

eBay: from offer

The internet is offering trademark owners many benefits. Thanks to online auction and shopping websites such as eBay they are able to offer goods and products to a broader public.

Nevertheless, infringers too have discovered the endless possibilities of websites such as eBay. Usually these websites are free ports for counterfeit products as ads often do not confirm whether consumers are dealing with original or fake products, thus creating much uncertainty.

Offering and selling counterfeits on eBay is prohibited. Obviously trademark owners can take measures against advertisers offering infringing products on their websites. But, can eBay's operator too be held liable for trademark infringement?

On 12 July 2011 the Court of Justice delivered judgement in the L'Oréal/eBay case specifying the liability of website managers such as eBay at the same time. The concrete consequences are briefly explained below.

Prohibiting unauthorised advertising by eBay

To attract more visitors eBay advertises on other websites to recommend its services. These advertisements usually show products which customers are offering on eBay.

If consumers cannot be sure whether an advertisement for a certain product is provided by the trademark owner himself or rather by an infringer, then one may speak of improper

Can online marketplace managers be held liable for placing and showing infringing advertisements on their websites? And what are trademark owners' consequences?

to liability

advertising. Consequently, the trademark owner shall have the right to forbid eBay to use this advertisement (e.g. Google adwords).

eBay's active role

eBay the operator does not place advertisements indiscriminately on its website, but seeks to optimise ads ranking in order to boost consumers' purchasing behaviour. One may state that eBay plays an active role in selling products through its website. This explains why the court ruled that eBay can be held liable for any infringing activities on its website.

A website manager having an active role is no hard requirement for the liability. Even if a manager does not play an active role (e.g. eBay), he can be held liable provided the manager is familiar with the fact that the advertiser's offers are illegal and still fails to take the necessary measures.

Efficient, proportional and deterrent measures

If the manager fails to initiate suitable measures against the infringing advertisements shown on his website, the national court may rule that this manager is to take appropriate measures to discontinue the committed infringements. Also, the court may request the manager to initiate measures in order to prevent similar infringements in the future.

Measures must be efficient, proportional and deterrent and may never frustrate the legitimate trade. This does not mean that the operator must

monitor matters actively verifying the details of each and every advertiser in order to prevent future infringements. Such is due to users' privacy. If the website manager is held responsible, then compensation may be claimed.

Conclusion

Following the judgement of the Court of Justice, trademark owners now have more possibilities to take measures against infringement on auction sites. On the one hand the trademark owner can tackle the infringing advertiser, but the virtual marketplace operator too can be held liable under certain conditions.

Therefore, auction sites require efficient, proportional and deterrent measures in order to tackle and prevent infringement.

Successful and effective measures against infringement on websites such as eBay require that trademark owners approach matters actively. Upon request we will be pleased to provide further advice. And if you need more information, please contact one of our trademark advisors.



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New Partner

First of November **Mari Korsten** (36) has joined Nederlandsch Octrooibureau as a partner. Mari is a qualified Dutch and European patent attorney. He studied Law at Radboud University Nijmegen and Food Technology at Wageningen University, specialising in industrial microbiology and food product design. Mari started his career as a trainee patent attorney with one of the major IP-firms in the Netherlands. After he passed his patent exams, Mari moved to Switzerland to work for Novartis Pharma. Next, Mari joined the law firm Bird & Bird in The Hague, handling opposition and court actions on behalf of various national and international companies. The past two years Mari was a partner with a Dutch IP-firm, where he was mainly active in the fields of foods, nutrition and pharmacy. Mari will be operating from our offices in Eindhoven and The Hague.