JUDGMENT OF THE COURT (Grand Chamber)

12 July 2011 *

In Case C-324/09,

REFERENCE for a preliminary ruling under Article 234 EC, from the High Court of Justice (England & Wales), Chancery Division, (United Kingdom), made by decision of 16 July 2009, received at the Court on 12 August 2009, in the proceedings

L'Oréal SA,

Lancôme parfums et beauté & Cie SNC,

Laboratoire Garnier & Cie,

L'Oréal (UK) Ltd

v

eBay International AG,

* Language of the case: English.

eBay Europe SARL,

eBay (UK) Ltd,

Stephen Potts,

Tracy Ratchford,

Marie Ormsby,

James Clarke,

Joanna Clarke,

Glen Fox,

Rukhsana Bi,

THE COURT (Grand Chamber),

composed of V. Skouris, President, A. Tizzano, J.N. Cunha Rodrigues, K. Lenaerts, J.-C. Bonichot, K. Schiemann, J.-J. Kasel and D. Šváby, Presidents of Chambers, A. Rosas, R. Silva de Lapuerta, M. Ilešič (Rapporteur), M. Safjan and M. Berger, Judges,

Advocate General: N. Jääskinen,
Registrar: L. Hewlett, Principal Administrator,

having regard to the written procedure and further to the hearing on 22 June 2010,

after considering the observations submitted on behalf of:

— L'Oréal SA and Others, by H. Carr QC, D. Anderson QC and T. Mitcheson, Barrister,

— eBay International AG and Others, by T. van Innis and G. Glas, avocats,

— the United Kingdom Government, by H. Walker and L. Seeboruth, acting as Agents, and by C. May, Barrister,

— the French Government, by G. de Bergues, B. Beaupère-Manokha, J. Gstalster and B. Cabouat, acting as Agents,

— the Italian Government, by G. Palmieri, acting as Agent, and by S. Fiorentino, avvocato dello Stato,

— the Polish Government, by M. Dowgielewicz and A. Rutkowska, acting as Agents,

— the Portuguese Government, by L. Inez Fernandes, acting as Agent,

— the European Commission, by H. Krämer, acting as Agent,

after hearing the Opinion of the Advocate General at the sitting on 9 December 2010

gives the following

Judgment

1 This reference for a preliminary ruling concerns the interpretation of Articles 5 and 7 of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks (OJ 1989 L 40, p. 1), as amended by the Agreement on the European Economic Area of 2 May 1992 (OJ 1994 L 1, p. 3) ('Directive 89/104'), Articles 9 and 13 of Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark (OJ 1994 L 11, p. 1), Article 14 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') (OJ 2000 L 178, p. 1) and Article 11 of Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights (OJ 2004 L 157, p. 45).

2 The reference was made in proceedings between, on the one hand, L'Oréal SA and its subsidiaries Lancôme parfums et beauté & Cie SNC, Laboratoire Garnier & Cie and L'Oréal (UK) Ltd (hereinafter referred to collectively as 'L'Oréal') and, on the other, three subsidiaries of eBay Inc., namely eBay International AG, eBay Europe SARL and eBay (UK) Ltd (hereinafter referred to collectively as 'eBay') as well as Mr Potts, Ms Ratchford, Ms Ormsby, Mr Clarke, Ms Clarke, Mr Fox and Ms Bi (hereinafter referred to collectively as 'the individual defendants'), concerning the sale, without L'Oréal's consent, of L'Oréal products on the online marketplace operated by eBay.

I — Legal context

A — *Directive 89/104 and Regulation No 40/94*

3 Directive 89/104 and Regulation No 40/94 were repealed by Directive 2008/95/EC of the European Parliament and of the Council of 22 October 2008 to approximate the laws of the Member States relating to trade marks (codified version) (OJ 2008 L 299, p.25), which entered into force on 28 November 2008, and Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade mark (codified version) (OJ 2009 L 78, p. 1), which entered into force on 13 April 2009. The dispute in the main proceedings none the less continues to be governed, account being taken of the material dates, by Directive 89/104 and Regulation No 40/94.

4 Article 5 of Directive 89/104, entitled 'Rights conferred by a trade mark', was worded as follows:

'1. The registered trade mark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade:

(a) any sign which is identical with the trade mark in relation to goods or services which are identical with those for which the trade mark is registered;

(b) any sign where, because of its identity with, or similarity to, the trade mark and the identity or similarity of the goods or services covered by the trade mark and the sign, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association between the sign and the trade mark.

2. Any Member State may also provide that the proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade any sign which is identical with, or similar to, the trade mark in relation to goods or services which are not similar to those for which the trade mark is registered, where the latter has a reputation in the Member State and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.

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

(a) affixing the sign to the goods or to the packaging thereof;

(b) offering the goods, or putting them on the market or stocking them for these purposes under that sign, or offering or supplying services thereunder;

(c) importing or exporting the goods under the sign;

(d) using the sign on business papers and in advertising.

…'

5 The wording of Article 9(1)(a) and (b) of Regulation No 40/94 corresponded in substance to that of Article 5(1) of Directive 89/104. Paragraph 2 of Article 9 corresponded to paragraph 3 of Article 5. As to Article 9(1)(c) of Regulation No 40/94, it provided:

'A Community trade mark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade:

…

(c) any sign which is identical with or similar to the Community trade mark in relation to goods or services which are not similar to those for which the Community trade mark is registered, where the latter has a reputation in the Community and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the Community trade mark.'

6 Article 7 of Directive 89/104, entitled 'Exhaustion of the rights conferred by a trade mark', stated:

'1. The trade mark shall not entitle the proprietor to prohibit its use in relation to goods which have been put on the market in [the European Economic Area] under that trade mark by the proprietor or with his consent.

2. Paragraph 1 shall not apply where there exist legitimate reasons for the proprietor to oppose further commercialisation of the goods, especially where the condition of the goods is changed or impaired after they have been put on the market.'

7 Under Article 13(1) of Regulation No 40/94, '[a] Community trade mark shall not entitle the proprietor to prohibit its use in relation to goods which have been put on the market in the [European Union] under that trade mark by the proprietor or with his consent'. The wording of Article 13(2) is identical to that of Article 7(2) of Directive 89/104.

B — *Directive 2000/31 ('Directive on electronic commerce')*

8 Article 2(a) of Directive 2000/31 defines 'information society services' by reference to Article 1(2) of Directive 98/34/EC of the European Parliament and of the Council of 22 June 1998 laying down a procedure for the provision of information in the field of technical standards and regulations and of rules on Information Society services (OJ 1998 L 204, p. 37), as amended by Directive 98/48/EC of 20 July 1998 (OJ 1998 L 217, p. 18) ('Directive 98/34'), which refers to 'any service normally provided for remuneration, at a distance, by electronic means and at the individual request of a recipient of services'.

9 Article 1(2) of Directive 98/34 continues as follows:

'...

'For the purposes of this definition:

— "at a distance" means that the service is provided without the parties being simultaneously present,

— "by electronic means" means that the service is sent initially and received at its destination by means of electronic equipment for the processing … and storage of data, and entirely transmitted, conveyed and received by wire, by radio, by optical means or by other electromagnetic means,

— "at the individual request of a recipient of services" means that the service is provided through the transmission of data on individual request.

…'

10 Article 6 of Directive 2000/31 states:

'In addition to other information requirements established by [European Union] law, Member States shall ensure that commercial communications which are part of, or constitute, an information society service comply at least with the following conditions:

…

(b) the natural or legal person on whose behalf the commercial communication is made shall be clearly identifiable;

…'

11 Chapter II of Directive 2000/31 includes a section (Section 4) entitled 'Liability of intermediary service providers', which comprises Articles 12 to 15.

12 Article 14 of Directive 2000/31, entitled 'Hosting', provides:

'1. Where an information society service is provided that consists of the storage of information provided by a recipient of the service, Member States shall ensure that the service provider is not liable for the information stored at the request of a recipient of the service, on condition that:

(a) the provider does not have actual knowledge of illegal activity or information and, as regards claims for damages, is not aware of facts or circumstances from which the illegal activity or information is apparent;

or

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

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

3. This Article shall not affect the possibility for a court or administrative authority, in accordance with Member States' legal systems, of requiring the service provider to terminate or prevent an infringement, nor does it affect the possibility for Member States of establishing procedures governing the removal or disabling of access to information.'

13 Article 15 of Directive 2000/31, entitled 'No general obligation to monitor', provides:

'1. Member States shall not impose a general obligation on providers, when providing the services covered by Articles 12, 13 and 14, to monitor the information which they transmit or store, nor a general obligation actively to seek facts or circumstances indicating illegal activity.

...'

14 Chapter III of Directive 2000/31 includes, in particular, Article 18, entitled 'Court actions', which provides:

'Member States shall ensure that court actions available under national law concerning information society services' activities allow for the rapid adoption of measures, including interim measures, designed to terminate any alleged infringement and to prevent any further impairment of the interests involved.

...'

C — *Directive 2004/48 ('Directive on the enforcement of intellectual property rights')*

15 Recitals 1 to 3, 23, 24 and 32 in the preamble to Directive 2004/48 state:

'(1) The achievement of the internal market entails eliminating restrictions on freedom of movement and distortions of competition, while creating an environment conducive to innovation and investment. In this context, the protection of intellectual property is an essential element for the success of the internal market....

(2) ... At the same time, it should not hamper freedom of expression, the free movement of information, or the protection of personal data, including on the internet.

(3) However, without effective means of enforcing intellectual property rights, innovation and creativity are discouraged and investment diminished. It is therefore necessary to ensure that the substantive law on intellectual property, which is nowadays largely part of the *acquis communautaire*, is applied effectively in the [European Union]. ...

...

(23) ... [r]ightholders should have the possibility of applying for an injunction against an intermediary whose services are being used by a third party to infringe the rightholder's industrial property right. The conditions and procedures relating to such injunctions should be left to the national law of the Member States. As far as infringements of copyright and related rights are concerned, a comprehensive level of harmonisation is already provided for in Directive 2001/29/EC

[of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society (OJ 2001 L 167, p. 10)]. Article 8(3) of Directive 2001/29/EC should therefore not be affected by this Directive.

(24) Depending on the particular case, and if justified by the circumstances, the measures, procedures and remedies to be provided for should include prohibitory measures aimed at preventing further infringements of intellectual property rights....

…

(32) This Directive respects the fundamental rights … recognised in particular by the Charter of Fundamental Rights of the European Union. In particular, this Directive seeks to ensure full respect for intellectual property, in accordance with Article 17(2) of that Charter.'

16 Article 2 of Directive 2004/48, which defines the scope of the directive, provides:

'1. Without prejudice to the means which are or may be provided for in [European Union] or national legislation, in so far as those means may be more favourable for rightholders, the measures, procedures and remedies provided for by this Directive shall apply … to any infringement of intellectual property rights as provided for by [European Union] law and/or by the national law of the Member State concerned.

...

3. This Directive shall not affect:

(a) ... Directive 2000/31/EC, in general, and Articles 12 to 15 of Directive 2000/31/EC in particular;

...'

17 Chapter II of Directive 2004/48, entitled 'Measures, procedures and remedies', contains six sections, the first of which, entitled 'General provisions', includes Article 3, which provides:

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

2. Those measures, procedures and remedies shall also be effective, proportionate and dissuasive and shall be applied in such a manner as to avoid the creation of barriers to legitimate trade...'

18 Section 5 of Chapter II of Directive 2004/48 is entitled 'Measures resulting from a decision on the merits of the case'. It is formed of Articles 10, 11 and 12, entitled, 'Corrective measures', 'Injunctions' and 'Alternative measures', respectively.

19 Under Article 11 of Directive 2004/48:

'Member States shall ensure that, where a judicial decision is taken finding an infringement of an intellectual property right, the judicial authorities may issue against the infringer an injunction aimed at prohibiting the continuation of the infringement. Where provided for by national law, non-compliance with an injunction shall, where appropriate, be subject to a recurring penalty payment, with a view to ensuring compliance. Member States shall also ensure that rightholders are in a position to apply for an injunction against intermediaries whose services are used by a third party to infringe an intellectual property right, without prejudice to Article 8(3) of Directive 2001/29/EC.'

20 Article 8(3) of Directive 2001/29, provides:

'Member States shall ensure that rightholders are in a position to apply for an injunction against intermediaries whose services are used by a third party to infringe a copyright or related right.'

D — *Directive 76/768 ('Directive on cosmetic products')*

21 Article 6(1) of Council Directive 76/768/EEC of 27 July 1976 on the approximation of the laws of the Member States relating to cosmetic products (OJ 1976 L 262, p. 169), as amended by Directive 2003/15/EC of the European Parliament and of the Council of 27 February 2003 (OJ 2003 L 66, p. 26), provides:

‘1. Member States shall take all measures necessary to ensure that cosmetic products may be marketed only if the container and packaging bear the following information in indelible, easily legible and visible lettering; the information mentioned in point (g) may, however, be indicated on the packaging alone:

(a) the name or style and the address or registered office of the manufacturer or the person responsible for marketing the cosmetic product who is established within the Community …;

(b) the nominal content at the time of packaging …;

(c) the date of minimum durability …;

(d) particular precautions to be observed in use …;

(e) the batch number of manufacture or the reference for identifying the goods. …;

(f) the function of the product, unless it is clear from the presentation of the product;

(g) a list of ingredients ….

…’

E — *National legislation*

22 Directive 89/104 was incorporated into national law by the Trade Marks Act 1994. Section 10 of that Act implements Article 5(1) to (3) of Directive 89/104.

23 Directive 2000/31 was incorporated into national law by the Electronic Commerce (EC Directive) Regulations. Regulation 19 thereof implements Article 14 of Directive 2000/31.

24 As regards the third sentence of Article 11 of Directive 2004/48, the United Kingdom of Great Britain and Northern Ireland has not adopted specific rules to implement that provision. The power to grant injunctions is, however, governed by Section 37 of the Supreme Court Act 1981, by virtue of which the High Court may grant an injunction 'in all cases in which it appears to be just and convenient to do so'.

25 Directive 76/768 is incorporated into national law by the Cosmetic Products (Safety) Regulations. Regulation 12 thereof corresponds to Article 6(1) of Directive 76/768 and contravention of that regulation can constitute a criminal offence.

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

26 L'Oréal is a manufacturer and supplier of perfumes, cosmetics and hair-care products. In the United Kingdom it is the proprietor of a number of national trade marks. It is also the proprietor of Community trade marks.

27 L'Oréal operates a closed selective distribution network, in which authorised distributors are restrained from supplying products to other distributors.

28 eBay operates an electronic marketplace on which are displayed listings of goods offered for sale by persons who have registered for that purpose with eBay and have created a seller's account with it. eBay charges a percentage fee on completed transactions.

29 eBay enables prospective buyers to bid for items offered by sellers. It also allows items to be sold without an auction, and thus for a fixed price, by means of a system known as 'Buy It Now'. Sellers can also set up online shops on eBay sites. An online shop lists all the items offered for sale by one seller at a given time.

30 Sellers and buyers must accept eBay's online-market user agreement. One of the terms of that agreement is a prohibition on selling counterfeit items and on infringing trade marks.

31 In some cases eBay assists sellers in order to enhance their offers for sale, to set up online shops, to promote and increase their sales. It also advertises some of the products sold on its marketplace using search engine operators such as Google to trigger the display of advertisements.

32 On 22 May 2007, L'Oréal sent eBay a letter expressing its concerns about the widespread incidence of transactions infringing its intellectual property rights on eBay's European websites.

33 L'Oréal was not satisfied with the response it received and brought actions against eBay in various Member States, including an action before the High Court of Justice (England & Wales), Chancery Division.

34 L'Oréal's action before the High Court of Justice sought a ruling, first, that eBay and the individual defendants are liable for sales of 17 items made by those individuals through the website www.ebay.co.uk, L'Oréal claiming that those sales infringed the rights conferred on it by, inter alia, the figurative Community trade mark including the words 'Amor Amor' and the national word mark 'Lancôme'.

35 It is common ground between L'Oréal and eBay that two of those 17 items are counterfeits of goods bearing L'Oréal trade marks.

36 Although L'Oréal does not claim that the other 15 items are counterfeits, it none the less considers that the sale of the items infringed its trade mark rights, since those items were either goods that were not intended for sale (such as tester or dramming products) or goods bearing L'Oréal trade marks intended for sale in North America

and not in the European Economic Area ('EEA'). Furthermore, some of the items were sold without packaging.

37 Whilst refraining from ruling at this stage on the question as to the extent to which L'Oréal's trade mark rights have been infringed, the High Court of Justice has confirmed that the individual defendants made the sales described by L'Oréal on the website www.ebay.co.uk.

38 Second, L'Oréal submits that eBay is liable for the use of L'Oréal trade marks where those marks are displayed on eBay's website and where sponsored links triggered by the use of keywords corresponding to the trade marks are displayed on the websites of search engine operators, such as Google.

39 Concerning the last point, it is not disputed that eBay, by choosing keywords corresponding to L'Oréal trade marks in Google's 'Ad Words' referencing service, caused to be displayed, each time that there was a match between a keyword and the word entered in Google's search engine by an internet user, a sponsored link to the site www.ebay.co.uk. That link would appear in the 'sponsored links' section displayed on either the right-hand side, or on the upper part, of the screen displayed by Google.

40 Thus, on 27 March 2007, when an internet user entered the words 'shu uemura' – which in essence coincide with L'Oréal's national word mark 'Shu Uemura' – as a search string in the Google search engine, the following eBay advertisement was displayed in the 'sponsored links' section:

'Shu Uemura

Great deals on Shu uemura

Shop on eBay and Save!

www.ebay.co.uk'.

41 Clicking on that sponsored link led to a page on the www.ebay.co.uk website which showed '96 items found for shu uemura'. Most of those items were expressly stated to be from Hong Kong.

42 Similarly, taking one of the other examples, when, on 27 March 2007, an internet user entered the words 'matrix hair', which correspond in part to L'Oréal's national word mark 'Matrix', as a search string in the Google search engine, the following eBay listing was displayed as a 'sponsored link':

'Matrix hair

Fantastic low prices here

Feed your passion on eBay.co.uk!

www.ebay.co.uk'.

43 Third, L'Oréal has claimed that, even if eBay was not liable for the infringements of its trade mark rights, it should be granted an injunction against eBay by virtue of Article 11 of Directive 2004/48.

44 L'Oréal reached a settlement with some of the individual defendants (Mr Potts, Ms Ratchford, Ms Ormsby, Mr Clarke and Ms Clarke) and obtained judgment in default against the others (Mr Fox and Ms Bi). Subsequently, in March 2009, a hearing dealing with the action against eBay was held before the High Court of Justice.

45 By judgment of 22 May 2009, the High Court of Justice made a number of findings of fact and concluded that the state of the proceedings did not permit final judgment in the case, as a number of questions of law first required an interpretation from the Court of Justice of the European Union.

46 In its judgment, the High Court of Justice notes that eBay has installed filters in order to detect listings which might contravene the conditions of use of the site. That court also notes that eBay has developed, using a programme called 'VeRO' (*Verified Rights Owner*), a notice and take-down system that is intended to provide intellectual property owners with assistance in removing infringing listings from the marketplace. L'Oréal has declined to participate in the VeRO programme, contending that the programme is unsatisfactory.

47 The High Court of Justice has also stated that eBay applies sanctions, such as the temporary – or even permanent – suspension of sellers who have contravened the conditions of use of the online marketplace.

48 Despite the findings set out above, the High Court of Justice took the view that eBay could do more to reduce the number of sales on its online marketplace which infringe intellectual property rights. According to that court, eBay could use additional filters. It could also include in its rules a prohibition on selling, without the consent of the trade mark proprietors, trade-marked goods originating from outside the EEA. It could also impose additional restrictions on the volumes of products that can be listed at any one time and apply sanctions more rigorously.

49 The High Court of Justice states, however, that the fact that it would be possible for eBay to do more does not necessarily mean that it is legally obliged to do so.

50 By decision of 16 July 2009, which follows on from the judgment of 22 May 2009, the High Court of Justice decided to stay the proceedings and refer the following questions to the Court for a preliminary ruling:

'(1) Where perfume and cosmetic testers (i.e. samples for use in demonstrating products to consumers in retail outlets) and dramming bottles (i.e. containers from which small aliquots can be taken for supply to consumers as free samples) which are not intended for sale to consumers (and are often marked "not for sale" or "not for individual sale") are supplied without charge to the trade mark proprietor's authorised distributors, are such goods "put on the market" within the meaning of Article 7(1) of [Directive 89/104] and Article 13(1) of [Regulation No 40/94]?

(2) Where the boxes (or other outer packaging) have been removed from perfumes and cosmetics without the consent of the trade mark proprietor, does this constitute a "legitimate reason" for the trade mark proprietor to oppose further commercialisation of the unboxed products within the meaning of Article 7(2) of [Directive 89/104] and Article 13(2) of [Regulation No 40/94]

(3) Does it make a difference to the answer to question 2 above if:

(a) as a result of the removal of the boxes (or other outer packaging), the unboxed products do not bear the information required by Article 6(1) of [Directive 76/768], and in particular do not bear a list of ingredients or a "best before date"?

(b) as a result of the absence of such information, the offer for sale or sale of the unboxed products constitutes a criminal offence according to the law of the Member State of the Community in which they are offered for sale or sold by third parties?

(4) Does it make a difference to the answer to question 2 above if the further commercialisation damages, or is likely to damage, the image of the goods and hence the reputation of the trade mark? If so, is that effect to be presumed, or is it required to be proved by the trade mark proprietor?

(5) Where a trader which operates an online marketplace purchases the use of a sign which is identical to a registered trade mark as a keyword from a search engine operator so that the sign is displayed to a user by the search engine in a sponsored link to the website of the operator of the online marketplace, does the display of the sign in the sponsored link constitute "use" of the sign within the meaning of Article 5(1)(a) of [Directive 89/104] and Article 9(1)(a) of [Regulation No 40/94]?

(6) Where clicking on the sponsored link referred to in question 5 above leads the user directly to advertisements or offers for sale of goods identical to those for which the trade mark is registered under the sign placed on the website by other parties, some of which infringe the trade mark and some [of] which do not infringe the trade mark by virtue of the differing statuses of the respective goods, does that constitute use of the sign by the operator of the online marketplace "in relation to" the infringing goods within the meaning of 5(1)(a) of [Directive 89/104] and Article 9(1)(a) of [Regulation No 40/94]?

(7) Where the goods advertised and offered for sale on the website referred to in question 6 above include goods which have not been put on the market within the EEA by or with the consent of the trade mark proprietor, is it sufficient for such use to fall within the scope of Article 5(1)(a) of [Directive 89/104] and Article 9(1)(a) of [Regulation No 40/94] and outside Article 7(1) of [Directive 89/104]

and Article 13(1) of [Regulation No 40/94] that the advertisement or offer for sale is targeted at consumers in the territory covered by the trade mark or must the trade mark proprietor show that the advertisement or offer for sale necessarily entails putting the goods in question on the market within the territory covered by the trade mark?

(8) Does it make any difference to the answers to questions 5 to 7 above if the use complained of by the trade mark proprietor consists of the display of the sign on the web site of the operator of the online marketplace itself rather than in a sponsored link?

(9) If it is sufficient for such use to fall within the scope of Article 5(1)(a) of [Directive 89/104] and Article 9(1)(a) of [Regulation No 40/94] and outside Article 7 … of [Directive 89/104] and Article 13 … of [Regulation No 40/94] that the advertisement or offer for sale is targeted at consumers in the territory covered by the trade mark:

(a) does such use consist of or include "the storage of information provided by a recipient of the service" within the meaning of Article 14(1) of [Directive 2000/31]?

(b) if the use does not consist exclusively of activities falling within the scope of Article 14(1) of [Directive 2000/31], but includes such activities, is the operator of the online marketplace exempted from liability to the extent that the use consists of such activities and if so may damages or other financial remedies be granted in respect of such use to the extent that it is not exempted from liability?

(c) in circumstances where the operator of the online marketplace has knowledge that goods have been advertised, offered for sale and sold on its website in infringement of registered trade marks, and that infringements of such registered trade marks are likely to continue to occur through the advertisement, offer for sale and sale of the same or similar goods by the same or different users of the website, does this constitute "actual knowledge" or "awareness" within the meaning of Article 14(1) of [Directive 2000/31]?

(10) Where the services of an intermediary such as an operator of a website have been used by a third party to infringe a registered trade mark, does Article 11 of [Directive 2004/48] require Member States to ensure that the trade mark proprietor can obtain an injunction against the intermediary to prevent further infringements of the said trade mark, as opposed to continuation of that specific act of infringement, and if so what is the scope of the injunction that shall be made available?'

III — Consideration of the questions referred

A — *The first to fourth questions, and the seventh question, concerning the sale of trade-marked goods on an online marketplace*

1. Preliminary considerations

51 As has been stated at paragraphs 36 and 37 of this judgment, it is not disputed that the individual defendants have, via the www.ebay.co.uk website, offered for sale, and sold, to consumers within the European Union ('EU') goods bearing L'Oréal trade marks which L'Oréal intended for sale in third States, as well as goods not intended for sale,

such as tester and dramming items. Nor is it disputed that a number of those goods were sold without packaging.

52 It can also be seen from the findings summarised at paragraphs 40 and 41 of this judgment that goods imported into third States were offered for sale on the website www.ebay.co.uk, those findings showing that eBay advertised, on that site, offers for sale of goods bearing the Shu Uemura trade mark which were located in Hong Kong (China).

53 eBay denies that there can be any infringement of trade mark rights when such offers for sale are displayed on its online marketplace. By its first to fourth question and its seventh question, the referring court seeks to ascertain whether eBay's position is correct.

54 Before considering those questions, it is important to recall, following the Advocate General at point 79 of his Opinion, that the exclusive rights conferred by trade marks may, as a rule, be relied on only as against economic operators. Indeed, for the proprietor of a trade mark to be entitled to prevent a third party from using a sign identical with or similar to his trade mark, the use must take place in the course of trade (see, inter alia, Case C-245/02 *Anheuser-Busch* [2004] ECR I-10989, paragraph 62, and Case C-487/07 *L'Oréal and Others* [2009] ECR I-5185, paragraph 57).

55 Accordingly, when an individual sells a product bearing a trade mark through an online marketplace and the transaction does not take place in the context of a commercial activity, the proprietor of the trade mark cannot rely on his exclusive right as expressed in Article 5 of Directive 89/104 and Article 9 of Regulation No 40/94. If, however, owing to their volume, their frequency or other characteristics, the sales

made on such a marketplace go beyond the realms of a private activity, the seller will be acting 'in the course of trade' within the meaning of those provisions.

56 In its judgment of 22 May 2009, the referring court found that Mr Potts, one of the individual defendants, had sold, through the www.ebay.co.uk site, a large number of items bearing L'Oréal trade marks. In view of that fact, the referring court concluded that Mr Potts had acted as a business seller. Similar findings were made in relation to Ms Ratchford, Ms Ormsby, Ms Clarke, Ms Bi, Mr Clarke and Mr Fox.

57 Thus, given that the offers for sale and the sales mentioned in paragraph 51 of this judgment, which entailed the use of signs identical or similar to trade marks owned by L'Oréal, took place 'in the course of trade' and since moreover it is not disputed that L'Oréal did not consent thereto, consideration should be given to whether L'Oréal was entitled, in view of all the rules set out in Article 5 of Directive 89/104 and Article 9 of Regulation No 40/94 and to the case-law relating to those provisions, to prevent those offers for sale and sales.

2. The offer for sale, by means of an online marketplace targeted at consumers in the EU, of trade-marked goods intended, by the proprietor of the mark, for sale in third States

58 By its seventh question, which it is appropriate to examine first, the referring court asks, in essence, whether, for the proprietor of a trade mark registered in a Member State of the EU or of a Community trade mark to be able to prevent, under the rules set out in Article 5 of Directive 89/104 and Article 9 of Regulation No 40/94, the offer for sale, on an online marketplace, of goods bearing that trade mark which have not previously been put on the market in the EEA or, in the case of a Community trade

mark, in the EU, it is sufficient that the offer for sale is targeted at consumers located in the territory covered by the trade mark.

59 The rule set out in Article 5 of Directive 89/104 and Article 9 of Regulation No 40/94 confers on the proprietor of a trade mark exclusive rights entitling him to prevent any third party from importing goods bearing that mark, offering the goods, or putting them on the market or stocking them for those purposes, whilst Article 7 of the directive and Article 13 of the regulation have laid down an exception to that rule, providing that the trade mark proprietor's rights are exhausted where the goods have been put on the market in the EEA - or, in the case of a Community trade mark, in the EU - by the proprietor himself or with his consent (see, inter alia, Case C-16/03 *Peak Holding* [2004] ECR I-11313, paragraph 34; Case C-324/08 *Makro Zelfbedieningsgroothandel and Others* [2009] ECR I-10019, paragraph 21, and Case C-127/09 *Coty Prestige Lancaster Group* [2010] ECR I-4965, paragraphs 28 and 46).

60 In the situation under consideration in the context of this question, in which the goods have at no time been put on the market within the EEA by the trade mark proprietor or with his consent, the exception set out in Article 7 of Directive 89/104 and Article 13 of Regulation No 40/94 cannot apply. In that regard, the Court has repeatedly held that it is essential that the proprietor of a trade mark registered in a Member State can control the first placing of goods bearing that trade mark on the market in the EEA (see, inter alia, Joined Cases C-414/99 to C-416/99 *Zino Davidoff and Levi Strauss* [2001] ECR I-8691, paragraph 33; *Peak Holding*, paragraphs 36 and 37, and *Makro Zelfbedieningsgroothandel and Others*, paragraph 32).

61 Whilst recognising those principles, eBay submits that the proprietor of a trade mark registered in a Member State or of a Community trade mark cannot properly rely on the exclusive right conferred by that trade mark as long as the goods bearing it and offered for sale on an online marketplace are located in a third State and will not necessarily be forwarded to the territory covered by the trade mark in question. L'Oréal, the United Kingdom Government, the Italian, Polish and Portuguese Governments,

and the European Commission contend, however, that the rules of Directive 89/104 and Regulation No 40/94 apply as soon as it is clear that the offer for sale of a trade-marked product located in a third State is targeted at consumers in the territory covered by the trade mark.

62 The latter contention must be accepted. If it were otherwise, operators which use electronic commerce by offering for sale, on an online market place targeted at consumers within the EU, trade-marked goods located in a third State, which it is possible to view on the screen and to order via that marketplace, would, so far as offers for sale of that type are concerned, have no obligation to comply with the EU intellectual property rules. Such a situation would have an impact on the effectiveness (*effet utile*) of those rules.

63 It is sufficient to state in that regard that, under Article 5(3)(b) and (d) of Directive 89/104 and Article 9(2)(b) and (d) of Regulation No 40/94, the use by third parties of signs identical with or similar to trade marks which proprietors of those marks may prevent includes the use of such signs in offers for sale and advertising. As the Advocate General observed at point 127 of his Opinion and as the Commission pointed out in its written observations, the effectiveness of those rules would be undermined if they were not to apply to the use, in an internet offer for sale or advertisement targeted at consumers within the EU, of a sign identical with or similar to a trade mark registered in the EU merely because the third party behind that offer or advertisement is established in a third State, because the server of the internet site used by the third party is located in such a State or because the product that is the subject of the offer or the advertisement is located in a third State.

64 It must, however, be made clear that the mere fact that a website is accessible from the territory covered by the trade mark is not a sufficient basis for concluding that the offers for sale displayed there are targeted at consumers in that territory (see, by

analogy, Joined Cases C-585/08 and C-144/09 *Pammer and Hotel Alpenhof* [2010] ECR I-12577, paragraph 69). Indeed, if the fact that an online marketplace is accessible from that territory were sufficient for the advertisements displayed there to be within the scope of Directive 89/104 and Regulation No 40/94, websites and advertisements which, although obviously targeted solely at consumers in third States, are nevertheless technically accessible from EU territory would wrongly be subject to EU law.

65 It therefore falls to the national courts to assess on a case-by-case basis whether there are any relevant factors on the basis of which it may be concluded that an offer for sale, displayed on an online marketplace accessible from the territory covered by the trade mark, is targeted at consumers in that territory. When the offer for sale is accompanied by details of the geographic areas to which the seller is willing to dispatch the product, that type of detail is of particular importance in the said assessment.

66 In the case before the referring court, the website with the address 'www.ebay.co.uk' appears, in the absence of any evidence to the contrary, to be targeted at consumers in the territory covered by the national and Community trade marks relied on; the offers for sale on that website which form the subject-matter of the main proceedings therefore fall within the scope of the EU rules on intellectual property.

67 Accordingly, the answer to the seventh question referred is that where goods located in a third State, which bear a trade mark registered in a Member State of the EU or a Community trade mark and have not previously been put on the market in the EEA or, in the case of a Community trade mark, in the EU, (i) are sold by an economic operator through 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 Directive 89/104 or in Article 9 of Regulation No 40/94. It 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.

3. The offer for sale of testers and dramming products

68 It is common ground that, at the time of the facts considered by the referring court, the individual defendants also offered for sale, on the website www.ebay.co.uk, testers and dramming items which L'Oréal had supplied free of charge to its authorised distributors.

69 By its first question, the referring court asks, in essence, whether the supply by the proprietor of a trade mark of items bearing that mark, intended for demonstration to consumers in authorised retail outlets, and of bottles also bearing the mark from which small quantities can be taken for supply to consumers as free samples amounts to those goods being put on the market within the meaning of Directive 89/104 and Regulation No 40/94.

70 The referring court found in that regard that L'Oréal had clearly indicated to its authorised distributors that they could not sell such items and bottles, which in any case were often marked 'not for sale'.

71 As the Court has already held, where the proprietor of a trade mark affixes that mark to items that it gives away, free of charge, in order to promote the sale of its goods, those items are not distributed in any way with the aim of them penetrating the market (see Case C-495/07 *Silberquelle* [2009] ECR I-137, paragraphs 20 to 22). Where such items are supplied free of charge, they thus cannot, as a rule, be regarded as being put on the market by the trade mark proprietor.

72 The Court has also stated that when a trade mark proprietor marks items such as perfume testers with the words 'demonstration' or 'not for sale', that precludes, in the absence of any evidence to the contrary, a finding that that proprietor impliedly consented to those items being put on the market (see *Coty Prestige Lancaster Group*, paragraphs 43, 46 and 48).

73 Accordingly, the answer to the first question is that 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.

4. The marketing of unboxed goods

74 As has been explained in paragraphs 36, 37 and 51 of this judgment, some of the items bearing L'Oréal's trade marks were sold, by sellers operating by means of eBay's marketplace, without packaging.

75 By its second to fourth questions, the referring court seeks, in essence, to ascertain whether the removal of the packaging of goods such as those at issue in the main proceedings infringes the exclusive right of the proprietor of the trade mark affixed to those goods, thus entitling the proprietor to oppose the resale of goods whose packaging has been so removed.

76 In view of the fact that the unboxed goods at issue in the main proceedings are, for the most part, cosmetics, the referring court requests that these questions be answered in the light of Article 6(1) of Directive 76/768, under which cosmetic products may be marketed only if the container and packaging mention, inter alia, the identity of the manufacturer or the person responsible for marketing the product, the composition of the product (content and list of ingredients), the use of the product (function and particular precautions to be observed in use) and preservation of the product (date of minimum durability). In that regard, it seeks, in essence, to ascertain whether the proprietor of a trade mark may, by virtue of its exclusive right under Directive 89/104 or, in the case of a Community trade mark, under Regulation No 40/94, oppose the resale of products bearing that mark when those sales take place without the requirements of Article 6(1) of Directive 76/768 being met.

77 L'Oréal submits, as do the French, Polish and Portuguese Governments and the Commission, that, irrespective of whether or not there is an infringement of Directive 76/768, the packaging is an essential part of the image of perfumes and cosmetics. The proprietor of the trade mark affixed to those goods and to their packaging should, as a consequence, be able to oppose the resale of those goods in an unboxed state. By contrast, eBay argues that, in the perfumes and cosmetics sector, it is often the bottle or the product's container, and not the packaging, which conveys the image of prestige and luxury.

78 In the first place, having regard to the wide variety of perfumes and cosmetics, the question whether the removal of the packaging of such goods harms their image – and thus the reputation of the trade mark that they bear – must be examined on a

case-by-case basis. As the Advocate General observed at points 71 to 74 of his Opinion, where perfumes or cosmetics are displayed without packaging, that may sometimes effectively convey the image of the product as a prestige or luxury product, whilst, in other cases, removing the packaging has precisely the effect of harming that image.

79 Such damage may occur when the packaging is as important as, or more important than, the bottle or the container in the presentation of the image of the product created by the trade mark proprietor and his authorised distributors. It may also be the case that the absence of some or all the information required by Article 6(1) of Directive 76/768 harms the product's image. It is for the trade mark proprietor to establish the existence of the constituent elements of such harm.

80 In the second place, a trade mark, the essential function of which is to provide the consumer with an assurance as to the identity of the product's origin, serves in particular to guarantee that all the goods bearing the mark have been manufactured or supplied under the control of a single undertaking which is responsible for their quality (see, inter alia, Case C-206/01 *Arsenal Football Club* [2002] ECR I-10273, paragraph 48, and Case C-59/08 *Copad* [2009] ECR I-3421, paragraph 45).

81 When certain information, which is required as a matter of law, such as information relating to the identity of the manufacturer or the person responsible for marketing the cosmetic product, is missing, the trade mark's function of indicating origin is impaired in that the mark is denied its essential function of guaranteeing that the goods that it designates are supplied under the control of a single undertaking which is responsible for their quality.

82 In the third and final place, as the Advocate General has observed at point 76 of his Opinion, the question whether or not the offer for sale, or the sale, of trade-marked goods without their packaging and thus without certain information required under Article 6(1) of Directive 76/768 is a criminal offence under national law does not affect the applicability of EU rules concerning intellectual property protection.

83 In view of the foregoing, the answer to the second to fourth questions is that 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. 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.

B — *The fifth and sixth questions concerning the advertisement by the operator of an online marketplace of its website and the goods offered on it*

84 It is clear from the facts in the main proceedings, summarised at paragraphs 39 to 42 of this judgment, that eBay, by selecting in the Google search engine keywords corresponding to L'Oréal trade marks, caused to appear, as soon as internet users performed a search including those words with that search engine, a sponsored link to the website www.ebay.co.uk, accompanied by a marketing message about the opportunity

to buy, via that site, goods bearing the trade mark searched for. That advertising link appeared in the 'sponsored links' section, located on either the right-hand side, or on the upper part, of the screen showing the search results displayed by Google.

85 It is not disputed that, in such a situation, the operator of the online marketplace is an advertiser. The operator causes links and messages to be displayed which, as the Advocate General has stated in point 89 of his Opinion, advertise not only certain offers for sale on that marketplace but also that marketplace as such. The advertisements mentioned, from among other examples, by the referring court and set out at paragraphs 40 and 42 of this judgment are illustrative of that practice.

86 By its fifth and sixth questions, which it is appropriate to consider together, the referring court asks, in essence, whether, 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 the operator without the proprietor's consent – the marketplace and goods bearing that trade mark which are offered for sale on it.

87 With regard to internet advertising on the basis of keywords corresponding to trade marks, the Court has already held that a keyword is the means used by an advertiser to trigger the display of his advertisement and is therefore use 'in the course of trade' within the meaning of Article 5(1) of Directive 89/104 and Article 9 of Regulation No 40/94 (Joined Cases C-236/08 to C-238/08 *Google France and Google* [2010] ECR I-2417, paragraphs 51 and 52, and Case C-278/08 *BergSpechte* [2010] ECR I-2517, paragraph 18).

88 In order to determine whether advertising of that type also meets the other conditions which must, according to the rules set out in Article 5(1)(a) of Directive 89/104 and Article 9(1)(a) of Regulation No 40/94, be met if the trade mark proprietor is to be able to prevent it, it is necessary to consider whether (i) advertisements such as those displayed by eBay by means of a referencing service such as that provided by Google are in relation to goods or services identical with those for which the trade mark is registered and (ii) whether such advertisements have an adverse effect on one of the functions of the mark or are liable to have such an effect (*Bergspechte*, paragraph 21).

89 In that regard, the first point to make is that, in so far as eBay used keywords corresponding to L'Oréal trade marks to promote its own service of making an online marketplace available to sellers and buyers of products, that use was not made in relation to either (i) goods or services 'identical with those for which the trade mark is registered' within the meaning of Article 5(1)(a) of Directive 89/104 and Article 9(1)(a) of Regulation No 40/94 or (ii) goods or services similar to those for which the trade mark is registered within the meaning of paragraph 1(b) of those articles.

90 That use, by eBay, of signs corresponding to L'Oréal trade marks for the purpose of promoting its online marketplace will thus, at the very most, be open to examination on the basis of Article 5(2) of Directive 89/104 and Article 9(1)(c) of Regulation No 40/94, as those provisions establish, for trade marks with a reputation, more extensive protection than that provided for in Article 5(1)(a) or Article 9(1)(b) and cover, inter alia, the situation in which a third party uses signs corresponding to such trade marks in relation to goods or services which are not similar to the goods or services for which those marks are registered.

91 Next, in so far as eBay used keywords corresponding to L'Oréal trade marks to promote its customer-sellers' offers for sale of goods bearing those marks, that use related to goods or services identical with those for which those trade marks are registered.

In that regard, the words 'in relation to goods or services' do not relate solely to the goods or services of a third party which is using signs corresponding to the trade marks but may also refer to the goods or services of other persons. The fact that an economic operator uses a sign corresponding to a trade mark in relation to goods which are not his own goods – in the sense that he does not have title to them – does not in itself prevent that use from falling within Article 5 of Directive 89/104 and Article 9 of Regulation 40/94 (see *Google France and Google*, paragraph 60, and the order in Case C-62/08 *UDV North America* [2009] ECR I-1279, paragraph 43).

92 With regard, specifically, to a situation in which the supplier of a service uses a sign corresponding to the trade mark of another person in order to promote goods which one of its customers is marketing with the assistance of that service, the Court considers such a use to fall within the scope of Article 5(1) of Directive 89/104 and Article 9(1) of Regulation No 40/94, where the use is such that a link is established between the sign and the service (see the order in *UDV North America*, paragraph 47 and the case-law cited).

93 As the Advocate General observed at point 89 of his Opinion and as was submitted by the French Government at the hearing, such a link exists in circumstances such as those of the case before the referring court. eBay's advertisements create an obvious association between the trade-marked goods which are mentioned in the advertisements and the possibility of buying those goods through eBay.

94 As regards, finally, whether the use of a keyword corresponding to a trade mark is liable to have an adverse effect on one of the functions of the trade mark, the Court has made clear in other cases that there is such an adverse effect where that advertising does not enable reasonably well-informed and reasonably observant internet users, or enables them only with difficulty, to ascertain whether the goods or services referred to by the advertisement originate from the proprietor of the trade mark or

from an undertaking economically linked to it or, on the contrary, originate from a third party (*Google France and Google*, paragraph 99; and Case C-558/08 *Portakabin and Portakabin* [2010] ECR I-6963, paragraph 54).

95 It should be borne in mind in that regard that the need for transparency in the display of advertisements on the internet is emphasised in EU legislation on electronic commerce. Having regard to the interests of fair trading and consumer protection, Article 6 of Directive 2000/31 lays down the rule that the natural or legal person on whose behalf a commercial communication which is part of an information society service is made must be clearly identifiable (*Google France and Google*, paragraph 86).

96 Advertising originating from the operator of an online marketplace and displayed by a search engine operator must thus, in any event, disclose both the identity of the online-marketplace operator and the fact that the trade-marked goods advertised are being sold through the marketplace that it operates.

97 In view of the foregoing, the answer to the fifth and sixth questions is that, 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 that 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.

C — *The eighth question concerning the use of signs corresponding to trade marks in offers for sale displayed on the website of an operator of an online marketplace*

98 By its eighth question, the referring court asks, in substance, how the display, on the website of the operator of an online marketplace, of signs identical with or similar to trade marks is to be regarded in the light of Directive 89/104 and Regulation No 40/94.

99 In that regard, it is first necessary to point out that, where sales are made through online marketplaces, the service provided by the operator of the marketplace includes the display, for its customer-sellers, of offers for sale originating from the latter.

100 Next, when such offers relate to trade-marked goods, signs identical with or similar to trade marks will inevitably be displayed on the website of the operator of the online marketplace.

101 Although it is true that, in those circumstances, those signs are 'used' on that site, it is none the less not evident that it is the operator of the online marketplace that is 'using' them, within the meaning of Directive 89/104 and Regulation No 40/94.

102 If a sign identical with, or similar to, the proprietor's trade mark is to be 'used', within the meaning of Article 5 of Directive 89/104 and Article 9 of Regulation No 40/94, by a third party, that implies, at the very least, that that third party uses the sign in its own commercial communication. In so far as that third party provides a service consisting in enabling its customers to display on its website, in the course of their

commercial activities such as their offers for sale, signs corresponding to trade marks, it does not itself use those signs within the meaning of that EU legislation (see, to that effect, *Google France and Google*, paragraphs 56 and 57).

103 As was stated, inter alia by the United Kingdom Government and the Commission at the hearing and by the Advocate General at points 119 and 120 of his Opinion, it follows that the use of signs identical with or similar to trade marks in offers for sale displayed on an online marketplace is made by the sellers who are customers of the operator of that marketplace and not by that operator itself.

104 Inasmuch as it enables that use to be made by its customers, the role of the online marketplace operator cannot be assessed under Directive 89/104 or Regulation No 40/94, but must be examined from the point of view of other rules of law, such as those set out in Directive 2000/31, in particular in Section 4 of Chapter II, which concerns the 'liability of intermediary service providers' in electronic commerce and comprises Articles 12 to 15 of that directive (see, by analogy, *Google France and Google*, paragraph 57).

105 In view of the foregoing, the answer to the eighth question is that 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.

D — *The ninth question concerning the liability of the operator of an online marketplace*

106 By its ninth question, the referring court asks, in essence,

— whether the service provided by the operator of an online marketplace is covered by Article 14(1) of Directive 2000/31 (hosting), and, if so,

— in what circumstances it may be concluded that the operator of an online marketplace has 'awareness' within the meaning of Article 14(1) of Directive 2000/31.

1. Hosting, by the operator of an online marketplace, of information provided by the sellers that are its customers

107 As the Court has already held, Articles 12 to 15 of Directive 2000/31 seek to restrict the situations in which intermediary providers of information society services may be held liable pursuant to the applicable national law. It is therefore in the context of national law that the conditions under which such liability arises must be sought, it being understood, however, that, by virtue of Articles 12 to 15 of Directive 2000/31, certain situations cannot give rise to liability on the part of intermediary service providers (*Google France and Google*, paragraph 107).

108 Although it is thus for the referring court to determine the conditions under which liability such as that raised by L'Oréal against eBay arises, it is for the Court to consider whether the operator of an online marketplace may rely on the exemption from liability provided for by Directive 2000/31.

109 As has been pointed out by, inter alia, the United Kingdom Government, the Polish Government and the Commission, as well as by the Advocate General at paragraph 134 of his Opinion, an internet service consisting in facilitating relations between sellers and buyers of goods is, in principle, a service for the purposes of Directive 2000/31. That directive concerns, as its title suggests, 'information society services, in particular electronic commerce'. It is apparent from the definition of 'information society service', cited at paragraphs 8 and 9 of this judgment, that that concept encompasses services provided at a distance by means of electronic equipment for the processing and storage of data, at the individual request of a recipient of services and, normally, for remuneration. It is clear that the operation of an online marketplace can bring all those elements into play.

110 With regard to the online marketplace at issue in the main proceedings, it is not disputed that eBay stores, that is to say, holds in its server's memory, data supplied by its customers. That storage operation is carried out by eBay each time that a customer opens a selling account with it and provides it with data concerning its offers for sale. Furthermore, eBay normally receives remuneration inasmuch as it charges a percentage on transactions completed on the basis of those offers for sale.

111 However, the fact that the service provided by the operator of an online marketplace includes the storage of information transmitted to it by its customer-sellers is not in itself a sufficient ground for concluding that that service falls, in all situations, within the scope of Article 14(1) of Directive 2000/31. That provision must, in fact, be interpreted in the light not only of its wording but also of the context in which it

occurs and the objectives pursued by the rules of which it is part (see, by analogy, Case C-298/07 *Bundesverband der Verbraucherzentralen und Verbraucherverbände* [2008] ECR I-7841, paragraph 15 and the case-law cited).

112 In that regard, the Court has already stated that, in order for an internet service provider to fall within the scope of Article 14 of Directive 2000/31, it is essential that the provider be an intermediary provider within the meaning intended by the legislature in the context of Section 4 of Chapter II of that directive (see *Google France and Google*, paragraph 112).

113 That is not the case where the service provider, instead of confining itself to providing that service neutrally by a merely technical and automatic processing of the data provided by its customers, plays an active role of such a kind as to give it knowledge of, or control over, those data (*Google France and Google*, paragraphs 114 and 120).

114 It is clear from the documents before the Court and from the description at paragraphs 28 to 31 of this judgment that eBay processes the data entered by its customer-sellers. The sales in which the offers may result take place in accordance with terms set by eBay. In some cases, eBay also provides assistance intended to optimise or promote certain offers for sale.

115 As the United Kingdom Government has rightly observed, the mere fact that the operator of an online marketplace stores offers for sale on its server, sets the terms of its service, is remunerated for that service and provides general information to its customers cannot have the effect of denying it the exemptions from liability provided for by Directive 2000/31 (see, by analogy, *Google France and Google*, paragraph 116).

116 Where, by contrast, the operator has provided assistance which entails, in particular, optimising the presentation of the offers for sale in question or promoting those offers, it must be considered not to have taken a neutral position between the customer-seller concerned and potential buyers but to have played an active role of such a kind as to give it knowledge of, or control over, the data relating to those offers for sale. It cannot then rely, in the case of those data, on the exemption from liability referred to in Article 14(1) of Directive 2000/31.

117 It is for the referring court to examine whether eBay played a role such as that described in the preceding paragraph in relation to the offers for sale at issue in the case before it.

2. The possession, by the operator of the online marketplace, of 'awareness'

118 Should the referring court conclude that eBay has not acted in the way described in paragraph 116 of this judgment, it will be for it to ascertain whether, in the circumstances of the case before it, eBay has met the conditions to which entitlement to the exemption from liability is subject under points (a) and (b) of Article 14(1) of Directive 2000/31 (see, by analogy, *Google France and Google*, paragraph 120).

119 In situations in which that provider has confined itself to a merely technical and automatic processing of data and in which, as a consequence, the rule stated in Article 14(1) of Directive 2000/31 applies to it, it may none the less only be exempt, under paragraph 1, from any liability for unlawful data that it has stored on condition that it has not had 'actual knowledge of illegal activity or information' and, as regards claims for damages, has not been 'aware of facts or circumstances from which the

illegal activity or information is apparent' or that, having obtained such knowledge or awareness, it has acted expeditiously to remove, or disable access to, the information.

120 As the case in the main proceedings may result in an order to pay damages, it is for the referring court to consider whether eBay has, in relation to the offers for sale at issue and to the extent that the latter have infringed L'Oréal's trade marks, been 'aware of facts or circumstances from which the illegal activity or information is apparent'. In the last-mentioned respect, it is sufficient, in order for the provider of an information society service to be denied entitlement to the exemption from liability provided for in Article 14 of Directive 2000/31, for it to have been aware of facts or circumstances on the basis of which a diligent economic operator should have identified the illegality in question and acted in accordance with Article 14(1)(b) of Directive 2000/31.

121 Moreover, if the rules set out in Article 14(1)(a) of Directive 2000/31 are not to be rendered redundant, they must be interpreted as covering every situation in which the provider concerned becomes aware, in one way or another, of such facts or circumstances.

122 The situations thus covered include, in particular, that in which the operator of an online marketplace uncovers, as the result of an investigation undertaken on its own initiative, an illegal activity or illegal information, as well as a situation in which the operator is notified of the existence of such an activity or such information. In the second case, although such a notification admittedly cannot automatically preclude the exemption from liability provided for in Article 14 of Directive 2000/31, given that notifications of allegedly illegal activities or information may turn out to be insufficiently precise or inadequately substantiated, the fact remains that such notification represents, as a general rule, a factor of which the national court must take account when determining, in the light of the information so transmitted to the operator, whether the latter was actually aware of facts or circumstances on the basis of which a diligent economic operator should have identified the illegality.

123 In view of the foregoing, the answer to the ninth question is that Article 14(1) of Directive 2000/31 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. 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.

124 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.

E — *The tenth question relating to injunctions against the operator of the online marketplace*

125 By its tenth question, the referring court asks, in essence,

— whether Article 11 of Directive 2004/48 requires the Member States to afford proprietors of intellectual property rights the right to obtain against the operator of a website, such as the operator of an online marketplace by means of which their rights have been infringed, injunctions requiring the operator to take measures to prevent future infringements of those rights, and, if so,

— what those measures might be.

126 eBay submits that an injunction within the meaning of Article 11 of Directive 2004/48 may relate only to specific and clearly identified infringements of an intellectual property right. L'Oréal, the United Kingdom Government, the French, Italian, Polish and Portuguese Governments and the Commission argue that the injunctions covered by that directive may also deal with the prevention of future infringements, provided that certain limits are observed.

127 As it results from the order for reference, the question referred concerns, in particular, the third sentence of Article 11 of Directive 2004/48, according to which the Member States must ensure 'that rightholders are in a position to apply for an injunction against intermediaries whose services are used by a third party to infringe an intellectual property right …'. It involves determining whether that provision requires the Member States to ensure that the operator of an online marketplace may, regardless of any liability of its own in relation to the facts at issue, be ordered to take, in addition to measures aimed at bringing to an end infringements of intellectual property rights brought about by users of its services, measures aimed at preventing further infringements of that kind.

1. The obligation of the Member States to ensure that their courts have jurisdiction to order online service providers to take measures to prevent future infringements of intellectual property

128 For the purpose of determining whether the injunctions referred to in the third sentence of Article 11 of Directive 2004/48 also have as their object the prevention of further infringements, it should first be stated that the use of the word 'injunction' in the third sentence of Article 11 differs considerably from the use, in the first sentence thereof, of the words 'injunction aimed at prohibiting the continuation of the

infringement', the latter describing injunctions which may be obtained against infringers of an intellectual property right.

129 As the Polish Government in particular observed, that difference can be explained by the fact that an injunction against an infringer entails, logically, preventing that person from continuing the infringement, whilst the situation of the service provider by means of which the infringement is committed is more complex and lends itself to other kinds of injunctions.

130 For that reason, an 'injunction' as referred to in the third sentence of Article 11 of Directive 2004/48 cannot be equated with an 'injunction aimed at prohibiting the continuation of the infringement' as referred to in the first sentence of Article 11.

131 Next, it must be stated that, in view of the objective pursued by Directive 2004/48, which is that the Member States should ensure, especially in the information society, effective protection of intellectual property (see, to that effect, Case C-275/06 *Promusicae* [2008] ECR I-271, paragraph 43), the jurisdiction conferred, in accordance with the third sentence of Article 11 of the directive, on national courts must allow them to order an online service provider, such as a provider making an online marketplace available to internet users, to take measures that contribute not only to bringing to an end infringements committed through that marketplace, but also to preventing further infringements.

132 That interpretation is borne out by Article 18 of Directive 2000/31, which requires the Member States to ensure that court actions available under their national law concerning information society services' activities allow for the rapid adoption of

measures designed to terminate any alleged infringement and to prevent any further impairment of the interests involved.

133 An interpretation of the third sentence of Article 11 of Directive 2004/48 whereby the obligation that it imposes on the Member States would entail no more than granting intellectual-property rightholders the right to obtain, against providers of online services, injunctions aimed at bringing to an end infringements of their rights, would narrow the scope of the obligation set out in Article 18 of Directive 2000/31, which would be contrary to the rule laid down in Article 2(3) of Directive 2004/48, according to which Directive 2004/48 is not to affect Directive 2000/31.

134 Finally, a restrictive interpretation of the third sentence of Article 11 of Directive 2004/48 cannot be reconciled with recital 24 in the preamble to the directive, which states that, depending on the particular case, and if justified by the circumstances, measures aimed at preventing further infringements of intellectual property rights must be provided for.

2. Measures imposed on online service providers

135 As is clear from recital 23 to Directive 2004/48, the rules for the operation of the injunctions for which the Member States must provide under the third sentence of Article 11 of the directive, such as those relating to the conditions to be met and to the procedure to be followed, are a matter for national law.

136 Those rules of national law must, however, be designed in such a way that the objective pursued by the directive may be achieved (see, inter alia, in relation to the principle of effectiveness, Joined Cases C-430/93 and C-431/93 *Van Schijndel and*

van Veen [1995] ECR I-4705, paragraph 17; Joined Cases C-222/05 to C-225/05 *van der Weerd and Others* [2007] ECR I-4233, paragraph 28, and Joined Cases C-145/08 and C-149/08 *Club Hotel Loutraki and Others* [2010] ECR I-4165, paragraph 74). In that regard, it should be borne in mind that, under Article 3(2) of Directive 2004/48, the measures concerned must be effective and dissuasive.

137 Moreover, in view of the fact, stated in the order for reference and referred to at paragraph 24 of this judgment, that the United Kingdom has not adopted specific rules to implement the third sentence of Article 11 of Directive 2004/48, the referring court will, when applying national law, be required to do so, as far as possible, in the light of the wording and the purpose the third sentence of Article 11 (see, by analogy, Case C-106/89 *Marleasing* [1990] ECR I-4135, paragraph 8, Joined Cases C-378/07 to C-380/07 *Angelidaki and Others* [2009] ECR I-3071, paragraph 106).

138 The rules laid down by the Member States, and likewise their application by the national courts, must also observe the limitations arising from Directive 2004/48 and from the sources of law to which that directive refers.

139 First, it follows from Article 15(1) of Directive 2000/31, in conjunction with Article 2(3) of Directive 2004/48, that the measures required of the online service provider concerned cannot consist in an active monitoring of all the data of each of its customers in order to prevent any future infringement of intellectual property rights via that provider's website. Furthermore, a general monitoring obligation would be incompatible with Article 3 of Directive 2004/48, which states that the measures referred to by the directive must be fair and proportionate and must not be excessively costly.

140 Second, as is also clear from Article 3 of Directive 2004/48, the court issuing the injunction must ensure that the measures laid down do not create barriers to legitimate trade. That implies that, in a case such as that before the referring court, which concerns possible infringements of trade marks in the context of a service provided by the operator of an online marketplace, the injunction obtained against that operator cannot have as its object or effect a general and permanent prohibition on the selling, on that marketplace, of goods bearing those trade marks.

141 Despite the limitations described in the preceding paragraphs, injunctions which are both effective and proportionate may be issued against providers such as operators of online marketplaces. As the Advocate General stated at point 182 of his Opinion, if the operator of the online marketplace does not decide, on its own initiative, to suspend the perpetrator of the infringement of intellectual property rights in order to prevent further infringements of that kind by the same seller in respect of the same trade marks, it may be ordered, by means of an injunction, to do so.

142 Furthermore, in order to ensure that there is a right to an effective remedy against persons who have used an online service to infringe intellectual property rights, the operator of an online marketplace may be ordered to take measures to make it easier to identify its customer-sellers. In that regard, as L'Oréal has rightly submitted in its written observations and as follows from Article 6 of Directive 2000/31, although it is certainly necessary to respect the protection of personal data, the fact remains that when the infringer is operating in the course of trade and not in a private matter, that person must be clearly identifiable.

143 The measures that are described (non-exhaustively) in the preceding paragraphs, as well as any other measure which may be imposed in the form of an injunction under

the third sentence of Article 11 of Directive 2004/48, must strike a fair balance between the various rights and interests mentioned above (see, by analogy, *Promusicae*, paragraphs 65 to 68).

144 In view of the foregoing, the answer to the tenth question is that the third sentence of Article 11 of Directive 2004/48 must be interpreted as requiring the Member States to 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. Those injunctions must be effective, proportionate, dissuasive and must not create barriers to legitimate trade.

IV — Costs

145 Since these proceedings are, for the parties to the main proceedings, a step in the action pending before the national court, the decision on costs is a matter for that court. Costs incurred in submitting observations to the Court, other than the costs of those parties, are not recoverable.

On those grounds, the Court (Grand Chamber) hereby rules:

1. **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. It 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.

2. **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.**

3. **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. 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.**

4. 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.

5. 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.

6. 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.

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.

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.

7. The third sentence of Article 11 of Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights must be interpreted as requiring the Member States to 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. Those injunctions must be effective, proportionate, and dissuasive and must not create barriers to legitimate trade.

[Signatures]