

FACEBOOK FOUND LIABLE FOR LINKS TO YOUTUBE VIDEOS INFRINGING MEDIASET'S COPYRIGHT AND RIGHT TO REPUTATION.

With a groundbreaking decision on 15 February 2019, the Court of Rome found Facebook Inc. and Facebook Ireland Limited liable for failing to remove links to videos and images covered by Mediaset's copyrights, and comments on a Facebook profile damaging Mediaset's reputation. The decision opens up a new perspective on the obligation on the part of so-called "passive" hosting providers to promptly remove unlawful content on their servers, even if they have no say on the posted information. According to the decision, the "actual awareness" of the violation triggers the providers' liability. Providers must therefore carefully examine any notice of infringement they receive.

THE CASE

Broadcasting company Reti Televisive Italiane S.p.A., which forms parts of the Mediaset Group, ("**Mediaset**") brought an action in 2012 against Facebook Inc. and Facebook Ireland Limited (together, "**Facebook**") before the Court of Rome, alleging that:

- a Facebook profile contained unlicensed links to YouTube videos and images related to the Japanese animated tv series "Kilari", covered by Mediaset's exclusive rights and broadcast on Mediaset's tv channel called "Italia 1";
- on the same Facebook profile offensive comments were posted, which damaged Mediaset's reputation;
- Facebook violated Mediaset's rights on the "Italia 1" channel trademark.

After several requests from Mediaset, the Facebook profile was removed in 2012, *i.e.* two years after the first request.

Based on the above, Mediaset claimed damages amounting to Euro 250,000.

Key issues

- Hosting service providers can be found liable for unlawful content posted by their users
- "Passive" hosting service providers have a duty to remove unlawful content, when aware
- Italian Courts have jurisdiction on Facebook, when the damaging event occurred in Italy

THE DECISION

By way of its decision of 15 February 2019 (the "**Decision**"), the Court of Rome ruled in favour of Mediaset and found Facebook liable for failing to promptly remove the unlawful content.

The Decision stressed that the links posted on the Facebook profile led to a third party's site (YouTube), which had not been authorised by Mediaset, and not to videos published by Mediaset itself.

Therefore, according to the Court, sharing on Facebook content covered by Mediaset's exclusive rights constituted a **communication to a "new public"**, *i.e.* to a public that "*was not already taken into account by the copyright holders when they authorised the initial communication to the public of their work*" (see Court of Justice of the European Union, judgment 7 August 2018).

On this basis, and provided that no authorisation had been granted by Mediaset as copyright holder, **the Court found that posting on Facebook a link to YouTube videos related to the "Kilari" animated series was not lawful.**

The general rule on hosting service provision...

Facebook qualified itself as "passive" *hosting* service provider, *i.e.* a provider of the storage service related to information provided by a recipient of the service.

On this basis, Facebook recalled the principle under article 14 of the EU Directive no. 31/2000¹ (the "**Directive**") and under Italian Legislative Decree no. 70/2003 implementing the Directive (the "**Italian Decree**"), that excludes **hosting service providers' liability for the information processed and activities performed by the users.**

While the Decision held that Facebook is a host service provider under the Directive, it rejected Facebook's objection and stated that **the general exemption from liability does not apply to the case.**

...and the exception relevant to the case

The Decision focused on the exception under article 16 of the Italian Decree, under which, in line with the Directive, **the hosting service provider is liable when the provider has actual knowledge of illegal activity or information** and, as regards claims for damages, is aware of facts and circumstances from which the illegal activity or information is apparent.

In particular, according to the Court, and in line with the case law of the Court of Justice of the European Union (judgments 23 March 2010, Google vs Louis Vuitton, and 12 July 2011), **the knowledge of the unlawfulness of the information stored on the provider's server, no matter how it is acquired, gives rise to the provider's liability**, irrespective of an order to remove the content being issued by a Public Authority.

It is worth noticing that, according to the Court of Rome, the above exception also applies to the "**passive**" **hosting provider** (*i.e.* a provider neutral in respect of the content posted by the users), as Facebook qualified itself in the judgment before the Court of Rome. Under the Decision, **the passive hosting**

¹ Directive 2000/31/EC of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market (Directive on electronic commerce).

provider is bound to promptly remove, or prevent access to, the unlawful information published on its server, provided that a general duty of care binds the "passive" hosting service provider to identify and prevent unlawful activities it is aware of.

Under the Decision, the linking of the hosting service provider's liability to the actual awareness of the unlawfulness of the information published on its server ensures the right **balance between (i) copyright holder's rights from the one side and (ii), from the other side, the provider's rights to conduct its business and the user's right to receive or send information.**

The Jurisdiction of the Court of Rome

The Court of Rome also rejected the objection of lack of jurisdiction raised by Facebook, based on the fact that Facebook's registered office is in California. The Court found its power to decide based on the special jurisdiction principle under Article 5(3) of the 1968 Brussels Convention, that, in relation to tort liability, "anchors" the proceedings to the place where the damaging event occurred. According to the Court, this principle also applies to American defendants, notwithstanding the fact that the United States never signed this Convention, since this principle was incorporated into Article 3 of the Italian Law No. 218 of 1995 as a general rule.

With reference to damaging events occurring on the internet, according to settled Italian case-law, the place where the event occurs is not the one where the infringing content is uploaded, but where the damage is suffered, that is the market area where the affected party resides or exercises its economic activity. On this basis, the Court found that Reti Televisive Italiane S.p.A. has its registered office in Rome and Rome is the place where the damaging event could have occurred.

Lastly, the Court of Rome excluded the applicability of the Facebook jurisdiction clause in its Terms of Service, since this applies only to contractual breaches.

The findings of the Court of Rome

Based on the above considerations, the Court of Rome:

- **found that Facebook is liable** for Mediaset's image and reputation from the one side, and copyright from the other side;
- **liquidated damages in favour of Mediaset** (i) on an equitable basis with reference to reputational damage and (ii) with reference to the copyright violation, on the basis of the value to which Mediaset would have been entitled had the Facebook user requested authorisation to post the links;
- **order Facebook to abstain from violating** the abovementioned rights and copyright and fixed a Euro **1,000 penalty** for each further violation;
- found that **no violation of "Italia 1" trademark occurred**, since Facebook never used this trademark to market or advertise its own products or services.

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