

Agenda

- 1 Overview
- 2 Noteworthy challenges
- **3** Developments





Overview What is the DSA about?

- The DSA was enacted on 19 October 2022 and has become fully applicable across the EU on 17 February 2024. It has been in force already last year for designated "very large online platforms" and "very large online search engines".
- It aims to set an **EU-wide new uniform regulatory standard** and **level playing field** for digital intermediary services in the EU in order to adapt it to the current and future state of digitization. To this end, it aims:
 - to provide a safe digital environment free from illegal content
 - to enhance transparency and accountability on the service provider side
 - to strengthen the protection of fundamental European and consumer rights
 - to strengthen enforcement (esp. in the cross-border situations)
- It applies in a "horizontal" way and cuts across a number of areas, such as consumer protection law, advertising law, and questions of liability for illegal content.
- The DSA is "without prejudice" to other EU laws regulating other aspects of intermediary services in the EU.

OverviewWho is affected?

- The DSA applies to B2B and B2C providers of digital intermediary services (intermediaries)
- This includes providers of:
 - mere conduit services (e.g. internet exchange points, wireless access points, VPNs and DNS services, top level domain registrars, access providers)
 - caching services (e.g. content delivery networks, reverse proxies and content adaptation proxies)
 - hosting services (e.g. cloud computing and web hosting, services enabling online content sharing)
 - online platforms (e.g. social networks, online marketplaces and app stores)
 - online search engines
- Different services provided by one provider may be covered by different sections of the DSA.

Overview Territorial scope

- The DSA affects providers if they have
 - an **establishment** in the EU, or
 - otherwise a so-called substantial connection to the EU.
- Such substantial connection is inter alia given, when the respective provider
 - has a significant number of users/recipients in one or more EU Member
 States in relation to their population, or
 - targets its activities towards one or more EU Member States.
- Indicators for such substantial connection can be:
 - language, currency, top level domain of an EU Member State, the possibility to order products/services, local advertising or customer service.
- In contrast, the mere technical **accessibility** of a website alone does not suffice.



Overview

Structure of the DSA – tiered regulatory system

depending on the categorization of the service provider, whereby the **General duties Intermediary services** categorization depends on the role, size (including online and impact of the service on the online search engines) environment. Minimum scope for mere conduit services + Special duties and caching services and maximum scope Points of contact for for VLOPs and VLOSEs. authorities and **Hosting services** recipients. Legal representative (where no establishment in the + Special duties EU). T&C transparency. Notice-and-action **Online platforms** Complaint and dispute Annual transparency mechanisms. settlement reporting. Statement of mechanisms. reasons for Additional transparency restrictions. + Special duties reporting. Reporting of criminal No sensitive targeting. offences to Assessment and Ban on dark patterns. **VLOPs & VLOSEs** authorities. mitigation of systemic Traceability of traders. risks. Ad transparency.

Due diligence and transparency duties

TaylorWessing Art. 11-15 DSA Art. 16-18 DSA Art. 19-32 DSA Art. 33-43 DSA .

OverviewStructure of the DSA – tiered regulatory system

New obligations	Intermediary services	Hosting services	Online platforms	VLOPs/VLOSEs
Transparency reporting	•	•	•	•
T&C transparency	•	•	•	•
Cooperation with authorities following orders	•	•	•	•
Points of contact and (where necessary) legal representative	•	•	•	•
Notice-and-action mechanisms and duty to provide statement of reasons to recipients		•	•	•
Reporting criminal offences to authorities		•	•	•
Complaint-and-redress mechanisms and out-of-court dispute settlement possibilities			•	•
Trusted flaggers			•	•
Measures against abusive notices and counter-notices			•	•
Special duties for B2C online marketplaces (KYBC)			•	•
Ban on targeted ads to minors and based on profiling			•	•
Recommender system transparency			•	•
UI transparency of online ads			•	•
Risk management duties and crisis response mechanisms				•
External audits, internal compliance function and public accountability				•
Recommender system function without individualization				•
Data sharing with authorities and researchers				•
Codes of conduct				•
Crisis response cooperation				•



OverviewClaims and sanctions

Sanctions

- Possible sanctions imposed by the Digital Services Coordinator (DSC) of the EU Member States:
 - To order cessation of the infringement, impose fines, impose penalty payments and/or adopt interim measures.
 - To order the temporary restriction of access of users concerned by the infringement in case of infringements causing serious harm and entailing a criminal offence involving a threat to the life or safety of persons.

Penalties

- EU Member States ensure the following significant fine and penalty framework:
 - General violations: Fines of up to
 6% of the service provider's annual worldwide turnover.
 - Violations of obligations concerning the cooperation in investigations:
 Fines of up to 1% of the service provider's annual revenue or turnover.
 - Persistent violations: Periodic penalty payments of up to 5% of the service provider's average daily worldwide turnover or income of the provider of intermediary services for the previous year.

Consumer claims

- Users, bodies, organizations and associations have the right to lodge complaints.
- Users have the right to seek compensation under EU and/or national law for any damages or loss suffered due to an infringement.



Noteworthy challenges Transparency

T&C [ALL]

Action items:

 Information on content moderation practice, including "Community Guidelines", reporting, restrictions, appeals, measures and tools used for content moderation, right to terminate, suspension policy for repeated misuse.

Recommender systems [OPs ONLY]

Action items:

 Information on the main parameters, incl. the most important criteria in determining the information suggested, the reasons for the respective importance, profiling and option to modify

Ad disclosure [OPs ONLY]

• Action items:

 Label ads with prominent markings and information on advertiser, payer, main parameters on "why am I seeing this" and how to change, commercial communication disclosure tool for 3P.

Challenges:

- Level of detail.
- Main T&C page.
- Information requirement for significant changes.

Challenges:

- Level of detail.
- Main T&C page.
- No requirement to provide option to modify.

Challenges:

- Definition of advertisement.
- Disclosure for each ad.
- Level of detail.
- Placement of disclosure.

Noteworthy challenges Scope of exception for online platforms

- The DSA's requirements for online platforms do not apply if the activity is solely a minor and purely ancillary feature or minor functionality (Art. 3 lit. i DSA).
- Very abstract definition that is solely supplemented by two examples (Rec. 13 DSA):
- ✓ Yes, for the comments section in an online newspaper.
- No, for the **comment functionality** of a **social network**.

- To date, it is unclear what specific type of "comments section in an online newspaper" the European legislator had in mind.
 - There is no uniformly recognized standard.
 - Only sharing, liking, disliking, commenting and/or reporting infringements? Or also other functionalities, such as accessing the user profile?

- No further contours given despite the various layers and nuances that exist between a comments section in an online newspaper and a comment functionality in a social network.
 - Product review function in a regular online shop?
- Further guidance by the EC or competent authorities is not expected in the near future.
- SMEs are predominantly excluded from the DSA's requirements for online platforms, unless they qualify as VLOPs/VLOSEs (Art. 19 DSA). Doubtful cases are at least absorbed through this exception.

Notice-and-action reporting

• Action items:

- Easily accessible, user-friendly and submission by electronic means.
- Reporting form shall allow to provide reasons for why content is considered illegal, name and email address, location of the content, confirmation of bona fide belief.
- Confirmation of receipt.
- Information of reporter regarding the decision taken based on the notice.
- FOR OPs ONLY: Prioritize notices submitted by trusted flaggers.

Challenges:

- Reporting button.
- Required vs. optional information (e.g. identity of the reporter).
- Submission of multiple pieces of content.
- Confirmation of receipt.
- Level of detail of the information provided to the reporter regarding the decision and possibilities for redress.
- Technical solutions to prioritize trusted flaggers.

Statement of reasons

Action items:

- Clear and specific statement of reasons following a restriction based on illegal content or incompatible with T&C.
- Statement of reasons shall include following information: Imposed restriction, including scope and duration, facts and circumstances relied upon, use of automated means, legal ground and explanations of the reasons, possibilities for redress.
- Exception for bots or fake accounts, no contact details,
 and EU Member State orders to act against illegal content.
- FOR OPs ONLY: Submission to DSA Transparency Database.

Challenges:

- Level of detail, such as
 - explanation of restriction;
 - specific reference to the legal/contractual ground; and
 - explanation why decision was taken.
- Information on possibilities for redress, including appeal, out-of-court-dispute settlement body and judicial redress under national law.
- FOR OPs ONLY: Onboarding on the DSA Transparency Database and technical implementation to submit statement of reasons (more information to follow on the respective slide).

Traceability of traders on B2C online marketplaces

- Main motif is the implementation of the know-your-business-customer (KYBC) principle.
- Providers of B2C online marketplaces must ensure their traders' traceability, <u>before</u> allowing them to use the service. This includes the following measures:
 - Obtaining basic information on traders, such as
 - name and contact details;
 - a copy of an identification document;
 - payment account details;
 - (where available) commercial register number; and
 - self-certification regarding compliance with EU law.
 - Using "best efforts" to verify the reliability and completeness of such trader information via freely accessible databases and trustworthy documents provided by traders (~ plausibility check).
- They must use "best efforts" to obtain the information from existing traders until 17 February 2025.
- No general (causeless) duty to keep trader information up-to-date or remind traders to update information.
- Decisions to suspend/terminate traders' user accounts are subject redress options (Art. 20, 21 DSA and/or Art. 4 P2B Regulation).



Noteworthy challengesCalculation and publishing and of AMARs

- Since 17 February 2023 and at least once every 6 months thereafter, online platforms and online search engines have to publish information on the average monthly active recipients ("AMARs") of the service in the EU, calculated as an average over the period of past 6 months.
- The number will be taken into account by the EU Commission, when it decides on the designation as a very large online platform ("VLOP") or a very large online search engine ("VLOSE"), i.e. having 45 mio. AMARs in the EU.

How to calculate?

- At least one engagement in that period (viewing is sufficient); online search engine: one active query.
- No double counting, counting of inauthentic users, such as bots or scrapers.
- The delegated act that should set out the methodology has not yet been published, but the EC has published a guidance (Q&A paper).

How to publish?

- In a publicly available part of the online interface, e.g. website or mobile app, and
- communicate directly to the competent DSC or to the EU Commission upon request.

Noteworthy challengesCalculation and publishing and of AMARs

Information on Average Monthly Active Recipients of Service in the European Union

The table below reflects information on average monthly active recipients of service in the European Union in accordance with the EU Digital Services Act and may not be representative of other statistics or metrics.

Service	Average Monthly RoS (previous 6 months ended 31 January, 2024)
Apps.Microsoft.Com Website Store	Approximately 4 million
Xbox.com Website Store	Approximately 9 million
PC App Store	Approximately 33 million
PC Games Store	Approximately 2 million
Console Store	Approximately 4 million



Monthly Active Recipients

During the period from April 20th, 2023 through October 20th, 2023 there were an average of 115.2M active recipients of the service (AMARS) in the EU.

	Logged	In Users	Logged Out Users	Total AMARs
Austria		753,735	999,100	1,752,835
Belgium	1	,597,896	1,799,541	3,397,437
Bulgaria		450,528	321,878	772,406
Cyprus		180,205	210,831	391,036
Czechia	1	1,040,762	1,444,542	2,485,304
Germany	3	3,940,624	7,408,877	16,349,501
Denmark		769,813	613,974	1,383,787
Estonia		161,490	184,943	346,433
Spain	9	9,783,481	13,197,990	22,981,471
Finland		896,337	1,250,770	2,147,107
France	11	1,473,346	10,459,939	21,933,285
Greece		986,351	1,689,822	2,676,172
Croatia		291,167	725,785	1,016,951
		690,582	928,674	1,619,256

Section 7: App Store Recipients of the Service

Table 7.1: Average monthly recipients of the App Store categorised by EU Member State

	Count of monthly recipients of the App Store
Austria	3 million
Belgium	4 million
Bulgaria	Under 1 million
Croatia	Under 1 million
Cyprus	Under 1 million
Czechia	2 million
Denmark	4 million
Estonia	Under 1 million
Finland	2 million
France	24 million
Germany	28 million
Greece	2 million

986,351	1,689,822	2,676,172
291,167	725,785	1,016,951
690,582	928,674	1,619,256
1,451,149	1,868,565	3,319,714
5,128,290	4,017,433	9,145,723
385,819	227,342	613,161
195,112	120,554	315,666
228,835	236,542	465,376
83,311	67,049	150,360
4,011,930	4,917,265	8,929,195
6,447,687	7,489,627	13,937,314
1,634,243	1,401,741	3,035,984
1,555,457	822,888	2,378,344
1,648,209	1,553,716	3,201,925
198,566	499,247	697,813
272,136	405,259	677,395
61,257,062	64,863,889	126,120,951

Legal representative

• Action items:

- ONLY for providers of intermediary services without an EU establishment, requirement to designate a legal representative in one of the EU Member States where services are offered.
- Mandate legal representative for being addressed by EU authorities regarding receipt, compliance with and enforcement of decisions relating to the DSA.
- Notify contact information of the legal representative to the competent DSC and make information publicly available.

Challenges:

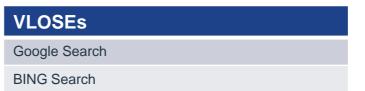
- Very limited choice of service providers offering legal representatives in light of personal liability under the DSA.
- Conscious decision regarding place of establishment of the legal representative, because of consequence for competent DSC.



Developments Designation of VLOPs and VLOSEs

The EU Commission has designated 20 very large online platforms (VLOPs) and 2 very large online search engines (VLOSEs):

VLOPs		
Alibaba Ali Express AliExpress		
Booking.com		
Facebook, Instagram		
Apple AppStore		
Google Maps, Google Play, Google Shopping and YouTube		
X		
TikTok		
Zalando		
Wikipedia		
LinkedIn		
Amazon		
Snapchat		
Pinterest		
Pornhub		
Stripchat		
Xvideos		



Developments

Current court and administrative proceedings

- The EU Commission has already started enforcing the DSA as regards designated VLOPs.
 - Examples of ongoing investigations / cases include:

App store reviews:

Some service providers have received enquiries from the EC about the security measures in their app stores.

Provision of data to researchers:

The EC has sent requests for information to 17 VLOPs and VLOSEs regarding information on measures taken to comply with the obligation to give access to the data that is publicly accessible on their online interface to eligible researchers.

Consumer protection on online trade marketplaces:

The EC is asking some major online trading platforms to provide details of their efforts to assess risks, protect consumers and prevent the sale of illegal products.

Content moderation:

The EC has initiated proceedings against a provider regarding risk management, content moderation, dark patterns, advertising transparency and data access for researchers.

Protecting minors on social media:

Several major service providers have been asked by the EC to provide information on the protection of minors. They must also disclose any risks to users' mental and physical health as well as risk assessment and mitigation measures.

Alleged breach of transparency & obligations to protect minors (investigation opened on 19 February 2024)

- Some designated VLOPs have challenged their designation as VLOPs by the EU Commission (e.g. Zalando).
- The EC provides updates under https://digital-strategy.ec.europa.eu/en/policies/list-designated-vlops-and-vloses.

Developments

Implementing act on transparency reporting

In preparation

Draft act

Feedback period

08 December 2023 - 24 January 2024

FEEDBACK: CLOSED

UPCOMING

Commission adoption

Planned for

First quarter 2024

Main content of the implementing act

- The current draft act provides a first glance at the reporting template requiring extensive information to be included, in particular:
 - EU Member States' orders received and complied with.
 - Notice-and-action mechanisms.
 - Content moderation engaged at service providers own initiative.
 - Use of automated means for detection and decision taking.
 - Internal complaint-handling system, out-of-court dispute settlement body and suspension of repeated users.
- First reporting period will cover 17 February until 31 December 2024. In 2025 from 01 January until 31 December, reports must be published 2 months after the end of the reporting period in machine-readable format and in an easily accessible manner.

Developments DSA Transparency Database

Details & Goals

- In September 2023, the EC made available the DSA
 Transparency Database for online platforms to provide their statement of reasons submitted to affected users under the DSA.
- The EC sets out the specific categories of information required to submit to the DSA Transparency Database.
- The goal is to enable more transparency and scrutiny over the content moderation decisions taken by providers of online platforms, and to better monitor the spread of illegal and harmful content online.

Set-up

- 1. A registration for the DSA Transparency Database.
- The DSC of the competent EU Member State will reach out with details on how to onboard the online platform.
- 3. After the onboarding, online platforms will gain access to a sandbox environment to test the submissions of statement of reasons to the DSA Transparency Database, which can be performed either via an Application Programming Interface (API) or a webform according to the volume of the data and technical needs.
- After the completion of the test phase, online platforms will move to the **production environment** of the DSA Transparency Database, where statement of reasons can be submitted via an API or a webform.

DevelopmentsDigital Services Coordinators – selected countries

EU Member State	Name	Status
Austria	Austrian Communications Authority (KommAustria)	Designated
Belgium	Belgian Institute for Postal Services and Telecommunications (BIPT)	Pending
Czech Republic	Czech Telecommunication Office	Designated
Denmark	Danish Competition and Consumer Authority	Designated
Finland	Finnish Transport and Communications Agency (TRAFICOM)	Pending
France	France Regulatory Authority for Audiovisual and Digital Communication (ARCOM)	
Germany Federal Network Agency (BNetzA)		Pending
Greece	Hellenic Telecommunications & Post Commission	Pending

EU Member State	Name (Englisch)	Status
Hungary	National Media and Infocommunications Authority (NMHH)	Designated
Italy	Italian media regulator AGCOM (Autorita per le Garanzie nelle comunicazioni)	Designated
Netherlands	Netherlands Authority for Consumers and Markets (ACM)	Pending
Poland	President of the Polish Office of Electronic Communications (UKE President)	Pending
Portugal	National Communications Authority (ANACOM)	Designated
Slovakia	Slovakian Media Services Council (Rada pre medialne služby)	
Spain	The Spanish National Commission on Markets and Competition (CNMC)	Designated

(Status as of 19 February 2024)

Developments

Implementing act "Agora" (2024/607)

What is "AGORA"?

- A reliable and secure information-sharing system (~ online software application) for authorities (Art. 85 para. 1 DSA).
- It aims to
 - provide the regulatory "backbone" for the DSA's supervision, investigation, enforcement and monitoring; and
 - foster cooperation and ensure the seamless (cross-border) exchange of information between DSCs, the EC, the EBDS and other competent authorities. All communications related to the DSA's enforcement must take place via AGORA (Art. 85 para. 2 DSA).

Course and status of the implementing act

- Adopted by the EC on 15 February 2024.
- Comes into force 20 days following its publication in the Official Journal of the EU.

Main contents of the implementing act

- Practical and operational arrangements for the set-up, maintenance and operation of AGORA, including
 - responsibilities of the DSCs, the EC and the EBDS;
 - access rights management, confidentiality duties and personal data aspects (e.g. role allocation); as well as
 - automated translation and security measures.

DevelopmentsDelegated act on audits for VLOPs/VLOSEs

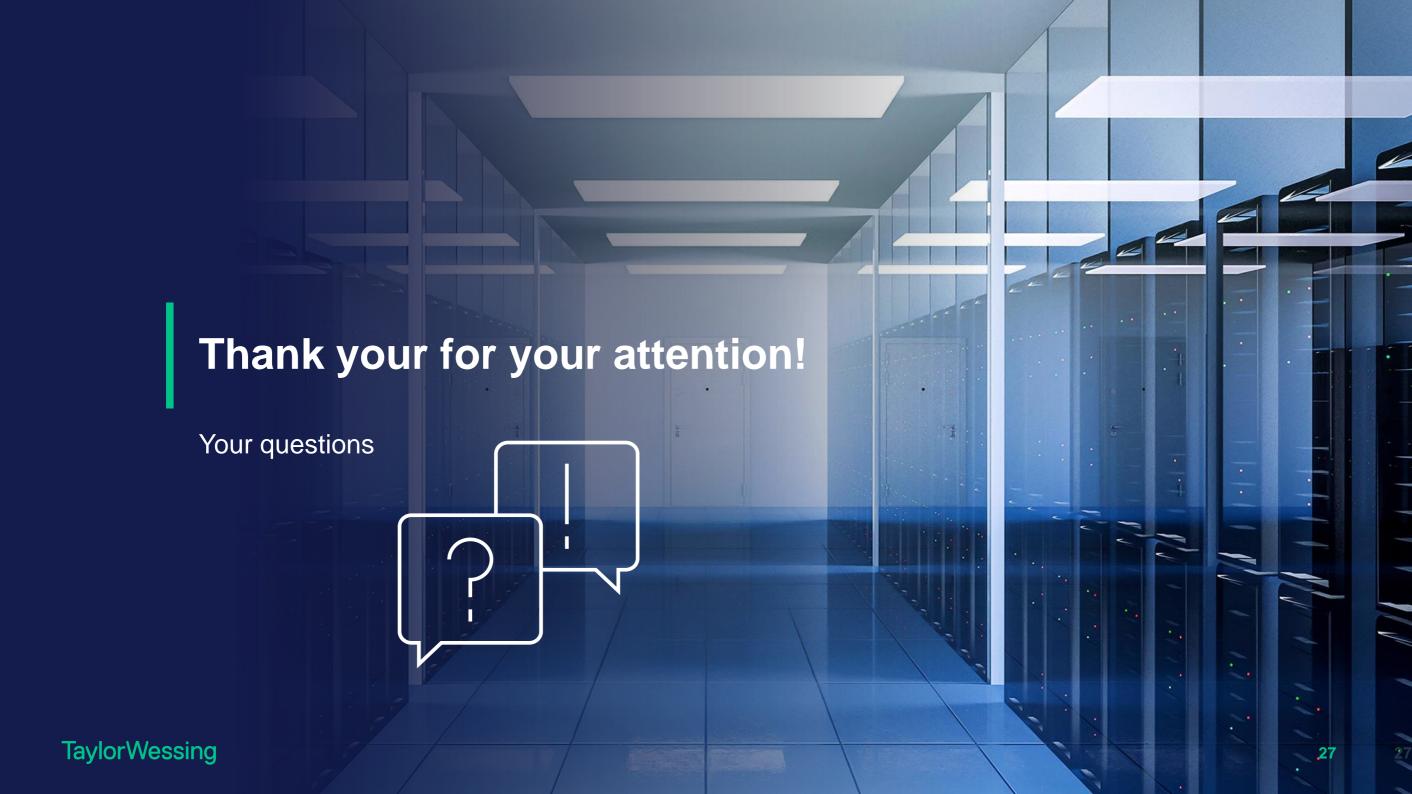
Only relevant for VLOPs/VLOSEs:

Status

Adopted in October 2023, the EC laid down rules on independent audits to assess compliance of VLOPs/VLOSEs under the DSA.

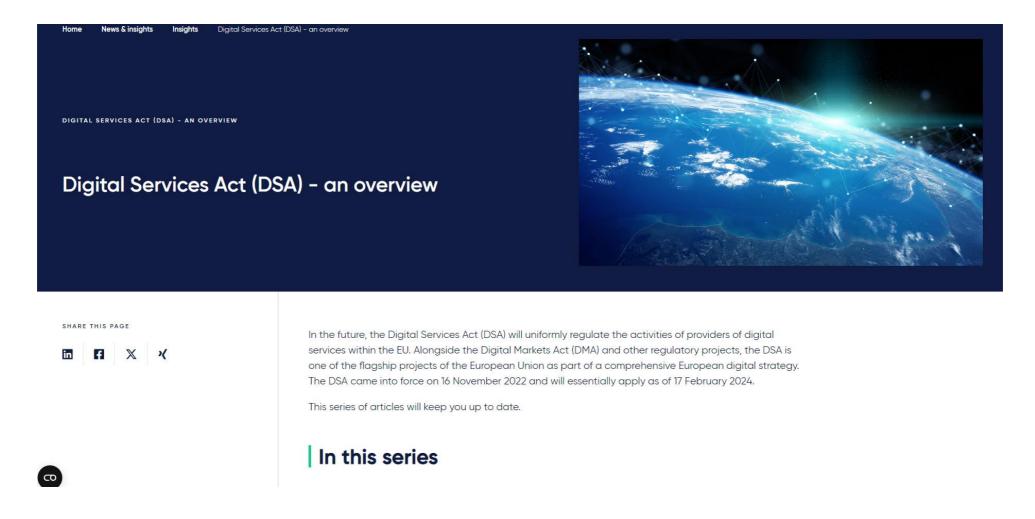
Main content of the delegated act

- Rules on the performance of audits, in particular on the procedural steps (i.e. selection of auditing organizations and cooperation) and auditing methodologies.
- Templates for auditors to produce the independent audits.
- Templates for VLOPs/VLOSEs to produce implementation reports.
- First audit at the latest 16 months after the designation of a service as VLOP/VLOSE.
- Audit reports have to be transmitted to the EC and the competent authority in their EU Member State of establishment, and must also publish these reports at the latest within 3 months from the time they complete the audit implementation report.



Further information on the DSA

Taylor Wessing's DSA subsite



https://www.taylorwessing.com/en/insights-and-events/insights/2023/09/dsa-overview

Your Taylor Wessing Team

Gregor Schmid is a lawyer for technology and media with a focus on data protection, digital copyright, AI, media, IT law and e-commerce. He regularly advises on negotiations and transactions, financing and joint ventures as well as on the regulatory framework of digital businesses.

Gregor's clients include technology start-ups, ISPs, games, film and television companies as well as financial institutions and investors. Gregor is also an experienced litigator in complex business disputes.

The distinguished legal expert is an award-winning and recommended lawyer in the fields of technology and data protection.

Languages

German, English



Leading individual – Media: Entertainment: "Gregor Schmid is fast, pragmatic, highly competent and personally very pleasant"; Recommend for IT – Data Protection: "Gregor Schmid is very specialised and has excellent knowledge of the law", The Legal 500 Germany 2021 - 2024

TMT- Media: "Gregor has very detailed knowledge. We use him for very specific questions which have not yet been solved by the legislature,", Chambers & Partners Europe 2019 - 2023

Often recommended for **IT** and **media law**, "'can, in addition to his extensive advice, also always think out of the box - that makes him an outstanding IP lawyer', client", JUVE Directory 2020/2021 – 2023/2024

Highlighted as "Best Lawyer" for IT law, Media and Copyright law, Media and Entertainment and Gamling law, Best Lawyers in Germany, Handelsblatt 2013 – 2023

Gregor Schmid offers special expertise on gaming-related issues as he regularly advises developers on sales and data protection-related matters. He also advises clients on liability issues as well as acquisitions and investments." Chambers & Partners Europe 2020

"very experienced", "competent", Competitor, JUVE 2019/2020

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Your Taylor Wessing Team

As a member of the Technology, Media & Telecoms (TMT) practice area, Philipp Koehler specializes in media, IT and e-commerce. There, Philipp primarily advises on copyright, competition, book price fixing, press and expression, IT, distance selling and data protection law issues as well as other issues relevant to technology law.

A particular focus of his expertise is platform regulatory advice, the drafting and negotiation of complex IP/IT contracts as well as advice on business models and marketing concepts under competition, book price fixing, data protection and distance selling law aspects. Through various secondments, Philipp has extensive practical experience in the telecommunications and e-commerce sector.

Philipp is a specialist lawyer for copyright and media law as well as a specialist lawyer for information technology law. He is also a lecturer for media law at the Ludwig-Maximilians-University (LMU) in Munich.

Languages

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Nathalie is a member of the Practice Area Technology, Media & Telecommunication (TMT) in Berlin. She primarily advises tech and media companies on data protection, e-commerce and other technology-related questions. Her focus lies particularly in the area of consumer protection, unfair competition law and platform liability. Nathalie has profound experience on complex privacy matters, promotional campaigns and on GTC related questions.

Due to various secondments and projects, Nathalie has extensive practical experience in the implementation and compliance work under the new Digital Services Act.

Languages

German, English



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