

Intellectual Property Law



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Judgement in the Case L'Oreal v. eBay – scope of liability of online auction site owners in the event of selling counterfeit goods and original products not marketed with the consent of the producer - the proprietor of a trade mark.

On 12 July 2011, the Court of Justice of the European Union (“CJEU”) rendered judgment in the Case L'Oreal v eBay online auction site (C-324/09), in which a British court turned to the CJEU with a motion for settlement of the preliminary point regarding the conditions and the scope of liability of eBay.

The case pending before the British court concerned the sale on eBay of counterfeit goods bearing the trade mark protected for L'Oreal, as well as original goods bearing the trade mark of L'Oreal, which, however, were not intended for general sale (bottle-testers, perfume samples). They did not include original packaging and/or were earmarked for specific markets such as North America, outside of those in which they were sold (in the countries of the European Economic Area).

The question of eBay's liability arose from the fact that eBay facilitated the sale of such products by creating the possibility of linking a search result, obtained by typing the keyword containing the trade mark into a search engine, with the sponsored link including the protected trade mark which contained the website of the seller. On this website, the seller offered various goods, some of which were counterfeit, and some original, but the original ones were samples or goods without the original packaging.

In this regard, the key questions put to the CJEU included:

- is it sufficient to direct a sales offer towards a group of recipients in a country in which this trade mark is protected, in order to prevent the sale of goods bearing the protected trade mark without the consent of the trade mark holder?

- does the sale of perfume samples and testers (which are often even marked as “tester, not for sale”) mean the sale of goods marketed with the consent of the trade mark holder as well?
- is the trade mark holder entitled to claim for a ban on the sale of goods without the original packaging, even if such goods do not bear any trade marks, information about the producer, expiry date of the goods and it does not affect the company's or products' image?
- can the offering of a service which consists in search results including links that contain protected trade marks, activation of which directs to a store selling original and counterfeit products, be classified as the use of the trade mark in relation to goods infringing the trade mark?

The CJEU held that the question of whether an online sale is directed to recipients in a given country, should always be determined by the national court, whereas, in order to recognize that the offer is targeted to a specific group of recipients, it is not sufficient that the website is available for internet users in this country. The samples of original products or testers are not goods marketed with the consent of the trade mark holder, and therefore there is no so called “exhaustion” of rights in a trade mark taking place in their case. Furthermore, the trade mark holder may oppose the sale of goods without packaging if the lack of packaging results in no information about the producer or distributor. Nevertheless, even if the removal of a package does not result in the lack of the above information, the trade mark holder may oppose the sale of products without packaging if it negatively affects the image of the product and the brand.

The trade mark holder may also oppose the use of the key words containing trade marks in search engines, so that the links to websites offering goods, which are difficult to identify as coming from the producer or a third party by the average Internet user, appear after entering the key words.

The CJEU stated that the provisions of the Directive on electronic commerce (2000/31/EC) apply to the online site also if it does not work actively in a manner allowing it to gain knowledge of the nature of the stored data, or to exercise control over these data. It is assumed that the entity which plays an active part, provides support in the optimization of presenting sales offers or their promotion. However, even if the website did not provide active support, it can not be exempt from liability for infringement, if it was aware of the circumstances under which an entrepreneur acting with due diligence finds out that the offering of such products for sale may cause an infringement of the law, and, having such awareness, has not taken action to remove such sales offers or prevented access to them.

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The judgment on the Case L'Oreal v eBay is part of the previous CJEU jurisprudence line in matters relating to trade mark infringement on the Internet, including *inter alia* the joined case Google C -236/08 and C-238/08 as well as in C-278/08 Bergspechte, in which the CJEU found that a trade mark holder has the right to oppose promotional activities by linking a key word that contains a trade mark in search engines for obtaining search results, where the average recipient is not able to find out whether they relate to products from the producer or third parties. These rulings are important for determining the liability of the electronic services provider which can be exempt only if such an entity is not aware of the facts or circumstances which clearly indicate illegality or takes immediate action to prevent access to information after obtaining such knowledge or being notified thereof.

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