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**Comparative Study on the Liability for Trademark Infringement  
of Online Auction Providers**

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## Abstract

Despite global economic downturn, online trade, in particular the sale of counterfeit goods via the Internet, continues to soar. An important player in this game is the online auction provider. Though it is not the direct infringer, trademark owners see it as the logical legal defendant. Due to the nature of online auction, an online auction provider may be sued by the same or different plaintiffs in different jurisdictions. Not surprisingly, the outcome of litigation varies from court to court. This fragmented approach of different courts to the liability of online auction providers calls for harmonization of the law. Focusing largely on the recent lawsuits against Ebay in different jurisdictions, this article suggests that an improved solution based on the German model may be the best way forward.

## I. Introduction

With global warming and globalization, online auction providers found themselves caught not only in the summer heat of 2008 but the legal fanfare of different jurisdictions. From late April to the end of July of 2008, Ebay, the largest online auction provider in the world, had appeared as a defendant five times before four different national courts for its role in facilitating the sale of counterfeit products on its site.<sup>1</sup> In the same period, another online auction provider, Ricardo.de Aktiengesellschaft, was also sued and tried on essentially the same issues before the German Federal Court.<sup>2</sup> These lawsuits are only some of the illustrations of the perennial conflict between the rights owners of luxury products and those consumers

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<sup>1</sup> Ebay appeared before the French, Belgium, American and French Courts. This will be further elaborated in the paper.

<sup>2</sup> *Rolex v. Ricardo.de*, Bundesgerichtshof [BGH] [Federal Court of Justice] Apr 30, 2008, I ZR 73/05 (F.R.G.), hereinafter *Rolex*, English translation *available at* [http://fortunelegalpad.files.wordpress.com/2008/10/ricardo-rolex-bgh\\_en.doc](http://fortunelegalpad.files.wordpress.com/2008/10/ricardo-rolex-bgh_en.doc).

who desire luxury brands but are only willing to pay a fraction of their full price.

As is typical of intellectual property disputes on the Internet, the rights owners in these cases also chose to sue the service providers, namely, the online auction providers such as Ebay and Ricardo.de. Confronted with such lawsuits, different national courts have adopted different approaches to resolve the dispute.

In the French Court, Ebay was held liable in three different lawsuits for “committing gross negligence by not fulfilling its obligation to make sure that its activity did not generate illegal acts.”<sup>3</sup> Such an obligation was imposed upon Ebay because it was held to provide not merely hosting service but also act as a broker, and was thus subject to the common regime of civil liability. In marked contrast, the Belgian Court<sup>4</sup> and the U.S. Court<sup>5</sup> ruled otherwise. The Belgian Court emphasized the role of Ebay as a mere host which had no general obligation to monitor the information it hosted and would not be liable for such information unless it was aware

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<sup>3</sup> *Christian Dior Couture SA v. Ebay Inc., eBay International AG* [hereinafter *Dior*], June 30, 2008, p.17(Tribunal de Commerce [T.C.] [Commercial Court] Paris, June 30, 2008, RG No. 2006077807, English translation available at <http://fortunelegalpad.files.wordpress.com/2008/10/lvmhebaydior.pdf>); *Hermes International v. Cindy Feitz, eBay France and eBay International AG* [hereinafter *Hermes*] June 4, 2008 (Tribunal de grande instance [T.G.I.] [Court of First Instance] Troyes, June 4, 2008, RG No. 06/02604, English translation available at <http://fortunelegalpad.files.wordpress.com/2008/10/certifiedenglishhermeslvmhdior12.pdf>); *Louis Vuitton Malletier v. eBay Inc., and eBay International AG* [hereinafter *Louis Vuitton*], June 30, 2008 (Tribunal de Commerce [T.C.] [Commercial Court] Paris, June 30, 2008, RG No. 2006077799, English translation available at <http://fortunelegalpad.files.wordpress.com/2008/10/lvmhebay.pdf>)

<sup>4</sup> *Lancôme Parfums et Beaute & Cie.v. Ebay International AG, Ebay Europe SARL and SPRL* [hereinafter *Lancôme*] Belgium, Comm. Bruxelles. 28 May, 2008, A/07/06032, English translation available at [http://fortunelegalpad.files.wordpress.com/2008/10/br-3116837-v1-sworn\\_translation\\_judgment\\_31\\_7\\_08\\_tribunal\\_de\\_commerce\\_br\\_a\\_07\\_060321.pdf](http://fortunelegalpad.files.wordpress.com/2008/10/br-3116837-v1-sworn_translation_judgment_31_7_08_tribunal_de_commerce_br_a_07_060321.pdf).

<sup>5</sup> *Tiffany (NJ) Inc. and Tiffany and Company v. Ebay, Inc* [hereinafter *Tiffany*], No. 04 Civ. 4607, Southern District of New York, July 14, 2008, at <http://www1.nysd.uscourts.gov/cases/show.php?db=special&id=832008> (*Tiffany (NJ) Inc. v. Ebay, Inc.*, 576 F.Supp.2d 463 (S.D.N.Y. 2008) .

of its illegal nature and did not act promptly to remove the information. In a similar vein, the US Court held that Ebay's responsibility was limited to cases in which it had specific knowledge of trademark infringement. Furthermore, this responsibility was confined to taking down the objectionable items, and there was no obligation to preemptively remove items based on generalized knowledge that they might be counterfeit goods.

Lying somewhat between these opposite verdicts is the decision of the German Court which also found the online auction provider liable, but for reasons different from those of the French Court. According to the German Court, the online auction provider was liable for breach of its examination duties as an "interferer". Such duties required the interferer, after it had been notified of a clear trademark infringement, to promptly remove the objectionable item and ensure that similar trademark infringement would not reoccur. Furthermore, such duties would extend to preventing similar infringements of *other* brand names of the trademark owner.

Whatever the verdicts of these national courts were, at the heart of the debate are these questions: who should bear the burden of policing and protecting trademarks in the online auction trade? And what is the proper approach to strike a fair balance in allocating responsibilities between the trademark owners and the online auction providers? These are the questions that this paper attempts to answer.

## II. The Online Auction Market

One vexing issue before various national courts was the role of the online auction provider in the sale of counterfeit products. In all cases, the basic argument of the online auction provider was that it was a mere hosting site for sellers to list and sell their products. As such, it should not be liable unless it had specific knowledge of counterfeit items listed on its site and did not take prompt action to remove them. Before deciding whether such an argument is sustainable, one has to understand the operation and scale of the online auction trade. The present analysis will focus on Ebay, which is representative of the trade for being the largest and leading online auction provider with 248 million users<sup>6</sup> and an annual business volume of US\$70 million.<sup>7</sup>

Founded in the US in 1995, this online marketplace currently operates 21 websites in eight languages. By May of 2009, Ebay has more than 7.3 million new listings posted daily.<sup>8</sup> At any given time, it has 125 million listings on its site.<sup>9</sup> Over 300 million users have registered with Ebay, of which 84 million are active. Its slogan is “to offer, sell or buy almost anything you want to anyone, anywhere, and at any

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<sup>6</sup> Luis Vuitton, *supra* note 3, at 1.

<sup>7</sup> Lancôme, *supra* note 4, at 3.

<sup>8</sup> *L'Oréal S.A. et al. v. Ebay International AG and others.*, [2009] EWHC 1094 (Ch) at para. 12..

<sup>9</sup> *Id.*

time.”<sup>10</sup> Other than providing a platform by allowing listing of sale items, sellers have to pay an initial insertion fee.<sup>11</sup> For successful transactions, sellers have to pay 5.25% to 10% of the final value to Ebay.<sup>12</sup> In 2008, the revenue of Ebay reached US\$8.54 billion with an income of \$1.78 billion. In 2006 alone, 33% of Ebay’s income was from insertion fees and 45% from final value fees.<sup>13</sup> Of these revenues, a large portion was derived from the sale of counterfeit products. It was recorded that between 2000-2005, there were 456,551 sales of Tiffany products on Ebay, from which Ebay earned US\$4.1 million.<sup>14</sup> But it was estimated that at least 75% of those products were counterfeit and only 5% were genuine.<sup>15</sup> It was also reported that only 5% of online offers of Gucci products and 2% of Louis Vuitton products were real.<sup>16</sup> In 2007, 67 false perfumes of Lancôme were on sale at Ebay.<sup>17</sup>

In light of the above, one may wonder whether Ebay is indeed a mere passive host providing an online platform, and what it has done to combat the sale of counterfeit products on its platform. The answer to this can be found by looking at two important aspects of Ebay’s operation. First, Ebay provides to both the sellers and buyers, before and after the sale, various services such as helping with drafting

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<sup>10</sup> Quoted in Dior, *supra* note 3, at 9A.

<sup>11</sup> Tiffany, *supra* note 5, at 8.

<sup>12</sup> *Id.*

<sup>13</sup> *Id.* at 8.

<sup>14</sup> *Id.* at 14.

<sup>15</sup> *Id.* at 15.

<sup>16</sup> Hannes Rosler, *Anti-Counterfeiting in Online Actions from the Perspective of Consumers’ Interests*, 37 (7) INT’L REV. OF INTELLECTUAL PROPERTY AND COMPETITION LAW 771, 784 (2006).

<sup>17</sup> Lancôme, *supra* note 4,, at 4

advertisements, offering sales and purchase advice, ranking the advertisements, and proposing other products.<sup>18</sup> It also provides software for setting up the item listings and storing listing information on its servers.<sup>19</sup> It works closely with sellers by giving seminars and workshops to educate them on growing their business and creating "perfect" listings to attract buyers.<sup>20</sup> Users who regularly sell large quantities are designated as "Powersellers", which Ebay will provide more assistance and benefits, including reimbursements of advertisements, access to health care benefits, and business liability insurance.<sup>21</sup>

Second, Ebay exercises control and monitoring of its site. Certain categories including drugs, firearms and alcohol products are barred.<sup>22</sup> Ebay has a three-strike rule for suspension against any seller who is found selling infringing items.<sup>23</sup> Ebay has a fraud engine to screen and remove specific terms like "counterfeit" and "replica."<sup>24</sup> It maintains a Verified Rights Owner (VeRO) Programme, whereby

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<sup>18</sup> Tiffany, *supra* note 5, at 9.; *see also* eBay: Learning Center: Buying, <http://pages.ebay.com/education/buying.html>; eBay: Learning Center: Selling, <http://pages.ebay.com/education/selling.html>

<sup>19</sup> *Id.* at 43; *see* Seller Tool at Ebay at [http://pages.ebay.com/sell/tools.html?\\_trksid=m37](http://pages.ebay.com/sell/tools.html?_trksid=m37).; *see also* eBay: Learning Center: Increase Your Sales: Selling Tools, <http://pages.ebay.com/education/advanced/SellingTools.html>

<sup>20</sup> eBay University: Index, <http://pages.ebay.com/university>; eBay: Workshops, <http://workshops.ebay.com/forum.jspa?forumID=93>

<sup>21</sup> Tiffany, *supra* note 5, at 43.; *see also* eBay Services: Buying and Selling Tools: PowerSellers, <http://pages.ebay.com/services/buyandsell/powerseller/benefits.html>

<sup>22</sup> *Id.* at 43.; *see also* Prohibited and Restricted Items – Overview, <http://pages.ebay.com/help/policies/items-ov.html>

<sup>23</sup> *Id.* at 24.; *see also* Seller Activity Limits, Blocked Listings, and Restricted Accounts, <http://pages.ebay.com/help/buy/limits-on-sellers.html>

<sup>24</sup> *Id.* at 10.



rights owners can report to Ebay any listing of potentially infringing items.<sup>25</sup> Rights owners may also create an “About Me” webpage on the Ebay website to inform users about their products, intellectual property rights and legal positions.<sup>26</sup> Ebay will ban listing of items upon specific requests by rights owners.<sup>27</sup>

As neatly summarized by Judge Richard Sullivan of the US Court in *Tiffany v Ebay*, Ebay's profile can be described as follows: it exercises a considerable degree of control over the transactions on its site, maintains active relationships with its sellers, and earns substantial profits from listing of items and completion of sales.<sup>28</sup> Similar observations have also been made by other courts before which Ebay appeared. The Belgium Court ruled that Ebay's activities went beyond the role of a mere storage of data on behalf of third parties.<sup>29</sup> The US Court ruled that Ebay was analogous to a flea market and auction house.<sup>30</sup> To the French Court, Ebay was a brokerage site, rather than a hosting site.<sup>31</sup> And the German Court held that Ricardo.de, the equivalent of Ebay, was an interferer making causative contribution to the trademark infringements

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<sup>25</sup> *Id.* at 11; *see also* How eBay Protects Intellectual Property (VeRO), <http://pages.ebay.com/help/tp/programs-vero-ov.html>; eBay: VeRO, <http://pages.ebay.com/vero/about.html>; Reporting Intellectual Property Infringements (VeRO), <http://pages.ebay.com/help/tp/vero-rights-owner.html>

<sup>26</sup> *Id.* at 34.; *see also* eBay: VeRO, <http://pages.ebay.com/help/community/vero-aboutme.html>

<sup>27</sup> *See* Why eBay May Remove Your Listing, <http://pages.ebay.com/help/sell/questions/listing-ended.html>; What is VeRO and why was my listing removed because of it?, <http://pages.ebay.com/help/policies/questions/vero-ended-item.html>

<sup>28</sup> *Tiffany*, *supra* note 5, at 44.

<sup>29</sup> *Lancôme*, *supra* note 4, at 6.

<sup>30</sup> *Tiffany*, *supra* note 5, at 44.

<sup>31</sup> *Dior*, *supra* note 3, at 10.

by a third party.<sup>32</sup>

In short, these different national courts all agreed that Ebay was not a passive host. What these courts could not agree is the entailing responsibility that an online auction provider should shoulder.

### **III. The Legal Battle: Same Players, Different Rulings**

What proves to be critical, and which accounts for the differences in the decisions of the various national courts, is how they have perceived the role of the online auction provider in the trade.

#### **A. Before the Belgian Court: A Host**

As a member of the European Union, Belgium is bound by the E-Commerce Directive of 2000.<sup>33</sup> To ensure the continued free flow of information on the Internet and the development of e-commerce,<sup>34</sup> the Directive has granted certain exemptions to online intermediaries under the conditions set out in Articles 12 to 15. Belgium adopted the Directive in 2003, which was applied by its Commercial Court in

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<sup>32</sup> Rolex, *supra* note 2, at 13.

<sup>33</sup> Directive 2000/31/EC of the European Parliament and of the Council of 8 June 2000 on Certain Legal Aspects of Information Society Services, in particular Electronic Commerce in the Internet Market (Directive on Electronic Commerce), OJ, 17.7.2000, L 178/1.

<sup>34</sup> See discussion in Patrick Van Eecke and Barbara Ooms, *ISP Liability and the E-Commerce Directive: A Growing Trend Toward Greater Responsibility for ISPS*, 11(4) J. INTERNET L. 3 (2007).

*Lancôme v Ebay*.<sup>35</sup>

In *Lancôme v Ebay*, the plaintiff sought to prevent Ebay from displaying on its website various sales offers which Lancôme deemed as illegal, including advertisements of products presented as imitation, copy, reproduction or smell-alike of Lancôme products. Ebay resisted by asserting that it was a mere host for the information shown on its website and it thus enjoyed the exemptions conferred by Articles 12-15 of the E-Commerce Directive. (Under the Belgian law, hosting is defined as the service of “storing information provided by a recipient of the service”.<sup>36</sup>) Ebay claimed that its activities of simply transmitting information (“mere conduit”, Article 12), of automatic, intermediate and temporary storage of information (“caching”, Article 13), and of hosting activities (Article 14) were all exempted from liability.<sup>37</sup> Most importantly, it had no general obligation to monitor the information it hosted under Article 15.

The Court agreed to the above analysis. In its opinion, although Ebay conceded that it had provided various services to the sellers, it was only the hosting activities performed by Ebay that were criticized and challenged by Lancôme. Thus, to the Belgian Court, the contentious issue simply related to the hosting or display of information, and Ebay should benefit from the exemptions under Articles 12 to 15 of

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<sup>35</sup> *Lancôme*, *supra* note 4, at 5.

<sup>36</sup> *Id.* at 6.

<sup>37</sup> *Id.* at 5.

the E-Commerce Directive. Accordingly, as Ebay did not have actual knowledge of illegal information it hosted or was not aware of any facts or circumstances suggesting such illegal nature, and upon obtaining such knowledge or awareness, it had acted promptly to remove the information or render it inaccessible, Ebay was not liable.

More notably, the Belgian Court held that even after Ebay had been notified of illegality, it had no duty to take measures to prevent a similar illegality from reoccurring, as the particular status reserved by the E-Commerce Directive and the Belgian law for providers of host services opposed this.<sup>38</sup> Indeed, as confirmed by the Court, Ebay had “no other positive obligation... neither a general obligation of monitoring or an obligation to take a minimum amount of samples, or any obligation to set in place security or filtering procedures, or any specific obligation of advice.”<sup>39</sup>

It is submitted that the above ruling is unnecessarily artificial and narrow, particularly when the Court also noted the “composite nature” and “mixed qualification” of Ebay. As observed by the Court, apart from being a host, Ebay also played the role of “publisher of an intermediate service assuming as such responsibility for the graphic and commercial environment of the presentation of adverts”.<sup>40</sup> Thus it is artificial to rule that so long as Ebay could demonstrate that it

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<sup>38</sup> *Id.* at 11.

<sup>39</sup> *Id.* at 11.

<sup>40</sup> *Id.* at 7.

provided a service which enjoyed the exemptions under the E-Commerce Directive, that service would be exempted "whatever moreover [sic] the activities that this intermediary exercises via its internet site and the profit that it draws from this".<sup>41</sup> This has completely overlooked Ebay's responsibilities that might arise from the other role it played. By focusing merely on Ebay's hosting service, the Belgian Court was led to rely on Article 15 of the E-Commerce Directive to rule out any obligation of monitoring, even for monitoring of clear cases of infringement (such as items described as "replica", "copy" or "imitation" of famous brand products). Such a narrow view is not justified, and perhaps can only be explained by the fact that Lancôme's complaints were targeted merely at the hosting activities of Ebay.

### **B. Before the French Commercial Court: A Broker**

Despite being in the same regime of the European Union, the French Court has charted a different course from the Belgian Court by emphasising the mixed roles of Ebay in being a host and an online broker. Three judgments concerning Ebay's liability were delivered by the French Court in June 2008.<sup>42</sup> The lawsuits were brought by Hermes International (Hermes), Christian Dior Couture and Louis Vuitton Malletier (Louis Vuitton). In all these cases, Ebay was found liable.

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<sup>41</sup> *Id.*, at 8.

<sup>42</sup> *See supra* note 3

In *Hermes International v. Cindy Feitz and Ebay*, Ebay was found liable for “not fulfilling their obligation of monitoring absence of illegal use of its site in the sense of Section L.713-2 of the French Intellectual Property Code.”<sup>43</sup> In *Christian Dior Couture v. Ebay*, Ebay was found liable for “committing gross violations of omission and negligence, violating ... Sections 1382 and 1383 of the Civil Code”,<sup>44</sup> because Ebay “did not fulfill its obligation of making sure that its activity does not result in illegal acts ... causing prejudice to other businesses”.<sup>45</sup> The same reasoning was employed in *Louis Vuitton v Ebay* to find Ebay liable.

The arguments in *Louis Vuitton* are representative of these three cases. As in the *Lancôme* case before the Belgian Court, the critical issue in *Louis Vuitton* lies in Ebay’s status as an online auction provider. Ebay contended that it was a mere host entitled to benefit from Sections 6.1.2 and 6.1.7 of the *Law on Confidence in the Digital Economy (LCEN)*,<sup>46</sup> the French implementation of the E-Commerce

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<sup>43</sup> *Hermes*, *supra* note 3, at 17. Section L.713-2 of the French Intellectual Property Code reads “The following shall be prohibited, unless authorized by the owner: a) The reproduction, use or affixing of a mark, even with the addition of words such as ‘formula, manner, system, imitation, type, method,’ or the use of a reproduced mark for goods or services that are identical to those designated in the registration; b) The suppression or modification of a duly affixed mark.” For Official English translation, see LegiFrance at <http://195.83.177.9/code/liste.phtml?lang=uk&c=36>. For discussion of the case, see Patrick Van Eecke and Maarten Truyens, *Recent Events in EU Internet Law*, 12(2) J. INTERNET L. 25 (2008).

<sup>44</sup> *Christian Dior Couture*, *supra* note 3, at 12. Section 1382 of the French Civil Code stipulates that “any act whatever of man, which causes damage to another, obliges the one by whose fault it occurred, to compensate it.” Section 1383 reads “everyone is liable for the damage he causes not only by his intentional act, but also by his negligent conduct or by his imprudence.” For Official English translation, see LegiFrance at <http://195.83.177.9/code/liste.phtml?lang=uk&c=22>.

<sup>45</sup> *Id.*, at 11.

<sup>46</sup> LCEN Law (Loi sur la confiance dans l’économie numérique), June 21, 2004. The original text in French is available at <http://www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT000000801164&dateTexte=>

Directive.<sup>47</sup> Ebay argued that under Section 6.1.2, it should not bear any civil liability because of information stored at the request of a recipient of its services, provided that it did not have actual knowledge of its illegality or the facts and circumstances showing that character, or if it did, it acted promptly to remove the information or make it inaccessible.<sup>48</sup> Furthermore, pursuant to Section 6.1.7, Ebay was not subject to the general obligation of monitoring information stored on its site.

To the French Court, Ebay's role as a host was not disputed.<sup>49</sup> However, it was equally clear to the Court that Ebay was also a broker, since it engaged in paid commercial activities and played a "very active role" to increase the number of transactions generating commissions for its benefit.<sup>50</sup> In the Court's opinion, Ebay's hosting and brokerage services were indivisible. As a broker, Ebay offered a service "which, by its very nature, did not imply lack of knowledge and control of the information transmitted on its site."<sup>51</sup> Accordingly, Ebay could not benefit from the exemptions granted to hosts and had to be subject, just like any commercial player, to obligations under the general system of civil liability.

On this premise, the French Court found that Ebay had failed to fulfill its

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<sup>47</sup> See Van Eecke and Truyens, *supra* note 43.

<sup>48</sup> *Id.*

<sup>49</sup> Louis Vuitton, *supra* note 3, at 8. Ebay's defence was more elaborate in the *Hermes case* which it asserted that it only "hosts the content of ads put on line by the sellers, but is not involved in the transactions between buyers and sellers, does not perform any control of quality, safety or legality of listed objects, truthfulness or exactness of the ads, put on line, capacity of sellers to sell such goods or services, or the capacity to pay for them and does not guarantee that the seller or auctioneer will conclude the transaction." *Hermes*, *supra* note 3, at 14.

<sup>50</sup> Louis Vuitton, *supra* note 3, at 11.

<sup>51</sup> *Id.*

obligations in the following respects: (1) to ensure that its business would not generate any illicit actions to the detriment of other economic players; (2) to verify that the sellers who habitually carried out numerous transactions on its site were duly registered with the competent authorities; (3) to monitor its site to remove advertisements relating to "quite obviously" infringing items, either through the captions (such as "a fine imitation of a famous Louis Vuitton design") or simply on the basis of the prices asked and the quantities offered; and (4) to set up efficient and appropriate means to combat infringement. On the last point, the Court specifically suggested that Ebay should have done the following: (1) obliged the sellers to provide, upon request, a purchase invoice or a certificate of authenticity of the products put on sale; (2) punished any seller of counterfeit merchandise by terminating its account as soon as the breach was ascertained; and (3) immediately withdrew any illicit advertisements notified by the trademark owners.<sup>52</sup>

Since it was held that Ebay's role as a broker did not imply lack of knowledge, the above obligations were deemed to arise even in the absence of notification of infringements from trademark owners. In the eyes of the French Court, Ebay's failure to fulfill these obligations constituted gross violations of omission and negligence under the French law.

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<sup>52</sup> *Id.*



From the three French decisions, it is clear that the French Court's focus was on what Ebay could have and should have done, rather than what Ebay had actually done. While the French Court has rightly pointed out the dual nature of Ebay as a host and a broker, the duty it has imposed on Ebay under the general system of civil liability is too onerous. Even on the mere basis of the prices asked and the quantities offered, Ebay is expected to remove the advertisements and block the transactions. This, in effect, is demanding a filtering system based on suspicion of infringement without specific knowledge. Such an approach is overly harsh on the online auction providers and too protective of the trademark owners. As will be seen below, this is what the U.S. Court has described as shifting the burden of monitoring to the online auction provider merely for "reasonable anticipation" of illegality based on "generalised knowledge", and which the US Court has firmly rejected.<sup>53</sup>

### **C. Before the German Federal Court: An Interferer**

Before the summer of 2008, the German Federal Court (BGH) already had ample opportunities to tackle the issue of counterfeit products sold on online auction sites.

As early as in 2004, the Federal Court ruled in *Montres Rolex S.A. v. Ricardo.de AG* that online auction providers were entitled to the exemption under Article 14 of the

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<sup>53</sup> For comparison of the French and U.S. approaches, see Charles R. Macedo, *Ebay: A Tale of Two Defences*, INTELLECTUAL PROPERTY LAW OF AMSTER, ROTHSTEIN & EBENSTEIN LLP, Aug. 22, 2008 at <http://www.ARElaw.com>.

E-Commerce Directive and that direct liability would not be imposed on them for trademark infringement if the infringing acts were committed by the sellers.<sup>54</sup> In that case, Ricardo.de had already blocked the sale of Rolex watches that were the subject of complaint, but it refused to implement a mechanism to check all items sold on its site. The Court held that Ricardo.de had no obligation to monitor its site for infringement. It was only when Ricardo.de had actual notice of possible trademark infringements would it have to remove the items in question.

However, the Court also indicated that the E-Commerce Directive would not bar a plaintiff from applying for injunctive relief in trademark cases. Furthermore, upon receiving actual notice, the online auction provider might be liable for being an “interferer” unless they had employed appropriate measures to filter out similar offers, and used technically possible and reasonable means to avoid similar infringements in the future.

The reasoning in *Montres Rolex S.A. v. Ricardo.de AG* was reiterated in a 2007 judgment by the Federal Court in *Rolex SA v. Ebay GmbH*.<sup>55</sup> What remained uncertain was the extent of the obligation of preventing infringements by “technically possible” and “reasonable” means.<sup>56</sup>

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<sup>54</sup> *Montres Rolex S.A. v. Ricardo.de AG*, Case I ZR 304/01, 37 IIC 573 (2005) March 11, 2004. See discussion in Rosler, *supra* note 16 at 784.

<sup>55</sup> Unreported, April 19, 2007, see discussion in Christian Rutz, *Germany: Trade Marks – Auction Sites’ Liability for Counterfeits*, 29(10) E.I.P.R. 113-114 (2007).

<sup>56</sup> *Rolex*, *supra* note 2, at para. 51, referring to the 2004 decision.

In April 2008, the Federal Court was presented with another opportunity to address the above uncertainty. In *Rolex v. Ricardo.de*,<sup>57</sup> Rolex found on the website of Ricardo.de blatant counterfeit items expressly described as “copy” or imitation products, and sought an injunction against Ricardo.de. After establishing that the sellers of those counterfeit items were acting on a "commercial footing", the Court held that Ricardo.de was liable as an interferer for offering fake Rolex watches on its site, and that Rolex was entitled to an injunction under Sections 14(2) (1) and 14(2)(2) of MarkenG (Trademark Act),<sup>58</sup> and Section 1004 of BGB (Civil Code).<sup>59</sup> As explained by the Federal Court, interferer's liability would be incurred by a person if it had "willfully and adequately made a causal contribution to the infringement of an absolute right".<sup>60</sup> The basis of this liability was breach of an "examination duty" the scope of which depended on the extent to which the alleged interferer could

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<sup>57</sup> Rolex, *id.*

<sup>58</sup>Section 14(2) of the Trademark Act reads – “Third parties shall be prohibited from using in the course of trade without the consent of the proprietor of the trademark

1. any sign identical with the trademark in relation to goods or services which are identical with those for which the trademark is protected,

2. any sign where, because of its identity with, or similarity to, the trademark and the identity or similarity of the goods or services covered by the trade- mark and the sign, there exists a likelihood of confusion on the part of the public, which includes the likelihood of the sign and the trademark becoming associated in the mind of the public. English translation of the table of contents of the Trademark Law is at German Trademarks – Applicable Provisions at <http://www.internetmarken.de/markeng.html>.

<sup>59</sup> Rolex, *supra* note 2 , at para. 21, p. 13. Section 1004 of the German Civil Code states that Claim for removal and injunction -(1) If the ownership is interfered with by removal or retention of possession, the owner may require the disturber to remove the interference. If further interferences are to be feared, the owner may seek a prohibitory injunction. (2) The claim is excluded if the owner is obliged to tolerate the interference. For official English translation, *see* German Federal Ministry of Justice at [http://www.gesetze-im-internet.de/englisch\\_bgb/index.html](http://www.gesetze-im-internet.de/englisch_bgb/index.html).

<sup>60</sup> *Id.* at para. 50, p. 22.

reasonably be expected to perform an examination to prevent infringements.<sup>61</sup>

According to the Federal Court, once an online auction provider was informed of a clear trademark infringement, it should promptly block the respective offer and ensure that whenever possible, similar trademark infringements would not occur again.<sup>62</sup> This included preventing repetitions of infringement of the same brand name and, in appropriate cases, preventing infringements of *other* brand names of the trademark owner as well.<sup>63</sup> As for the extent of this obligation, it was held that the online auction provider should use a reasonable prior filtering method plus a possible subsequent manual check. If these measures were taken, liability of the online auction provider could only arise if trademark infringements were detectable thereby.<sup>64</sup>

In sum, the German position is that an online auction provider can only be liable as an interferer if the sellers of the counterfeit products are acting on a commercial footing. Furthermore, such liability is conditional upon the online auction provider being informed of clear infringement. Only then does it have the duty to detect trademark infringements at a reasonable cost by prior filtering plus a possible subsequent manual check. The online auction provider will not be liable if the trademark infringements cannot be detected by these measures.

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<sup>61</sup> *Id.*

<sup>62</sup> *Id.* at para. 51, p. 23.

<sup>63</sup> *Id.* at para 55, p.25.

<sup>64</sup> *Id.* at para. 31, p.16; para 53, p. 24.

Compared with the Belgian position, the German decision requires the online auction provider to do far more than just notice-and-takedown. On the other hand, the obligation imposed by the German Court is much less onerous than that imposed by the French Court, which arises even in the absence of notification of infringement and requires the online auction provider to set up a filtering system based on suspicion of infringement without specific knowledge.

#### **D. Before the U.S. Court: An Online Flea Market Operator**

In July 2008, Ebay found itself in another battlefield, this time on the other side of the Atlantic. In *Tiffany v Ebay*, the plaintiff sought to hold Ebay liable for, among other things, contributory trademark infringement, unfair competition, and false advertising, on the grounds that Ebay facilitated and allowed counterfeit items to be sold on its website.<sup>65</sup> Tiffany argued that Ebay was on notice of illegal activities on its website and thus had the obligation to investigate and control them. Specifically, Tiffany alleged that Ebay should have preemptively refused to post any listing offering five or more Tiffany items and immediately suspended sellers upon learning

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<sup>65</sup> Specifically, Tiffany sued Ebay for (1) direct and contributory trademark infringement; (2) unfair competition (3) false advertising, and (4) direct and contributory trademark dilution. Tiffany, *supra* note 5, 1.

of Tiffany's belief that the seller had engaged in potentially infringing activity.<sup>66</sup> In response, Ebay contended that it was Tiffany's burden, not Ebay's, to monitor the Ebay website for counterfeits. Ebay claimed that in practice, when potentially infringing listings were reported to Ebay, Ebay immediately removed the offending listings.

At the heart of the dispute was whether Ebay was contributorily liable for infringing Tiffany's trademark. It is worth noting at the outset that although there are certain exemptions granted to Internet service providers under the *Communications Decency Act*<sup>67</sup> and the *Digital Millennium Copyright Act*,<sup>68</sup> those exemptions do not apply to trademark cases.<sup>69</sup> It is also worth noting that Tiffany was not complaining about offers of “demonstrably counterfeit”<sup>70</sup> goods on Ebay's website. What it was complaining was the suspicious offers, most notably those with five or more Tiffany items. Tiffany argued that Ebay should have taken a proactive stance to prevent and remove such offers, failing which Ebay was liable for contributory trademark infringement. In effect, Tiffany was requesting the US Court to recognize the French

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<sup>66</sup> *Id.* 1.

<sup>67</sup> Section 230 of the Communications Decency Act, 47 U.S.C. §230(e)(2) provides “information service providers” exemptions for hosting third party defamatory speech that may give rise to liability, violations of rights or publicity and other state law claims but it has “no effect on intellectual property law.”

<sup>68</sup> 17 U.S.C. 512.

<sup>69</sup> See Adam R. Bialek and Scoot M. Smedreman, *Internet Risk Management: A Guide to Limiting Risk through Web Site Terms and Proactive Enforcement*, 20(11) INTELL. PROP. & TECH. L.J. 1, 7-12 (2008).

<sup>70</sup> *Id.* at 25.

ruling in *Louis Vuitton* discussed earlier.<sup>71</sup> However, although the U.S. Court was sympathetic to Tiffany's plight,<sup>72</sup> it chose to differ from the French Court and ruled otherwise.

The US common law doctrine of contributory trademark infringement was laid down by the US Supreme Court in *Inwood Laboratories, Inc. v. Ives laboratories, Inc.*<sup>73</sup> Known as the *Inwood* test, it provides that a distributor is contributorily liable for trademark infringement if he “intentionally induces another to infringe a trademark, or if it continues to supply its product to one whom it knows or has reason to know is engaging in trademark infringement.”<sup>74</sup> In applying this test to examine whether Ebay was contributorily liable, the US Court in *Tiffany* had to consider two issues: (1) whether the test also applied to a provider of *service* as opposed to a provider of product; and (2) the type of knowledge required under the doctrine.<sup>75</sup>

As regards the first issue, the *Tiffany* Court noted that cases decided after *Inwood* had expanded the concept of contributory trademark infringement to providers of service. In particular, in *Hard Rock Café Licensing v Concession Services*,<sup>76</sup> the Seventh Circuit held that the *Inwood* test applied to an owner of a flea market who

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<sup>71</sup> Indeed Tiffany made the request by letter which was subsequently withdrawn: *id.* at 4.

<sup>72</sup> *Id.* at 56.

<sup>73</sup> 546 U.S. 844 (1982), relied on in *Tiffany*, *id.* at 38.

<sup>74</sup> *Inwood*, 456 U.S. at 854, quoted in *Tiffany*, *id.* at 38.

<sup>75</sup> For discussion on the required state of knowledge in trademark infringement in the U.S. position, see Candidus Dougherty and Greg Lastowka, *Virtual Trademarks*, 24 SANTA CLARA COMPUTER & HIGH TECH. L.J. 749, 807-823 (2008).

<sup>76</sup> 955 F.2d 1143 (7th Cir. 1992).

provided service by advertising and promoting the activity on its premises, selling admission tickets to buyers and supervising the premises.<sup>77</sup> *Hard Rock* was followed in *Lockheed Martin v Network Solutions*,<sup>78</sup> where the Ninth Circuit stated that the relevant inquiry in the case of a provider of service was "the extent of control exercised by the defendant over the third party's means of infringement."<sup>79</sup> Relying on these authorities, the *Tiffany* Court held that Ebay was analogous to the operator of a flea market<sup>80</sup> and was potentially liable for contributory infringement for exercising sufficient control and monitoring over its website.<sup>81</sup>

As for the type of knowledge required for contributory liability under the *Inwood* test, the *Tiffany* Court stressed that it had to be specific knowledge of infringement rather than generalised knowledge.<sup>82</sup> The fact that Ebay had received demand letters from Tiffany and complaints from buyers that counterfeit Tiffany merchandise were being sold through the Ebay website was not good enough.<sup>83</sup> Since *not* all of the Tiffany items sold through Ebay were counterfeit, such generalised allegations of infringement could only lead to a suspicion that a Tiffany item sold through Ebay *might* infringe trademark. This was insufficient to find contributory liability on the part of Ebay. In the *Tiffany* Court's opinion, just as the "reasonable anticipation"

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<sup>77</sup> *Tiffany*, *supra* note 5, at 41.

<sup>78</sup> 194 F.3d 980 (9th Cir. 1999).

<sup>79</sup> Quoted in *Tiffany*, *supra* note 5, at 42.

<sup>80</sup> *Id.* at 41

<sup>81</sup> *Id.* at 43.

<sup>82</sup> *Id.* at 45.

<sup>83</sup> *Id.* at 44.



standard for contributory infringement had been rejected in case law, a standard that would reach conduct which only *might* be infringing had also to be rejected. What was required was a much higher showing that a defendant knew or had reason to know of specific instances of actual infringement.<sup>84</sup>

In holding that generalised knowledge was insufficient to find contributory liability, the *Tiffany* Court also rejected Tiffany's allegation that Ebay was willfully blind to the infringing activities.<sup>85</sup> The Court was of the view that Ebay had made significant efforts to combat infringement by investing tens of millions of dollars in anti-counterfeiting initiatives, including the VeRO Program and the fraud engine.<sup>86</sup> The fact that Ebay had not taken certain additional steps as identified by Tiffany's expert was immaterial because without specific knowledge or reason to know, Ebay was under no affirmative duty to monitor its website and ferret out potential infringement. As pointed out by the Court, willful blindness required "more than mere negligence or mistaken" and would not lie unless Ebay knew of a high probability of illegal conduct and purposefully contrived to avoid learning of it.<sup>87</sup> On the evidence, the Court did not find that Ebay had purposely contrived to avoid learning of counterfeiting on its website, or had failed to investigate once it learned of such

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<sup>84</sup> *Id.*, at 48.

<sup>85</sup> The "reason to know" standard can be satisfied by showing that the defendant was wilfully blind to the infringing activities: *Id.*, at 51.

<sup>86</sup> *Id.*, at 51.

<sup>87</sup> *Id.* at 52. Willful blindness means "a person must suspect wrongdoing and deliberately fail to investigate." *Id.* at 51.

counterfeiting.

Accordingly, Tiffany's claim against Ebay for trademark infringement failed. In reaching this conclusion, Judge Sullivan expressed that although he was sympathetic to Tiffany and other rights owners, the law was clear that it was the trademark owner's burden to police its mark, and companies like Ebay should not be held liable based solely on their generalised knowledge that trademark infringement might be occurring on their websites.<sup>88</sup> This ruling is noteworthy and instructive, particularly for those rights owners, such as Tiffany, who had in fact invested only "relatively modest resources" to combat online counterfeiting.<sup>89</sup>

#### **IV. The War Continues, The Questions Remain**

The account above has outlined the major battles between the trademark owners and online auction providers fought recently in Europe and the US. Both sides have vowed to continue the legal battles by appealing to the higher judicial body or the law making body.<sup>90</sup> However these battles may develop, the same fundamental questions

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<sup>88</sup> *Id.*, at 66.

<sup>89</sup> As pointed out by Judge Sullivan in *Tiffany*, in fiscal year 2003, Tiffany had only budgeted approximately US\$763,000, less than 0.05% of its net sales for that year, to combat online counterfeiting, and that between 2004 and 2006, Tiffany had only employed between 1.15 to 1.6 full-time employees per month to monitor the Ebay site. And in contrast to Ebay's anti-counterfeiting initiatives such as the VeRO Program, the fraud engine, the About Me webages and complaints channels, Tiffany had not attempted to develop its own technology to expedite the process of monitoring and reporting on Ebay: *Id.*, 18-19.

<sup>90</sup> Ebay expressed it would appeal against the decision by the French Court. See Henry Samuel, *Ebay Vows to Appeal €35m in Fake Goods Judgment*, Independent IE, July 1, 2008 at <http://www.independent.ie/world-news/europe/ebay-vows-to-appeal-836435m-in-fake-goods-judgment-1424575.html>. Likewise, Tiffany is determined to appeal, see *Tiffany Appeals U.S. Court's Ebay Ruling*, Out-Law News, Aug. 12, 2008, at <http://www.out-law.com/page-9340>. Furthermore, Trademark owners are pushing for legislative reform to impose liability on online auction site, see Bennet Kelley, *Federal Legislative Update: Measuring the 110<sup>th</sup> Congress at Twilight*, (2008) 12(4) J.

remain: who should bear the burden of policing and protecting trademarks in the online auction trade? And what is the proper approach to strike a fair balance in allocating responsibilities between the trademark owners and the online auction providers? To answer these questions, it is helpful to compare the current positions of the different national courts and see if a fair solution can be found.

As can be observed from the earlier discussions, the Belgian decision is protective of online auction providers. According to the Belgian Court, an online auction provider is a mere host protected by the exemptions under the E-Commerce Directive. The online auction provider has no obligation to monitor its website to prevent infringement. It is only when the online auction provider acquires actual knowledge of counterfeit items on its website, or becomes aware of the illegal nature of such items, that it has to act promptly to remove them. But even then, the online provider has no duty to take measures to prevent similar infringing activities from recurring.

The Belgian position is similar to that of the US, though the latter position is based not on the E-Commerce Directive but the US doctrine of contributory trademark infringement. As in the case of an operator of a flea market, an online auction provider will only be contributorily liable for trademark infringement if it

knows or has reason to know that items on its website are infringing, and yet it continues to provide auction service for the sale of such items. The required knowledge in this regard is specific knowledge of infringement and not generalised knowledge that an item *may* be infringing. In the absence of specific knowledge of infringement, the online auction provider does not have an obligation to monitor its website to prevent potential infringements. But once it has acquired specific knowledge by receiving notice that a specific item on its website infringes trademark, it must act promptly to remove the item.

In sharp contrast to the Belgian/US position, the French position is protective of trademark owners. In the eyes of the French Court, an online auction provider is a broker whose acts must be subject to the general system of civil liability. The online auction provider must ensure that its business does not generate any illegal acts to the detriment of other economic players such as trademark owners. Apart from promptly removing infringing items from its website after being notified by the trademark owners, the online auction provider must monitor its website and remove advertisements relating to "quite obviously" infringing products (through their captions or simply on the basis of the prices asked and of the quantities offered). This duty of monitoring does not require notification of infringements from trademark owners. Failure to fulfill the duty amounts to serious tortious acts of omission and

negligence.

Between these two extremes is the German position. As classified by the German Court, an online auction provider is an "interferer" which is subject to an "examination duty" for preventing infringements. To comply with this duty, the online auction provider must, once it is informed of a clear trademark infringement, promptly remove the infringing item from its website and ensure that similar trademark infringements will not reoccur. This includes preventing repetitions of infringement of the same brand name and, in appropriate cases, preventing also the infringement of *other* brand names of the trademark owner. In doing so, the online auction provider should use a reasonable prior filtering method plus a possible subsequent manual check. Provided that these reasonable measures are taken, the online auction provider will not be liable for trademark infringements not detectable by these measures.

In relative terms, the German ruling is the fairest in allocating responsibilities between the trademark owners and online auction providers. Unlike the Belgian and US decisions which place virtually all responsibilities of combating infringement on the trademark owner, the German decision rightly imposes on the online auction provider a duty, upon notification of a clear trademark infringement, to use reasonable measures – namely, prior filtering plus a possible subsequent manual check – to

prevent similar infringements from reoccurring. At the same time, the German position also limits the liability of the online auction provider by exempting it from trademark infringements not detectable by such reasonable means. On the other hand, unlike the French ruling which places virtually all responsibilities on the online auction provider and requires it to filter out items based on mere suspicion of infringement (such as the prices asked and the quantities offered) without specific knowledge, the German decision holds that liability of the online auction provider can only arise after it has received notification of clear infringement, which in practice would invariably come from the trademark owner.

However, it is submitted that even the German position has not struck the right balance in allocating responsibilities between trademark owners and online auction providers. What has been ignored by the German Court is this practical reality: namely, that sellers of counterfeit items would often allow only a very short period for online bidding in order to minimise the risk of those items being recognised and removed from the auction site. In such cases, it would be difficult for the trademark owners to alert the online auction providers in time to prevent the sale of the infringing items. To cater for this and the large number of auction items listed daily, it is necessary to supplement the German ruling with an *additional* measure that compels the online auction provider – the party which is in a better position to detect

counterfeit items quickly and effectively – to play a more active role in preventing counterfeiting.

This additional measure can be introduced without incurring much additional cost on the part of the online auction provider. One simple way is to require the online auction provider to use a reasonable filtering measure to screen out *clearly* counterfeit items upon their first listing based simply on their textual descriptions (eg. items described as "copy", "replica", "imitation" etc). An alternative way is to require the online auction provider to, as reasonably practicable as possible, inform the relevant trademark owner whenever a new item is listed, and to remove the item upon notification that it is infringing. This latter course may in turn be implemented by various means, such as a subscription system offered by the online auction provider to the interested trademark owners, or an agreed code of conduct between the online auction providers and trademark owners. However it is implemented, this latter course would encourage a close collaboration between the online auction providers and trademark owners, which is in fact the key to combat counterfeiting online.

## **V. Conclusion**

This paper reviews the recent decisions on liability of online auction providers for trademark infringement coming from courts in Europe and the US. It is observed

that among these decisions, the one that is relatively the fairest in allocating responsibilities between trademark owners and online auction providers is the German decision. But to strike the right balance, it is necessary to supplement the German ruling with an *additional* measure which compels the online auction providers to play a more active role in combating counterfeiting. This additional measure can be introduced, without incurring much additional cost on the part of the online auction provider, in one of two ways: (1) by requiring the online auction provider to use a reasonable filtering measure to screen out *clearly* counterfeit items upon their first listing based simply on their textual descriptions; or (2) by requiring the online auction provider to, as reasonably practicable as possible, inform the relevant trademark owner whenever a new item is listed, and to remove the item upon notification that it is infringing.



## Postscript

In May 2009, a few months after the above was written, two decisions concerning the disputes between L'Oréal and Ebay were separately delivered by the French and UK Courts. In sharp contrast with the previous French position that we have discussed in Part B of this article, this time the French Tribunal de Grande Instance ruled in favour of Ebay despite the legal causes of action and the law relied on were the same as in the *Louis Vutton* and *Hermes* cases.<sup>91</sup> In the *L'Oréal* decision, Judge Elizabeth Belfort ruled that Ebay's activity of storage and placement of advertisements online had to be classified as hosting activity. As a host, Ebay could not be held liable for information stored at the request of a recipient of Ebay's service if Ebay had no actual knowledge of facts or circumstances revealing the unlawful nature of the information, or if from the moment it had such knowledge it acted promptly to remove the data or make access thereto impossible. The learned judge suggested the two parties to go through mediation to resolve their dispute, and to explore ways to combat the sale of online counterfeit goods in a cooperative manner.<sup>92</sup>

In a similar vein, the English High Court also held that Ebay was not liable in

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<sup>91</sup> L'Oréal et autres / eBay France et autres, TGI Paris, 3e ch., 13 mai 2009, n° 07/11365. Full text (in French) is available at [http://www.legalis.net/breves-article.php3?id\\_article=2639](http://www.legalis.net/breves-article.php3?id_article=2639)

<sup>92</sup> For discussion, see Nathan Fan, *L'Oréal v. eBay: European Courts Rule eBay not liable for Sales of Counterfeit Goods*, May 26, 2009, Osgood Hall Epilogue at <http://www.iposgoode.ca/2009/05/1%80%99oreal-v-ebay-european-courts-rule-ebay-not-liable>.

*L'Oréal S.A. et al. v. Ebay International AG and others.*<sup>93</sup> The decision has generally been portrayed by the media as a victory for Ebay. However, on a careful reading of the judgment, it is clear that Justice Arnold has only ruled that Ebay was not a joint tortfeasor for the sale of counterfeit products online. His reasoning was that under English common law, a defendant would only be a joint tortfeasor if he intends and procures, and shares a common design that infringement shall take place. Mere knowledge and involvement, including facilitating the infringement, is insufficient to render one liable as a joint tortfeasor.<sup>94</sup> As to other key issues in the case, Justice Arnold has referred them to the European Court of Justice for guidance. These issues include: (1) whether Ebay should be liable as a primary infringer for displaying the L'Oréal sign in its sponsored links; (2) whether Ebay should be exempted from liability as a mere passive host of information under article 14 of the E-Commerce Directive;<sup>95</sup> (3) whether article 11 of the Enforcement Directive of the European Parliament and Council<sup>96</sup> concerning the power to injunct third parties from being an intermediary or accessory in trademark infringement; and (4) whether the plaintiff

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<sup>93</sup> [2009] EWHC 1094 (Ch).

<sup>94</sup> *Id.*, at para. 381-2.

<sup>95</sup> The E-Commerce Directive, 2000/31/EC, June 8, 2000. The defence that eBay was a mere host was raised in the Belgium and French cases, as analyzed earlier in the paper.

<sup>96</sup> Intellectual Property Rights Enforcement Directive of European Parliament and Council Directive, 2004/48/EC, April 29, 2004. Article 11 stipulates that "Member States shall ensure that, where a judicial decision is taken finding an infringement of an intellectual property right, the judicial authorities may issue against the infringer an injunction aimed at prohibiting the continuation of the infringement. Where provided for by national law, non-compliance with an injunction shall, where appropriate, be subject to a recurring penalty payment, with a view to ensuring compliance. Member States shall also ensure that rightholders are in a position to apply for an injunction against intermediaries whose services are used by a third party to infringe an intellectual property right without prejudice to Article 8(3) of Directive 2001/29/EC."

could object to the sale of parallel-traded products which were also originally disseminated for promotional purposes and not for sale. Of relevance to this article, Justice Arnold also discussed the German position and jurisprudence of the duty and liability of an *interferer* in detail.<sup>97</sup> He confessed having “considerable sympathy” with the suggestion that Ebay could and should have done more on the problem of infringement in accepting liability.<sup>98</sup> In view of these comments, it is perhaps too early to conclude that Ebay has secured a full victory in Europe.

The disputes between L’Oréal and Ebay in 2009 are only part of the longstanding feud between the French cosmetics giant and the magnate online auctioneer. As can be seen, in Europe alone, the legal positions concerning the same parties and the same facts vary markedly. At the time of writing, another lawsuit involving L’Oréal and Ebay is before the Spanish court, while L’Oreal has already won before the German Court.<sup>99</sup> Regardless of where all these lawsuits may eventually lead to, it is clear that the disputes cannot be satisfactorily resolved if different courts continue to adopt different legal positions. As Justice Arnold of the UK Court has urged, it is high time that a consistent approach be adopted.

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<sup>97</sup> [2009] EWHC 1094 (Ch), at para. 455-465.

<sup>98</sup> *Id.* at para. 370.

<sup>99</sup> Max Colchester, *Court Favors eBay in L’Oréal Suit*, THE WALL STREET JOURNAL, May 14, 2009.