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Online marketplaces and trade mark infringement: revisited

C-148/21 and C-184/21 *Christian Louboutin v Amazon Europe*, EU:C:2022:422 (AG),
EU:C:2022:1016 (Court)

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Introduction

Online marketplaces enable a multitude of different sellers to use a single platform to sell their goods (or sometimes services) to the public. The question before the Court of Justice in C-148/21 and C-184/21 *Christian Louboutin v Amazon Europe* was when is the operator of a marketplace (in the case, Amazon) liable for infringing goods sold by a third-party on its platform.

The Court of Justice was not working from a clean slate, however. In C-179/15 *Daimler AG*¹ the court made it clear that only *active* behaviour can be an infringement, because only then does the person have direct or indirect control over the behaviour and is able to stop the use.² Indeed, in C-236 to C-238/08 *Google France*³ the principle was established that a person must use the mark in its own “commercial communication” to infringe. So far no online marketplace has been held responsible for any trade mark infringement by a third-party seller.⁴

For example, eBay’s business model was held to be acceptable because its customers were displaying the trade mark in their commercial communication, rather than eBay itself.⁵ Earlier, in *Google* the court found that Google had only provided the technical conditions necessary for use of the sign and was not therefore using the sign itself.⁶ In C-567/18 *Coty German*, it was held that Amazon were not liable for trade mark infringement where Amazon merely stored infringing goods which were sold by third-party sellers.⁷ At the other extreme, in C-119/10 *Frisdranken Industrie Winters* the Court held that a commercial communication cannot be made where the identity of the operator was not apparent to the user.⁸ In all these cases it is the third-party and not the operator of the online marketplace who have been found to be making the commercial communication.⁹ This means that these cases provide only negative definitions – what is not a commercial communication by an intermediary – there was no positive guidance as to when something crosses that line.

Before going on it is important to remember that even where a marketplace operator is not itself using the trade mark in a commercial communication, it does not mean that the operator cannot

¹ EU:C:2016:134.

² EU:C:2016:134, [41] (as nobody can be legally required to do the impossible, [42]); also see C-567/18 *Coty German*, EU:C:2020:267, [38]).

³ [2010] ECR I-2417, [102]; also see C-236/08 *Google France* [2010] ECR I-2417, [56] and C-567/18 *Coty German*, EU:C:2020:267, [39].

⁴ See AG, [52].

⁵ [2010] ECR I-2417, [102]

⁶ C-236/08 *Google France* [2010] ECR I-2417, [56 and 57].

⁷ C-567/18 *Coty German*, EU:C:2020:267, [9, 30 and 47]; Court [33]

⁸ C-119/10 *Frisdranken Industrie Winters* [2011] ECR I-13179, [33]; Court, [41].

⁹ Court, [30].

be liable under national law as a secondary party¹⁰ or that a blocking injunction cannot be granted to prevent the operator from displaying the infringing advert.¹¹

The Amazon model

What makes Amazon marketplace different from others is Amazon sells its own goods next to those of third-party sellers. This was expressed by the court in the following terms: Amazon “offers on its website in a uniform manner, displaying at the same time advertisements relating to the goods which it sells in its own name and on its own behalf and those relating to goods offered by third-party sellers on that marketplace, the fact that it displays its own logo as a renowned distributor on all those advertisements, and the fact that it offers third-party sellers, for the marketing of their goods, additional services consisting in providing support in the presentation of their advertisements, and in stocking and shipping the goods offered on the same marketplace”.¹² The Court identified the key distinction between the instant case and the previous case law as being “the fact that the online sales website in question incorporates, as well as the online marketplace, sales offers of the operator of that site itself.”¹³

Commercial communications

The Court adopted the Advocate-General’s view that any external communication which is used to promote an undertaking’s activities, goods or services or to indicate the exercise of such an activity is a commercial communication.¹⁴ Key, he opined, was whether the operator “adopted” the communication so it appeared to be part of its activity.¹⁵ This means, as the Court accepted, the assessment of which person makes the commercial communication must be made from the point of view of the addressee of that communication¹⁶ that is a reasonably well-informed and reasonably observant user (commonly called, the relevant public).¹⁷ Accordingly, does the relevant public when using the online marketplace believe that the operator is marketing, in its own name and on its own account, the goods for which the sign in question is being used.¹⁸ The court concluded when making this assessment the following are relevant: (a) the method of presenting the advertisements both individually and as a whole; and (b) the nature and scope of the services provided by the operator.¹⁹

And to Amazon

Amazon’s marketplace is different and distinct from that of eBay, which the court had already absolved from liability. First, it had been found by the referring court that the commercial offerings of a third-party cannot be distinguished from those of Amazon. Secondly, Amazon’s

¹⁰ AG, [78].

¹¹ These are provided for in Directive 2004/48/EC on the enforcement of intellectual property rights, art 11.

¹² Court, [23].

¹³ Court, [34].

¹⁴ Court, [39]; AG, [55]. The AG also took pains to distinguish the term for “communication to the public” in copyright law: see AG, n. 37.

¹⁵ AG, [56]. He said this was based on the concept of their being a “link” between the mark and the third party: see AG, [57] and C-62/08 *UDV North America* [2009] ECR I-1279, [47].

¹⁶ AG, [59 and 61 and 72]; AG in C-567/18 *Coty German*, EU:C:2020:267, [AG53].

¹⁷ Court, [43]; AG, [67] and so the public will be ‘reasonably well-informed and reasonably observant’.

¹⁸ Court, [48].

¹⁹ Court, [49].

logo appears on all sales whether by itself or the third-party. Thirdly, Amazon itself sometimes incorporates those offers for sale in its website and listings.²⁰

Notwithstanding these differences, the Advocate-General took the view that the relevant public would not see the third-party advertisements as an integral part of Amazon's commercial communication.²¹ He took the view that despite the uniform presentation of the offer it was always clear to the relevant public whether the goods were supplied by Amazon or a third-party.²² Secondly, while it was true that Amazon was a well-known distributor it was also well-known that it did this both on its own behalf and for third-parties.²³ So to the relevant public the presence of the Amazon logo could just as easily indicate the goods were being supplied by the third-party. Thirdly, the mere fact that Amazon's advertisements appear next to the third-party advertisements does not mean the relevant public will see them as Amazon's commercial communication.²⁴ He went on to say these factors equally apply where the advertisements for third-party goods sold on Amazon appear on third-party websites.²⁵ Fourthly, the Advocate-General did not believe that the grouping of the third-party products with Amazon's own products when it listed best-sellers made any difference. This was because the relevant public would see this as relating to the presentation and layout of the marketplace rather than an indication of who is selling the product.²⁶

Finally, the Advocate-General referred back to *Coty* where the third-party goods were stocked by Amazon but sold and distributed (shipped) by third parties; activities which the Court had held were not sufficient to make Amazon liable. In the instant case, he believed the Court's answer would not have been different in *Coty* had Amazon actually dispatched the third-party goods. This was because shipping takes place after the goods were purchased.²⁷ So even though efficient delivery and dispatch of the goods strengthens the reputation of the online retailer this is not enough to make it Amazon's commercial communication.²⁸ In short, Amazon should not be liable for the trade mark infringement of third-party sellers using its online marketplace.

The Court took entirely the opposite view to the Advocate-General. It concluded that Amazon was adopting the third parties' commercial communication as its own (and so would likewise be infringing). First, it stated that advertisements need to be transparent under EU law and so any advertisement displayed on an online marketplace must enable the relevant public to easily distinguish between the offering originating from the operator and third parties.²⁹ The Court took the view Amazon's uniform method of presenting its own and third-party offerings, and the use of its own logo, makes it difficult for the relevant public to draw the necessary distinction. The relevant public therefore may make a link between Amazon, as operator, and the third-party.³⁰ In contrast to the Advocate-General, the Court took the view that the mixing up of third-party offerings with its own in its "bestsellers" and "most popular" listings would,

²⁰ AG, [83].

²¹ AG, [84].

²² AG, [85].

²³ AG, [86].

²⁴ AG, [86].

²⁵ AG, [87].

²⁶ AG, [88].

²⁷ AG, [93].

²⁸ AG, [92]. He also said that two acts which do not infringe cannot in combination become an infringement: AG, [94].

²⁹ Court, [50].

³⁰ Court, [51].

in the mind of the relevant public, be likely to strengthen the link between the operator and the third-party.³¹

Once more diverging from the Advocate-General, the Court took the view that the nature and scope of the services provided by Amazon, such as dealing with the questions of the users relating to those goods or to the storage, shipping and management of returns of those goods, are further likely to give the impression to the relevant public that those same goods are being marketed by that operator, in its own name and on its own behalf. Thereby, these additional services help to establish the link between its services and the signs placed on those goods in the third-party seller's advertisements. Accordingly, the Court thought that Amazon would be equally liable for actions by a third-party selling infringing goods on its marketplace.

The different conclusions reached by the Court and the Advocate-General as to whether Amazon's marketplace is a commercial communication by Amazon itself comes down to the assessment of the sophistication of the relevant public. The Advocate-General simply thought the relevant public were better informed about the business model than the Court did. As the level of information in the possession of the relevant public is properly a matter for the national court and this will vary between Member States and between goods and services neither the Advocate-General's nor the Court's answer is necessarily right in every case. It will (at least in theory) depend on the facts.

Final thoughts.

The Court of Justice has usually sided with the business models of online marketplaces. Seeing the relevant public as sophisticated enough to know who is selling the goods and who is responsible for counterfeit products. The *Louboutin* case is a rare example of a business model adopted by one of the big players being found to be problematic. While the Court's conclusion might not apply to every good or service sold on Amazon (as some customers are better informed and more sophisticated), it is clear that Amazon will need to rethink how it presents goods on its marketplace. This in itself might present it with new problems. Once there is variation between its own goods and those of others on the marketplace then it might start facing new competition law problems.³² It will be a difficult balance to strike.

³¹ Court, [52].

³² See T-612/17 *Google and Alphabet*, EU:T:2021:763 (currently under appeal C-48/22). In this case, Google were issued a €2.42billion fine for favouring its own comparison shopping service in any search.