What is realistic and achievable when enforcing trade mark rights on online marketplaces, such as Amazon? Is there a silver bullet?

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References

L'Oréal SA v. *eBay International AG (C-324/09)* EU:C:2011:474; [2011] E.T.M.R. 52

The CJEU found that:

> Article 14(1) of Directive 2000/31 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 Internal Market ("Directive on electronic commerce") must be interpreted as applying to the operator of an online marketplace where that operator has not played an active role allowing it to have knowledge or control of the data stored. The operator plays such a role when it provides assistance which entails, in particular, optimising the presentation of the offers for sale in question or promoting them. Where the operator of the online marketplace has not played an active role within the meaning of the preceding paragraph and the service provided falls, as a consequence, within the scope of art.14(1) of Directive 2000/31, the operator nonetheless cannot, in a case which may result in an order to pay damages, rely on the exemption from liability provided for in that provision if it was aware of facts or circumstances on the basis of which a diligent economic operator should have realised that the offers for sale in question were unlawful and, in the event of it being so aware, failed to act expeditiously in accordance with art.14(1)(b) of Directive 2000/31.

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 Internal Market ('Directive on electronic commerce')

Article 14 reads as follows:

Hosting

1. Where an information society service is provided that consists of the storage of information provided by a recipient of the service, Member States shall ensure that the service provider is not liable for the information stored at the request of a recipient of the service, on condition that:
   (a) the provider does not have actual knowledge of illegal activity or information and, as regards claims for damages, is not aware of facts or circumstances from which the illegal activity or information is apparent; or
   (b) the provider, upon obtaining such knowledge or awareness, acts expeditiously to remove or to disable access to the information.

2. Paragraph 1 shall not apply when the recipient of the service is acting under the authority or the control of the provider.
3. This Article shall not affect the possibility for a court or administrative authority, in accordance with Member States' legal systems, of requiring the service provider to terminate or prevent an infringement, nor does it affect the possibility for Member States of establishing procedures governing the removal or disabling of access to information.

Coty Germany GmbH v. *Amazon Services Europe SÀRL (C-567/18)* EU:C:2020:267; [2020] E.T.M.R. 37

The question referred was:

> Does a person who, on behalf of a third party, stores goods which infringe trade mark rights, without having knowledge of that infringement, stock those goods for the purpose of offering them or putting them on the market, if it is not that person himself but rather the third party alone which intends to offer the goods or put them on the market?

The Advocate General found that:

> Article 9(2)(b) of Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade mark and Article 9(3)(b) of Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trade mark are to be interpreted as meaning that:
>
> – A person does not store for a third party (seller) goods which infringe trade mark rights for the purpose of offering them or putting them on the market in the case where, in the absence of any knowledge of that infringement on his part, it is not that person himself but only the third party who seeks to offer the goods or put them on the market.
> – However, if that person is actively involved in the distribution of those goods under a scheme exhibiting the features of the 'Fulfilment by Amazon' program, which the seller joins, that person may be regarded as storing those goods for the purposes of offering them or putting them on the market.
> – The fact that that person does not know that the third party is offering or selling his goods in infringement of the rights of the trade mark proprietor under a scheme such as that mentioned above does not exonerate that person from liability in the case where he could reasonably have been expected to put in place the means to detect that infringement.

The CJEU found, more narrowly, that:

> Article 9(2)(b) of Council Regulation (EC) 207/2009 of 26 February 2009 on the [EU] trade mark and art.9(3)(b) of Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trade mark must be interpreted as meaning that a person who, on behalf of a third party, stores goods which infringe trade mark rights, without being aware of that infringement, must be regarded as not stocking those goods in order to offer them or put them

on the market for the purposes of those provisions, if that person does not itself pursue those aims.

Lifestyle Equities C.V. v. *Amazon UK Services Ltd* [2021] EWHC 118 (Ch)

Mr Justice Michael Green found as follows:

104. Mr Edenborough QC relied quite heavily on the Advocate General's Opinion in Case C-567/18 *Coty Germany GmbH v Amazon Services Europe Sarl and ors [2020] ETMR 37* (Coty Germany). He did not rely on the CJEU judgment itself because he submitted that the CJEU had been asked a narrow question by the referring Court and so answered it narrowly. By contrast Advocate General Campos Sanchez-Bordona considered matters outside the scope of the reference including in particular services other than warehousing that Amazon had provided to the third party seller.

…

107. The CJEU was careful to distinguish the case from one where Amazon itself offered the goods for sale or put them on the market. As the national court had concluded on the facts that it was only the third party seller who intended to offer the goods for sale, the CJEU said that "*It follows that the respondents do not themselves use the sign in their own commercial communication.*" [47]. It continued in [48] as follows:

> "[48] That conclusion is, however, without prejudice to the possibility of considering that those parties themselves use the sign in connection with bottles of perfume which they stock not on behalf of third-party sellers but on their own behalf or which, if they were unable to identify the third-party seller, would be offered or put on the market by those parties themselves."

…

109. … Mr Mellor QC also submitted, in any event, that it was a bad point and that the status of the Advocate General's Opinion was "*dubious*". He said that this was, if anything, an issue in relation to accessory or joint liability which is the subject matter of national rather than EU law. The Advocate General had strayed into this area because he was in favour of altering the balance set by the E-commerce Directive, but this was inappropriate as that would clearly be a matter for EU legislation, if anything.

Shenzhen Carku Technology Co, Ltd v. The Noco Company [2020] EWHC 2104 (Pat)

Record Douglas Campbell QC (sitting as a Judge of the Chancery Division) stated:

78. The reason why this relief is sought is, in short, because in January this year the defendant complained to the relevant Amazon company, to which I shall simply refer as "Amazon", about Carku's products. More precisely it complained about Carku products sold by distributors. The defendant did so using Amazon's own complaints procedure. As a result of the complaints made, Amazon de-listed a number of Carku products, although some appear to have been re-listed again.

…

80. Amazon's lawyers, Hogan Lovells, wrote on 12th May 2020 as follows:

> "Amazon would therefore not be in a position to re-list Car-ku's products on www.amazon.co.uk for the time being for the above reasons. However, our client would be more than willing to revisit its position should Car-ku provide it with a judicial decision declaring that Car-ku's products do not infringe NOCO's patent, or that NOCO's products infringe Car-ku's patents, the latter in order to de-list NOCO's concerned products."

81. It is not clear to me what Hogan Lovells meant by "judicial decision" and, in particular, whether they meant a final appeal decision, or a first instance final decision subject to appeal, or to something else. I doubt that they meant an interim declaration, since this is not a common remedy in patent litigation and, if they had meant that, they might well have said so. However, Carku have made it clear to me that this is why I am asked to grant the interim declaration, i.e. in order to show it to Amazon.

…

100. Returning to the present case, it seems to me that despite the claimant's attempts to persuade me to the contrary, infringement is indeed a yes/no question, and it only permits a final answer, not a temporary one. The products either infringe or they do not. It would not be satisfactory to grant a declaration one day which might become false another day. That is because it cannot be right to say that certain acts infringe a patent one day but the same acts do not infringe the same patent another day. It is not as if there is any interim state of affairs which is subject to change. For instance, a decision as to whether to permit products to be sold pending trial is a decision about an interim state of affairs.

…

104. The claimant relied heavily on what it called the inequity of the present situation and submitted that an interim declaration was necessary to right the wrong. I agree that the Amazon procedure is significantly different from the court's approach to an interim injunction in all the ways the claimant has mentioned, but I do not see that this of itself entitles me to depart from the clear and consistent line of case law I have mentioned. It is not as if the claimant is without a remedy. For instance, it currently has a pleaded threats claim. The claimant suggested that the damages it recovers if successful on the threats claim may not compensate it for the damage it says it is currently suffering by virtue of being de-listed. I accept this is possible, but it is not immediately obvious to me that this submission is correct. In any event, it still seems to me that the threats action, if successful, will go a long way towards compensating the claimant for the damage it claims to be suffering.

105. I also agree with the defendant that there is a risk of the declaration sought being liable to mislead third parties, although I do not believe that the risk is quite as great as the defendant submits. Hogan Lovells, Amazon's solicitors, are well able to distinguish between an interim declaration and the final one, and the primary purpose seems to be to show them rather than the public at large, who I agree might be more easily misled, but even an experienced IP lawyer might wonder

what the effect of an interim declaration actually is. That is particularly so given its novelty in this particular field of litigation. It is not a judicial finding that there is an arguable case of non-infringement. It is an interim judicial finding that certain acts do not infringe today, but that exactly the same acts might infringe some other day. It is not an inherently easy concept to grasp and granting the remedy might lead to some confusion, particularly among the public as the defendant submits.

106. Nor do I actually have any evidence that granting an interim declaration would actually solve the issue with Amazon of which Carku complains. Absent any evidence from or on behalf of Amazon or its solicitors, it seem to me at least possible that Amazon would wait for a final ruling, whether on appeal or at first instance, rather than an interim ruling before selling the accused goods. If so, the interim declaration serves no point.

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22 March 2021