. *Dolus eventualis (dol éventuel)* is sufficient, that is to say if the defendant simply accepts the result in the event that his behaviour would result in an infringement.

A complaint of the rightsowner is necessary for the criminal inquiry to start, unless the author acts on a regular basis for financial gain<sup>45</sup>.

The Trademark Law prohibits the following acts:

- the infringement against the rights of the trademark owner through misappropriation or imitation of the trademark, through use of such an infringing mark to market products to provide services or to advertise them;
- the refusal to disclose the origin of the infringing goods and wares;
- the fraudulent use of the trademark belonging to a third party with the intent to deceive the consumers or the shop keepers.

### 1.3.3 Copyright

Criminal actions are provided by articles 67 to 73 of the Copyright Law. The infringing acts which lead to criminal action are all acts contrary to the rights mentioned from article 9 to 11 of the Copyright Law in particular the reproduction of the work without the author's agreement. Only intentional acts are punishable<sup>46</sup>.

The online intermediary may be liable for a criminal offence to copyright if he knows or has been warned by a third party that, by providing services on Internet, he contributes to infringement of a copyright, but fails to take suitable measures<sup>47</sup>.

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<sup>44</sup> AIPPI Swiss Group report, Question Q216B, Exceptions to copyright protection and the permitted uses of copyright works in the hi-tech and digital sectors, <https://www.aippi.org/?sel=questions&sub=workingcommittees&viewQ=216B#216>.

<sup>45</sup> DESSEMONTET, *op. cit.*, p. 140.

<sup>46</sup> DESSEMONTET, *op. cit.*, p. 70.

<sup>47</sup> MOREILLON, *op. cit.*, p. 72 ; WERRO, *op. cit.*, p. 130.

### 1.3.4 Unfair Competition

The Unfair Competition Law prohibits the intentional unfair competitive practices (art 23 of the Unfair Competition Law). Unfair competitive practices in the sense of article 3 of the Unfair Competition Law lead to criminal actions. This is not the case for unfair competitive acts in the sense of the general provision of article 2 of the Unfair Competition Law.

The online intermediary can therefore be condemned for unfair practices under the same conditions than for the infringement of a trademark or a copyright.

## 2. DEFENCES AND "SAFE HARBOURS"

*In your jurisdiction are there any special liability defences available to online intermediaries for infringement of intellectual property rights?*

There are **no special liability defences available to online intermediaries**. The online intermediary's liability is exclusively ruled by the general terms and provisions of the intellectual properties and unfair competition laws.

An online intermediary is subject to injunction as soon as he contributes to the infringement of intellectual property rights or to the unfair competitive practice, even though he is only the indirect damager. As a consequence, the rightsowner may be entitled to seek for an injunction against online intermediary when the latter participates to the unlawful injury, in other words if its services are used to infringe intellectual property rights. It does not matter whether the online intermediary is aware of the infringement or not. The injunction, which aims at stopping the infringement, can be served against any contributing party. A fault is not required from the online intermediary to stop the infringement. It is however required for damages.

The online intermediary will avoid liability for damages, if the rightsowner is unable to prove the fault of the online intermediary, that is to say that the illicit nature of the content of the information was known to him or that it could reasonably be required from him to know but he did not take any measures.

### 3. REMEDIES

*In your jurisdiction what sort of remedies, in particular injunctions, can be awarded against online intermediaries and in what circumstances?*

**Injunctions** in order to stop an infringement of property rights or unfair competitive practices can be brought against online intermediary if he contributes to the breach of law by making available the online service such as research engine or online market place.

The online intermediary is liable for **damages** under the conditions of article 41 CO, that is to say (1) unlawful behaviour (*acte illicite*); (2) offence (*préjudice*) (3) fault (*faute*) and (4) causal relation between the unlawful behaviour and the injury (*rapport de causalité*). There is fault if the online intermediary knows or should know in a concrete situation that his research engine or online market place is used to infringe intellectual property rights or for unfair competitive practices but does not take any measure in order to stop it. He is also liable for damages if he knows or should know that his research engine or online market place contributes to infringement of intellectual property rights or unfair competitive practices, but does not plan any control system.

If he is held liable, the online intermediary can be held liable for the whole damage according to article 50 of the Code of obligations, jointly and severally with the main author.

The online intermediary may avoid liability if he is able to prove that he behaved diligently and took all necessary precaution and control measures. First of all, the online intermediary should force the users to identify and declare that they use online services without infringing third party's rights<sup>48</sup>. In addition the online intermediary should adopt appropriate behaviour if he is informed of any infringement carried out on his system. This could consist in providing in the agreement concluded with the user that the online intermediary will immediately suspend the website if he is informed of any unlawful behaviour. Such mechanism would allow him to take measures to avoid liability towards rightsowner without risking to be held liable towards the user if the suspension turns out to be unjustified. The conditions of the suspension should be carefully drafted in the agreement or the general terms and conditions.

According to articles 261 of the Swiss Code of civil procedure<sup>49</sup>, the rightsowner can petition to the court to obtain a **provisional judgement**. He can thus obtain a provisional injunction against the online intermediary.

The court passes a provisional judgement under the following conditions:

- it is likely that the rightsowner is subject to an unlawful offence in his rights;
- there is a risk of irreparable loss.

<sup>48</sup> GILLIERON, *Propriété intellectuelle et Internet*, p. 356.

<sup>49</sup> RS 272 Code de procédure civile.

The provisional judgement is valid until the definitive decision (art. 268 § 2 Code of civil procedure).

In case of emergency, the court can even pass a **super-provisional judgement** without hearing the defendant party (art. 265 Code of civil procedure). A hearing is nevertheless immediately appointed upon release of the super-provisional order to give to the defendant party the opportunity to present his case. After this hearing the court will pass a provisional judgement confirming or cancelling the super-provisional judgement. A super-provisional judgement is given in case of special emergency, for example if there is a risk of hindrance of the judgement's carrying out or if the infringement continues.

For a provisional judgement, the sole likelihood of the offence is required. Absolute proof is not required. A provisional judgement can only be used to obtain an injunction from the court, but not an action for monetary relief which must follow the ordinary procedure.

#### 4. ANALYSIS AND ASSESSMENT

*By reference to the current state of law in your jurisdiction as to the status of online intermediaries for unfair competitive practices carried out on their systems and having reference to, inter alia, the issues discussed above under "Policy considerations":*

- a) Does your law strike an appropriate balance as between rightsowners, on-line intermediaries, those who use such facilities to sell or to provide services, and finally consumers, who may themselves also be selling goods or providing services. If not why not, and what suggestions do you have as to how the law might be amended to strike such a balance?*

By resorting to ordinary provisions of the intellectual property laws, the Unfair Competition Law and the Code of obligations, Swiss law provides a harmonious system of remedies. Swiss law strikes an appropriate balance for all involved parties' interests.

Such application of ordinary provisions has indeed the advantage of permitting a better adaptation to the new developments of Internet. Indeed specific legal system applicable to online intermediary would need to be modified in order to solve issues that would not be covered by the specific provision in force. Now it is recognized that Internet is a matter which is continually and quickly evolving. Therefore specific provisions would inevitably stay behind and be incomplete and obsolete.



*b) Are there any inconsistencies in treatment or approach (for example as between different types of online intermediary, between copyright, trademarks, and unfair competition, between civil law and criminal law, and between direct and accessorial liability) that you would either support or question, explaining the basis for your view?*

Swiss law treats in the same way the different types of online intermediaries as well as the infringements of copyright or trademark and unfair competitive practices, which seems an appropriate solution. There is indeed no reason to treat differently the infringements of various intellectual property rights or unfair competitive acts.

We therefore think that there is not any inconsistency in treatment or approach.

There could be appropriate for Swiss law to provide under which conditions the online intermediaries defence is available to online intermediaries.

As suggested by some authors we think that Swiss law should provide a special liability defence available to the online intermediaries on condition that they abide by a procedure of “notice and take down”. Thus, the online intermediary who knows that his services are used to infringe intellectual property rights or to carry out unfair competitive practices should suspend the access to the unlawful information as long as a court would not have taken a decision of maintenance or lockout. In addition, procedure of “notice and take down” could allow the online intermediary to be exempted from any liability if the conditions are adhered to<sup>50</sup>.

It would be appropriate for the Swiss law to provide under which conditions the online intermediary is assumed to know the content of the information broadcasted and thus be held liable for the infringement of property rights and/or unfair practices.

Finally we think that a uniform solution through an international convention could be an appropriate solution since it would avoid different treatments and approach according to the jurisdictions. Indeed at the present time, given the international nature of the online activities, an online intermediary has to comply with different duties and obligations in different jurisdictions. However, an international solution would present the same inconvenient as a specific law. It would certainly have become obsolete at the time it would be adopted and would also lack the flexibility to include the new developments to come.

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<sup>50</sup> WERRO, *op. cit.*, p 97.