



EUROPEAN COMMISSION

Brussels, 27 November 2009  
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**TO THE PRESIDENT AND MEMBERS  
OF THE COURT OF JUSTICE**

**WRITTEN OBSERVATIONS**

submitted pursuant to Article 23 of the Statute of the Court

by the **Commission of the European Communities**, represented by Hannes KRÄMER, member of its Legal Service acting as agent, with an address for service at the office of Antonio ARESU, member of its Legal Service, Bâtiment BECH, 2721 Luxembourg,

**In Case C-324/09**

concerning a reference to the Court under Article 234 EC by the High Court of Justice of England and Wales, Chancery Division (United Kingdom), for a preliminary ruling in the proceedings pending before that court between

**L'OREAL S.A.  
LANCOME PARFUMS ET BEAUTE & CIE  
LABORATOIRE GARNER & CIE  
L'OREAL (U.K.) LIMITED**

- Claimants -

and

**EBAY INTERNATIONAL A.G.  
EBAY EUROPE S.A.R.L.  
EBAY (UK) LIMITED  
STEPHEN POTTS  
TRACY RATCHFORD  
MARIE ORMSBY  
JAMES CLARKE  
JOANNA CLARKE  
GLEN FOX  
RUKHSANA BI (female)**

- Defendants -

on the interpretation of Articles 5 and 7 of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks (OJ 1989 L 40, p. 1), as amended by the Agreement on the European Economic Area of 2 May 1992 (OJ 1994 L 1, p. 3) and of other instruments of Community law

The Commission has the honour to submit the following written observations:

## I. LEGAL CONTEXT

### 1. International law

1. At the thirty-sixth series of meetings of the Assemblies of the Member States of the World Intellectual Property Organization (WIPO) between 24 September and 3 October 2001, the Assembly of the Paris Union for the Protection of Industrial Property and the General Assembly of the World Intellectual Property Organization (WIPO) have adopted a "*Joint Recommendation Concerning Provisions on the Protection of Marks and other Industrial Property Rights in Signs on the Internet*" ("[www.wipo.int/about-ip/en/development\\_iplaw/pub845.htm](http://www.wipo.int/about-ip/en/development_iplaw/pub845.htm)"; hereinafter: "WIPO Joint Recommendation").
2. According to their preface, the provisions of the WIPO Joint Recommendation  
*"are intended to facilitate the application of existing laws relating to marks [...] on the Internet, and to be applied in the context of:*  
  
*- determining whether, under the applicable law, use of a sign on the Internet has contributed to the acquisition, maintenance or infringement of a mark or other industrial property right in the sign, or whether such use constitutes an act of unfair competition;*  
  
[...]  
  
*The determination of the applicable law itself is not addressed by the present provisions, but left to the private international laws of individual Member States."*
3. Article 1 ("*Abbreviated Expressions*") of the WIPO Joint Recommendation defines for the purposes of the provisions thereof, the term "Member State" as meaning a State member of the Paris Union for the Protection of Industrial Property, of WIPO or of both.
4. Article 2 ("*Use of a Sign on the Internet in a Member State*") of the WIPO Joint Recommendation reads as follows:

*"Use of a sign on the Internet shall constitute use in a Member State for the purposes of these provisions, only if the use has a commercial effect in that Member State as described in Article 3".*

5. Article 3 ("Factors for Determining Commercial Effect in a Member State") of the WIPO Joint Recommendation provides:

*"(1) [Factors] In determining whether use of a sign on the Internet has a commercial effect in a Member State, the competent authority shall take into account all relevant circumstances. Circumstances that may be relevant include, but are not limited to:*

*(a) circumstances indicating that the user of the sign is doing, or has undertaken significant plans to do, business in the Member State in relation to goods or services which are identical or similar to those for which the sign is used on the Internet.*

*(b) the level and character of commercial activity of the user in relation to the Member State, including:*

*(i) whether the user is actually serving customers located in the Member State or has entered into other commercially motivated relationships with persons located in the Member State;*

*(ii) whether the user has stated, in conjunction with the use of the sign on the Internet, that he does not intend to deliver the goods or services offered to customers located in the Member State and whether he adheres to his stated intent;*

*(iii) whether the user offers post-sales activities in the Member State, such as warranty or service;*

*(iv) whether the user undertakes further commercial activities in the Member State which are related to the use of the sign on the Internet but which are not carried out over the Internet.*

*(c) the connection of an offer of goods or services on the Internet with the Member State, including:*

*(i) whether the goods or services offered can be lawfully delivered in the Member State;*

*(ii) whether the prices are indicated in the official currency of the Member State.*

*(d) the connection of the manner of use of the sign on the Internet with the Member State, including:*

*(i) whether the sign is used in conjunction with means of interactive contact which are accessible to Internet users in the Member State;*

*(ii) whether the user has indicated, in conjunction with the use of the sign, an address, telephone number or other means of contact in the Member State;*

*(iii) whether the sign is used in connection with a domain name which is registered under the ISO Standard country code 3166 Top Level Domain referring to the Member State;*

*(iv) whether the text used in conjunction with the use of the sign is in a language predominantly used in the Member State;*

*(v) whether the sign is used in conjunction with an Internet location which has actually been visited by Internet users located in the Member State.*

*(e) the relation of the use of the sign on the Internet with a right in that sign in the Member State, including:*

*(i) whether the use is supported by that right;*

*(ii) whether, where the right belongs to another, the use would take unfair advantage of, or unjustifiably impair, the distinctive character or the reputation of the sign that is the subject of that right.*

*(2) [Relevance of Factors] The above factors, which are guidelines to assist the competent authority to determine whether the use of a sign has produced a commercial effect in a Member State, are not pre-conditions for reaching that determination. Rather, the determination in each case will depend upon the particular circumstances of that case. In some cases all of the factors may be relevant. In other cases some of the factors may be relevant. In still other cases none of the factors may be relevant, and the decision may be based on additional factors that are not listed in paragraph (1), above. Such additional factors may be relevant, alone, or in combination with one or more of the factors listed in paragraph (1), above."*

## **2. Community law**

6. Article 5 ("*Rights conferred by a trade mark*") of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks (OJ 1989 L 40, p. 1; hereinafter "Directive 89/104") provides:

*"1. The registered trade mark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade:*

*(a) any sign which is identical with the trade mark in relation to goods or services which are identical with those for which the trade mark is registered;*

*(b) any sign where, because of its identity with, or similarity to, the trade mark and the identity or similarity of the goods or services covered by the trade mark and the sign, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association between the sign and the trade mark.*

*2. Any Member State may also provide that the proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade any sign which is identical with, or similar to, the trade mark in relation to goods or services which are not similar to those for which the trade mark is registered, where the latter has a reputation in the Member State and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.*

*3. The following, inter alia, may be prohibited under paragraphs 1 and 2:*

- (a) affixing the sign to the goods or to the packaging thereof;
- (b) offering the goods, or putting them on the market or stocking them for these purposes under that sign, or offering or supplying services thereunder;
- (c) importing or exporting the goods under the sign;
- (d) using the sign on business papers and in advertising.

[...]."

7. Article 7 ("*Exhaustion of the rights conferred by a trade mark*") of Directive 89/104 provides:

*"1. The trade mark shall not entitle the proprietor to prohibit its use in relation to goods which have been put on the market in the Community under that trade mark by the proprietor or with his consent.*

*2. Paragraph 1 shall not apply where there exist legitimate reasons for the proprietor to oppose further commercialisation of the goods, especially where the condition of the goods is changed or impaired after they have been put on the market."*

8. The first and ninth recital in the preamble to Directive 89/104 read as follows:

*"Whereas the trade mark laws at present applicable in the Member States contain disparities which may impede the free movement of goods and freedom to provide services and may distort competition within the common market; whereas it is therefore necessary, in view of the establishment and functioning of the internal market, to approximate the laws of Member States;*

[...]

*Whereas it is fundamental, in order to facilitate the free circulation of goods and services, to ensure that henceforth registered trade marks enjoy the same protection under the legal systems of all the Member States; whereas this should however not prevent the Member States from granting at their option extensive protection to those trade marks which have a reputation;"*

9. In accordance with Article 65(2) of the Agreement on the European Economic Area, in conjunction with Annex XVII, point 4, thereto, Article 7(1) of Directive 89/104 has been amended for the purposes of that agreement, the expression 'in the Community' having been replaced by 'in a Contracting Party'.

10. Article 9 ("*Rights conferred by a Community trade mark*") of Regulation 40/94 of 20 December 1993 on the Community trade mark (OJ 1994 L 11, p. 1; hereinafter: "Regulation 40/94")

*"1. A Community trade mark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade:*

*(a) any sign which is identical with the Community trade mark in relation to goods or services which are identical with those for which the Community trade mark is registered;*

*(b) any sign where, because of its identity with or similarity to the Community trade mark and the identity or similarity of the goods or services covered by the Community trade mark and the sign, there exists a likelihood of confusion on the part of the public; the likelihood of confusion includes the likelihood of association between the sign and the trade mark;*

*(c) any sign which is identical with or similar to the Community trade mark in relation to goods or services which are not similar to those for which the Community trade mark is registered, where the latter has a reputation in the Community and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the Community trade mark.*

*2. The following, inter alia, may be prohibited under paragraph 1:*

*(a) affixing the sign to the goods or to the packaging thereof;*

*(b) offering the goods, putting them on the market or stocking them for these purposes under that sign, or offering or supplying services thereunder;*

*(c) importing or exporting the goods under that sign;*

*(d) using the sign on business papers and in advertising.*

[...]"

11. Article 13 ("*Exhaustion of the rights conferred by a Community trade mark*") of Regulation 40/94 reads as follows:

*"1. A Community trade mark shall not entitle the proprietor to prohibit its use in relation to goods which have been put on the market in the Community under that trade mark by the proprietor or with his consent.*

*2. Paragraph 1 shall not apply where there exist legitimate reasons for the proprietor to oppose further commercialization of the goods, especially where the condition of the goods is changed or impaired after they have been put on the market."*

12. Article 13(1) of Regulation 40/94 must be interpreted as meaning that the legal consequences are the same in the case of goods which have been put on the market in the Community and of goods which have been put on the market in the territory of another Contracting Party of the Agreement on the European Economic Area.
13. In the context of codification of Community law, Directive 89/104 and Regulation 40/94 were repealed, respectively, by Directive 2008/95/EC of the European Parliament and of the Council of 22 October 2008 to approximate the laws of the Member States relating to trade marks (OJ 2008 L 299, p. 25), which came into force on 28 November 2008 and by Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade

mark (OJ 2009 L 78, p. 1), which came into force on 13 April 2009. However, given the material time in the main proceedings, the applicable acts of legislation remain Directive 89/104 and Regulation 40/94.

14. Article 6(1) of Council Directive 76/768/EEC of 27 July 1976 on the approximation of the laws of the Member States relating to cosmetic products (OJ 1976 L 262, p. 169; hereinafter: Directive 76/768) reads as follows:

*"Member States shall take all measures necessary to ensure that cosmetic products may be marketed only if the container and packaging bear the following information in indelible, easily legible and visible lettering [...]:*

*(a) the name or style and the address or registered office of the manufacturer or the person responsible for marketing the cosmetic product who is established within the Community. [...];*

*(b) the nominal content at the time of packaging, given by weight or by volume, except in the case of packaging containing less than five grams or five millilitres, free samples and single-application packs [...];*

*(c) the date of minimum durability shall be indicated by the words:*

*'best used before the end of' followed by either:*

*— the date itself, or*

*— details of where it appears on the packaging.*

*The date shall be clearly expressed and shall consist of either the month and year or the day, month and year in that order. If necessary, this information shall be supplemented by an indication of the conditions which must be satisfied to guarantee the stated durability.*

*[...];*

*(d) particular precautions to be observed in use, especially those listed in the column 'Conditions of use and warnings which must be printed on the label' in Annexes III, IV, VI and VII, which must appear on the container and packaging, as well as any special precautionary information on cosmetic products for professional use, in particular in hairdressing. Where this is impossible for practical reasons, an enclosed leaflet, label, tape or card must contain that information to which the consumer is referred either by abbreviated information or the symbol given in Annex VIII, which must appear on the container and the packaging;*

*(e) the batch number of manufacture or the reference for identifying the goods. Where this is impossible for practical reasons because the cosmetic products are too small, such information need appear only on the packaging;*

*(f) the function of the product, unless it is clear from the presentation of the product;*

*(g) a list of ingredients in descending order of weight at the time they are added. That list shall be preceded by the word 'ingredients'. Where that is impossible for practical reasons, an enclosed leaflet, label, tape or card must contain the ingredients to which the consumer is referred either by abbreviated information or the symbol given in Annex VIII, which must appear on the packaging.*

[...]

*Where it is impracticable, for reasons of size or shape, for the particulars referred to in points (d) and (g) to appear in an enclosed leaflet, those particulars shall appear on a label, tape or card which is enclosed or attached to the cosmetic product.*

*In the case of soap, bath balls and other small products where it is impracticable, for reasons of size or shape, for the particulars referred to in point (g) to appear on a label, tag, tape or card or in an enclosed leaflet, those particulars shall appear on a notice in immediate proximity to the container in which the cosmetic product is exposed for sale."*

15. Article 2(a) of Directive 2000/31/EC of the European Parliament and of the Council of 8 June 2008 on certain aspects of information society services, in particular electronic commerce, in the Internal Market (OJ 2000 L 178, p. 1; hereinafter: Directive 2000/31) defines "information society services" as "*services within the meaning of Article 1(2) of Directive 98/34/EC as amended by Directive 98/48/EC*". In the latter provision, information society services are defined as "*any service normally provided for remuneration, at a distance, by electronic means and at the individual request of a recipient of services*".

16. Articles 14 and 15 of Directive 2000/31 are worded as follows:

*"Article 14*

*Hosting*

*1. Where an information society service is provided that consists of the storage of information provided by a recipient of the service, Member States shall ensure that the service provider is not liable for the information stored at the request of a recipient of the service, on condition that:*

*(a) the provider does not have actual knowledge of illegal activity or information and, as regards claims for damages, is not aware of facts or circumstances from which the illegal activity or information is apparent; or*

*(b) the provider, upon obtaining such knowledge or awareness, acts expeditiously to remove or to disable access to the information.*

*2. Paragraph 1 shall not apply when the recipient of the service is acting under the authority or the control of the provider.*



*3. This Article shall not affect the possibility for a court or administrative authority, in accordance with Member States' legal systems, of requiring the service provider to terminate or prevent an infringement, nor does it affect the possibility for Member States of establishing procedures governing the removal or disabling of access to information.*

## *Article 15*

### *No general obligation to monitor*

*1. Member States shall not impose a general obligation on providers, when providing the services covered by Articles 12, 13 and 14, to monitor the information which they transmit or store, nor a general obligation actively to seek facts or circumstances indicating illegal activity.*

*2. Member States may establish obligations for information society service providers promptly to inform the competent public authorities of alleged illegal activities undertaken or information provided by recipients of their service or obligations to communicate to the competent authorities, at their request, information enabling the identification of recipients of their service with whom they have storage agreements. "*

17. Recitals 18, 45 and 48 in the preamble to Directive 2000/31 state:

*"(18) Information society services span a wide range of economic activities which take place on-line; these activities can, in particular, consist of selling goods on-line [...].*

*(45) The limitations of the liability of intermediary service providers established in this Directive do not affect the possibility of injunctions of different kinds; such injunctions can in particular consist of orders by courts or administrative authorities requiring the termination or prevention of any infringement [...]."*

*(48) This Directive does not affect the possibility for Member States of requiring service providers, who host information provided by recipients of their service, to apply duties of care, which can reasonably be expected from them and which are specified by national law, in order to detect and prevent certain types of illegal activities".*

18. Article 2 of Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights (OJ 2004 L 157, p. 45; hereinafter: Directive 2004/48) reads as follows:

*"1. Without prejudice to the means which are or may be provided for in Community or national legislation, in so far as those means may be more favourable for rightholders, the measures, procedures and remedies provided for by this Directive shall apply, in accordance with Article 3, to any infringement of intellectual property rights as provided for by Community law and/or by the national law of the Member State concerned.*

[...]

*3. This Directive shall not affect:*

*(a) the Community provisions governing the substantive law on intellectual property, [...] Directive 2000/31/EC, in general, and Articles 12 to 15 of Directive 2000/31/EC in particular;*

*[...]."*

19. Article 11 of Directive 2004/48 provides:

*"Member States shall ensure that, where a judicial decision is taken finding an infringement of an intellectual property right, the judicial authorities may issue against the infringer an injunction aimed at prohibiting the continuation of the infringement. [...] Member States shall also ensure that rightholders are in a position to apply for an injunction against intermediaries whose services are used by a third party to infringe an intellectual property right [...]."*

20. Recital 23 in the preamble to Directive 2004/48 states:

*"Without prejudice to any other measures, procedures and remedies available, rightholders should have the possibility of applying for an injunction against an intermediary whose services are being used by a third party to infringe the rightholder's industrial property right. The conditions and procedures relating to such injunctions should be left to the national law of the Member States. [...]."*

### **3. National law**

21. In the United Kingdom, Article 6(1) of Council Directive 76/768 has been transposed by Article 12 of the Cosmetic Products (Safety) Regulations 2008 No. 1284.

22. Article 22 of the Cosmetic Products (Safety) Regulations 2008 No. 1284 provides:

*"(1) For the purposes of the [Consumer Protection Act 1987]*

*(a) these regulations [...] are safety regulations made under [...] the [Consumer Protection Act 1987];  
[....]."*

23. Article 12 ("*Offences against the safety regulations*") of the Consumer Protection Act 1987 reads as follows:

*"[...]*

*(3) If a person contravenes a provision of safety regulations which prohibits or requires the provision, by means of a mark or otherwise, of information of a particular kind in relation to goods, he shall be guilty of an offence.*

[...]

*(5) A person guilty of an offence under this section shall be liable on summary conviction to imprisonment for a term not exceeding six months or to a fine not exceeding level 5 on the standard scale or to both."*

## **II. The main proceedings and the questions referred for preliminary ruling**

24. The claimants in the main proceedings, L'Oréal S.A. and its subsidiaries ('L'Oreal'), are manufacturers and suppliers of high-quality perfumes, cosmetics and other products. L'Oréal are the proprietor of 14 national trade marks having effect in the United Kingdom and of two Community trade marks. L'Oréal operates a closed selective distribution network in relation to their luxury and professional products. L'Oréal allows the sale of products on the Internet by authorised distributors only if the distributors also operate stores.
25. The defendants in the main proceedings, eBay Europe and related companies ('eBay'), operate Internet websites which facilitate the contacts between sellers and purchasers of any kind of goods. eBay charges a percentage out of all transactions on this online marketplace but it is not the owner in title of the goods offered for sale. eBay operates 'virtual shops' called 'eBay shops' and it encourages cross-boarder trade by promoting offers for sale originating from Member States other than those in which the purchasers have their seat or, as the case may be, from outside the Community. eBay edits searchable lists of goods and filters the offers when they potentially contravene its User Agreement, including when the offers are likely to infringe intellectual property rights.
26. eBay is making use of the services supplied by Internet search engines such as Google whereby a keyword is purchased in order to trigger an advertisement or 'sponsored link' displayed together with the search results. For example, a search on Google.co.uk for 'Shu Uemura' (one of the trade marks for cosmetics owned by L'Oréal) resulted in a sponsored link as follows:

"Shu Uemura

Great deals on Shu Uemura

Shop on eBay and save!

[www.ebay.co.uk](http://www.ebay.co.uk)"

27. A click on the hyperlink constituted by the underlined words 'Shu Uemura' leads the Internet user to a website of eBay showing a specific list of Shu Uemura goods for sale. Such a list included fake products and genuine products but originating from outside the European Economic Area (EEA).
28. Before the High Court of Justice of England and Wales, Chancery Division (United Kingdom; hereinafter: 'the referring Court'), L'Oréal sued eBay and individuals who had sold goods through eBay for having infringed its trade marks.
29. Taking the view that the resolution of the disputes in the main proceedings was dependent on the interpretation of Community law, the referring Court decided to stay proceedings and to refer the following ten questions to the Court for a preliminary ruling:

*"1. Where perfume and cosmetic testers (i.e. samples for use in demonstrating products to consumers in retail outlets) and dramming bottles (i.e. containers from which small aliquots can be taken for supply to consumers as free samples) which are not intended for sale to consumers (and are often marked "not for sale" or "not for individual sale") are supplied without charge to the trade mark proprietor's authorised distributors, are such goods "put on the market" within the meaning of Article 7(1) of [Directive 89/104] and Article 13(1) of [Regulation 40/94]?"*

*2. Where the boxes (or other external packaging) have been removed from perfumes and cosmetics without the consent of the trade mark proprietor, does this constitute a "legitimate reason" for the trade mark proprietor to oppose further commercialization of the unboxed products within the meaning of Article 7(2) of [Directive 89/104] and Article 13(2) of [Regulation 40/94]?"*

*3. Does it make a difference to the answer to question 2 above if:*

*a. as a result of the removal of the boxes (or other external packaging), the unboxed products do not bear the information required by Article 6(1) of [Directive 76/768], and in particular do not bear a list of ingredients or a 'best before date'?"*

*b. as a result of the absence of such information, the offer for sale or sale of the unboxed products constitutes a criminal offence according to the law of the member state of the Community in which they are offered for sale or sold by third parties?"*

*4. Does it make a difference to the answer to question 2 above if the further commercialization damages, or is likely to damage, the image of the goods and hence the reputation of the trade mark? If so, is that effect to be presumed, or is it required to be proved by the trade mark proprietor?"*

5. *Where a trader which operates an online marketplace purchases the use of a sign which is identical to a registered trade mark as a keyword from a search engine operator so that the sign is displayed to a user by the search engine in a sponsored link to the website of the operator of the online marketplace, does the display of the sign in the sponsored link constitute "use" of the sign within the meaning of Article 5(1)(a) of [Directive 89/104] and Article 9(1)(a) of [Regulation 40/94]?*
6. *Where clicking on the sponsored link referred to in question 5 above leads the user directly to offers for sale of goods identical to those for which the trade mark is registered under the sign placed on the website by other parties, some of which infringe the trade mark and some which do not infringe the trade mark by virtue of the differing statuses of the respective goods, does that constitute use of the sign by the operator of the online marketplace "in relation to" the infringing goods within the meaning of 5(1)(a) of [Directive 89/104] and Article 9(1)(a) of [Regulation 40/94]?*
7. *Where the goods advertised and offered for sale on the website referred to in question 6 above include goods which have not been put on the market within the EEA by or with the consent of the trade mark proprietor, is it sufficient for such use to fall within the scope of Article 5(1)(a) of [Directive 89/104] and Article 9(1)(a) of [Regulation 40/94] and outside Article 7(1) of [Directive 89/104] and Article 13(1) of [Regulation 40/94] that the advertisement or offer for sale is targeted at consumers in the territory covered by the trade mark or must the trade mark proprietor show that the advertisement or offer for sale necessarily entails putting the goods in question on the market within the territory covered by the trade mark?*
8. *Does it make any difference to the answers to questions 5-7 above if the use complained of by the trade mark proprietor consists of the display of the sign on the website of the operator of the online marketplace itself rather than in a sponsored link?*
9. *If it is sufficient for such use to fall within the scope of Article 5(1)(a) of [Directive 89/104] and Article 9(1)(a) of [Regulation 40/94] and outside Article 7(1) of [Directive 89/104] and Article 13(1) of [Regulation 40/94] that the advertisement or offer for sale is targeted at consumers in the territory covered by the trade mark:*
- (a) does such use consist of or include "the storage of information provided by a recipient of the service" within the meaning of Article 14(1) of [Directive 2000/31]?*

*(b) if the use does not consist exclusively of activities falling within the scope of Article 14(1) of [Directive 2000/31], but includes such activities, is the operator of the online marketplace exempted from liability to the extent that the use consists of such activities and if so may damages or other financial remedies be granted in respect of such use to the extent that it is not exempted from liability?*

*(c) in circumstances where the operator of the online marketplace has knowledge that goods have been advertised, offered for sale and sold on its website in infringement of registered trade marks, and that infringements of such registered trade marks are likely to continue to occur through the advertisement, offer for sale and sale of the same or similar goods by the same or different users of the website, does this constitute "actual knowledge" or "awareness" within the meaning of Article 14(1) of [Directive 2000/31]?*

*10. Where the services of an intermediary such as an operator of a website have been used by a third party to infringe a registered trade mark, does Article 11 of [Directive 2000/31] [Directive 2004/48] require Member States to ensure that the trade mark proprietor can obtain an injunction against the intermediary to prevent further infringements of the said trade mark, as opposed to continuation of that specific act of infringement, and if so what is the scope of the injunction that shall be made available?"*

### **III. IN LAW**

#### **1. First question**

30. By its first question the referring court essentially asks whether a good, such as a perfume or cosmetic tester or a dramming bottle, which the trade mark proprietor has supplied to a third party without receiving a remuneration must be considered as having been put on the market, within the meaning of Article 7(1) of Directive 89/104 and Article 13(1) of Regulation 40/94.
31. As a preliminary point, the Commission would recall that this question is similar to that asked by the Oberlandesgericht Nürnberg in the pending Case C-127/09, Coty Prestige Lancaster Group GmbH.

32. It follows from the case law of the Court that only an act which allows the trade mark proprietor to realise the economic value of his trade mark exhausts the exclusive rights (Case C-16/03, *Peak Holding*, ECR I-11313, at paragraphs 39 - 42).
33. The Commission interprets the requirement that the economic value of the trade mark be realised as meaning realising the economic value of the individual items of the good bearing the trade mark. In this respect, it can be derived from the judgment in Case C-173/98, *Sebago*, ECR I-4103, paragraph 19, that the exclusive rights are exhausted only in respect of the individual items of the good which have been put on the market with the proprietor's consent in the territory there defined while the proprietor may continue to prohibit the use of the mark in pursuance of the right conferred on him by the Directive in regard to individual items of that good which have been put on the market in that territory without his consent. According to the Commission this "principle of speciality in exhaustion" applies not only in respect of exhaustion by virtue of the proprietor's consent but equally – an even *a fortiori* – in respect of exhaustion by virtue of a putting on the market by the proprietor himself.
34. It follows from the "principle of speciality in exhaustion" that, even if by supplying a good without receiving a remuneration to a third party the trade mark proprietor serves his own economic interests in that the supplying of this good aims at promoting the sale of the trade mark proprietor's goods to end consumers, this is irrelevant for assessing whether the exclusive rights are exhausted in respect of that good.
35. Usually, an act by which the trade mark proprietor transfers the right to dispose of the goods bearing the trade mark to a third party is the counterpart of a remuneration paid by that third party, such as an act of sale, and thus allows the trade mark proprietor to realise the economic value of the individual goods bearing the trade mark. Hence, exhaustion of the exclusive rights of the trade mark proprietor coincides with the acquisition, by a third party, of the right to dispose of the goods bearing the trade mark. This result is desirable as legal certainty and economic fungibility require that the right of a party to dispose of a good be not hampered without necessity by the exclusive right of a trade mark proprietor.
36. Where, however, the trade mark proprietor transfers the right to dispose of an individual good bearing the trade mark to a third party free of charge i. e. by an act, such as a gift,

which is not the counterpart of a remuneration paid by that third party, the acquisition, by a third party, of the right to dispose of the goods bearing the trade mark does in principle not coincide with exhaustion of the exclusive rights of the trade mark proprietor.

37. Yet, it is not without importance that, by transferring the right to dispose of an individual good bearing the trade mark to a third party free of charge, the trade mark proprietor voluntarily refrains from realising the economic value of that individual good. Therefore, it would seem appropriate to consider that the exclusive rights of the trade mark proprietor are exhausted if the latter, despite of not having realised the economic value of the individual good bearing the trade mark, can nevertheless be deemed having renounced to the right to control the further marketing of that good.
38. The question whether this is the case should be assessed in the light of all relevant circumstances specific to the particular case. In this respect, explicit declarations from the trade mark proprietor are of particular importance. In particular, if as in the present case, the trade mark proprietor prohibits the sale of the individual good bearing the trade mark to the third party's customers this is a clear indication that the trade mark proprietor cannot be deemed having renounced to the right to control the further marketing of that good. Another relevant factor may be found in the nature of the good in respect of which the right to dispose has been transferred free of charge to a third party. If such a good is a modified sample of "regular" goods which the trade mark proprietor usually puts on the market for sale – as this may be the case of a perfume or cosmetic tester or of a dramming bottle – this is also an indication that the trade mark proprietor cannot be deemed having renounced to the right to control the further marketing of that good. Indeed, in such case the trade mark proprietor may legitimately fear that the public might confuse that modified sample and the "regular" goods which he usually puts on the market for sale.
39. The answer to the first question should therefore be the following:

"A good, such as a perfume or cosmetic tester or a dramming bottle, which the trade mark proprietor has supplied to a third party without receiving a remuneration, can only be considered as having been put on the market, within the meaning of Article 7(1) of Directive 89/104 and Article 13(1) of Regulation 40/94 if it is clear from all relevant



circumstances specific to the particular case that the trade mark proprietor can be deemed having renounced to the right to control the further marketing of that good."

## **2. Second to fourth questions**

40. By its second to fourth questions, which the Commission deems appropriate to answer jointly, the referring Court essentially asks whether the removal – without the consent of the trade mark proprietor – of the boxes or other external packaging from goods such as perfumes and cosmetics constitutes a "legitimate reason" for the trade mark proprietor to oppose further commercialization of these goods within the meaning of Article 7(2) of Directive 89/104 and of Article 13(2) of Regulation 40/94. The referring Court also seeks to obtain clarification as to whether, in this context, it is relevant, firstly, that, as a result of the removal of the boxes or other external packaging, the goods do not bear the information required by Article 6(1) of Directive 76/768 and in particular neither a list of ingredients nor a 'best before date', secondly, that, as a result of the absence of such information, the offer for sale or sale of the goods constitutes a criminal offence according to the law of the Member State in which they are offered for sale or sold by third parties or, thirdly, that the further commercialization of the goods damages, or is likely to damage the reputation of the trade mark.
41. In the Commission's view, a coherent approach to assess the marketing of goods otherwise than in their original packaging under Article 7(2) of Directive 89/104 and Article 13(2) of Regulation 40/94 would be along the following lines.
42. In the first place, where the condition of a good bearing the trade mark has been changed or impaired after having been put on the market, the trade mark proprietor has in any event a "legitimate reason" to oppose further commercialization of that good within the meaning of Article 7(2) of Directive 89/104 and of Article 13(2) of Regulation 40/94. This is easily to be explained by the consideration that in such case the essential function of the trade mark is actually and directly affected, namely that of constituting a guarantee that all products which bear it have been manufactured under the control of a single undertaking to which responsibility for their quality may be attributed. That guarantee of origin means that the consumer or end user can be certain that a trade-marked product offered to him has not been subject at a previous stage of marketing to interference by a third person, without the authorization of the trade mark owner, in such a way as to

affect the original condition of the product (see Joined Cases C-427/93, C-429/93 and C-436/93, Bristol-Myers Squibb, ECR I-3457, at paragraphs 43 and 47).

43. However, a "legitimate reason" for the trade mark proprietor to oppose further commercialization of a good may also arise from specific circumstances in which the good is put on the market. There are essentially two types of such circumstances.
44. The first type of circumstances is constituted by a form of advertising or by a context of resale (e.g. in a discount store) of luxury goods which damages the reputation of the trade mark by detracting from the allure and prestigious image of the goods in question and from their aura of luxury (see Case C-337/95, Dior, ECR I-6013, at paragraphs 41 - 48 and C-59/08, COPAD, at paragraphs 54 - 59).
45. The second type of circumstances of the marketing of a good which amounts to a "legitimate reason" is characterised by changes in the original packaging and / or labelling of the good. Indeed, according to the case law such changes are likely to create a risk for the guarantee of origin and hence for the essential function of the trade mark (Cases C-143/00, Boehringer Ingelheim KG and Others, ECR I-3759, at paragraphs 29 and 30 and C-348/04, Boehringer Ingelheim KG and Others, ECR I-3391, at paragraphs 14 and 15). The overreaching rationale behind this case law can be found in the consideration that it is precisely the absence of a homogenous aspect of all items of the good sold under the trade mark which is likely to shed a doubt in the consumers' mind as to the authenticity of these items.
46. Against the background of this overreaching rationale, the Commission deems it irrelevant in which way the original packaging and / or labelling of the good has been changed. Indeed, the existing case law reveals cases in which the original packaging has been replaced by a different packaging on which the trade mark may or may not be reproduced ("repackaging" *stricto sensu*, see e. g. Joined Cases C-427/93, C-429/93 and C-436/93, Bristol-Myers Squibb, ECR I-3457; Case C-143/00, Boehringer Ingelheim and Others, ECR I-3759 and Case C-276/05, The Wellcome Foundation, not yet reported). In other cases, labels bearing the mark have been removed and then reattached or replaced (Case C-349/95, Loendersloot, ECR I-6227) or a label setting out certain critical information, such as the name of the parallel importer and its parallel import licence number, has been attached to the original package or the inner packaging bearing

the original trade mark has been overstickered with a label which indicated the generic name of the product as well as the identity of the manufacturer and of the parallel import licence holder (see Case C-348/04, Boehringer Ingelheim KG and Others, at paragraph 27).

47. It is submitted that the mere removal of the external packaging is just another case where a third party creates an inhomogenous aspect of some of the items of the good sold under the trade mark which is likely to impair the guarantee of origin. Such removal amounts thus to a "legitimate reason" within the meaning of Article 7(2) of Directive 89/104 and of Article 13(2) of Regulation 40/94. Since it is not necessary in that context to assess the actual effects of the changes in the original packaging and / or labelling of the good (see, by analogy, Case C-143/00, Boehringer Ingelheim and Others, at paragraph 30), it is likewise irrelevant whether the removal of the external packaging actually damages the reputation of the trade mark or alters the condition of good concerned.
48. However, as any change in the original packaging and / or labelling of a good is likely to create merely a risk for the guarantee of origin, the protection of a trade mark proprietor against the marketing of such good is not absolute but amenable to a balancing against requirements flowing from the principle of the free movement of goods. Hence the well established case law (see Joined Cases C-427/93, C-429/93 and C-436/93, Bristol-Myers Squibb and Case C-348/04, Boehringer Ingelheim KG and Others) according to which if the use of the trade mark rights to oppose the marketing under that trade mark of a good having undergone changes in the original packaging and / or labelling would contribute to artificial partitioning of the markets between Member States – which is the case where such changes are necessary in order to market the good in the Member State of importation –, the trade mark proprietor may not oppose the further marketing of that good, provided however that
- the changes in the original packaging and / or labelling cannot affect the original condition of the good;
  - the name of the person who operated the changes in the original packaging and / or labelling and of the manufacturer are clearly stated,

- the presentation of the good having undergone changes in the original packaging and / or labelling is not such as to be liable to damage the reputation of the trade mark and of its owner;
  - the importer gives notice to the trade mark owner before the good having undergone changes in the original packaging and / or labelling is put on sale, and, on demand, supplies him with a specimen of that good.
49. It is thus only if the removal of the external packaging is necessary in order to market the good in the Member State of importation that the trade mark proprietor may not oppose the further marketing of that good, provided that the four conditions mentioned at point 48 *supra* are met. In contrast, it should be recalled that the trade mark proprietor may oppose the further marketing of a good having undergone changes in the original packaging and / or labelling if these changes are based solely on the third party's attempt to secure a commercial advantage (Case C-143/00, Boehringer Ingelheim and Others, at paragraph 48).
50. Regarding, more specifically, the first of the conditions mentioned at point 48 *supra* the Commission would recall that the Court has held that the original condition of the good inside the packaging might be indirectly affected where, for example, the external or inner packaging of the repackaged good, or a new set of user instructions or information, omits certain important information or gives inaccurate information concerning the nature, composition, effect, use or storage of the product (Joined Cases C-427/93, C-429/93 and C-436/93, Bristol-Myers Squibb, at paragraph 65). The same situation might arise where the external packaging has been removed.
51. Moreover, the onus of proving the existence of the conditions mentioned at point 48 *supra*, lies on the third party who has made the changes in the original packaging and / or labelling. This applies in particular to the condition that the presentation of the repackaged (or unboxed) good must not be such as to be liable to damage the reputation of the trade mark and of its proprietor. Where the alleged infringer furnishes evidence that leads to the 'reasonable presumption' that the latter condition has been fulfilled, it is then for the trade mark proprietor, being best placed to assess whether the changes in the original packaging and / or labelling are liable to damage his reputation and that of the

trade mark, to prove that such damage has occurred (Case C-348/04, Boehringer Ingelheim KG and Others, at paragraphs 52-53).

52. Finally, the Commission wishes to point out that it might not be excluded that in the case of certain goods – such as, in particular, luxury goods – the original packaging forms an integral part of the good itself. If this were to be the case, the removal of the external packaging would be tantamount to changing the very condition of the goods. Hence, the trade mark proprietor would have in any event a "legitimate reason" to oppose further commercialization of that good within the meaning of Article 7(2) of Directive 89/104 and of Article 13(2) of the Regulation 40/94 without there being room for balancing the interests of the trade mark proprietor against requirements flowing from the principle of the free movement of goods.
53. As to the possible non compliance of goods with Article 6(1) of Directive 76/768 resulting from the removal of packaging, it follows from the foregoing that such non compliance is as such irrelevant for the question whether the trade mark proprietor may oppose further commercialization of that good, under Article 7(2) of Directive 89/104 and Article 13(2) of Regulation 40/94.
54. The same applies to fact that the sale of unboxed goods might constitute a criminal offence according to national law of a Member state enacted in order to implement Directive 76/768. This is also borne out by the consideration that, if the possibility for the trade mark proprietor to oppose further commercialization of a good was dependent on the state of national legislation of a Member State implements a directive such as Directive 76/768, the scope of protection afforded to a trade mark would vary according to the Member State concerned. The objective of 'the same protection under the legal systems of all the Member States' as set out in the ninth recital in the preamble to Directive 89/104, and described as 'fundamental', would not be attained (see, to that effect, Cases C-405/03, Class International BV, ECR I-8735, at paragraph 73 and C-316/05, Nokia, ECR I-12083, at paragraphs 41-43).
55. The proposed answer to the second to fourth questions is therefore the following:

"The removal – without the consent of the trade mark proprietor – of the boxes or other external packaging from goods such as perfumes and cosmetics constitutes a "legitimate reason" for the trade mark proprietor to oppose further commercialization of these goods

within the meaning of Article 7(2) of Directive 89/104 and of Article 13(2) of Regulation 40/94. In this respect, it is irrelevant, firstly, if, as a result of the removal of the boxes (or other external packaging), the goods do not bear the information required by Article 6(1) of Directive 76/768 and in particular neither a list of ingredients nor a 'best before date', secondly, if, as a result of the absence of such information, the offer for sale or sale of the goods constitutes a criminal offence according to the law of the Member State in which they are offered for sale or sold by third parties and, thirdly, if the further commercialization of the goods damages, or is likely to damage, the reputation of the trade mark."

### **3. Fifth and sixth questions**

56. By its fifth and sixth questions, which the Commission deems appropriate to answer jointly, the referring Court essentially asks, firstly, whether the operator of an online marketplace uses, within the meaning of Article 5(1)(a) of Directive 89/104 and Article 9(1)(a) of Regulation 40/94, a sign identical to the trade mark, where the sign is displayed in an advertisement (hereinafter "sponsored link") of that operator allowing the user of the Internet, via a hyperlink, to reach a website of the operator which contains offers for sale of goods and where the operator has concluded a contract with the operator of a search engine pursuant to which the sponsored link appears whenever a user of the search engine enters a word ("keyword") identical to that sign and, secondly, as the case may be, whether such use is made, within the meaning of the said provisions, in relation to goods.
57. Regarding the first point, the Commission is of the opinion that a sign is used, within the meaning of Article 5(1)(a) and (2) of Directive 89/104 and Article 9(1)(a) and (c) of Regulation 40/94, where it is part of an act of communication which is directed towards the target public of the trade mark at stake. Indeed, not only is this idea the common denominator which underlies the different acts mentioned in the – admittedly not exhaustive – enumeration in Article 5(3) of Directive 89/104 and Article 9(2) of Regulation 40/94. Also was the situation in each of the cases in which the Court had to interpret Article 5(1)(a) and (2) of Directive 89/104 and Article 9(1)(a) and (c) of Regulation 40/94 (C-63/97, BMW; C-2/00, Hölterhoff; C-206/01, Arsenal; C-17/06, Céline; C-48/05, Opel; C-533/06, O2 Holdings; C-487/07, L'Oréal) characterized by an

act of communication of the third party directed towards the target public of the trade mark at stake.

58. In a situation where, as in the present case, a sign is displayed in a sponsored link of the operator of an online marketplace which appears whenever a user of the search engine enters a word ("keyword") identical to that sign, there is an act of communication emanating from the advertiser of which the sign at issue is a part. Moreover, such act is also directed towards the target public of the trade mark at stake, since, *ex hypothesi*, the sign functioning as keyword is identical to that trade mark.
59. This situation must be distinguished from that in the pending joined Cases C-236/08 to C-238/08, Google and in the pending Case C-278/08, Bergspechte. In these cases, the advertisers did not make use of the sign reserved as a keyword and protected as a trade mark in the advertisements which allowed direct access to their own websites via a hyperlink. Moreover, the website of the advertisers did not display sale offers relating to products bearing the protected trade mark or a similar trade mark.
60. The display of a sign as described at point 56 above is also different from the mere "purchase" of a keyword (i. e. from the contract concluded with the operator of a search engine pursuant to which the sponsored link appears whenever a user of the Internet enters a word - "keyword" - identical to that sign). Such act of "purchase" does not come under Article 5(1)(a) of Directive 89/104 and Article 9(1)(a) of Regulation 40/94 since it does not imply an act of communication emanating from the operator "purchasing" the keyword. At paragraph 151 of his Opinion of 22 September 2009, in Joined Cases C-236/08, C-237/08 and C-238/08, Google et al. Advocate General Poaires Maduro reaches the same conclusion although with a slightly different reasoning [*advertisers purchase the AdWords service with a view to using it in the context of their commercial activities, and that those activities cover the ads subsequently displayed. However, that display (and the use of the trade mark that it may or may not involve) is different from the selection of keywords, not only because it happens afterwards, but also because it alone is directed at a consumer audience, the internet users. There is no such audience when the advertisers select the keywords. Accordingly, the selection of the keywords is not a commercial activity, but a private use on their part*"].

61. It follows from the foregoing that the operator of an online marketplace uses, within the meaning of Article 5(1)(a) of Directive 89/104 and Article 9(1)(a) of Regulation 40/94, a sign identical to the trade mark, where the sign is displayed in an advertisement (hereinafter "sponsored link") of that operator allowing the user of the Internet, via a hyperlink, to reach a website of the operator which contains offers for sale of goods and where the operator has concluded a contract with the operator of a search engine pursuant to which the sponsored link appears whenever a user of the search engine enters a word ("keyword") identical to that sign.
62. As regards the second point, namely the question whether such use is made in relation to the goods advertised or offered by third parties on the website of the operator of the online marketplace, the Commission would stress that there is a close functional link between the condition that the sign is used in relation to certain goods and the condition that it is used in the course of trade.
63. Firstly, the Court has held that the use of a sign is use in the course of trade where it takes place in the context of commercial activity with a view to economic advantage and not as a private matter (Case C-206/01, *Arseal*, [2002] ECR I-10273, at paragraph 40).
64. Secondly, the Court has established a link between the notion of use in the course of trade and that genuine use, by declaring that the preservation by a trade mark proprietor of his rights is predicated on the mark being put to genuine use in the course of trade, on the market for the goods or services for which it was registered in the Member State concerned (Case C-259/02, *La Mer Technology Inc.*, [2004] ECR I-159, at paragraph 20) and that genuine use of the mark entails use of the mark on the market for the goods or services protected by that mark and not just internal use by the undertaking concerned (Case C-40/01, *Ansul*, [2003] ECR I-2439, at paragraph 37).
65. Thirdly, the Court has held that "genuine use" of the mark is a use in view of creating or preserving an outlet for the goods or services that bear the sign of which it is composed, as distinct from the goods or services of other undertakings. Use of the mark must therefore relate to goods or services already marketed or about to be marketed and for which preparations by the undertaking to secure customers are under way, particularly in the form of advertising campaigns (Case C-40/01, *Ansul*, at paragraph 37).



66. Furthermore, the Commission considers that the two interconnected conditions concerning use of the sign in the course of trade and in relation to a good should mirror the condition for the exhaustion of the exclusive rights of the trade mark proprietor, namely that the economic value of that good has been realised by transferring the right to dispose thereof to a third party. Such symmetric approach follows in particular from Case C-456/06, Peek & Cloppenburg, [2008] ECR I-2731, at paragraphs 34 - 36). In other words, an act coming under Article 5(1)(a) of Directive 89/104 or Article 9(1)(a) of Regulation 40/94 is one by which the third party completes on the "offering side" all necessary steps in order to put the good on the market, i. e. to transfer the right to dispose thereof to a third party, while its actual putting on the market depends only on the reaction to such act from the "demanding side".
67. In the light of the foregoing, the Commission is of the opinion that a sign is used in relation to a good where it is used with the intention to realise the economic value of that good by transferring the right to dispose thereof to a third party.
68. It can well be derived from the case law of the Court that this economic value must not necessarily be realised by the operator who uses the sign in question. Indeed, the Court has held that the fact that an operator – such as trade intermediary on the Internet – uses a sign in relation to goods which are not his own goods, in that it is not him but another operator (i. e. the vendor), on behalf of whom the first operator acts, who has title to them, is not relevant for the purpose of the concept of ‘use’ within the meaning of Article 9(1) of Regulation 40/94 (Case C-62/08, UDV North America Inc, Order of 19 February 2009, not yet reported, at paragraphs 42 -54).
69. However, in the Commission's view the act by which the economic value of the good at issue is realised must be performed by the operator who uses the sign in question, i. e. from whom emanates an act of communication. This follows necessarily from Article 5(3)(b) and (d) of Directive 89/104 and Article 9(3) )(b) and (d) of Regulation 40/94 which refer, inter alia, to "offering of goods" and to "using the sign on business papers and in advertising" as to acts qualifying as use of a sign in the course of trade in relation to a good. This implies that the acts of use and of realising the economic value of the good must be amenable to coinciding *uno actu*, which requires that they emanate from the same operator. This reading is borne out by the Court's finding in Case C-206/01, Ansul (at paragraph 41) that "*the use at issue [...] is 'for goods' within the meaning of*

*Article 5(1)(a) of the Directive, since it concerns the affixing to goods of a sign identical to the trade mark and the offering of goods, putting them on the market or stocking them for those purposes within the meaning of Article 5(3)(a) and (b)".*

70. The situation in Case C-62/08, UDV North America Inc, was precisely characterised by the fact that the operator acting as trade intermediary on the Internet – and thus the operator using the sign in question –, whilst not realising himself the economic value of the good at issue, in absence of any title to it, nevertheless performed the act by which economic value of the good at issue was realised. For, it was that trade intermediary who concluded – in its own name, albeit on behalf of the vendor – the (sale) transaction by which that economic value was realised through a transfer of the right to dispose of the good to a third party.
71. It is true that there is a similarity between the present case and Case C-62/08 in that, in the former case, the operator of an online marketplace has no title to the goods advertised or offered for sale by its vendor clients on its website just as, in the latter case, the trade intermediary on the Internet did have no title to the goods sold on behalf of the vendor. However, the essential difference between the two cases is that, in the present case, the act by which the economic value of these goods is realised is not performed by the operator of the online marketplace – and thus by the operator using the sign in question – but rather by its vendor clients. For it is them who conclude the (sale) transactions by which that economic value is realised through a transfer of the right to dispose of the good to a third party. It is not sufficient in this respect neither that the operator of the online marketplace facilitates the transactions operated by its vendor clients nor that it takes an economic advantage thereof by receiving a commission for each transaction concluded.
72. The proposed answers to the fifth and sixth questions are therefore the following:
- "The operator of an online marketplace uses, within the meaning of Article 5(1)(a) of Directive 89/104 and Article 9(1)(a) of Regulation 40/94, a sign identical to the trade mark, where the sign is displayed in an advertisement (hereinafter "sponsored link") of that operator allowing the user of the Internet, via a hyperlink, to reach a website of the operator which contains offers for sale of goods and where the operator has concluded a contract with the operator of a search engine pursuant to which the sponsored link

appears whenever a user of the search engine enters a word ("keyword") identical to that sign. However, such use is not made, within the meaning of the said provisions, in relation to the goods advertised or offered by third parties on the website of the operator of the online marketplace."

**4. Eighth question (insofar as it relates to the fifth and sixth questions)**

73. By its eighth question, insofar as it relates to the fifth and sixth questions, the referring court essentially asks whether the answer to these questions would be different if the sign identical to the trade mark was displayed only on the website of an operator of an online marketplace which the user of the Internet can reach, via a hyperlink from a sponsored link of that operator appearing whenever a user of the search engine enters a word ("keyword") identical to that sign, rather than in the sponsored link itself.
74. In the view of the Commission, the situation described at point 73 above is characterised, not less than that described at point 56 above, by an act of communication which emanates from the operator of the online marketplace. Moreover; such act is also directed towards the target public of the trade mark at stake, since, *ex hypothesi*, the sign functioning as keyword is identical to that trade mark. Therefore, the operator of an online marketplace uses, within the meaning of Article 5(1)(a) of Directive 89/104 and Article 9(1)(a) of Regulation 40/94, a sign identical to the trade mark, where that sign is displayed only on the website of an operator of an online marketplace which the user of the Internet can reach, via a hyperlink from a sponsored link of that operator appearing whenever a user of the search engine enters a word ("keyword") identical to that sign, rather than in the sponsored link itself.
75. However, just as in the situation described at point 56 above, such use would not be not made, within the meaning of Article 5(1)(a) of Directive 89/104 and Article 9(1)(a) of Regulation 40/94, in relation to the goods advertised or offered by third parties on the website of the operator of the online marketplace. For, it is not the operator of the online marketplace (eBay) but the vendor clients of that online marketplace which conclude the transaction (sale) by which the economic value of the goods offered for sale on the online marketplace website is realised through a transfer of the right to dispose thereof to

a third party. Hence, the act by which the economic value of the good at issue is realised does not emanate from eBay as the operator using the sign in question.

76. The proposed answer to the eighth question, insofar as it relates to the fifth and sixth questions, is therefore the following:

"The answers to the fifth and sixth questions would not be different if the sign identical to the trade mark was displayed only on the website of an operator of an online marketplace which the user of the Internet can reach, via a hyperlink from a sponsored link of that operator appearing whenever a user of the search engine enters a word ("keyword") identical to that sign, rather than in the sponsored link itself."

**5. Seventh question and eighth question, insofar as the latter relates to the seventh question**

77. By its seventh question, the referring Court essentially asks whether for an act of a third party to come under Article 5(1)(a) of Directive 89/104 or Article 9(1)(a) of Regulation 40/94 it is required that the goods in question have been actually put on the market within the territory covered by the trade mark or whether it is sufficient that the advertisement or offer for sale is targeted at consumers in that territory.
78. In this respect, the Commission would make two preliminary remarks.
79. Firstly, according to the private international law of most jurisdictions the law applicable to a non-contractual obligation arising from an infringement of an intellectual property right is the law of the country for which protection is claimed. This rule is also enshrined in article 8(1) of Regulation (EC) No 864/2007 of the European Parliament and of the Council of 11 July 2007 on the law applicable to non-contractual obligations (Rome II) (OJ 2007 L 199, p. 40) which, however, according to its Article 32, shall apply only from 11 January 2009 and which is therefore not applicable to main proceedings in the present case, given the material time thereof. Yet, the seventh question does not concern the determination of the applicable law under the rules of private international law but is rather about the interpretation of the trade mark law of the country for which protection is claimed.

80. Secondly, the Commission would recall that in its view an act coming under Article 5(1)(a) of Directive 89/104 or Article 9(1)(a) of Regulation 40/94 is one by which the third party completes on the "offering side" all necessary steps in order to put the good on the market, i. e. to transfer the right to dispose thereof to a third party, while its actual putting on the market depends only on the reaction to such act from the "demanding side" (cf. point 66 above).
81. It is submitted that in order to come under Article 5(1)(a) of Directive 89/104 or Article 9(1)(a) of Regulation 40/94 an act must aim at putting the good on the market in the territory actually covered by the trade mark. This can be derived from Case C-405/03, *Class International BV*, [2005] ECR I-8735, at paragraphs 55 – 61, where the Court held that, while non-Community goods placed under the external transit procedure or the customs warehousing procedure cannot be regarded as "imported" within the meaning of Article 5(3)(c) of Directive 89/104 and Article 9(2)(c) of Regulation 40/94, the trade mark proprietor may oppose their offering for sale or sale in the Community, pursuant to Article 5(3)(b) of Directive 89/104 or Article 9(2)(b) of Regulation 40/94. In this respect, the Commission observes that it understands the expression "if the offering or the sale necessarily entails putting goods bearing the mark on the market in the Community" at paragraph 58 of that judgment as meaning merely that the act coming under Article 5(1)(a) of Directive 89/104 or Article 9(1)(a) of Regulation 40/94 is one which aims at putting the good on the market in the territory actually covered by the trade mark. This reading is supported by paragraph 60 of the judgment, where the Court expressly refers to "the trader who puts or is preparing to put non-Community goods bearing the mark on the market in the Community". Likewise, in Case C-62/08, *UDV North America Inc.* (at paragraph 34) the Court held that acts of infringement may be carried out in a Member State or in the Community even if, in some circumstances, the goods are not located in that territory.
82. It follows from the foregoing that it is not required that the goods in question are actually put on the market within the territory covered by the trade mark. Rather it is sufficient that the advertisement or offer for sale is targeted at consumers in that territory.
83. Regarding the concept of "targeting" an advertisement or offer for sale made on the Internet and while the referring court has not asked a specific question in this respect, the Commission is of the opinion that the mere fact that such advertisement or offer for sale

is accessible from the territory covered by the trade mark is not sufficient. Otherwise, offers for sale made on the Internet would by this very fact be targeted at consumers in that territory, since the content displayed on the Internet is normally accessible from every country of the world. Such a result would be undesirable for mainly two reasons.

84. Firstly, in a general perspective of trade mark law, the use of trade marks on the Internet by their very proprietors would be rendered unreasonably difficult, since different operators who in different territories are proprietors of trade mark constituted by the same sign would be in position to block mutually the use of that sign, irrespective of the priority of protection in the territory concerned.
85. Secondly, with regard specifically to national trade marks within the Community, the hampering of the possibilities for undertakings to present themselves on the Internet by using their own national trade marks resulting from a situation as described in the previous paragraph would amount to a restriction on the freedom to provide services (see, by analogy, Case C-243/01, Gambelli and others, [2003] ECR I-13031, at paragraph 54).
86. Conversely, the mere fact that the seat of the operator of the website or the server on which the website is located outside the territory covered by the trade mark does not mean that an advertisement or offer for sale made on the Internet would not be targeted at consumers in that territory. Otherwise, the protection of the trade mark could be easily circumvented merely by setting up a website outside the territory covered by the trade mark.
87. The Commission therefore would suggest following the approach laid down in the WIPO Joint Recommendation. According to Article 2 of that instrument, use of a sign on the Internet shall constitute use in a given territory only if the use has a commercial effect in that territory. In determining whether this is the case, all relevant circumstances of each individual case should be taken into account, such as in particular the factors enumerated in Article 3 of the WIPO Joint Recommendation. However, the Commission would submit that, within the Community, the fact that a text used in conjunction with the use of the sign is in a language predominantly used in the territory covered by the trade mark, mentioned in Article 3(1)(d)(iv) of the WIPO Joint Recommendation, should be of no relevance.

88. Regarding the eighth question, insofar as the latter relates to the seventh question, the answer to the latter question would not be different if the sign identical to the trade mark was displayed only on the website of an operator of an online marketplace which the user of the Internet can reach, via a hyperlink from a sponsored link of that operator appearing whenever a user of the search engine enters a word ("keyword") identical to that sign, rather than in the sponsored link itself.
89. The proposed answer to the seventh question and to eighth question, insofar as the latter relates to the seventh question, is therefore the following:

"For an act of a third party to come under Article 5(1)(a) of Directive 89/104 or Article 9(1)(a) of Regulation 40/94 it is sufficient that the advertisement or offer for sale is targeted at consumers in that territory, irrespectively of whether the sign identical to the trade mark is displayed in a sponsored link of that operator allowing the user of the Internet, via a hyperlink, to reach a website of the operator which contains offers for sale of goods and where the operator has concluded a contract with the operator of a search engine pursuant to which the sponsored link appears whenever a user of the search engine enters a word ("keyword") identical to that sign or whether the sign identical to the trade mark is displayed only on that website."

## **6. Ninth and tenth question**

### **a) Preliminary observations**

90. These questions deal with the possible remedies available to a trade mark proprietor against the operator of an online marketplace, where a sign identical to a protected trade mark is displayed either in an advertisement ("sponsored link") of that operator allowing the user of the Internet, via a hyperlink, to reach a website of the operator which contains offers for sale of goods and which facilitates contacts between sellers and purchasers thereof or on that website itself and where goods have been advertised, offered for sale and sold on the website in infringement of the trade mark.
91. As a preliminary point, the Commission would suggest that the availability of remedies against any operator depends on the question whether or not that operator is to be regarded himself as an infringer of the trade mark concerned, pursuant to Article 5(1)(a)

of Directive 89/104 or Article 9(1)(a) of Regulation 40/94 or, under national law, as a co-tortfeasor whose liability is assimilated to that of an infringer of the trade mark concerned.

92. If this is the case, the operator is cumulatively liable to the sanctions provided for in Article 13 of Directive 2004/48 (especially damages) and to an injunction order under Article 11, first sentence (where the operator is himself an infringer) or third sentence (where the operator is a co-tortfeasor), of that Directive. As regards the sanctions provided for in Article 13 of Directive 2004/48, the exemption from liability provided for in Article 14(1) of Directive 2000/31 applies. However, this is not the case with respect to an injunction order under Article 11, first or third sentence, of Directive 2004/48, as follows from Article 14(3) of Directive 2000/31, read in conjunction with Recital 45 in the preamble thereto, according to which the limitations of the liability of intermediary service providers established in that Directive do not affect the possibility of granting injunctions.
93. Conversely, if an operator is neither to be regarded himself as an infringer of the trade mark concerned, pursuant to Article 5(1)(a) of Directive 89/104 or Article 9(1)(a) of Regulation 40/94 nor, under national law, as a co-tortfeasor whose liability is assimilated to that of an infringer of that trade mark, he may still be liable to an injunction order under Article 11, third sentence, of Directive 2004/48, where the applicable national law provides for some form of "contributory liability" (cf. as to this notion Opinion of Advocate General Poaires Maduro of 22 September 2009 in Joined Cases C-236/08, C-237/08 and C-238/08, Google et al., at paragraph 48).
94. In the light of the foregoing and given the answer which it has proposed to the sixth question (cf. points 62 – 72 above), the Commission deems it appropriate to deal with the tenth question before dealing with the ninth.

**b) Tenth question**

95. By this question, the referring court essentially asks, firstly, whether, under the circumstances described at paragraph 90 above, the operator of an online marketplace is to be regarded as an intermediary, within the meaning of Article 11, third sentence, of Directive 2004/48 and, secondly, in the affirmative, whether the scope of an injunction



granted against that operator is necessarily limited to the continuation of the specific act of infringement complained of may extend to future acts of infringement of the infringed trade mark.

96. As regards the first point, the Commission takes the view that the notion of "intermediary", within the meaning of Article 11, third sentence, of Directive 2004/48, encompasses any operator who has objectively facilitated the infringement of an intellectual property right.
97. With respect to the second point, the Commission would recall that pursuant to Recital 23 in the preamble to Directive 2004/48, the conditions and procedures relating to injunctions against an intermediary whose services are being used by a third party to infringe the rightholder's industrial property right should be left to the national law of the Member States. Hence, it is for national law to determine the scope *ratione materiae* of the subject matter of the dispute and, hence, of the injunction order and, more specifically, whether that order may extend to future acts of infringement of the infringed trade mark. It is therefore also for national law to determine whether the scope of an injunction against the intermediary can be extended beyond that of an injunction against the infringer himself or whether, conversely, an injunction against an intermediary is necessarily restricted to the acts of infringement or threatened infringement committed by the infringer himself. This interpretation is furthermore borne out by Recital 45 in the preamble to Directive 2000/31, according to which injunctions can in particular consist of orders by courts requiring the termination or prevention of any infringement.
98. However, in no case may an injunction ordered against an intermediary who is an information society service provider within the meaning of Article 14 of Directive 2000/31 impose on the latter a general obligation to monitor the information carried or hosted, or actively to verify its legality in order to prevent further acts of infringement committed by other third parties. Indeed, imposing such an obligation on an information society service provider would be contrary to Article 15 of Directive 2000/31, which is also applicable regarding injunctions against an intermediary.
99. The proposed answer to the tenth question is therefore the following:  
  
"Where a sign identical to a protected trade mark is displayed either in an advertisement ("sponsored link") of the operator of an online marketplace allowing the user of the

Internet, via a hyperlink, to reach a website of the operator which contains offers for sale of goods and which facilitates contacts between sellers and purchasers thereof or on that website itself and where goods have been advertised, offered for sale and sold on the website in infringement of the trade mark, the operator is to be regarded as an intermediary, within the meaning of Article 11, third sentence, of Directive 2004/48. The scope of an injunction granted against that operator is not necessarily limited to the continuation of the specific act of infringement complained of but may extend to future acts of infringements of the infringed trade mark."

**c) First part of the ninth question**

100. By this question, the referring court essentially asks whether, under the circumstances described at paragraph 90 above, the operator of an online marketplace is likely to be exempted from liability pursuant to Article 14(1) of Directive 2000/31.

101. Firstly, in the light of the definition set out in Article 2(a) of Directive 2000/31, read in conjunction with Article 1(2) of Directive 98/34 and with Recital 18 in the preamble to Directive 2000/31, services of an operator of an online marketplace aimed at facilitating contacts between sellers and purchasers of any kind of goods such as those provided by eBay can be regarded as information society services and therefore come under the scope of application of Directive 2000/31.

102. Secondly, regarding the use of a of a sign identical to a protected trade mark on the website of the operator of an online marketplace, i. e. in the listings of offers for sale, that operator features certain content – namely the text of these offers – which is provided by the recipients of the service – namely the sellers – and stored at their request. Hence, the conditions of hosting, as defined in Article 14 of Directive 2000/31, are fulfilled. The fact that the sales offers are searchable and that some of them are given extra exposure (see points 33 and 35 of the order for reference) should not affect this finding.

103. Thirdly, however, as regards use of a sign identical to protected mark in sponsored links of the operator of the online marketplace, the information is not stored by the operator of the online marketplace (which acts then as an advertiser) but rather by the operator of the

Internet search engine (see by analogy, Opinion of 22 September 2009, in Joined Cases C-236/08, C-237/08 and C-238/08, *Google et al.* at paragraphs 137-138). Therefore, the conditions of hosting, as defined in Article 14 of Directive 2000/31, are not met.

104. The proposed answer to the first part of the ninth question is therefore the following:

"Where a sign identical to a protected trade mark is displayed on the website of the operator of an online marketplace which contains offers for sale of goods and which facilitates contacts between sellers and purchasers thereof and where goods have been advertised, offered for sale and sold on the website in infringement of the trade mark, the operator is likely to be exempted from liability pursuant to Article 14(1) of Directive 2000/31. Conversely, this is not the case where a sign identical to a protected trade mark is displayed in an advertisement ("sponsored link") of the operator allowing the user of the Internet, via a hyperlink, to reach that website."

**d) Second part of the ninth question**

105. By this question, the referring court essentially asks whether, under the circumstances described at paragraph 90 above, damages or other financial remedies may be granted against the operator of an online marketplace with regard to those activities in respect of which that operator is not likely to be exempted from liability pursuant to Article 14(1) of Directive 2000/31.

106. In the view of the Commission, the exemptions of liability foreseen at Articles 12 to 14 of Directive 2000/31 distinguish between the kind of activity that is carried out rather than between the different kinds of service providers.

107. The proposed answer to the second part of the ninth question is therefore the following:

"Where a sign identical to a protected trade mark is displayed either in an advertisement ("sponsored link") of the operator of an online marketplace allowing the user of the Internet, via a hyperlink, to reach a website of the operator which contains offers for sale of goods and which facilitates contacts between sellers and purchasers thereof or on that website itself and where goods have been advertised, offered for sale and sold on the website in infringement of the trade mark, damages or other financial remedies may be granted against the operator with regard to those activities in respect of which that

operator is not likely to be exempted from liability pursuant to Article 14(1) of Directive 2000/31."

**e) Third part of the ninth question**

108. By this question, the referring court essentially asks whether, under the circumstances described at paragraph 90 above and where the operator of an online marketplace has knowledge that goods have been advertised, offered for sale and sold on his website in infringement of the trade mark concerned and that similar infringements with regard to the trade mark concerned or to other trade marks are likely to occur in the future by the same or different users of the website, that operator can be regarded, in respect of such future infringements, as having "actual knowledge" of illegal activities within the meaning of Article 14(1) of Directive 2000/31.

109. The reference to "claims for damages" in Article 14(1) of Directive 2000/31 suggests that the removal or disabling of access must relate to the illegal activity or information specifically complained of. That means that the provider of an information society service must remove or disable access to information which is accurately identified by the claimant. Likewise, that provider must also endeavour to prevent the recipient of its service from transmitting again information which was shown to be illicit.

110. However, Article 14(1) of Directive 2000/31 does not make the exemption from liability of the provider of an information society service dependent on the monitoring of all kinds of information relating to the same or similar goods that are potentially infringing a trade mark right. Neither is that provider obliged to prevent or disable access to information transmitted by the recipients of the service other than those specifically identified by the trade mark holder's complaint.

111. Indeed, such an obligation would be contrary to Article 15 of Directive 2000/31, which prevents Member States from imposing on information society service providers an obligation to monitor the information carried or hosted, or actively to seek facts or circumstances indicating illegal activity, i. e. to verify the legality of the information.

112. The underlying rationale of Article 14(1) of Directive 2000/31 is that the provider of an information society service is only liable after having been made aware or having otherwise become aware of the specific information which should be withdrawn or

rendered inaccessible. Providers of an information society service are encouraged to anticipate such claims and filter the information they transmit, but this is not a condition for being exempted from liability. As stated in Recital 48 in the preamble to Directive 2000/31, national law may however impose on service providers hosting information provided by their clients to apply duties of care which can reasonably be expected from them in order to detect and prevent certain types of illegal activities.

113. The proposed answer to the third part of the ninth question is therefore the following:

"Where a sign identical to a protected trade mark is displayed either in an advertisement ("sponsored link") of the operator of an online marketplace allowing the user of the Internet, via a hyperlink, to reach a website of the operator which contains offers for sale of goods and which facilitates contacts between sellers and purchasers thereof or on that website itself and where goods have been advertised, offered for sale and sold on the website in infringement of the trade mark and where the operator has knowledge that goods have been advertised, offered for sale and sold on his website in infringement of the trade mark concerned and that similar infringements with regard to the trade mark concerned or to other trade marks are likely to occur in the future by the same or different users of the website, that operator cannot be regarded, in respect of such future infringements, as having "actual knowledge" of illegal activities within the meaning of Article 14(1) of Directive 2000/31."

#### **IV. CONCLUSION**

114. For all these reasons, the Commission considers that the questions asked by the referring courts should be answered in the following sense:

"A good, such as a perfume or cosmetic tester or a dramming bottle, which the trade mark proprietor has supplied to a third party without receiving a remuneration, can only be considered as having been put on the market, within the meaning of Article 7(1) of Directive 89/104 and Article 13(1) of Regulation 40/94 if it is clear from all relevant circumstances specific to the particular case that the trade mark proprietor can be deemed having renounced to the right to control the further marketing of that good.

The removal – without the consent of the trade mark proprietor – of the boxes or other external packaging from goods such as perfumes and cosmetics constitutes a "legitimate reason" for the trade mark proprietor to oppose further commercialization of these goods within the meaning of Article 7(2) of Directive 89/104 and of Article 13(2) of Regulation 40/94. In this respect, it is irrelevant, firstly, if, as a result of the removal of the boxes (or other external packaging), the goods do not bear the information required by Article 6(1) of Directive 76/768 and in particular neither a list of ingredients nor a 'best before date', secondly, if, as a result of the absence of such information, the offer for sale or sale of the goods constitutes a criminal offence according to the law of the Member State in which they are offered for sale or sold by third parties and, thirdly, if the further commercialization of the goods damages, or is likely to damage, the reputation of the trade mark.

The operator of an online marketplace uses, within the meaning of Article 5(1)(a) of Directive 89/104 and Article 9(1)(a) of Regulation 40/94, a sign identical to the trade mark, where the sign is displayed in an advertisement (hereinafter "sponsored link") of that operator allowing the user of the Internet, via a hyperlink, to reach a website of the operator which contains offers for sale of goods and where the operator has concluded a contract with the operator of a search engine pursuant to which the sponsored link appears whenever a user of the search engine enters a word ("keyword") identical to that sign. However, such use is not made, within the meaning of the said provisions, in relation to the goods advertised or offered by third parties on the website of the operator of the online marketplace.

The answers to the fifth and sixth questions would not be different if the sign identical to the trade mark was displayed only on the website of an operator of an online marketplace which the user of the Internet can reach, via a hyperlink from a sponsored link of that operator appearing whenever a user of the search engine enters a word ("keyword") identical to that sign, rather than in the sponsored link itself.

For an act of a third party to come under Article 5(1)(a) of Directive 89/104 or Article 9(1)(a) of Regulation 40/94 it is sufficient that the advertisement or offer for sale is targeted at consumers in that territory, irrespectively of whether the sign identical to the trade mark is displayed in a sponsored link of that operator allowing the user of the

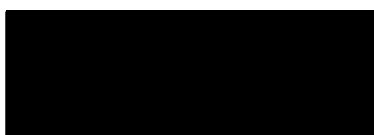
Internet, via a hyperlink, to reach a website of the operator which contains offers for sale of goods and where the operator has concluded a contract with the operator of a search engine pursuant to which the sponsored link appears whenever a user of the search engine enters a word ("keyword") identical to that sign or whether the sign identical to the trade mark is displayed only on that website.

Where a sign identical to a protected trade mark is displayed either in an advertisement ("sponsored link") of the operator of an online marketplace allowing the user of the Internet, via a hyperlink, to reach a website of the operator which contains offers for sale of goods and which facilitates contacts between sellers and purchasers thereof or on that website itself and where goods have been advertised, offered for sale and sold on the website in infringement of the trade mark, the operator is to be regarded as an intermediary, within the meaning of Article 11, third sentence, of Directive 2004/48. The scope of an injunction granted against that operator is not necessarily limited to the continuation of the specific act of infringement complained of may but extend to future acts of infringements of the infringed trade mark.

Where a sign identical to a protected trade mark is displayed on the website of the operator of an online marketplace which contains offers for sale of goods and which facilitates contacts between sellers and purchasers thereof and where goods have been advertised, offered for sale and sold on the website in infringement of the trade mark, the operator is likely to be exempted from liability pursuant to Article 14(1) of Directive 2000/31. Conversely, this is not the case where a sign identical to a protected trade mark is displayed in an advertisement ("sponsored link") of the operator allowing the user of the Internet, via a hyperlink, to reach that website.

Where a sign identical to a protected trade mark is displayed either in an advertisement ("sponsored link") of the operator of an online marketplace allowing the user of the Internet, via a hyperlink, to reach a website of the operator which contains offers for sale of goods and which facilitates contacts between sellers and purchasers thereof or on that website itself and where goods have been advertised, offered for sale and sold on the website in infringement of the trade mark, damages or other financial remedies may be granted against the operator with regard to those activities in respect of which that operator is not likely to be exempted from liability pursuant to Article 14(1) of Directive 2000/31.

Where a sign identical to a protected trade mark is displayed either in an advertisement ("sponsored link") of the operator of an online marketplace allowing the user of the Internet, via a hyperlink, to reach a website of the operator which contains offers for sale of goods and which facilitates contacts between sellers and purchasers thereof or on that website itself and where goods have been advertised, offered for sale and sold on the website in infringement of the trade mark and where the operator has knowledge that goods have been advertised, offered for sale and sold on his website in infringement of the trade mark concerned and that similar infringements with regard to the trade mark concerned or to other trade marks are likely to occur in the future by the same or different users of the website, that operator cannot be regarded, in respect of such future infringements, as having "actual knowledge" of illegal activities within the meaning of Article 14(1) of Directive 2000/31."



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