

# The Origin, Types, and Improvement of the Notice-Necessary Measures Rule

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The “notice-necessary measures” rule began with the “notice-and-takedown” rule, which originated from the United States safe harbors rule, established to limit the liability of Internet Service Providers (ISPs) for helping infringement in network infringement. China’s Tort Liability Law and Civil Code amended the “notice-and-takedown” rule so that when the right holder sends an effective notice of infringement to the ISP, the ISP shall take necessary measures more than removal to be exempted from liability. This article will discuss the transformation of the rule and types of necessary measures, and reconstruct the relationship between effectiveness of notice and types of necessary measures.

*Keywords:* Internet Service Providers, internet infringement, safe harbors rule, notice-necessary measures rule, notice-and-takedown rule

## Introduction

With the rise of the internet, which is characterized by low cost and high speed, online communication has become a hotbed of infringement. Third parties infringe upon the information network dissemination right<sup>1</sup> of copyright owners by utilizing services such as downloading, storage, searching, and linking provided by Internet Service Providers (ISP). The infringement is characterized by interactive distribution, which enables the public to “on-demand” stream works in a “peer-to-peer” manner (Wang, 2006), such as uploading and sharing pirated music, movies, and TV dramas. As ISPs have lower control costs and obvious technological advantages over infringing behaviors than right holders, and have a causal relationship to occurrence of damage, their service may constitute contributory infringement (Wu, 2011).

To ensure the development of the internet, the law establishes the “notice-and-takedown” rule to limit the liability of ISPs. As long as an ISP deletes relevant infringing contents or disconnects links upon receiving the right holder’s valid notice, it will not bear the liability for assisting infringement. Judging from the Regulation on the Protection of the Information Network Dissemination Right of China (Protection Regulation, hereinafter), only a part of ISPs are subject to the “notice-and-takedown” rule. However, with the development of network technology, the types of network services have become more and more diversified, and the rights that can be infringed upon are not limited to copyrights. Thus, the seemingly simple and clear “notice-and-takedown” rule cannot solve cases such as Aliyun and WeChat’s mini-programs, and the diversification of network services leads

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<sup>1</sup> The right of information network dissemination, that is, the right to make a work available to the public by wired or wireless means, so that the public can obtain the work at a time and place of their own choice. Article 11(1) (12) of the Copyright Law.

to an imbalance: The notice-and-takedown obligations are too stringent, while the inaction requirements are too lenient. Therefore, Article 36 of the Tort Liability Law amends the “notice-and-takedown” rule to the “notice-necessary measures” rule, covering all ISPs, and it is left to the discretion of the judiciary as to what measures are necessary to excuse liability.

This article will sort out the transition of the takedown rule to the necessary measures rule, summarize the types of necessary measures that often appear, and reconstruct the relationship between notice and necessary measures.

### **Transition**

The United States Digital Millennium Copyright Act of 1998 (DMCA) established the “safe harbors” rule, which is incorporated by the Protection Regulation. DMCA limits the liability for contributory infringement of copyright for four types of ISPs. The first category is “technology neutral” ISPs, including providers of network transmission services and system caching services. The former is not liable if it does not initiate transmission, select content, select the recipients, store or modify content. The latter is not liable if it does not modify the content of the cache or restrict user access. The second category is the “status neutral” ISPs, including those providing information storage and information location services, which are not liable for damages under the conditions of satisfying: (1) lack of knowledge, (2) has control, (3) no financial benefit, and (4) notice-and-takedown (Zheng, 2020). The “notice-and-takedown” rule means that if an ISP removes the content or disconnects the access within a reasonable period after receiving a notice from the copyright owner that meets the statutory requirements, it is deemed not to have contributed to the infringement and is not liable for the infringement. If the ISP violates the rule, it is liable for the part of the aggravated damage. The exception to the safe harbors rule is the red flag rule, which states that when infringement is as obvious as a red flag, even if no notice has been received, ISPs who fail to take necessary measures should be held jointly and severally liable.

Articles 20 and 21 of the Protection Regulation stipulate the limitation of liability for “technology neutral” providers, while Articles 14 and 22 point to “status neutral” providers. According to Articles 14 and 22, for ISPs providing information storage space or search and linking services, after effective notification by the right holder, the measures to be taken by the ISPs include removal of the work or disconnection of the link to the work, which is a complete enumeration, with no option to take measures other than removal and disconnection.

The above provision was amended by Article 36(2) of the Tort Liability Law in 2009, followed by Article 1195(1) of the Civil Code, which stipulates that if a network user utilizes a network service to commit an infringing act, the right holder shall have the right to notify the network service provider to take the necessary measures, such as deleting, blocking, and disconnecting the link. The notice shall include prima facie evidence of infringement and the identity information of the right holder. Article 1197 stipulates that if an ISP knows or should know that a network user has infringed upon other people’s rights and interests by utilizing its internet service, and fails to take necessary measures, it shall bear joint and several liability with the network user. At this time, the rule of “notice-and-takedown” was amended to the rule of “notice-necessary measures”, and removal and disconnection became one of the choices of necessary measures. Most of the other laws and normative documents also adopt the “notice-necessary measures” rule.

Article 42, Paragraph 1, of the E-Commerce Law, stipulates that an intellectual property right holder who believes that his or her intellectual property rights have been infringed upon shall have the right to notify the operator of the e-commerce platform to take such necessary measures as deleting, blocking, disconnecting, terminating transactions and services. The Provisions on Several Issues Concerning the Application of Law to the Trial of Civil Dispute Cases Involving Infringement of the Right of Information Network Dissemination, the Provisions on Several Issues Concerning the Application of Law to the Trial of Civil Dispute Cases Involving Infringement of Rights and Interests of Persons by Using the Information Network, as well as the Guidelines on the Trial of Civil Cases Involving Intellectual Property Rights of E-commerce Platforms, all of which were issued by the Supreme People's Court, all refer to "necessary measures".

Indeed, the DMCA specifies two general preconditions for the limitation of ISPs' liability for infringement, namely, that they (1) must adopt and reasonably implement a policy of terminating the accounts of repeat infringers in appropriate circumstances and that they (2) must accommodate and do not interfere with standard technical measures. The first condition implicitly requires ISPs to establish an infringement notification mechanism and take reasonable measures to help stop infringement. Thus, the Protection Regulation is an incomplete successor to the DMCA, which only stipulates the "notice-and-takedown" rule, while the Tort Liability Law amends it to become the "notice-and-needed-measures" rule, and expands the scope of subjects it applies to and the rights to be protected (Li & Chen, 2020).

### **Requirements and Types of Necessary Measures**

The requirement of necessary measures is "timeliness". According to Article 4 of the Supreme People's Court's Judicial Interpretation (Supreme People's Court, 2012), timeliness is judged on: (1) the type and nature of the network service, (2) the form and degree of accuracy of the effective notice, (3) the type and degree of infringement of rights and interests, and other factors. The principle of necessary measures is "reasonable and prudent" (Supreme People's Court of China, 2020).

The types of necessary measures are scattered throughout the law, regulations, judicial interpretations, and judicial precedents. There are both measures that are directed at infringement, like transferring notice, and measures that are directed at infringers rather than infringing acts, such as terminating transactions and services, freezing the accounts of the notified party, or requiring it to pay a deposit (Yu, 2021).

#### **Transfer Notice**

In the Supreme Court Guidance Case No. 83 (Zhejiang Provincial Higher People's Court, 2015), the court held that although Tmall did not have to take immediate action to remove or block the infringing goods,

Tmall should take one of the necessary measures by forwarding the effective complaint notification materials to the complainant and notifying the complainant to defend himself/herself. Otherwise, the right to complain about the behavior will lose any meaning, and the right to defend their rights will be difficult to achieve. Network service platform providers should ensure the smooth transmission of effective complaint information, and should not become a black hole of complaint information.

In the case of AliCloud (Beijing Intellectual Property Court, 2017), since the cloud server rental service provided by AliCloud belongs to the first tier of IaaS (Infrastructure as a Service) in the service model of the cloud computing industry, it is only responsible for providing users with infrastructure, and it cannot directly control the specific content, and it can only shut down the servers as a whole or forcibly delete all the data; thus

The Court of Second Instance did not recognize Aliyun as an information storage service provider under the Protection Regulation, but applied Article 36 of the Tort Liability Law, which exempts the company from liability upon receipt of effective notice and taking necessary measures. The Court of Second Instance expressed its view on the necessary measures as follows:

In the case where it is not appropriate to take direct removal measures, the transfer of notification reflects the intention of the network service provider to ‘warn’ the infringer, which to a certain extent is conducive to preventing the aggravation of harmful consequences, thus enabling the ISP to meet the conditions for exemption from liability.

Originally, the forwarding notice was part of the “notice-to-takedown” rule, meaning that the ISP should inform the service user of the removal or disconnection of the link to safeguard the service user’s right to know and the possibility of taking subsequent measures to respond to the removal. However, in cases where removal measures cannot be taken, the value of the transfer notice has changed from protecting the service users to protecting the right holders, i.e., warning the infringers, to increase the possibility of stopping the infringement in advance or negotiating with the right holders, and thus has become a separate necessary measure.

### **Termination of Transactions and Services**

The E-Commerce Law clearly states that “termination of transactions and services” is one of the necessary measures. Article 3 of the Guidance on the Trial of Civil Cases Involving Intellectual Property Rights on E-Commerce Platforms of the Supreme People’s Court of China (2020) stipulates that, if an operator on a platform repeatedly and intentionally infringes on intellectual property rights, the operator of the e-commerce platform has the right to take measures to terminate transactions and services. The judicial interpretation of the termination of transactions and services as the platform’s right to be exempted from complaints from service recipients is exercised on the premise that operators within the platform have repeatedly and intentionally infringed on intellectual property rights, and it is impossible to directly conclude that the platform has the obligation to examine repeat infringers. However, the E-Commerce Law makes termination of transactions and services a condition for exemption from infringement liability, which leads to the conclusion that platforms have the obligation to terminate transactions and services when necessary.

Taken together, the platform’s obligation is to review and identify repeat infringers upon receipt of multiple infringement notices, and to terminate transactions and services with them. Indeed, this is consistent with the premise of the DMCA that ISPs applying the safe harbor rule “must adopt and reasonably implement a policy of terminating the accounts of repeat infringers in appropriate circumstances”.

### **Security Deposit**

Article 14 of the Zhejiang High Court’s Guidelines for the Trial of Intellectual Property Cases Involving E-Commerce Platforms stipulates the types of “necessary measures” that should be taken by an e-commerce platform operator upon receipt of a qualifying notice, including, but not limited to, removal, blocking, disconnection, termination of transactions and services, freezing of the account of the person to be notified, or requiring the person to provide a security deposit. Some scholars have suggested that the security system should be introduced into the “notice-necessary measures” rule by referring to the pre-litigation injunction and requiring the notifier to provide security (Si & Fan, 2015). However, the above provision is just the opposite, requiring the notified person to provide a security deposit. This will bring about the consequence of too many wrong notifications and malicious notifications, but at the same time, since the platform can require the notified person

to provide a security deposit, it can push the notified person to actively fight back, thus enabling the platform to still only need to formally review the notifications received without the need to substantively review them, and the burden of acting as an intermediary with the conduit is not too heavy, and will not be able to incorrectly deal with disputes due to its own limited ability to review the disputes (Wang, 2021).

### **Determination of the Effectiveness of the Notice**

Effective notice is a prerequisite for the “knowledge” rule. Only after effective notice can the ISP be presumed to have “knowledge”, which becomes a subjective element of infringement liability and then “necessary measures” may be taken. That is to say, without effective notice, there is no help for infringement, and there is no need to take necessary measures. According to the Civil Code, effective notification should include prima facie evidence of infringement and the true identity of the right holder.

In the Aliyun case, the plaintiff, LeDou Excellence, had issued a notice to the defendant, Aliyun, requesting it to disconnect the link and cease to continue to provide server rental services for the infringing game in question, and Aliyun failed to take action. The Court of Second Instance held that as the plaintiff’s three notices were ineffective, Aliyun did not contribute to the infringement. The court analyzed the effectiveness of the plaintiff’s three notices. In the first notice, LeDynamic Premier sent a self-service complaint notification and two attachments to the “Work Order Support” section of Aliyun’s website, which was found to be ineffective because it was delivered through the wrong channel. In the second notice, LeDynamic Excellence sent three URL links and the name and address of the right holder, which did not contain any proof of infringement and did not contain any description of infringement, and was found to be invalid for failing to describe infringement. In the third notice, LeDynamic Excellence supplemented the description of infringement, “the content of the data download package of the iOS version and the Android version of the game of the MT Smooth Edition is stored in the AliCloud service”, and the resolution code of the download address of the “My Name is MT Smooth Edition”, and the court found that it was not accompanied by information about the right holder and that AliCloud was unlikely to review it on its initiative, and thus it was insufficient to constitute a valid notice.

As can be seen, although the other two notices were accompanied by the information of the right holder, the court held that the effective notices could not be determined comprehensively, but had to be judged individually by each notice, even if the notices were made at short intervals. Meanwhile, as the Civil Code had not yet been introduced and the Tort Liability Law did not provide for the form of effective notice, Article 14 of the Protection Regulation was applied, which requires that the effective notice should contain the real information of the right holder, the name and network address of the infringing work, performance, audio-visual recording that is required to be deleted or unlinked, and the preliminary proof of the infringement. The court was not satisfied with requiring the notifier to provide the name of the infringing software and the network address of the client, but further required it to guide Aliyun to locate the server side by downloading the client and utilizing the means of data transmission, to satisfy the requirement of providing the network address of the infringing work. However, such a requirement is obviously too high for the notifier, and due to Aliyun’s technological advantage, it is not excessive to obligate it to locate the server-side network address based on the client-side network address.

In the case of Alibaba and Youtuo Digital’s application for retrial (Supreme People’s Court, 2019), the Supreme Court held that an effective notice generally includes proof of intellectual property rights and valid information about the right holder, information about the infringing goods or services being sued that enables

accurate location, prima facie evidence of what constitutes an infringement, specific measures required to be taken, and a written guarantee of the authenticity of the notice. Three factors should be considered in determining an effective notice, namely, the type of right, the nature of the platform, and the platform's ability to control. As long as the notice contains the basic information of the right holder, proof of rights, information on the infringing goods or services that can be accurately located, specific measures required to be taken by the e-commerce platform, and prima facie evidence of infringement, the e-commerce platform operator shall fulfill the obligation to forward the notice without having to examine the prima facie evidence of infringement.

### **Reconstruction of the Relationship Between the Notification and the Necessary Measures**

Based on the above, it is evident that the standards for determining a valid notice vary from strict to loose. However, no standard considers the type of necessary measures as a factor in determining the effectiveness of notice; instead, it considers that necessary measures should only be the results of an effective notice and will be affected by the form and content of the notice while the validity of a notice is not affected by the type of necessary measures.

However, effective notice was originally linked to removal, which is the "knowledge" rule that is the prerequisite for the "notice-and-takedown" rule. Since removal is a more thorough and serious measure, the prerequisite for an ISP to carry out removal without constituting a breach of contract with the service recipient is a clear awareness of the high likelihood of infringement by the service recipient. Thus the notification by the notifier must meet the high requirement to be effective, to support the removal by the ISPs. However, under the "notice-necessary measures" rule, among the above necessary measures, the severity of transferring notice is evidently lighter than the removal, and the other necessary measures are subject to the principle of "reasonable and prudent", so the allegedly infringing service users will not be affected too much after the necessary measures are taken. As a result, when ISPs take necessary measures, they should only need to recognize the possibility of infringement by the service users, i.e., the notification sent by the notifier should meet the lower requirements to be effective. If the necessary measures are stricter than removal, then accordingly, the notification requirements should be higher, such as the termination of transactions and services; if the right holder takes the initiative to send out the notification requirements, then the notification should have a very clear description of the past infringement situation.

For example, in the Supreme Court's Guiding Case No. 83, the Court held that, in the patentee's complaint, the requirements of the complaint material only include the identity of the right holder, the patent name and patent number, the goods under complaint, and the subject matter of the complaint, which is sufficient for the recipient of the complaint to convey to the subject matter of the complaint, i.e., the "forwarding of the notice". This is a lower requirement for notification. It can be seen that the notification requirement can be linked to the severity of the necessary measures. Then, if a kind of network service subject only has the obligation of "forwarding notification", it is feasible and reasonable to comprehensively judge the validity of the notification, as well as to reduce the effective notification requirements of the measures. For example, in the case of Alibaba and Youtuo Digital, the court held that the e-commerce platform operator should actively fulfill the obligation of forwarding the notice, and should complete the forwarding when the notice reaches the minimum that can be forwarded. However, in the case of Aliyun, the necessary measure was also a "transfer notice", but the notifier's three notifications were all regarded as invalid, in which the reason repeatedly mentioned was that Aliyun was unable

to reasonably realize that the plaintiffs were claiming their rights against the server-side part of the game, and it was impossible for them to take the initiative to install the client part of the game of “My name is MT”, and then take the initiative to verify the IP address of the server-side part. The technical advantage of Aliyun was completely ignored. The subjective element of “knowledge” of the network service provider was unreasonably applied to the “notice-transfer notice” rule, resulting in its liability being unreasonably reduced.

Therefore, it should be clarified that when the network service provider has the obligation of “transfer notice” under the “notice-necessary measures”, it should comprehensively judge whether the notice it receives is effective or not, reduce the requirements on the accuracy of its infringing materials and the location of the infringing works, and take on more responsibility for the location to help the right holder establish a communication channel with the notified. In addition to the obligation of “transfer notice”, all necessary measures that are less stringent than the “removal” rule in practice in the future should refer to this principle.

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