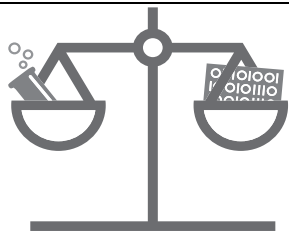


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'Breakfast at Tiffany's': eBay Inc, Trade Mark Law and Counterfeiting

MATTHEW RIMMER*

Holly Golightly: Well, when I get it the only thing that does any good is to jump in a cab and go to Tiffany's. Calms me down right away. The quietness and the proud look of it; nothing very bad could happen to you there. If I could find a real-life place that'd make me feel like Tiffany's, then - then I'd buy some furniture and give the cat a name!

Truman Capote, *Breakfast at Tiffany's*¹

that stuff inside your houses
and that stuff behind your eyes
well it all ends up as stuff that you can buy on eBay
from Babylon back to Babylon

Chumbawamba, *On eBay*²

Abstract

In an exploration of intellectual property and fashion, this article examines the question of the intermediary liability of online auction-houses for counterfeiting. In the United States, the illustrious jewellery store, Tiffany & Co, brought a legal action against eBay Inc, alleging direct trademark infringement, contributory trademark infringement, false advertising, unfair competition and trademark dilution. The luxury store depicted the online auction-house as a pirate bazaar, a flea-market and a haven for counterfeiting. During epic litigation, eBay Inc successfully defended itself against these allegations in a United States District Court and the United States Court of Appeals for the Second Circuit. Tiffany & Co made a desperate, unsuccessful effort to appeal the matter to the Supreme Court of the United States. The matter featured a number of interventions from amicus curiae — Tiffany was supported by Coty, the Fashion Designer's Guild, and the International Anticounterfeiting Coalition, while eBay was defended by publicly-spirited civil society groups such as Electronic Frontier Foundation, Public Citizen, and Public Knowledge as well as Yahoo!, Google Inc, Amazon.com, and associations representing telecommunications carriers and internet service providers. The litigation in the United States can be counterpointed with the fusillade of legal action against eBay in the European Union.

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1 Truman Capote, *Breakfast at Tiffany's* (Random House, 1958) 38.

2 Chumbawamba, 'On eBay' from the album *Un* (MUTT/Edel Records, 2004).

In contrast to Tiffany & Co, Louis Vuitton triumphed over eBay in the French courts — claiming its victory as vindication of the need to protect the commercial interests and cultural heritage of France. However, eBay has fared somewhat better in a dispute with L'Oréal in Great Britain and the European Court of Justice. It is argued that, in a time of flux and uncertainty, Australia should follow the position of the United States courts in Tiffany & Co v eBay Inc. The final part examines the ramifications of this litigation over online auction-houses for trade mark law reform and consumer rights; parallel disputes over intermediary liability and safe harbours in the field of copyright law and the Anti-Counterfeiting Trade Agreement 2010. The conclusion calls for a revision of trade mark law, animated by a respect for consumers' rights and interests in the electronic marketplace.

1 Introduction

Established in 1995 by Pierre Omidyar, eBay Inc is a social network, a global auction-house designed to link together sellers and buyers.³ In the book, *What's Mine is Yours*, Rachel Botsman and Roo Rogers argue that eBay is an exemplar of collaborative consumption:

Today there are more than 221 million eBay members who trade more than \$52 billion worth of goods each year. That's more than the gross domestic product of 125 of the world's countries. Admittedly, eBay has now grown into a gigantic online store, with a significant percentage of exchanges involving new products. But it undisputably provides a global infrastructure for the exchange of secondary goods, and the company recently estimated that this secondary market is worth \$500 billion.⁴

eBay Inc is an eclectic marketplace, a veritable cornucopia of trash and treasure, selling everything by either auction or sale — including Lego Figurines, books, music, perfumes, computers, cars, houses and even curiosities, such as Princess Beatrice's royal wedding hat (which bore a passing resemblance to a pretzel). As the droll, witty Chumbawamba song, *On eBay*, suggests, everything is for sale by either auction or sale — 'that stuff inside your houses/and that stuff behind your eyes/well it all ends up as stuff that you can buy'.⁵ eBay Inc has also acquired PayPal, and invested in such companies as Skype, Craigslist, and Union Mobile Pay.

The auction house, eBay Inc, has long been afflicted by intellectual property lawsuits. In its 2009 annual report, the auction-house was candid about such threats:

³ eBay Inc, *History* (2011) <<http://www.ebayinc.com/history>>; and for a corporate history, see Adam Cohen, *The Perfect Store: Inside eBay* (Back Bay Books, 2002).

⁴ Rachel Botsman and Roo Rogers, *What's Mine is Yours: The Rise of Collaborative Consumption* (HarperCollins Publishers, 2010) 144-5.

⁵ Chumbawamba, above n 2.

We have received in the past, and we anticipate receiving in the future, communications alleging that certain items listed or sold through our service by our users infringe third-party copyrights, trademarks and trade names, or other intellectual property rights. Although we have sought to work actively with the owners of intellectual property rights to eliminate listings offering infringing items on our websites, some rights owners have expressed the view that our efforts are insufficient. Content owners and other intellectual property rights owners have been active in asserting their purported rights against online companies, including eBay.⁶

In the field of copyright law, the auction-house has had to fend off actions for copyright infringement,⁷ relying upon the safe harbours defence under the *Digital Millennium Copyright Act 1998* (US) ('DMCA').⁸ In the area of patent law, eBay played an important role in the Supreme Court of the United States refining the law with respect to injunctions for patent infringement.⁹ In the territory of trade mark law, eBay has been assailed by lawsuits for intermediary liability in multiple jurisdictions.¹⁰ In media law, eBay has been under scrutiny from the regulators of competition law and consumer law. The company was also wary of legal action taken by intellectual property owners against financial service providers — such as PayPal — over the sale of infringing items.¹¹ eBay was frank in admitting to its shareholders that litigation posed a serious threat to its business and its reputation: 'Notwithstanding these efforts, we believe that the legal climate, especially in Europe, is becoming more adverse to our positions, which may require us to take actions which could lower our revenues, increase our costs, or make our websites less convenient to our customers, which may materially harm our business.'¹²

The field of intellectual property and fashion deserves greater attention by serious scholars of law and cultural studies. The topic cuts across the traditional species of intellectual property — traversing registration schemes such as trade mark law and designs law, as well as systems such as copyright law, passing off, and confidential information. There has been some government interest in the topic. IP Australia has released a website and a

⁶ eBay, *Annual Report* (2009) 18.

⁷ *Hendrickson v eBay Inc*, 165 F Supp 2d 1082 (CD Cal, 2001).

⁸ Pub L No 105-304, 112 Stat 2860 (28 Oct 1998).

⁹ *eBay Inc v MercExchange LLC*, 547 US 388 (2006).

¹⁰ *Tiffany (NJ) Inc v eBay Inc*, 576 F Supp 2d 463 (SD NY 2008); *Tiffany (NJ) Inc v eBay Inc*, 600 F 3d 93 (2d Cir NY, 2010); *SA Louis Vuitton Malletier v eBay Inc*, Tribunal de Commerce de Paris, Première Chambre B (Paris Commercial Court), Case No 200677799 (June 30, 2008); *L'Oréal SA & Ors v eBay International AG & Ors* [2009] EWHC 1094 (Ch) (22 May 2009); and *L'Oréal and Others (Intellectual property)* [2010] EUECJ C-324/09 (09 December 2010).

¹¹ eBay Inc, above n 6, 19.

¹² *Ibid* 19.

pamphlet on the topic of intellectual property and fashion.¹³ In somewhat more scholarly work, Kal Raustiala and Chris Sprigman have discussed the paradoxes of piracy in the fashion industry, and argued that there was a need for greater scholarly research on the topic of intellectual property and fashion.¹⁴ In this context, the conflicts between eBay Inc and the leading lights of the fashion industry are illuminating — while the fashion industry itself may be prone to imitation and copying, it is zealous in defending its trade mark rights against counterfeiters and sellers in secondary markets.

This article is a corporate case study, critically analysing how eBay Inc has addressed the fusillade of legal complaints about trade mark infringement.¹⁵ It also provides a triptych of portraits of three fashion houses — Tiffany, LVMH, and L'Oréal. The piece engages in a comparative study of Internet intermediary liability in respect of trade mark infringement. Such an approach is appropriate given the spectrum of legal responses to a common issue. Rather than taking sides between trade mark owners and online intermediaries, this article contends that, in the debate over trade mark law, intermediary liability, and counterfeiting, the position of consumers has been unduly neglected and ignored. Part 2 considers the litigation by Tiffany against eBay Inc across a number of levels of the court system. Part 3 looks at a host of litigation by LVMH against eBay in the European Union, focusing upon disputes in France. Part 4 examines the somewhat less successful action by L'Oréal against eBay Inc in the United Kingdom, and the European Court of Justice. Part 5 considers the ramifications of such litigation — considering the question of trade mark law reform; parallel regimes, such as the safe harbours system for copyright law; and questions of international law — in

¹³ IP Australia, *Fashion Rules: A Guide to Intellectual Property for Australia's Clothing and Fashion Design Industry* (2007) <<http://www.ipfashionrules.gov.au>> and <<http://www.ipfashionrules.gov.au/UserFiles/File/handbook.pdf>>.

¹⁴ Kal Raustiala and Christopher Sprigman, 'The Piracy Paradox: Innovation and Intellectual Property in Fashion Design' (2006) 92 *Virginia Law Review* 1687.

¹⁵ While empirical research can certainly be valuable in the context of intellectual property research, neither fieldwork nor surveys are particularly well-adapted to dealing with trademark litigation on foot. Privileged access is not necessarily possible when the parties are engaged in ongoing conflict. Notably, in the eBay litigation, there was much criticism of over-reliance upon partial and limited surveys. Rebecca Tushnet has noted: 'I shudder to think of the battles over proper survey questions. How do you ask consumers whether they expect everything sold on eBay to be authentic without decisively skewing the answers? And in any event, is an eBay ad likely to affect consumer perception about authenticity? What is the proper control — an eBay ad for the site generally?' Rebecca Tushnet, 'Partial Victory for Tiffany, Though a Long and Winding Road Awaits', Rebecca Tushnet, 43(B)log (1 April 2010) <<http://tushnet.blogspot.com/2010/04/partial-victory-for-tiffany-though-long.html>>. Empirical research on eBay, trade mark law, and counterfeiting would certainly be a challenging future topic for an intrepid scholar.

light of larger debates over the *Anti-Counterfeiting Trade Agreement 2010* ('ACTA').¹⁶

2 *Tiffany*

Tiffany & Co is the famous New York jewellery and silverware store — most prominently celebrated in Truman Capote's novel, *Breakfast at Tiffany's*, and the resulting film.¹⁷ The jewellery was also mentioned in the film, *Gentlemen Prefer Blondes*, in which Marilyn Monroe sings 'Diamonds are a Girl's Best Friend';¹⁸ and displayed prominently by First Lady and fashion icon, Jacqueline Kennedy. The company provides this grandiose account of its storied history on its website: 'For over 170 years, the name Tiffany & Co has been synonymous with romance, style, quality and luxury'.¹⁹ Furthermore, the company emphasises that its products are associated with its distinctive blue packaging: 'Whether it's a milestone in the life of a company or a family, or an individual's crowning achievement, Tiffany gifts wrapped in the signature Tiffany Blue Box[®] symbolize the rich heritage and unparalleled reputation Tiffany & Co has enjoyed as one of America's great institutions.'²⁰

As a corollary of its fame and fortune, Tiffany has been a target for imitation, passing off, trade mark infringement, and counterfeiting. In its annual report, Tiffany documents its substantial portfolio of trade marks — including trademark registrations for 'Tiffany[®]', 'Tiffany & Co[®]', and the colour Tiffany Blue[®].²¹ The company details its strategies for defending this portfolio: 'Tiffany maintains a program to protect its trademarks and institutes legal action where necessary to prevent others either from registering or using marks which are considered to create a likelihood of confusion with the

¹⁶ *Anti-Counterfeiting Trade Agreement 2010* (Subject to Legal Review), 15 November 2010, <<http://www.dfat.gov.au/trade/acta/Finalized-Text-of-the-Agreement-subject-to-Legal-Review.pdf>>.

¹⁷ Truman Capote, *Breakfast at Tiffany's* (Random House, 1958); and Blake Edwards, *Breakfast at Tiffany's* (1961) <<http://www.imdb.com/title/tt0054698/>>.

¹⁸ Howard Hawks, *Gentlemen Prefer Blondes*, (20th century Fox, 1953).

¹⁹ Tiffany & Co, *About Tiffany & Co* (2011) <<http://press.tiffany.com/AboutTiffany.aspx>>.

²⁰ Tiffany & Co, *About Tiffany & Co: History* (2011) <<http://press.tiffany.com/About/Tiffany/TiffanyHistory.aspx>>.

²¹ Trade mark protection has been extended to a range of 'new signs' — including colour marks. There has been significant litigation over colour marks both in trade mark law and the related areas of passing off and misleading and deceptive conduct — see *Qualitex Co v Jacobson Products Co Inc*, 514 U.S. 159 (1995); *Woolworths Limited v BP plc* [2006] FCAFC 132; *Cadbury Limited* [2002] ATMO 56 (28 June 2002); *Darrell Lea Chocolate Shops Pty Ltd v Cadbury Limited* [2008] ATMO 6 (15 January 2008); *Cadbury Schweppes Pty Ltd v Darrell Lea Chocolate Shops Pty Ltd* (No 4) [2006] FCA 446; *Cadbury Schweppes Pty Ltd v Darrell Lea Chocolate Shops Pty Ltd* (No 8) [2008] FCA 470; and *Effem Foods v Nestle SA* [2008] ATMO 55 (the Whiskas cat food Purple Packaging case).

Company or its products'.²² The company has sought to counter the dissemination of fake and counterfeit Tiffany's products on the Internet: 'As Internet counterfeiting continues to become increasingly prolific, Tiffany has responded by engaging investigators and counsel to monitor the Internet and take various actions, including initiating civil proceedings against infringers and litigating through the Internet's Uniform Dispute Resolution Policy, to stop infringing activity.'²³

In April 2003, the FBI arrested several members of a New York counterfeiting ring, which was selling counterfeit Tiffany merchandise through the eBay website.²⁴

In December 2002, Tiffany obtained a civil seizure and preliminary injunction against a company that sold considerable amounts of counterfeit Tiffany jewellery through eBay.²⁵ In 2004, Tiffany & Co obtained a final judgment against Katz Imports, Inc, and its principals who sold counterfeit Tiffany jewellery on the eBay website under the name 'Diamondpage' and through the website <www.pennsylvaniadiamondexchange.com>.²⁶ In August 2007, Federal Court in New York enjoined Starglam Inc and its principal from any further counterfeiting of Tiffany's silver merchandise, and required them to pay Tiffany \$US 956 793.²⁷

Tiffany has also run some successful cyber-squatting actions against holders of Internet Domain Names referring to its trade marks.²⁸

Emboldened by such victories against counterfeiters, Tiffany took the next logical step, and sued the auction-house, eBay, for facilitating such counterfeiting. The litigation proceeded through the United States District Court, and the United States Court of Appeals for the Second Circuit and there was an unsuccessful attempt to appeal further to the Supreme Court of the United States.

²² Tiffany & Co, *Annual Report: Form 10-K* (2011) <<http://investor.tiffany.com/secfiling.cfm?filingID=950123-11-29785>>.

²³ Ibid.

²⁴ 'FBI Seizes Counterfeit Tiffany Merchandise', *Jewellers Circular Keystone* (1 June 2003).

²⁵ *Tiffany (NJ) Inc et al v Katz Imports Inc et al*, Civ Act 02-8450 (ED Pa, 11 December 2002).

²⁶ Tiffany & Co, 'Tiffany & Co Obtains \$600,000 Judgment Against Counterfeiter' (Press Release, 4 November 2004).

²⁷ Tiffany & Co, 'Tiffany Obtains Injunction and Large Award Against Counterfeiters' (Press Release, 6 August 2007).

²⁸ See, for instance, *Tiffany & Co, Tiffany (NJ) Inc v Jin Liang, Liang Jin, Selina Chow and Alan Dolton*, WIPO Domain Name Case No D2010-2200.

2.1 United States District Court for the Southern District of New York

In its 2004 complaint against eBay, Tiffany complained of the large problem of trademark infringement and counterfeiting over the Internet: 'Currently, the sale of counterfeit goods over the Internet is believed to amount to more than \$30 billion worldwide and to represent roughly 10 per cent of the total counterfeit market.'²⁹ During 2003 and 2004, two of Tiffany's employees policed eBay auction sites for counterfeit Tiffany merchandise, and upon request, eBay removed over 19,000 auctions. In 2004, Tiffany purchased, at random, 186 pieces of silver jewellery items that used the Tiffany trademark as part of their auction titles or descriptions. It found that 73% of the auction listing were not genuine merchandise.³⁰ Accordingly, Tiffany sought to hold eBay liable for direct and contributory trademark infringement, unfair competition, false advertising, and direct and contributory trademark dilution. It characterised the auction-house as a pirate bazaar, a 'flea-market', and a seller of fakes and counterfeits: 'The eBay website is currently, and has been, infested with many thousands of counterfeit Tiffany items, many of poor quality, which, upon information and belief, has directly led to the defrauding of thousands of consumers who mistakenly believed they were purchasing genuine Tiffany jewelry.'³¹

For its part, eBay vehemently rejected such accusations. In its memorandum of law, after the trial, eBay complained:

Confronted with worldwide counterfeiting, Tiffany has chosen to make an object lesson, not of those responsible for the manufacture, importation, and attempted sales of such counterfeit merchandise, but instead of eBay, an entity that never possesses, itself trades in, or knowingly allows third-party users of its online trading platform to trade in counterfeit goods.³²

The auction-house observed: 'Although trademark owners have a legal obligation vigorously to police their trademarks and pursue infringements, the trial record reveals that, in relation to its economic scale, Tiffany has devoted relatively few resources to that task.'³³ eBay summarised its argument thus: 'The contention that eBay somehow has "turned a blind eye" to counterfeiting of Tiffany merchandise – and that it seeks to profit from sales of such merchandise – is refuted by the record evidence of a concerted, multi-year effort on eBay's part to rid its site of counterfeiting within the

²⁹ Tiffany & Co, 'Complaint', Submission in *Tiffany & Co v eBay Inc*, No 04 Civ 4607 (NRB), 2004 WL 2237672 (SD NY), 14 July 2004.

³⁰ Ibid.

³¹ Ibid.

³² eBay Inc, 'Defendant's Post-Trial Memorandum', Submission in *Tiffany (NJ) Inc v eBay Inc*, 2007 WL 4837669 (SD NY).

³³ Ibid.

limits of its abilities'.³⁴ In particular, eBay Inc emphasised that it had developed the Verified Rights Owner (VERO) system to address trade mark infringement, as well as copyright infringement.³⁵ The auction-house concluded: 'An entity such as eBay cannot be held liable for contributory trademark infringement unless it is shown that it has actual knowledge or reason to know of specific infringing activity and has failed to act upon it.'³⁶

Discussing the litigation, Rebecca Tushnet makes the perceptive point that eBay is an unconvincing champion of consumer rights:

The lesson is that eBay, like other internet aggregators, is interested in its own welfare, not in the maximum efficiency of the competitive system or in justice. So it will fight overreaching trademark claims precisely to the extent that it makes business sense to do so, and no further, just as our beloved Google prohibits even nominative fair use of other parties' trademarks in the text of sponsored ads.³⁷

This author's concern about the litigation is that, while both Tiffany and eBay would like to present themselves as defenders of consumer rights, neither are particularly committed or representative advocates of such a position (much as in copyright law, copyright industries have hidden policy positions behind the figure of the romantic author). It is a significant concern that consumers' rights in the dispute over trade mark law, counterfeiting, and intermediary liability have been elided in the litigation.

In July 2008, Sullivan J issued his opinion in the case of *Tiffany (NJ) Inc v eBay, Inc.*³⁸ The judge highlights that the action is one focused upon the intermediary liability of eBay for the sale of counterfeit Tiffany items: 'Tiffany acknowledges that individual sellers, rather than eBay, are responsible for listing and selling counterfeit Tiffany items. Nevertheless, Tiffany argues that eBay was on notice that a problem existed and accordingly, that eBay had the obligation to investigate and control the illegal activities of these sellers.'³⁹

The judge noted that there was a mutual interest between Tiffany and eBay in addressing the issue of counterfeiting: 'It is clear that Tiffany and eBay alike have an interest in eliminating counterfeit Tiffany merchandise from eBay — Tiffany to protect its famous brand name, and eBay to preserve the reputation of its website as a safe place to do business'.⁴⁰ Thus, Sullivan J emphasised

³⁴ Ibid.

³⁵ eBay Inc, *Verified Rights Owner Program* (2011)
<<http://pages.ebay.com.au/help/tp/programs-vero-ov.html>>.

³⁶ Ibid.

³⁷ Rebecca Tushnet, 'Tiffany, Blue', Rebecca Tushnet, *43(B)log* (15 July 2008)
<<http://tushnet.blogspot.com/2008/07/tiffany-blue.html>>.

³⁸ *Tiffany (NJ) Inc v eBay Inc*, 576 F Supp 2d 463 (SD NY, 2008).

³⁹ Ibid 469.

⁴⁰ Ibid.

that the key question was who should bear responsibility for monitoring trade mark infringement on the auction-house site: 'Accordingly, the heart of this dispute is not whether counterfeit Tiffany jewelry should flourish on eBay, but rather, who should bear the burden of policing Tiffany's valuable trademarks in Internet commerce'.⁴¹

First, Sullivan J held that eBay's use of Tiffany's trademarks in its advertising, on its homepage, and in sponsored links purchased through Yahoo! and Google, was a protected, nominative fair use of the marks.⁴²

Second, Sullivan J held that eBay was not liable for contributory trademark infringement. Summarising his lengthy, rigorous analysis, the judge observed:

Here, when Tiffany put eBay on notice of specific items that Tiffany believed to be infringing, eBay immediately removed those listings. eBay refused, however, to monitor its website and preemptively remove listings of Tiffany jewelry before the listings became public. The law does not impose liability for contributory trademark infringement on eBay for its refusal to take such preemptive steps in light of eBay's "reasonable anticipation" or generalized knowledge that counterfeit goods might be sold on its website. Quite simply, the law demands more specific knowledge as to which items are infringing and which seller is listing those items before requiring eBay to take action.⁴³

This analysis focused upon the criteria of knowledge — counterpointing reasonable anticipation or general knowledge versus specific knowledge. The judge suggests delicately that any shift in the legal standard would require Congressional legislative action. Finding that Tiffany must ultimately bear the burden of protecting its trademark, Sullivan J held: 'Policymakers may yet decide that the law as it stands is inadequate to protect rights owners in light of the increasing scope of Internet commerce and the concomitant rise in potential trademark infringement'.⁴⁴ The judge declined to impose liability for contributory trademark infringement: 'The Court finds that when eBay possessed the requisite knowledge, it took appropriate steps to remove listings and suspend service.'⁴⁵

Third, Sullivan J held that Tiffany had failed to meet its burden in proving its claims for unfair competition, infringement, and the use of false descriptions and representations under s 43(a) of the *Lanham Act* and New York common law.⁴⁶ The judge observed: 'Insofar as eBay routinely removed listings that

⁴¹ Ibid.

⁴² Ibid.

⁴³ Ibid 469-70.

⁴⁴ Ibid 470.

⁴⁵ Ibid.

⁴⁶ Ibid.

Tiffany reported to it and took numerous additional measures to reduce the number of listings offering potentially infringing Tiffany items, Tiffany has failed to adduce either the requisite showing of infringement or any additional evidence of bad faith by eBay here'.⁴⁷

Fourth, in regard to Tiffany's claim for false advertising, Sullivan J concluded that eBay's use of the Tiffany trademarks in advertising was a protected, nominative fair use of the marks.⁴⁸ The judge observed: 'Because authentic Tiffany merchandise is sold on eBay's website, Tiffany has failed to prove that eBay's challenged advertising practices are literally false'.⁴⁹

Finally, Sullivan held that Tiffany had failed to prove that eBay's use of the Tiffany Marks was likely to cause trade mark dilution. The judge denied that there had been evidence of blurring of the Tiffany marks: 'To the contrary, eBay never used the TIFFANY Marks in an effort to create an association with its own product, but instead, used the marks directly to advertise and identify the availability of authentic Tiffany merchandise on the eBay website'.⁵⁰ Sullivan J also denied that there had been tarnishment of the marks: 'Nevertheless, just as the dilution by blurring claim fails because eBay has never used the TIFFANY Marks to refer to eBay's own product, the dilution by tarnishment claim also fails'.⁵¹ He elaborated: 'Indeed, while eBay has used the Tiffany trademarks in promotional efforts and in advertising, the Tiffany trademarks have always been associated with products that individual third party sellers have characterized as Tiffany items.'⁵²

Sullivan J held, in any case, 'that eBay's use of the marks is protected by the statutory defense of nominative fair use'.⁵³ The judge noted that the *Trademark Dilution Revision Act 2006* (US, H R 683) provided defences for '[a]ny fair use, including a nominative or descriptive fair use, or facilitation of such fair use, of a famous mark by another person other than as a designation of source for the person's own goods or services, including use in connection with advertising or promotion that permits consumers to compare goods or services.'⁵⁴ Sullivan J held that eBay's use of the Tiffany marks was protected by the anti-dilution statute's nominative fair use exception:

⁴⁷ Ibid 519.

⁴⁸ Ibid 520.

⁴⁹ Ibid.

⁵⁰ Ibid.

⁵¹ Ibid 525.

⁵² Ibid.

⁵³ Ibid 526.

⁵⁴ On trade mark dilution reform, see Matthew Rimmer, 'The Black Label: Trade Mark Dilution, Culture Jamming, and the No Logo Movement' (2008) 5(1) *Script-ed* 70 <<http://www.law.ed.ac.uk/ahrc/script-ed/issue5-1.asp>>, DOI: 10.2966/script.050108.70.

First, ... eBay's promotional use of the TIFFANY Marks is protected, nominative fair use. Second, eBay's use of the TIFFANY Marks does not designate the source for eBay's goods; instead, it simply indicates that products bearing the TIFFANY Mark are available through eBay. Finally, while eBay's use of the TIFFANY Marks is not in connection with comparative advertising, it is in connection with advertising of the availability of products through the eBay website, and thus allows consumers to compare prices and the availability of specific Tiffany designs.⁵⁵

William McGeeveran has argued that there is a need for a further refinement of the fair use doctrine in United States trade mark law: 'We should craft simpler affirmative defenses that immunize particular categories of expressive uses, thereby reducing uncertainty and allowing for quick adjudication.'⁵⁶ The jurisprudence for the defence of fair use under trade mark law, arguably, needs to be adopted by other jurisdictions, such as Australia, which have no such general defence for claims of trade mark infringement, and instead rely upon thinly framed, particularised exceptions.⁵⁷

In an intriguing conclusion, Sullivan J expressed sympathy for the plight of trade mark owners, but emphasised that it was ultimately the role of the government to establish the settings for intermediary liability for trade mark infringement:

The rapid development of the Internet and websites like eBay have created new ways for sellers and buyers to connect to each other and to expand their businesses beyond geographical limits. These new markets have also, however, given counterfeiters new opportunities to expand their reach. The Court is not unsympathetic to Tiffany and other rights owners who have invested enormous resources in developing their brands, only to see them illicitly and efficiently exploited by others on the Internet. Nevertheless, the 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.⁵⁸

⁵⁵ *Tiffany (NJ) Inc v eBay Inc*, 576 F Supp 2d 463, 525-6 (SD NY, 2008).

⁵⁶ William McGeeveran, 'Rethinking Trademark Fair Use' (2008) 94 *Iowa Law Review* 51. McGeeveran makes a convincing case for a close consideration of trade mark exceptions. See also: William McGeeveran, 'Four Free Speech Goals for Trademark Law' (2008) 18 *Fordham Intellectual Property, Media & Entertainment Law Journal* 1205; and William McGeeveran, 'The Trademark Fair Use Reform Act' (2010) 90 *Boston University Law Review* 2267. A consideration of trade mark use alone does not necessarily resolve the issues raised here.

⁵⁷ The defences in Australian trade mark law are incontrovertibly fragmented and narrow — see for instance s 122 of the *Trade Marks Act 1995* (Cth). With respect, putting the case for fair use in Australian trade mark law is neither radical nor presumptuous — it is similar to putting forward broad, open-ended exceptions in other areas of intellectual property, such as the defence of experimental use in patent law, and a defence of fair use in copyright law.

⁵⁸ *Tiffany (NJ) Inc v eBay Inc*, 576 F Supp 2d 463, 527 (SD NY, 2008).

This pithy conclusion sums up the competing policy positions of trade mark owners and online intermediaries on trade mark law, counterfeiting, and the Internet. However, somewhat neglected in this analysis is the position of consumers, and their role in collaborative consumption. The competing parties claimed that they respectively had the best interests of consumers at heart. There is no independent voice, though, in the litigation which adequately represents the concerns of consumers.

eBay was relieved by the ruling of the United States District Court judge. Robert Chesnut, senior vice president and legal counsel at eBay reflected on the ruling: 'We are extremely pleased that this ruling supports consumers by allowing them greater choice and value through the global marketplace that eBay provides'.⁵⁹ For its part, Tiffany decided to appeal against the decision. Its general counsel, Patrick Dorsey, explained why they had filed an appeal to the United States Court of Appeals for the Second Circuit: 'Once eBay has reason to know that a specific brand like Tiffany & CO. is being widely counterfeited and sold, eBay should be compelled to investigate and take action to protect its customers and stop the illegal conduct'.⁶⁰

2.2 The United States Court of Appeals for the Second Circuit

A number of amicus curiae briefs were filed in the appeal to the United States Court of Appeals for the Second Circuit. Curiously, though, the position of consumers remained marginal and under-represented.

The perfume manufacturer, Coty Inc — which marketed brands such as Calvin Klein, Jennifer Lopez, Sarah Jessica Parker, Vera Wang Princess and Vivienne Westwood — submitted that 'eBay should be required to comply with principles of general applicability that hold a person liable for contributory trademark infringement if it offers a service through which large numbers of counterfeits are sold'.⁶¹ The Council of Fashion Designers of America complained of the implications of the ruling of the United States District Court: 'By placing the burden of policing eBay's online auctions for counterfeits on brand owners, the district court's holding effectively requires all fashion designers to police eBay and other web sites around the world, 24 hours a day, and 365 days a year'.⁶² The International Anticounterfeiting

⁵⁹ eBay, 'eBay Inc. Applauds Court's Rejection of Tiffany Counterfeit Claims: Court's ruling Reaffirms Consumer Choice for Authentic Merchandise' (Press Release, 18 November 2008).

⁶⁰ Tiffany & Co, 'Tiffany Appeals eBay Counterfeiting Decision' (Press Release, 11 August 2008).

⁶¹ Coty Inc, 'Brief in Support of the Appellants-Plaintiffs', Submission in *Tiffany (NJ) Inc v eBay Inc*, in the Court of Appeals for the Second Circuit (22 October 2008) <http://www.eff.org/files/filenode/tiffany_v_ebay/codyamicus.pdf>.

⁶² The Council of Fashion Designers, 'Brief in Support of the Appellants-Plaintiffs' Submission in *Tiffany (NJ) Inc v eBay Inc*, in the Court of Appeals for the Second Circuit (22 October 2008) <http://www.eff.org/files/filenode/tiffany_v_ebay/fashiondesignersamicus.pdf>.

Coalition contended that 'the District Court's opinion, if allowed to stand, will provide a road map for the sale of counterfeit products on the Internet, which will result in even more infringing and counterfeit activity'.⁶³

A number of stakeholders defended the initial ruling, and the position of eBay. The Electronic Frontier Foundation, Public Citizen, and Public Knowledge filed a brief because they were 'deeply concerned that requiring intermediaries to take a greater role in policing trademark uses online than the law currently requires will inevitably cause intermediaries to over-police those uses (including clear fair uses), drastically impeding the continuing growth of the Internet as a vibrant forum for commerce and speech.'⁶⁴ The group of publicly-minded civil society organisations feared that trademark rights could be a barrier to online communication:

The reason is that online speech and commerce depend on intermediaries to provide a platform. Almost everyone who has a website, from individual bloggers and artists to online retailers and political organizations, needs a hosting service to maintain that site. Individual and commercial sellers need networks like craigslist.org, online marketplaces like eBay, and shopping forums like Amazon.com to reach out to buyers, tell them about their wares, and make sales.⁶⁵

The internet search engine and host, Yahoo!, addressed 'the applicability of nominative fair use to eBay's advertisements about the sale of Tiffany merchandise.'⁶⁶ Concerned about the impact of Tiffany's legal arguments on its online advertising business, the company was interested

to ensure that the nominative fair use doctrine is applied in a manner that protects trademark owners against infringement and dilution, allows advertisers to truthfully promote what they are selling, preserves consumers' easy access to online information about trademark owners and their products, and encourages continued growth and development of online businesses.⁶⁷

⁶³ The International Anticounterfeiting Coalition, 'Brief in Support of the Appellants-Plaintiffs', Submission in *Tiffany (NJ) Inc v eBay Inc*, in the Court of Appeals for the Second Circuit' (22 October 2008)
<http://www.eff.org/files/filenode/tiffany_v_ebay/iaccamicus.pdf>.

⁶⁴ Electronic Frontier Foundation, Public Citizen and Public Knowledge, 'Brief in Support of the Appellees-Defendants', Submission in *Tiffany (NJ) Inc v eBay Inc*, in the Court of Appeals for the Second Circuit' (3 December 2008)
<http://www.eff.org/files/filenode/tiffany_v_ebay/effamicus.pdf>.

⁶⁵ Ibid 1.

⁶⁶ Yahoo!, 'Brief in Support of the Appellees-Defendants', Submission in *Tiffany (NJ) Inc v eBay Inc*, in the Court of Appeals for the Second Circuit' (3 December 2008)
<http://www.eff.org/files/filenode/tiffany_v_ebay/yahoobrief.pdf>.

⁶⁷ Ibid 2.

Furthermore, there was also an amicus curiae brief in support of eBay from Amazon, Google Inc, the Information Technology Association of America, the Internet Commerce Coalition, Netcoalition, the United States Internet Service Provider Association, and the United States Telecom Association.⁶⁸ This group submitted that ‘a legal regime that imposed expansive liability in such circumstances—of the kind that Tiffany advocates—would threaten the success and viability of Amici’s (and their members’) online businesses, and the vitality of ecommerce generally’.⁶⁹

In the United States Court of Appeals for the Second Circuit, Sack, Parker and Goldberg JJ found largely in favour of eBay Inc.⁷⁰ The United States Court of Appeals for the Second Circuit upheld the district court’s judgment with respect to Tiffany’s claims of trademark infringement and dilution but remanded for further proceedings with respect to Tiffany’s false advertising claim.

First, Sack J — the author of the lead judgment — agreed with the United States District Court that there had been no direct trade mark infringement because ‘none of eBay’s uses of the mark suggested that Tiffany affiliated itself with eBay or endorsed the sale of its products through eBay’s website’.⁷¹ His Honour observed that ‘to impose liability because eBay cannot guarantee the genuineness of all of the purported Tiffany products offered on its website would unduly inhibit the lawful resale of genuine Tiffany goods’.⁷²

Second, Sack J considered whether eBay Inc had engaged in contributory trademark infringement. The judge acknowledged, upfront, that this was the pivotal issue in the case: ‘The more difficult issue, and the one that the parties have properly focused our attention on, is whether eBay is liable for contributory trademark infringement — ie, for culpably facilitating the infringing conduct of the counterfeiting vendors’.⁷³ His Honour observed: ‘Acknowledging the paucity of case law to guide us, we conclude that the district court correctly granted judgment on this issue in favor of eBay’.⁷⁴ Applying the Supreme Court of the United States precedent in *Inwood Laboratories Inc v Ives Laboratories Inc*,⁷⁵ Sack J held: ‘For contributory

⁶⁸ Amazon, Google Inc, the Information Technology Association of America, the Internet Commerce Coalition, Netcoalition, the United States Internet Service Provider Association and the United States Telecom Association, ‘Brief in Support of the Appellees-Defendants’, Submission in *Tiffany (NJ) Inc v eBay Inc* in the Court of Appeals for the Second Circuit’ (2 December 2008) <http://www.eff.org/files/filenode/tiffany_v_ebay/amazonetalamicus.pdf>.

⁶⁹ Ibid 4.

⁷⁰ *Tiffany (NJ) Inc v eBay Inc*, 600 F 3d 93 (2d Cir NY, 2010).

⁷¹ Ibid 103.

⁷² Ibid.

⁷³ Ibid.

⁷⁴ Ibid.

⁷⁵ *Inwood Laboratories Inc v Ives Laboratories Inc*, 456 US 844 (1982).

trademark infringement liability to lie, a service provider must have more than a general knowledge or reason to know that its service is being used to sell counterfeit goods'.⁷⁶ The judge noted that 'eBay appears to concede that it knew as a general matter that counterfeit Tiffany products were listed and sold through its website' but insisted '[w]ithout more, however, this knowledge is insufficient to trigger liability under *Inwood*'.⁷⁷ The judge noted the concerns of trade mark owners: 'Tiffany and its amici express their concern that if eBay is not held liable except when specific counterfeit listings are brought to its attention, eBay will have no incentive to root out such listings from its website'.⁷⁸ Sack J, though, was of the view that it was not the role of the judiciary to create new law: 'We could not, even if we thought it wise, revise the existing law in order to better serve one party's interests at the expense of the other's'.⁷⁹ In any case, his Honour observed that the marketplace would encourage eBay to monitor and police its site for counterfeits: 'But we are also disposed to think, and the record suggests, that private market forces give eBay and those operating similar businesses a strong incentive to minimize the counterfeit goods sold on their websites'.⁸⁰

Third, the United States Court of Appeals for the 2nd Circuit upheld the verdict with respect to trade mark dilution, finding that there was neither tarnishment nor blurring: 'There is no second mark or product at issue here to blur with or to tarnish "Tiffany". Tiffany argues that counterfeiting dilutes the value of its product. Perhaps. But insofar as eBay did not itself sell the goods at issue, it did not itself engage in dilution'.⁸¹

It was noted that the district court had also rejected the argument of Tiffany that eBay was liable for contributory dilution. This discussion of whether a cause of action exists for contributory trade mark dilution is an intriguing one, which deserves further consideration.

Finally, the United States Court of Appeals for the Second Circuit found that there were further issues to be addressed at trial with respect to false advertising: 'The law requires us to hold eBay accountable for the words that it chose insofar as they misled or confused consumers'.⁸² The judge noted that 'eBay and its amici warn of the deterrent effect that will grip online advertisers who are unable to confirm the authenticity of all of the goods they advertise for sale'.⁸³ However, the judge doubted that there would be such dire consequences, especially with the use of disclaimers: 'An online

⁷⁶ *Tiffany (NJ) Inc v eBay Inc*, 600 F 3d 93, 107 (2d Cir NY, 2010).

⁷⁷ *Ibid* 110.

⁷⁸ *Ibid* 109.

⁷⁹ *Ibid*.

⁸⁰ *Ibid* 109.

⁸¹ *Ibid* 112.

⁸² *Ibid* 114.

⁸³ *Ibid*.

advertiser such as eBay need not cease its advertisements for a kind of goods only because it knows that not all of those goods are authentic'.⁸⁴ The judge observed that 'the law prohibits an advertisement that implies that all of the goods offered on a defendant's website are genuine when in fact, as here, a sizeable proportion of them are not.'⁸⁵ The appeal court remanded the case to the district court to reconsider the claim in light of its remarks.⁸⁶

On remand, in the United States District Court, Sullivan J held that there was insufficient evidence to support a finding that the advertisements were misleading or confusing.⁸⁷ His Honour made much of the concession of the plaintiffs' counsel that '[t]here is no evidence in the record that measures consumer reaction to the eBay statement "Tiffany on eBay"'.⁸⁸ The judge found that the evidence presented 'does not reveal that *any* consumer was misled by eBay's advertisements'.⁸⁹

Tiffany was disappointed by the decision of the United States Court of Appeals for the Second Circuit. Michael J Kowalski, chairman and chief executive officer of Tiffany & Co lamented that 'eBay deliberately misled consumers for profit, and unfortunately, the court has justified its actions'.⁹⁰ The company took little comfort from the ruling, saying that 'this decision will not help innocent consumers who are being victimized by illegal e-commerce practices'.⁹¹

2.3 The Supreme Court of the United States

Tiffany & Co unsuccessfully sought leave to appeal the matter to the Supreme Court of the United States. A legal positivist might protest that a failed appeal is trivial; nugatory; lacking import and significance and unworthy of analysis. However, taking a critical legal studies approach, it is worthwhile analysing such a controversy as it reveals much about both the stakeholders and the volatile state of trade mark law.

In its petition, Tiffany argued, first, that the Second Circuit had incorrectly resolved the question presented and created a split with the Ninth Circuit.⁹²

⁸⁴ Ibid.

⁸⁵ Ibid.

⁸⁶ Ibid.

⁸⁷ *Tiffany (NJ) Inc v eBay Inc*, Slip Copy, 2010 WL 3733894 (SD NY, 2010).

⁸⁸ Ibid 2.

⁸⁹ Ibid.

⁹⁰ Tiffany & Co, 'Tiffany Disputes eBay Decision' (Press Release, 2010) <<http://investor.tiffany.com/releasedetail.cfm?ReleaseID=456509>>.

⁹¹ Ibid.

⁹² Tiffany & Co, 'Petition to the Supreme Court of the United States for a Writ of Certiorari', Submission in *Tiffany (NJ) Inc v eBay Inc*, 2010 WL 3442072 (US), 27 August 2010.

The jewellery company maintained that there was a conflict with the 'flea market' cases on contributory trademark infringement — such as the Ninth Circuit's decision in *Fonovisa Inc v Cherry Auction Inc*.⁹³ Second, Tiffany maintained that the question presented was extremely important to allocating trade mark rights and burdens in the modern Internet economy: 'Trademarks are vitally important to the modern Internet economy and enable purchasers to evaluate the quality of products they can neither see nor touch. Yet, as this case illustrates, electronic commerce has also provided counterfeiters with new opportunities and new markets that simply did not exist 30 years ago.'⁹⁴

Tiffany pleaded: 'This case presents the opportunity for the Court to clarify the doctrine of contributory trademark infringement and ensure that this judicially created doctrine reflects — or at least does not ignore — the profound changes that have occurred since the Court last considered the issue.'⁹⁵ The jewellery company noted a number of decisions in the European Union had reached quite different outcomes.⁹⁶

The International Anticounterfeiting Coalition submitted an amicus curiae brief, complaining: 'The Court of Appeals' decision, relieving eBay and by extension other online marketplace operators of responsibility for halting the open and notorious distribution of counterfeit goods on a massive and unprecedented scale, has caused grave concern among the IACC's membership'.⁹⁷ In its strongest submission, the Coalition argued that there was a need to clarify the principles of contributory trademark infringement, just as the Supreme Court of the United States had refined its rules on inducement of copyright infringement in the *Grokster*⁹⁸ case: 'Given the harm to the public, to the U.S. economy, and to brand owners, it is imperative for the Court to bring the doctrine of contributory trademark liability established in the last century into the Internet age'.⁹⁹ There was also an amicus curiae

⁹³ *Fonovisa Inc v Cherry Auction Inc*, 76 F 3d 259 (9th Cir, 1996).

⁹⁴ Tiffany & Co, 'Petition to the Supreme Court of the United States for a Writ of Certiorari', Submission in *Tiffany (NJ) Inc v eBay Inc*, 2010 WL 3442072 (US), 27 August 2010, 23-4.

⁹⁵ Ibid 24.

⁹⁶ Ibid.

⁹⁷ International Anticounterfeiting Coalition, 'Amicus Curiae Brief in Support of Petitioners', Submission in *Tiffany (NJ) Inc v eBay Inc* on Petition for a Writ of Certiorari to the United States Court of Appeals for the Second Circuit, 2010 WL 4163756 (US) 2.

⁹⁸ *MGM Studios Inc v Grokster Ltd*, 545 U.S. 913 (2005). For a discussion of the litigation, see Matthew Rimmer, *Digital Copyright and the Consumer Revolution: Hands off my iPod* (Edward Elgar, 2007) 93-130.

⁹⁹ International Anticounterfeiting Coalition, 'Amicus Curiae Brief in Support of Petitioners in *Tiffany (NJ) Inc v eBay Inc* in Petition for a Writ of Certiorari to the Supreme Court of the United States, 2010 WL 4163756 (US), 19 October 2010, 3.

brief from the New York perfume manufacturer, Coty Inc.¹⁰⁰ Noting that it had suffered substantial harm from the sale of counterfeit versions of its goods on eBay's auction markets, Coty pleaded: 'The continued development of legitimate commerce throughout the world would be significantly facilitated if United States courts spoke with one voice on the question of the duty of care that marketplaces must exercise to prevent sales of counterfeit products through their services.'¹⁰¹

In response, eBay argued that the rulings of the District Court and the United States Court of Appeals for the Second Circuit were consistent with existing precedents.¹⁰² The auction house commented that it had a strong incentive to implement a wide range of anti-counterfeiting measures in order to protect its reputation as a safe place to do business.¹⁰³ eBay contended that it was the appropriate role of government to resolve policy questions relating to intermediary trademark liability: 'If such an upheaval of newly developed markets that have "revolutionized" the online sale of goods were to be considered, Congress is the appropriate branch of government to do so after evaluating and weighing the competing interests involved'.¹⁰⁴ eBay maintained that foreign decisions on trade mark law and intermediary liability were of no relevance: 'In any event, this Court's certiorari jurisdiction is utilized to ensure uniformity of federal law, not to follow the results of foreign decisions applying foreign legal rules to foreign markets and foreign consumers.'¹⁰⁵

Unfortunately, there were no submissions, representing the interests of consumers in the dispute over trade mark law, online intermediary liability, and counterfeiting. Regrettably, the Electronic Frontier Foundation, Public Citizen, and Public Knowledge did not participate as amicus curiae at this stage of the proceedings.

The Supreme Court of the United States denied the petition for a writ of certiorari to appeal the United States Court of Appeals for the Second Circuit decision.¹⁰⁶ Sotomayor J took no part in the consideration or decision of this petition. It is understandable why the Supreme Court of the United States declined to hear the matter. The lower courts had been diligent, and presented cogent reasons for their rulings. Moreover, the factual matrix

¹⁰⁰ Coty Inc, 'Amicus Curiae Brief in Support of Petitioners', Submission in *Tiffany (NJ) Inc v eBay Inc* in Petition for a Writ of Certiorari to the Supreme Court of the United States, 2010 WL 4220521 (US), 20 October 2010.

¹⁰¹ Ibid 4.

¹⁰² eBay Inc, 'Brief for Respondent in Opposition to Petition for Writ of Certiorari', Submission in *Tiffany (NJ) Inc v eBay Inc* to the Supreme Court of the United States, 2010 WL 4220522 (US), 20 October 2010.

¹⁰³ Ibid 22.

¹⁰⁴ Ibid 3.

¹⁰⁵ Ibid 24-25.

¹⁰⁶ *Tiffany (NJ) Inc v eBay Inc*, 131 S Ct 647 (2010).

presented by Tiffany was a weak one. Nonetheless, it does seem oddly inconsistent that the Supreme Court of the United States was keen to deal with contributory copyright infringement in *MGM v Grokster* — but recoiled from the opportunity to address contributory trade mark infringement in the dispute between Tiffany and eBay.

3 *Louis Vuitton Moët Hennessy*

Louis Vuitton Moët Hennessy (LVMH) is a conglomerate, which owns a portfolio of over 60 luxury brands. Its assets include the fashion label, Louis Vuitton; the perfume, Dior; the champagne, Moët as well as Tag Heuer. In its 2010 annual report, Antoni Belloni, the group managing director of LVMH, explains the values underlying its collection of luxury brands:

The luxury brands ... know how to develop, and to cross time and borders while preserving their soul and their share of the dream. Their long-term success depends on this ability. Our customers want real and lasting products of exceptional quality, which unquestionably spring from sincerity and faultless workmanship and therefore arouse a strong emotional response. This is why our brands focus and will continue to focus on excellence and perfection. Because these same customers are increasingly better informed, they are also more and more sensitive to the authenticity of the brands.¹⁰⁷

LVMH has been instrumental in bringing legal action against the online auction-house, eBay.

3.1 Tribunal de Commerce de Paris

In the 2008 case of *LVMH v eBay*, a commercial court in Paris upheld a claim made by Louis Vuitton Malletier and Christian Dior Couture against eBay.¹⁰⁸

As a threshold matter, eBay Inc denied that the French court had competent jurisdiction, and should instead defer to the courts of the United States of America, being the courts of the place where the alleged prejudicial action took place. Alternatively, eBay Inc argued that the matter would be better resolved in foreign courts where the alleged damage was suffered — such as in Australia, China, Canada, the United States and New Zealand. The court held that the objections of lack of jurisdiction claimed by eBay Inc and eBay International AG were ill-founded and dismissed them. The court held that it possessed the necessary jurisdiction to rule on this dispute, without any restriction.

¹⁰⁷ LVMH, *Annual Report* (2010) 7.

¹⁰⁸ *SA Louis Vuitton Malletier v eBay, Inc*, Tribunal de Commerce de Paris, Première Chambre B (Paris Commercial Court), Case No 200677799 (30 June 2008).

eBay Inc argued that it enjoyed the status of a mere hoster, and therefore should be exonerated from any and all direct liability, and handed over responsibility to the users of its sites in connection with any acts of fraud. In any case, eBay Inc maintained that it fully participated in the struggle against trade mark infringement. Not only did it remind users of the need for compliance with the law and regulations in place, the auction-house had established a system entitled, 'VERO', which helped protect intellectual property, and reimbursed any users who were victims of trademark infringement. The court held, though, that eBay Inc and eBay International AG were not merely hosts and may not, accordingly, benefit from such a status.

The court, moreover, held that eBay Inc and eBay International AG had committed serious tortious acts by breaching their obligation of ensuring that their business did not generate any illicit acts to the detriment of LVMH. The court ruled that, by allowing the sale of counterfeit goods on its website to the detriment of Louis Vuitton Malletier and Christian Dior Couture, eBay was guilty of gross misconduct and of detrimental breach as, through accountable negligence, eBay had not taken the necessary measures to prevent the sale of the counterfeit goods on its site. The court also ruled that, in allowing the sale of perfumes carrying the brands Christian Dior, Guerlain, Givenchy and Kenzo, products which can only be sold through the network of distributors agreed by the companies which own these brands, eBay was guilty of practicing unlawful sales. To compensate for such damages, the court ordered eBay to pay €16.4 million to Louis Vuitton Malletier, €19.28 million to Christian Dior, and €3.192 million to the perfume brands.

In a press release, LVMH maintained that the decision safeguarded the cultural heritage and patrimony of France: 'This verdict represents an important step in the protection of brands and designs against parasitic practices. The court brings an important contribution to the protection of creative works which make up an important part of our national heritage and generate many jobs in France.'¹⁰⁹

This is an intriguing argument — which combines both commercial considerations, as well as somewhat more nationalistic, even jingoistic, appeals. Appeals to nationalism have, of course, also been made in other contexts in intellectual property — the protection of cultural heritage has been invoked in the context of copyright law,¹¹⁰ geographical indications in wine and food,¹¹¹ and traditional knowledge.¹¹² Nonetheless, it is striking how the

¹⁰⁹ LVMH, 'eBay Found Guilty of Gross Misconduct towards the LVMH Group' (Press Release, 30 June 2008).

¹¹⁰ Estelle Derclaye (ed), *Copyright and Cultural Heritage: Preservation and Access to Works in a Digital World*, (Edward Elgar, 2011).

¹¹¹ Matthew Rimmer, 'The Grapes of Wrath: the Coonawarra Dispute, Geographical Indications and International Trade' in Andrew Kenyon, Megan Richardson and Sam Ricketson (eds), *Landmarks in Australian Intellectual Property Law* (Cambridge University Press, 2009) 209.

notion of national heritage is enlarged in this statement to embrace the diverse commercial enterprises of LVMH — covering wines and spirits, fashion, leather goods, perfumes and cosmetics, watches and jewellery and other retail products.

In response to the ruling, eBay Inc argued that the decision would have a negative impact upon consumer choice and freedom of competition: 'If Counterfeits appear on our sites we take them down swiftly, but today's ruling is not about our fight against counterfeit; today's ruling is about an attempt by LVMH to protect uncompetitive commercial practices at the expense of consumer choice and the livelihood of law-abiding sellers that eBay empowers everyday.'¹¹³ The company maintained that the ruling would undermine collaborative consumption: 'We view these decisions as a step backwards for the consumers and businesses whom we empower everyday.'¹¹⁴ eBay Inc suggested that the decision was anti-competitive, a verdict which would allow trade mark owners to reinforce their control over the market: 'The ruling also seeks to impact the sale of second-hand goods as well as new genuine products, effectively reaching into homes and rolling back the clock on the Internet and liberty it has created.'¹¹⁵ Moreover, eBay Inc emphasised that it invested large amounts of money in ensuring that counterfeit goods were found and removed: 'When we find counterfeit goods on our sites we take it down.'¹¹⁶ eBay Inc maintained: 'Overzealous enforcement of restrictive sales practices are anti-competitive and give consumers a bad deal.'¹¹⁷

3.2 Paris Court of Appeal

In September 2010, the Paris Court of Appeal upheld the initial ruling against eBay Inc that it was liable for selling on its websites, counterfeit Louis Vuitton and Christian Dior products, as well as Dior, Guerlain, Givenchy and Kenzo perfumes in violation of the selective distribution networks put in place by these brands. LVMH was triumphant at the ruling: 'LVMH welcomes the establishment of this case-law, which constitutes a major step in the further protection of consumers.'¹¹⁸ Moreover, it found that 'the Court's ruling helps to clarify the rules applicable to e-commerce in order to prevent illicit online practices and to ensure greater legal certainty to the benefit of consumers

¹¹² Christoph Antons (ed), *Traditional Knowledge, Traditional Cultural Expressions, and Intellectual Property Law in the Asia-Pacific Region* (Kluwer Law International, 2009).

¹¹³ eBay Inc, *eBay Vows to Fight for e-Commerce Following Overreach by Luxury Brands Manufacturer* (30 June 2008)
<<http://investor.ebay.com/releasedetail.cfm?ReleaseID=319007>>.

¹¹⁴ Ibid.

¹¹⁵ Ibid.

¹¹⁶ Ibid.

¹¹⁷ Ibid.

¹¹⁸ LVMH, 'LVMH/eBay – The Paris Court of Appeal Confirms eBay's Liability' (Press Release, 3 September 2009).

operating online.’¹¹⁹ However, the Court of Appeal significantly reduced the fines that eBay had to pay to €5.6 million. Yohan Ruso, managing director of eBay in France, suggested that this reduction was significant: ‘It’s LVMH that will have to repay over 33 million euros to eBay: It’s a victory for eBay’.¹²⁰

In November 2009, a Parisian court further fined eBay Inc €1.7 million, ruling that it had not complied with the injunction banning users from selling on LVMH perfumes. Alex von Schiermeister, director of eBay Europe, complained about this fine:

Today’s outcome hurts consumers by preventing them from buying and selling authentic items online. The injunction is an abuse of “selective distribution”. It effectively enforces restrictive distribution contracts, which is anti-competitive. We believe that the higher courts will overturn this ruling and ensure that e-commerce companies such as eBay will continue to provide a platform for buyers and sellers to trade authentic goods.¹²¹

In addition to action against commercial entities such as eBay, Louis Vuitton has brought legal action against artistic parodies, mash-ups and appropriations. However, courts have been unsympathetic to such attempts to control freedom of artistic expression and freedom of speech.¹²² Indeed, the company has been chastised for its over-bearing attitude — itschutzpah at trying to stretch the concept of counterfeiting to include such uses.

¹¹⁹ Ibid.

¹²⁰ Heather Smith, ‘French Appeals Court Slashes eBay Fines in LVMH Dispute over Counterfeits’, *Bloomberg* (online), 4 September 2010
<<http://www.bloomberg.com/news/2010-09-03/french-appeals-court-slashes-ebay-fines-in-lvmh-dispute-over-counterfeits.html>>.

¹²¹ BBC, ‘eBay fined in LVMH Perfume Sales Row’, *BBC News* (online) 30 November 2009 <<http://news.bbc.co.uk/2/hi/8386390.stm>>.

¹²² In the 2007 case of *Louis Vuitton Malletier SA v Haute Diggity Dog LLC*, the United States Court of Appeals rejected arguments by Louis Vuitton that a parody, ‘Chewy Vuiton’ dog chew toy amounted to trade mark infringement, trade mark dilution, counterfeiting under the *Lanham Act*, or copyright infringement: *Louis Vuitton Malletier SA v Haute Diggity Dog LLC*, 507 F 3d 252 (2007). In a 2011 case, the District Court of the Hague lifted an ex parte injunction against the artist Nadja Plesner over the incorporation of a Community design-protected pattern owned by Louis Vuitton into a painting inspired by Picasso’s *Guernica*, titled ‘Darfurnica’. See *Plesner v Louis Vuitton Malletier SA*, District Court of the Hague, 4 May 2011, <http://www.nadiaplesner.com/Website/Verdict_English.pdf>; and Mark Schweizer, ‘Louis Vuitton vs. Nadja Plesner: Court Lifts Ex Parte Injunction Against the Artist’ *IP Kat* (online) 15 May 2011, <<http://ipkitten.blogspot.com/2011/05/louis-vuitton-vs-nadja-plesner-court.html>>.

4. L'Oréal

Another adversary for eBay has been L'Oréal, manufacturers and suppliers of perfumes, cosmetics, consumer and other luxury products and owners of The Body Shop. The Luxury Products division includes L'Oréal's premium perfume and cosmetic brands, such as Lancome, Ralph Lauren, Stella McCartney, Yves St Laurent, and Giorgio Armani. In its 2010 annual report, L'Oréal detailed its trademark portfolio, covering 23 major international brands, and its concerns about counterfeiting:

Special care is given to the protection of the trademarks and models belonging to L'Oréal, and is entrusted to a special section of the Group's Legal Department, which has responsibility for registering trademarks in all countries. This department also keeps a close watch on the market and launches the necessary action against infringers and counterfeiters.¹²³

The company has engaged in some significant legal actions with eBay in Belgium, France, and England; appeared in a test case in the European Court of Justice; and has played a significant role in policy debates through its membership of the French Manufacturers' association (the 'Union des Fabricants') and the International Chamber of Commerce and Business Europe.

4.1 Belgium and France

In the Belgian case of *Lancome Parfums et Beaute (L'Oréal) v eBay in the Commercial Court in Brussels*,¹²⁴ the court rejected the claims of L'Oréal against eBay on the grounds that eBay had co-operated with trade mark owners and had sufficient measures to deter the sale of counterfeit goods.

In the French case of *L'Oréal SA v eBay France SA*,¹²⁵ eBay defended itself successfully in the Tribunal de Grande Instance in Paris against L'Oréal over counterfeit sales of perfumes. The court ruled that eBay had met its obligations to combat the sale of fake products, and urged the companies to use mediation to develop a plan which would enable them to work together on the issue. Richard Ambrose, head of trust and safety for eBay UK and Ireland, observed: 'Today 99% of all items listed on eBay are genuine products and we continue to work hard to ensure eBay is a safe and trusted place to shop'.¹²⁶

¹²³ L'Oréal, *Annual Report* (2010) 76.

¹²⁴ *Lancome Parfums et Beaute (L'Oréal) v eBay* (Unreported, Tribunal de commerce de Bruxelles, the Commercial Court in Brussels, 28 May 2008).

¹²⁵ *L'Oréal SA v eBay France SA* (2009) Case RG 07/11365.

¹²⁶ Rebecca Smithers, 'Paris court rules that eBay is not liable for sale of fake L'Oréal products: Online auctioneer hails decision as a victory for consumers', *The Guardian* (online) 13 May 2009

In addition to the litigation involving LVMH and L'Oréal, there have been a host of other cases in the European Union, involving Hermes and Coty among others.¹²⁷

4.2 High Court of Justice Chancery Division

In the English case of *L'Oréal SA and Ors v eBay International AG and Ors*,¹²⁸ Arnold J of the High Court of Justice Chancery Division considered an action by L'Oréal against eBay in light of larger considerations of European law:

Are eBay Europe liable for trade mark infringements committed by their users? Do eBay Europe themselves commit infringements by using trade marks in relation to infringing goods? In a nutshell, those are the main questions raised by this claim.¹²⁹

First, the judge held that the fourth to tenth defendants, individuals using eBay, had infringed the trade marks — whether by selling outside authorised channels, or selling counterfeit products. Second, the judge held that 'Whether the sale by sellers on the Site of testers and drugging products and of unboxed products amounts to an infringement of the Trade Marks depends upon questions of interpretation of the Trade Marks Directive as to which the law is unclear.'¹³⁰

<<http://www.guardian.co.uk/technology/2009/may/13/ebay-loreal-court-paris-counterfeit>>.

¹²⁷ *Hermes v eBay*, in the Troyes Court of First Instance (Tribunal de grande instance de Troyes) (2008); *Coty Prestige Lancaster v Kijiji and Marktplaats*, Oberlandesgericht [OLGZ] [provincial court of appeal] Frankfurt, 20 June 2008, Case No 3-12 O 63/08, Slip Op (FRG), aff'd, Oberlandesgericht [OLGZ] Hamburg, 23 Nov 2008, Case No 6 U 139/08, Slip Op (FRG); *Netlog v SABAM*, Tribunal de premiere instance [TPI] [ordinary court of original jurisdiction] Brussels, 2010, Case No C-360/10, Slip Op (Belg); *Parfums Christian Dior v eBay Inc*, Cour d'appel [regional court of appeal] Paris, 2 September 2001; *SA eBay France v Hermès Int'l*, Cour d'appel [regional court of appeal] Reims, 20 July 2010; *Scarlet v SABAM*, Cour d'appel [CA] [regional court of appeal] Brussels, 5 February 2010, Case No C-70/10, Slip Op (Belg); *Société Hermes International v SA eBay France*, Tribunal de grande instance [TGI] [ordinary court of original jurisdiction] Troyes, 4 June 2008, Case No 06/02604, Slip Op (Fr); and *Stokke A/S v eBay Int'l AG*, Hanseatisches Oberlandesgericht [OLGZ] [Hanseatic provincial court of appeal], 24 July 2008, Case No 3U 216 06, Slip Op (FRG), aff'd, Oberlandesgericht [OLGZ] Hamburg, Case No 3 U 216/06, Wettbewerb in Recht und Praxis [WRP] 12/2008, 1569-1593 (FRG).

¹²⁸ *L'Oréal SA and Ors v eBay International AG and Ors*, [2009] EWHC 1094 (Ch) (22 May 2009), <<http://www.bailii.org/ew/cases/EWHC/Ch/2009/1094.html>>.

¹²⁹ Ibid [1].

¹³⁰ Ibid [481].

Third, the judge held that 'eBay Europe are not jointly liable for the infringements committed by the Fourth to Tenth Defendants.'¹³¹ Arnold J reflected upon the complexities of this issue:

In characterising L'Oréal's claim as an attack on eBay's business model, it seems to me that counsel for eBay Europe came close to the heart of the issue. As the evidence in this case graphically demonstrates, eBay and its competitors have created a new form of trade which carries with it a higher risk of infringement than more traditional methods of trade. I consider that there is much to be said for the view that, having created that increased risk and profited from it, the consequences of that increased risk should fall upon eBay rather than upon the owners of the intellectual property rights that are infringed.¹³²

Nonetheless, despite these reservations, Arnold J ultimately accepted the submissions of eBay: 'In my judgment the right answer is that, as a matter of domestic common law, eBay Europe are under no legal duty or obligation to prevent infringement of third parties' registered trade marks.'¹³³

Fourth, the judge observed that 'whether eBay Europe have infringed the Link Marks by use in sponsored links and on the Site in relation to infringing goods again depends upon a number of questions of interpretation of the Trade Marks Directive upon which guidance from the ECJ is required'.¹³⁴ Fifth, the judge held that 'whether eBay Europe have a defence under Article 14 of the E-Commerce Directive is another matter upon which guidance from the ECJ is needed'.¹³⁵ Finally, the judge held that '[a]s a matter of domestic law the court has power to grant an injunction against eBay Europe by virtue of the infringements committed by the Fourth to Tenth Defendants, but the scope of the relief which Article 11 requires national courts to grant in such circumstances is another matter upon which guidance from the ECJ is required'.¹³⁶

Jonathan Davis noted: 'This case confirms that eBay is not jointly liable for the actions of its sellers and it is under no duty to prevent its users from infringing trade mark rights.'¹³⁷

¹³¹ Ibid.

¹³² Ibid [370].

¹³³ Ibid [375].

¹³⁴ Ibid [481].

¹³⁵ Ibid.

¹³⁶ Ibid.

¹³⁷ Jonathan Davis, 'Trade marks: eBay is under no duty under English law to prevent trade mark infringements by third parties' (2009) 4(10) *Journal of Intellectual Property Law and Practice* 694, 696.

4.3 The European Court of Justice

In the 2011 matter of *L'Oréal SA and Others v eBay International AG and Others (Intellectual property)*,¹³⁸ the European Court of Justice provided guidance on some of the larger questions raised by the dispute. The Court sought to provide guidance on *Council Directive 89/104*¹³⁹ ('Trade Mark Directive'), *Council Directive 2000/31*¹⁴⁰ ('Directive on electronic commerce'), *Council Directive 2004/48*¹⁴¹ ('Directive on the enforcement of intellectual property rights') and *Council Directive 76/768*¹⁴² ('the Cosmetics Directive').

Reflecting upon the policy issues at stake in the matter, Advocate General Jääskinen commented: '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'.¹⁴³ Advocate General Jääskinen observed that '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'.¹⁴⁴ Advocate General Jääskinen cautioned against blithely following foreign, United States law: 'Though such analogies [to the principles governing flea markets or garage sales] 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'.¹⁴⁵ Thus, the Tiffany litigation in the United States was not determinative of the outcome of the dispute.

The July 2011 ruling of the European Court of Justice arguably took a tougher stance on trade mark law, intermediary liability, and counterfeiting than even Advocate General Jääskinen.¹⁴⁶ The Court issued a press release on the judgment, calling the ruling a 'clarification on the liability of companies

¹³⁸ *L'Oréal SA and Others v eBay International AG and Others*, (C-324/09) [2011] EUECJ, (12 July 2011).

¹³⁹ *First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks* [1989] OJ L 40/1.

¹⁴⁰ *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* [2000] OJ L 178/1.

¹⁴¹ *Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of Intellectual Property Rights* [2004] OJ L 195/16.

¹⁴² *Council Directive of 27 July 1976 on the approximation of the laws of the Member States relating to cosmetic products* [1976] OJ L 262/169.

¹⁴³ *L'Oréal and Others (Intellectual property)* [2010] EUECJ C-324/09 (09 December 2010), [50] <http://www.bailii.org/eu/cases/EUECJ/2010/C32409_O.html>.

¹⁴⁴ *Ibid* [53].

¹⁴⁵ *Ibid* [57].

¹⁴⁶ *L'Oréal SA and Others v eBay International AG and Others*, (C-324/09) [2011] EUECJ (12 July 2011).

operating internet marketplaces for trade mark infringements committed by users' and emphasising that 'national courts must be able to order those companies to take measures intended not only to bring to an end infringements of intellectual property rights but also to prevent further infringements of that kind'.¹⁴⁷

First, the European Court of Justice ruled:

Where goods located in a third State, which bear a trade mark registered in a Member State of the European Union or a Community trade mark and have not previously been put on the market in the European Economic Area or, in the case of a Community trade mark, in the European Union, (i) are sold by an economic operator on an online marketplace without the consent of the trade mark proprietor to a consumer located in the territory covered by the trade mark or (ii) are offered for sale or advertised on such a marketplace targeted at consumers located in that territory, the trade mark proprietor may prevent that sale, offer for sale or advertising by virtue of the rules set out in Article 5 of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks, as amended by the Agreement on the European Economic Area of 2 May 1992, or in Article 9 of Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark.¹⁴⁸

In its view, '[i]t is the task of the national courts to assess on a case-by-case basis whether relevant factors exist, on the basis of which it may be concluded that an offer for sale or an advertisement displayed on an online marketplace accessible from the territory covered by the trade mark is targeted at consumers in that territory.'¹⁴⁹

Second, the Court held:

Where the proprietor of a trade mark supplies to its authorised distributors items bearing that mark, intended for demonstration to consumers in authorised retail outlets, and bottles bearing the mark from which small quantities can be taken for supply to consumers as free samples, those goods, in the absence of any evidence to the contrary, are not put on the market within the meaning of Directive 89/104 and Regulation No 40/94.¹⁵⁰

Third, the Court held that:

¹⁴⁷ European Court of Justice, 'The Court Provides Clarification on the Liability of Companies Operating Internet Marketplaces for Trade Mark Infringements Committed by Users' (Press Release No 69/11, 12 July 2011).

¹⁴⁸ *L'Oréal SA and Others v eBay International AG and Others*, (C-324/09) [2011] EUECJ, (12 July 2011) <<http://www.bailii.org/eu/cases/EUECJ/2011/C32409.html>>.

¹⁴⁹ *Ibid* [145].

¹⁵⁰ *Ibid* [145].

Article 5 of Directive 89/104 and Article 9 of Regulation No 40/94 must be interpreted as meaning that the proprietor of a trade mark may, by virtue of the exclusive right conferred by the mark, oppose the resale of goods such as those at issue in the main proceedings, on the ground that the person reselling the goods has removed their packaging, where the consequence of that removal is that essential information, such as information relating to the identity of the manufacturer or the person responsible for marketing the cosmetic product, is missing.¹⁵¹

Moreover, 'Where the removal of the packaging has not resulted in the absence of that information, the trade mark proprietor may nevertheless oppose the resale of an unboxed perfume or cosmetic product bearing his trade mark, if he establishes that the removal of the packaging has damaged the image of the product and, hence, the reputation of the trade mark.'¹⁵²

Fourth, the Court held:

On a proper construction of Article 5(1)(a) of Directive 89/104 and Article 9(1)(a) of Regulation No 40/94, the proprietor of a trade mark is entitled to prevent an online marketplace operator from advertising – on the basis of a keyword which is identical to his trade mark and which has been selected in an internet referencing service by that operator – goods bearing that trade mark which are offered for sale on the marketplace, where the advertising does not enable reasonably well-informed and reasonably observant internet users, or enables them only with difficulty, to ascertain whether the goods concerned originate from the proprietor of the trade mark or from an undertaking economically linked to that proprietor or, on the contrary, originate from a third party.¹⁵³

Fifth, the Court held: 'The operator of an online marketplace does not "use" – for the purposes of Article 5 of Directive 89/104 or Article 9 of Regulation No 40/94 – signs identical with or similar to trade marks which appear in offers for sale displayed on its site.'¹⁵⁴

Sixth, the Court held that:

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 ("Directive on electronic commerce") must be interpreted as applying to the operator of an online marketplace where that operator has not played an active role allowing it to have knowledge or control of the data stored.¹⁵⁵

¹⁵¹ Ibid.

¹⁵² Ibid.

¹⁵³ Ibid.

¹⁵⁴ Ibid.

¹⁵⁵ Ibid.

The Court continued: 'The operator plays such a role when it provides assistance which entails, in particular, optimising the presentation of the offers for sale in question or promoting them.'¹⁵⁶

Somewhat disturbingly, the Court ruled that, even when it did not play an active role, an online operator would have to act expeditiously:

Where the operator of the online marketplace has not played an active role within the meaning of the preceding paragraph and the service provided falls, as a consequence, within the scope of Article 14(1) of Directive 2000/31, the operator none the less cannot, in a case which may result in an order to pay damages, rely on the exemption from liability provided for in that provision if it was aware of facts or circumstances on the basis of which a diligent economic operator should have realised that the offers for sale in question were unlawful and, in the event of it being so aware, failed to act expeditiously in accordance with Article 14(1)(b) of Directive 2000/31.¹⁵⁷

Seventh, addressing remedies, the Court held that 'Member States [should] ensure that the national courts with jurisdiction in relation to the protection of intellectual property rights are able to order the operator of an online marketplace to take measures which contribute, not only to bringing to an end infringements of those rights by users of that marketplace, but also to preventing further infringements of that kind'.¹⁵⁸ The European Court of Justice insisted: 'Those injunctions must be effective, proportionate, and dissuasive and must not create barriers to legitimate trade.'¹⁵⁹

Stefan Krawczyk, eBay's European government-relations director, made an upbeat assessment of the decision: 'The judgment provides some clarity on certain issues, and ensures that all brands can be traded online in Europe. A lot of cases will still have to be assessed by the national courts. We've moved on – we fulfill most of these conditions now anyways.'¹⁶⁰

Nonetheless, the ruling of the European Court of Justice is undoubtedly a setback for eBay — especially given the mixed outcomes in the lower national courts. Ashursts Intellectual Property partner, Dominic Batchelor, observed that the decision would have extensive ramifications for eBay and its users:

¹⁵⁶ Ibid.

¹⁵⁷ Ibid.

¹⁵⁸ Ibid.

¹⁵⁹ Ibid.

¹⁶⁰ eBay Inc, 'eBay responds to the CJEU Ruling in the eBay vs. L'Oréal UK Case' (Press Release, 14 July 2011) <<http://brussels.ebaymainstreet.com/news-events/ebay-responds-cjeu-ruling-ebay-vs-lor%C3%A9al-uk-case>>.

'The practical and cost implications could be extensive, and any additional costs will presumably be passed on to eBay's users'.¹⁶¹

In one of the first rapid response commentaries on the ruling, Joel Smith and Joanna Silver comment that the decision favours trade mark owners: 'This is a strong decision in favour of brand owners, as it places a much higher burden on online marketplace operators to police the content of their users' postings'.¹⁶² They continue:

Further, it endorses and applies the reasoning in *Google France* (Joined Cases C-236/08 to 238/08) in finding that liability for an online service provider is only triggered by advertising for sale goods bearing a trade mark, where that advertising does not enable a well-informed and observant internet user to understand if goods originate from the trade mark proprietor (or a linked business) or from a third party.¹⁶³

Smith and Silver comment:

Online marketplace providers can no longer hide behind the "hosting" defence/exception to liability provided by Article 14 of the E-Commerce Directive to maintain that they do not have legal responsibility or liability for the acts of their users if they have played an active role in the promotion or sale of the trade marked goods; or gained knowledge of facts or circumstances which should have put them on notice that the offers for sale were unlawful and they failed to act expeditiously.¹⁶⁴

Smith and Silver argue that future conflict will focus upon the scope and breadth of the injunction that courts are prepared to grant.¹⁶⁵

From a consumer rights perspective, both the form and the substance of the European Court of Justice ruling are of concern. The somewhat telegraphic style of the ruling leaves its meaning open to further debate and contestation. It compares, somewhat unfavourably, to expansive jurisprudence of the American courts (although some critics have found fault with the clarity of

¹⁶¹ Nick Clark, 'Court tells eBay to Crack Down on Sellers of Counterfeit Goods', *The Independent* (online) 13 July 2011
<<http://www.independent.co.uk/news/business/news/court-tells-ebay-to-crack-down-on-sellers-of-counterfeit-goods-2312626.html>>.

¹⁶² Joel Smith and Joanna Silver, 'L'Oréal v eBay: A Warning to Online Marketplace Operators' (2011) *Journal of Intellectual Property Law & Practice*, doi: 10.1093/jiplp/jpr144,
<<http://jiplp.blogspot.com/2011/08/loreal-v-ebay-warning-to-online.html>>.

¹⁶³ Ibid.

¹⁶⁴ Ibid.

¹⁶⁵ Ibid.

the judgments involving Tiffany).¹⁶⁶ It is somewhat disturbing how the European Court of Justice resolved the stark divisions in the treatment of online intermediary liability between different nation states in the European Union. Arguably, the approach taken by the European Court of Justice provides owners of famous trade marks with the stronger capacity to enforce their rights, much to the detriment of consumers, small businesses, and online retailers. The decision is perhaps unduly keen to defend the luxury brands, which have become associated with the cultural heritage of the European Union. As such, it might be seen to have a somewhat protectionist edge to dealing with intermediary liability issues in a digital environment. Rather than scorn foreign law, the European Court of Justice might take notice of the ruling in the conflict between eBay and Tiffany. There is also an urgent need for the European Court of Justice to better delineate the defences and exceptions under trade mark law — both for intermediaries, and for consumers.

5 Policy Reforms

Should trade mark owners pursue further litigation against eBay Inc and other online marketplaces and bazaars? Tiffany has been undaunted. In March 2011, Tiffany sued Alice Don, Alice Huang, Fiona Jones, and four other China-based defendants under trade mark law and related rights for selling counterfeits through various internet sites.¹⁶⁷ A complaint filed in the Southern District of New York claimed the sites' merchandise 'not only copy the designs, patterns, and color schemes associated with Tiffany products, but also expressly identify the Counterfeit products as "Tiffany" and make unauthorized use of the trademark Tiffany name.'¹⁶⁸

The eminent trade mark law authority, Jeremy Phillips, prophetically observed back in 2007 that trade mark owners might be better off trying to establish a rival site to eBay: 'Setting up a competitor to eBay that operates in accordance with accepted norms of operation that restrict or remove the risk of sales of counterfeits is the obvious solution of final resort—but, given the profitability of internet auction sites, perhaps this last resort should be the brand owners' first port of call instead'.¹⁶⁹ The litigation over eBay has

¹⁶⁶ See Stacey Dogan, "'We Know It When We See It': Intermediary Trademark Liability and the Internet' (2011) 7 *Stanford Technology Law Review* <<http://stlr.stanford.edu/pdf/dogan-intermediary-trademark>>.

¹⁶⁷ The sites included, Tiffanyinthebox.com, 925jewelrybox.com, tiffany4girls.com, 925jewelrysales.com, pandoraoutlets.com, 925jewelrystore.com, 925store.org as well as others. See 'Tiffany Sues More Counterfeit Jewellery Sites', *Jeweller Magazine* (online), 12 April 2011 <<http://www.jewellermagazine.com/Article.aspx?id=1529&h=Tiffany-sues-more-counterfeit-jewellery-sites>>.

¹⁶⁸ Ibid.

¹⁶⁹ Jeremy Phillips, 'Bringing eBay into Line' (2007) 2(2) *Journal of Intellectual Property Law and Practice* 55.

generated significant amount of commentary and debate¹⁷⁰ and has a number of larger ramifications for trade mark law reform, parallel regimes of intellectual property (such as copyright law) and international law.

5.1 Trade Mark Law Reform

At the outset, some commentators — most notably Stacey Dogan and Mark Lemley — have argued for a re-conceptualisation of trademark use in the context of debates over contributory trademark infringement.¹⁷¹ It may, however, prove difficult to resist the expansive reading of trade mark use by the courts — much as it's proven to be difficult to restrict the notion of exploitation in patent law or substantiality in copyright law. Considering the eBay litigation, Stacey Dogan complains that the courts were unduly influenced by moral judgments, noting:

In the trademark context, recent decisions have shown great solicitude toward good-faith actors, while reserving the option to condemn those who act with the apparent design to sow confusion. Indeed, a dichotomy appears to be emerging between two types of defendants: those who want infringement to happen and those who do not. The former group faces almost certain liability, while the latter receives broad immunity, even when its services facilitate widespread infringement... [C]ourts like the Second Circuit in *Tiffany (NJ) Inc v eBay Inc* state a broad rule of immunity for parties that lack actual knowledge of specific instances of infringement, while spending a curious amount of time belaboring purportedly irrelevant matters like the extra efforts the defendant took to affirmatively root out the wrongdoing in that case.¹⁷²

With respect, this author has reservations about such an analysis of moral judgments — while good faith may be a factor, it is doubtful that it was the decisive issue in the eBay litigation. Rather than being portrayed as a good-faith actor, the litigation in the United States paints a decidedly morally ambiguous portrait of eBay as a corporate actor. The company is certainly neither represented as an angelic nor satanic figure in the litigation. Indeed, the striking feature of the litigation is the ambivalence of eBay towards consumer interests in respect of trade mark goods and services.

¹⁷⁰ Hong Cheong Wong, 'eBay's Liability for Counterfeits' (2010) 5(1) *Journal of Intellectual Property Law and Practice* 39, doi: 10.1093/jiplp/jpp189; Charles R Macedo, 'Trade marks: US trade mark owners must police their own marks on eBay' (2010) 5(7) *Journal of Intellectual Property Law and Practice* 484, doi: 10.1093/jiplp/jpq065.

¹⁷¹ See also Stacey Dogan and Mark Lemley, 'Trademarks and Consumer Search Costs on the Internet' (2004) 41 *Houston Law Review* 777; Stacey Dogan and Mark Lemley, 'Grounding Trademark Law Through Trademark Use' (2007) 92 *Iowa Law Review* 1669; and Stacey Dogan, 'Beyond Trademark Use' (2010) 8 *Journal on Telecommunications and High Technology Law* 135.

¹⁷² Stacey Dogan, "'We Know It When We See It': Intermediary Trademark Liability and the Internet' (2011) 7 *Stanford Technology Law Review* <<http://stlr.stanford.edu/pdf/dogan-intermediary-trademark-liability.pdf>>.

A number of trade mark owners and associations have used the messy litigation over eBay as a justification for reforms to trade mark law, trade mark dilution, and counterfeiting. A decade ago, I wrote about how copyright owners deployed the powerful imagery of a 'pirate bazaar' as a means to boost claims for copyright infringement, and mobilise legislative action in the area of copyright law reform.¹⁷³ William Patry has been particularly sensitive to the use of metaphors in the 'copyright wars'.¹⁷⁴ In the field of trade mark law, similar metaphors have been deployed. eBay Inc has been demonised by trade mark owners as a 'pirate bazaar', a 'flea-market', and a haven for counterfeiting and organised crime. Such characterisations are immoderate, hyperbolic, and unfair. It should also be noted that eBay Inc itself is reliant upon trademark protection — indeed, in Australia, it made unsuccessful objections in relation to trade mark registrations for 'UBay'.¹⁷⁵

In light of the litigation, a number of scholars and commentators have demanded changes to trade mark law. Matthew Berntsen complains that the requirements for contributory trademark liability are set too high.¹⁷⁶ Steve Helseth maintains that the litigation provides an opportunity to revise trademark dilution law.¹⁷⁷ James Ciula, likewise, demands that there should be Congressional or court action, if eBay and other online service providers fail to take greater action to combat counterfeiting.¹⁷⁸ Arguably, though, granting further protection to trade mark owners will distort trade mark law and adversely affect consumers who have a larger interest in freedom of choice, access to goods and services, and competition.

There is a need to reconceptualise trade mark law¹⁷⁹ so that there is a better recognition of the interests of consumers in collaborative consumption.¹⁸⁰

¹⁷³ Matthew Rimmer, *The Pirate Bazaar: The Social Life of Copyright Law* (University of New South Wales Law School, 2001).

¹⁷⁴ William Patry, *Moral Panics and the Copyright Wars* (Oxford University Press, 2009).

¹⁷⁵ *eBay Incorporated v Ubay Pty Ltd* [2009] ATMO 105 (21 December 2009).

¹⁷⁶ Matthew Berntsen, 'Knowledge and Misfeasance: *Tiffany v. eBay* and the Knowledge Requirement of Contributory Trademark Infringement' (2010) 16 *Boston University Journal of Science and Technology Law* 102.

¹⁷⁷ Steve Helseth, 'eBay's Dilution Disease Gone Viral: Dilution Offers a Breakthrough Vaccine for Tiffany's Ailing Trademark' (2010-2011) 34 *Hamline Law Review* 107.

¹⁷⁸ James Ciula, 'What Do They Know? Actual Knowledge, Sufficient Knowledge, Specific Knowledge, General Knowledge: An Analysis of Contributory Trademark Infringement Considering *Tiffany v. eBay*' (2009) 50 *IDEA: The Intellectual Property Law Review* 129.

¹⁷⁹ On trade mark law theory, see Graeme Dinwoodie and Mark Janis (eds), *Trademark Law and Theory: A Handbook of Contemporary Research* (Edward Elgar, 2008); and Lionel Bently, Jennifer Davis and Jane Ginsburg (eds), *Trade Marks and Brands: An Interdisciplinary Critique* (Cambridge University Press, 2008).

¹⁸⁰ There is some interesting work emerging on trade mark law and consumers, see Rosemary Coombe, *The Cultural Life of Intellectual Properties* (Duke University Press, 1998); Sonia Katyal, 'Semiotic Disobedience' (2006) 84(2) *Washington University Law Review* 489; Rebecca Tushnet and Bruce Keller, 'Even More Parodic than the Real

Indeed, I would argue that there is a need to develop an open, flexible defence of fair use in trade mark law — much like has evolved in United States copyright law. Reviewing the jurisprudence, William McGeveran has argued that there is a need to simplify and refine the fair use doctrine in United States trade mark law, both in order to reduce uncertainty and allow for quick adjudication, and promote public interest values.¹⁸¹ Arguably, this distinctive legislative and jurisprudential approach to trade mark exceptions should be followed in other jurisdictions. Trade mark exceptions, in particular, could better take into account concerns about consumer rights, competition, freedom of speech, and artistic expression (think, for instance, of the Vampire Weekend name-checking Louis Vuitton in the song ‘Cape Cod Kwassa Kwassa’,¹⁸² or culture-jammers and Adbusters¹⁸³ criticising fashion labels). Such a proposal is neither radical nor edgy. There have been parallel developments in exceptions in patent law,¹⁸⁴ copyright law,¹⁸⁵ and Internet domain names.¹⁸⁶ It is time that the question of the reform of trade mark exceptions is given similarly close attention. Further research could explore the various dimensions of a whole-hearted revision of defences, exceptions and limitations under trade mark law.

5.2 Comparisons with Copyright Law

There are, of course, parallels to be drawn between the debate over intermediary liability for trade mark infringement, and the somewhat more prominent controversy over intermediary liability for copyright infringement. In the United States, the Congress developed a prescriptive ‘safe harbours’ regime for online intermediaries under Part II of the *DMCA*. This Part’s title was the *Online Copyright Infringement Liability Limitation Act*. The *DMCA* created a number of safe harbours for service providers engaged in a number of activities — including transitory communications; system caching; the hosting of internet material and the provision of information tools. In order to benefit from such safe harbours, intermediaries have to comply with a

Thing: Parody Lawsuits Revisited’ (2004) 94 *Trademark Reporter* 979; and Laura Heyman, ‘The Public’s Domain in Trademark Law: A First Amendment Theory of the Consumer’ (2009) 43 *Georgia Law Review* 651.

¹⁸¹ William McGeveran, above n 56, 54. See also: William McGeveran, ‘Four Free Speech Goals for Trademark Law’ (2008), 18 *Fordham Intellectual Property, Media & Entertainment Law Journal* 1205; and William McGeveran, ‘The Trademark Fair Use Reform Act’ (2010) 90 *Boston University Law Review* 2267.

¹⁸² Vampire Weekend, ‘Cape Cod, Kwassa Kwassa’ from the album *Vampire Weekend* (XL Recordings, 2008).

¹⁸³ Adbusters (2011) <<http://www.adbusters.org/>>.

¹⁸⁴ Matthew Rimmer, ‘A Fair Use Project for Australia: Copyright Law and Creative Freedom’ (2010) 28(3) *Copyright Reporter* 165.

¹⁸⁵ Matthew Rimmer, ‘The Freedom To Tinker: Patent Law and Experimental Use’ (2005) 15(2) *Expert Opinion on Therapeutic Patents* 167.

¹⁸⁶ Jacqueline Lipton, *Internet Domain Names, Trademarks and Free Speech*, (Edward Elgar, 2010).

number of procedural and substantive obligations, such as a take down-and-notice system. Developed during the infancy of the internet, this regime has looked increasingly out-dated and anachronistic. There have been concerns that the take down-and-notice system has lacked due process, and accordingly has had a chilling effect on free speech, privacy and innovation.

The regime has also struggled to cope with the rise of internet search engines, video sites, and social networks. In the copyright litigation between Viacom, Google, and YouTube,¹⁸⁷ eBay Inc — along with Facebook, IAC/InterActive Corp and Yahoo! Inc — made an amicus curiae brief 'to provide the Court with the perspective of online service providers who have developed popular and innovative services in reliance on the safe harbor provisions of the *Digital Millennium Copyright Act*.'¹⁸⁸ eBay Inc and its colleagues emphasised that the 'Plaintiffs' legal arguments, if accepted, would retard the development of the Internet and electronic commerce, create uncertainty for service providers regarding their legal exposure for alleged infringements, and inhibit the growth and development of user-centric online models that, day after day, make the Internet and the world more democratic.'¹⁸⁹ The submission concluded that 'Congress intended to provide safe harbors for online service providers that would encourage the robust development of the Internet.'¹⁹⁰

The United States District Court found in favour of YouTube and Google at first instance, ruling that they could find shelter under the 'safe harbour' of the DMCA. In the case of *Viacom International v YouTube*, Stanton J considered whether YouTube was entitled to 'safe harbour' protection under the DMCA against Viacom's claims of direct and secondary infringement, including claims for 'inducement' contributory liability, because they had insufficient notice under the DMCA of the particular infringements in suit.¹⁹¹ Drawing comparisons with trade mark litigation involving eBay and Tiffany,¹⁹² the judge commented about the operation of the safe harbour under copyright law:

Although by a different technique, the DMCA applies the same principle, and its establishment of a safe harbor is clear and practical: if a service provider knows (from notice from the owner, or a "red flag") of specific instances of infringement, the provider must promptly remove the infringing material. If not, the burden is on the owner to identify the: infringement. General knowledge that infringement is "ubiquitous" does

¹⁸⁷ *Viacom International v YouTube*, 718 F Supp 2d 514 (SD NY, 2010).

¹⁸⁸ eBay Inc, Facebook Inc, IAC/Interactivecorp and Yahoo!, 'Amicus Curiae Brief in Support of Defendants', Submission in *Viacom International Inc v YouTube Inc*, 2010 WL 2147962, 26 May 2010.

¹⁸⁹ *Ibid* 4.

¹⁹⁰ *Ibid* 12.

¹⁹¹ *Viacom International Inc v YouTube Inc*, 718 F Supp 2d 514 (SD NY, 2010).

¹⁹² *Tiffany (NJ) Inc v eBay Inc*, 600 F 3d 93 (2d Cir NY, 2010).

not impose a duty on the service provider to monitor or search its service for infringements.¹⁹³

The judge noted: 'Indeed, the present case shows that the DMCA notification regime works efficiently: when Viacom over a period of months accumulated some 100,000 videos and then sent one mass take-down notice on February 2, 2007, by the next business day YouTube had removed virtually all of them.'¹⁹⁴

The United States has demanded that other countries adopt a similar safe harbour regime through the device of international trade agreements, such as the *Australia-United States Free Trade Agreement 2004*.¹⁹⁵ There have been fierce disputes over reconciling imported United States law with local rules and principles — in Australia, most notably, in the *iiNet* litigation.¹⁹⁶ Copyright owners have demanded further reforms to intermediary liability for copyright infringement, calling for a 'three strikes' test, and greater obligations and responsibilities to be placed upon intermediaries. A number of jurisdictions have experimented with such regimes including the United Kingdom with the *Digital Economy Act*, France and New Zealand.¹⁹⁷

5.3 The Anti-Counterfeiting Trade Agreement

Third, there has been a push by intellectual property owners to provide for higher standards of intellectual property protection through international treaties, such as ACTA. Memorably, Susan Sell called the international treaty 'a TRIPS Double-Plus Agreement'.¹⁹⁸ The instigators of such negotiations included the United States, the European Commission, Japan, and Switzerland; and participants included Canada, Australia, Korea, Mexico, and New Zealand. One of the key proponents of ACTA was the International Trademark Association, which submitted to President Barack Obama:

A strong economic future, including sustained job growth, will only be achieved when coupled with aggressive protection of intellectual

¹⁹³ *Viacom International Inc v YouTube Inc*, 718 F Supp 2d 514, 525 (SD NY, 2010).

¹⁹⁴ *Ibid* 524.

¹⁹⁵ *Australia-United States Free Trade Agreement*, opened for signature 18 May 2004, 2005 ATS 1 (entered into force 1 January 2005).

¹⁹⁶ *Universal Music Australia Pty Ltd v Cooper* [2005] FCA 972; *Warner Music Australia Pty Ltd and Ors v Swiftel Communications Pty Ltd and Ors* [2005] FMCA 627 (16 March 2005); *Roadshow Films Pty Ltd v iiNet Limited* (No 3) [2010] FCA 24 (4 February 2010); and *Roadshow Films Pty Ltd v iiNet Ltd* [2011] FCAFC 23 (24 February 2011).

¹⁹⁷ Nicolas Suzor and Brian Fitzgerald, 'The Legitimacy of Graduated Response Schemes in Copyright Law' (2011) 34 (1) *University of New South Wales Law Journal* 1.

¹⁹⁸ Susan Sell, 'The Global IP Upward Ratchet, Anti-Counterfeiting, and Piracy Enforcement Efforts: The State of Play' (Research Paper No 15, Program on Information Justice and Intellectual Property at Digital Commons @ American University Washington College of Law).

property globally. Nor is this solely an economic or business issue. Counterfeit products, such as fake pharmaceuticals, electrical devices and critical technology components, pose serious threats to the health and safety of consumers and to national security. ACTA can have a significant impact in fighting counterfeiting, a problem that exists globally and affects all national economies, and INTA supports the efforts by the United States and its negotiating partners who are working on this important initiative.¹⁹⁹

There has been much concern about the closed, secretive, and selective nature of the negotiations over ACTA. There have been fears that the agenda has been driven by lobbyists from intellectual property industries; and that e-commerce, consumer, and competition interests have had little say in the development of the text of the proposed agreement. There have also been concerns that the European Union has used the device of international trade negotiations to push for stronger intermediary trademark liability — eBay Canada expressed a number of reservations about the demands of European negotiators.²⁰⁰

There has also been disquiet about the one-sided substantive content of ACTA.²⁰¹ The agreement emphasises that 'the proliferation of counterfeit and pirated goods, as well as of services that distribute infringing material, undermines legitimate trade and sustainable development of the world economy, causes significant financial losses for right holders and for legitimate businesses, and, in some cases, provides a source of revenue for organized crime and otherwise poses risks to the public'.²⁰² Counterfeiting is broadly and inclusively defined under the proposed international agreement.²⁰³ As well as providing for institutional agreements, the proposed international treaty contains obligations on border measures, civil and criminal enforcement of intellectual property rights, technological protection measures, electronic rights management information and international co-

¹⁹⁹ International Trademark Association, *Submission to President Barack Obama on the Anti-Counterfeiting Trade Agreement* (23 March 2010) <http://www.ustr.gov/webfm_send/1737>.

²⁰⁰ Michael Geist, 'Submissions on Canada-EU Trade Deal: eBay Canada Warns Against Overbroad IP Provisions' 19 January 2010, <<http://www.michaelgeist.ca/content/view/4709/125/>>.

²⁰¹ For an overview and commentary, see Michael Geist, 'ACTA's State of Play: Looking Beyond Transparency' (2011) 26(3) *American University Journal of International Law* 543.

²⁰² *Anti-Counterfeiting Trade Agreement 2010*, 15 November 2010, <<http://www.dfat.gov.au/trade/acta/Finalized-Text-of-the-Agreement-subject-to-Legal-Review.pdf>>.

²⁰³ It is noticeable how far the concept of counterfeiting, as defined in the *Anti-Counterfeiting Trade Agreement 2010*, has drifted from its historical moorings. In his elegant book, *The Forger's Shadow*, Nick Groom investigates the history and the derivation of the word 'counterfeiting'. See Nick Groom, *The Forger's Shadow: How Forgery Changed the Course of Literature* (Picador, 2003) 44.

operation. The final agreement has some 26 references to trademarks. Initial drafts of the international treaty had a whole section devoted to online infringement. The final draft has Article 27(4), which provides:

A Party may provide, in accordance with its laws and regulations, its competent authorities with the authority to order an online service provider to disclose expeditiously to a right holder information sufficient to identify a subscriber whose account was allegedly used for infringement, where that right holder has filed a legally sufficient claim of trademark or copyright or related rights infringement, and where such information is being sought for the purpose of protecting or enforcing those rights. These procedures shall be implemented in a manner that avoids the creation of barriers to legitimate activity, including electronic commerce, and, consistent with that Party's law, preserves fundamental principles such as freedom of expression, fair process, and privacy.²⁰⁴

There have been concerns that the obligations could have an adverse impact upon consumers' privacy, free speech, innovation, competition and the digital economy. The Computer and Communications Industry, in particular, expressed concerns about ACTA supporting a protectionist trade agenda in the area of e-commerce: 'From a trade perspective, the USTR should be concerned when French authorities penalize U.S. companies for the conduct of French citizens who find it economically attractive to import authentic goods from U.S. businesses.'²⁰⁵ The NetCoalition was similarly disturbed by the impact of the *Anti-Counterfeiting Trade Agreement 2010* upon the precedents established by the *Tiffany v eBay* litigation: 'Foreign states increasingly apply their laws in a protectionist manner, obstructing U.S. Internet businesses' access to markets'.²⁰⁶

Arguably, the *Anti-Counterfeiting Trade Agreement 2010* should be seen as an illegitimate means of seeking to reform United States domestic law — particularly with regard to trade mark law. The treaty proposal provides a poor model for the regulation of trade mark law, e-commerce and counterfeiting, and should be rejected. A special edition of the *American University Journal of International Law* explores some of the other impacts of the *Anti-Counterfeiting Trade Agreement 2010* on other domains of intellectual

²⁰⁴ *Anti-Counterfeiting Trade Agreement 2010*, 15 November 2010, <<http://www.dfat.gov.au/trade/acta/Finalized-Text-of-the-Agreement-subject-to-Legal-Review.pdf>>.

²⁰⁵ The Computer and Communications Industry, *Comments on the Anti-Counterfeiting Trade Agreement* (February 2010) 5 <<http://infojustice.org/wp-content/uploads/2011/02/CCIA-Comments-to-USTR.pdf>>.

²⁰⁶ NetCoalition and the Computer and Communications Industry, *Letter to United States Trade Representative Ron Kirk on his Confirmation* (2009) <<http://www.ccianet.org/CCIA/files/ccLibraryFiles/File/000000000346/N C-CCIA-May-09-Kirk-Letter.pdf>>.

property — including on copyright law,²⁰⁷ access to essential medicines²⁰⁸ and the World Intellectual Property Organization Development Agenda.²⁰⁹

Conclusion

This comparative study of trade mark law, and counterfeiting has highlighted how there is a lack of harmonisation on national and international approaches to intermediary liability in the field of trade mark law. In particular, there is a distinct Atlantic division between the approach taken by United States courts to the position of eBay in trademark litigation, and that of its counterparts in European courts — particularly involving litigation by LVMH and L'Oréal against eBay. This lack of harmonisation will not be resolved by regional agreements — such as the *Anti-Counterfeiting Trade Agreement 2010* — drafts of which have called for tough regulation of intermediary liability. This article has expressed concern that the interests of consumers have been elided in the legal and policy confrontations between luxury fashion labels, and behemoths of the digital economy, such as eBay. It has argued that there is a need to reform trade mark law — particularly with regard to exceptions — in order to better to protect the interests of consumers. This would also involve developing a sophisticated understanding of the role of consumers in 'collaborative consumption' in trade mark law and the electronic marketplace.²¹⁰

²⁰⁷ Annemarie Bridy, 'ACTA and the Specter of Graduated Response', (2011) 26(3) *American University Journal of International Law* 559.

²⁰⁸ Brook Baker, 'ACTA - Risks of Third-Party Enforcement for Access to Medicines', (2011) 26(3) *American University Journal of International Law* 579.

²⁰⁹ Andrew Rens, 'Collateral Damage – The Impact of ACTA and the Enforcement Agenda on the World's Poorest Peoples' (2011) 26(3) *American University Journal of International Law* 784.

²¹⁰ On theoretical work on consumers and trade mark law, see, for instance, Rochelle Cooper Dreyfuss, 'Expressive Genericity: Trademarks as Language in The Pepsi Generation' (1990) 65 *Notre Dame Law Review* 397; Rochelle Cooper Dreyfuss, 'Reconciling Trademark Rights and Expressive Values: How to Stop Worrying and Learn to Love Ambiguity' in Graeme Dinwoodie and Mark Janis (eds), *Trademark Law and Theory: A Handbook of Contemporary Research* (Edward Elgar Publishing, 2008) 261-93; Thomas Lee, Glenn Christensen and Eric DeRosia, 'Trademarks, Consumer Psychology, and the Sophisticated Consumer' (2008) 57 *Emory Law Journal* 575; and Deborah Gerhardt, 'Consumer Investments in Trademarks' (2010) 88(3) *North Carolina Law Review* 427.