

TALLINN UNIVERSITY OF TECHNOLOGY  
School of Business and Governance  
Department of Law

Sanna Toivoniemi

**DIGITAL PLATFORM LIABILITY IN CASE OF A  
TRADEMARK INFRINGEMENT UNDER EU LAW-  
FOCUS ON ONLINE MARKETPLACES**

Bachelor's Thesis  
Programme HAJB08/17 Law, specialisation European Union and international law

Supervisor: Pawan Kumar Dutt, MA

Tallinn 2023

I hereby declare that I am the sole author of this thesis. All the used materials, references to the literature and the work of others have been referred to. This thesis has not been presented for examination anywhere else.

The document length is 7921 words from the introduction to the end of conclusion.

Sanna Toivoniemi

Student code: 195095HAJB

Student e-mail address: satoiv@ttu.ee

Supervisor: Pawan Kumar Dutt, MA

Chairman of the Defence Committee:

Permitted to the defence

.....

(name, signature, date)

# TABLE OF CONTENTS

ABSTRACT.....	4
LIST OF ABBREVIATIONS.....	5
INTRODUCTION.....	6
1.DEVELOPMENT OF EU LAW.....	8
1.1 Intellectual property in the European and international legal framework .....	8
1.2. History, legal basis and fundamental principles in trade mark law in Europe.....	9
1.2.1. Overview of trademark infringement.....	11
1.3. Development of digital platform legislation in the EU.....	11
1.3.1 Definition of a digital platform and online marketplace .....	12
1.3.2. e-Commerce Directive, Digital Service Act and Digital Markets Act .....	13
2. ONLINE MARKETPLACE LIABILITY FOR TRADEMARK INFINGEMENT IN THE EU.....	16
2.1. Trademark infringements on online marketplaces.....	16
2.2. Liability of online marketplace under EU law.....	17
2.2.1. Active or passive role of the online marketplace.....	19
2.3. EU Case law.....	19
2.3.1. Coty v. Amazon C-567/18.....	20
2.3.2. L'oreal v. eBay C-324/09.....	21
2.3.3. Louboutin v. amazon C-148/21 and C-184/21.....	21
2.3.4. Identifying common legal aspects of the cases.....	23
2.4. Examples of civil cases in EU.....	23
2.4.1. Ortlieb v. Amazon.....	24
2.4.2. LVMH v. eBay.....	25
2.4.4. Identifying common legal aspects of EU and national cases.....	25
CONCLUSION.....	27
LIST OF REFERENCES.....	28
APPENDICES.....	33

## **ABSTRACT**

Online marketplaces play crucial role in facilitating e-commerce by providing a platform for vendors and buyers to engage in transactions. The increasing number of trademark infringements on these platforms, however, has created substantial legal issues. The purpose of this thesis is to research the EU case law concerning the online marketplace liability and to provide comprehensive understanding how the legal framework around the topic has evolved over the years.

This thesis will adopt a legal research methodology, which involves a comprehensive analysis of primary and secondary legal sources. The primary sources will include EU legislation, guidelines, case law from the European Court of Justice and national courts, and relevant reports and studies. The secondary sources will include academic literature, commentaries, and other relevant publications.

The results indicate that the liability of online marketplaces in case of trademark infringements will be in a transition during the next years, when the Digital Services Act is implemented more broadly.

Keywords: EU intellectual property rights, EU trademark law, digital platforms, online marketplaces, e-Commerce Directive, Digital Services Act, Digital Markets Act

## LIST OF ABBREVIATIONS

CJEU	Court of Justice of the European Union
DMA	Digital Markets Act
DSA	Digital Services Act
EC	European Commission
e-Commerce Directive	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
EU	European Union
EUTMR	Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trade mark
TFEU	Treaty of the Functioning of the European Union
TMD	Directive (EU) 2015/2436 of the European Parliament and the Council of 16 December 2015 to approximate the laws of the Member States relating to trade marks
TRIPS	The Agreement on Trade-Related Aspects of Intellectual Property

## INTRODUCTION

Today digital platforms are transforming and impacting almost every industry.<sup>1</sup> Their impact will be significant also in the future. With the fast pace of digitalisation over the last couple of decades, we have begun to recognize that legislation changes are an essential tool for regulating online platforms and services and how intellectual property can be protected in them.<sup>2</sup> Clear regulation according to these is important, since the digital economy/ e-commerce platforms have increased, and they are, and they will be in the future a massive platform for selling and buying things. While the digital economy has brought many good things to us, it can also be misused and generate issues in a variety of fields, including intellectual property. Hence, the online platforms are becoming more vulnerable to intellectual property infringement claims.

Counterfeit goods are frequently sold in online marketplaces.<sup>3</sup> Problem is that online marketplaces for instance Amazon and eBay are not typically liable for trademark-infringing goods sold through their platforms.<sup>4</sup> However, they are considered to be intermediaries to the extent that they do not take part in the purchasing transaction.<sup>5</sup> Marketplace is a passive e-commerce facilitator, which means that it is protected from liability if it does not have competent control and participation in the design, production, quality control and delivery of products to consumers.<sup>6</sup>

The focus in this Bachelor's thesis is on the regulation of digital platforms mainly concerning online marketplaces in cases concerning trademark infringements. The emphasis is on European Union Law. The thesis is concentrating on EU-level legislation and providing EU and national cases concerning the topic. The first chapter analyses how intellectual property

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<sup>1</sup> De Reuver, M., Sørensen, C., & Basole, R. C. (2018). The digital platform: a research agenda. *Journal of information technology*, 33(2), 124-135.

<sup>2</sup> Burri, M., Zihlmann, Z. (2021). Intermediaries' Liability in Light of the Recent EU Copyright Reform. *Indian Journal of Intellectual Property Law* 12. p.1

<sup>3</sup> Carina Gommers, Eva De Pauw, Online marketplace operators saved from liability for trade mark infringement?, *Journal of Intellectual Property Law & Practice*, Volume 15, Issue 5, May 2020, pp. 315–316

<sup>4</sup> William Broman. (2021). Are E-commerce Sites Liable for Trademark Infringement? The Sixth Circuit Gives Guidance. Retrieved 28. February 2023. Available: <https://www.b2ipreport.com/swip-report/are-e-commerce-sites-liable-for-trademark-infringement-the-sixth-circuit-gives-guidance/>

<sup>5</sup> Supra nota 3

<sup>6</sup> Supra nota 4

and trademark law has developed throughout the decades on the international level and further within the EU and its current state concerning the legislation of digital platforms. The second chapter focuses on the online marketplace liability for trademark infringements in the EU and providing EU case law concerning it. The concluding chapter will present the findings of the research and recommendations for further research.

The research questions which will be examined: what is the liability of online marketplaces under EU law, and how has it evolved over time? What are the key liability challenges in the legal framework related to trademark infringement in online marketplaces in the EU and how are the online marketplaces regulated in the cases when there are trademark infringements on their platforms?

Research objectives of this thesis is to analyse the legal framework governing the liability of online marketplaces under the EU law and to examine the case law on liability of online marketplaces under the EU law, with a view to identifying any trends or developments.

Hypothesis is that the fact that numerous platforms are used to sell counterfeit products does not exonerate the seller's liability for the act.

# 1. DEVELOPMENT OF EU LAW

## 1.1. Intellectual property in the European and international legal framework

Intellectual Property rights (IPR) are designed to protect a range of different types of intellectual property such as trademarks, copyrights, patents, and design. In this thesis I am focusing on trademarks which belong more specifically to industrial property rights.<sup>7</sup>

The Treaty on the Functioning of the European Union (TFEU) is one of the key treaties that regulates the operation of the EU. It establishes the legal framework for the protection and enforcement of intellectual property rights in the EU, including trademarks.<sup>8</sup>

The EU's intellectual property regulations are intended to support creativity and innovation, protect the EU's growth and jobs, compete in the global economy and protect the rights of intellectual property owners.<sup>9</sup> This thesis focuses on the intellectual property infringements concerning trademarks and for further within the context of digital platforms/online marketplaces. The EU supports robust IPR standards in order to combat IPR infringements both within and outside the EU, as counterfeit goods can endanger customer safety and health, as well as harm the environment.<sup>10</sup> Counterfeit products can also cause the likelihood of confusion among the public.<sup>11</sup>

On an international level, there are several agreements that regulate trademarks. The Paris Convention, which was adopted in 1883,<sup>12</sup> establishes the concept of "national treatment", which states that foreign trademark owners should be granted the same protection as domestic trademark owners within every country that has signed on to the convention.<sup>13</sup> The Madrid

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<sup>7</sup> Pila, J., & Torremans, P. (2019). *European intellectual property law*. Oxford University Press, USA. p.29

<sup>8</sup> Consolidated version of the Treaty on the Functioning of the European Union 2012/C 326/01, Article 118

<sup>9</sup> European Commission: Protecting EU creations, inventions and designs. Retrieved: 3. March 2023.

Available: [https://policy.trade.ec.europa.eu/enforcement-and-protection/protecting-eu-creations-inventions-and-designs\\_en](https://policy.trade.ec.europa.eu/enforcement-and-protection/protecting-eu-creations-inventions-and-designs_en)

<sup>10</sup> *Ibid*

<sup>11</sup> Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trade mark, Article 8 paragraph 1. (b)

<sup>12</sup> The Paris Convention for the Protection of Industrial Property of 1883

<sup>13</sup> *Ibid*, Article 2

Protocol and Madrid Agreement are two treaties that form the Madrid System.<sup>14</sup> The Madrid System enables trademarks to be registered in many countries with a single application. The World Intellectual Property Organization (WIPO) administers the registration system. Finally, the last international legislation concerning trademarks is Trade-Related Aspects of Intellectual Property Rights (TRIPS), which came into effect in 1995. The TRIPS Agreement establishes the minimum standards for trademark protection and remedies for the enforcement of IPR for all World Trade Organization (WTO) member countries. The TRIPS Agreement is a minimum standards agreement that Members can adopt if they wish to have more extensive IPR protection.<sup>15</sup>

## 1.2. History, legal basis and fundamental principles in trade mark law in Europe

To be able to examine the trademark protection and its changes concerning e-commerce, it is necessary to have a great understanding of the international and EU trademark protection scheme.

Trademark law in Europe has a long history, dating back to the ancient times merchants marked their products with a sign to distinguish their products.<sup>16</sup> Today, the legal basis for trademark law in Europe is primarily set by the EU, and individual countries have their own trademark laws. *“Throughout the history of commerce, distinctive signs have served to indicate the origin of products, by way of identifying and distinguishing goods stemming from one source from those of a different origin.”*<sup>17</sup> Trademarks belong under industrial property rights, and they identify the origins of goods and services and can be protected from infringement by third parties, either by registration or through evidence of use.<sup>18</sup> A trademark’s protection will last for as long as it serves as an indicator of origin.<sup>19</sup> Trademark law was the first area in which the ambitions of establishing an integrated Community right were successfully pursued. The

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<sup>14</sup> European Union Intellectual Property Office website: Madrid Protocol. Retrieved 4. March 2023. Available: <https://euipo.europa.eu/ohimportal/en/madrid-protocol>

<sup>15</sup> World Trade Organization website: Overview: The TRIPS Agreement. Retrieved 4. March 2023. Available: [https://www.wto.org/english/tratop\\_e/trips\\_e/intel2\\_e.htm](https://www.wto.org/english/tratop_e/trips_e/intel2_e.htm)

<sup>16</sup> World Intellectual Property Organization website: A History of Trademarks: From the Ancient World to the 19<sup>th</sup> Century. Retrieved 4. March 2023. Available: [https://www.wipo.int/podcasts/en/madrid/transcripts/international\\_trademark\\_system\\_talk\\_01.html](https://www.wipo.int/podcasts/en/madrid/transcripts/international_trademark_system_talk_01.html)

<sup>17</sup> Kur, A., Dreier, T., and Luginbuehl, S. (2019) European Intellectual Property Law. p.182

<sup>18</sup> Aplin, T., Davis, J. (2017) Intellectual Property Law, Text, Cases and Materials, p.1

<sup>19</sup> *Ibid*

Community Trade Mark Regulation (CTMR) was enacted in 1994, after the initial studies were published in the early 1960s. For the very first time, the CTMR provided the opportunity to obtain a single right that extends over the entire territory of the European Communities by making a single application with a single authority.<sup>20</sup>

However, it should be noted that in 1988 the EU agreed to the Trade Marks Directive (TMD) and it was enacted in 1990.<sup>21</sup> Then a couple years later in 1993 the EU introduced CTM and in the next year enacted it.<sup>22</sup> Following the implementation of the directive throughout the EU and the establishment of the CTM, extensive jurisprudence relating to trade marks emerged from both domestic courts and the Court of Justice of the European Union (CJEU). In 2017 the EU Trade Mark Regulation (EUTMR) was adopted, replacing the previous EU Trade Mark Directive and Regulation. In the revised version the EU incorporated crucial lessons learnt from this jurisprudence into a new directive and regulations, including smoothing out some of the unforeseen challenges that have arisen in its interpretation.<sup>23</sup>

European Union's legislation in trade mark law rests on two structures: the European Union Trade Mark Regulation (EUTMR)<sup>24</sup> and the Trade Mark Directive (TMD).<sup>25</sup>

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<sup>20</sup> Kur, A. , Dreier, T., and Luginbuehl, S. (2019) European Intellectual Property Law. Supra nota 17, pp. 53-54

<sup>21</sup> First Council Directive of 21 December 1988 to approximate the laws of the Member States relating to trade marks (2008/95 EC; formerly, 89/104/EEC). It was updated in 2008.

<sup>22</sup> Council Regulation (EC) No. 40/94 of 20 December 1993. Under the 2016 Regulation it is now called the European Union Trade Mark (EUTM).

<sup>23</sup> Aplin, T. , Davis, J. (2017) Intellectual Property Law, Text, Cases and Materials. Supra nota 18, p.354

<sup>24</sup> Regulation (EU) 2017/1001, supra nota 11

<sup>25</sup> Directive (EU) 2015/2436 of the European Parliament and of the Council of 16 December 2015 to approximate the laws of the Member States relating to trade marks

### 1.2.1. Overview of a trademark infringement

Trademark infringement is defined as the illegal/unauthorised use of a registered trademark in such a manner that leads to confusion about the origin where the goods or service came from.<sup>26</sup> Infringement of a registered trademark is a violation of the exclusive rights granted to the owner of the registered trademark. According to the legislation regulating the trademark infringements, the primary source is the TMD.

The exclusive rights of the trade mark owner are set forth in Article 10 (2) of the TMD<sup>27</sup> and in Article 9 (2) of the EUTMR in the EU.<sup>28</sup> These provisions establish trade mark infringement conditions that vary depending on whether the sign used by the third party and goods or services for which it is used are identical or similar to those for which the trade mark is protected,<sup>29</sup> or there is a likelihood of confusion on the part of public or whether the trade mark has obtained a reputation.<sup>30</sup>

Third-party sellers and advertisers of infringing items on online marketplaces are undoubtedly 'using' the registered trademark and can be held liable for trademark infringements. Nonetheless, it is usually unclear if the online marketplaces are also 'using' the registered trademark and can thus be held liable for trademark infringement.

### 1.3. Development of digital platform legislation in the EU

The EU has been actively working on the development of digital platform legislation in recent years.<sup>31</sup> Throughout the years, the EU has enacted several different laws and directives to regulate different digital activities, such as those related to electronic commerce, data protection, online copyright, and online marketplaces.

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<sup>26</sup> Winston & Straw LLP, What is the Definition of Trademark Infringement. Retrieved: 6. March 2023. Available: <https://www.winston.com/en/legal-glossary/trademark-infringement.html>

<sup>27</sup> Directive (EU) 2015/2436. Supra nota 25, Article 10 (2)

<sup>28</sup> Regulation (EU) 2017/1001. Supra nota 11, Article 9 (2)

<sup>29</sup> Lepik, G. (2021). Protecting Trade Mark Proprietors Against Unfair Competition in EU Trade Mark Law. *Juridica Int'l*, 30, 152.

<sup>30</sup> Directive (EU) 2015/2436. Supra nota 25, Article 10 (2)

<sup>31</sup> Council of the European Union, A Digital Future for Europe. Retrieved 7. May 2023. Available: <https://www.consilium.europa.eu/en/policies/a-digital-future-for-europe/>

### 1.3.1. Definition of digital platforms and online marketplaces

Numerous legal definitions of digital platforms have been suggested, and some have been established in legislation.<sup>32</sup> “‘ *Internet intermediaries ‘bring together or facilitate transactions between third parties on the Internet. They give access to, host, transmit and index content, products and services originated by third parties on the Internet or provide Internet-based services to third parties’*”, according to the Organization for Economic Cooperation and Development (OECD).<sup>33</sup> Nowadays the perception of “intermediary” is gradually displaced in common usage by the more appealing word of “platform”. Thus, the term "platform" now refers to a space in which users can mutually carry out their activities and generate value. As a result, the platform is no longer just a connector.<sup>34</sup>

Online marketplaces are digital platforms that connect buyers and sellers of goods and services. These platforms provide an online space for sellers to offer their products such as electronics, clothes and household items or services such. For the buyers’ online marketplaces are convenient to browse, compare, and purchase the goods or services in a one place.<sup>35</sup>

Online marketplaces are operated mostly by large multinational companies. Amazon, eBay, Etsy and AliExpress represent some of the most well-known online marketplaces.<sup>36</sup> These platforms can generate revenue through various means, such as transaction fees and in exchange for paying a fee. Preferential placement on a web page or in search results is one way which online marketplaces can offer.<sup>37</sup> According to the e-Commerce Directive, these

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<sup>32</sup> Strowel, A.M., & Vergote, W. (2018). Digital Platforms: To Regulate or Not To Regulate? Message to Regulators: Fix the Economics First, Then Focus on the Right Regulation.

<sup>33</sup> Organization for Economic Cooperation and Development (OECD). (2010). *The economic and social role of the internet intermediaries*. p.9

<sup>34</sup> Belli, L., Zingales, N. (2017) *Platform Regulations, How Platforms are regulated and How They Regulate Us* “Official Outcome of the UN IGF Dynamic Coalition on Platform Responsibility”.pp.27 & 26

<sup>35</sup> Mileva, G. (2023) *The 15 Best Online Marketplaces for E-Commerce Brands and Sellers*. Retrieved: 8. March 2023. Available: <https://influencermarketinghub.com/online-marketplaces/>

<sup>36</sup> *Ibid*

<sup>37</sup> European Parliamentary Research Service. (2021). *Liability of online platforms*. p.21

operators are providers of information society services.<sup>38</sup> In addition, they are intermediaries under Article 11 of the IP Enforcement Directive.<sup>39</sup>

Overall, online marketplaces have changed the way goods and services are purchased and sold. They are improving and providing greater buyer and seller choice, convenience, payment methods, and access to a global marketplace.<sup>40</sup>

### 1.3.2. e-Commerce Directive, Digital Service Act & Digital Markets Act

The e-Commerce Directive 2000/31/EC was adopted back in 2000<sup>41</sup>, and it established guidelines for online service providers, including online marketplaces and internet service providers.<sup>42</sup> It is one of the fundamental legislative frameworks for digital services in the EU<sup>43</sup>, as it covers most of the digital service platforms and online intermediaries in the European digital market.<sup>44</sup> The following articles in the e-Commerce Directive are particularly relevant concerning online marketplaces and set out the limited liability exemptions, also known as the safe harbours<sup>45</sup>: Article 12 “Mere conduit” states that Member States must ensure that the service provider is not liable for the information transmitted, including automatic, intermediate, and transient storage of the information transmitted. Article 13, concerning “caching”, means that the article provides a liability shield for online service providers who temporarily store content to increase service efficiency. According to this article, online service providers are not liable for their users' illegal acts as long as they are unaware of the illegal content and take prompt action to remove the content once they become aware of it. Article 14, concerning “Hosting” which means that the article protects online service providers that act as mere

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<sup>38</sup> 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 e-commerce in the Internal Market. Article 2(a)

<sup>39</sup> Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights, Article 11

<sup>40</sup> Burdon, T. (2021), *The role of online marketplaces in enhancing consumer protection*, OECD Going Digital Toolkit Notes, No. 7, OECD Publishing, Paris. p.8

<sup>41</sup> Directive 2000/31/EC, supra nota 38

<sup>42</sup> European Commission website: Shaping Europe’s digital future, e-Commerce Directive. Retrieved: 10. March 2023. Available: <https://digital-strategy.ec.europa.eu/en/policies/e-commerce-directive>

<sup>43</sup> *Ibid*

<sup>44</sup> Sagar S., & Hoffman, T. (2021), *Intermediary Liability in the EU Digital Common Market – from the E-Commerce Directive to the Digital Services Act*, pp 3-4.

<sup>45</sup> Madiaga, T. A. (2020). *Reform of the EU liability regime for online intermediaries: Background on the forthcoming digital services act*. pp.1-2

conduits for user-generated content from liability. Similar to Article 13, the online service providers are not liable for their users' illegal acts as long as they are unaware of the illegal content and take prompt action to remove the content once they become aware of it.

In December 2020, the European Commission proposed two new regulations: The Digital Services Act (DSA)<sup>46</sup> and the Digital Markets Act (DMA).<sup>47</sup> They intend to reform and modernize the legislative framework that regulates digital platforms, such as online marketplaces.<sup>48</sup> Prior to the Digital Services Act, platforms were mostly responsible for determining how information is moderated online. There were no criteria for due diligence, no rules requiring transparency in content moderation processes, and no efficient democratic monitoring.<sup>49</sup> Even though these Acts are discussed together they regulate different fields. DSA applies to intermediary services in internal market<sup>50</sup> and establishes for instance a framework for the conditional exemption from intermediary services providers from liability.<sup>51</sup> The objective of DSA is to ensure consumer safety, transparency, and accountability for online services.<sup>52</sup>

DMA applies to core platform services provided by gatekeepers to business users based in the EU or end users based in the EU. It is a tool which deals with unfair practices by online platforms.<sup>53</sup> The goal of DMA is to help the internal market to properly function by establishing regulations to promote contestability and fairness for markets in the digital sector, and for business users and users of core platform services offered especially by the gatekeepers.<sup>54</sup> Since the digital markets grew and became everyday, a few big tech companies

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<sup>46</sup> Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on a Single Market For Digital Services (Digital Services Act) and amending Directive 2000/31/EC

<sup>47</sup> Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on contestable and fair markets in the digital sector (Digital Markets Act)

<sup>48</sup> Digital Platforms as Regulated Entities: our Single Market, our rules | Annual Conference of the European Commission Legal Service | Speech by Commissioner Thierry Breton (17.3.2023) Retrieved: 21. March 2023. Available:

<https://digital-strategy.ec.europa.eu/en/policies/digital-services-act-package>

<sup>49</sup> *Ibid*

<sup>50</sup> Regulation (EU) 2022/2065 of the European Parliament and of the Council of 19 October 2022 on a Single Market For Digital Services and amending Directive 2000/31/EC (Digital Services Act) Article 2, paragraph 1

<sup>51</sup> *Ibid*. Article 1, paragraph 2 (a)

<sup>52</sup> European Commission website: *The Digital Services Act: ensuring a safe and accountable online environment*. Retrieved 21. March 2023. Available: [https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/europe-fit-digital-age/digital-services-act-ensuring-safe-and-accountable-online-environment\\_en](https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/europe-fit-digital-age/digital-services-act-ensuring-safe-and-accountable-online-environment_en)

<sup>53</sup> *Supra* nota 48

<sup>54</sup> REGULATION (EU) 2022/1925 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 14 September 2022 on contestable and fair markets in the digital sector and amending Directives (EU) 2019/1937 and (EU) 2020/1828 (Digital Markets Act). Recital 7

have taken the so-called “gatekeeper” role in online platforms. Gatekeeper platforms are digital platforms having a systemic role in the internal market that act as bottlenecks for essential digital services between businesses and customers.<sup>55</sup> While promoting fairness for markets, DMA aims to complement the enforcement of competition law <sup>56</sup> by establishing clear rules for how large online platforms can operate.

These Acts are a significant part of the European Digital Strategy and establish a high worldwide standard for regulating digital services, with specific requirements adapted to the significance of online platforms.<sup>57</sup>

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<sup>55</sup> European Commission website: *Shaping Europe’s digital future. The Digital Services Act package*. Retrieved: 22 March 2023. Available: <https://digital-strategy.ec.europa.eu/en/policies/digital-services-act-package>

<sup>56</sup> REGULATION (EU) 2022/1925, Supra nota 54, Recital 10

<sup>57</sup> European Commission website: *The Digital Markets Act: ensuring fair and open digital markets*. Retrieved: 22. March 2023. Available: [https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/europe-fit-digital-age/digital-markets-act-ensuring-fair-and-open-digital-markets\\_en](https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/europe-fit-digital-age/digital-markets-act-ensuring-fair-and-open-digital-markets_en)

## 2. ONLINE MARKETPLACE LIABILITY FOR TRADEMARK INFRINGEMENT IN THE EU

The emergence of e-commerce has given rise to a number of legal difficulties, including trademark infringements.<sup>58</sup> While e-commerce platforms have become more popular, they have also become a haven for counterfeit goods. Counterfeit goods can harm both consumers and trademark owners.<sup>59</sup> They may damage business reputation by infringing trademarks and confusion.<sup>60</sup> In response to this, the EU has enacted the legislation that holds online marketplaces liable for trademark infringements under specific conditions.

### 2.1. Trademark infringements on online marketplaces

Digital platforms have made it easier for businesses to reach a wider audience, but they have also made it easier for infringers to use registered trademarks without the trademark owner's consent. Trademark infringement in digital platforms and online marketplaces can take several forms, including selling counterfeit goods, keyword advertising, cybersquatting and unauthorised use of trademarks.<sup>61</sup> It can also include the sale of products that were not meant to be sold in the European Economic Area or to be offered for sale at all.<sup>62</sup> Counterfeit goods are goods which bear a trademark without the authorization of the trademark owner. This can include products that are identical to the trademarked goods or cannot be distinguished in its essential elements from such a trade mark. Furthermore, for instance any packing, label, sticker or brochure or other similar item that is the subject of a trade mark infringement act.<sup>63</sup> In keyword advertising the possible issues occur when companies' buy their competitors' trademarks as keywords in a way that the purchasing company's advertising displays when a

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<sup>58</sup> Chillemi, C. (2020). *Online sale of goods infringing intellectual property rights: marketplaces' notice and takedown procedures*. p.2

<sup>59</sup> Kammel, K., Kennedy, J., Cermak, D., & Manoukian, M. (2021). Responsibility for the sale of trademark counterfeits online: Striking a balance in secondary liability while protecting consumers. *AIPLA Quarterly Journal*, 49(2), 201-258. p. 212

<sup>60</sup> Khachatryan, A. (2023). The Digital Dilemma: Counterfeit Culture And Brand Protection Reform In The E-Commerce Era. *Loyola of Los Angeles Entertainment Law Review*, 43(3), p.261

<sup>61</sup> Neuberger, S. (2023). When can a trademark owner take action for unauthorized use of its trademark online? Retrieved 27. March 2023. Available: <https://www.natlawreview.com/article/when-can-trademark-owner-take-action-unauthorized-use-its-trademark-online>

<sup>62</sup> Gommers, C., & De Pauw, E. (2020). Online marketplace operators saved from liability for trade mark infringement?. *Journal of Intellectual Property Law & Practice*, 15(5), 315-316.

<sup>63</sup> Regulation (EU) No 608/2013 of the European Parliament and of the Council of 12 June 2013 concerning customs enforcement of intellectual property rights and repealing Council Regulation (EC) No 1383/2003, Article 2, paragraph 5 (1,3)

consumer searches for the competitor's trademark.<sup>64</sup> Cases concerning keyword advertising and trademark infringements are for instance *Ortlieb II v. Amazon*, *L'Oréal v. eBay* C-324/09 and *Google v. France* C-236/08. Cybersquatting refers to domain name infringement, which is unauthorized registration and/or use of another company's trademark or other distinguishing sign in a domain name without legal rights involving bad faith.<sup>65</sup>

Many online platforms have developed policies and tools to address trademark infringement. The main practices used by online platforms to discover the illegal content online include user-generated 'notice-and-takedown'/flagging, complaint mechanisms, keywords filters, and Artificial intelligence-based machine learning models.<sup>66</sup>

## **2.2. Liability of online marketplace under EU law**

The operators must obey trade mark regulations and other legislation, like any other economic operator.<sup>67</sup> Online marketplaces can be held directly or indirectly liable for trademark infringement under EU law. The e-Commerce directive mentioned earlier was for over 20 years the main fundamental legal framework concerning the liability of online platforms. Under the e-Commerce Directive, intermediaries are not required to monitor user-generated content under e-Commerce Directive Articles 14 and 15. They are protected from liability as long as they have no knowledge of illicit acts and react promptly when notified.<sup>68</sup>

The DSA entered into force in November 2022, and it establishes explicit due diligence requirements for online platforms EU-wide concerning for instance guidelines for detecting, flagging, and removing illicit content. For instance, notice and action mechanism provided in Article 16, which enables any individual or entity to notify them on the existence of certain items of information on their service that they believe to be illegal content. These mechanisms

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<sup>64</sup> Kilejian, M., & Dahlstrom, S. (2016). Trademark infringement claims in keyword advertising. *Franchise Law Journal*, 36(1), 123-134.

<sup>65</sup> European Intellectual Property Office website: *Focus on Cybersquatting: monitoring and analysis*. Retrieved: 29. February 2023. Available: <https://euipo.europa.eu/ohimportal/en/-/news/focus-on-cybersquatting-monitoring-and-analysis>

<sup>66</sup> De Streel, A., Defreyne, E., Jacquemin, H., Ledger, M., & Michel, A. (2020). Online Platforms' Moderation of Illegal Content Online: Law, Practices and Options for Reform. p.10

<sup>67</sup> Gommers, C., & De Pauw, E. (2020). *Supra nota* 62, pp.315-316.

<sup>68</sup> Heldt, A. P. (2022). EU digital services act: The white hope of intermediary regulation. In *Digital Platform Regulation: Global Perspectives on Internet Governance* (pp. 69-84). Cham: Springer International Publishing, p. 70

must be simple to use and enable for the submission of notices solely through electronic means.<sup>69</sup> Secondly the Act establishes an internal complaint-handling system,<sup>70</sup> which is specified in Article 20. Providers of online platforms must provide recipients of the service with an effective internal complaint-handling system to lodge complaints against decisions taken on the grounds that the information provided constitutes illegal content or is incompatible with their terms and conditions.<sup>71</sup> Article 22 concerns trusted flaggers, which are entities whose notices are prioritised. They have competence and expertise in detecting, identifying and notifying illicit content. Trusted Flaggers are also independent from any provider of online platforms and the Digital Services Coordinator has recognised them as a trusted flagger.<sup>7273</sup> In Section 5 The DSA introduces additional obligations for providers of very large online platforms and of very large online search engines to manage systemic risks.<sup>74</sup> The list of very large online platforms and search engines was published 25<sup>th</sup> of April in 2023 by the Commission.<sup>75</sup> The list includes for instance Amazon Store and Google Shopping,<sup>76</sup> which are popular online marketplaces.

Concerning the safe harbour regime established in e-Commerce Directive, the DSA maintains it.<sup>77</sup> Providers are not liable for content stored on their service if they do not have actual knowledge that the content is infringing or illegal or remove or disable the access to the content as soon as they become aware that it is infringing or illegal.<sup>78</sup> They will remain under the liability safe harbour in this manner. The change compared to the e-Commerce Directive is that in the “Hosting” Article it is stated that the safe harbour does not apply to the liability according to the consumer protection legislation of such online platforms, if the service provider presents the relevant goods, services or information in a way that would confuse customers to believe that the platform is the one providing those goods or services.

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<sup>69</sup> Regulation (EU) 2022/2065 supra nota 46, Article 16 (1)

<sup>70</sup> *Ibid*, Recitals 58 & 59

<sup>71</sup> *Ibid*, Article 20

<sup>72</sup> *Ibid*, Article 22

<sup>73</sup> *Ibid*, Recitals 58 & 59

<sup>74</sup> *Ibid*, Section 5

<sup>75</sup> European Commission Website: Digital Services Act: Commission designates first set of Very Large Online Platforms and Search Engines. Retrieved 29. April 2023, Available: [https://ec.europa.eu/commission/presscorner/detail/en/IP\\_23\\_2413](https://ec.europa.eu/commission/presscorner/detail/en/IP_23_2413)

<sup>76</sup> *Ibid*

<sup>77</sup> Latham & Watkins, (2023), The Digital Services Act: Practical Implications for Online Services and Platforms. Retrieved 7. May 2023. Available: <https://www.lw.com/admin/upload/SiteAttachments/Digital-Services-Act-Practical-Implications-for-Online-Services-and-Platforms.pdf>

<sup>78</sup> Regulation (EU) 2022/2065. Supra nota 50, Article 6

In Article 8 of the DSA, it is stated that there shall be no general obligation for monitoring the information which the providers of intermediary services stores. The no general obligation concerns also active fact-finding obligations, which means that they do not have to actively seek facts that indicates illegal activity.<sup>79</sup>

### **2.2.1. Active or passive role of the online marketplace**

The CJEU has detailed with few cases the recital 42 of the e-Commerce Directive, concerning the exemptions of liability, by stating that only “passive” intermediaries can benefit from the liability exemption under Articles 12-14 of e-Commerce Directive.<sup>80</sup> This means that online marketplaces cannot rely on the hosting harbour provisions of the e-Commerce Directive if they play an active role in the sale of infringing products, which means that they are aware of the infringement. If the online marketplace merely provides a neutral platform for users to engage in activities without actively promoting or facilitating infringing activities, it is considered to play a passive role and is usually not held directly liable for the actions of its users.

### **2.3. EU Case law**

The European Court of Justice has played a crucial role in shaping the EU case law concerning online marketplaces liabilities and trademark infringements. These cases often involve disputes between the brand owners and online marketplaces for instance Amazon, eBay and Alibaba, where third party sellers are accused of selling infringing or counterfeit goods in these platforms. The chapter will analyse how the CJEU have interpreted and applied the legal framework discussed in the previous chapter. The current case law relies on e-Commerce Directive and other legislation, as the DSA and DMA have just come into force. However, they will shape the case law in the future.

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<sup>79</sup> *Ibid*, Article 8

<sup>80</sup> *Supra* nota 34. Recital 42

### 2.3.1 Coty v. Amazon C-567/18

The Coty v. Amazon case highlights the issue of trademark infringement and third-party liability in the e-commerce industry. This case concerned a dispute between the luxury cosmetic brand, Coty, and the online marketplace Amazon. The dispute was whether Amazon was liable for storing third party goods which infringe Coty's trade mark.<sup>81</sup> Coty is a perfume distributor that holds the EU trade mark DAVIDOFF. Coty discovered "Davidoff Hot Water" perfumes on Amazon's marketplace that were sold by a third party seller. The perfumes had not been placed on the market in the EU by the trade mark proprietor and the rights conferred by the trademark have not been exhausted.<sup>82</sup>

In its decision the CJEU held that a company that stores goods on behalf of a third party seller and is unaware that the goods infringe trade mark rights, does not use the trademark if it does not intend to offer the goods for sale or place them on the market.<sup>83</sup> Amazon could not be held liable since it did not perform the shipment but just the storage of the trademark infringing goods. CJEU considered that there was no active behaviour on Amazon's part.<sup>84</sup> The court also emphasized that "*the use, by a third party, of a sign identical or similar to the proprietor's trade mark indicates, at the very least, that the third party uses the sign in its own commercial communication.*"<sup>85</sup> CJEU has previously established in the *L'Oréal v. eBay C-324/09* case that on an e-commerce platform, it's the vendors who use the platforms and not the platform provider who use trademarks.<sup>86</sup>

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<sup>81</sup> Court decision, 2.4.2020, *Coty Germany GmbH v Amazon Services Europe Sàrl and Others*, C-567/18, EU:C:2020:267

<sup>82</sup> Latest on platform liability in the EU - Coty v Amazon - Bristows. Retrieved 5. March 2023. Available: <https://www.bristows.com/viewpoint/articles/latest-on-platform-liability-in-the-eu-coty-v-amazon/>

<sup>83</sup> *Ibid*, paragraph 76

<sup>84</sup> European Commission, (2023): Louboutin – Amazon case (C-148/21 and C-184/21). Retrieved: 5. March 2023. Available: [https://intellectual-property-helpdesk.ec.europa.eu/news-events/news/louboutin-amazon-case-c-14821-and-c-18421-2023-01-31\\_en](https://intellectual-property-helpdesk.ec.europa.eu/news-events/news/louboutin-amazon-case-c-14821-and-c-18421-2023-01-31_en)

<sup>85</sup> *Supra* nota 76, Recital 39

<sup>86</sup> *Supra* nota 76, Recital 40

### 2.3.2 L'Oréal v. eBay C-324/09

CJEU published its judgement in the L'Oréal v. eBay case in 2011.<sup>87</sup> This case concerned several trademark-related issues concerning counterfeit goods. L'Oréal is a French cosmetics company, and eBay is an online marketplace where individuals and companies can sell and buy goods. L'Oréal sued eBay in France in 2007 on the grounds that eBay was responsible for trademark infringement by allowing counterfeit goods to be sold on its own platform. The French cosmetics brand alleged that eBay should be held liable for allowing trademark infringements to appear on its website. On behalf of its clients, eBay had stored on its website offers for the sale of counterfeit products.

In the ruling, CJEU stated that eBay could be held liable for trademark infringements that appear on its platform, but only under certain conditions. CJEU stated that the certain conditions where it could have been held liable were if eBay had knowledge of the infringing activity and did not take action to prevent it. Court also held that eBay was not responsible for monitoring the goods that were sold on its platform but must act once it became aware of the infringing activity.<sup>88</sup> Finally, the court held that eBay was not directly liable for trademark infringements, as it did not sell the counterfeit goods itself.

### 2.3.3. Louboutin v. Amazon C-148/21 and C-184/21

In a recent judgement from December 2022, the CJEU outlined considerations that national courts should consider when determining whether the proprietor of a website that includes a marketplace can be held accountable for trademark infringement. The case included third-party sellers of counterfeit Louboutin shoes on Amazon's marketplace, which featured the designer's recognisable and legally protected red sole.<sup>89</sup>

Louboutin is a French luxury designer for handbags and footwear, best known for its high-heeled shoes. Amazon on the other hand operates websites which sell a wide range of products, both directly (in its own name and on its own behalf) and indirectly (by providing a sales

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<sup>87</sup> Court decision, 12.7.2011, *L'Oréal SA and others v. eBay*, C-324/09, EU:C:2011:474.

<sup>88</sup> *Ibid*, ruling 6.

<sup>89</sup> Osborne Clarke website,(2023). Hosting third-party products could make online marketplaces liable for trade mark infringement. Retrieved: 2. March 2023. Available: <https://www.osborneclarke.com/insights/hosting-third-party-products-could-make-online-marketplaces-liable-trade-mark-infringement>

platform for third-party vendors). Shipping of goods for sale on that online marketplace may be handled by the vendors or by Amazon, which stocks the goods in its distribution centres and sends them to consumers from its own warehouses.<sup>90</sup> In September 2019, Louboutin brought action against Amazon as they allegedly infringed Louboutin's trade mark in high-heeled stilettos.<sup>91</sup> Louboutin has had EU and Benelux trademark protection for the distinctive red colour since 2016.<sup>92</sup> According to Louboutin, Amazon is liable for trade mark infringement, because it utilised its trademark without permission by showing adverts for shoes with a red sole on its online sites. In addition, Amazon handles stocking, shipping and delivering of the infringing goods to the end consumer.<sup>93</sup>

According to EUTMR Article 9, paragraph 2, any "use" of a protected sign in the course of trade without the approval of its proprietor constitutes an infringement of the rights acquired by such proprietor. Article 9 of the Regulation, paragraph 3, lists a non-exhaustive list of prohibited uses, including the use in advertising, offering, or stocking counterfeit goods.<sup>94</sup>

What made this case interesting is that in the summer of 2022, the Advocate General gave his opinion on the case and according to him Amazon acted as an intermediary, even though it advertised the products.<sup>95</sup> For that reason, Amazon could not be directly held liable for trademark infringement. The opinions of Advocate Generals are not binding, but typically the decisions of the CJEU agree with them. In this case, the ruling differed from the Advocate General's opinion.<sup>96</sup>

The CJEU ruled that online marketplace operators could be held directly liable for third-party ads. Consumers may incorrectly believe Amazon is selling shoes on behalf of Louboutin, especially since Amazon shows its own logo on third-party vendors' advertisements and stores and delivers the shoes to their end users. With this ruling the CJEU has finally provided

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<sup>90</sup> Court Decision, 22.12.2022, *Louboutin v. Amazon* joined cases C-148/21 and C-184/21, EU:C:2022:1016, paragraph 8.

<sup>91</sup> *Ibid*, paragraph 10.

<sup>92</sup> *Ibid*, paragraph 7.

<sup>93</sup> Boco IP website, (2023). Case Christian Louboutin v. Amazon. Retrieved 4. March 2023.

Available: <https://www.bocoip.com/en/case-christian-louboutin-v-amazon/>

<sup>94</sup> Regulation (EU) 2017/1001. *Supra* nota 11, Article 9, paragraphs 2 & 3

<sup>95</sup> Opinion of Advocate General, 2.6.2022, *Christian Louboutin v Amazon Europe Core Sàrl and Others*, Joined Cases C-148/21 and C-184/21, EU:C:2022:422.

<sup>96</sup> European Commission, *supra* nota 84

guidelines for the determination of an online marketplace's liability in its decision and also a possibility for online marketplaces to play more active role in combating counterfeit goods. It can also be noted that the ruling follows the new DSA's Article 6, where it was stated that if the consumer get the impression that the service provider is the seller, the provider cannot rely on the safe harbour regime.

#### **2.3.4. Identifying common legal aspects of the cases**

All these cases involve the liability of online marketplaces for the sale of counterfeit goods. In the decisions CJEU evaluates the active or passive role of the operator. The decisions depended on whether operator had knowledge, storing, shipping and delivering options. In *Coty v. Amazon* decision Amazon only stored the infringing products which led to a decision that it is not directly liable. In *L'Oréal v. eBay*, eBay was not directly liable as it did not sell the infringing goods itself. It could have been held directly liable if it did have knowledge of the infringing activity and did not do anything to prevent it. In the most recent case *Louboutin v. Amazon*, the court held that Amazon could be held liable. Compared to the previous cases Amazon was in charge of the stocking, shipping and delivering the goods to the end customer, which could be one of the reasons why customers thought that Amazon is a Louboutin retailer.

In these decisions the CJEU highlighted that online marketplaces have a duty to prevent trademark infringement on their platforms and must take active measures to avoid it. The CJEU further emphasised that e-Commerce Directive's hosting safe harbour provisions do not protect online marketplaces from liability if they play an active role in the sale of infringing goods.

#### **2.4 Examples of national law cases in EU**

There have been couple of national cases in the EU concerning the liability of online marketplaces for trademark infringements, even though most of the cases has gone to CJEU. These cases illustrate how different EU member states interpret the EU law on the issue and how they apply it.

### 2.4.1. Ortlieb v. Amazon

There have been two cases concerning Ortlieb vs. Amazon, which took place in Germany. In the first case “Ortlieb I” the German Federal Court of Justice ruled that there was no trade mark infringement when an internet user searches within an Amazon search query directly for Ortlieb items and the search results include items from other producers in addition to Ortlieb. This is because a possible customer searching on an online marketplace such as Amazon typically expects to receive offers not only from the requested brand, but also from competitors listed in the marketplace's catalogue.<sup>97</sup>

The “ORTLIEB II” decision was ruled in July 2019.<sup>98</sup> The German Federal Court of Justice gave its decision in ORTLIEB II v. Amazon which was different than in Ortlieb I. In this case instead of Amazon search query, when searching “Ortlieb bicycle bag” from Google, a link from Amazon occurred. The suggested link was “www.amazon.de/ortlieb+bicyclebag”. The wording of the link leads the user to assume that only Ortlieb bags will occur from the search result and gives no gesture that the search result will consist of other manufacturers goods than the actual Ortlieb bag. When the online visitor clicks the recommended link, not just Ortlieb bicycle bags, but also products from other manufacturers, appear on the Amazon website.<sup>99</sup> Besides, Ortlieb does not offer its own products on the “amazon.de” website.<sup>100</sup>

The Federal Court of Justice ruled that Amazon’s use of the Ortlieb trade mark in an advertisement constituted a trademark infringement given that it led to search results on “amazon.de” that included unrelated third party products and not original Ortlieb bag.<sup>101</sup>

According to this judgement, despite that Amazon can display ads for third-party products within an Amazon search query, the same method as a linked ad to www.amazon.de within a Google search query is a trademark infringement, if it is not the specific manufacturer’s trademark.<sup>102</sup>

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<sup>97</sup> Simmons -Simmons website: (2019), Ortlieb versus Amazon: Trademark liability for Google ads also linked to third-party products. Retrieved: 15. March 2023. Available: <https://www.simmons-simmons.com/en/publications/ck0ag9d8wnbi70b36tk0m9o6z/290719-ortlieb-versus-amazon-trademark-liability-for-google-ads-also-linked-to-third-party-products>

<sup>98</sup> The German Federal Court of Justice: “Ortlieb II” decision 25.7.2019, docket no. I ZR 29/18

<sup>99</sup> *Supra nota* 97.

<sup>100</sup> *Ibid*

<sup>101</sup> *Ibid*

<sup>102</sup> *Ibid*

### 2.4.2. LVMH v. eBay

In this decision from 2010, the Paris Court of Appeal ruled that eBay was liable for selling counterfeit goods on its website. The counterfeit products included Louis Vuitton and Christian Dior goods. In addition, there were perfumes sold, which violated the selective distribution by various LVMH's brands. Earlier in 2008, the Paris Commercial Court gave ruling according to this, where the court dismissed eBay's argument for exemption on the grounds that it was just acting as a mere provider of the hosting services. The 2010 decision also upheld the perception that eBay was liable for being part in the sale of counterfeit and selective distribution goods.<sup>103</sup> The LVMH v. eBay case is over ten years old, but it was a major decision concerning rules applicable to e-Commerce directive.<sup>104</sup>

### 2.4.3. Identifying common legal aspects of EU and national cases

Both in EU and national law cases the courts have considered the marketplace "use" of the sign and has it been passive or active. The previously mentioned aspects are valid in both EU and national cases: knowledge/awareness, storing and selling the goods. *Louboutin v. Amazon* case and *Ortlieb II v. Amazon* case had both third-party advertising standpoints. Both the CJEU and The German Federal Court of Justice ruled that online marketplaces could be held liable for third-party ads, which constitute infringing goods, or they are misleading. The major trademark infringement cases concerning online marketplace liability has ruled in the CJEU. Now with the *Louboutin v. Amazon* landmark case, national courts have clearer guidelines concerning the issue. After this ruling, national courts can consider whether a vendor's advertising on an online marketplace infringes a third-party trademark. Court can also decide whether the source of the origin of the advertisement might cause confusion among the consumers.<sup>105</sup>

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<sup>103</sup> LVMH v. eBay – The Paris Court of Appeal Confirms eBay's Liability, Retrieved 10. May 2023 Available: <https://www.lvmh.com/news-documents/press-releases/lvmh-ebay-the-paris-court-of-appeal-confirms-ebays-liability/>

<sup>104</sup> *Ibid*

<sup>105</sup> European Commission, *supra* nota 84

## CONCLUSION

It is essential to determine the liability of online marketplaces for trademark infringements. Courts as well as policymakers has debated to what extent and when the digital platforms shall be held liable for the activities of third-party vendors. It is nevertheless challenging to find the balance.

For a long time within the light of e-Commerce Directive, the legislation and judgements concerning online marketplace liability regarding trademark infringements was favouring the online marketplaces. The legislation and the recent decision (*Louboutin v. Amazon*) are leading the development of online marketplace liability to stricter sense. Before this, the operators may have been aware that there is counterfeit goods sold on their platforms,<sup>106</sup> but did not do anything about it because it was unlikely to be held directly liable for selling counterfeit goods. Reviewing the decisions from 2009 (*L'Oréal v. eBay*) to the recent decision from December 2022 (*Louboutin v. Amazon*) the change has been remarkable. In the latest decision the outcome was long waited for the trademark owners: operator could be held directly liable for selling counterfeit goods. This may lead online marketplaces to take a more active approach fighting against infringing goods and counterfeiting. With the DSA the liability of online marketplaces will also be stricter, as they cannot always hide behind the safe harbour regime.

The key liability challenges in the legal framework related to trademark infringement in online marketplaces are the identification of the third-party sellers and the notice and action mechanisms proper working. Regarding the mechanism, it can be difficult to achieve appropriate balance between efficiently removing illegal or infringing content and at the same time ensure that the legitimate sellers are not unfairly penalised.

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<sup>106</sup> Boone, G. (2020). Designing Dupes: A Legislative Proposal for Holding Online Marketplaces Contributorily Liable for Counterfeit Goods. *Fordham Intell. Prop. Media & Ent. LJ*, 31, p. 1302.

The regulation according to online marketplaces in case of trademark infringements appearing on their platform varies depending on the role and actions of marketplace. With the new DSA the liability of online marketplaces will also be stricter, as they cannot always hide behind the safe harbour regime. The rapidly evolving technology such as artificial intelligence and blockchain technology may be useful for the online marketplaces for helping to detect and remove illegal goods. However, there are also many aspects which needs to be considered when adopting new technologies into the platform use, so there may be obstacles on the way.

For the further research regarding the topic, it would be interesting to compare the USA v. EU or China v. EU legislation and caselaw. Likewise, when the DSA has been established properly and new caselaw have appeared, the comparison can be more fruitful.

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