

AIPPI Finland

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Questions

For I, II and III, the term General IP Law means the general responsibility regime for acts of IP rights infringement contained in Industrial property rights legislation and/or caselaw.

The term Special Digital Law means special legislation applicable to internet actors, such as online marketplaces.

The term General Law means the general law of civil responsibility.

The acronym OM(s) stands for Online Marketplace(s).

I) Current law and practice

Please answer all questions in Part I based on your Group's current law.

A. Responsibility regimes applicable to OMs

This part is intended to identify the responsibility regime(s) applicable to Oms in your jurisdiction, and the criteria for determining the application of one or other regime.

1) In your jurisdiction, please indicate if the responsibility of OMs for IPRs infringement is subject to the following legislation (please answer YES or NO and cite the applicable texts):

a) the General IP Law regime,

YES.

Sections concerning intellectual property infringement apply to all actors alike.

If the OM is responsible for the infringement, the general rules on infringement apply.

If an exemption of responsibility applies, the OM is not an infringer, but the sections concerning removal of infringing content and suspension injunctions apply. OM must take corrective measures if decided by court of law.

Citations of applicable texts:

The Trade Marks Act (2019/544)

Infringement

Section 6

The proprietor of a trade mark has the right to prohibit the use of a sign referred to in section 5 [double identity, likelihood of confusion] in trade when the use involves:

1) the use of the sign in goods or services or in the packaging of goods;

2) offering the goods or putting them on the market, or stocking them for those purposes under

the sign;

3) offering or supplying services under the sign;

4) importing or exporting the goods under the sign;

5) using the sign on business papers or in marketing;

6) using the sign as a trade or company name or part of a trade or company name;

7) other equivalent use of the sign.

The proprietor of the trade mark shall additionally have the right to prohibit the use of the sign referred to in section 5 in comparative advertising when such conduct would be contrary to section 2a of the Unfair Business Practices Act (1061/1978).

The proprietor of the trade mark shall additionally have the right to prohibit any acts preparatory to trade mark infringement.

The provisions on exclusive right in transit are laid down in section 7.

Section 7 Right, included in exclusive rights, to prohibit transit

The proprietor of a registered trade mark has the right to prohibit third parties from bringing goods to Finland from a third country in connection with trade even if the goods are not released for free circulation when the goods bear a sign that is identical with the trade mark registered for the said goods or a sign that cannot be distinguished in its essential aspects from such a trade mark.

The right provided above in subsection 1 shall lapse if evidence is provided by the declarant or the holder of the goods that the proprietor of the registered trade mark is not entitled to prohibit the placing of the goods on the market in the country of final destination.

Section 62 Prohibition

When a person infringes the exclusive rights to a trade mark, the court may prohibit that person from continuing or repeating the act under pain of a penalty.

The prohibition referred to above in subsection 1 may also be directed at a person who has taken preparatory action to infringe the exclusive rights to a trade mark.

Injunction

Section 64 "Injunction"

When hearing an infringement action as referred to in section 62, subsection 1 the court may, at the request of the proprietor of the trade mark, enjoin the keeper of a transmitter, server or other similar device or other service provider acting as an intermediary, under penalty of a fine, from continuing the allegedly infringing use of the trade mark (injunction).

The issue of an injunction is conditional upon the injunction not being considered unreasonable in view of the rights of the alleged infringer of the trademark, the intermediary or the proprietor of the trade mark. An injunction may not jeopardise the right of a third party to send and receive messages.

The Patent Act (1967/550)

Infringement

Section 3

The exclusive right conferred by a patent shall imply, with the exceptions stated below, that no one might exploit an invention, without the proprietor's consent, by:

- (1) making, offering, putting on the market or using a product protected by the patent, or importing or possessing such product for these purposes;*
- (2) using a process protected by the patent or offering such process for use in this country if he knows or if it is evident from the circumstances that the use of the process is prohibited without the consent of the proprietor of the patent;*
- (3) offering, putting on the market or using a product obtained by a process protected by the patent or importing or possessing such product for these purposes.*

A patent shall also confer on its proprietor the exclusive right to prevent any person not having his consent from supplying or offering to supply any person not entitled to exploit the invention with the means of working the invention in this country in relation to an essential element of the invention where such other person knows, or where it is evident from the circumstances, that the means are suitable and intended for working the invention. This provision shall not apply where the means are staple commercial products, except where such other person attempts to induce the receiver to commit any of the acts referred to in subsection 1 above. For the purposes of this subsection, any person using the invention in a manner referred to in subsection 3, paragraph (1), (2) or (4), shall not be regarded as entitled to exploit the invention.

The exclusive right shall not apply to:

- (1) use which is not commercial;*
- (2) use of a patented product that has been put on the market within the European Economic Area by the proprietor of the patent or with his consent;*
- (3) use in experiments relating to the invention as such;*
- (4) preparation in a pharmacy of a medicine prescribed by a physician in individual cases or treatment given with the aid of a medicine so prepared.*

Section 57

The court may forbid any person who infringes the exclusive right afforded by a patent (patent infringement) from continuing or repeating the act.

Where such person intentionally infringes a patent, he shall, unless the act is punishable as an industrial property right offence under section 2 of Chapter 49 of the Penal Code, be liable to a fine for a violation of a patent right.

Injunction

Section 57 b

When hearing an action referred to in section 36 the court may at the patent holder's request prohibit the keeper of a transmitter, server or other similar device or other service provider acting as an intermediary, under penalty of a fine, from continuing the use alleged to infringe the patent (injunction order) unless it can be considered disproportionate in view of the rights of the alleged infringer of the patent or in view of the rights of the intermediary or patent holder.

The Act on Utility Model Rights (1991/800)

Infringement

Section 3

The exclusive right conferred by registration of a utility model shall imply, subject to the exceptions stated below, that no one may exploit an invention without the consent of the proprietor of the utility model right by making, offering, putting on the market or using a product protected by the utility model right, or by importing or possessing such product for these purposes.

The exclusive right shall also confer on its proprietor the exclusive right to prevent any person not having his consent from supplying or offering to supply any person not entitled to exploit the invention with the means of working the invention in this country in relation to an essential element of the invention where such other person knows, or on the basis of the circumstances should have known, that the means are suitable and intended for working the invention. This provision shall not apply where the means are staple commercial products, except where such other person attempts to induce the receiver to commit any act infringing the exclusive right referred to in the first paragraph of this section. For the purposes of this subsection, any person using the invention in a manner referred to in subsection 3(1) or (3) shall not be regarded as entitled to exploit the invention.

The exclusive right shall not apply to:

- (1) use which is not commercial;*
- (2) use of a product protected by registration of a utility model right that has been put on the market within the European Economic Area by or with the consent of the proprietor of the utility model right; or*
- (3) use in experiments relating to the invention as such.*

Section 36

The court may forbid any person who infringes the exclusive right conferred by a utility model right from continuing or repeating the act.

Injunction

Section 36 a

When hearing an action referred to in section 57(1) the court may at the utility model rights holder's request prohibit the keeper of a transmitter, server or other similar device or other service

provider acting as an intermediary, under penalty of a fine, from continuing the use alleged to infringe the utility model rights holder (injunction order) unless it can be considered disproportionate in view of the rights of the alleged infringer of the utility model right or in view of the rights of the intermediary or utility model right's holder.

The Registered Designs Act (221/1971)

Infringement

Section 5 a

Subject to the exceptions stated below, the right to a design shall imply that no person other than the design right owner is entitled to use the design without his or her consent. The uses shall cover, among other things, the making, offering, putting on the market, using, importing, exporting or stocking for these purposes of a product which matches the design or in which the design is incorporated.

Section 5 b

The rights conferred by a design right do not cover:

(1) private use of the design for non-commercial purposes;

(2) use of the design for experimental purposes; nor

(3) acts of reproduction for the purposes of making citations or of teaching, provided that such act is compatible with fair trade practice and do not unduly prejudice the normal exploitation of the design, and that mention is made of the source.

Neither do the rights conferred by a design right cover the equipment on ships and aircraft registered in another country when these temporarily enter into the country, the importation into the country of spare parts and accessories for the purpose of repairing such craft, nor the execution of repairs on such craft.

Section 35

If someone violates a design right according to this law or an exclusive right to a community design according to Council Regulation (EC) No. 6/2002 on community designs, the court can prohibit him from continuing or repeating the act.

Injunction

Section 35 a

When hearing an action referred to in section 35(1) the court may at the design right owner's request prohibit the keeper of a transmitter, server or other similar device or other provider of a service acting as a transmitter, under penalty of a fine, from continuing the use alleged to infringe the registered design (injunction order) unless it can be considered disproportionate in view of the rights of the alleged infringer, or in view of the rights of the intermediary and the design right owner.

The Company Name Act (128/1979)

Infringement

Section 18 (1) (2)

If a company name or its use is contrary to good practice or endangers public order or misleads the public, the court can, to the extent deemed necessary, prohibit the holder of the business name from using it, under threat of a fine.

The injunction referred to in subsection 1 above can be issued and the threat of a fine can also be imposed if someone has violated another's right to a company name.

Injunction

Section 18 a (1)

When hearing an action referred to in section 18(2) the court may at the company name owner's request prohibit the keeper of a transmitter, server or other similar device or other provider of a service acting as a transmitter, under penalty of a fine, from continuing the use alleged to infringe the company name (injunction order) unless it can be considered disproportionate in view of the rights of the alleged infringer, or in view of the rights of the intermediary and the company name owner.

b) a Special Digital Law regime,

YES

The Act on Electronic Communications Services (917/2014)

184 § Exemption from liability in hosting services

When an information society service consists of the storage of information provided by a recipient (content provider) of the service upon his request, the service provider is not liable for the content of the information stored or transmitted if it acts expeditiously to disable access to the information stored upon:

- 1) obtaining knowledge of a court order concerning it, or if it concerns violation of copyright or neighbouring right upon obtaining the notification referred to in section 191;*
- 2) by otherwise obtaining actual knowledge of the fact that the stored information is apparently contrary to chapter 11, section 10 (Agitation against a population group) or 10a (Aggravated agitation against a population group) or chapter 17, section 18 (Distribution of a sexually obscene image) or 18a (Aggravated distribution of a sexually obscene image depicting a child) of the Criminal Code.*

The provisions in subsection 1 shall not apply if the content provider is acting under the authority or the control of the service provider.

From 17 February 2024, the Digital Services Act (Regulation (EU) 2022/2065 of the European Parliament and of the Council of 19 October 2022 on a Single Market For Digital Services and amending Directive 2000/31/EC) shall apply in Finland.

Notice and action mechanisms will be compulsory. Content that infringes Intellectual Property will be considered illegal and failure to take measures will lead to sanctions.

c) the General Law regime,

The conduct of OM is subject to general laws, Consumer Protection Act (38/1978) for example. Also general laws concerning contractual relations apply. The supreme court of Finland has decided in case KKO1990:147 that a purchaser can cancel the purchase because of error in the purchased product, when the error is a *legal error* that results from patent infringement that is associated with the use of the product.

d) an alternative/different regime.

Yes

Section 1 of the Unfair business practices Act

Trade shall not be conducted in a manner that is contrary to good business practices or otherwise inappropriate for other business operator.

Section 6

A trader may be prohibited from continuing or repeating a procedure contrary to sections 1–3. The prohibition must be reinforced with a fine, unless it is unnecessary for a special reason.

If there is a special reason for it, the prohibition can also be directed at a person employed by the entrepreneur referred to in subsection 1 or another person acting on his behalf.

2) If a Special Digital Law regime exists in your jurisdiction (applicable in particular to OMs), is this regime of responsibility more stringent or more liberal (e.g. exemption of responsibility, safe harbour, etc.) for OMs than the General IP Law, in case of IPRs infringement?

The exemption of liability is included in the Special Digital Law. It should be noted that the Special Digital Law does not specifically concern IPRs. Under Special Digital Law regime, the OM can be an intermediary which is not liable for the content of the information stored or transmitted via the market place if it acts expeditiously to disable access to the stored information after becoming aware of a court order concerning it. Therefore, the OM could become liable for the content on the market place if it fails to comply with the court order.

The rules for IPR infringements are based on the General IP Law. The general IP law also contains provisions that enable injunctions against intermediaries that are seen as mere providers of technical platform. These rules often provide that when hearing an infringement action, the court may, at the request of the IP proprietor, prohibit the keeper of a transmitter, server or other similar device or other service provider acting as an intermediary, under penalty of a fine, from continuing the allegedly infringing use of the IP (suspension order). Thus, the General IP Law regime provides a suspension order, like an injunction, but does hold the OMs liable for infringements.

In case the intermediary has no control over the content and has not been provided a court order, it will benefit from exemption and the treatment is lenient, but should the acts of the intermediary

constitute infringement, intermediary is treated as any other infringer who markets and sells infringing goods. In addition, the infringing content (electronic) is considered illegal content which can lead to restrictions relating to its availability.

Section 185 (1207/2020) Order to disable access to information

Upon request from a public prosecutor or a person in charge of inquiries or on application by a party whose right the matter concerns, a court may order the information society service provider referred to in section 184 to disable access to the information stored by it if the information is clearly such that keeping its content available to the public or its transmission is prescribed punishable or as a basis for civil liability. The court shall urgently process the application. The application cannot be approved without an opportunity for the service provider and the content provider an opportunity to be consulted except if the consultation cannot be arranged as quickly as the urgency of the matter so necessarily requires.

3) If a Special Digital Law regime exists in your jurisdiction, what justifies the application of a Special Digital Law regime to the OMs in relation to IPRs infringement?

The exemption of responsibility under Special Digital Law regime (exemption of responsibility) applies generally to platforms that have no control over the content. The exemption does not apply if the court has ordered an injunction to suspend the content, or if court has confirmed an infringement and ordered the infringer to cease and desist the infringement, and OM has been made aware of the order.

The justification for exemption of responsibility is the lack of control and knowledge of the illegal nature of the content. The justification for responsibility after receiving a court order is information and control. Therefore the OM must remove illegal or infringing content.

4) If OMs can benefit an exemption of responsibility/safe harbour, what are the criteria for determining whether an OM is subject to this regime (e.g. active or passive role of the OM, knowledge/control of the presentations of the products, awareness of the IP rights infringement, etc.). Please give examples (case law, etc.).

OMs can benefit from the exemption from liability provided under section 184 of the Act on Electronic Communications Services, if the service provider has no control over the contents. It can be exempted from responsibility if it acts expeditiously to disable the access to the information stored when obtaining knowledge of a court order concerning it (or by otherwise obtaining actual knowledge of the fact that the stored information is apparently contrary to chapter 11, section 10 (Agitation against a population group) or 10a (Aggravated agitation against a population group) or chapter 17, section 18 (Distribution of a sexually obscene image) or 18a (Aggravated distribution of a sexually obscene image depicting a child) of the Criminal Code.)

a) in patent law:

OM has not provided the seller any authorization relating to infringement. OM has no control over the contents. OM removes the infringing content after receiving a court order.

b) in trade mark law:

OM has not provided the seller any authorization relating to infringement. OM has no control over the contents. OM removes the infringing content after receiving a court order.

The Court of Justice of the EU specified that the Article 9(2)(a) of trade mark regulation (Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trade mark) must be interpreted as meaning that the operator of an online sales website incorporating, as well as that operator's own sales offerings, an online marketplace may be regarded as itself using a sign which is identical with an EU trade mark of another person for goods which are identical with those for which that trade mark is registered, where third-party sellers offer for sale, on that marketplace without the consent of the proprietor of that trade mark, such goods bearing that sign, *if a well-informed and reasonably observant user of that site establishes a link between the services of that operator and the sign at issue, which is in particular the case where, in view of all the circumstances of the situation in question, such a user may have the impression that that operator itself is marketing, in its own name and on its own account, the goods bearing that sign.*

In that regard, the following are relevant:

- *the fact that that operator uses a uniform method of presenting the offers published on its website,*
- *displaying both the advertisements relating to the goods which it sells in its own name and on its own behalf and those relating to goods offered by third-party sellers on that marketplace;*
- *the fact that it places its own logo as a renowned distributor on all those advertisements;*
- *and the fact that it offers third-party sellers, in connection with the marketing of goods bearing the sign at issue, additional services consisting inter alia in the storing and shipping of those goods.*

c) in design law:

OM has not provided the seller any authorization relating to infringement. OM has no control over the contents. OM removes the infringing content after receiving a court order.

B. The implementation of the OMs responsibility regimes

The purpose of this chapter is to determine the implementation for each responsibility regime applicable to OMs in your jurisdiction (conditions to engage responsibility, exceptions, exemptions, etc.).

The purpose is, for instance, to determine under what conditions an OM can be considered an IP infringer, co-infringer, accomplice, or contributory IP infringer (use of the IP on its own benefit, awareness of IP rights infringement, providing of specific services such as optimizing the presentation, promoting offers, etc.), and under what conditions an OM can benefit from an exemption of responsibility/safe harbor (acting expeditiously following awareness of IP rights infringement, etc.), etc.

To answer each question in this chapter, please deal separately with each responsibility regime applicable in your jurisdiction.

5) In your jurisdiction, under what conditions can an OM be held responsible for IP rights infringement or, on the contrary, to be exempted from responsibility for an IP rights infringement in each of these cases?

a) in patent law:

Section 3 of the Finnish Patent Act specifies the acts that are exclusive rights of the patent holder, unless one of the restrictions applies. These acts are offering, putting on the market or using a product protected by the patent, or importing or possessing such product for these purposes. Also offering, putting on the market or using a product obtained by a process protected by the patent or

importing or possessing such product for these purposes can cause the OM to be responsible for patent infringement.

Furthermore marketing and selling of essential elements can be a patent infringement especially where the OM induces the purchaser to infringe the patent for example by publishing advertisements “purchased often together with another product” and advertising the accessory or spare part relation to another product where the use of these products together constitutes an infringement.

A patent confers on its proprietor the exclusive right to prevent any person not having his consent from supplying or offering to supply any person not entitled to exploit the invention with the means of working the invention in this country in relation to an essential element of the invention where such other person knows, or where it is evident from the circumstances, that the means are suitable and intended for working the invention. This provision shall not apply where the means are staple commercial products, except where such other person attempts to induce the receiver to commit any of the acts referred to in subsection 1 above. For the purposes of this subsection, any person using the invention in a manner referred to in subsection 3, paragraph (1), (2) or (4), shall not be regarded as entitled to exploit the invention.

In case the OM has no control over the infringing content, it can be exempted from responsibility, but the injunction order in section 57 b may apply:

When hearing an action referred to in section 36 the court may at the patent holder’s request prohibit the keeper of a transmitter, server or other similar device or other service provider acting as an intermediary, under penalty of a fine, from continuing the use alleged to infringe the patent (injunction order) unless it can be considered disproportionate in view of the rights of the alleged infringer of the patent or in view of the rights of the intermediary or patent holder.

b) in trade mark law:

According to Section 6 of the trademark act and subject to certain exceptions, the infringing acts are:

- 1) the use of the sign in goods or services or in the packaging of goods;
- 2) offering the goods or putting them on the market, or stocking them for those purposes under the sign;
- 3) offering or supplying services under the sign;
- 4) importing or exporting the goods under the sign;
- 5) using the sign on business papers or in marketing;
- 6) using the sign as a trade or company name or part of a trade or company name;
- 7) other equivalent use of the sign.

The proprietor of the trade mark shall additionally have the right to prohibit the use of the sign referred to in section 5 in comparative advertising when such conduct would be contrary to section 2a of the Unfair Business Practices Act (1061/1978).

The proprietor of the trade mark shall additionally have the right to prohibit any acts preparatory to trade mark infringement.

The provisions on exclusive right in transit are laid down in section 7 (right to prevent transit depends on exclusive rights that are valid in the destination jurisdiction)

In case the OM has no control over the infringing content, it can be exempted from responsibility, in such case section 64 "Injunction" may apply:

When hearing an infringement action as referred to in section 62, subsection 1 the court may, at the request of the proprietor of the trade mark, enjoin the keeper of a transmitter, server or other similar device or other service provider acting as an intermediary, under penalty of a fine, from continuing the allegedly infringing use of the trade mark (injunction).

The issue of an injunction is conditional upon the injunction not being considered unreasonable in view of the rights of the alleged infringer of the trademark, the intermediary or the proprietor of the trade mark. An injunction may not jeopardise the right of a third party to send and receive messages.

c) in design law:

According to section 5 a of the Finnish Registered Designs Act no person other than the design right owner is entitled to use the design without his or her consent. The law contains certain exceptions that limit the scope of protection but use by the OM can constitute infringing use of design.

In case the OM has no control over the infringing content, it can be exempted from responsibility, in such case section 35 a may apply:

When hearing an action referred to in section 35(1) the court may at the design right owner's request prohibit the keeper of a transmitter, server or other similar device or other provider of a service acting as a transmitter, under penalty of a fine, from continuing the use alleged to infringe the registered design (injunction order) unless it can be considered disproportionate in view of the rights of the alleged infringer, or in view of the rights of the intermediary and the design right owner.

6) Please indicate under what circumstances an OM can be considered an IP infringer, co-infringer / joint tortfeasor, accomplice, or a contributory infringer

The conditions on allocating civil or criminal responsibility on an OM are determined on the basis of general principles in general law regime (allocation of responsibility). Registered intellectual property rights are in a public register and therefore assumed to be known, and the causal link between the acts of providing an online market place, offering for sale and the act of allowing the selling of infringing items is sufficient. The act of selling of infringing goods is an infringement and repeating and continuing of infringement can be denied.

However, if the infringement constitutes a crime in accordance with the Finnish Penal Code, the principles regarding abiding and abetting in an offence or complicity in an offence will apply to the infringement. These principles are in Sections 1-8 of Chapter 5 of the Finnish Criminal Code (19.12.1889/39). According to Section 5(3), if two or more persons have committed an intentional offence together, each shall be punished as a perpetrator. According to Section 5(5), a person who intentionally persuades another person to commit an intentional offence or to make a punishable attempt at such an offence shall be sentenced for incitement to the offence as if he or she was the perpetrator. Furthermore, according to section 5(6), Section 6 (515/2003), a person who, before or

during the commission of an offence, intentionally assists another person in committing an intentional offence or a punishable attempt at such an offence through advice, action or otherwise shall be sentenced for abetting under the same provision of law as the perpetrator. However, the provisions of chapter 6, section 8, subsection 1, paragraph 3 and subsections 2 and 4 of the same section apply when determining the punishment. Moreover, incitement to punishable abetting shall be punished as abetting.

Special Digital Law regime (if such a regime is applicable to OMs)

7) In your jurisdiction, what are the conditions for an OM to be held responsible on this basis? What obligations must the OM fulfil in order to be exempted from responsibility for an IP infringement? If possible, please give examples for each IPR separately.

Trademarks, designs and patents

According to Section 184 of the Act on Electronic Communication Services, an OM cannot be held responsible for transmitting of information or content that the OM has made available on request of producer of the transmitted information. According to Section 184, Paragraph 1, Point 1) of the Act on Electronic Communication Services, for this exemption from liability for an IP infringement to be applicable for an OM, it is required that the OM without undue delay blocks access to the infringing content after receiving a court order regarding ongoing infringement. According to the Section 184 of the Act on Electronic Communication Services, a fine can be given if the court order is not followed by the OM.

EU wide harmonization is not yet completed. Early 2024, notice and Reaction procedures are required (with certain exceptions relating to SME's), internal complaint-handling system and a possibility to seek out-of-court dispute settlement will be introduced.

Notice and take down will be available and notice and stay down to certain extent. There will be a section stating that providers of online platforms shall suspend, for a reasonable period of time and after having issued a prior warning, the provision of their services to recipients of the service that frequently provide manifestly illegal content.

Digital Services Act will also contain sections that relate to transparency and identity of sellers and advertisers. The rules protect individual purchasers and there can be room for further development for rights owner's monitoring purposes. As the harmonized rules of the Digital Services Act Regulation are not applied yet, the assessment of their operability cannot be made. This report discusses special digital law from the perspective of the existing rules.

General Law regime (if this regime is applicable to OMs)

8) In your jurisdiction, what are the conditions for an OM to be held responsible on this basis? What obligations must the OM fulfil to be exempted from responsibility for an IP rights infringement? If possible, please give examples for each IPR separately.

From a more general viewpoint, the responsibility of OM may be divided into civil and criminal responsibility. The potential sanctions or penalties that an OM may face for illegal content and/or conduct are therefore determined on this basis.

Civil responsibility (liability to pay damages for the infringement or compensation for use) generally requires tort and a causal link between the act and the damage. Criminal generally liability requires intention, and that each requirement set out in the relevant provision of either the specific IP act or the Finnish Criminal Code if fulfilled. Considering that OMs are not natural persons but legal entities,

the relevant criminal sanction is a corporate fine which may be imposed in accordance with chapter 9 of the Finnish Criminal Code.

Other liability regime (if applicable to OMs)

9) In your jurisdiction, what are the conditions for an OM to be held responsible on this basis? What obligations must the OM fulfil to be exempted from responsibility for an IP infringement? If possible, please give examples for each IPR separately.

Imitation of packages and products can be prohibited under the Law of unfair business practices (Unregistered community designs). If OM operates in a manner that is against good business practices, responsibility could arise. The conditions are that the conduct is inappropriate and activity in business.

Illegal conduct and marketing and providing of illegal information, goods and other content is not compliant with good business practices. Especially if the conduct is harmful for others, the general clause prohibiting unfair business practices could be used. If, however, the conduct is illegal, then there are already some other means to address the matter. There is no case law concerning responsibility of OM although the possibility could not be entirely excluded.

C. Sanctions that can be imposed on OMs

The purpose of this part is to determine the sanctions that can be imposed (in your jurisdiction, by a judge or by any other state entity) on an OM whose responsibility is engaged under one or more forms of responsibility (damages, injunction to delist a seller, obligation to inform/reimburse the buyers, obligation to prevent future sales of the infringing product, etc.).

To answer each question in this chapter, please deal separately with each form of responsibility applicable in your jurisdiction. For each form of responsibility, please treat each IPR (patent, trade mark, design) separately only if you consider it necessary.

10) In your jurisdiction, what are the sanctions that can be imposed on an OM when the conditions of its responsibility are met?

Sanctions are not applicable to OMs in particular but to all infringers. However, as the subject in the legislation is "Anyone", the sanctions can be imposed on an OM when the conditions of its responsibility are met. For patents also contributory infringement.

The sanctions, according to the Trade Marks Act (544/2019), Patents Act (550/1967) and Registered Designs Act (221/1971), are:

- Prohibition
- Compensation and damages
- Suspension order
 - can be prohibited by a court order from proceeding with or repeating the act.
- Infringing property, irrespective of whether the infringement was deliberate, can be seized on a decision by the public prosecutor if the injured party so demands.
- Destruction or confiscation of infringing goods
- The court can order the infringer to publish a final decision and bear the costs incurred by the claimant due to publishing information on the decision.
- Recall orders and declaration of infringement and validity are also available remedies.
- Final and preliminary injunctions against intermediaries in the context of online infringements of IP rights.

- E.g. according to section 57b of the Patents Act, the court may, when hearing an action for a final injunction, at the right holder's request, prohibit "the keeper of a transmitter, server or other similar device or other service provider acting as an intermediary", under penalty of a fine, from continuing the use alleged to infringe the IP right unless it can be considered disproportionate in view of the rights of the alleged infringer or of the rights of the intermediary or right holder.

Special Digital Law regime (if such a regime is applicable to OMs)

11) In your jurisdiction, what are the sanctions that can be imposed on an OM when the conditions of its responsibility are met?

In case the exemption to responsibility does not apply, responsibility exists under IP regime as described above.

The sanction based on an Act on Electronic Communication Services (917/2014) is and order to disable access to information.

According to the Section 185 of the Act on Electronic Communication Services (917/2014) *Upon request from a public prosecutor or a person in charge of inquiries or on application by a party whose right the matter concerns, a court may order the information society service provider referred to in section 184 to disable access to the information stored by it if the information is clearly such that keeping its content available to the public or its transmission is prescribed punishable or as a basis for civil liability. Further, A court order must also be made known to the content provider. If the content provider is not known, the court may order the information society service provider to take care of notification.*

General Law regime (if this regime is applicable to OMs)

12) In your jurisdiction, what are the sanctions that can be imposed on an OM when the conditions of its responsibility are met?

The conduct of OM can be subject to general laws, Consumer Protection Act (38/1978) and Tort Liability Act (412/1974) for example. Also general laws concerning contractual relations and damages apply. The supreme court of Finland has decided in case KKO1990:147 that a purchaser can cancel the purchase because of error in the purchased product, when the error is *a legal error* that results from patent infringement that is associated with the use of the product.

Other liability regime (if applicable to OMs)

13) In your jurisdiction, what are the sanctions that can be imposed on an OM when the conditions of its responsibility are met?

The sanctions based on the Unfair Business Practices Act (1061/1978) are:

- Prohibition
- Conditional fine
- Damages

- Judgement on costs relating to publication of the decision (8a§)

II) Policy considerations and proposals for improvements of your Group's current law

14) Could your Group's current law or practice relating to the responsibility of online marketplaces for online infringement of industrial property rights be improved? If YES, please explain.

YES. The laws and practices in this area should be more effective and more harmonized.

Although active participation in selling goods, constitutes an infringement, the online market place providers are often passive and do not engage in infringing actions. Therefore, they do not have to react to infringements that take place on their platform without a court order.

The IP right holders are in difficult position with globally operating online marketplaces because the infringement takes place in several jurisdictions. A court order most often concerns one jurisdiction only. The IP right holders also often lack access to data concerning the countries where infringing goods have been manufactured, imported, and sold and where the service have been provided. The identity of the seller may also be unknown, or the seller cannot be reached.

The customs control is very helpful when the seller brings goods to European union in its own name, but the customs have no visibility to online market places. The data that is available for the customs consists of identification of the sender and recipient and it is impossible to see which platform has been used to sell the product. The customs can monitor counterfeit goods that are imported to EU from third countries, but none of the goods that are shipped on the internal market is subject to any monitoring.

Many online marketplaces already have their own notice and takedown process and terms and conditions that prohibit misrepresentation, use of infringing commercial signs, copyright infringements and providing unlawful content. These terms and conditions and self-regulating processes follow the legal principles of OM:s own jurisdiction which may not be consistent with the jurisdiction of countries where right holders have registered rights. Exhaustion, and descriptiveness for example, are regulated differently in different jurisdictions. While the notice and takedown procedures are useful and efficient and widely used, there is room for improvement.

The OM 's cannot decide complex infringement cases, but they should have an obligation to provide a notice and reaction mechanism and an obligation to react to court decisions outside of their own jurisdiction. OMs should promote transparency. They have the possibility to collect and provide information on the seller's identity and domicile; identification of trademarks that are on their goods and services; manufacturing country of their goods; data on the number of goods offered and sold in each country; the list of countries and markets that their marketing and advertising activities are targeted to; the country where their warehouse is located and where the goods are being shipped to purchasers.

Online marketplaces could have joint liability for infringement in case they are active participants in the selling and marketing of infringing goods. OMs could be subject to special transparency legislation and possibly fined for allowing infringements that have been examined and decided in courts. Furthermore, OMs always agree with sellers on terms and conditions for using the marketplace. They have contractual control over terms and conditions that govern term and termination and collecting of information. They have a technical possibility to interfere in continuing infringements. Online market place providers can agree with sellers about compensation of OM's losses in case the seller's goods are found infringing, they can set seller's service prices to the level which enables them to assume liability, they have a variety of available contractual instruments from indemnifications and deposits to penalties that could be used to safeguard their own position. Oms can ensure their own interest while being mindful of the interests of others. The control over the

infringements and corrective measures would justify their greater responsibility for reacting to infringements.

15) Could any of the following aspects of your Group's current law relating to responsibility of online marketplaces for online infringement of industrial property rights be improved? If YES, please explain.

YES.

a) The regime of responsibility applicable to OMs?

In addition to normal regime of responsibility relating to intellectual property infringements, intellectual property protection should be a matter that is observed in special law that is applicable to contracts and digital environment.

Some IP right holders must monitor and make infringement assessments and notice and take down requests on daily basis and the costs for monitoring add up. Currently importing and selling of infringing goods can be prohibited by the market court and the court can decide about reasonable compensation and damages. Damages to the brand are available in trademark infringement matters, but the amounts that are difficult to show are often overlooked. The court proceeding takes time and local law prohibits anyone from benefitting of infringements and no damages are available for losses such as internal work. The negative effects caused by infringements are therefore not fully recovered and the right holder bears the risks related to costs also in case the seller cannot be reached or in case the seller is insolvent. The costs of monitoring intellectual property de facto restricts companies' possibilities to interfere in all infringements that take place on online market places, and it can dilute and harm their exclusive rights. There is a demand for more effective measures.

Many OMs have a notice and takedown procedure in place already and it should be mandatory for all. While complex cases should continue to be decided by courts, straight forward copyright, design (patent) and trademark infringements can be left for the platforms or other out-of-court dispute resolution entity to decide. The risk of false positive is small, as prior rights can be shown with register certificates and proof in title documents. It should however be borne in mind that descriptiveness is not any easy matter and a variety of different languages and constantly changing speech often leave room for interpretation. Also, questions relating to technically necessary subject matter often require expertise and careful assessment. Complex matters are therefore not suitable to be decided by provider of online market place on basis of a standard notice.

The online market place is not in a position to assess infringement of patents and utility model rights either and the infringements require more information than what can be provided with a simple notice form, unless there is a prior court decision concerning same goods and same exclusive right in another jurisdiction where the same patent is in force with identical patent claims.

While clearing of obvious trademark and design (patent) infringements is desirable, the Finnish group is hesitant about obligations relating to increased responsibilities relating to complex infringement assessments on basis of information on a notice form but welcomes more responsibilities relating to transparency. The OMs should collect information that is helpful in intellectual property infringement matters and they should have an obligation to provide the information when requested by an IP proprietor. Such information should be accessible prior to court procedure and for the purpose of assessing whether to take the matter to court or not. Failure to collect and provide information could be considered a violation that leads to responsibility under special digital law.

The online market place should have an obligation to clear the infringement without undue delay. Since the online market places can technically restrict the offering of infringing goods, it is justifiable to examine for example a penalty fee that could be avoided if the OM operates in accordance with applicable law.

There should also be a possibility to close an online market place for continuous intentional infringements and failure to comply with court decisions that prohibit selling of illegal and infringing goods.

OMs have contractual control over the market place and further responsibilities could make reactions to infringements less burdensome and risk entailing for the right holders. There is room to consider out of court procedures with a fixed compensation available for the right holders that must defend their rights and succeed in it, but it should be additional amount and not any limitation to the compensation that could be otherwise available. The compensation should be borne by the infringer and in case the OM does not provide any assistance, by the OM. It should not be seen as the price for allowing infringement and it should be organized in a manner that there will be no negative incentives for companies to agree with the initial takedown request.

b) The implementation of the responsibility regimes applicable to OMs?

OM are responsible for infringements under IP Law regime as any other infringer if conditions of responsibility exemption are not met. The legislation could be improved in the field of Special Digital Law and the conditions for the exemption could be updated.

Online market place providers should have obligations to:

- provide a notice and reaction possibility for straight forward IPR infringement cases;
- possibly provide a mechanism for out-of-court review of the reaction decision with a possibility to claim compensation of notice and reaction expenses / monitoring expenses (fixed amount, not a liability limitation);
- collect and disclose information that can be used in infringement matters (under confidentiality obligation)
 - seller's identity;
 - sellers domicile;
 - identification of trademarks that are on their goods and services;
 - identification of commercial signs and names that are used (unregistered)
 - manufacturing country of the goods;
 - source of the goods
 - place of providing the services
 - data on the number of goods offered and sold in each country;
 - the country where their warehouse is located and
 - the list of countries and markets that their marketing and advertising activities are targeted to;
 - list of countries where delivery/shipping is available;
 - country where the goods have been shipped to purchasers;
- Return policy for consumers (minimum period of time) confusion concerning commercial origin should be an acceptable ground for return;
- take down any decided infringement; and
- remove repeating infringers and repeating infringements from the OM.

If OM has a possibility to use technical measures that support take down and stay down, and they should have an interest for using such measures for example against repeating trademark infringements and against repeating infringers.

C) The sanctions that can be imposed to OM's

Active participation in infringement should lead to liability under general IP law regime.

Failure to comply with court orders, failure to provide notice and reaction mechanisms, mechanisms for compensation of expenses, and failure to collect and disclose information under special digital law regime should lead to a fine. The sanctions should be proportionate, and the courts could set a deadline for corrective measures and the fine would become payable if the corrective measures are not taken by the deadline.

The ultimate protective measure would be denying of access and operation of the online marketplace entirely and OM should be liable for damages for intentionally allowing advertising, marketing and selling of counterfeit goods and infringing goods and for losses that arise from its indifference related to the obligations set forth in law.

16) Are there any other policy considerations and/or proposals for improvement to your Group's current law falling within the scope of this Study Question?

No

17) Do you believe that there should be harmonization in relation to the responsibility of online marketplaces for online infringement of industrial property rights?

If YES, please respond to the following questions without regard to your Group's current law or practice

Even if NO, please address the following questions to the extent your Group considers your Group's current law or practice could be improved.

Yes

A. Responsibility regimes applicable to OMs

The purpose of this part is to determine the responsibility regime(s) that should be applicable to OMs.

18) In case of IP rights infringement, should OMs be subject to:

a) the General IP Law regime,

Yes.

With respect to IPR infringements, the OMs should be subject to the General IP Law regime provided that they are active participants in the advertising, marketing and selling of infringing goods and services. Although OMs have their own special features, the IP laws should be flexible enough to tackle IP issues also in the context of OMs as needed.

b) Special Digital Law regime, e.g. an exemption of responsibility (safe harbour),

Yes.

There should be an exemption of responsibility, which is preferably harmonized.

Although the laws prohibiting illegal contents are not exclusively for the protection of IPR, they should be mindful of the requirements that relate to effective enforcement of IPR.

Special Digital Law regime should contain regulation concerning notice and reaction mechanisms and possible out-of-court settlement possibly with a fixed compensation for the proprietor of the IP right.

Removal of illegal content should be compulsory and allowing repeated or continuous infringement should lead to closing of the OM as a last and final measure.

The effective IPR protection depends on availability of sufficient information. Therefore regulation on transparency and information sharing is important.

Geographical blocking of supply and payments could be a solution for an OM that faces IPR related restriction in some but not all jurisdictions. Geographical blocking should however ensure that it concerns marketing only and freedom of speech is not limited. Such mechanism is not suitable for example on Instagram or similar platforms that are used to communication and as a market place.

c) the General Law regime,

No, digital law regime is sufficient. There are no intermediaries in analogue purchasing that would not have any control over the goods.

d) an alternative / different responsibility regime.

Open definitions in national laws concerning unfair business practices should remain open at least for the time being. Development of soft law concerning fair commercial conduct and good business practices is however welcome.

19) If OMs should benefit an exemption of responsibility/safe harbour, what should be the criteria for determining whether an OM should be subject to this regime (e.g. active or passive role of the OM, knowledge/control of the presentations of the products, awareness of the IP rights infringement, etc.)?

The OM should be able to benefit from an exemption of responsibility for IP infringements provided that it has not actively contributed to providing illegal content, fulfils the obligations under special digital law regime and takes an active role in applying effective corrective measures.

For the availability of the exemption, transparency, collecting and providing information, efficient notice and reaction mechanisms and obligations to removing infringing and illegal content are desirable.

B. The implementation of the OMs responsibility regimes

The purpose of this chapter is to determine the conditions that should be required for an OM to be held responsible for IP rights infringement or, on the contrary, to be exempted from responsibility.

The purpose is, for instance, to determine under what conditions an OM should be considered an IP infringer, co-infringer / joint tortfeasor, accomplice, or contributory IP infringer (use of the IP on its own benefit, awareness of IP rights infringement, providing of specific services such as optimizing the presentation, promoting offers, etc.), and under what conditions an OM should benefit from an exemption of responsibility/safe harbor (acting expeditiously following awareness of IP rights infringement, etc.), etc.

To answer each question in this chapter, please deal separately with each of responsibility regime that should be applicable. If you consider it necessary, please treat each IPR (patent, trade mark, design) separately.

General IP law regime (if this regime should be applicable to OMs)

20) Under what conditions should an OM be determined to be an IP infringer or, contrary, be exempted from responsibility for an IP rights infringement?

The active role and information concerning the infringing nature of the content should be decisive in assessment of responsibility for IP infringements. The more control the OM has for the infringement, the more justifications there are for responsibility. It should, however, be borne in mind that infringement assessments may be challenging. The use of IP right in course of trade is a prerequisite for any IP infringement. Active participating in the infringing acts and knowingly allowing infringements justify the responsibility, but the case-by-case assessments concerning infringing acts should continue to be a matter of the general IP regime and not in specific Digital Law Regime or any other regime.

Special Digital Law regime (if this regime should be applicable to OMs)

21) Under what conditions an OM should be held responsible on this basis? What obligations should an OM fulfil to be exempted from responsibility for an IP infringement?

Availability of corrective measures such as notice and reaction procedures and swift reactions to remove illegal content (including infringements), collection and providing of information should be legislated under special Digital Law Regime. Special Law Regime should be mindful of IPR and it can interact with the IP law regime with legislation concerning exemption to responsibility for IPR infringements. Removing of the infringement exception is not, however, sufficient consequence for failing to comply with Special Digital Law. The exemption would be an additional incentive rather than the only consequence for failing to ensure that the platform operates in accordance with law.

There should not be any monitoring obligations and corrective measures are sufficient, but they should be available before the court has decided about infringement. On a scale from entirely passive to active and from no awareness to knowledge, the corrective mechanisms should become compulsory on a justifiable and proportionate level. Obligation to remove infringing content should not depend on court order but mere allegation on a notice is not sufficient either. Notice and reaction mechanisms and possible out-of-court decisions should be used to find a balance in between. A possibility to review the initial take down decision can be used as an option. The same mechanism could contain a fixed compensation to the proprietor of the infringed IP.

As with any other legislation, the obligations should be balanced, and special attention should be paid to the overall context. The freedom of speech and the freedom to conduct a business should be balanced with the right to property and intellectual property while taking the UN sustainable development goals into consideration. Legislation should provide incentives to use online marketplaces and intellectual property to support the common sustainable development goals on the UN 2030 Agenda while noting the benefits of strong institution, entrepreneurship and competition to the market.

More lenient requirements can be applied at the time of OM market entry especially in relation to requirements relating to notice and take down and possible review of the decisions, because such mechanisms are burdensome for OMs and obstacles for market entry should be avoided.

General Law regime (if this regime should be applicable to OMs)

22) Under what conditions an OM should be held responsible on this basis? What obligations should an OM fulfil to be exempted from responsibility for an IP infringement?

The responsibility for IP infringement should continue to be withing the regime of IPR.

Other liability regime (if this regime should be applicable to OMs)

23) Under what conditions an OM should be held responsible on this basis? What obligations should the OM fulfil be exempted from responsibility for an IP rights infringement?

Possibility to deny unfair business practices should continue to be available in a manner that it does not expressly exclude the intellectual property related business conduct.

C. Sanctions that should be applicable to the OMs

The purpose of this part is to determine the sanctions that should be available against an OM whose responsibility is engaged (e.g. damages, injunction to delist a seller, obligation to inform/reimburse the buyers, obligation to prevent future sales of the infringing product, etc.).

General IP law regime (if applicable to OMs)

24) What should be the sanctions that should be applicable to an OM when the conditions of its responsibility are met?

OM should be treated as any other infringer. The OM can be responsible together with the seller for any infringement that results from their cooperation in providing content and information and in advertising and selling of goods and services.

Special Digital Law regime (if this regime should be applicable to OMs)

25) What should be the sanctions that should be applicable to an OM when the conditions of its responsibility are met?

In case the OM fails to fulfil requirements in special Digital Law Regime within certain time period, a fine would be imposed on in.

Shut down of the service would be the available last option and OM should be liable for damages in accordance with general laws.

In case there is a fixed compensation in an out-of-court dispute resolution body, a failure to provide mechanisms for the collection of the notice and reaction expense /monitoring expense (not a limitation of liability) from the infringer should lead to obligation to pay the fixed fee on behalf of the infringer.

General Law regime (if this regime should be applicable to OMs)

26) What should be the sanctions that should be applicable to an OM when the conditions of its responsibility are met?

Not applicable

Other liability regime (if this regime should be applicable to OMs)

27) What should be the sanctions that should be applicable to an OM when the conditions of its responsibility are met?

Normal sanctions relating to unfair business practices.

Other

28) Please comment on any additional issues concerning any aspect of the responsibility of online marketplaces for online infringement of Industrial Property Rights you consider relevant to this Study Question.

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29) Please indicate which sectors' views provided by in-house counsel are included in your Group's answers to Part III.

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Veikkaus Tuomas Matila