

Amazon not liable for merely storing third party's infringing goods

At a time when Amazon is fielding large spikes in demand amidst the coronavirus pandemic, the online retail platform will welcome the ruling of the Court of Justice of the European Union (CJEU) received on 2 April 2020.

09 April 2020

At a time when Amazon is fielding large spikes in demand amidst the coronavirus pandemic, the online retail platform will welcome the ruling of the Court of Justice of the European Union (CJEU) received on 2 April 2020.

The ruling clarifies that online platforms do not infringe trade marks by merely storing third party sellers' infringing goods which they are not aware are infringing. The CJEU concluded that "a person [such as Amazon] who, on behalf of a third party, stores goods which infringe trade mark rights, without being aware of that infringement, must be regarded as not stocking those goods in order to offer them or put them on the market for the purposes of [trade mark legislation], if that person does not itself pursue those aims". It also noted that "[Amazon] have not themselves offered the goods for sale or put them on the market [and]... it is the third party alone who intends to offer the goods or put them on the market. It follows that [Amazon] do not themselves use [the Davidoff mark] in their own commercial communication".

The dispute, referred to the CJEU in 2018, originated with a claim by the German branch of the US cosmetics company, Coty, that various Amazon Group entities had infringed its trade mark rights by stocking unlicensed Davidoff perfume on behalf of third party merchants who intended to sell these products. Coty had argued that Amazon, when enabling third party sellers to place advertisements on the Marketplace and in the context of the "Fulfilled by Amazon" scheme, should stop stocking or dispatching Davidoff branded perfumes where these are not sold with the consent of the trade mark holder (Coty). Amazon countered that it could not be held responsible for trade mark infringements by the third party sellers using its platform, where it was neither selling the goods, nor aware of the infringements.

The CJEU's answer to the narrow question put to it by the German Court is unsurprising in light of its earlier caselaw which requires direct or indirect "active" involvement for infringement. However, this is far from the end of debate on the extent to which such sales platforms can be liable for the infringing sales made through them. Coty sought further clarity on this issue asking "whether the activity of the operator of an online marketplace in circumstances such as those in these proceedings falls within the scope of Article 14(1) of [the E-commerce Directive] and, if not, whether such an operator must be regarded as an 'infringer' as referred to in Article 11 of [the IP Enforcement Directive]".

Article 14 of the E-Commerce Directive provides that an information society service can be liable for information stored at the request of a service user if it is given actual knowledge of the illegal activity and does not act expeditiously to remove or disable access to the information (here such information would be the infringing advertisement). Article 11 of the IP Enforcement Directive provides that where there has been a finding of infringement "the judicial authorities may issue against the infringer an injunction aimed at prohibiting the continuation of the infringement".

Although not referenced by Coty, Article 14 continues "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". In the UK, the Supreme Court held in the Cartier decision that the rightholder is required to indemnify the intermediary for the costs of implementing such injunctions. The opposite position has been reached by a German Regional Court but, in Germany, action cannot be taken against an

intermediary until action has been unsuccessful against the actual infringer or has no chance of success. This may explain why Coty appeared keen for the Amazon companies to be treated as infringers themselves rather than mere intermediaries.

Although the CJEU necessarily refused to address Coty's question, as it was not asked by the referring Court, it did acknowledge that "where an economic operator has enabled another operator to make use of the trade mark [in issue], its role must... be examined from the point of view of rules of law other than [the EU Trade Mark Regulation]" inferring it recognised Coty's question could be relevant to the determination of such disputes. The CJEU also stressed the legal position would have been different, had the perfume bottles been stocked on the platform's own behalf, or had the platform – having been unable to identify the third-party seller - nevertheless chosen to offer or put on the market the perfume bottles themselves.

Co-authored by [Bonita Trimmer](#) and Sébastien Ferrière.

Contact



Mark Hickson

Head of Business Development

onlineteaminbox@brownejacobson.com

+44 (0)370 270 6000

Related expertise

Services

Intellectual property

Intellectual property for retail

Trade marks