As for the focus of the enquiry, namely whether there could be confusion or deception, a look at the US decision in Network Automation Inv v Advanced Systems Concepts Inc, 638 F 3d 1137 (9th Cir 2011) showed that the modern Internet consumer is increasingly aware of how to navigate and interpret the online shopping space. He would know how to interpret the initial list of results displayed as a result of a keyword search. Further, according to lessons from British Columbia, specifically Vancouver Community College v Vancouver Career College (Burnaby) Inc 2015 BCASC 1470 (CanLII), the point at which one has to consider whether there is confusion, cannot occur prior to the user reaching the website (para 10).

After this expansive tour, the SCA concluded that ‘no reasonable consumer will consider, even momentarily, having searched for Clearvu . . . that every result obtained relates to the appellant’s products or services’ (para 14); rather, he [the consumer] would assume, “as all internet users do, that they will have to separate the wheat from the chaff” (para 14). Consequently, the court concluded that in the absence of actual confusion being proven by Cochrane, it was not possible to find that there was even a mere likelihood of it in the present circumstances.

After dismissing the passing off action, the SCA moved on to Cochrane’s main claim, namely that use of the trade mark was an improper filching of M-System’s skill and labour which constituted unlawful competition. The difficulty for Cochrane was due to its inability to convince the court of the wrongfulness of the practice of bidding on a rival’s trade marks as a keyword. Cochrane’s argument, as summed up by the SCA, was that ‘the respondents have appropriated its trade name for a particular purpose (keyword bidding) and for their own benefit’ (para 23). However, according to the court, in the absence of any confusion or deception this cannot be unlawful under common law. Rather, the scrutiny would depend “on whether or not consumers would understand the advertiser’s Google advertisement to establish a link between the third party’s goods and those of the trade mark proprietor, and of the extent to which the third party ought to have been aware of that” (para 22). Such a link would indicate dishonesty and hence unlawful competition. In effect, this would be a passing off claim.

In respect of both the passing off and unlawful competition claims, the SCA emphasised that some interference by rival traders was a consequence of competition which was not unlawful in all circumstances. The desirability of competition was the guiding policy and the aim of unlawful competition remedies is not to create monopolies.

Practical significance
Other than the case’s significance purely by virtue of it being the first treatment of Google AdWords and trade marks in South Africa, it is also a clear indicator of the competition principle as a key policy driver in instances where the rights of trade mark holders and rival traders need to be balanced. This would likely be the case even in the case of registered trade marks being used as keywords in the AdWords system (Consider Verimark Pty Ltd v BMW AG [2007] SCA 53 (RSA) at [7]).

Of particular relevance to future cases which deal with the same technology is the finding that the practice of using another’s trade mark as a keyword is not unlawful per se. There is no inherent dishonesty in a competitor taking advantage of the Google AdWords platform to promote its business.

In relation to the passing off claim, the basis for the dismissal of the appeal was the failure to show a likelihood of deception or confusion. Clearly, if a complainant can show that a rival’s bidding does in fact cause confusion, the court would be hard-pressed not to find in its favour.

Further, although the court appeared loathe to step outside of passing off as a possible basis for Cochrane’s claim, the case must not be seen as shutting the door on a general unlawful competition route. However, it would seem that any attempt to use the general unlawful competition basis in similar circumstances would require conduct of such a nature that its wrongfulness would be apparent even in the absence of confusion or deception.

Finally, this case is limited to unregistered trade marks and the common law as a basis for the claim. Whether or not a similar outcome would have arisen had Cochrane registered ‘Clearvu’, is of course open to speculation.

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Copyright
■ Linking to unauthorized content after the CJEU GS Media decision

GS Media BV v Sanoma Media Netherlands BV and Others, Case C-160/15, EU:C:2016:644. Court of Justice of the European Union (Second Chamber) 8 September 2016

The provision of a hyperlink to unauthorized content freely available on a third-party website does not fall within the scope of Article 3(1) Directive 2001/29/EC when the link is created without the prospect of financial gain by a person who did not know or could not have reasonably known about the unauthorized nature of such content; conversely, a link may be potentially infringing when it is provided for financial gain, as knowledge of its unauthorized nature is presumed.
Legal context
The understanding of acts of linking as a ‘communication to the public’ developed in the jurisprudence of the Court of Justice of the European Union (CJEU), ie Svensson (Case C-466/12, ECLI:EU:C:2014:76) and Bestwater International (Case C-348/12, ECLI:EU:C:2014:2315), was insufficient to achieve a conclusion regarding the status of links that give access to content made available on the internet without the consent of the relevant rightholder(s). Further clarification was also necessary regarding which criteria are relevant in such a case and how to apply those criteria. The GS Media decision adds another layer to the application of the communication to the public right in the context of linking.

Facts
In 2011 GeenStijl, a Dutch gossip magazine, published three articles, each linking to leaked nude pictures of a Dutch celebrity. The pictures had been taken for a forthcoming issue of Playboy magazine but had been leaked prior to publication and made available, first, on storage website Filefactory.com, then Imageshack.us (another hosting and storage website), and finally on other internet forums. By clicking on the relevant link, GeenStijl users were redirected to a page where, by clicking on a ‘Download Now’ button, copies of the pictures could be obtained. GeenStijl was unresponsive to takedown requests by Sanoma, the publisher of Playboy magazine. Sanoma brought proceedings against GeenStijl for posting links to content made available online without its authorization. The case eventually reached the Supreme Court of the Netherlands, which in turn decided to refer the matter to the CJEU for guidance on the correct interpretation of Article 3(1) of Directive 2001/29/EC.

Analysis
The CJEU had been required to determine whether linking to protected works freely available on a third-party website where they had been published without the consent of the relevant rightholder(s) would fall within the scope of Article 3(1) of the directive. In addition, the court had been asked to clarify to what extent it is relevant whether: (1) the indispensable role of the user and the deliberate nature of his intervention; (2) the communication to a ‘new public’; (3) whether the communication at issue has a profit-making nature.

GS Media closes a gap in the interpretation of Article 3(1), as the logic in Svensson and BestWater International was constructed upon the premise of the rightholder’s consent to the initial communication. Yet, the concept of consent remains crucial within Article 3(1). As such, the CJEU found that each act of communication to the public should be in principle authorized by the relevant rightholder(s) (paras 40–43). This conclusion appears consistent with the wording of Article 3(1), which refers to ‘any act of communication.’

The solution found by the CJEU was to differentiate between ‘innocent link providers’ and the rest. The court did so by introducing a knowledge test, ie whether the link provider knew or ought to have known that the content freely available on a third-party site and to which he links was not published with the rightholder’s consent (para 47). As a result, three scenarios may arise:

1. A link to unauthorized content freely available on a third-party website may not fall within the scope of Article 3(1) when done without the link provider pursuing a profit/financial gain. Here, account is to be taken of the fact that the user does not know and cannot reasonably know about the illegality of the work linked to (para 47). In this case, as a general rule, that the link provider does not intervene in full knowledge of the consequences of his conduct to give access to a work (para 48).

2. On the other hand, the CJEU held that when the link provider knows or ought to have known, eg further to a notification from the rightholder, that the link at issue provides access to an unauthorized
work, such link may fall under the scope of Article 3(1) (para 49).

3. When the link is provided for profit/financial gain, the particular nature of the link creates a (rebuttable) presumption of knowledge due to the fact that the link provider is expected to carry out all the ‘necessary checks’ to ensure that the work linked to has not been published without the rightholder’s consent (para 51). Although the judgment does not state that explicitly, this means that linking carried out for profit/financial gain imposes a duty on link provider to ascertain the nature (licensed or not) of the work linked to.

The court clarified that rightholders can seek redress when they have informed the link provider of the illegality of the link at issue, the linker has refused to remove the link and the cannot rely on one of the exceptions provided in Article 5(3) of Directive 2001/29/EC (para 53). Some commentators have advanced the view that these elements are to be intended as cumulative, and that in this part the GS Media judgment has introduced a notice-and-takedown system for links.

Practical significance

The decision in GS Media has implications for all stakeholders. Rightholders will be pleased as linking to unauthorized content hosted on a third-party website is part of the business model of many piracy sites. GS Media goes one step further to close a gap in liability as it will be easier to find operators of such websites liable under theories of primary infringement. Moreover, in some Member States, it might become easier to pursue criminal prosecutions for such website operators. In the United Kingdom for example, s 107 (2A) of the Copyright, Designs and Patents Act 1988 says that (a) when a person communicates to the public works in the course of business or (b) to ‘such an extent as to affect prejudicially the owner of the copyright, commits an offence if he knows or has reason to believe that, by doing so, he is infringing copyright in that work’.

GS Media may however also increase uncertainty. Innocent users appear safeguarded from liability for linking to unauthorized content hosted on third-party sites. As long as the provision of a link is not ‘for profit’/financial gain’, it is considered that the user does not know and cannot reasonably know that the content linked to was prima facie infringing. Here, the liability of the user will be dependent on the meaning of ‘for profit’/financial gain’. Will a blog that runs adverts and links to illegal content be for profit?

Online business models that link will have to conduct ‘necessary checks’ (para 51). In practice it might be impossible to monitor the legality of all the content linked to, especially as the copyright status of a work linked to may change. Furthermore, obliging online business such a duty is onerous in itself. It will be interesting to see if the duty is compatible with the freedom to conduct business, as per Article 16 of the Charter of Fundamental Rights of the European Union.

The decision should also be viewed in the broader picture of the upcoming Digital Single Market reform, which may put further pressure on online businesses engaged in the content value chain. The spectre of liability and ‘necessary checks’ adds another layer of difficulty to doing business in Europe.

GS Media limits the impact of Svensson, the scope of which covers links to works published online with the consent of the rightholder. However the centrepiece of the decision, ie the replacement of strict liability with a subjective test into the assessment of primary liability, may generate some overlap with secondary liability rules. Additionally, it is worrying that the CJEU has made little effort to anchor its resourceful reasoning: among other things, there is no obvious basis in Directive 2001/29 of a knowledge test. Further clarification should be thus expected.

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General

Kahn v Germany: 0–1. European Court of Human Rights clarifies scope of privacy for celebrities’ children

Kahn v Germany (Application No 16313/10), European Court of Human Rights, 17 March 2016

In a case concerning the award of additional and adequate compensation for the publication of pixelated photographs, the European Court of Human Rights (ECHR) held that the German courts had correctly balanced the privacy rights of a well-known football player’s children under Article 8 of the European Convention of Human Rights (ECHR) with the publisher’s right of freedom of press under Article 10 ECHR. The ECHR thereby accepted the German courts’ finding that no additional award of compensation was due on consideration of the blurred character of the photographs published.

Legal context

Article 8 ECHR (right to respect for private and family life) provides: