BMM Autumn meeting 2020

Overview of ECJ Case law Focus on trademark and designs in the online world

Sophie Lens, Counsel 27 November 2020 - Code word: SEE





POSSIBLE SITUATIONS

Disputed sign used...

- ...as a keyword in referencing service
- ... in ad displayed on search engine
- ...on market place
- ...on competitor's website
- ...on counterfeiter's website
- ...to promote / offer for sale...
 - ...(original) authentic goods
 - ...counterfeits
 - ...second-hand goods, accessories, spare parts, etc.



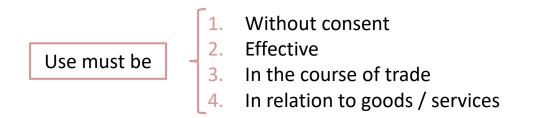


Exclusive right =

Prevent third parties [1] not having consent from [2] using [3] in the course of trade, [4] in relation to goods or services, any sign where [...]

Art.10.2 Directive 2015/2436 Art.9.2 EUTMR

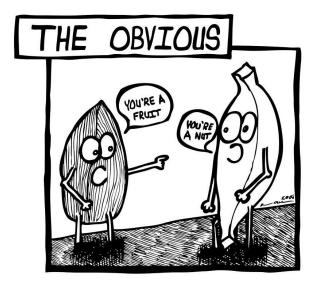
→ Conditions to exercise exclusive right =







UNAUTHORIZED USE



BUT what about

- Possible exceptions for
 - Second-hand TM goods
 - Accessories to TM goods
 - Spare parts to TM goods
 - ightarrow Art.14 Directive 2015/2436 and Art.14 EUTMR
- Exhaustion of rights
 - \rightarrow $\;$ Art.15 Directive 2015/2436 and Art.15 EUTMR $\;$





EFFECTIVE USE

Person likely to be held liable for disputed use

- Advertiser
- Referencing service provider
- Marketplace operator
- Website host
- Internet provider
- Etc.

? Mere fact of deriving economic advantage from disputed use = "using" ?





USE "IN THE COURSE OF TRADE"

- Private individual vs Trader
- Person "using" disputed sign
 - Advertiser
 - Referencing service provider
 - Marketplace operator
 - Website host
 - Internet provider
 - Etc.





USE "AS A TRADEMARK"

- In relation to goods / services
- Likely to
 - Affect TM essential functions (a)
 - Indication of origin
 - Guarantee of quality
 - Communication
 - Investment
 - Advertising
 - Create risk of confusion (b)
 - // Function of indicating origin
 - Take undue advantage of TM reputation (c)



MEASURES AGAINST INFRINGER

- ? Injunction as soon as infringement is established?
- ? Territorial scope of injunction
 - According to scope of earlier TM invoked (national or EU)?
 - Depending on territory(ies) where infringement is established?





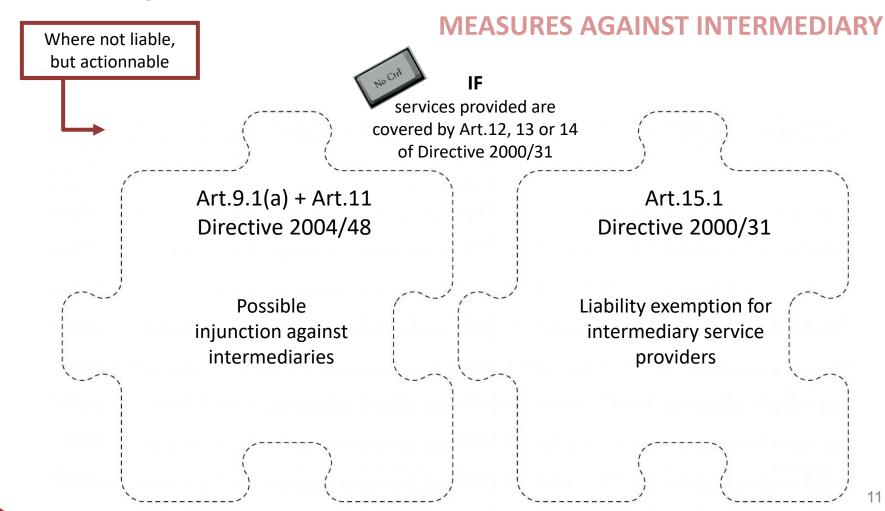
MEASURES AGAINST INTERMEDIARY

Who?

- Referencing service provider
- Marketplace operator
- Website host
- Internet provider
- Etc.
- Generally accepted that intermediary does not "use" TM when simply acting on order and instructions of third party
 - \rightarrow Not "liable", but still "actionable" $\rightarrow \rightarrow \rightarrow$









MEASURES AGAINST INTERMEDIARY

- Balance to be achieved between freedom of trade and TM protection
- Injunction must be fair, effective and proportionate
- Geographical scope of injunction









lssues =

- ? Use of sign corresponding to TM as keyword to display ads = infringement where...
 - ... Selection of keyword by advertiser?
 - ... Storage of keyword by referencing service provider?
 - ... Display of ad?



Google

adidas

- Q All 🛇 Maps
- 🖾 Images 🛷 Shopping 🗉

🗉 News 🗄 More

Settings Tools

 $\times | \mathbf{Q}$

About 1.220.000.000 results (0,67 seconds)

Ad www.jdsports.be/ 🕶

adidas - Shop Onze Black Friday Deals

Black Friday is begonnen met aanbiedingen tot 50% op al je favoriete merken. Shop nu! 9 48-50 Rue Neuve, Bruxelles - 02 793 09 23 - Hours & services may vary

Ad www.adidas.be/ -

Boutique officielle adidas® - Explore les derniers produits

Sur le terrain ou en ville, booste tes performances et ton style avec la boutique **adidas**. Parcours notre vaste sélection d'articles et trouve tous tes essentiels dès aujourd'hui. **adidas** Training. **adidas** Football. **adidas** Running. Marques: **adidas** Originals, **adidas** Skateboarding.

adidas® homme - adidas® femme - adidas® enfant - Outlet adidas® - Nouveautés

results

AdWords

"Natural"

results

Ad www.zalando.be/ 👻

adidas | 2020 - Gratis verzending & retour

adidas Collectie Online. Tot 100 dagen retourrecht. Veilige betaling. De nieuwste mode & beauty. Veilige betaling. Gratis levering. 100 dagen retourrecht. Designermerken. Betaal met Bancontact. Typen: Jassen, Truien, Vesten, Tops, T-shirts, Broeken, Rokken, Blouses. Sale · Cadeaubonnen · Sportkleding · Meer dan 2500 merken · Accessoires · Beauty

Ad www.douglas.nl/ -

Adidas bij Douglas - Your Partner in Beauty - douglas.nl

Spaar Beauty Points en profiteer van exclusieve voordelen met de Douglas Beauty Card. Onze klantbelofte voor u: exclusieve voordelen, speciale cadeaus en topaanbiedingen! Douglas Beauty Card · 25% korting op BOSS · 25% korting op Mugler · 25% korting op D&G Deal: 25% korting op alles

www.adidas.be > ...

adidas Online Shop | adidas BE

Sports shop for adidas shoes and sportswear: Originals, Running, Football & Training on the official adidas BE website. Return for free for 100 days!

Originals

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Men

Shoes - Clothing - Jackets - Men's

Ads · Shop now		Θ
PRICE DROP		SALE
× 111		
Adidas Chaussure	Adidas Duramo SL	adidas Originals
Coast	Schoenen	Gazelle Sneakers
€43.98 Was €61	€54.95 adidas.be	€38.45 €55 nl.zalando.be
adidas.be	Free shipping	Free shipping
By Kelkoo	By Kelkoo	By Shoptail
	SALE	
adidas Daily 2.0 Baskets en Bleu	adidas Originals Swift RUN	Adidas Ultraboost 19 Schoenen
€59.95	€34.95 €50	€125.97
torfs.be/fr/home	nl.zalando.be	adidas.be
Free shipping	Free shipping	Free shipping
By Google	By Shoptail	By Kelkoo
SALE	SALE	SALE
adidas Originals USA 84 Sneakers €63.95 €80 nl zalando be	Stan Smith Adidas Originals €50.00 €65 Courir - BE	Sneakers Tensaur adidas €24.46 €35 La Rerioute



UNAUTHORIZED USE







USE "IN THE COURSE OF TRADE"

- Commercial activity with view to economic advantage >< private matter (§50)
- (1)
- Advertiser (§§51-52)
- **Referencing service provider** (§§53-54 and 58)
 - \wedge
- "Operates" vs "use" "in the course of trade"



EFFECTIVE USE

- Advertiser (§§51-52)
- **Referencing service provider** (§§99 + 105)
 - \rightarrow Does not "use" disputed signs for its <u>own</u> commercial communication





USE "AS A TRADEMARK"

In relation of goods / services

☑ Whether disputed sign is used in displayed ads or not?

- List of uses in Art.10.3 Directive 2015/2436 and Art.9.3 EUTMR
 - Non-exhaustive (§65)
 - Drawn up before full emergence of electronic commerce and advertising (§66)
- Purpose of keyword = make users click on ad link (§67)
- User may
 - Confuse ads with those of TM proprietor (§§68 + 72)
 - Perceive ads as alternative to TM proprietor's goods / services (§§68 + 71)



USE "AS A TRADEMARK"

Adverse effect on TM functions



- Exclusive right = protection of TM function
 - \rightarrow Exercise only to oppose use liable to cause detriment thereto (§§75-76)

>

Protection under (a)

Adverse effect on TM functions

Protection under (b) Likehood of confusion





USE "AS A TRADEMARK"

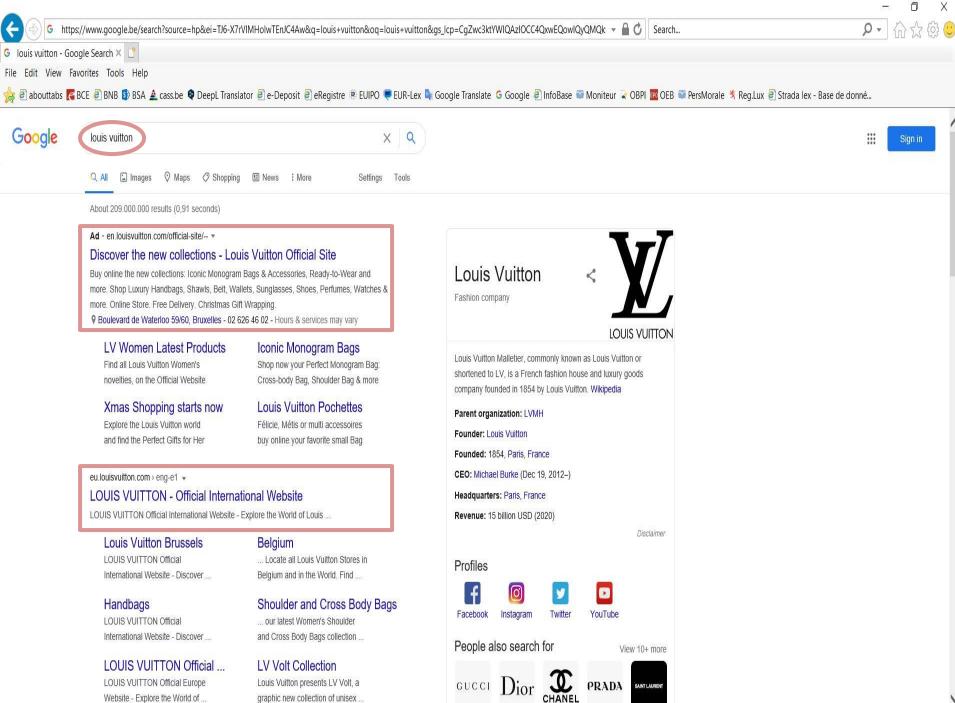
Adverse effect on TM functions



Adverse effect on

- Function of indicating origin
 - Ad immediately after entry of TM as search term (which remains on screen)
 - \rightarrow User may err as to origin of goods / services when
 - Ad's presentation / terms suggest(s) economic link (§89)
 - Ad too vague as to origin of goods / services (§90)
- Advertising function (§98)
 - Possible repercussions on TM proprietor's comm strategy **BUT**
 - Possibility to register keyword to also appear in "Ads"
 - TM proprietor's home / ad page still in natural results







MEASURES AGAINST INTERMEDIARY

Liability exemption only if

- Service provided qualifies as "information society service" under Directive 2000/31
- Service consists of "mere conduit" (Art.12), "caching" (Art.13) or "hosting" (Art.14)
- Service provider plays neutral / passive role
 - ightarrow No knowledge of, or control over data
- Service provider is unaware of any illegal activity / info





MEASURES AGAINST INTERMEDIARY

✓ "Information society service"? (§110)

- Services provided at a distance
- By means of electronic equipment
- For processing / storage of data
- At third party's request
- In return for remuneration
- **Exemption** (\rightarrow only if no knowledge of, or control over)
 - Irrelevant
 - Intermediary is paid
 - Keyword = search term
 - Relevant = intermediary's role in
 - Drafting of commercial message accompanying ad link
 - Establishing / selecting keyword



ECJ, 25/03/2010, C-278/08



trekking.at Reisen



Edi Koblmüller Bergspechte

Issues =

? Is TM proprietor entitled to prohibit third party from displaying – on basis of keyword identical or similar to TM – ad for goods / services identical or similar to TM's?



ECJ, 25/03/2010, C-278/08

USE OF KEYWORD TO DISPLAY AD

Disputed signs	Bergspechte?	Edi Koblmüller? Bergspechte?	
	(a)	(b)	
Unauthorized use	\checkmark		
Use "in the course of trade"	 ✓ (§18) 		
Effective use			
Use "as a trademark"	 In relation to goods / services (§19) Adverse effect on TM functions Advertising function (§§33-34) Function of indicating origin (§§35-36) 	← □ Likelihood of confusion (§§39-40)	

// ECJ, 23/03/2010, Google, C-236/08-C-238/08





Issues =

- ? Is TM proprietor entitled to prohibit third party from displaying on basis of keyword identical or similar to TM ad for goods / services identical or similar to TM's?
- ? Possible application of exceptions



USE OF KEYWORD TO DISPLAY AD

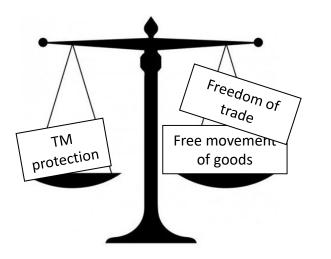
	(a)	(b)	
Unauthorized use	5	Z	
Use "in the course of trade"	✓ (§27)		
Effective use			
Use "as a trademark"	 In relation to goods / services (§42) Adverse effect on TM functions Advertising function (§33) Function of indicating origin (§§34-35) 	← Likelihood of confusion (§§51-54)	

// ECJ, 23/03/2010, Google, C-236/08-C-238/08



EXCEPTIONS

Limitation of effects of TM



Exclusive right limited when disputed use =

- Indications concerning kind, quality, quantity, value, geographical origin, etc.
- Necessary to indicate intended purpose of product / service, "in particular as accessories or spare parts"
- **BUT** disputed use must be in accordance with honest industrial / commercial practices





EXCEPTIONS

Limitation of effects of TM

(\mathbf{J})

- Disputed use for
 - (E) Indications of goods / services characteristics (§§60-61)
 - Necessary to indicate intended purpose
 - "In particular as accessories or spare parts" \rightarrow Non-exhaustive list (§63)
 - BUT objective = inform public of practical link between goods / services (§64)

(IX) In accordance with honest industrial / commercial practices

- = "Duty to act fairly" (§67)
 - $\mathop{ \mbox{\tiny \mbox{--}}}$ Public's perception of possible link
 - // Adverse effect on function of indicating origin / likelihood of confusion (§§68-69)
 - Ser Extent to which third party ought to have been aware of possible ambiguity
 - \rightarrow Unlikely that third party can claim not to have been aware of ambiguity (§70)





EXCEPTIONS

Exhaustion of rights

- Exclusive right = exhausted after first placing on market "by" TM proprietor within EEA/EU
 - \rightarrow Third party = free to
 - Resell "original" TM goods
 - Use TM to this effect
- Unless "legitimate reasons"
 - Use of disputed sign = serious damage to TM reputation (§79)
 - Impression of commercial connection (§80)
 - // Adverse effect on function of indicating origin or likelihood of confusion (§81)
 - "De/re-branding" = damage to TM essential function of indicating and guaranteeing origin (§86)





EXCEPTIONS

Exhaustion of rights

(1)

☑ TM goods first placed on market by TM proprietor

"Legitimate reasons" to oppose resale?

- Sale of second-hand trademarked goods = well-established form of business
 - \rightarrow No legitimate reasons when
 - Use of TM with additional wording "used" / "second-hand" (§84)
 - Use of disputed sign to advertise resale activities, incl. resale of other secondhand TM goods (unless serious damage to TM reputation)
- Legitimate reasons
 - Removal of TM for used goods and replacement by third party's TM





/ ECJ, 12/07/2011, C-324/09



Issues =

- ? (Offer for) sale within EU of "original" TM goods...
 - ... Only intended for sale in third States
 - ... Not intended for sale (e.g. testers, samples)
 - ... Without packaging
- ? Use of TM as keyword on search engine to promote marketplace and sellers
- ? Nature and scope of injunction against marketplace operator



ECJ, 12/07/2011, C-324/09

(OFFER FOR) SALE OF TM GOODS

Use "in the course of trade"

Private vs commercial	activity

✓ Sellers

☑ Marketplace operator





ECJ, 12/07/2011, C-324/09

(OFFER FOR) SALE OF TM GOODS

Effective use



- Marketplace operator
 - → Disputed signs "used" on its website BUT not for its <u>own</u> commercial communication (§§101-102)





/ ECJ, 12/07/2011, C-324/09

(OFFER FOR) SALE OF TM GOODS

Unauthorized use - Exceptions

1. "Original" TM goods only intended for sale in third States

- Exhaustion of rights principle = first placing on market within EEA/EU
- Quid possibility to oppose offers for sale of TM goods located in third State
 - → Only if target consumers in territory(ies) covered by TM (§61)
 Mere accessibility of website ≠ sufficient (§64)
- Exhaustion of rights (§60)
- ☑ Targeting of consumers located in territory covered by TM (§66)
 - www.ebay.co.uk = targeting UK consumers



(OFFER FOR) SALE OF TM GOODS

Unauthorized use - Exceptions

2. Testers and samples



- ≠ First placing on market "by" TM proprietor
 - TM testers / samples given away, free of charge, to promote sale of TM goods
 - Objects marked with "demonstration" / "not for sale"



Exhaustion of rights





(OFFER FOR) SALE OF TM GOODS

Unauthorized use - Exceptions

3. Unboxed goods

Infringement of exclusive rights IF

- Removal of packaging harms goods image / TM reputation
- Deletion of info required by law impairing with essential function of guarantee of origin and/of quality

e.g. Identity of manufacturer or person responsible for marketing





USE OF KEYWORD TO PROMOTE MARKETPLACE / SELLERS

- ☑ Use "in the course of trade"
- Effective use by marketplace operator (= advertiser)
- 🔲 Use "as a trademark"
 - For identical or similar goods / services
 - Promotion of online marketplace (§89)
 - Promotion of sellers' offers for sale on marketplace (§§91-92)
 - Adverse effect on TM functions IF
 - Ad's presentation / terms suggests economic link
 - Ad too vague as to origin of goods / services





MEASURES

Injunction against marketplace operator

Liability exemption only if

- Service provided qualifies as "information society service" under Directive 2000/31
- Service consists of "mere conduit" (Art.12), "caching" (Art.13) or "hosting" (Art.14)
- Service provider plays neutral / passive role
 → No knowledge of, or control over data
- Service provider is unaware of any illegal activity / info





MEASURES

Injunction against marketplace operator

(1)

✓ "Information society service" under Directive 2000/31 (§109)

- Services provided at a distance
- By means of electronic equipment
- For processing and storage of data
- At third party's request
- In return for remuneration
- Exemption \rightarrow Only if no knowledge of, or control over



Neutral position \neq assistance to help optimize presentation / promotion of sellers' offers for sale (§§116 + 123)



MEASURES

Scope of injunction

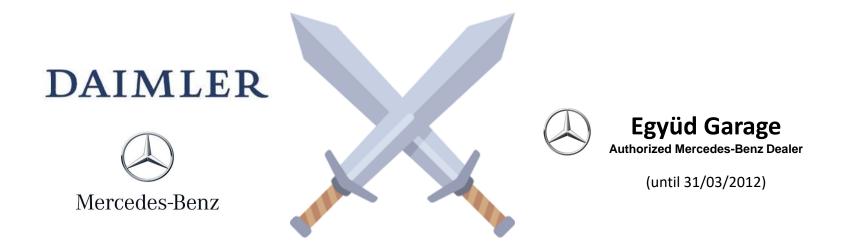
- Goal =
 - Stop ongoing infringement
 - Prevent further infringement of "that" kind (§131)
 - // Art.18 Directive 2000/31 (§132)
 - Recital 24 Directive 2004/48 (§134)
- Measures =
 - Effective, proportionate, dissuasive (§136)
 - Active monitoring of all data of sellers to prevent future infringement (§139)
 - >< Art.15.1 Directive 2000/31

Art.3 Directive 2004/48 (fair, proportionate, not excessively costly)

- Barriers to legitimate trade (§140)
- Measures to make it easier to identify sellers (§142)



ECJ, 03/03/2016, C-179/15



Issues =

- ? Can advertiser be held liable for use of disputed sign in online ad featuring him if he...
 - ... did not order the disputed ad
 - ... tried to have removed





/ ECJ, 03/03/2016, C-179/15

Exclusive right IF		
	2011-2012	After 31/03/2012
Unauthorized use	×	\checkmark
Use "in the course of trade"	\checkmark	\checkmark
Effective use	\checkmark	×
Use "as a trademark"	\checkmark	\checkmark





/ ECJ, 03/03/2016, C-179/15

EFFECTIVE USE

- = <u>Active</u> behavior and (in)direct <u>control</u> of disputed use
 - // Wording of
 - "Using" / "faire usage" / "het gebruik" (§39)
 - (3) Refers exclusively to <u>active</u> behavior (§40)
 - // Purpose of exclusive right = Tool to prohibit TM use without consent
 - \rightarrow To be able to stop it, third party needs (in)direct control of disputed use (§41)
- ≠
- Act carried out by independent operator without advertiser's consent or against express will (§34 + 36)
- Sole fact to get financial benefit from disputed use (§42)







Issues =

? Does unitary nature of EUTM prevent injunction from being pronounced in part of EU territory if disputed sign creates risk of confusion only in part of UE?



/ ECJ, 22/09/2016, C-223/15

MEASURES AGAINST INFRINGER

- "As a rule" (§30)
 - Referring court = acting as EUTM court
 - \rightarrow $\;$ Jurisdiction for infringement acts within any MS $\;$
 - Likelihood of confusion in all or part of EU
 - → Infringement of exclusive right (§§25-28)
 - If infringement
 - → Prohibition order for whole of UE (§30)
- "However" (§31), if no likelihood of confusion in part of EU
 - No adverse effect on TM function of indicating origin in that part
 - Since exclusive right = protection of TM essential functions
 - \rightarrow Territorial scope of prohibition must be limited (§31)
 - Clear identification of part of EU covered or not by prohibition order (§34)
 e.g. "English-speaking areas" NOT clear enough





ECJ, 02/04/2020, C-567/18



Issues =

Poes storage of goods on behalf of third party, without knowledge of infringing nature of goods = storage "for the purpose of offering for sale or putting on the market"?



/ ECJ, 02/04/2020, C-567/18

EFFECTIVE USE

- No definition of "using" BUT
 - Involves <u>active</u> behavior and (in)direct <u>control</u> of disputed use (§37)
 - // ECJ, 03/03/2016, Daimler, C-179/15
 - Must be for third party <u>own</u> commercial communication (§§39-40)
 - // ECJ, 23/03/2010, Google, C-236/08-C-238/08
 - // ECJ, 12/07/2011, L'Oréal, C-324/09
 - → Creating technical conditions necessary for disputed use and being paid therefor ≠ "using"
 - // ECJ, 23/03/2010, Google, C-236/08-C-238/08
 - // ECJ, 15/12/2011, Frisdranken Industrie Winters, C-119/10
 - // ECJ, 16/07/2015, TOP Logistics, C-379/14
- Storage = "use" only if done "for purposes" of offering for sale or putting on the market (§44)

M

Effective use (§53)



ECJ, 02/07/2020, C-684/19



Issues =

? Is third party referenced on website in entry containing disputed sign "using" the TM, if entry was not placed by third party, but was reproduced by website's operator from another entry that third party placed in infringement of TM?



/ ECJ, 02/07/2020, C-684/19

EFFECTIVE USE

In principle, "use" =

- Offering of goods / services under disputed sign
- Selection of keyword in referencing service to trigger display of ad
- \rightarrow Ordering publication of ad containing or being triggered by disputed sign = "using"
- **BUT** need for <u>active</u> conduct and (in)direct <u>control</u> of disputed use
 - \rightarrow Effective use \neq
 - Act carried out by independent operator without advertiser's consent
 - Sole fact to get financial benefit from disputed use
 - // ECJ, 03/03/2016, Daimler





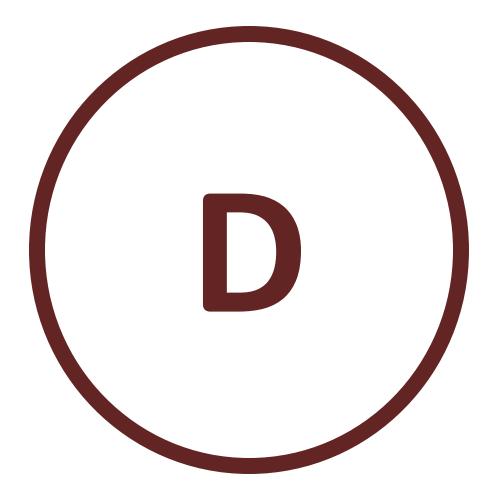
ECJ, 02/07/2020, C-684/19

EFFECTIVE USE

(1)

- mk advokaten
 - \rightarrow Need to examine its conduct (§25)
- ✓ Website operators
 - Reproduction of disputed sign on own initiative and in own name
 - mk advokaten ≠ customer
 - \rightarrow Possible to act against website operators
 - >< Referencing system operator does NOT use disputed sign contained in customer's ads or triggering display of ads (§27)
 - // ECJ, 23/03/2010, Google, C-236/08-C-238/08
 - // ECJ, 02/04/2020, Coty Germany, C-567/18







ECJ, 27/09/2017, C-24/16 - C-25/16



Issues =

- ? International jurisdiction & applicable law
- ? Use of images of protected designs to promote goods intended to be used as accessories to products incorporating original designs





/ ECJ, 27/09/2017, C-24/16 - C-25/16

ART.20.1(C)CDR =

Limitation of exclusive right for acts of reproduction ...

Two-dimensional representation of a product corresponding to a design may constitute such an act (§69)

... for the purpose of making citations ("illustration")

A third party that lawfully **sells** goods intended to be used with specific goods corresponding to design and reproduces the latter in order to **explain or demonstrate** the joint use of the goods it sells and a product corresponding to a design carries out an act of reproduction for the purpose of making "citations" (§77)





ECJ, 27/09/2017, C-24/16 - C-25/16

ART.20.1(C)CDR =

...provided that

- 1. Compatibility with fair trade practice
 - = Duty to act fairly in relation to right holder's legitimate interests (§79)
 - \rightarrow Not the case where
 - Impression of commercial connection
 - Infringement of design rights
 - Unfair advantage of right holder's commercial repute
- 2. No undue prejudice to normal exploitation of design (§82)
- 3. "Mention" of source
 - = Enable consumer to identify commercial origin of product incorporating design (§84)

 \land If affixing of trademark → trademark law (§85)





/ THANK YOU!



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