

OPINION OF ADVOCATE GENERAL

JÄÄSKINEN

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I — Introduction

1. The dispute in the main proceedings is between L'Oréal SA and its subsidiaries ('L'Oréal'), on the one hand, and three subsidiaries of eBay Inc. ('eBay'), together with certain natural persons, on the other. It relates to offers for sale of goods by these persons on eBay's electronic marketplace. The offers for sale allegedly infringe L'Oréal's intellectual property rights.

2. eBay, the defendant in the national proceedings, operates a popular and sophisticated electronic marketplace in the internet. It has built up a system which greatly facilitates the selling and buying over the internet by individuals, with a powerful search engine, a secure payment system and extensive geographical coverage. It has also designed compliance mechanisms to fight sales of counterfeit goods. To attract new customers to its web site, eBay has also bought keywords, such

as well-known trade marks, from paid internet referencing services (such as Google's AdWords). The use of a selected keyword in the search engine triggers the display of an advertisement and a sponsored link, which leads directly to eBay's electronic marketplace.

3. L'Oréal, the applicant in the national proceedings, is a global company with a very wide product range enjoying trade mark protection, including well-known marks with worldwide reputation. Its primary concern in this case is the trade of various counterfeit L'Oréal products on eBay's electronic marketplace. For L'Oréal, the situation is aggravated by the fact that some of the products are not meant for sale in the European Economic Area ('EEA'), but end up here through eBay sales. Some of the cosmetic products are sold without the original packaging. In L'Oréal's view, by buying the keywords eBay attracts customers to its electronic marketplace to buy L'Oréal branded goods in infringement of its trade mark rights. To stop the individual

¹ — Original language: English.

sellers in an effective way, L'Oréal would like to obtain court orders against eBay so that its trade marks would be better protected.

account the specificities of the case before the national court, they should, at the same time, be based on a global view on how this system should function in general. In my view, this case is more complicated than *Google France and Google*² in many aspects.

4. For the Court, this preliminary reference touches on the topical legal question relating to the application of trade mark protection in the new environment of electronic commerce and information society services in the internet. The Court is called upon to draw the right balance between the protection of the legitimate interests of the trade mark proprietor, on the one hand, and those of businesses and private individuals using the new trading opportunities offered by internet and electronic commerce, on the other hand. Some of the questions can be answered on the basis of existing case-law whereas others require further interpretation of several European Union (EU) legislative acts.

5. The main challenge for the Court lies in the double-balancing act the Court is called to undertake. Not only is the Court requested by the national court to give an interpretation of the EU law provisions in this challenging setting, but it should at the same time ensure that the interpretation given of the instruments in question would remain applicable in settings with different parameters. The trade marks in question are well known and the products are luxury products but the applicable EU law provisions do apply to all trade marks and all kinds of goods. Electronic marketplace is global and it has many specific features. While the replies given should take into

6. In this case, the Court is called to give an interpretation among others concerning (i) the legal position under EU trade mark law pursuant to Directive 89/104 ('Trade Mark Directive')³ of an electronic marketplace operator who (a) purchases keywords identical to trade marks from a paid internet referencing service so that the search engine results will display a link that leads to marketplace operator's website, and (b) stores on its website on behalf of its clients offers for sale of counterfeit, unpackaged or non-EEA source branded products; (ii) the definition of the scope of the exemption of the information service providers' liability, as contained in Article 14 of Directive 2000/31 ('Directive

2 — Joined Cases C-236/08 to C-238/08 [2010] ECR I-2417.

3 — 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.

on electronic commerce’);⁴ (iii) the definition of the scope of the right to obtain an injunction against an intermediary whose services are used by a third party referred to in Article 11 of Directive 2004/48 (‘Directive on the enforcement of intellectual property rights’)⁵ and (iv) concerning certain provisions of Directive 76/768 (‘the cosmetics directive’).⁶

II — Legal context

A — *European Union law*⁷

Directive 76/768

7. Article 6(1) of Directive 76/768 on cosmetic products requires the Member States

to take all measures necessary to ensure that cosmetic products may be marketed only if the container and packaging bear the information specified in that provision in indelible, easily legible and visible lettering. That information includes, inter alia, (a) the name 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; (c) the date of minimum durability; (d) particular precautions to be observed in use; (e) the batch number of manufacture or the reference for identifying the goods; (f) the function of the product, unless it is clear from the presentation of the product; and (g) a list of ingredients.

*Directive 89/104*⁸

8. Article 5 of Directive 89/104 on trade marks, entitled ‘Rights conferred by a trade mark’ is worded as follows:

4 — Directive 2000/31/EC of the European Parliament and of the Council of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market, OJ 2000 L 178, p. 1, as amended.

5 — 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 and corrigendum OJ 2004 L 195, p. 16).

6 — 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), as amended.

7 — The preliminary reference does not include any description of individual provisions of United Kingdom legislation. In its judgment of 22 May 2009 (‘High Court Judgment’) the High Court explained that the case did not involve any specific issues relating to the interpretation of national legislation. Therefore, I do not find it necessary to reproduce the relevant provisions of United Kingdom legislation on trade marks or electronic commerce.

8 — Some of the trade marks of L’Oréal are Community trade marks. As there are no specific issues relating to Regulation No 40/94 it is sufficient to point out that Articles 9, 12 and 13 correspond to Articles 5, 6 and 7 of Directive 89/104. What is said below with regard to the interpretation of Directive 89/104 applies *mutatis mutandis* to Regulation No 40/94. Directive 89/104 and the Regulation No 40/94 are applicable *ratione temporis*, not the codified texts provided 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 (Codified version); OJ 2008 L 299, p. 25 and Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade mark; OJ 2009 L 78, p. 1.

‘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;

...

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

...

(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.

...’

9. Article 6(1) of Directive 89/104, entitled ‘Limitation of the effects of a trade mark’, read as follows:

‘1. The trade mark shall not entitle the proprietor to prohibit a third from using, in the course of trade,

...

(b) indications concerning the kind, quality, intended purpose, value, geographical origin, the time of production of goods or of rendering of the service, or other characteristics of goods or services;

(c) the trade mark where it is necessary to indicate the intended purpose of a product or service, in particular as accessories or spare parts;

provided he uses them in accordance with honest practices in individual or commercial matters.’

10. Article 7 of Directive 89/104, entitled ‘Exhaustion of the rights conferred by a trade mark’ states:

‘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 [European Economic Area (EEA)] 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.'

12. Recitals 42, 43 and 45 to 48 in the preamble to Directive 2000/31 state:

Directive 2000/31

11. Recital 9 in the preamble to Directive 2000/31 on electronic commerce is worded as follows:

'The free movement of information society services can in many cases be a specific reflection in Community law of a more general principle, namely freedom of expression as enshrined in Article 10(1) of the Convention for the Protection of Human Rights and Fundamental Freedoms, which has been ratified by all the Member States; for this reason, directives covering the supply of information society services must ensure that this activity may be engaged in freely in the light of that article, subject only to the restrictions laid down in paragraph 2 of that article and in Article 46(1) of the Treaty; this directive is not intended to affect national fundamental rules and principles relating to freedom of expression.'

'(42) The exemptions from liability established in this directive cover only cases where the activity of the information society service provider is limited to the technical process of operating and giving access to a communication network over which information made available by third parties is transmitted or temporarily stored, for the sole purpose of making the transmission more efficient; this activity is of a mere technical, automatic and passive nature, which implies that the information society service provider has neither knowledge of nor control over the information which is transmitted or stored.

(43) A service provider can benefit from the exemptions for "mere conduit" and for "caching" when he is in no way involved with the information transmitted; this requires among other things that he does not modify the information that he transmits; this requirement does not cover manipulations of a technical nature which take place in the course of the transmission as they

do not alter the integrity of the information contained in the transmission.

which must be fulfilled expeditiously prior to the removal or disabling of information.

...

- (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, including the removal of illegal information or the disabling of access to it.
- (46) In order to benefit from a limitation of liability, the provider of an information society service, consisting of the storage of information, upon obtaining actual knowledge or awareness of illegal activities has to act expeditiously to remove or to disable access to the information concerned; the removal or disabling of access has to be undertaken in the observance of the principle of freedom of expression and of procedures established for this purpose at national level; this Directive does not affect Member States' possibility of establishing specific requirements
- (47) Member States are prevented from imposing a monitoring obligation on service providers only with respect to obligations of a general nature; this does not concern monitoring obligations in a specific case and, in particular, does not affect orders by national authorities in accordance with national legislation.
- (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.⁹
13. Article 2(a) of Directive 2000/31 defines 'information society services' by reference to Article 1 (2) of Directive 98/34/EC of the European Parliament and of the Council of 22 June 1998 laying down a procedure for the provision of information in the field of technical standards and regulations⁹ as 'any
- ⁹ — OJ 1998 L 204, p. 37, as amended by Directive 98/48/EC of the European Parliament and of the Council of 20 July 1998; OJ 1998 L 217, p. 18.

service normally provided for remuneration, at a distance, by electronic means and at the individual request of a recipient of services’.

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

14. Chapter II of Directive 2000/31 includes a section 4, entitled ‘Liability of intermediary service providers,’ which contains Articles 12 to 15.¹⁰

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

15. Article 14 of Directive 2000/31, entitled ‘Hosting,’ provides:

‘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:

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.’

16. Article 15 of Directive 2000/31, entitled ‘No general obligation to monitor,’ provides:

(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;

‘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.

or

2. Member States may establish obligations for information society service providers

¹⁰ — Articles 12 and 13 of Directive 2000/31 contain the provisions limiting the liability of the service provider in so far as ‘mere conduit’ and ‘caching’ are concerned.

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.’

and related rights in the information society (OJ 2001 L 167, p. 10)]. Article 8(3) of Directive 2001/29/EC should therefore not be affected by this Directive.’

Directive 2004/48

17. Recital 23 in the preamble to Directive 2004/48 on enforcement of intellectual property rights states:

‘Without prejudice to any other measures, procedures and remedies available, right-holders 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. As far as infringements of copyright and related rights are concerned, a comprehensive level of harmonisation is already provided for in Directive 2001/29/EC [of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright

18. Article 3 of Directive 2004/48, entitled ‘General obligation’, reads as follows:

‘1. Member States shall provide for the measures, procedures and remedies necessary to ensure the enforcement of the intellectual property rights covered by this Directive. Those measures, procedures and remedies shall be fair and equitable and shall not be unnecessarily complicated or costly, or entail unreasonable time-limits or unwarranted delays.

2. Those measures, procedures and remedies shall also be effective, proportionate and dissuasive and shall be applied in such a manner as to avoid the creation of barriers to legitimate trade and to provide for safeguards against their abuse.’

19. Chapter II of Directive 2004/48, entitled ‘Measures, procedures and remedies’, contains a section 4, entitled ‘Provisional and precautionary measures’, which consists of Article 9, entitled with the same wording. Furthermore, the same Chapter also contains a section 5, entitled ‘Measures resulting from a decision on the merits of the case’, which comprises Articles 10, 11 and 12, entitled

respectively 'Corrective measures', 'Injunctions' and 'Alternative measures'.

III — The dispute in the main proceedings and the questions referred for a preliminary ruling

20. Article 11 of Directive 2004/48 states:

L'Oréal

'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. Where provided for by national law, non-compliance with an injunction shall, where appropriate, be subject to a recurring penalty payment, with a view to ensuring compliance. 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, without prejudice to Article 8 (3) of Directive 2001/29/EC'.¹¹

21. L'Oréal is a manufacturer and supplier of perfumes, cosmetics and hair care products. In the United Kingdom it is the proprietor of a number of national trade marks. It is also the proprietor of Community trade marks. One of those Community trade marks is a device mark that includes the words 'Amor Amor'. The other trade marks in issue in the main proceedings are either word marks or barely stylised word marks. It is common ground that each of the trade marks at issue is very well known in the United Kingdom.¹²

11 — Article 8(3) of Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society (OJ 2001 L 167, p. 10) provides: 'Member States shall ensure that rightholders are in a position to apply for an injunction against intermediaries whose services are used by a third party to infringe a copyright or related right'. Recital 59 of Directive 2001/29 reads as follows: 'In the digital environment, in particular, the services of intermediaries may increasingly be used by third parties for infringing activities. In many cases such intermediaries are best placed to bring such infringing activities to an end. Therefore, without prejudice to any other sanctions and remedies available, rightholders should have the *possibility of applying for an injunction against an intermediary* who carries a third party's infringement of a protected work or other subject-matter in a network. *This possibility should be available even where the acts carried out by the intermediary are exempted under Article 5.* The conditions and modalities relating to such injunctions should be left to the national law of the Member States.' (my emphasis)

22. L'Oréal operates a closed selective distribution network. Distribution is thus controlled by means of distribution contracts which restrain authorised distributors from supplying products to non-authorised distributors.

12 — I recall that Article 5(1)(a) of Directive 89/104 is not restricted to trade marks with reputation or unique trade marks but is applicable to all kinds of trade marks. Therefore, in the interpretation of Article 5(1)(a), the Court should avoid adopting solutions that might appear justified in the context of unique trade marks with reputation but would create far too wide sphere of protection in other cases.

eBay

charges a percentage on the transactions executed on its electronic marketplace.

23. eBay operates an electronic marketplace on which are displayed listings of goods offered for sale by persons who have created a seller's account at eBay. Buyers bid on the products listed by these persons. According to the information summarised in the order for reference, there are on average 16 million listings on the www.ebay.co.uk site.

25. An item is offered on eBay for a specified period (generally 1, 3, 5, 7 or 10 days) during which time eBay users post bids on the listed item. Bids are accepted in increments and when the selling period expires the item is sold to the highest bidder. In addition, by a technique known as 'proxy bidding', prospective buyers can set the highest price which they are prepared to pay and then instruct the eBay site automatically to bid in increments up to that limit.

24. Sellers and purchasers must register themselves as users by creating a User ID¹³ and accept eBay's user agreement. It is a breach of the user agreement to sell any counterfeit items or infringe trade marks. The user agreement also requires compliance with eBay's policies. All sellers from the United Kingdom are required to accept payment by PayPal, a secure payment mechanism operated by PayPal (Europe) Sarl&Cie, being currently a subsidiary of eBay Inc., which is a Luxembourg financial institution. eBay

26. eBay also permits items to be sold without an auction and thus at a fixed price (the 'buy it now' system). Moreover, sellers can create 'online shops' on the site, which list all of the items the seller has for sale at any one time and thus operate as virtual shops on the eBay site. eBay grants their most successful sellers 'Power Seller' status if they achieve and maintain excellent sales performance records and comply with eBay rules and policies. There are five levels of PowerSeller, from Bronze to Titanium, depending on the seller's sales volumes.

13 — The User ID serves as a unique identifier in eBay's computerised system. It can also be used as a form of pseudonym which enables the user to conceal his or her identity unless and until a transaction is completed. Business sellers are required to provide their name and address before this point, but private sellers are not. A single individual can create multiple Seller's Accounts with a number of User IDs, but eBay has the ability to search for different accounts operated by the same person.

27. eBay provides detailed assistance to sellers in categorising and describing the items they offer for sale, in creating their own on-line shops and in promoting and increasing sales. eBay thus organises the sale, conducts the auction (including the making of proxy bids), provides a watching service to notify members of items in which they are interested and promotes and advertises goods through third party websites.

28. It is common ground between L'Oréal and eBay that the latter does not act as agent for the sellers of the goods and that it is not in any way in possession of the goods.

29. It is also common ground that eBay uses a large number of software filters to search listings for possible breaches of its policies. When a listing is flagged by one of the software filters as potentially contravening a policy, it is reviewed by an eBay customer services representative. Tens of thousands of listings are removed each month as a result of filtering or complaints.

30. eBay also operates a 'VeRO' (Verified Rights Owner) programme, which is a notice and take-down system intended to provide intellectual property owners with assistance in

removing infringing listings from the site. In order to participate in the VeRO programme, rights owners must complete and submit a form in respect of listings which they consider infringe their rights. They must identify each listing complained of by item number and in each case identify the reason for objecting to the listing by means of a 'reason code'. There are 16 reason codes identifying different types of infringement. When a listing is taken down, eBay reimburses any fees paid by the seller. According to the information set out in the order for reference, more than 18000 right owners participate in the VeRO programme. L'Oréal has declined to participate in the programme as it contends that the programme is inadequate.

31. When a VeRO notice is received by eBay Europe it is reviewed by a customer services representative. If he finds that the listing complained of infringes the complainant's rights, he will take down the listing without further investigation. If necessary, the representative will consult a specialist within his team. If the specialist thinks it necessary, an in-house lawyer will be consulted. In 2007 about 90 percent of listings reported through the VeRO programme were taken down within 6 to 12 hours and about 98 percent were taken down within 24 hours.

32. Before the national court eBay emphasised that it was difficult for it to adjudicate on allegations of infringement made by rights

owners. It assumes that such allegations are well founded unless they appear obviously unfounded.

November 2006 to April 2008 and that eBay's activities have changed over the time with which this case is concerned.

33. Furthermore, eBay applies a variety of sanctions to users who breach its policies, such as removal of the listing, temporary suspension of the seller and permanent suspension. Worldwide, eBay suspends about 2 million users annually, including about 50 000 under the VeRO programme. A higher level of scrutiny is applied to users selling more than 500 brands classified by eBay as 'high risk brands.'

35. In concrete terms, the purpose of L'Oréal's action before the High Court is to obtain a ruling that certain individuals have infringed one or more of its trade marks as users of eBay internet marketplace by using signs identical to the trade marks in relation to goods identical to those for which the trade marks are registered.

The dispute

34. On 22 May 2007 L'Oréal sent a letter notifying eBay of its concerns regarding the widespread sale of infringing goods on eBay's European websites and requesting eBay to take steps to address these concerns. L'Oréal was not satisfied with eBay's response and brought several actions, including the action before the High Court of Justice of England and Wales, Chancery Division (the 'High Court'). The referring court states that the alleged infringements took place from

36. In the action L'Oréal claims that eBay is jointly liable for these infringements. It also claims that eBay is primarily liable for the use, in relation to the infringing goods, of the Link Marks on its site and in sponsored links on third party search engines.¹⁴ That advertising link, accompanied by a short commercial

¹⁴ — According to the referring court, eBay Europe have purchased keywords consisting of certain trade marks ('the Link Marks') which trigger sponsored links on third party search engines including Google, MSN and Yahoo. The effect of this is that a search on for example Google using one of the Link Marks will cause a sponsored link to the eBay site to be displayed. If the user clicks on the sponsored link, he or she is taken to a display of search results on the eBay site for products by reference to the Link Mark. eBay Europe choose the keywords based on the activity on its site in United Kingdom.

message, constitute an advertisement (an 'ad').¹⁵ As regards those sponsored links, it is common ground that eBay has purchased keywords consisting of the Link Marks in order to trigger, on search engines such as Google, MSN and Yahoo, links to its own site.

uemura' in 'all categories' with the result '96 items found for shu uemura'.

37. Thus, on 27 March 2007, when an internet user entered the words 'shu uemura' as a search string in the Google search engine, the following eBay ad appeared as a sponsored link:

'Shu Uemura

Great deals on Shu uemura

Shop on eBay and Save!

www.ebay.co.uk'

39. L'Oréal has alleged that most of these items were infringing goods,¹⁶ expressly stated to be 'from Hong Kong' or (in one case) 'from USA'.

40. The essential complaint made against eBay is thus that by using L'Oréal's trade marks, eBay directs its users to infringing goods. Furthermore, as a result of its close involvement in pre-sale activities, which lead to the listing and promotion of goods on its sites, and to sales and after sales processes, eBay is closely involved in the infringements committed by individual sellers.

38. Clicking on this ad link led to a page on the eBay site showing a search for 'shu

41. Moreover, L'Oréal has argued that, even if eBay is not itself liable for trade mark infringement, an injunction should be issued against it pursuant to Article 11 of Directive 2004/48.

15 — In *Google France and Google*, the Court characterised the paid referencing service called 'AdWords' by Google in the following terms: 'That service enables any economic operator, by means of the reservation of one or more keywords, to obtain the placing, in the event of a correspondence between one or more of those words and that/those entered as a request in the search engine by an internet user, of an advertising link to its site. That advertising link appears under the heading 'sponsored links', which is displayed either on the right-hand side of the screen, to the right of the natural results, or on the upper part of the screen, above the natural results. ... That advertising link is accompanied by a short commercial message. Together, that link and that message constitute the advertisement ("ad") displayed under the abovementioned heading.'

16 — For the sake of convenience I will use the expression 'infringing goods' while being fully aware that the goods as such are neither the subject nor the direct object of a trade mark infringement, which is an act consisting of the illicit use of a sign under circumstances where the trade mark proprietor is entitled to forbid its use.

42. L'Oréal is currently no longer pursuing action against the individual sellers: the national dispute is now only between L'Oréal and eBay.¹⁷

The questions referred

45. The questions referred by the High Court in the order of 16 July 2009 are as follows:

43. By its judgment of 22 May 2009, the High Court has decided to stay the proceedings and to refer questions for a preliminary ruling to the Court of Justice (the 'judgment of 22 May 2009'). The preliminary reference was adopted by the High Court on 16 July 2009 (the 'order of 16 July 2009').

44. According to the High Court, eBay could do more to minimise the sale of counterfeit products on its site.¹⁸ The High Court nevertheless emphasises that the fact that it would be possible for eBay to do more does not necessarily mean that it is legally obliged to do more.

'(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 No 40/94]?

17 — As to the seven individuals who were defendants in the national proceedings, in addition to the three eBay subsidiaries, L'Oréal has settled with the fourth to eighth defendants and obtained judgment in default of defence against the ninth and tenth defendants. Therefore it does not appear necessary to include the names of these individuals as parties to this preliminary proceeding.

18 — eBay could, for example, filter listings before they are posted on the site, use additional filters, require sellers to disclose their names and addresses when listing items, impose additional restrictions on the volumes of high risk products, adopt policies to combat other types of infringement which are not presently addressed, and in particular the sale of non-EEA goods without the consent of the trade mark owners, and apply sanctions more rigorously.

(2) Where the boxes (or other outer 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 commercialisation of the unboxed products within the meaning of Article 7(2) of

[Directive 89/104] and Article 13(2) of [Regulation No 40/94]?

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?

(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 outer 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 commercialisation damages, or is likely to damage, the image of the goods and hence the

(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 No 40/94]?

(6) Where clicking on the sponsored link referred to in question 5 above leads the user directly to advertisements or 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 No 40/94]?

marketplace itself rather than in a sponsored link?

- (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 No 40/94] and outside Article 7(1) of [Directive 89/104] and Article 13(1) of [Regulation No 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 to 7 above if the use complained of by the trade mark proprietor consists of the display of the sign on the web site of the operator of the online
 - (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 No 40/94] and outside Article 7(1) of [Directive 89/104] and Article 13(1) of [Regulation No 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?

IV — Preliminary observations

- (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]?

A — Policy issues at stake

46. I recall that the Court’s recent case-law¹⁹ has enhanced the protection of trade marks, especially those with a reputation, and taken into account not only the essential function of the trade mark to indicate the commercial origin of goods and services, but also the other functions of trade marks such as quality, investment and advertising functions.²⁰ These other functions are relevant in the contemporary business life where trade marks often acquire independent economic value as

- (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 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?

¹⁹ — See for example Case C-558/08 *Portakabin* [2010] ECR I-6963; Case C-278/08 *BergSpechte* [2010] ECR I-2517; order of 26 March 2010 in Case C-91/09 *eis.de; Google France and Google*; Case C-487/07 *L’Oréal and Others* [2009] ECR I-5185; Case C-533/06 *O2Holdings and O2 (UK)* [2008] ECR I-4231; Case C-17/06 *Céline* [2007] ECR I-7041; Case C-48/05 *Adam Opel* [2007] ECR I-1017; and Case C-206/01 *Arsenal Football Club* [2002] ECR I-10273.

²⁰ — There is no terminological or substantial consensus as to how the ‘functions’ of the trade mark should be understood. The same goes for the conceptual relationships that exist between the various functions, especially whether some (or all) of the functions can actually be seen as included in the essential function that is to guarantee to consumers the origin of the goods or services. The Court has identified as other functions of the trade mark that of guaranteeing the quality of the goods or services in question and those of communication, investment and advertising (see *L’Oréal and Others*, paragraph 58). In the following I will use the terms origin function, quality function, communication function, advertising function and investment function.

brands that are used to communicate wider messages than the simple origin of goods or services. In my opinion these developments have been taken into account in order to enable the EU trade mark law to serve a useful purpose.

value inherent in the trade mark in relation to the goods, and it is territorially limited.

47. However, it should not be forgotten that while a trade mark, unlike a copyright or a patent,²¹ offers only relative protection, that protection is offered for an unlimited period of time as long as the trade mark is used and its registration upheld. Trade mark protection applies only to the use of a sign as a trade mark in the course of trade and covers only uses that are relevant for the various functions of trade marks. In addition, the protection is usually limited to identical or similar goods unless the trade mark has a reputation. Moreover, the protection is subject to legal limitations, it is exhausted when the trade mark proprietor has realised the economic

48. The abovementioned limitations and restrictions are necessary to uphold freedom of commerce and competition²² which requires that distinctive signs and linguistic expressions are available for businesses for labelling goods and services, that the trade mark proprietors cannot prevent legitimate commercial and non-commercial use of the protected signs and that freedom of expression is not unduly restricted.²³

49. It should not be forgotten that the listings uploaded by users to eBay's marketplace are communications protected by the fundamental rights of freedom of expression and information provided by Article 11 of Charter of Fundamental Rights of the EU and Article 10

21 — See Breitschaft, A. 'Intel, Adidas & Co – is the jurisprudence of the European Court of Justice on dilution law in compliance with the underlying rationales and fit for the future?', *European Intellectual Property Law Review* 2009, 31(10), p. 497-504, p. 498. The author considers that European Union legislation can be criticised for giving proprietors of trade marks with a reputation some kind of monopoly on the exploitation of their signs, although trade mark law originally was not designed to give an exclusive intellectual property right like patent law or copyright law.

22 — For a more profound analysis of these aspects see the opinion of Advocate General Poiares Maduro in case *Google France and Google*, points 101-112.

23 — In so far as the legal protection of trade marks with a reputation as brands is enhanced it becomes more and more important to ensure that freedom of expression relating to parody, artistic expression and critique of consumerism and mockery of life styles related to it is not unduly hampered. The same applies to debate over the quality of goods and services. See on this issue Senftleben, M., 'The Trade-mark Tower of Babel – Dilution Concepts in International, US and EC Trademark Law', *International review of intellectual property and competition law*, Vol. 40 (2009), no. 1, p. 45-77, p. 62-64.

of the European Convention on Human Rights.²⁴

50. Electronic marketplaces like eBay have created unprecedented opportunities both for businesses and private persons to trade directly with each other with reduced risks relating to delivery and payment. The main proceedings as well as similar litigation in other Member States and third country jurisdictions show that these opportunities can be abused²⁵ and result in copyright and trade mark infringements.²⁶ Therefore it is legitimate to ensure that effective legal protection is available to holders of intellectual

property rights also in these new environments. Nevertheless, such protection may not infringe the rights of the users and providers of these services.

51. In the context of trade mark protection it should be recalled that trade marks are not protected in the context of non-business transactions. Moreover, the trade mark proprietor may not oppose transactions and practices that do not have an adverse effect on the functions of trade marks such as purely descriptive use of a trade mark or its use in legitimate comparative advertising.

52. The same applies to activities in the context of legitimate use as defined in Article 6 of Directive 89/104 or relating to goods concerning which trade mark protection has been exhausted pursuant to Article 7 of that Directive. Such legitimate use may also concern luxury cosmetic products like L'Oréal's. For example, it is conceivable that a husband wants to sell an unopened box of expensive make-up cream he has bought for his wife for Christmas after she has revealed that she is allergic to some of the ingredients. A trader may have bought a stock of trade mark protected perfumes from the bankrupt estate of a shopkeeper who had been a member of the selective distribution network of the trade mark proprietor, and wants to sell them using

24 — See opinion of Advocate General Alber in Case C-71/02 *Karner* [2004] ECR I-3025, point 75, and European Court of Human Rights: *Markt Intern Verlag GmbH and Klaus Beermann v. Germany*, 20 November 1989, Series A, No 165, paragraphs 25 and 26, and *Casado Coca v. Spain*, 24 February 1994, Series A, No 285-A, paragraphs 35 and 36.

25 — The High Court judgment refers to test purchases of L'Oréal's goods implemented on eBay's electronic marketplace. One series of test purchases can be mentioned as an indicative example, the result of which was that 70% of the products were not intended for sale in the EEA (being counterfeit products, non-EEA products or EEA products not intended for sale). Numbers of similar magnitude have been reported in other contexts. For comparison, in the litigation between eBay and Tiffany Inc. it was found that some 75% of 'Tiffany' goods traded on eBay electronic marketplace were counterfeit, see *Tiffany (NJ) Inc. v. eBay Inc.*, United States District Court, Southern District of New York, No 04 Civ. 4607 RJS, 576 F.Supp.2d 463 (2008), Judgment of 14 July 2008, p. 20, affirmed on appeal, on 1 April 2010 by the Second Circuit except with respect to the false advertising claim, which it remanded for further consideration, see *Tiffany (NJ) Inc. v. eBay, Inc.*, 600 F.3d 93, 114 (2d Cir.2010) (*Tiffany II*).

26 — To my knowledge the question of the liability of an internet marketplace over trade mark infringements has so far been addressed among others by Belgian, French, German, United Kingdom and United States courts.

the services of an electronic marketplace.²⁷ Hence, there may be legitimate second hand transactions and offers of cosmetic products even if they will be rarer than in the context of durable household goods, vehicles, boats or design items. In any case, the answers to be given to this preliminary reference have to be such as not to restrain legal uses of a sign relating to any categories of goods that a trade mark proprietor cannot legitimately oppose.

Therefore, when balancing the rights of trade mark proprietors and the obligations of information society service providers such as eBay, it is necessary to define what the service provider can rightfully be expected to do in order to prevent infringements by third parties.

B — Primary and secondary liability as regards trade mark infringements

53. It is also important to note that the purpose of Directive 2000/31 is to promote the provision of information society services and electronic commerce, which is made clear in its preamble. The limitations of liability in Articles 12, 13 and 14 of that directive aim at enabling the provision of information society services without the risk of legal liability which the service provider cannot prevent beforehand without losing the economic and technical viability of the business model.

27 — Since selective distribution arrangements are contractual they do not bind third parties. Hence, trademark protection is exhausted also in cases where a distributor belonging to such a network sells protected goods to a third party in contravention of the terms of the distribution agreement between him and the proprietor of the trademark. The Court concluded in Case C-16/03 *Peak Holding* [2004] ECR I-11313 that exhaustion is not precluded if the resale in the EEA has taken place in breach of a prohibition included in a contract of sale (see paragraph 56).

54. One of the issues in the present case is whether eBay can be held primarily liable for infringements of L'Oreal's trade marks due to the fact that the infringing goods are sold through the electronic market place it hosts. Such primary liability can be eBay's liability over its own infringements or coincide with the liability of the sellers as regards the infringements for which they are responsible. In the latter case the same factual situation may give rise to two interrelated but

independent infractions.²⁸ So the question is whether eBay has itself infringed L'Oréal's trade marks. Such liability depends on the interpretation and application of the harmonised EU law provisions on trade marks, more precisely of Articles 5, 6 and 7 of Directive 89/104 and corresponding provisions of Regulation 40/94.

facilitate such infringements.³⁰ However, partial harmonisation of such liability, or more precisely, conditions of its absence, is provided by Articles 12, 13 and 14 of Directive 2000/31. In addition, EU law requires that injunctions are available against intermediaries whose services are used by a third party to infringe an intellectual property right.

55. This case also concerns something which I will call 'secondary liability': it refers here to the possible liability of an information society service provider for infringements committed by users of the service.²⁹ As the High Court rightly notes, this type of liability for trade mark infringements committed by others is not harmonised in EU trade mark legislation but is a matter of national law. There is no provision in EU law requiring businesses to prevent trade mark infringements by third parties or to refrain from acts or practices that might contribute to or

56. It follows that issues such as contributory or vicarious infringements of trade marks discussed in the United States doctrine remain outside of the scope of these preliminary proceedings. The same applies to similar constructions of other legal systems such as joint tortfeasorship under common law or the so-called *Störerhaftung* in Germany.³¹

28 — For example a case where A produces and labels goods with a third party's trade mark without consent and B puts them on the market.

29 — The High Court characterises this as 'accessory liability' under English law. In some legal systems we could also speak about indirect infringements in comparison to direct infringements by the primary infringer.

30 — However, Council Regulation (EC) No 3295/94 of 22 December 1994 laying down measures to prohibit the release for free circulation, export, re-export or entry for a suspensive procedure of counterfeit and pirated goods (OJ 1994 L 341, p. 8, as amended) prohibits, inter alia, release for free circulation, export and re-export of counterfeit or pirated goods.

31 — The German concept of *Störerhaftung* could be described as the liability of a 'disturber' or 'interferer', or as liability for nuisance. *Störerhaftung* is linked to an infringement of rights, but with no civil liability. It can result in an injunction against the 'disturber', even if damages are not awarded. See Rühmkorf, A., 'The Liability of online auction portals: Toward a Uniform Approach?', 14 No. 4 *Journal of Internet Law*, October 2010, p. 3.

57. In the doctrine and case-law of the United States the position of electronic marketplaces is often analysed by using an analogy to the principles governing flea markets or garage sales.³² Though such analogies may be illustrative, in the context of EU law the most fruitful method is the purposeful interpretation of the relevant legislative instruments and application of principles established in the case-law of the Court.

of further trade mark infringements by third parties on the basis of the so-called '*Störerhaftung*' even if the Courts have declined to attribute civil liability to the marketplaces.³³

C — The trade mark identity protection and keywords in an internet referencing service

58. It is perhaps important to observe that in national court cases concerning the liability of eBay or similar electronic marketplaces there is to my knowledge not a single judgment where the marketplace operator would have been found to be a primary infringer of third party trade marks. According to some commentators, there seems to be case-law on secondary liability from some French and United States courts finding the electronic marketplace liable whereas other French and United States courts as well as Belgian and German courts have denied the existence of such liability. However, in German case-law electronic marketplaces have been made subject to injunctions concerning the prevention

59. The High Court summarises the issues underlying the preliminary questions into four groups: the issues relating to the nature of the goods sold by the defendants as infringing goods; the existence of joint³⁴ or primary liability of eBay; the availability of a defence for eBay under Article 14 of Directive 2000/31; and the existence of a remedy for L'Oréal under Article 11 of Directive 2004/48. Infringing goods can be divided into

32 — As regards contributory liability for trade mark infringements in the United States, see opinion of Advocate General Póiaras Maduro in *Google France and Google*, footnote 19.

33 — For an overview of recent case-law see Rühmkorf, *op.cit.* and Cheung, A.S.Y. – Pun, K.K.H., 'Comparative study on the liability for trade mark infringement of online auction providers', *European Intellectual Property Review* 2009, 31(11), p. 559-567 and Bagnall, M., Fyfield, D., Rebag, C.; and Adams, M., 'Liability of Online Auctioneers: Auction Sites and Brand Owners Hammer It Out', *INTA Bulletin* Vol. 65 No. 1 (1 January 2010), p. 5-7. See also 'Report on Online auction sites and trademark infringement liability', by Trademarks and Unfair Competition Committee of the New York City Bar Association, available at www.abcnyc.org.

34 — However, I recall that the High Court has, in its judgment of 22 May 2009, excluded eBay's accessory liability under English law with reference to the grounds for liability invoked by L'Oréal, namely joint tortfeasorship based on procurement or participation in a common design.

four groups: counterfeits, non-EEA goods, tester and drugging products and unboxed products.

is a device mark including the words AMOR AMOR in manuscript block capitals.³⁶

60. The preliminary reference is based on the assumption that the EU trade mark law provision applicable is Article 5 (1)(a) of Directive 89/104. This provision regulates the so-called protection of identity or use of a 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. According to the case-law of the Court this requires absolute identity between the sign and the trade mark and is excluded even if there are minor or insignificant differences between them.³⁵

61. A keyword of a search engine is a string of signs, in most instances letters. A keyword is often not case sensitive, but can be so specified. It appears from the preliminary reference that some of the trade marks involved in the case are barely stylised word marks and one

62. The strict application of *LTJ Diffusion* would exclude the identity between the trade mark and the keyword and lead to the application of Article 5(1)(b) of Directive 89/104 concerning similar trade marks. This would entail the application of the 'risk of confusion' test provided in that article. As such, a risk of confusion is manifest between barely styled word marks or device marks where the word element is dominant on the one hand, and keywords on the other. Therefore I do not find it useful or necessary to widen the discussion outside the questions relating to identity protection.

63. There are six conditions which result from the text of Directive 89/104 and the relevant case-law. The proprietor of a registered

35 — See Case C-291/00 *LTJ Diffusion* [2003] ECR I-2799, paragraphs 50 to 54. In my understanding the differences between pure word marks and stylised word marks or device marks where the word element is dominant are always significant. If that would not be the case, there would no be reason for registering separately trade marks belonging to the latter categories.

36 — According to the Guidelines of OHIM (Part C: Opposition; Part 2, Chapter 1 – Identity; Final version November 2007), word marks are marks consisting of letters, numbers and other signs reproduced in the standard typeface used by the respective office. This means that as regards these marks no particular figurative element or appearance is claimed. Moreover, differences in the use of small or capital letters are immaterial in the case of word marks (see point 3.2). As to figurative marks, the Guidelines note that if one of the marks is (i) in a distinctive typeface, such as script typeface, so that the overall appearance of the word mark is changed to that of a figurative mark, (ii) consists of standard typeface before a figurative (coloured) background or (iii) is in standard typeface represented in coloured letters, and the other mark is a word mark, there is no identity (see point 3.3 with examples).

trade mark can only succeed under Article 5 (1)(a) of Directive 89/104 if the following conditions are satisfied:³⁷ (1) there must be use of a sign by a third party; (2) the use must be in the course of trade;³⁸ (3) the use must be without the consent of the trade mark proprietor; (4) it must be a sign which is identical to the trade mark; (5) it must be in relation to goods or services which are identical to those for which the trade mark is registered; and (6) it must affect or be liable to affect some of the functions of the trade mark.³⁹

V — Testers and dramming bottles

64. I will now address the questions referred for preliminary ruling.

37 — See *Arsenal*, paragraph 51, Case C-245/02 *Anheuser-Busch* [2004] ECR I-10898, paragraph 59, *Adam Opel*, paragraphs 18-22, and *Céline*, paragraph 16.

38 — 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. See *Arsenal*, paragraph 40.

39 — The High Court is of the opinion that the sixth condition is superfluous and confusing (see judgment of 22 May 2009, paragraphs 288 and 300 to 306). Also in the doctrine there are allegations reproaching the Court's recent case-law for inconsistency or difficulty of application. Although I understand such concerns to some degree I do not think that it is necessary to enter into that debate under the very specific circumstances of the present preliminary reference concerning an electronic marketplace.

65. By its first question the referring court wishes to know whether perfume and cosmetic testers and dramming bottles, which are not intended for sale to consumers and are supplied without charge to the trade mark proprietor's authorised distributors, are goods 'put on the market' within the meaning of Article 7(1) of Directive 89/104 and Article 13(1) of Regulation No 40/94.

66. The Court has recently analysed a similar question in case *Coty Prestige Lancaster Group*.⁴⁰ The Court held that 'where "perfume testers" are made available, without transfer of ownership and with a prohibition on sale, to intermediaries who are contractually bound to the trade mark proprietor for the purpose of allowing their customers to test the contents, where the trade mark proprietor may at any time recall those goods and where the presentation of the goods is clearly distinguishable from that of the bottles of perfume normally made available to the intermediaries by the trade mark proprietor, the fact that those testers are bottles of perfume which bear not only the word "Demonstration" but also the statement "Not for Sale" precludes, in the absence of any evidence to the contrary, which it is for the national court to assess, a finding that the trade mark proprietor impliedly consented to putting them on the market.'⁴¹

40 — Case C-127/09 *Coty Prestige Lancaster Group* [2010] ECR I-4965.

41 — *Coty Prestige Lancaster Group*, paragraph 48.

67. The High Court states in its first preliminary question that the testers and dramming bottles are not intended for sale and are often marked 'not for sale' or 'not for individual sale'. They are supplied without charge to the trade mark proprietor's authorised distributors. In my opinion the formulation of the question implies *grosso modo* the existence of those elements that the Court found decisive in *Coty Prestige Lancaster Group* as to exclude the trade mark proprietor's implied consent to putting the testers and dramming bottles to the market. Therefore it can be stated that the goods are not put on the market in those circumstances.

meaning that the trade mark proprietor may legitimately oppose further commercialisation of a pharmaceutical product, when the parallel importer has either re-boxed the product and re-applied the trade mark or applied a label to the packaging containing the product, unless five conditions have been fulfilled, including the condition that the presentation of the repackaged product must not be such as to be liable to damage the reputation of the trade mark and of its proprietor. A repackaged pharmaceutical product could be presented inappropriately and, therefore, damage the trade mark's reputation in particular where the carton or label, while not being defective, of poor quality or untidy, are such as to affect the trade mark's value by detracting from the image of reliability and quality attaching to such a product and the confidence it is capable of inspiring in the public concerned.⁴²

VI — Effects of unboxing of trade marked cosmetic products

68. The issue of selling branded goods without their original package in the context of Article 7 of Directive 89/104 has not yet, to my knowledge, been directly addressed by the Court. Nevertheless I think that the answers to the second, third and fourth questions dealing with these issues can be derived from existing case-law.

70. Where the condition of goods bearing the trade mark has been changed or impaired after having been put on the market, the trade mark proprietor has a legitimate reason to oppose further commercialisation of that good within the meaning of Article 7 (2) of Directive 89/104. The assessment of whether the original condition of the product is adversely

69. In *Boehringer Ingelheim* the Court interpreted Article 7 (2) of Directive 89/104 as

42 — See Case C-348/04 *Boehringer Ingelheim and Others* [2007] ECR I-3391, paragraphs 43 and 44.

affected normally focuses on the condition of the product inside the packaging.⁴³

possibility for the trade mark proprietor to oppose further commercialisation of his goods after he has already realised the economical value inherent in the trade mark in relation to those goods must be interpreted narrowly.

71. However, to my mind it cannot be excluded that in the case of products such as luxury cosmetics the outer package of the product may sometimes be considered as a part of the condition of the product due to its specific design which includes the use of the trade mark. In such cases the trade mark proprietor is entitled to oppose further commercialisation of the unpackaged goods.⁴⁴

74. Secondly, it cannot be excluded that the outer package even of cosmetic products is such that its removal neither impairs the functions of the trade mark of indicating the origin and quality of goods nor damages its reputation. This may be so for example with less-expensive cosmetic products.

72. I should add that I do not share the analysis of the Commission according to which the removal – without the consent of the trade mark proprietor – of the boxes or other external packaging from goods such as perfumes and cosmetics would always constitute a legitimate reason for the trade mark proprietor to oppose further commercialization of the goods within the meaning of Article 7(2) of Directive 89/104.

75. Hence, the existence of legitimate reasons for the trade mark proprietor to oppose further removal has to be analysed case by case. In this respect the High Court has raised two scenarios, namely that of unboxed goods without the information required by Directive 76/768 on cosmetic products and the case where absence of such information would constitute a criminal offence in the Member State where they are offered for sale or sold.⁴⁵

73. First it must be remembered that, pursuant to Article 7 of Directive 89/104, exhaustion is the main rule. Consequently the

76. In my opinion the requirement of compliance with the cosmetics directive, or in

43 — Joined Cases C-427/93, C-429/93 and C-436/93 *Bristol-Myers Squibb and Others* [1996] ECR I-3457.

44 — See, for the special nature of such products in trade mark law, Case C-337/95 *Parfums Christian Dior* [1997] ECR I-6013, paragraphs 42-44.

45 — According to the order for reference this case is related to the fact that eBay prohibits the selling of unboxed cosmetics to buyers in Germany but not to those in other Member States.

fact any other EU measure relating to product safety or consumer protection is inherent in the protection of the reputation of a trade mark. Damage to the reputation of a cosmetic product could be caused for example by severe allergic reactions of a group of consumers where the list of ingredients is omitted. However, whether selling of unboxed cosmetics is or is not criminalised in national law is irrelevant in this respect. What may damage the reputation of the trade mark is the absence of pertinent consumer information required by the harmonised European rules, not the consequences national legislation of Member States entail in such cases for the traders.

cosmetics which actually or potentially damage the image of the goods and hence the reputation of the trade mark can be presumed or whether it is required to be proved by the trade mark proprietor.

77. Hence, even if trade mark law does not protect in itself the objectives of Directive 76/768 as such, further commercialisation of trade mark protected products not complying with that directive can, as such, as has rightly been pointed by Advocate General Stix-Hackl,⁴⁶ seriously damage the reputation of the trade mark and thus form a valid reason for the proprietor to oppose.

79. In order to answer this question I find it necessary to make a side-step. It is trite to say that as trade mark protection concerns only the use of signs in the course of trade, the acts of private persons selling or buying goods protected by a trade mark remain outside of the scope of application of trade mark law.⁴⁷

78. Finally, in the context of the fourth question, the High Court asks whether the effect of further commercialisation of unboxed

80. The original package may be of crucial importance for protecting the functions of indicating the origin and quality of the trade mark covering cosmetic products. I recall that in the context of Article 5 (1)(a) of Directive 89/104 we are speaking of identity protection or the proprietor's 'absolute' protection against unauthorised use of the same sign for the same goods (without the need to establish the likelihood of confusion between the goods).⁴⁸ Even if it normally is up to the trade mark proprietor to establish the existence of the elements purported to be an infringement of the trade mark by a third party, I think that

46 — Cf. opinion of Advocate General Stix-Hackl in Joined cases C-414/99, C-415/99 and C-416/99 *Zino Davidoff and Levi Strauss* [2001] ECR I-8691, points 120 and 121.

47 — However, the distinction that eBay makes between professional sellers and others does not necessarily coincide with the concept 'in the course of trade'.

48 — See for example *LTJ Diffusion*, paragraphs 48 to 50.

in the case of the use of the same trade mark for the same goods without the consent of the trade mark proprietor it is the user who has to show the legality of his use of the sign, including the harmlessness of the use to the reputation of the trade mark.

VII — Paid internet referencing service and operator of an electronic marketplace

A — Introduction

81. Therefore I am of the opinion that the effect of further commercialisation can be presumed as actually or potentially damaging the image of the goods and hence the reputation of the trade mark in all cases where the offers for sale or the sales transactions concerning cosmetic products stripped of their original packages take place in the course of trade as defined by the case-law of the Court. It follows from this that the trade mark proprietor does not have to show it, but the burden of showing the opposite lies with the seller.⁴⁹

83. In contrast to questions 1 to 4 which relate to ‘pure’ trade mark issues, questions 5 to 10 require the trade mark analysis to be extended to include various aspects of information society services.

84. It seems appropriate to address questions five, six and eight together. They all relate to the buying, by an operator of an electronic marketplace, of third-party trade marks as keywords from a paid internet referencing service provider, and whether this amounts to use of a sign.

82. For me it is difficult to conceive that the selling, on an electronic marketplace, of cosmetic products in numbers greater than one or two items would not take place with a view to economic advantage and in the context of commercial activity, albeit of a small scale.

85. In substance, the High Court is asking whether certain aspects of eBay’s business model include or imply that it could be held liable for a primary trade mark infringement in relation to goods traded in its system if the use of a third party trade mark in the context of these transactions would have required the consent of the trade mark proprietor.

⁴⁹ — In my opinion the user might succeed in fulfilling his burden of proof by demonstrating for example that the trade mark is relatively unknown and that the outer packages do not include any relevant information for the consumers.

86. In this context it is useful to recall the judgment in *Google France and Google*. There the Court held that an internet referencing service provider which stores, as a keyword, a sign identical with a trademark and organises the display of ads on the basis of that keyword does not use that sign within the meaning of Article 5 (1) and (2) of Article of Directive 89/104.⁵⁰

87. However, in *Google France and Google* the Court further held that Article 5 (1) of Directive 89/104 must be interpreted as meaning that the proprietor of a trade mark is entitled to prohibit an ad, on the basis of a keyword identical with that trade mark which that advertiser has, without the consent of the proprietor, selected in connection with a paid internet referencing service, goods or services identical with those for which the mark is registered, in the case where that ad does not enable an average internet user, or enables that user only with difficulty, to ascertain whether the goods or services referred to therein originate from the proprietor of the trade mark or an undertaking economically connected to it or, on the contrary, originate from a third party.⁵¹

88. Like Google, eBay is an information society service provider. Unlike Google, it does not provide a paid internet referencing service but an electronic marketplace. The

functioning of that marketplace is based on listings that users of the system have uploaded to the system with a view to selling goods to other users. eBay's system also includes a search engine and the searches are directed to listings stored in its own system only.⁵² eBay is itself not a party to the transactions but does economically profit from them.

89. Like the other advertisers using keyword advertising systems provided by internet referencing service operators (such as Google's AdWords) eBay selects keywords, which result in ads and sponsored links to its own system. These keywords may include signs identical with third-party trademarks. The purpose of these ads and sponsored links is obviously to advertise the services provided by eBay, more precisely its electronic marketplace, by creating an association in the minds of consumers that the branded goods in question can be acquired through that marketplace. However, unlike the advertisers

50 — *Google France and Google*, point 2 of the operative part and paragraph 99 of the judgment.

51 — *Google France and Google*, point 1 of the operative part and paragraph 99 of the judgment.

52 — It should be observed that internet search engines do not either execute the search operations on the entire internet but in their databases of W/W/W pages stored on the servers of the operator in question. This partly explains why the same keyword may, and usually does, lead to a different 'natural' listing of links in the different search engines.

referred to in *Google France and Google*, eBay is not offering itself the goods for sale.

when it selects and purchases them as keywords from a paid internet referencing service provider with a view to them being displayed in the sponsored links if an internet user types the sign in the relevant place on the website of the search engine.

90. In order to answer to the fifth, sixth and eighth questions submitted by the national court it is necessary to analyse the six conditions explained above in point 63.

92. Regarding conditions two, three and four,⁵³ it seems to me that they are uncontroversial in this preliminary reference.

B — The conditions for invoking rights conferred by a trademark in the case of a paid internet referencing service

93. Some further observations need to be made in relation to condition five, according to which the use must be in relation to goods or services which are identical to those for which the trade mark is registered.

The conditions contained in Article 5(1) of Directive 89/104

91. As to the first five of the six conditions mentioned in point 63, above, the situation is the following. As regards condition one, all parties apart from eBay seem to agree that the appearance in the sponsored links of the relevant signs purchased as keywords that are identical to trade marks amounts to use in the sense of Article 5(1)(a) of Directive 89/104. In view of the decision in *Google France and Google* I do not find any room for doubts that eBay is using signs identical to trademarks

94. First it has to be stated that eBay uses the keywords leading to its sponsored links in relation to its electronic marketplace. In other words, its objective is to advertise its own service. It is undeniable that that service is not identical with the goods covered by L'Oréal's trade marks. Whether this is the only relevant aspect in relation to trade mark law, in which the signs selected as keywords are used, is subject to dispute.

⁵³ — That the use must be in the course of trade; that it must be without the consent of the trade mark proprietor; and that there must be a sign which is identical to the trade mark.

95. According to L'Oréal, by the very selection of signs as keywords that are identical to trade marks, eBay is itself advertising the goods sold on its site. It follows from the fact that clicking on the sponsored link leads the user directly to advertisements or offers for sale which relate to goods that are identical to those for which the trade mark is registered, that the electronic marketplace operator is using the sign 'in relation to' goods. Broadly similar views are supported by the French, Polish and Portuguese Governments.

96. However, eBay submits that there is no reason for the protection afforded by Article 5 of Directive 89/104 to apply since there is exhaustion of the right within the meaning of Article 7 of Directive 89/104. In this connection, it observes that in both electronic and traditional commerce, intermediaries use trade marks in advertisements to inform the public that they are involved in the distribution of goods bearing that trade mark. There is no reason to prohibit that practice, especially as internet intermediaries have even fewer control mechanisms at their disposal than intermediaries in the world of non-electronic commerce. It would be impossible for them, from both a legal and a practical point of view, to set up control mechanisms to ensure that every item offered for sale is irreproachable.

97. The United Kingdom Government submits that the use of a sign which is identical

to a registered trade mark as a keyword of a search engine operator is not necessarily 'in relation to goods or services'. Indeed, if the sign is very remote from offers to provide actual goods, it is unlikely that the average consumer would make a connection between the marketplace operator's use of the sign in a sponsored link and the subsequent offers to provide goods under that sign. In any event, the use will not fall under Article 5(1)(a) of Directive 89/104 where the average consumer perceives the use of the sign by the marketplace operator merely as a link to offers made by unrelated third parties to provide goods which do not originate from the marketplace operator.

98. The Commission also submits that there is no 'use' in relation to goods offered for sale by third parties on the website of the operator of the electronic marketplace referred to in Article 5(1)(a) of Directive 89/104 even if the marketplace operator 'uses' the sign in the meaning of that provision if he has purchased it as a keyword leading to his sponsored links.

99. To my mind the fifth condition refers to the use of a sign for the purpose of

identification of goods or services or distinguishing⁵⁴ between goods or services (originating from different commercial origins). As the High Court submits, use of a sign in relation to goods or services means use for the purpose of distinguishing the goods and services in question, that is to say, as a trade mark as such.

100. This means that a trade mark is used in relation to goods both when it is used by the trade mark proprietor for the purposes of distinguishing his goods from a third party's goods and when it is used by a third party to distinguish his goods from the trade mark proprietor's goods. Moreover, a third party can use the trade mark to distinguish between the goods of the trade mark proprietor and other goods that may or may not be his own goods. If this analysis is correct, a party who is in the position of an intermediary or a marketplace operator also uses a sign 'in relation to goods' if he uses a sign which is identical with a trademark for the purpose of distinguishing between goods that are available through the use of his services and those that are not.

54 — The identification function or the function of the trade mark of distinguishing between goods and services is usually not kept apart from the origin function. However, the capacity of a trade mark to distinguish goods and services from other goods or services can also be used for other purposes than to indicate their origin. For example, in the manual of a universal remote control device trade marks can be used to indicate the products that are compatible with the device. See on the Scandinavian doctrine on this issue Pihlajarinne, T., *Toisen tavaramerkin sallittu käyttö* [Permissible use of another's trade mark], Lakimiesliiton kustannus, Helsinki 2010, p. 47-48.

101. I recall that the Court concluded in *Google France and Google*⁵⁵ that in most cases an internet user entering the name of a trade mark as a search term is looking for information or offers on the goods or services covered by that trade mark. When advertising links to sites offering goods or services of competitors of the proprietor of that mark are displayed beside or above of the natural results of the search, the internet user may perceive those advertising links as offering an alternative to the goods or services of the trade mark proprietor. Such a situation constitutes a use of that sign in relation to the goods or services of that competitor.

102. In my opinion that analysis is applicable also in situations where the relevant advertising links are not those of direct competitors of the proprietor of the trade mark offering alternative goods but those of electronic marketplaces offering an alternative source of the same goods covered by the trade mark with respect to the distribution network of the trade mark proprietor.

103. Hence, though I share the view of the United Kingdom Government and the Commission in that respect that the use of a trade mark by a marketplace operator is inherently different than the use by a seller of goods, I

55 — *Google France and Google*, paragraphs 68 and 69.

cannot agree that the marketplace operator would not be using the trademark in relation to the goods traded on the marketplace if he uses a sign identical with a trademark in his own advertising.

mark is to guarantee the identity of origin of the marked goods or service to the customer or end user by enabling him to distinguish the goods or services from others which have another origin.⁵⁶

104. This conclusion is not invalidated by the fact that there may be situations where there are no goods covered by the trade mark concretely available on the marketplace despite the marketplace operator having advertised using that trademark.

107. The Court further noted that the origin function is adversely affected when the third party's ad displayed as a result of clicking a keyword that is identical with a trade mark does not enable 'normally informed and reasonably attentive internet users,' or enables them only with difficulty, to ascertain whether the goods or services referred to by the ad originate from the proprietor of the trade mark or an undertaking economically connected to it or, on the contrary, originate from a third party.⁵⁷

The conditions stemming from case-law: use liable to have an adverse effect on some of the functions of the trade mark

105. On the basis of the analysis presented above it becomes necessary to examine whether the use of signs identical with trade marks by eBay as keywords in a paid internet referencing service affects or is liable to affect some of the functions of those trade marks. This is the sixth condition mentioned in point 63 above.

108. In my opinion 'normally informed and reasonably attentive internet users' are capable of understanding the difference between an electronic marketplace, a direct seller of goods or services and the commercial source from which the goods or services originate. And this because the existence of various intermediary economic activities such as distributors, brokers, auction houses, flea markets and real estate agents is known to every adult living in a market economy. Hence, a mistake concerning the origin of goods or

106. In *Google France and Google* the Court reiterated that the essential function of a trade

⁵⁶ — *Google France and Google*, paragraph 82.

⁵⁷ — *Google France and Google*, paragraphs 83 and 84.

services cannot be presumed only because a link leads to the ad of an electronic marketplace operator if the ad itself is not misleading as to the nature of the operator.

109. It is a question of fact to be assessed by the national court whether the nature of activities of some electronic marketplaces like eBay is generally so well known that impairment of the origin function is not likely even if the nature of the operator of the marketplace is not explained in the ad.

110. Furthermore, in the case of unpackaged or non-EEA goods the origin function cannot be affected. These are genuine L'Oréal goods irrespective of whether their offer for sale infringes L'Oréal's trade mark or not. Regarding counterfeit goods the evaluation is the opposite.

111. An adverse effect to the origin function occurs in those cases where the goods traded in the marketplace are counterfeit products. That adverse effect is, however, not a result of the marketplace operator's use of the sign as a keyword in the internet referencing service as such. An adverse effect would also occur in cases where the marketplace is displayed in the search engine's natural listings only and

not in the sponsored links as well, or where the marketplace operator would not use the trademark in its advertising. The cause of the adverse effect to the origin function is the listing displayed on the electronic marketplace operator's webpage. As I will explain later, the use of signs identical with trade marks in those listings is not use by the electronic marketplace operator in relation to the goods in question but use by the users of the marketplace.

112. As to the question of an adverse effect on the advertising function I think, on the basis of similar argumentation which in the judgment *Google France and Google* excluded such an adverse effect in the context of sponsored links of internet referencing systems,⁵⁸ that such an effect is excluded in the context of electronic marketplaces using keyword advertising.

113. As I have already mentioned, the trading of counterfeit goods under L'Oréal's trade marks must have an adverse effect on the origin function. As to the quality and investment functions I find it obvious that individual listings of eBay users containing third party trade marks and displayed on eBay's website may adversely affect these functions. Trade of counterfeit products damages, and

⁵⁸ — *Google France and Google*, paragraphs 91 to 98. As to the communication function, it seems that in the doctrine the elements of this function are to a large extent covered by the distinguishing and origin function, advertising function and the investment function. Hence it is not necessary to address it separately here.

trade of unpacked products may damage, the reputation of well known trade marks covering luxury cosmetics, and thereby the investments the trade mark proprietor has made in order to create the image of his brand. Consequently, also the implied guarantee of quality inherent in and communicated by the trade mark is impaired.

trade marks of goods or services offered by enterprises acting in its premises.

114. However, Articles 6 and 7 of Directive 89/104 allow a rather extensive use of trade marks without the proprietor's consent, including mentioning it in advertising. This matter has recently been clarified in relation to the sales of second-hand goods in *Portakabin*.⁵⁹

116. If such use would be seen as relevant with reference to some of the trade mark functions, it should in any case be seen as permitted as indicating kinds of goods in the sense of Article 6(1)(b) of Directive 89/104 or as necessary in the sense of Article 6(1)(c) for the running of an electronic marketplace service where such goods are traded without requiring the operator to examine for each and every item that the trade mark right has been exhausted on the basis of Article 7. Hence, such use may not be forbidden by the trade mark proprietor.

115. If it is permissible for a party to use a third party's trade mark or to refer to it, it cannot be illicit for an operator who operates a marketplace for these users.⁶⁰ In my opinion there is no doubt that for example a shopping centre may in its marketing use

117. As a matter of principle I do not think that possible problems relating to the conduct of individual market participants could be imputed to the marketplace operator unless there are grounds for secondary liability pursuant to national law. A company operating a shopping centre cannot be responsible if a grocery in its premises sells rotten apples. Neither should that company be automatically held responsible for a trade mark infringement taking place in the shopping centre when, for example, a member of a selective distribution network continues to sell branded goods even after the trade mark proprietor has terminated the distribution agreement with immediate effect. A marketplace operator is entitled to presume that market

59 — *Portakabin*, paragraph 91.

60 — The Court confirmed in *Dior* (paragraph 38) that after the trade mark right has been exhausted, the reseller is not only free to sell the goods, but is also free to make use of the trade mark in order to bring to the public's attention the further commercialisation of those goods. See also Case C-63/97 *BMW* [1999] ECR I-905, paragraph 54.

participants using its services act legally and follow the agreed contractual terms and conditions relating to the use of the marketplace until it is concretely informed of the contrary.

118. Consequently, if the nature of an operator as a marketplace is sufficiently clearly communicated in the ad displayed with the search results of an internet search engine, the fact that some users of that marketplace may infringe a trade mark is as such not liable to have an adverse effect on the functions of quality, communication and investment of that trade mark.

running a system for facilitating the conclusions of deals. It is no more using trade marks than a newspaper publishing classified ads mentioning trademarks where the identity of the seller is not revealed in the ad but must be requested from the newspaper. Hence, even if the listing of trade mark protected goods by users of an electronic marketplace may have an adverse effect on the origin, quality or investment function of a trademark, those effects cannot be attributed to the marketplace operator unless national legal rules and the principle of secondary liability for trade mark infringements apply.

C — The conditions for invoking rights conferred by a trademark on the electronic marketplace operator's own website

119. However, for the sake of clarity I should add that if the use complained of by the trade mark proprietor consists of the display of the sign on the website of an operator of an electronic marketplace itself rather than a sponsored link of a search engine we are not speaking of use of the trademark in relation to goods by the marketplace operator, but by the users of the marketplace. The operator's activity consists of storing and displaying listings that the users upload to its system and of

120. It should be further noted that the activity of eBay consisting of search and display functions applicable to the listing is technically similar to that of internet search engines like Google (without the 'add-on' of the paid referencing service) though the business model it different. In eBay's servers the searches relate to the listings stored by the users of the marketplace, in the case of internet search engines to those internet pages

they have stored in their servers. Therefore, as regards these functions, the use and display of third party trade marks is not use of a sign in the sense of Article 5 (1) of Directive 89/104 for the reasons set out in the judgment in *Google France and Google*. The marketplace operator also allows its clients to use signs which are identical with trade marks without using those signs itself.⁶¹

VIII — The non-EEA goods

121. The seventh question relates to goods advertised and offered for sale on the website referred to in question 6, which have not been put on the market within the EEA by or with the consent of the trade mark proprietor. The referring court wishes to know whether the applicability of the relevant provisions is triggered by an advertisement or offer for sale which is targeted at consumers in the territory covered by the trade mark.

122. L'Oréal, the United Kingdom Government, the Polish and Portuguese Governments and the Commission all submit that where the goods offered for sale on the electronic marketplace have not yet been put on the market within the EEA by or with the consent of the trade mark proprietor, it is none the less sufficient for the exclusive right conferred by the national or Community trade mark to apply by showing that the advertisement is targeted at consumers within the territory covered by the trade mark.

123. According to eBay, there can be no use of a trade mark in the EU unless and until the goods in question are put on the market therein. Consequently, it is not sufficient that the advertisement or offer for sale is targeted at consumers in the territory covered by the trade mark.

124. I find that the reply proposed by the parties other than eBay appears correct.

125. First, in the light of the effects doctrine applied in particular in the field of EU competition law,⁶² it can be stated that behaviour outside the territory of the Union but directly producing legally relevant effects on the subject-matter of EU legislation cannot escape

61 — See *Google France and Google*, paragraphs 55 to 56. However, the conclusion that a paid referencing service provider is not acting in the course of trade (paragraphs 57 and 58) cannot be applied to marketplace operators' activities relating to their own websites.

62 — See Joined Cases 89/85, 104/85, 114/85, 116/85, 117/85 and 125/85 to 129/85 *Ahlström Osakeyhtiö and Others v Commission* [1988] ECR 5193, paragraphs 12 to 14.

the application of EU rules merely because the acts causing such effects take place outside the Union territory.

126. In the context of internet service provision the effects doctrine has to be qualified. Otherwise, since communications on the internet are in principle accessible everywhere, electronic commerce and service provision would be subject to numerous legislations and intellectual property rights of variable territorial validity which would subject these activities to unmanageable legal risks and give conflicting intellectual property rights unreasonably wide protection.

127. On the other hand, if not only the objective effect but also the subjective intent of the persons concerned is to produce such effects in the EU, the evaluation has to be different. Otherwise activities targeting EU markets could escape the application of EU rules concerning, for example, consumer protection, protection of intellectual property rights, unfair competition and product safety by merely situating the activity or the site of the company responsible for the activity in a third country. Therefore, trade mark protection cannot be limited to cases where the goods in question are put on the market in the EU.

128. How do we know whether an electronic marketplace is ‘targeting’ buyers in a certain jurisdiction, in this case within the EU? This is a complicated question which the Court is currently assessing in two pending cases.⁶³

129. In my opinion this is a question of fact to be decided by national courts. Guidance in this respect can be sought from WIPO Joint Recommendation of 2001 Concerning Provisions on the Protection of Marks, and other Industrial Property Rights in Signs on the Internet.⁶⁴ According to Article 2 of the Joint Recommendation, 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 commercial effect in that Member State as described in Article 3. According to the last mentioned article in determining whether the 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. These circumstances may include, but are not limited to, five main criteria divided into more specific elements specified in the provision.

63 — See opinion of Advocate General Trstenjak in Case C-585/08 *Pammer* and Case C-144/09 *Hotel Alpenhof*.

64 — http://www.wipo.int/about-ip/en/development_iplaw/pub845.htm

IX — Exemption for a hosting service provider

130. Question nine relates to the issue to what extent if any eBay could benefit from the limitation of liability laid down in Article 14 of Directive 2000/31 on electronic commerce as regards 'hosting'. The question as such is new to this Court, but, as I have mentioned, the issues of secondary liability have been discussed and decided in courts of the Member States and other jurisdictions.⁶⁵ It is necessary to recall certain general characteristics of Directive 2000/31 in order to place the interpretation of Article 14 in its proper context.⁶⁶

131. According to its Article 1, Directive 2000/31 seeks to contribute to the proper functioning of the internal market by ensuring the free movement of information society services between the Member States by approximating, to the extent necessary for the achievement of the objective mentioned, certain national provisions on information society services relating to the internal market, the establishment of service providers, commercial communications, electronic contracts, the liability of intermediaries, codes of conduct, out-of-court dispute settlements,

court actions and cooperation between Member States.

132. Directive 2000/31 has a wide scope of application. The rules laid down in the directive affect a multitude of areas of law, yet it only regulates certain specific questions in those areas: the harmonisation it foresees is at the same time horizontal and specific.⁶⁷

Applicability of the exemption to an operator of an electronic marketplace

133. The *first part* of the ninth question relates to the applicability of the exemption to an operator of an electronic marketplace.

134. 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 of Directive 2000/31, services of an operator of an electronic marketplace aimed at facilitating contact between sellers and purchasers of any kinds of goods

⁶⁵ — See footnote 33 above.

⁶⁶ — I note that although this directive was adopted some 10 years ago, there are only a few Court judgments interpreting its provisions.

⁶⁷ — See COM(2003) 702 final: Report from the Commission to the European Parliament, the Council and the European Economic and Social Committee: First Report on the application of Directive 2000/31/EC of the European Parliament and of the Council of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market (Directive on electronic commerce).

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.

135. Provisions concerning the liability of intermediary service providers are laid down in Section 4 of Chapter II ('Principles') of the directive. The section consists of four articles: 12 ('Mere conduit'), 13 ('Caching'), 14 ('Hosting') and 15 ('No general obligation to monitor').

136. It could be argued that provisions concerning liability in Articles 12, 13 and 14 of Directive 2000/31 should be construed as exceptions to liability and thus be interpreted narrowly. In my opinion this is not necessarily the case, because in many Member States the liability of a service provider in the situations referred to in these articles would be excluded because of the lack of subjective fault. Thus these provisions are better qualified as restatements or clarifications of existing law than exceptions thereto.⁶⁸

68 — See Sorvari, K., *Vastuu tekijänoikeuden loukkauksesta erityisesti tietoverkkoympäristössä*, [Liability for copyright infringement on the Internet] WSOY, Helsinki 2005, p. 513-526, where the author analyses the implementation of Directive 2000/31 in Germany, Sweden and Finland.

137. While the liability of a paid internet referencing service provider was addressed in *Google France and Google*, the case at hand involves the liability of an operator of an electronic marketplace.

138. In *Google France and Google*, the Court interpreted Article 14 of Directive 2000/31 in light of the preamble of the directive. According to the Court, it follows from recital 42 of the directive that the exemptions from liability established in that directive cover only cases in which the activity of the information society service provider is 'of a mere technical, automatic and passive nature', which implies that that service provider 'has neither knowledge of nor control over the information which is transmitted or stored'. Therefore, in order to establish whether the liability of a paid internet referencing service provider may be limited under Article 14 of Directive 2000/31, it is necessary to examine whether the role played by that service provider is neutral in the sense that its conduct is merely technical, automatic and passive, pointing to a lack of knowledge or control of the data which it stores.⁶⁹

139. I have some difficulties with this interpretation.

69 — *Google France and Google*, paragraphs 113 and 114.

140. When anchoring the limitation of liability criteria of the hosting provider to 'neutrality', the Court has referred to recital 42 of Directive 2000/31. I share the doubts expressed by eBay as to whether this recital 42 at all concerns hosting referred to in Article 14.

Hence, the limitation of liability of a hosting provider should not be conditioned and limited by attaching it to recital 42. It seems that if the conditions set out in *Google France and Google* for a hosting provider's liability are confirmed in this case to apply also to electronic marketplaces, an essential element in the development of electronic commerce services of the information society, the objectives of the Directive 2000/31 would be seriously endangered and called into question.

141. Even if recital 42 of the directive speaks of 'exemptions' in plural, it would seem to refer to the exemptions discussed in the following recital 43. The exemptions mentioned there concern – expressly – 'mere conduit' and 'caching'. When read this way, recital 42 becomes clearer: it speaks of the 'technical process of operating and giving access to a communication *network* over which information made available by third parties is *transmitted* or *temporarily stored*, for the sole purpose of making the *transmission more efficient*' (my emphasis). To my mind, this refers precisely to 'mere conduit' and 'caching', mentioned in Articles 12 and 13 of Directive 2000/31.

143. As the Commission rightly points out regarding the use of a sign identical to a protected trade mark on the website of the operator of an electronic marketplace, that website features certain content, i.e. the text of the offers provided by the sellers who are recipients of the service and stored at their request. Provided that the listings are uploaded by the users without any prior inspection or control by the electronic marketplace operator involving interaction between natural persons representing the operator and the user,⁷⁰ we are faced with the storage of

142. Rather, in my view, it is recital 46 which concerns hosting providers mentioned in Article 14 of Directive 2000/31, as that recital refers expressly to the storage of information.

70 — This has been a crucial factor for German courts when they have excluded criminal and civil liability of electronic marketplace operators for infringing listings, and restricted their liability to prevent future infringements within reasonable limits in view of their business model as defined in the injunction given by the court. See Rühmkorf, A., 'eBay on the European Playing Field: A Comparative Case Analysis of L'Oréal v eBay', (2009) 6:3 *SCRIPTed* 685, p. 694, <http://www.law.ed.ac.uk/ahrc/script-ed/vol6-3/ruhmkorf.asp>.

information which is furnished by a recipient of the service. Under such circumstances, the electronic marketplace operator does not have actual knowledge of illegal activity or information. Nor would the operator be aware of facts or circumstances which would make the illegal activity or information apparent. Hence, the conditions of exemption from liability for hosting, as defined in Article 14 of Directive 2000/31, would be fulfilled.

advertisements and monitors the contents of the listings.

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

146. As I have explained, ‘neutrality’ does not appear to be quite the right test under the directive for this question. Indeed, I would find it surreal that if eBay intervenes and guides the contents of listings in its system with various technical means, it would by that fact be deprived of the protection of Article 14 regarding storage of information uploaded by the users.⁷¹

147. Moreover, as a general remark on the three exceptions laid down in Articles 12, 13 and 14 of Directive 2000/31, I should say something which may seem obvious. The three articles intend to create exceptions to certain *types of activity* exercised by a service

145. The judgment in *Google France and Google* seems to suggest that the hosting provider referred to in Article 14 of Directive 2000/31 should remain neutral in relation to the hosted data. It has been argued before this Court that eBay is not neutral because eBay instructs its clients in the drafting of the

71 — Recital 40 to Directive 2000/31 states that the provisions of this directive relating to liability should not preclude the development and effective operation, by the different interested parties, of technical systems of protection and identification and of technical surveillance instruments made possible by digital technology within the limits laid down by Directive 95/46 of the European Parliament and of the Council of 24 October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data and Directive 97/66 of the European Parliament and of the Council of 15 December 1997 concerning the processing of personal data and the protection of privacy in the telecommunications sector.

provider. To my understanding, it is inconceivable to think that they would purport to exempt a *service provider type* as such.

149. I do not think that it is possible to sketch out parameters of a business model that would fit perfectly to the hosting exemption. And even if it were, a definition made today would probably not last for long. Instead, we should focus on a type of activity and clearly state that while certain activities by a service provider are exempt from liability, as deemed necessary to attain the objectives of the directive, all others are not and remain in the 'normal' liability regimes of the Member States, such as damages liability and criminal law liability.

148. Indeed, it is difficult to see that Directive 2000/31 would impose three distinct types of activity which would only be exempted if each of them is exercised in a watertight compartment. If one company is caching and another one hosting, they surely are both exempted. Yet such separation may be extremely rare. In my view, if one company does both – which does not appear at all exceptional in the real world, the exemptions should apply to that one entity too. The same should apply if one or more of the exempted activities are combined with an internet content provider's activities.⁷² It would be unworkable to reserve the exemptions to certain business types, especially in an area characterised by constant and almost unpredictable change. Already the Commission proposal for Directive 2000/31 started from this forward-looking perspective in an area which is in constant evolution.

150. Therefore, when it is accepted that certain activities by a service provider are exempted, that means conversely that activities not covered by an exemption may lead to liability under national law.

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

72 — An operator may, for instance, sell to its customers packages consisting of access provision to the internet, server capacity for the client's own home page and an email address (service provision) and the provider's own home page with all the various services accessible from the operator's portal as the start page (content provision). See Sorvari, K., *op.cit.*, p. 66. In this example the operator would offer, in addition to 'mere conduit' and 'caching', also hosting and content provision.

Scope of the activities covered by the exception

Duties of the marketplace operator in relation to future infringements

152. In the *second* part of the ninth question, the referring court wishes to know whether in a situation where the activities of an operator of an electronic marketplace not only include activities mentioned in Article 14(1) of Directive 2000/31, but also activities which go beyond them, the operator remains exempted as regards the activities covered by that provision (while not exempted as regards the activities not covered) and what is the situation for the ‘activities beyond’ in particular as regards the grant of damages or other financial remedies for the activities not exempted.

154. The *third* part of the ninth question relates to the situation where some illegal activity has already taken place in the marketplace. The referring court asks what are the duties of the marketplace operator in relation to future infringements in such a situation.

155. It should be recalled that Article 14(1)(b) of Directive 2000/31 reflects the principle of ‘notice and take down’. Accordingly the hosting provider has to act expeditiously to remove or to disable access to the illegal information upon obtaining actual knowledge of the illegal activity or illegal information or awareness of facts or circumstances from which the illegal activity or information is apparent.

153. It follows from the argumentation presented above that the operator remains exempted as regards the activities covered by Article 14(1) of Directive 2000/31. On the other hand, he is not exempted as regards the activities not covered. That situation must be evaluated on the basis of relevant national law provisions and principles, in particular as regards the grant of damages or other financial remedies for the activities not exempted.

156. In the application of the principle of ‘notice and take down’ recital 46 of Directive 2000/31 must be taken into account. According to it, the removal or disabling of access has to be undertaken in the observance of the principle of freedom of expression and of procedures established for this purpose at national level. Moreover, the directive does not affect Member States’ possibility of establishing specific requirements which must be

fulfilled expeditiously prior to the removal or disabling of information.

refer to procedures at the national level and authorise the Member States to establish specific requirements which must be fulfilled expeditiously prior to the removal or disabling of information.

157. I recall that listings uploaded by users of an electronic marketplace are commercial communications and as such protected by the fundamental right of freedom of expression and information enshrined in Article 11(1) of the Charter of Fundamental Rights of the EU. This right shall include freedom to hold opinions and to receive and impart information and ideas without interference by public authority and regardless of frontiers.

159. In Finland, for example, national legislation implementing Directive 2000/31 provides, for constitutional reasons,⁷⁴ that a hosting service provider is required to remove information stored in his system only after having received a court order to that effect in the case of a trade mark infringement, or upon notice by the rightsholder in the case of an alleged infringement of copyright or a neighbouring right. In the latter case the user has a possibility to oppose the removal within 14 days.⁷⁵

158. Obviously freedom of expression and information does not permit the infringement of intellectual property rights. These latter rights are equally protected by the Charter, by its Article 17 (2). Nevertheless, it entails that the protection of trade mark proprietor's rights in the context of electronic commerce may not take forms that would infringe the rights of innocent users of an electronic marketplace or leave the alleged infringer without due possibilities of opposition and defence.⁷³ In my opinion, recital 46 and Article 14 (3) of Directive 2000/31 expressly

160. It is submitted that actual knowledge or awareness referred to in Article 14 of Directive 2000/31 is born upon service of a court order or a notice.⁷⁶

73 — For an assessment of the effects of eBay's VeRO program in relation to legal trade, see Pilutik, S., 'eBay's Secondary Trademark Liability Problem and its VeRO Program', published on <http://www.cs.cmu.edu/~dst/Secrets/E-Meter/eBay-VERO-pilutik.html>.

74 — This requirement was confirmed by the Constitutional Law Committee of the Finnish Parliament, see opinion PeVL 60/2001 vp – HE 194/2001 vp.

75 — I note that in its pleadings eBay claims that specific 'notice and take down' procedures have only been provided in Finland, France and Spain.

76 — See Sorvari, *op. cit.*, p. 521-523 and Act on Provision of Information Society Services (Finland) ('laki tietoyhteiskunnan palvelujen tarjoamisesta') 5.6.2002/458, Articles 15, 16 and 20-25, available in English at www.finlex.fi/en

161. As to the interpretation of Article 14(1)(a) of Directive 2000/31, for me the requirement of ‘actual knowledge’ consists of two aspects.

162. First it is evident that the service provider must have actual knowledge of, and not a mere suspicion or assumption regarding, the illegal activity or information. It also seems to me that legally ‘knowledge’ may refer only to past and/or present but not to the future. Hence, in the case of an alleged trade mark infringement on an electronic marketplace, the object of knowledge must be a concluded or ongoing activity or an existing fact or circumstance.

163. Secondly the requirement of actual knowledge seems to exclude construed knowledge. It is not enough that the service provider ought to have known or has good reasons to suspect illegal activity. This is also in line with Article 15(1) of Directive 2000/31 which forbids the Member States to impose on service providers general obligations to monitor the information they transmit or store or to actively seek facts or circumstances indicating illegal activity.

164. Consequently, actual knowledge means knowledge of past or present information, activity or facts that the service provider has on the basis of an external notification or its own voluntary research.

165. At the outset this seems to exclude the possibility that a service provider could have actual knowledge or awareness in relation to future infringements that are likely to occur. I am afraid that the situation is not so simple.

166. I take it for granted that there is no actual knowledge of B infringing trade mark X because A infringes or has infringed trade mark X. Neither can there be actual knowledge of A infringing trade mark Y because he has been found to infringe trade mark X even if the trade mark belonged to the same proprietor.

167. However, if A has been discovered infringing trade mark X by listing an offer on the electronic marketplace in September, I would not exclude that the marketplace operator could be considered having actual knowledge of information, activity, facts or circumstance if A uploads a new offer of the same or similar goods under trade mark X in October. In such circumstances it would be more natural to speak about the

same continuous infringement than two separate infringements.⁷⁷ I recall that Article 14 (1)(a) mentions 'activity' as one object of actual knowledge. An ongoing activity covers past, present and future.

168. Hence, regarding the same user and the same trade mark an operator of an electronic marketplace has actual knowledge in a case where the same activity continues in the form of subsequent listings and can also be required to disable access to the information the user uploads in the future. In other words, exemption from liability does not apply in cases where the electronic marketplace operator has been notified of infringing use of a trade mark, and the same user continues or repeats the same infringement.

X — Injunctions against intermediaries

169. The tenth question relates to the possibility for the trade mark proprietor to obtain

an injunction under Article 11 of Directive 2004/48 on the enforcement of intellectual property rights, not only against the third party infringing the trade mark, but also against an intermediary whose services have been used to infringe the registered trade mark. The referring court wishes to know in particular whether this article requires that an injunction is made available as a matter of EU law to prevent future infringements and if that is so, what is the scope of the injunction to be made available.⁷⁸ This is the first time the Court is called to interpret Article 11 of Directive 2004/48.

170. All the parties agree that injunctions against intermediaries are foreseen by Directive 2004/48. However, while eBay submits that an injunction against a hosting provider may only relate to specific and clearly identifiable individual content, the other parties consider that injunctions may include measures to prevent further infringements.

171. The basic challenge in the interpretation of Directive 2004/48 relates to the balancing between too aggressive and too lax enforcement of intellectual property rights. This task has been compared to Odysseus' journey

⁷⁷ — It is obvious that here is a link to how the notion of an infringement is construed in national law even if the notions used in Article 14(1)(a) of Directive 2000/31 must have an autonomous EU law meaning independent of national criminal law and tort law concepts. For example: does it constitute one or several infringements if A sells without trade mark proprietor's consent (i) identical goods to several customers, (ii) similar but not identical goods covered by the same trade mark or (iii) if the selling activity extends over a certain period of time and consists of separate transactions?

⁷⁸ — The High Court submits that this provision has not lead to any specific transposition as the existing law was deemed to conform to it. The referring court doubts the correctness of that conclusion.

between the two monsters of Scylla and Charybdis.⁷⁹ While it is possible to construe the directive as aiming at executing a strong or a weak enforcement ideology, it would seem necessary to take due account of Article 3 of Directive 2004/48 in all interpretation of the directive. It follows from this article that Directive 2004/48 lays down a general obligation for the Member States to provide for measures, procedures and remedies necessary for the enforcement of intellectual property rights and take appropriate action against those responsible for counterfeiting and piracy. These measures, procedures and remedies should be sufficiently dissuasive, but avoid creating barriers to legitimate trade, and offer safeguards against their abuse.

which is of special interest here. It consists of Articles 10 (corrective measures), 11 (injunctions) and 12 (alternative measures).

173. The two first sentences of Article 11 relate to the injunctions to be made available against the *infringer* of an intellectual property right. The third sentence requires that injunctions should also be available against an *intermediary*, whose services are used by a third party to infringe an intellectual property right. The scope of injunctions against an intermediary is not defined, but as this aspect is added as a complementary element to the two first sentences, I think that these two sentences should be used in interpreting the third sentence.

172. The core provisions of Directive 2004/48 are laid down in its Chapter II (entitled 'Measures, procedures and remedies'). Two sections of that Chapter seem noteworthy. While both section 4 ('Provisional and precautionary measures' – Article 9) and section 5 ('Measures resulting from a decision on the merits of the case') mention measures to be made available against the infringer and the intermediary, it is the latter section 5

174. It should be recalled that the first sentence of Article 11 of Directive 2004/48 requires that judicial authorities of the Member States, 'where a judicial decision is taken finding an infringement of an intellectual property right', may issue against the infringer 'an injunction aimed at prohibiting the continuation of the infringement'. A literal reading of this text would suggest a concrete finding of

79 — See Norrgård, M., 'The Role Conferred on the National Judge by Directive 2004/48/EC on the Enforcement of Intellectual Property Rights', *ERA Forum* 4/2005, p. 503.

an infringement and a stopping of that specific infringement by the infringer from continuing in the future.

175. As to the nature of the injunctions to be made available against the infringer, it appears that EU law requires that, by this injunction, a judicially established infringement can be brought to an end. Prevention of further infringements is also possible, even if the language of the directive becomes more cautious. Given the reference to the 'continuation' aspect of the infringement, the more cautious language relating to 'further' infringements and the proportionality principle, my reading of the two first sentences would be that EU law does not go so far so as to require the possibility of issuing an injunction against an infringer so as to prevent further infringements which might take place in the future.⁸⁰

176. As to the intermediary, on the basis of the text of Directive 2004/48, one possible interpretation would be that the scope of the injunction available, as a matter of EU law, against the intermediary should not be different from the one available against the infringer.

177. I am not convinced, however, that this is a reasonable interpretation.

178. It seems to me that application of the first sentence of Article 11 of Directive 2004/48 requires identification of the infringer who then is prohibited from continuing the infringement. However, 'the infringer' is not mentioned in the third sentence but merely 'a third party' who uses the services of an intermediary to infringe an intellectual property right.

179. This drafting choice exists for a good reason: there may be cases, especially in the internet environment, where the infringement is obvious but the infringer is not identified. It is known that a third party is using the services of an intermediary to infringe an intellectual property right but the true identity of that infringer remains unknown. In such cases the legal protection of the rightsholder may require that an injunction can be obtained against the intermediary whose identity is known and who thus can be brought to a court and who is able to prevent continuation of the infringement.

180. As to the scope or contents of an injunction to be given against an intermediary, I do

80 — See recitals 22, 23, 24, 25 and Article 11 of Directive 2004/48.

not see that EU law would impose any specific requirements beyond efficacy, dissuasiveness and proportionality required by Article 3(2) of Directive 2004/48.

disproportionate or illegal duties like a general obligation of monitoring.

181. The requirement of proportionality would in my opinion exclude an injunction against the intermediary to prevent any further infringements of a trade mark. However, I do not see anything in Directive 2004/48 which would prohibit injunctions against the intermediary requiring not only the prevention of the continuation of a specific act of infringement but also the prevention of repetition of the same or a similar infringement in the future, if such injunctions are available under national law. What is crucial, of course, is that the intermediary can know with certainty what is required from him, and that the injunction does not impose impossible,

182. An appropriate limit for the scope of injunctions may be that of a double requirement of identity. This means that the infringing third party should be the same⁸¹ and that the trade mark infringed should be the same in the cases concerned. Hence, an injunction could be given against an intermediary to prevent the continuation or repetition of an infringement of a certain trade mark by a certain user. Such an injunction could be followed by an information society service provider by simply closing the client account of the user in question.⁸²

81 — That the infringing third party would be the same would primarily mean the same identity based on the user identification in the service providers system if any. In addition, reasonable measures to reveal the true identity of a user hiding behind several user identifications may be required from the service provider: this would not constitute an obligation of general monitoring forbidden by Article 15(1) of Directive 2000/31 but an acceptable obligation of specific monitoring.

82 — See also three German cases, commonly known as ‘Internet Auction I, II and III’, BGH I ZR 304/01 of 11 March 2004 (reported in English in [2006] *European Commercial Cases*, Part I, 9); BGH I ZR 35/04 of 19 April 2007 (reported in English in [2007] *European Trade Mark Reports*, part 11, p. 1) and BGH I ZR 73/05 of 30 April 2008. The court held that electronic marketplace operators qualified for the exemption of liability established in Article 14 of Directive 2000/31. Yet they formulated extensive criteria for injunctions against the operators which, as to their scope, may give rise to some issues of compatibility with Directive 2000/31.

XI — Conclusion

183. I suggest that the Court would reply as follows to the questions referred by the High Court of Justice of England and Wales, Chancery Division:

- (1) Where perfume and cosmetic testers and dramming bottles which are not intended for sale to consumers are supplied without charge to the trade mark proprietor's authorised distributors, such goods are not put on the market within the meaning of Article 7(1) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks and Article 13(1) of Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark.

- (2), (3) and (4) The trade mark proprietor is entitled to oppose further commercialisation of the unboxed products within the meaning of Article 7(2) of Directive 89/104 and Article 13(2) of Regulation No 40/94 where the outer packaging have been removed from perfumes and cosmetics without the consent of the trade mark proprietor if, as a result of the removal of the outer packaging, the products do not bear the information required by 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, or if the removal of outer packaging can be considered as such as changing or impairing the condition of the goods or if the further commercialisation damages, or is likely to damage, the image of the goods and therefore the reputation of the trade mark. Under the circumstances of the main proceedings that effect is to be presumed unless the offer concerns a single item or few items offered by a seller clearly not acting in the course of trade.

- (5) Where a trader operating an electronic 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 electronic marketplace, the display of the sign in the sponsored link constitutes ‘use’ of the sign within the meaning of Article 5(1)(a) of Directive 89/104 and Article 9(1)(a) of Regulation No 40/94.
- (6) Where clicking on the sponsored link referred to in point 5 above leads the user directly to advertisements or 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, that fact constitutes use of the sign by the operator of the electronic marketplace ‘in relation to’ the infringing goods within the meaning of Article 5(1)(a) of Directive 89/104 and Article 9(1)(a) of Regulation No 40/94, but it does not have an adverse effect on the functions of the trade mark provided that a reasonable average consumer understands on the basis of information included in the sponsored link that the operator of the electronic marketplace stores in his system advertisements or offers for sale of third parties.
- (7) Where the goods offered for sale on the electronic marketplace have not yet been put on the market within the EEA by or with the consent of the trade mark proprietor, it is none the less sufficient for the exclusive right conferred by the national or Community trade mark to apply to show that the advertisement is targeted at consumers within the territory covered by the trade mark.
- (8) 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 electronic marketplace itself rather than in a sponsored link on the website of a search engine operator, the

sign is not used by the operator of the electronic marketplace 'in relation to' the infringing goods within the meaning of Article 5(1)(a) of Directive 89/104 and Article 9(1)(a) of Regulation No 40/94.

- (9)(a) The use referred to in point 5 does not consist of or include 'the storage of information provided by a recipient of the service' by the electronic marketplace operator within the meaning of Article 14(1) of Directive 2000/31/EC of the European Parliament and of the Council of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market, whereas the use referred to in point 6 may consist of or include such storage.
- (9)(b) Where the use does not consist exclusively of activities falling within the scope of Article 14(1) of Directive 2000/31, but includes such activities, the operator of the electronic marketplace is exempted from liability to the extent that the use consists of such activities, but damages or other financial remedies may be granted pursuant to national law in respect of such use to the extent that it is not exempted from liability.
- (9)(c) There is 'actual knowledge' of illegal activity or information or 'awareness' of facts or circumstances within the meaning of Article 14(1) of Directive 2000/31 where the operator of the electronic marketplace has knowledge that goods have been advertised, offered for sale and sold on its website in infringement of a registered trade mark, and that infringements of that registered trade mark are likely to continue regarding the same or similar goods by the same user of the website.

- (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, Article 11 of Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights requires Member States to ensure that the trade mark proprietor can obtain an effective, dissuasive and proportionate injunction against the intermediary to prevent continuation or repetition of that infringement by that third party. The conditions and procedures relating to such injunctions are defined in national law.