DOMINIKA MORAVCOVÁ*

Impact of the DSA Regulation on Very Large Online Platforms

■ ABSTRACT: The activities of large online platforms based in third countries in the internal market pose potential risks to EU users. The EU aims to ensure a safe online environment not only for consumers, but also for all users active in this ecosystem. Increased security, legal certainty, consumer protection, transparency, and several other partial aims have led to the adoption of the Digital Services Package, which includes the so-called DSA Regulation. The present article aims to identify the key impacts of the new regulation on very large online platforms that are part of the daily routine of EU citizens and to highlight the benefits it brings to regular users. There are many changes brought about by the new legislation; therefore, we decided to focus only on those that we consider the most tangible, both from the perspective of the everyday user and for the platforms per se.

■ KEYWORDS: DSA Regulation, very large online platforms, content moderation, harmful content

1. Introduction

The completion of the European Union’s internal market has gradually blurred the borders between Member States, and intra-EU legal subjects have become beneficiaries of the free movement of goods, persons, services, and capital. Free movement of services refers to the passive ability of the beneficiaries to receive a service provided in the internal market.¹ Users of the various services of well-known online platforms often do not perceive not only the borders of the internal market but even the fact that the provider of their preferred service is established

¹ Kalesná, Hruškovič and Őuriš, 2011, p. 213.
in a non-EU country. From our perspective, this often exposes users within the EU to risks that are absent from standard nonelectronic service provision. This can include the transfer of personal data to third countries, ensuring sufficient protection for minors online, the provision of truthful information about sellers, frequent encounters with harmful content and false data on social networks, and several other partial problems posed by the online environment. Many users of online services, whether natural persons or legal entities engaged in various business activities, can hardly imagine functioning today without access to the online platforms they use. The European Union is committed to ensuring above-average consumer protection in the internal market, and has adopted various instruments for this purpose. Technologies should serve the people and society in which we live, not the other way around. However, increasing transparency and protection in the provision of online services is not only about consumers but also about all other users of these services.

Today’s online environment requires ‘more proactive involvement of intermediaries to prevent the spread of illegal content on the internet.’ We are currently seeing a significant focus on moderating online content in light of recent events, the ever-increasing number of banned accounts, and content posted on online platforms, whereby entrepreneurs have often lost the opportunity to promote their products for no clear reason, the failure of platforms to adapt to the requirements for increased protection of minors, the abundance of false profiles for the purpose of defrauding users, and so on. All of the foregoing point to the need for the Union to ensure sufficient protection within the internal market in an online environment, increased transparency and certainty, and to reflect the needs of protection of users of online platform services, whose providers are often entities based outside the EU. In 2022, the EU adopted a package of digital service measures consisting of the Digital Services Act and the Digital Markets Act. The present article is focused on the benefits brought by the Digital Services Act (hereinafter ‘the DSA Regulation’ or ‘the DSA’) in the current year from our point of view. This article aims to highlight the most significant amendments introduced by this regulation and identify potential loopholes in the new legislation that may be problematic in practice. The Act categorises providers into several subcategories. In this study, we concentrate exclusively on the most narrowly profiled group of providers, the ‘very large online platforms’, which we have chosen precisely

---

2 Vestagerová, 2023.
3 Opinion of advocate general Saugmandsgaard Øe delivered on 16 July 2020, Joined Cases C-682/18 and C-683/18, para. 253, EU:C:2020:586.
because of their large impact on users owing to their highly influential nature. We agree with the opinion that these platforms play an important societal role beyond their economic impact.⁶

2. Digital Services Act and large platforms

As mentioned above, consumer protection, not only in the online environment, is a key area addressed at the Union level. In the context of online services, there are a number of acts of secondary Union law in force, such as the ePrivacy Directive⁷ and the well-known GDPR Regulation,⁸ which are primarily oriented towards strengthening the position of the weaker party, the consumer, especially in the online environment. The new legislation introduced by the Digital Services Package is a horizontal legal framework that does not collide with or change current legislation.⁹ The existing legal framework on digital services has so far been contained mainly in the Directive on Electronic Commerce,¹⁰ and so much has undoubtedly changed in the online sphere over the last 20 years that, in our opinion, the Directive no longer reflects the most fundamental challenges of the current online ecosystem.¹¹ The new legislative package complements the current framework in the form of regulations, which, as acts of Union law, are of general application, binding in their entirety, and directly applicable.¹² New legislation at the Union level in the form of regulation is increasingly being adopted, especially in areas where the Union is conferred with broad competences.¹³ In our opinion, regulation can better reflect the need for regulating such a sensitive area as ensuring a safer online environment, and this step was in our view necessary. What makes the DSA Regulation specific is its aim to help not only consumers but also businesses active in the online environment and, in fact, the platforms themselves, which makes it the most comprehensive measure in this area to date.

---

⁶ Helberger et al., 2021, p. 206.
⁹ European Commission, 2023a.
¹¹ European Commission, 2023a.
The main purpose of the new legislation is to make online spaces safer for all users, not just consumers, and to promote the innovation, growth, and competitiveness of businesses in the internal market. Therefore, we cannot say that this is aimed solely at increasing consumer protection.

In this section, we consider it necessary to identify the scope of the DSA Regulation. The territorial scope is naturally limited to EU Member States; however, the extraterritorial personal scope is of interest. The extraterritorial dimension of provisions in this area is not novel. The Court of Justice declared in its Glawischnig-Piesczek judgment the possibility for national courts ‘ordering a host provider to remove information covered by the injunction or to block access to that information worldwide within the framework of the relevant international law’. This Regulation applies to all digital service providers that offer services to recipients within the EU, regardless of where those providers are based. If they want to provide services to beneficiaries within the EU, they must respect these new rules. To do so, they must designate a legal representative in one of the Member States where they offer services. The Regulation has been in force from 16 November 2022, but its provisions will not apply across the EU until 17 February 2024, which is also the end of the deadline for EU Member States to designate a Digital Services Coordinator. We will mention these coordinators in the second part of this article, where we will summarise the most important changes that the Regulation brings to everyday practice. The substantive scope is defined for intermediary services, which are limited to services of a digital nature. It covers almost all digital services horizontally. Digital services are synonymous with the term “information society services” and, in the context of other key sources in the area under analysis, are identically interpreted as services ‘normally provided for remuneration, at a distance, by electronic means and at the individual request of a recipient of services.’ Under this definition, we can include basically all providers and platforms that are mostly used by EU subjects on a daily basis. For the purposes of the Regulation, service providers are divided into categories, which are then granted certain rights and imposed obligations in direct proportion to their impact on the Union market, taking into account the size of their impact. The broadest category consists of general intermediary services, under which the

---

14 European Commission, 2023b.
16 Art. 2(1) of the DSA.
17 Art. 13(1) of the DSA.
18 Art. 93(2) of the DSA.
19 Art. 49(3) of the DSA.
sub-category of hosting services in general also falls. Hosting services include a narrower category of popular online platforms, such as online marketplaces, various B2C applications, and social media platforms. Since, as we have mentioned, the obligations are increasing along with the high influence in the online ecosystem within the internal market, the Act also defines a final sub-category of the most influential online platforms, the so-called “VLOPs and VLOSEs,” which by their scale are capable of posing the greatest risks. According to the Act, this most influential category includes very large online platforms and very large online search engines. The Act sets the threshold for defining this category at 10% of the Union’s population. This includes platforms used by at least 10% of Europeans, and the European Commission may modify this framework as necessary through delegated acts. A new obligation was adopted for all platforms to update, at least on a semi-annual basis, information on the average number of active recipients of the service in the accessible section of their interface. The Commission has produced non-legally binding guides available in all EU languages that set out the exact procedure for platforms to process information on the number of active users. For the first time, this obligation had to be fulfilled by 17 February 2023. Based on this obligation, the Commission identified the platforms that fall under the most stringent category. These platforms have 4 months from the notification of their status to comply with all the rules imposed on them by the DSA. So far, the Commission has included well-known platforms such as Facebook, Booking, Amazon, Instagram, LinkedIn, TikTok, YouTube, Wikipedia, Zalando, and others in this category. Platforms must then identify and mitigate systemic risks and report them directly to the Commission, as the Commission has the competence to supervise and enforce the new rules through these large platforms. These risks may be linked not only to the dissemination of illegal content but also to the spread of violence in the LGBTIQ context and the lack of protection for minors in the online ecosystem.

Here I would like to mention an interesting case that is before the EU Court of Justice. Following the Commission’s classification of the well-known trader Zalando as one of the so-called VLOPs, Zalando brought an action on 27 June 2023 before the EU Court of Justice against the Commission based his action on a number of pleas in law. First, they refuse the scope of DSA, as they do not consider themselves an intermediary service, and consequently, neither a hosting service nor an online platform. In addition, they consider the requirements for calculating the threshold value to be imprecise and in conflict with the principle of the

21 European Commission, 2022.
22 Recital 76 of Preamble to the DSA.
23 European Commission, 2023c.
24 Art. 24(2) of the DSA.
25 Art. 33(6) of the DSA.
26 European Commission, 2023d.
certainty of the EU acquis, which in consequence results in the unequal treatment of online platform providers. In addition, the action is based on an infringement of the principle of proportionality and a breach of the obligation to state reasons laid down in Article 296 TFEU, and simultaneously Zalando states that there is no ‘... subsumption under the definition of hosting service according to Article 3(g)(iii) of the DSA...’ As this is currently a case in progress, we look forward to a decision on this matter, which in our view will be able to subsequently set out clearer criteria for the application of the DSA to platforms.27

The benefits of the new legislation will be felt by all stakeholders. Naturally, they will be most noticeable for users, who will benefit from a safer environment, increased protection of rights, more relevant offers, and a lower risk of the spread of illegal content. For users of services for business purposes, the new regime brings the same benefits as well as uniform rules throughout the internal market, resulting in increased legal certainty.28 A level playing field should be set for all subjects, and we believe that space will be freed up for those promoting their goods and services on popular platforms by gradually eliminating illegally created profiles and unauthorised sellers, and creating an environment in which platforms do not arbitrarily regulate the ability of entrepreneurs to promote their products based on internal rules. Any interference in their activities, such as marketing, should be duly justified and mechanisms should be created through which entrepreneurs can have the practices of individual platforms investigated. The platforms themselves will also benefit from the new legislation, as they will receive uniform regulation throughout the internal market and, consequently, easier expansion within the EU.29 In the next section, we look at the most significant changes for both ordinary users and entrepreneurs.

3. The most significant changes introduced by the Digital Services Act

The changes brought about by the new legislation in the Digital Services Act lie beyond the scope of this article. We therefore decided to identify the changes which, from our point of view, will be the most tangible and relevant for users in their daily use of digital services offered by very large online platforms. We consider one of the most significant amendments to be the possibility of investigating the activities of a certain platform directly through the office in the Member State of the recipient. As previously mentioned, Member States will designate one or more competent authorities as digital service coordinators to supervise providers.30 These coordinators will cooperate and conduct joint investigations

27 Case in progress Zalando v Commission, T-348/23.
29 Ibid.
30 Art. 49 of the DSA.
and will be assisted by a new European Board for Digital Services. For the largest platforms, the Commission will be directly responsible for monitoring the implementation of the Regulation. In addition, the platforms must set up an independent Compliance Function responsible for ensuring compliance with the provisions laid down in the Regulation.

Regarding communication, the platforms must identify a contact point that will allow the authorities of the Member States and the Commission to communicate with them to implement the Regulation. They must also establish a point of contact for recipients of the services, which we see as a major benefit. Large platforms often moderate content, but also activities of different profiles. We have encountered information that various business profiles have been blocked or prevented from continuing to advertise their products on the grounds that they had violated some of their internal rules. Although they had the opportunity to object to the platform’s decisions, they were often met with only automated responses without success. Therefore, various guides and tips have been created on the Web on how to try to unblock profiles or advertising possibilities, where the result is not guaranteed and is often unsuccessful. Today’s legislation makes huge progress and changes the status quo in that it obliges platforms to allow the recipient to choose the way in which they interact with the platform and ‘which shall not solely rely on automated tools’. In addition, these large platforms are obliged to provide clear terms and conditions, which must be available in the language of the Member State in which they provide their services. In practice, we consider the obligation to provide substantiation to be one of the most significant steps.

Providers of hosting services shall provide a clear and specific statement of reasons to any affected recipients of the service for any of the following restrictions imposed on the ground that the information provided by the recipient of the service is illegal content or incompatible with their terms and conditions...

From our standpoint, users will be protected by these possibilities, and if it happens that, for example, a trader is blocked from promoting, he should be able to discuss the problem directly with the person on the platform, not just with the automatic system, and must be given proper reasoning; a general reference to a violation of the platform’s terms and conditions will not be sufficient. From our point of view, this will provide greater legal certainty and a more desirable

---

32 Art. 41 of the DSA.
33 Arts. 11 and 12 of the DSA.
34 Art. 12 of the DSA.
35 Art. 14(5)–(6) of the DSA.
36 Art. 17 of the DSA.
environment for the modern online ecosystem of the 21st century, not only for consumers and ordinary users, but also for companies providing or promoting their goods and services through these platforms.

New ways of protection and monitoring include content moderation and the elimination of illegal and harmful content. This causes the largest platforms to block millions of pieces of content and profiles annually. Similar to the suspension of profiles, when content is removed, the user has not always been provided with the opportunity to communicate directly with a person from the platform in practice, and often may not even have been given a specific reason for the removal of certain content that they have posted. The obligation to allow communication by means other than an automated system and the obligation to provide a statement of reasons also apply to content moderation. In addition, users will be able to easily report illegal content to the platforms, which will have to scrutinise these suggestions. Of course, there will be the potential for repeat reporting and unjustified suggestions, so it remains to be seen how platforms deal with these reports in practice. The only way we can see is by monitoring the IP addresses from which suspicious multiple reports arise and then consulting the Commission on the approach to be adopted to tackle these suspicious activities. Platforms must assess both the aforementioned risks and proliferation of illegal and harmful content and adopt measures to mitigate these risks. The reach of the large platforms has also clearly strengthened their position in the dissemination of illegal and harmful content and misinformation. The Digital Services Act allows for the moderation of content to remove such content but also underlines the legal certainty in being able to enquire into the reasons and in being able to effectively investigate the platform’s practices. Where we see some difficulty is in the definition of illegal and harmful content. The European Parliament has called for both terms to be clearly defined. Harmful content may be legal in nature as such. A different approach should be adopted to moderate harmful content than in the case of illegal content, which must be removed because it collides with the laws of the country in which it is published. Illegal content is defined by the DSA Regulation itself as

any information that, in itself or in relation to an activity, including the sale of products or the provision of services, is not in compliance with Union law or the law of any Member State which is in compliance with Union law, irrespective of the precise subject matter or nature of that law.

37 Holzberg, 2021.
38 European Commission, 2022.
39 Art. 35 of the DSA.
40 Recital 5 of Preamble to the DSA.
42 Art. 3(h) of the DSA.
The relatively clear definition of illegal content directly in the Regulation does not raise additional questions from our point of view. The problem is the definition of what is harmful content, although possibly lawful, and what is to be considered misinformation.

The Commission dealt with the concept of harmful content as far back as 1996, and it is already taking on a completely different dimension in the online environment. What remains, however, from our perspective, is that each state can essentially come to its own conclusion in defining the boundary between what is permissible and what is not. Within the EU, however, we do not perceive such a significant disparity in the cultures of the Member States that there could be any significant divergence on this issue. First, it is necessary to consider ethical standards, to ensure that users are protected from offensive material, to ensure compliance with fundamental human rights and values, and to preserve freedom of expression.43 Content that raises certain societal risks is inherently harmful and may undermine the effective protection of fundamental rights. Notwithstanding the foregoing, this formulation is vague, and we believe that only practice will gradually articulate the factors that determine the content to be harmful. A positive first step is to be able to be informed and receive clear reasoning for the moderation of published content. If users are dissatisfied with their reasoning, they can simply contact the relevant authority in their own language to request an investigation into the platform’s practices in this area. As large platforms deal with millions of pieces of content and profiles per year, we anticipate that it will be extremely expensive for them to staff a department and an entire contact centre to which users can refer their requests.

In the case of content moderation, it is crucial to strike a balance between removing illegal content and respecting fundamental human rights and freedoms guaranteed by several human rights treaties at the international level. This is an extremely challenging process that, from our point of view, cannot yet be fully automatised. As the Court of Justice has said ‘...a filtering system that might not distinguish adequately between unlawful and lawful content, ...would be incompatible with the right to freedom of expression and information...’44 The new legislation will create a number of new obligations for providers. Nevertheless, under the Directive on Electronic Commerce, they do not have a general monitoring obligation and one of the exculpatory grounds for liability for illegal content is that they have no knowledge of such content.45 Several times, the Court has declared certain obligations in the event that the provider had been notified of illegal content or had not removed the content in question after having specific

43 European Commission, 1996.
knowledge of it. ⁴⁶ We share the views of Advocate General G. Pitruzzella that providers are essentially information “gatekeepers.” In addition to their neutral position in disseminating information, they should be active in moderating content;⁴⁷ therefore, we think that the burden brought about by the new regulation is indeed necessary to ensure a safer online environment for EU users. Similarly, national legislation often regulates these issues, which imposes an obligation to remove illegal content, at least reflecting the order of the courts.⁴⁸

The related increased protection of minors within the online environment in the internal market will be another important change. In addition to the general novelties that apply to all users, minors are granted increased protection and a higher level of privacy and security when using online services. Targeted advertising tools based on the profiling of children will also be prohibited. Contrariwise, we see a potential problem in the fact that there is no obligation on ‘providers of online platforms to process additional personal data to assess whether the recipient of the service is a minor.’⁴⁹ However, to address this issue, legislation on personal data would probably need to be amended first, and only then would it be possible to require, for example, verification via ID cards.

The new rules also bring about changes in e-commerce allocated to large platforms. First, there is the aforementioned general possibility of effectively reporting profiles and sellers suspected of illegal business or offering illegal goods. If the platform allows a user to be linked to a specific trader, that user must have all the details of the trader before entering into a contract. This includes the name, address, contact details, electronic identification, payment account information, the registration number in the relevant register where the trader is registered, and self-certification by the trader that his activities are in conformity with Union law.⁵⁰ In our opinion, this benefit will be felt most by ordinary users, as the entire online space will gradually adapt, and profiles and sellers who offer illegal goods, do not have a business licence, or operate artificial profiles will be eliminated. Of course, this step will take time in practice, and users themselves will certainly help by gradually reporting these profiles. However, it will create a safe environment for consumers and open up opportunities for entrepreneurs within the EU to promote their business online. At the moment, a large number of entrepreneurs do not make use of the online ecosystem precisely because of the excessive number of different profiles which, for example, are not officially run and which are difficult to compete with. In addition to users, all entrepreneurs should be aware of this change and complete their profiles on various platforms with all the necessary

---

⁴⁷ Opinion of Advocate General G. Pitruzzella delivered on 7 April 2022, C-460/20, para.3, EU:C:2022:271
⁴⁸ Hulkó, 2021, p. 252.
⁴⁹ Art. 28 of the DSA.
⁵⁰ Art. 30(1) of the DSA.
information by 17.02.2024, so that the platform does not have the possibility of suspending their activity due to missing information. The Regulation is directly applicable and therefore creates direct obligations for businesses to provide this information if they wish to remain in the new and secure online environment. Under Article 30(3) of the DSA, providers should promptly request that traders complete missing information where necessary.51 In the context of e-commerce, platforms are still obliged at least to randomly check whether the goods or services offered by merchants are identified as illegal in the databases.52

The final benefit and change we mention is the customisation of ads targeting the platforms in question. First, it is also about giving them all the information about the reason they are seeing the ad, even assuming that it is profiling.53 They should also be provided with information about the person on whose behalf the advertisement is being presented, as well as the details of the person paying for the advertisement, provided that it is different from the one on whose behalf it is being presented.54 If we look at the settings of ads for example on Instagram, one of the biggest platforms, we see that there is an obligation to fill in the “Payer” field and also the “Beneficiary” field. The box is, for the time being, only for the name without the obligation to enter, for example, the identification number of the entity. The identification data of the advertisement payer is mandatory for invoicing, as before. It remains to be seen how the platforms will check these two new boxes and the truthfulness of the filled data.

In addition, with the new regulation, users are also protected against profiling of advertising based on race, ethnicity, political opinions, religion, sexual orientation, etc. This guarantee is not a new provision; it stems from the General Data Protection Regulation.55 Of course, the Digital Services Act introduces a number of other amendments, but for the purpose of this article, we have chosen to focus only on those that we consider most relevant and tangible in everyday practice for ordinary users of the largest platforms.

4. Conclusion

This article focuses on the new legislation on digital services contained in the Digital Services Act, which was adopted as part of the Digital Services Package. The relatively broad objective of ensuring a safer online environment and increasing the competitiveness of businesses determines the number of new rights and obligations arising from the Regulation for both users and service providers per se. The

51 Art. 30(3) of the DSA.
52 Art. 31(3) of the DSA.
53 Recital 68 of Preamble to the DSA.
54 Art. 26(1) of the DSA.
55 Art. 9(1) of the General Data Protection Regulation.
Regulation categorises service providers into several groups, and for the purposes of this article, we have chosen to focus exclusively on very large online platforms. The first reason is the high relevance of this topic, as at this very moment the first identified large platforms have four months to comply with the new horizontal rules of the DSA Regulation, regardless of whether they are established in the EU. This applies to all platforms that provide services to internal market users. The second reason for selecting this subcategory is that these platforms have the greatest impact on users in the EU, as they are the platforms used by at least 10% of active EU users.

As demonstrated in this article, the DSA Regulation brings a number of changes for users and the platforms involved. Users will benefit from a more secure environment. Consumers and merchants offering their goods through these platforms have gained a wide range of protection mechanisms if their content is moderated, their profiles are banned, or their promotional activities are restricted by the platforms. Replacing purely automated tools, they have the right to communicate directly with persons designated by the platforms through established contact centres, and any intervention must always be duly reasoned. Reference to a conflict with vaguely defined rules is out of the question. Here, we advise entities that already have restricted activities to reapply to the platform to verify their necessity. In the case of dissatisfaction, users have further options to resolve the situation and even have new authorities in their Member State to which they can simply turn in a language they understand. Similarly, e-commerce through large platforms will take on a different dimension, gradually eliminating profiles that do not operate legally, that offer illegal goods and that are unwilling to disclose all their data transparently. This will also open up a space in the online ecosystem for new EU companies and ensure greater competitiveness and benefits for consumers. Even if at first sight it seems that large platforms will not benefit from the new regime but only have a number of obligations, these platforms will benefit from a single predictable set of rules across the EU internal market and the easier expansion within the EU that this will facilitate.

The aim of the present article was to identify the most significant changes brought by the new legislation in our view. For this purpose, we have summarised those that we consider most beneficial to ordinary users. Naturally, practice can obstruct the application of the DSA Regulation. Problematic may be the unclear definition of harmful content and disinformation, or the inability of platforms to disregard unjustified repeated reports from the same user. We believe that the actual application in practice will clarify some of the vague provisions, and the case law of the Court of Justice will be able to fill the legal vacuum in some areas and ensure the effective implementation of the Regulation in practice. We consider this instrument essential for the current challenges facing the online environment of the EU internal market, and we believe that it will help raise the security of the online environment to the level enjoyed by the beneficiaries of the internal market in a non-online environment.
Bibliography


