

Trade mark owners responsible for protecting their trade marks on eBay

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In Practice

- The steps trade mark owners should take to protect their trade marks on eBay (and similar sites) against infringement and counterfeiters include monitoring and notifying eBay of potentially infringing listings through the VeRO program.
- Auction sites, such as eBay, should ensure that they do as much as possible to stop the sale of infringing and counterfeit goods. This should involve notification programs, policy development and dedicated staff dealing with infringement.
- Where an auction site has knowledge that counterfeit or other infringing products are being sold on its site, it should take immediate action to take down the listing and educate the parties on their illegal behaviour.

Since a report in the *Internet Law Bulletin* on this issue last year,¹ recent decisions in Europe have further clarified the obligations of rights owners in relation to policing their rights on the online auction site eBay.

On 22 May 2009, Arnold J of the UK High Court found that eBay Europe was not jointly liable for trade mark infringement committed by certain eBay sellers (UK L'Oreal Case).²

Even though eBay was found to be facilitating and profiting from the infringement of a third party's rights, his Honour found that mere facilitation was not enough to establish joint liability. Relevantly, it was held that eBay was under no duty to prevent third parties from infringing L'Oreal's, or anyone else's, trade marks. The significant actions taken by eBay to prevent or minimise the sale of counterfeit and other infringing goods (particularly the VeRO program) were relevant to this determination.

The decision in the UK L'Oreal case was consistent with other recent European decisions in France and Belgium which held that eBay was not liable for the sale of infringing and counterfeit L'Oreal goods on the eBay site. In each of these decisions it was found that eBay had met its legal obligations to prevent the sale of counterfeit and other infringing products.

Similarly, a US District Court held in July 2008 that eBay's use of the TIFFANY trade marks were a "protected, nominated fair use of the marks" (US Tiffany case).³ The court also found that eBay was not liable for

contributory trade mark infringement by sellers. It was relevant that eBay responded immediately to and acted on concerns raised by Tiffany & Co through eBay's VeRO program and through other measures. Ultimately, the court found that Tiffany must bear the burden of protecting its trade mark. The decision was upheld on appeal.

Despite the findings in the UK L'Oreal case, Arnold J expressed a view that it was possible that eBay "could do more" to combat the sale of counterfeit and other infringing products. Some of the suggestions put forward by L'Oreal, and agreed to by his Honour, were to:

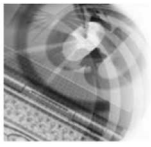
- filter listings prior to publishing;
- use additional filtering to prevent the sale of counterfeit/infringing products;
- impose additional restrictions on the sale of products in high volumes; and
- be more rigorous in suspending accounts linked to repeat offenders.

These concerns can be contrasted with Sullivan's J's praise for eBay's efforts and significant investment into anti-counterfeiting, monitoring and enforcement of rights in the US Tiffany Case.

These recent decisions assist, for the moment, in clarifying the rights and liabilities of trade mark owners and eBay. However, as the UK L'Oreal case is awaiting further guidance from the European Court of Justice on points of EU law, this may not be the end of this matter. In the interim, the recent decisions in eBay's favour appear to make it clear that the responsibility for monitoring and enforcement of rights rests with trade mark owners. However, once notified, eBay and other such auction websites must ensure that they too perform their obligations to avoid liability.

Accordingly, trade mark owners should actively monitor such sites and, where their rights are being infringed, utilise existing notification programs (such as VeRO) or, where no such programs exist, notify the auction site of its concerns and insist on the protection of their rights.

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Footnotes

1. Krmek A "eBay faces legal challenges on liability for trade mark infringement" (2008) 11(7) *INTLB*.
2. *L'Oreal SA v Ebay International AG* [2009] All ER (D) 169 (Jun); [2009] EWHC 1094 (Ch); (2009) 81 IPR 135 (Ch) (22 May 2009).
3. Tiffany (NJ) Inc v eBay, Inc No 04 CIV 4607, US District Court for the Southern District of New York, 14 July 2008.

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