Searching Questions: Issues Surrounding Trade Mark Use on the Internet

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Introduction

Since the creation of the Trade Marks Directive 2008/95 there has been debate over defining what functions trade marks actually perform, which of those functions ought to be protected and therefore what defines the concept of trade mark use. Whilst this issue has been visited before, most notably in Arsenal v. Reed\(^1\) the most recent re-visiting of this issue in the so-called eBay and adwords cases has increased the complexity and added a further dimension by focussing on the issue of trade mark use on the internet. Legal arguments that once seemed familiar now appear at times to be strangely distorted when looked at from the perspective of the internet. The internet poses difficult questions for trade mark lawyers. Do trade marks perform the same functions when used on the internet and what equals use? By whom are they used and where are they used? It is these questions that this article seeks to address and it is hoped that the answers will enable the jurisprudence emitting from this recent line of case law to be placed in a context that will aid the development of a broader understanding of the way trade marks are used on-line and the implications this has for their protection.

Trade mark use on-line

The two questions as to whether trade marks perform the same functions when used on-line, and what equals trade mark use on the internet are so intrinsically linked that they warrant being discussed together. For it is only by understanding what functions a mark performs

\(^{1}\) Arsenal Football Club v. Reed (C-206/01) [2003] R.P.C. 144.
mark proprietors and others. It is already established that the essential function of a mark is its ability to act as a signifier of trade origin and to help consumers identify those goods that originate from the trade mark proprietor or with his consent. The way this is most commonly achieved on-line is when an internet surfer types the trade mark into an internet search engine. It is here that the trade mark is reduced to a series of key strokes, devoid of any semantic meaning and often used on its own not in relation to any particular class of goods, as the surfer may simply type in “apple” as opposed to “apple computers” and therefore the trade mark appears to be stripped down to its key components, a mere series of letters.

The issue of what amounted to use of a trade mark in such situations was set out in *Google France v. Louis Vuitton*² and *Interflora v. M&S Flowers Direct*³. In this context the peculiar nature of search engines plays a key role. Search engine operators such as Google allow internet surfers to type a key word into their search engine. This will trigger the display of search results and a list of websites that contain that keyword within them. These are called the organic links. However, these keywords can also be purchased by advertisers as adwords which means that when this word is typed into a search engine it simultaneously triggers a listing for the adword purchaser’s website in the sponsored link section of the search results. Advertisers can purchase multiple adwords and the same adword can be purchased by multiple purchasers who pay the search engine operator on a “cost per click” basis. The advertiser who pays the most will have their sponsored link appear in the most prominent position in the search results. Trade marks are capable of being purchased as adwords and where this happens the results will display the registered trade mark proprietor’s website in

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² Google France Sarl v. Louis Vuitton Malletier SA (C-236/08)
³ Interflora v. Marks & Spencer plc. (C-323/09)
the organic links and the listings for the advertisers who have paid for that word in the sponsored link section. Many trade mark proprietors have purchased their own trade marks as adwords but their rivals have also been free to do this and if they are prepared to pay more, may have their weblisting appear in a more prominent place within the search results than that of the trade mark owner.

There are three key players in this scenario, the trade mark proprietor, the search engine operator who stores the keywords and information and receives payment for the sale of such information as adwords, and the advertiser who selects the trade mark as an adword. In order to determine the issue of infringement liability the first question to be resolved was which actions by the parties outlined above amounted to trade mark use. In a line of case law now commonly referred to as the adwords cases the Court of Justice of the European Union (CJEU) did just that. In the case Interflora v. M&S Flowers Direct4 and the conjoined cases C-236/08 to 238/08 Google France v. Louis Vuitton, Viatticum SA Luteciel v. Google France and Google France v. Centre National de Recherche en Relations Humanines (CNRRH)5 the central issue was that when an internet surfer typed one of the registered trade marks owned by the above listed aggrieved proprietors into Google’s search engine they were confronted with a display of their rival operator’s websites in the sponsored links. In an added further twist Louis Vuitton who are the proprietors of the famous ‘Vuitton’ ‘Louis Vuitton’ and ‘LV’ trade marks discovered that when those marks were typed into Google’s search engine this triggered the display of sponsored links that directed the internet user to websites that offered counterfeit versions of Louis Vuitton products. By upholding their earlier reasoning in

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4 Interflora v. Marks & Spencer plc. (C-323/09)
5 Conjoined cases Google France v. Louis Vuitton, Viatticum SA Lueciel v. Google France and Google France v. Centre National de Recherche en Relations Humanines (CNRRH) (C-236/08-238/08)
constitutes use in the course of trade where it occurs in the context of a commercial activity with a view to economic advantage and not as a private matter. It is here that an important but subtle distinction was made between the search engine operator and the adword purchaser. The CJEU held that whilst the search engine operator created the technical conditions necessary for the use of a sign and were paid for this it did not mean that they themselves were using the sign. They held that it was the advertiser who selected the keyword/adword and it was their weblink that would be displayed therefore for the purposes of determining infringement liability under Directive 2008/95 it was only the advertiser that the court would look towards. Furthermore, when determining whether there was an actual infringement the court would decide this on the basis of the content of the end advert that the internet surfer would be taken to if they clicked on the sponsored link. Therefore, it is the content of this end advert that is of paramount importance in deciding whether there has been any harm done to the trade mark’s ability to act as a signifier of trade origin. Such harm could occur where the end advert was so vague that it would not enable the reasonable consumer to determine whether there was an economic link between the trade mark proprietor and the advertiser, or where it could cause the reasonable consumer to form a mistaken belief that the advertiser was the trade mark proprietor.

However, this is only one of the ways that trade marks are used online. Trade marks are also used when individual vendors wish to sell goods that have originated from another and bear those trade marks. In the virtual world this is most commonly achieved by the use of on-line market places such as eBay. It was in this line of case law that the CJEU had to grapple with

6 Arsenal Football Club v. Reed (C-206/01) [2003] R.P.C. 144.
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The application of trade mark law to a virtual market place. This inevitably pushed the boundaries of jurisprudence and sparked a re-assessment of the appropriateness of approaches where principles were applied much as if they were regulating an actual marketplace or garage sales.

eBay operates an electronic marketplace on which are displayed listings of goods offered for sale by individual vendors who have registered for that purpose with eBay and created a seller’s account. eBay charges a percentage fee on completed transactions. eBay buys adwords in order to direct internet traffic to its website and some of these adwords correspond to registered trade marks. This raises the question as to the extent of their liability for trade mark infringements. Following the reasoning in Google France v. Louis Vuitton\(^7\) and Interflora v. M&S Flowers Direct\(^8\) it is the party who selects and purchases the adword who is the one deemed to be using the trade mark and not the search engine operator. The issue of infringement is based upon the content of the end advert that is displayed. There are occasions where the adword purchased by eBay will direct an internet user to a page on a website where infringing products are offered for sale by some of its vendors. It is a breach of eBay’s own rules to infringe a trade mark and eBay operates a ‘VeRO’ programme (Verified Rights Owner) which is a notice and take down system intended to provide intellectual property owners with assistance in removing infringing listings form the site. In L’Oreal v. eBay\(^9\) the cosmetics giant decided not to pursue legal actions against individual sellers on eBay but to bring an action against eBay itself.

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\(^7\) Google France Sarl v. Louis Vuitton Malletier SA (C-236/08)
\(^8\) Interflora v Marks & Spencer plc. (C-323/09)
\(^9\) L’Oreal SA v. eBay International AG (C-324/09)
The facts at the centre of this dispute were that L’Oreal was deeply concerned by the discovery that upon typing its trade mark ‘Shu Uemura’ into the Google search engine an advertisement for eBay was displayed and upon clicking that sponsored link the internet user was directed to a page on the eBay website that offered 96 items for sale, most of which were expressly stated to be from Hong Kong. They also objected to another page on which was displayed 17 items for sale, two of which were counterfeits and the other 15 items were either goods not intended for re-sale such as tester and dramming products, or goods that were intended for sale in North America and not the European Economic Area (EEA).

Furthermore, some of these items were sold without their packaging. It was alleged that these items infringed their ‘Amor Amor’ and ‘Lancome’ trade marks.

The use of the signs was obviously taking place with a view to obtaining a commercial advantage and so would be classified as use in the course of trade. Leaving aside the issue of who was the one using the sign and therefore liable for any infringements caused, as this will be returned to later in the article, the court had to look once again at the issue of use. In order for the trade mark proprietor to object to a third party from using a sign identical to his mark the use must take place in the course of trade. As already set out in previous case law such as Holterhoff v. Frieslebeen\textsuperscript{10} and Trebor Basset v. The Football Association\textsuperscript{11}, descriptive use, incidental use and any other use which is not in the course of trade will all fall outside of the scope of this provision. Once again the unusual nature of the internet and eBay’s business model had to be looked at.

\textsuperscript{10} Michael Holterhoff v. Ulrich Freiesleben (C-2/00)
Accordingly, when an individual sells a product bearing a trade mark through an online marketplace and the transaction does not take place in the context of a commercial activity, the proprietor cannot rely on his exclusive right as expressed in Article 5 of Directive 89/104…”

In order to determine whether or not the transaction takes place within a commercial activity reference will be made to the volume and frequency with which the individual sells such items. The A-G gave an example in his opinion where an individual vendor may legitimately use the trade mark and it not be in the context of a commercial enterprise. He gave an example of a man who had bought some expensive make-up cream for his wife as a Christmas present and upon her informing him that she was allergic to some of the ingredients the husband decided to sell the product online to recoup some of his money. In 

*L’Oreal v. eBay* the referring court had found that one of the individual sellers offered a large number of items bearing the L’Oreal trade marks and therefore concluded that he was acting as a business seller.

Furthermore, when looking at the use made by eBay, the online marketplace host, it was decided that although it and its business model is very different to that of Google, as a search engine operator, that eBay was not using the sign in relation to the goods or services for which the mark was registered. It is at this point that one must turn to the question of which parties are deemed to be the ones using the sign?

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12 L’Oreal SA v. eBay International AG (C-324/09) at paragraph 55.
By whom are they used?

In Google France v. Louis Vuitton\textsuperscript{13} the CJEU held that an internet referencing service provider which stores as a keyword a sign identical with a trade mark and organises the display of adverts on the basis of that keyword does not use that sign within the meaning of Article 5(1) and (2) of Directive 2008/95. Reference was made to this decision in L’Oreal v. eBay\textsuperscript{14}. Unlike Google, eBay does not provide an internet referencing service but hosts an electronic marketplace. However, unlike the advertisers referred to in Google France v. Louis Vuitton, eBay is not itself offering the goods for sale. In this respect it shares a similarity with Google.

A-G Jaaskinen viewed that due to the fact that a trade mark is used in relation to goods both when it is used by the trade mark proprietor in order to distinguish his goods from a third party’s goods, and vice versa, that a party who is in the position of an intermediary such as a marketplace operator must equally be using the sign in relation to goods when he uses it to distinguish between goods that are available through his electronic marketplace and those which are not. However, it does not follow that eBay’s liability should correspond to that of the position of the end advertiser in Google France v. Louis Vuitton or Interflora v. M&S Flowers Direct. The factual situation for eBay necessitates a different understanding.

\textsuperscript{13} Google France Sarl v. Louis Vuitton Malletier SA (C-236/08)
\textsuperscript{14} L’Oreal v. eBay International AG (C-324/09)
As a matter of principle I do not think that possible problems relating to the conduct of individual market participants could be imputed to the marketplace operator unless there are grounds for secondary liability pursuant to national law. A company operating a shopping centre cannot be responsible if a grocery in its premises sells rotten apples. Neither should that company be automatically held responsible for a trade mark infringement taking place in the shopping centre when, for example, a member of a selective distribution network continues to sell branded goods even after the trade mark proprietor has terminated the distribution agreement with immediate effect. A marketplace operator is entitled to presume that market participants using its services act legally and follow the agreed contractual terms and conditions relating to the use of the marketplace until it is concretely informed of the contrary.”

Therefore, when applying this to the infringement test set out in Google France v. Louis Vuitton, that whether there is an infringement or not is dependent upon the content of the end advert, that in this instance if the nature of an operator as a marketplace is sufficiently clearly communicated in the advert displayed with the search results of an internet search engine, the fact that some users of that marketplace may infringe a trade mark is as such not liable to have an adverse effect on the functions of quality, communication and investment of that trade mark. Furthermore, A-G Jaaskinen was at pains to point out that the activity of eBay consisting of search and display functions applicable to the listing is technically similar to that of an internet search engine operator such as Google. Therefore, as regards eBay storing sellers’ listings and displaying them when an internet user searches the eBay listings, this function ought to be viewed much as Google’s was. This means that in this circumstance the use and display of third party trade marks is not use of a sign as regards Article 5(1) of

15 Ibid at paragraph 117.
Directive 2008/95 because the marketplace operator allows its clients to use signs which are identical with trade marks without actually using those signs itself.

In *L’Oreal v. eBay* another issue that had to be dealt with was to what extent if any, could eBay benefit from Article 14 of Directive 2000/31 the exemption from liability for a hosting service provider. The purpose of the directive was to enhance the proper functioning of the internal market by ensuring the free movement of information society services between member states. Once again the court had to balance the differences between the law as set out in *Google France v. Louis Vuitton* and the facts before it in *L’Oreal*. A-G Jaaskinien sets out what he perceives as being the court’s stance in Google France.

“According to the court, it follows from recital 42 of the directive that exemptions from liability established in that directive cover only cases in which the activity of the information society service provider is ‘of a mere technical, automatic and passive nature’, which implies that the service provider ‘has neither knowledge of nor control over the information which is transmitted or stored’. Therefore, in order to establish whether the liability of a paid internet referencing service provider may be limited under Article 14 of Directive 2000/31, it is necessary to examine whether the role played by that service provider is neutral in the sense that its conduct is merely technical, automatic and passive, pointing to a lack of knowledge or control of the data which it stores.”

In short the court in *Google France* is suggesting that the test is one of neutrality. That in order for a party to claim the exemption for a hosting service provider under Article 14 it must remain neutral in relation to the hosted data. However, A-G Jaaskinen views that

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16 Ibid at paragraph 138.
neutrality is the wrong test to use because it can be argued that eBay does not remain neutral in respect of the data that it hosts due to it instructing its clients in the drafting of advertisements and monitoring the listings. A-G Jaaskinen concludes that it would be ‘surreal’ if this so-called lack of neutrality was to deprive eBay of the protection offered by Article 14. A-G Jaaskinen preferred to focus on the issue of storage of information rather than that of neutrality and thought that if the conditions of neutrality set out in Google France v. Louis Vuittion were held to apply to the host of an electronic marketplace, as is the case with eBay, then the purpose and objective of Directive 2000/31 would be seriously endangered. In relation to the market operators activities of storing text about the offers for sale that is provided by the sellers and then displaying that information upon request, eBay may well remain neutral in relation to that information if it allows for the listings to be uploaded by the sellers without any prior inspection or control by the operator itself. In these circumstances the electronic marketplace operator would not have actual knowledge of any illegal activity or information. Here the conditions of exemption from liability for hosting as defined in Article 14 would be fulfilled.

“However, as regards a paid internet referencing service and the use of a sign identical to a protected mark in sponsored links of an operator of an electronic marketplace, the information is not stored by this operator which acts then as an advertiser but rather by the operator running the search engine. Therefore, the conditions of hosting, as defined in Article 14 of Directive 2000/31, are not met in relation to the electronic marketplace operator in this respect.”

Therefore, this risks making a hair-splitting difference whereby an operator such as eBay would be exempted for liability for the listings that it holds itself, but not exempt for the

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17 Ibid at paragraph 144.
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listings in relation to its own website that are held by others such as Google. Given the difficulties in attempting to sketch out parameters of a business model that would fit perfectly to the hosting exemption A-G Jaaskinen views that it would be better to start by focussing on a type of activity and state what activities ought to be exempt and which should not. Therefore the present state of the law is that,

“Thus, for eBay the hosting of the information provided by a client may well benefit from an exemption if the conditions of Article 14 of Directive 2000/31 are satisfied. Yet the hosting exception does not exempt eBay from any potential liability it may incur in the context of its use of a paid internet referencing service.”18

However, whilst the hosting exemption of Article 14 Directive 2000/31 does not come to eBay’s rescue in relation to it purchasing Adwords, the decisions in Google France v. Louis Vuitton and Interflora v. Marks and Spencer will. For here it was held that the decision of whether or not there was an infringement of the trade mark that was selected as an adword depended upon the content of the end advert that was displayed and whether that end advert was so misleading as to cause a likelihood of confusion as to the origin of the goods on offer. Here it is the individual seller who is responsible for the content of that end advert and not eBay and therefore eBay is not liable. This means that while eBay is not protected by the hosting exemption it is not liable in this instance.

The world wide nature of the internet: where is the trade mark used?

The nature of the internet has posed further questions for trade mark lawyers especially in relation to black market and grey market goods. The term black market goods is used to

18 Ibid at paragraph 151.
to denote parallel imported goods, that is goods that are genuine but were placed by the trade mark proprietor, or by another with his consent, on the market in one State and have been purchased by a parallel importer who has transported them to a different State for sale there. The incentive for the parallel importer is that due to differing economic circumstances in different countries the same branded goods can often sell for different prices. If the importer purchases these items cheaply in one State and transports them to a state where they sell for a much higher price then he will make a profit. Sugden uses a slightly wider definition of the term grey market goods and provides a more useful and accurate description. Sugden uses the term grey market goods to cover any product that has somehow been diverted from the trade mark proprietor’s authorised distribution network. In the days before the advent of the internet, if a consumer wished to purchase a counterfeit version or a grey version of a product then he or she would have to make a special trip to a certain market ground or a well-known part of town. As Sugden points out all towns and cities had such places and he gives Canal Street in New York’s Chinatown as an example. In a world before the internet consumers had to make special journeys to encounter such products and were often left in no doubt as to the fact that these were either black market or grey market goods. Sugden argues that until relatively recently these types of activities posed no real threat to luxury brands and may have been tolerated on this basis believing that no one who could afford to purchase a real Rolex would be happy to purchase a £5 fake. Therefore the brand owners would not have been missing out on sales by their customers purchasing fakes instead. However, with the advent of the internet the world has changed. Consumers looking for bargains can find infringing goods for sale at the click of a mouse button and often when surfing online marketplaces,

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20 Ibid at page 27.
21 Ibid at page 27.
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so such as eBay, one will see legitimate products and infringing items for sale side by side. One of the ways that grey market goods become infringing items is when the trade mark proprietor’s rights in relation to those goods has not been exhausted.

The issue of exhaustion of rights has been settled for many years even though it remains controversial. The right granted to all registered trade mark proprietors is that they alone have the right to first enter onto their market of the European Economic Area (EEA) goods bearing their mark. This right is contained within Article 7 of Directive 2008/95. The scope of this provision was decided by the CJEU in Silhouette where they held that the trade mark proprietor’s consent was needed for each item bearing their mark to be entered upon the market within the EEA. The effect of this ruling means that even if the identical product, bearing the identical trade mark, is already being marketed within the EEA with the trade mark proprietor’s consent goods that are identical in every respect that have already been put on the market outside of the EEA cannot be imported into the EEA and placed on the market within the EEA without the trade mark proprietor’s consent. For example the identical denim jeans could be manufactured in the same factory in China, by the same workforce and have placed upon them the same trade mark. If the trade mark proprietor was to place one half for sale within the EEA and the other half for sale in a country outside of the EEA, none of the items entered into this second market could then be imported for re-sale within the EEA unless the trade mark proprietor gave his consent. This has proved to be controversial as it has been described as creating a “fortress Europe”.

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22 Silhouette International Schmied GmbH&Co. KGv. Hartlauer Handelsgesellschaft mbH (C-355/96)
but steadfast. However, the recent cases where the alleged infringement has occurred through goods offered for sale via the internet has added another dimension to this debate and has raised further questions as to the operation of Article 7.

As mentioned earlier in *L’Oreal v. eBay*\(^\text{24}\), out of the 17 contentious items that were offered for sale on the eBay site 2 were counterfeit but the other 15 were products that were not intended for sale in the EEA and therefore the right enshrined by Article 7 had not been exhausted in relation to those goods. Once again the peculiar nature of the internet and of eBay’s business model created some tricky legal questions that needed to be addressed. One such issue was at what point does such a transaction fall within the scope of Directive 2008/95? eBay argued that the goods may have been offered for sale from a vendor situated outside of the EEA and that this offer for sale may be capable of being viewed on line by internet shoppers based within the EEA, but that the goods in question have not at that point entered the EEA and may be purchased by a shopper who is based in another non-EEA state and be dispatched there. The CJEU held that in order for the EU’s harmonised trade mark laws to be effective that Directive 2008/95 and Regulation No. 40/94 will apply as soon as it is clear that the offer for sale of a trade marked product located in a third state is targeted at consumers in the territory covered by the trade mark. This inevitably leads to the next question which is what equals an advertisement targeted at consumers within the EEA?

Prior to *L’Oreal v. eBay* there had been a case which had touched upon the issues of trade mark use, jurisdiction and whether an advertisement could be deemed to be aimed at a

\(^{24}\) *L’Oreal SA v. eBay International (C-324/09)*
particular set of consumers within a specific member state of the EU. *Euromarket Designs v. Peters*\(^\text{25}\) shares some interesting parallels with the recent line of case law in *Peter Pammer v. Reederei Karl Schluter*, *Hotel Alpenhof v. Oliver Heller*\(^\text{26}\) and *L’Oreal v. eBay*. Another interesting factor to *Euromarket Designs v. Peters*\(^\text{27}\) is that the case was decided at a time when internet shopping was arguably still in its infancy and therefore the case concerned both the use of advertising in print media, specifically *Homes & Gardens* magazine as well as the use of the internet with the company’s own website. The case is interesting as it centres on both the virtual and non-virtual worlds at a point in time in which both were regarded as equally important. Jacob J. commented that some of the points involved in this case were of great general importance even though they were trivial in the context of the main dispute between the parties, which was the defendant’s Irish use of “Crate & Barrel”. The claimant American company operated a successful chain of stores under the name “Crate & Barrel” and was the owner of that trade mark registration in relation to class 21 which broadly covers household goods. The defendant was an Irish company that owned one store in Dublin called “Crate & Barrel” which sold home furnishings. The claimant alleged that there was an infringement of their mark due to the defendant placing an advert for their Dublin shop in the UK published magazine “*Homes & Gardens*”. The defendants stated that they only did this due to the fact that Ireland did not have its own high quality interior furnishings magazine and that due to this “*Homes & Gardens*” enjoyed a wide Irish circulation. They contested that the advert was intended to obtain Irish custom and that they had never sold any products in or to the United Kingdom. The jurisdiction element became important in relation to whether the use by the defendant constituted use in the course of trade, which was interpreted


\(^{26}\) *Conjoined cases Peter Pammer v. Reederei Karl Schluter GmbH & Co KG* (C-585/08) and *Hotel Alpenhof GesmbH v. Oliver Heller* (C-144/09)

\(^{27}\) *Euromarket Designs Incorporated v. Peters and Another* [2000] E.T.M.R 1025
to mean use in the course of United Kingdom trade. Whilst this is slightly different from the parallel import arguments concerning whether goods are being traded inside or outside of the European Economic Area (EEA), the same issue of having to try and define the limits to the reach of an advert remain the same. In another twist, whilst the general theme of this article has been to explore how arguments that were applied to the non-virtual world have been re-invented to fit the application to the internet, in this case to aid his judgement about the reach of a magazine advert Jacob J. looked back to his earlier comments in *1-800 Flowers*\(^28\) which concerned a website. In that case he was confronted by counsel arguing that any use of a trade mark on a website, wherever the owner of the site was based, was potentially a trade mark infringement anywhere in the world because website use is in omnipresent cyberspace. Jacob J. rejected such a submission and gave an example of a fishmonger in Bootle who advertises his wares on his website stating his prices and that he will only deliver locally\(^29\). In this example it cannot be said that he is trying to sell his fish to the whole world or even the whole country. This same logic applied to the advert on the internet is applied to the advert in paper copy.

“So I think that the mere fact that websites can be accessed anywhere in the world does not mean, for trade mark purposes, that the law should regard them as being used everywhere in the world. It all depends upon the circumstances, particularly the intention of the website owner and what the reader will understand if he accesses the site...The argument is that one must not ask just where does the magazine circulate, one must also ask where is the trade of the advertiser conducted? Who are his customers, actual and potential? This inquiry


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involve asking who is likely to pay attention to the advertisements and to whom is the advertisement actually directed.”

Therefore the relevant factors to consider remain the same whether dealing with an advertisement in a magazine or an advert on-line. This dealt with the issue of the potential reach of the advert. One further matter in this case and one that is closely linked is the use of a website that is an electronic platform from which the company can sell its wares. The defendant Irish company also had a website “crateandbarrelie.com”. The ‘ie’ denotes that it is an Irish internet domain name. Once again Jacob J. had to grapple with arguments surrounding the fact that this website was accessible to UK internet surfers. He applied the same reasoning as he did with the advert and also gave an example of the internet being no more than an immense imaginary telescope that allowed internet surfers to train their sights on any part of the world. Jacob J. was asked by counsel for the defendant to imagine a very large telescope being placed on the top of a Welsh hill overlooking the Irish Sea and it being so powerful it enabled anyone standing in Wales looking through it to spy the defendant’s Dublin store and its shop front painted with the words “Crate & Barrel”. Such use could hardly amount to use in the United Kingdom or an attempt by the Irish store to attract UK customers. This reasoning was upheld in relation to the website. This may only have been a first instance decision but the jurisprudence employed by Jacob J. sits comfortably with the subsequent developments in the more recent CJEU judgements.

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30 Ibid at 1031.
The CJEU was keen to point out that the mere fact that a website is accessible from a territory covered by the trade mark is not a sufficient basis for concluding that the offers for sale displayed there are targeted at consumers in that territory. The very world wide nature of the internet means that this proposition has to be true in order for the law to make sense. To hold otherwise and hold the very fact an online marketplace is accessible from that territory as being sufficient for the advertisements displayed there to be within the scope of Directive 2008/95 would make websites and advertisements which, although obviously targeted at consumers in third states, but nevertheless technically accessible from the EU territory wrongly subject to EU law. Therefore it falls to national courts to decide on a case-by-case basis whether an offer for sale displayed on an online marketplace accessible from the territory covered by the trade mark is targeted at consumers in that territory. Guidance as to the factors which may be taken into account by the court when reaching this decision can be found in the conjoined cases Peter Pammer v. Reederei Karl Schluter and Hotel Alpenhof v. Oliver Heller cases C-585/08 and C-144/09. The central issue was the scope of Regulation 44/2001 on jurisdiction and the recognition and enforcement of judgements in civil and commercial matters. Both cases involved transactions that had taken place on the internet. Reederei Karl Schluter refused to reimburse Mr. Pammer in full for the cost of a voyage by freighter described on the internet which he did not undertake and Mr. Heller refused to pay his hotel bill for a stay he had booked on the internet. The crux of the matter was the wording of Regulation No. 44/2001 which did not define the concept in Article 15(1)(c) of that law which referred to an activity ‘directed to’ the Member State of the consumer’s domicile. As in L’Oreal v. eBay the Court had to grapple with the issue that whilst the internet advertisement may be accessible from a member state of the EU, it does not necessarily follow that the advert in question is directed to the consumers domiciled there. They held that what was needed was evidence of an intention on the part of the seller to
establish commercial relations with consumers in that Member State. Factors which were deemed to be irrelevant were the inclusion of the trader’s email address, geographical address and its telephone number, with or without an international dialling code, inclusion of this information has become mandatory in the case of services offered on-line and the norm for many web traders. Factors that could be relevant included, evidence of purchasing adwords for its website from a search engine operator in order to solicit trade by consumers domiciled in that particular state, use of a top-level domain name other than that in which the trader is established for example ‘.de’, the use of neutral top-level domain names such as ‘.com’ or ‘.eu’, the description of routes to the enterprise from one or more Member States, mention of an international clientele composed of customers domiciled in that member state and testimonials written by satisfied customers from that member state. Also as regards language and currency where the website permits customers to choose a different language or currency from those used in the member state where the trader is established will also be taken into consideration as evidence suggesting that the trader on its website is targeting consumers from the state where that language and currency is used. This list is not intended to be exhaustive. Applying this to L’Oreal v. eBay the court held that due to the fact that the website address was ‘www.ebay.co.uk’ and that there was no evidence submitted to the contrary, it was held that the offers for sale were targeted at consumers located within that territory and therefore EU rules on intellectual property law applied. Therefore, by holding that the EU law applied the court ruled that the rights in relation to the cosmetics that L’Oreal had intended for the North American market that were subsequently offered for sale on eBay had not been exhausted. Furthermore the court then directed its attention to the next issue which was the offers for sale of testers and dramming products and whether the rights in relation to those goods had been exhausted.
L’Oreal did not dispute that it had supplied free of charge the testers and dramming products to its distributors within the EEA. The issue was whether or not this action could be deemed as putting the goods on the market and thereby exhausting L’Oreal’s rights in relation to them. The ECJ held that placing testers and dramming products with authorised distributors in order to promote products did not amount to putting those goods on the market. L’Oreal had clearly indicated to its authorised distributors that these items were not for sale and many of these items were marked as such with the words ‘not for sale’ stamped upon them. The items had been given away by L’Oreal free of charge as promotional marketing. Therefore the court held that the supply of testers and dramming bottles, bearing the trade mark, to its authorised distributors for the purposes of handing out free samples and giving demonstrations to consumers, in the absence of any evidence to the contrary, does not amount to putting those goods on the market for the purposes of exhaustion of rights under Article 7 of Directive 2008/95. This was in line with their earlier judgement in *Coty Prestige Lancaster v. Simex Trading*[^31]. Whilst this case did not involve transactions via the internet it did involve the sale of testers of Davidoff Cool Water, which were marked as not for sale, in a cut price chain-store chemist shop in Germany. As regards the exhaustion of rights issue, the court found that a peculiar feature of the case was that due to the conditions of the contract the testers remained the property of the trade mark proprietor as only their contents were available for use and demonstration and not for re-sale. Once again the goods had not been put on the market within the terms of Directive 2008/95 and so the rights had not been exhausted. In order for the right of the trade mark proprietor to first market goods bearing his trade mark within the EEA to be exhausted the proprietor must have given his consent. It is

[^31]: *Coty Prestige Lancaster Group GmbH v. Simex Trading AG (C-127/09)*
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for the national court to decide if there has been an express or implied consent on the part of the trade mark proprietor. Where testers and dramming products are concerned it is difficult to adduce that there has been such consent when the products are marked ‘tester’ or ‘not for sale’ and are for demonstration and marketing purposes. When such items are offered for sale on eBay they represent an infringement of trade mark law. This brings this article full circle for once the goods are deemed to be infringing items the trade mark proprietor will be justified in seeking legal redress. Once again the very nature of the internet proves to be problematic as although the trade mark proprietor may wish to pursue eBay, the online market place host, eBay is only liable for its own use of the signs identical to a trade mark and not the use made by the individual sellers using its website.

Conclusion

The use of trade marks on the internet has posed some interesting questions for lawyers. Many of them appear to have been answered for the time being. However, as technology advances at a rapid pace it will force a continuing evolutionary process upon trade mark proprietors, consumers and lawyers alike. As technology evolves so will the ways in which marks can be exploited by their proprietors, perceived by consumers and regarded by the law.