



Deloitte Legal Newsflash Commercial | Trademark Law

Intermediary not in violation of trademark law if it stores goods that infringe trademark rights

In a recent judgement¹, the Court of Justice of the European Union (“CJEU”) ruled that a company that stores goods on its platform on behalf of a third party seller, without knowing that these goods infringe trademark rights, **does not itself use (and accordingly infringe) that trademark**. This is as long as the intermediary itself does not pursue the aim of **offering the goods for sale or putting them on the market**.

Background

Coty Germany, a company active in the distribution of perfumes, owns a license on the EU trademark for Davidoff. Coty alleged that two Amazon group companies infringed its rights as a trademark licensee by stocking and dispatching bottles of “Davidoff Hot Water”. This product was placed for sale on Amazon-Marketplace (www.amazon.de) by a third party seller and not by Amazon itself. Although the product was genuine, it was placed on the EU market without Coty’s consent. Coty accordingly argued that its trademark rights had not yet been exhausted (i.e. the products have not yet been put on the EU market with the trademark owner’s/licensee’s consent).

Coty requested the German court to order the two companies to cease and desist the *storage and dispatching* of such goods, based on article 9(2) and 9(3) of Regulation 2017/2011 ("EUTMR"). Article 9(2) EUTMR provides that each owner of an EU trademark "*is entitled to prevent all third parties not having its consent from using in the course of trade, in relation to goods or services, any sign where the sign is identical with the EU trademark and is used in relation to goods or services which are identical with those for which the EU trademark is registered*". Article 9(3)(b) EUTMR specifies that the trademark owner may prohibit "*offering the goods, putting them on the market, or stocking them for those purposes under the sign of offering or supplying services thereunder*".

The Bundesgerichtshof (the Federal Court of Justice in Germany) referred the following question to the CJEU for a preliminary ruling:

"Does a person who, on behalf of a third party, stores goods which infringe trademark 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?"

It is important to stress that this case relates to a particular aspect of Amazon's business activity, namely the storing and shipping of products offered for sale by third parties on its platform, without knowledge of an infringement.

The CJEU decision

The CJEU first reiterates that, based on the main proceedings, it is clear that the defendants merely *stored* the goods concerned, and did not nor had any intention to offer the products for sale or put them on the market themselves.

Secondly, the CJEU states that based on past case law, the term "using" as envisaged in article 9(3)(b) EUTMR requires that there is an "*active behaviour and direct or indirect control of the act constituting the use*". Thirdly, it holds that displaying the signs in offers for sale on the online marketplace is performed by the sellers, who are customers of said marketplace operator and not the marketplace operators themselves. Fourthly, the CJEU made clear that the mere creation of technical conditions necessary for the use of a sign, and the fact that the customer pays for the operator's services, does not mean that the operator itself "uses" the sign.

Lastly, the CJEU finds that based on the wording of article 9(3)(b) EUTMR, the term "use" requires that the economic operator itself must, when providing storage, pursue the aim to offer the goods or put them on the market. On this basis, the CJEU concluded that article 9(3)(b) of the Regulation must be interpreted as stating that "*a person who, on behalf of a third party stores goods which infringe trademark 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*".

From the above, Amazon therefore cannot be seen as infringing Coty's trademark rights under Article 9(2) (b) EUTMR in the present circumstances.

However, the CJEU explicitly recalls that where an economic operator has enabled another operator to make use of the trademark, its role must necessarily be examined in light of other rules of law, such as the e-Commerce Directive (2000/31/EC) or the IP Enforcement Directive (2004/48). While the Court found that the operator of an online platform should not be held liable for direct trademark infringement under Article 9 (2) and (3) EUTMR for storage activities performed on behalf of third parties, while unaware of the infringement, it may thus still incur liability on other grounds.

Conclusion

It is important to stress that the present CJEU decision is limited to acts of *storing* and shipping of infringing products offered for sale by a *third party* on an online platform, without the online platform operator's knowledge of the infringement. Had Amazon stored the perfume bottles with the aim of offering or putting them on the market on its own behalf, it could have been held liable for trademark infringement.

One could argue that this CJEU decision could lead online marketplaces to weaken their procurement policies in relation to intellectual property infringements and counterfeit goods.

However, the CJEU has also made clear that other EU rules of law (e-Commerce Directive and IP Enforcement Directive) are not affected by this judgment, and may accordingly still impact platform operators in trademark infringements. Other liabilities, such as those relating to the safe harbor legislation (Article 14 of Directive 2000/31) and the enforcement of IP rights in the context of injunctions against intermediaries (Article 11 of Directive 2004/48), must thus still be considered (these questions however were not raised by the referring court before the CJEU in the present case).

¹ Case C-567/18, Coty Germany GmbH v Amazon Services Europe Sàrl, Amazon Europe Core Sàrl, Amazon FC Graben GmbH and Amazon EU Sàrl.

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