The trademark owner is able to choose how, when and where its trademark is used, thanks to a widely-held belief that brand power is valuable and investment in it should be insurable in case of loss or theft. Trademarks ensure that thieves can be confronted in a civil court, so trademark protection is the owner’s bark; enforcement its bite. But e-commerce websites such as eBay have made trademark infringement easy to commit and trademark law has struggled to recapture the bygone days of bootleg merchandise on market stalls, when fakes were easy to spot and remove, as were their sellers.

A complicated affair

The real, and sometimes unconscious of any wrongdoing, culprit is obviously the seller of a trademark-infringing product, but as always in these cases, identifying and accusing every trademark infringer on an e-commerce platform, and then negotiating with them, and if that fails, litigating against them, is wildly inefficient. It’s far wiser to take on the entity which is easily identifiable and best-placed to take action: the e-commerce platform itself.

eBay decisions: far and wide

On July 14, 2008, the US District Court of the Southern District of New York rejected luxury jewellery manufacturer Tiffany’s claim that eBay should be held responsible for the counterfeit products sold on its online auction site, observing a lack of wrong on eBay’s part. Two weeks later, the Brussels Commercial Court in the EU came to a similar conclusion. This time, eBay was not absolved on the basis of any wrongdoing, but on the fact that it qualified as a host.

Cosmetics company Lancôme blamed eBay for letting users of the online auction site sell supposedly counterfeit products of its perfumes. Lancôme requested damages and a cease of the disturbance, which would have forced a total eradication of all litigious auctions.
The Brussels Commercial Court rejected Lancôme's claims, because it considered eBay as a host of its users' auctions, and as such, did not find it responsible for their behaviour, as per Article 14.1 of the E-commerce Directive. More generally, the court said that eBay is not obligated to maintain surveillance of the information that it hosts, nor actively search for facts or circumstances that could reveal illegal activities.

Both decisions are contradicted by the June 30, 2008, decisions of the Paris Commercial Court in two cases involving eBay and luxury goods manufacturers Christian Dior and Louis Vuitton. The court decided that eBay's hosting activity is a part of its main seller/buyer intermediary activity, and so eBay cannot apply for the E-commerce Directive Article 14.1 exception. The court said that eBay has to adhere to its common law responsibility, and more specifically, its obligation to make sure that its actions do not engender illegal activities.

In the Lancôme case, the Brussels Commercial Court said that the Article 14.1 exception does apply, as its application is valid for any type of service. This does depend on whether eBay has any editing involvement in the auctions that are published by its users. The Paris Commercial Court condemned eBay to damages, as well as a €50,000 penalty fee, which was later reduced to €2000, that was payable per day for as long as the infringing activity continued.

Stuck in the middle

The Brussels Commercial Court’s point of view is the sensible one. Besides a necessary distinction between different types of services, it establishes a clear refusal to let intermediaries bear the burden of trademark policing alone.

The Paris Commercial Court's decision forces eBay to presume its users are guilty, as it would have to police all of the products for sale on its site, including the legitimate ones. This is unsustainable.

It is up to trademark owners to prevent their rights from being infringed on the Internet. It is one thing to ask e-commerce platforms to act accordingly when they notice their users committing illegal activities; it is another to unload the whole burden of trademark policing, that they seem unable to do themselves, on to e-commerce platforms.

Other points are worth considering.

(a) If right owners cannot police their own trademarks, why would a third party be able to? The question is particularly topical as the Stop Online Piracy Act (SOPA) is being debated in the US.

(b) Where will the resources to undertake such a huge and unending operation come from?

(c) What about the logistics of such an operation, which includes cooperating with databases of pictures and data?

The judge presiding over the July 14 Tiffany case in the US District Court of the Southern District of New York said: "[T]he law is clear: it is the trademark owner's burden to police its mark, and companies like eBay cannot be held liable for trademark infringement based solely on their generalized knowledge that trademark infringement might be occurring on their websites".

Problem solved

A solution that should be considered is how the Dominican Republic's Press and Communication Law deals with liability in the press. If a publishing company does not ultimately control what is published, then the author is liable. If the publisher has control over publication, then it is the main offender and the author is merely an accomplice.

Do anything, but don’t do that

Holding the likes of eBay responsible for a user's decision to resell a
IN ORDER TO PREVENT A WEBSITE FROM CLOSING, HOW ARE ITS OPERATORS SUPPOSED TO STOP ALLEGEDLY ILLEGAL ACTIVITIES THAT ARE CARRIED OUT BY USERS, WHEN COPYRIGHT OWNERS THEMSELVES HAVE FAILED TO DO SO?

bottle of perfume that he or she received for Christmas is unacceptable. It is difficult enough for e-commerce or auction platforms to increase user awareness about this issue and it is impossible for them to be responsible for the choices that their users make.

To put it simply, how can a court ask the impossible? In the June 2008 cases brought before the Paris Commercial Court, eBay was ordered to stop its users from infringing Christian Dior and Louis Vuitton trademarks, regardless of how difficult that was. eBay removed keywords such as Dior and Kenzo, only for auctions to appear that used keywords such as Dior and Kenzo. As a result, eBay had to remove any contentious auction every time one appeared, by adding keyword exceptions to its keyword and picture database on a rolling basis. Despite this, users gave their auctions generic descriptions such as famous perfume and unrecognisable pictures of perfume, and they slipped through the net.

eBay was punished for this with a €2000 fine for every day it failed to successfully remove all infringing auctions from its website. This came to approximately €1.5 million in total.

One hundred percent success rates are impossible. The fight against the distribution of child pornography over the Internet is not hindered by unrealistic demands. It is accepted that the police can only do its best. How then is it acceptable to ask an e-commerce platform to have a 100 percent detection rate for illegal activities?

That is why each country has to develop its legislation to define more precisely what is expected of e-commerce platforms. This is the only way to avoid causing unnecessary lawsuits and juridical puzzles. It is worth noting that SOPA, which is currently being debated in the US, raises practically the same questions: in order to prevent a website from closing, how are its operators supposed to stop allegedly illegal activities that are carried out by users when copyright owners themselves have failed to do so? Is it fair to unload the burden of copyright infringement on to their shoulders?

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