

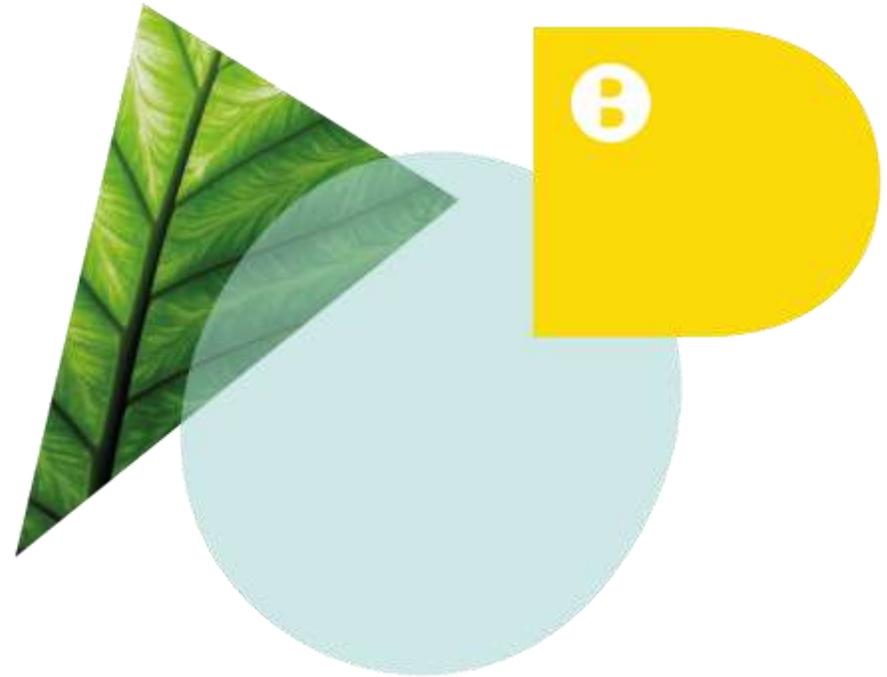
# Bristows

**Amazon: Liability for  
trade mark infringement |  
Take down notices as  
groundless threats**



Sean Ibbetson, Senior Associate

$$K_{ic} = y \sigma \sqrt{\pi a}$$
$$\Rightarrow \sigma_c = \frac{K_c}{y \sqrt{\pi a c}}$$



- 1. Louboutin v Amazon (CJEU)**
- 2. Lifestyle Equities v Amazon (Court of Appeal)**
- 3. Caraku v Noco (High Court)**

# Part 1: Louboutin v Amazon

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Joint referral to the CJEU from Belgium and Luxembourg courts

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Third parties selling products on Amazon

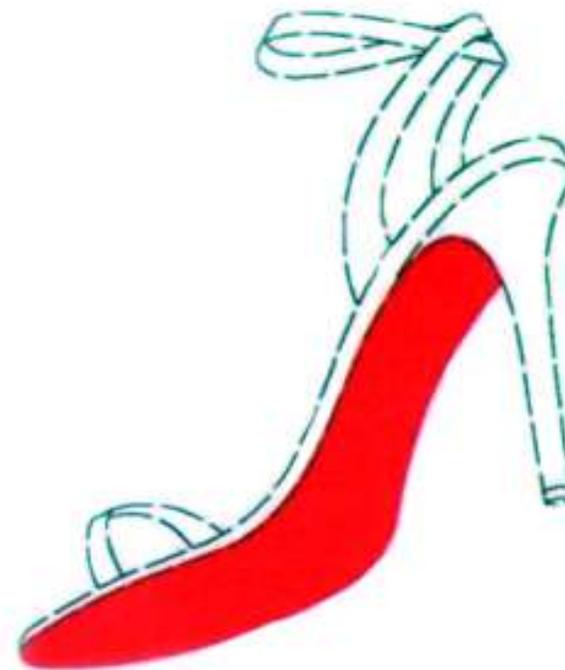
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Alleged infringement of trade mark protecting Louboutin's red sole

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**Key issue** – was Amazon “using” the sign itself and therefore primarily liable for any infringement?

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(Pantone 18-1663TP)

# Example Amazon ads and listings

Listings presented on Amazon, some under labels such as “best sellers”, “most sought after” and “most popular”



# Example Amazon ads and listings

Sold by "[third party seller's name]" and Fulfilled by Amazon"

amazon

Deliver to Belgium

Help Registry Gift Cards Sell Your Amazon.com

Shop Today's Deals

Lynda Miriga  
Lynda Miriga Emperor Signature.

List Price: EUR 119.16  
Price: EUR 50.42  
You Save: EUR 68.74 (58%)

Size:  
7

Only 2 left in stock - order soon.

This item ships to Belgium. Want it Tuesday, Jan. 14? Order within 5 hrs 58 mins and choose Amazon Global Priority Shipping at checkout. Learn more.

Sold by Avenue and Fulfilled by Amazon.

- Leather and Rubber sole
- Platform measures approximately 4.75"
- Heel Height: 4.72 inches
- Upper: Faux Leather
- Lining: Lightly padded foot bed
- Sole: Rubber
- Pointed toe

Qty: 1

Add to Cart

Buy Now

Add gift options

Deliver to Belgium

Add to List

Share

Have a question? Set on Amazon

# Example Amazon ads and listings

Once listing viewed on Amazon, the user is then shown targeted ads

The image shows a screenshot of a news article on the left and an Amazon advertisement on the right. A red arrow points from the article to the ad.

**News Article:**

- Section: **Brexit**
- Headline: **UK likely to be offered Brexit extension until end of year**
- Sub-headline: **EU chief negotiator Michel Barnier fails to convince bloc May has plan to break deadlock**
- Text: **Follow the day's Brexit developments - live**
- Image: A black and white photograph of Michel Barnier.
- Caption: **Daniel Bolkay in Luxembourg**
- Text: **Top 9 + 1st 2019 11:50 PST**
- Social media icons: Facebook, Twitter, Email, and a share icon.
- Count: **3,753**

**Amazon Ad:**

- Brand: **amazon.de**
- Product: **COOLU DAMEN**
- Price: **€24,99**
- Image: A black high-heeled shoe with a strap.

## What constitutes “use”?

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**Google France (AdWords):** Minimum requirement is use of the sign in that entity’s **own commercial communication**

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**L’Oreal v eBay:** On an online marketplace, the ‘use’ is made only by the sellers and not by the online marketplace (eBay)

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**Coty:** use involves “**active behaviour and direct or indirect control of the act constituting the use**”. Storing and handling goods without knowledge of infringement is not use

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# CJEU judgment in Louboutin

- ❖ The operator of an online sales website **incorporating, as well as that operator's own sales offerings, an online marketplace...**
- ❖ **...*may* be regarded as itself using a sign ...**
- ❖ **....where third-party sellers offer for sale, on that marketplace, without the consent of the proprietor of that trade mark, such goods bearing that sign...**
- ❖ **...if a well-informed and reasonably observant user of that site...**
- ❖ **...establishes a link between the services of that operator and the sign at issue...**
- ❖ **...which is in particular the case where in view of all the circumstances of the situation in question, such a user may have the impression that that operator itself is marketing, in its own name and on its own account, the goods bearing that sign.**

# CJEU judgment in Louboutin

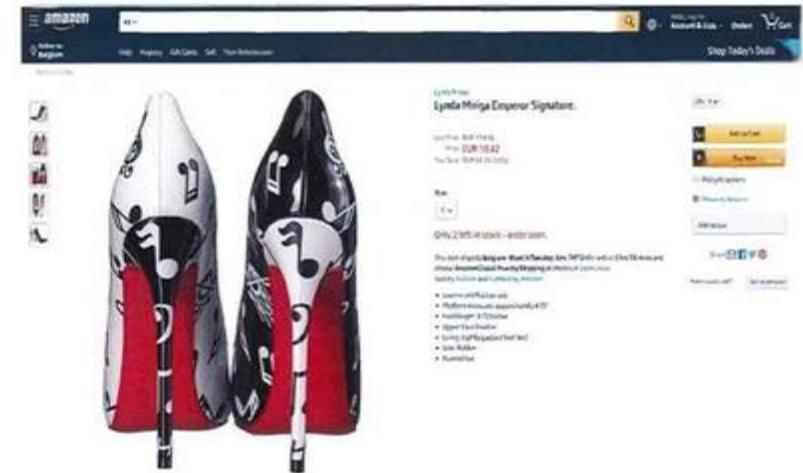


# Contrast to the Advocate General's Opinion

- ❖ AG Opinion: clear to consumers whether goods on Amazon were sold by Amazon or a third-party:

*“85. As regards the lack of distinction between commercial offerings from third-party sellers and those from Amazon ... it is always specified in the advertisements whether the products are sold by third-party sellers or sold directly by Amazon.*

*86. ... Users of the platform are therefore aware that both advertisements for goods sold directly by Amazon and advertisements published by third-party sellers are posted .... the mere fact that Amazon's advertisements appear next to those of third-party sellers cannot lead to the finding that a reasonably well-informed and reasonably observant internet user might perceive the signs displayed on the advertisements of third-party sellers as part of Amazon's commercial communication.*”



# Key takeaways from Louboutin

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1. Operators of hybrid marketplaces (i.e. those selling the operator's and third-party products) now at greater risk of a finding of direct liability

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2. The focus for “use” is firmly on consumer perception

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3. Highly fact dependent analysis: appearance and presentation of the marketplace crucial

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4. Unlike the AG, the CJEU placed no weight on the third-party seller being named in the listing

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## Part 2: Lifestyle Equities v Amazon

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Split ownership of the “Beverly Hills Polo Club” brand between the EU and US

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US goods bearing the Beverley Hills Polo Club brand were advertised and sold to UK and EU consumers via amazon.com listings

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Various business models: Amazon was either the seller or it fulfilled orders on behalf of third party sellers, handling all aspects of the transaction.

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# The issues on appeal

Did Amazon use the infringing sign within the UK?

1

Whether the advertisements constituted use in the UK, i.e. whether they were “targeted” at the UK

2

Even if the advertisements were not “targeted” at the UK, did sales to UK consumers still amount to use within the UK?

# Court of Appeal

## TARGETING

- The listing on Amazon.com were targeted at the UK. High Court wrong to focus on Amazon.com as a whole.
- Focus should be the customer's journey: *"The purchaser is located in the UK, the shipping address is in the UK, the billing address is in the UK, the currency of payment is GBP and Amazon will make all the necessary arrangements for the goods to be shipped to and imported into the UK and delivered to the consumer in the UK. I do not understand how it can seriously be argued that this offer for sale was not targeted at the UK"*

## ACTUAL SALES

- High Court judge wrongly applied *Blomqvist*.
- Sales of infringing goods on Amazon.com to UK consumers constituted use even if the sales listings did not target the UK.

# Key implications of Lifestyle Equities

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## Targeting

Focus on the specific advert / sales listing, **not** the website as a whole

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Subjective intention of platform operator is not a requirement **BUT** is relevant to the overall assessment

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The fact a sale has been made to UK/EU **DOES NOT** mean the prior advertisements were targeted at the UK/EU

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## Actual Sales

A sale of goods to a UK consumer amounts to use in the UK irrespective of whether the prior offer for sale and/or advertisement is targeted at the UK

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“**Passive**” or “**unsolicited**” online sales to UK consumers can amount to use in the UK for the purposes of trade mark infringement

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## Part 3: Take down notices as groundless threats

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Patent dispute related to battery-powered car jump starters sold on Amazon

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Noco (patentee) filed take down requests using Amazon's IP rights procedure. These asserted patent rights and alleged Carku's products infringed. Some communications also referred to solicitor correspondence and threatened to escalate matters if the products were not de-listed by Amazon

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At trial, patent found invalid.

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amazon

Report Infringement

Submit

# Example complaints made by Noco

**The majority of complaints:** “These ASINs [Amazon Standard Identification Number] infringe on our utility patent, number GB2527858. Please remove these ASINs.”

**Informed Amazon of infringement proceedings against third parties (February 2020):** “We do continue to file lawsuits against companies that infringe on our safety patent..... New lawsuits are being filed against {REDACTED} and many others” ...

**July 2020 complaints:** “These ASINs infringe on our patent. We have a legal letter from Amazon’s legal team [from May 2020 regarding previous de-listing decisions] stating the legitimacy of this claim. I will escalate this case to provide that letter. Please remove these ASINs.”



amazon

Report Infringement

Submit

## Definition of a threat: Legal test

*“Whether a communication amounts to a threat depends on **how it would be understood by an ordinary reasonable person** in the position of the actual recipient”*

**-Arnold J, in Mylan**

- ❖ *Mr Justice Meade in Carku v Noco: “the notifications must be understood according to how they would have been **perceived by the reasonable person in Amazon’s position**, neither party adduced evidence as to Amazon’s subjective views. I have understood submissions as to what Amazon considered or perceived to be references to what the parties submit that **a reasonable person in Amazon’s position would have considered or perceived**; likewise in this judgment. ”*

# Were the communications to Amazon threats?

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1. **Classic threats:** Asserted patent rights, asserted infringement of those rights by Carku and third parties, and called for action to be taken

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2. **Amazon weighed up risks:** Not de-listed automatically. 30% complaints rejected. Suggested Amazon weighs up risks and therefore considered these specific communications from Noco to be genuine threats

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3. **Lawyers involved:** Carku and Amazon instructed lawyers. *“The whole situation was freighted with legal positions”*. Noco provided claim charts to Amazon suggesting lawyer involvement.

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4. **Threats against Amazon:** Noco’s evidence was that it would never actually sue Amazon (strong partner, dedicated account manager). However, Amazon did not know that for certain and no assurance given from Noco that it would not sue.

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5. **Threats against third parties:** *“Absolutely clear... Noco would be ready willing and able to sue 3<sup>rd</sup> party distributors”*. Communications referred to *“new lawsuits being filed against...many others”*.

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# Were the communications to Amazon threats?

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Judge had no hesitation in finding that the communications to Amazon were threats of proceedings against Amazon if not de-listed

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Same position in relation to third parties: Noco threatening to sue them

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***“For the reasons given above, this is a finding based on the facts before me. It is not a general finding about online markets. Caraku’s floodgates argument does not arise.”***

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Not a general ruling that use of an online notification procedure is a threat of infringement. Each case needs to be considered on its own facts.

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# Quick answers

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**Q1) To what extent is Amazon liable for counterfeit products?**

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To a much greater extent than we thought 12 months ago

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**Q2) Are take-down notices groundless threats?**

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They can be

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# Thank you

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