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CJEU tightens case law on liability of online marketplace providers for third-party trademark infringement

GRAF ISOLA Rechtsanwälte GmbH | Intellectual Property - European Union



CLAUDIA
CSÁKY



SARAH
KASSLATTER

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The Court of Justice of the European Union (CJEU) recently tightened its case law on operators of online marketplaces. It ruled that the operator of an online marketplace, on which the operator's own goods as well as third-party goods are offered, can be regarded as using a sign identical to an EU trademark for identical goods if the third-party goods bear such sign without the trademark owner's consent.

Rights conferred by EU trademarks

The registration of an EU trademark confers on its owner the exclusive rights in the trademark.

Under article 9(2) lit a, b and c of the EU Trademark Regulation,⁽¹⁾ to prevent infringement of the rights conferred under an EU trademark, the trademark owner may prohibit all third parties from using identical or similar signs in the course of trade:

- in relation to goods or services that are either identical or similar to the goods for which the EU trademark is registered, where a likelihood of confusion exists; or
- where the use of an EU trademark that has a reputation in the European Union takes unfair advantage of, or is detrimental to, its distinctive character or repute in the European Union.

While article 9(2) of the EU Trademark Regulation does not define the concept of "use", it has been settled by case law that the expression "use" involves active behaviour. This can exist if, in the eyes of the relevant public, the sign appears to be an integral part of the communication of an undertaking, and, consequently, is a part of its own (marketing) activity.

As the importance of e-commerce platforms has increased significantly in recent years, the question has arisen whether the conduct of operators of such platforms – by presenting on their platform goods offered by third parties bearing a sign identical or similar to an EU trademark – may be qualified as "use" of that sign by the operator of the platform and thus trigger the operators' liability for trademark infringement.

Latest CJEU case law

In its previous decisions, the CJEU had concluded that there is no direct liability for online intermediaries, since they do not use such signs in their own commercial communication.⁽²⁾ Previously, the CJEU had dealt with scenarios where the online marketplace provider offered to third-party sellers a platform on which third-party sales offers were displayed; the platform operator itself did not offer any goods. The CJEU stressed in regard to these business models that the mere fact that an online marketplace operator offers the technical conditions necessary for the use of a sign and is being paid by third-party sellers for this service does not mean that the operator uses the sign itself – even if the operator offers storage services to third-party sellers.⁽³⁾

However, the latest decision of the CJEU⁽⁴⁾ showed that a different view applies if the platform also includes sales offers of the operator itself. The CJEU found that an online marketplace operator can itself be held liable for trademark infringement of third-party sellers who display their goods on the marketplace, provided that a well-informed and reasonably observant user of this platform establishes a link between the services of the operator and the sign in question. This may be the case in particular if the user has the impression that that operator itself is marketing, in its own name and on its own account, the goods bearing that sign.

The decisive factor for the CJEU in treating this scenario differently was the perspective of the platform users. Considering that Amazon had displayed on its platform both its own sales offers and those of third-party sellers and placed its own logo on all those sales ads, it held that Amazon had presented all sales offers on its platform in a uniform manner. The CJEU, in this context, further took into account that Amazon had offered additional services to third-party sellers in connection with the marketing of their goods, such as:

- support in the presentation of their ads; and
- the storing and shipping of their goods to customers.

The CJEU therefore took the view that Amazon had given the users of its site the impression that the goods at issue were being sold in Amazon's name and on its account. The CJEU concluded that Amazon thus had to be considered as using the sign attached to these third-party goods in its "own commercial communication" and, thus, could be held liable for trademark infringement.

Comment

The CJEU's new case law on online marketplace operators makes it easier for brand owners to take action against infringement, enabling them to sue large operators such as Amazon rather than individual counterfeiters, who are often very difficult to trace. In order to avoid liability for trademark infringement, marketplace operators will in future have to ensure that by displaying third-party goods on their marketplace, no link is established between the sign used by third-party sellers and the goods sold or services rendered by the platform operator.

For further information on this topic please contact *Claudia Csáky* or *Sarah Kasslatter* at GRAF ISOLA Rechtsanwälte GmbH by telephone (+43 1 401 17 0) or email (c.csaky@grafisola.at or s.kasslatter@grafisola.at). The GRAF ISOLA Rechtsanwälte GmbH website can be accessed at www.grafisola.at.

Endnotes

(1) 2017/1001.

(2) See, for example, *L'Oréal/eBay*, C-324/09.

(3) See *Coty Germany/Amazon*, C-567/18.

(4) *Louboutin/Amazon*, C-148/21 and C-184/21.