

The Court of Appeal of Brussels, 9th chamber

After deliberation, pronounced the following ruling:

<p>[initials]</p> <p>R.G.: 2008/AR/719</p> <p>R No.: 2009/1085</p> <p>No.: 314</p> <p>Final Decision <i>Reversal</i></p> <p>Intellectual Rights – Benelux trademark – scope of the protection – identical sign – use in relation to goods – other use – notions</p> <p>11 Feb. 2009</p> <p>[handwritten:] art. 100 Benelux trademark</p>	<p><u>IN THE CASE OF:</u></p> <p>1. <u>EBAY INTERNATIONAL AG,</u> a Swiss company with registered office at 3005 Bern (Switzerland), Helvetiasstrasse, 15/17,</p> <p>2. <u>EBAY EUROPE SARL,</u> a Luxembourg company with registered office at 2240 Luxembourg (Grand Duchy of Luxembourg), rue Notre Dame, 15,</p> <p>3. <u>EBAY BELGIUM,</u> a private limited liability company with registered office at 1050 Brussels, avenue Louise, 210, recorded with Banque Carrefour des Entreprises under number 0480 116 742,</p> <p>Appellants,</p> <p>Represented by Thierry van Innis and Geert Glas, lawyers at 1150 Brussels, avenue de Tervueren, 268A,</p> <p>Pleading: Th. van Innis, G. Glas and H. Haouideg,</p> <p><u>VERSUS:</u></p> <p><u>THE POLO/LAUREN COMPANY L.P.,</u> a US company with registered office in New York 10022 (United States of America), Madison Avenue, 650,</p> <p>Respondent,</p> <p>Represented by Philippe Peters and Axel Clerens, lawyers at 1170 Brussels, chaussée de La Hulpe, 177/6</p> <p>****</p>
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I. DISPUTED DECISION

The appeal is from the judgment pronounced in adversarial proceedings on January 24, 2008 by the president of the commercial court of Brussels.

The parties do not produce any service document of this judgment.

II. PROCEEDINGS BEFORE THE COURT

The appeal is filed by request, deposited by eBay International, eBay Europe and eBay Belgium (hereinafter together “eBay”) with the office of the court on March 13, 2008.

The proceeds are adversarial.

Article 24 of the law of June 15, 1935 on the use of languages in judicial matters is applied.

III. FACTS AND BACKGROUND OF THE PROCEEDINGS

1. The Polo/Lauren Company L.P. (hereinafter “Ralph Lauren”) is the proprietor of the following word and semi-figurative trademarks:

- The word trademark “Ralph Lauren”, registered on May 16, 1995 under number 573083;
- The semi-figurative trademark, registered on December 29, 1994 under number 564607:



These trademarks are registered for products in class 3, i.e. perfumes, cosmetics and/or other beauty products. The “*Ralph Lauren*” and “*Polo Sport*” perfumes are distributed in Europe by the L’Oreal group.

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2. eBay operates several internet sites whose object is to put in contact sellers who offer for sale all sorts of products with potential buyers who buy them through auctions or at a fixed price.

The revenue of eBay originates from the price payable by the seller to place an ad and from a commission on the final transaction.

eBay uses *AdWords* to facilitate the referral of internet users to its site. The *AdWord* is an advertising system created by the *Google* search engine, which consists of inserting on the result page, through a predefined word, a hyperlink that sends to the site of an advertiser. The purchase of these *AdWords* results from a transaction between Google and the advertiser.

Thus, in the case at hand, eBay purchased from Google the keywords “*Ralph Lauren*” and “*Polo Sport*”. When an internet user types these words in the Google search engine, the following links appear automatically to the right of the screen, displaying the results of the search:

Liens commerciaux	Liens commerciaux
Polo-sport	Ralph Lauren
Un choix immense de grandes marques On trouve de tout sur eBay.bel www.eBay.be	Toutes les grandes marques! disponibles à petits prix www.eBay.be

Then, by merely clicking on the eBay hyperlink, the user is sent to its site, and more particularly to the first page of the category “Clothing and Accessories” containing the list of all types of clothing, bags, shoes and other fashion accessories which are offered for sale. To find the products marked *Ralph Lauren*, the user needs to type this word in the search field, which is at the top of this page.

It is also possible to access directly the page containing the products marked *Ralph Lauren* by typing the following words, “eBay Ralph Lauren”, in the Google search engine.

3. By writ of summons of July 24, 2007, Ralph Lauren called eBay before the president of the commercial court of Brussels, sitting in urgent proceedings, pursuant to the law of July 14, 1991 on trade practices and the protection and information of consumers.

It requested to find that, by using the trademarks “*Ralph Lauren*” and “*Polo Sport*” as “AdWords” on [www.google.be](#), eBay violates article 2.20.1.d of CBPI and therefore commits acts contrary to honest use in commercial matters pursuant to articles 93 and 94 LPCC and

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damages its professional interests. It requests its sentencing:

- *In the main order*, to cease all use of the “*Ralph Lauren*” and “*Polo Sport*” trademarks, as well as any other trademark of Ralph Lauren as “*AdWord*”, under penalty of a daily fine of 12,500 EUR for each day eBay fails to comply with this order starting from the date on which the judgment to be pronounced is served;
- *In a subsidiary order*, to cease all use of the trademarks "*Ralph Lauren*" and "*Polo Sport*", as well as any other trademark of Ralph Lauren, as "*Adwords*" or "*sponsored links*", without limiting this link to legitimate sales of original goods bearing the trademarks "*Ralph Lauren*" and "*Polo Sport*" put on the market in the European Economic Area by Ralph Lauren or with its consent, subject to the payment of a penalty of 12,500 EUR for each day eBay fails to comply with this order starting from the date on which the decision to be pronounced is served;

It also requests an order of publication of the judgment to be rendered at the choice of Ralph Lauren, at the expense of eBay, the expenses being recoverable upon simple presentation of the invoices, including *pro forma* invoices.

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The lower judge partially granted the petition and ordered eBay to stop using the “*Ralph Lauren*” and “*Polo Sport*” trademarks, as well as any other Ralph Lauren trademark as “*AdWord*” or “*sponsored link*” without limiting the access link to sales of “*Ralph Lauren*” and “*Polo Sport*” trademarks put on the market in the European Economic Area by Ralph Lauren or with its consent, under penalty of a daily fine of 12,500 EUR for each day eBay fails to comply with this order starting from the date on which the decision to be pronounced is served.

4. eBay appealed this decision, which it asks the court to reverse.

Secondarily, Ralph Lauren states that it is not opposed to the order to cease to be specified as follows:

“We sentence the appellants to cease all use of the trademarks “Ralph Lauren” and “Polo Sport”, as well as any other trademark of Ralph Lauren, as “Adwords” or “sponsored links”, without limiting this link to legitimate sales of original goods bearing the trademarks “Ralph Lauren” and “Polo Sport” put on the market in the European Economic Area by the Respondent or with its consent, subject to the payment of a penalty of 12,500 EUR for each day eBay fails to comply with this order starting from the date on which the decision to be pronounced is served”

IV. DISCUSSION

1. – On the request for filing additional arguments

5. In the hearing of November 19, 2008, the counsel of Ralph Lauren requested to be able to file additional arguments in order to give his opinion on the legal documentation filed by the counsel of eBay.

Since the legal documentation in question does not constitute a new and pertinent exhibit or fact pursuant to article 748 § 2 of the Judicial Code, there are no grounds to delay the outcome of the debates by authorizing the parties to file new written arguments.

On the other hand, the respondent – which did not oppose the filing of this documentation about which it was aware – was invited by the court to present its causes of action and arguments verbally in this regard, and was able to explain itself at length. Consequently, it cannot be sustained that on that occasion its defense rights would have been impaired.

2. On the use of the trademark for purposes other than to distinguish goods

- 6 Ralph Lauren sustains that eBay uses its trademarks for the only purpose of advertising its site, since the hyperlink that appears in the AdWords bought for it sends to a general page of its site and not to “Ralph Lauren” or “Polo Sport” goods.

It intends to apply article 2.20.1.d of CBPI, which states that:

“1. The registered trade mark shall confer on the proprietor exclusive rights therein. Without prejudice to the possible application of common law in matters of civil liability, the exclusive right entitles the proprietor of the trade mark to prevent all third parties not having his consent:

[...]

d. from using of a sign other than for the purposes of distinguishing goods or services, 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.”

This provision results from the transposition into national law of article 5.5 of the first directive of the Council (89/104/EC) of

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21 December 1988, to approximate the laws of the Member States relating to trade marks, which indicates that:

Paragraphs 1 to 4 [which determine the rights granted to the trademark] shall not affect provisions in any Member State relating to the protection against the use of a sign other than for the purposes of distinguishing goods or services, 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

Consequently, in a first stage, it is appropriate to verify whether eBay made use of the Ralph Lauren trademarks other than for the purposes of distinguishing the goods.

7. As part of the law previously in force in the Benelux, the Benelux Court of Justice had ruled in its *Daimler-Benz* decision of 20 December 1993 (case A/92/5) that:

There is use of the another's trademark in relation to goods pursuant to article 13 A paragraph 1 beginning and subparagraph 1, in connection with the third paragraph LBM, when a person, who is neither the owner nor the licensee of the trademark, uses the trademark for the purpose of informing the public that it trades the goods put on the market under the trademark by the owner or its licensee, if and to the extent that it makes this announcement in a way that causes the public to perceive the use of the trademark as being related to a certain product sold or being offered for sale by it and which, by such use, is distinguished from the goods of another.

However, there is use of another's trademark pursuant to article 13 A paragraph 1 beginning and subparagraph 2, when, by the way the reseller uses the trademark in the aforementioned ad, there is really a possibility to give the public the impression that it uses the trademark to a great extent in order to advertise its own company as such, suggesting a certain quality.

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However, CBPI must be interpreted in light of the Directive 89/104/EC.

In several judgments, the Court of Justice of the European Communities specified what needs to be understood by the use of a trademark for the purpose of distinguishing goods and therefore not “for other purposes”. Thus, it ruled that:

- the use of a trade mark, without the proprietor's authorisation, for the purpose of informing the public that another undertaking carries out the repair and maintenance of goods covered by that mark or that it has specialised or is a specialist in such goods constitutes, in circumstances such as those described in the judgment making the reference, use of the mark within the meaning of Article 5(1)(a) of First Directive

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89/104; Articles 5 to 7 of First Directive 89/104 do not entitle the proprietor of a trade mark to prohibit a third party from using the mark for the purpose of informing the public that he carries out the repair and maintenance of goods covered by that trade mark and put on the market under that mark by the proprietor or with his consent, or that he has specialised or is a specialist in the sale or the repair and maintenance of such goods, unless the mark is used in a way that may create to the impression that there is a commercial connection between the other undertaking and the trade mark proprietor, and in particular that the reseller's business is affiliated to the trade mark proprietor's distribution network or that there is a special relationship between the two undertakings (E.C.J., 23 February 1999, *BMW*, C-63/97);

- Article 5(1) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks is to be interpreted as meaning that the proprietor of a trade mark cannot rely on his exclusive right where a third party, in the course of commercial negotiations, reveals the origin of goods which he has produced himself and uses the sign in question solely to denote the particular characteristics of the goods he is offering for sale so that there can be no question of the trade mark used being perceived as a sign indicative of the undertaking of origin. (E.C.J., 14 May 2002, *Hölterhof*, C-2/00);
- the exclusive right conferred by a trade mark was intended to enable the trade mark proprietor to protect his specific interests as proprietor, that is, to ensure that the trade mark can fulfil its functions and that, therefore, the exercise of that right must be reserved to cases in which a third party's use of the sign affects or is liable to affect the functions of the trade mark, in particular its essential function of guaranteeing to consumers the origin of the goods (see Case C-206/01 *Arsenal Football Club* [2002] ECR I-10273, paragraphs 51 and 54). That is the case, in particular, where the use of that sign allegedly made by the third party is such as to create the impression that there is a material link in trade between the third party's goods and the undertaking from which those goods originate. It must be established whether the consumers targeted, including those who are confronted with the goods after they have left the third party's point of sale, are likely to interpret the sign, as it is used by the third party, as designating or tending to designate the undertaking from which the third party's goods originate (see, to that effect, *Arsenal Football Club*, cited above, paragraphs 56 and 57). (E.C.J., 16 November 2004, *Anheuser-Busch*, C-245/02, points 59 and 60);
- the use is made 'in relation to goods' within the meaning of Article 5(1)(a)

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of the directive when it concerns the affixing of a sign identical to the trade mark onto goods and the offering of the goods, putting them on the market or stocking them for those purposes within the meaning of Article 5(3)(a) and (b) of the directive ; therefore, the affixing by a third party of a sign identical to a trade mark registered for toys to scale models of vehicles cannot be prohibited under Article 5(1)(a) of the directive unless it affects or is liable to affect the functions of that trade mark (E.C.J., 25 January 2007, *Adam Opel*, C-48/05);

- the unauthorised use by a third party of a company name, trade name or shop name which is identical to an earlier mark in connection with the marketing of goods which are identical to those in relation to which that mark was registered constitutes use which the proprietor of that mark is entitled to prevent in accordance with Article 5(1)(a) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks, where the use is in relation to goods in such a way as to affect or to be liable to affect the functions of the mark. (E.C.J., 11 September 2007, *Celine*, C-17/06);
- the use by an advertiser, in a comparative advertisement, of a sign identical with, or similar to, the mark of a competitor for the purposes of identifying the goods and services offered by the latter can be regarded as use for the advertiser's own goods and services for the purposes of Article 5(1) and (2) of Directive 89/104 (E.C.J., 12 June 2008, *O2*, C-533/06)

It follows that the use in relation to goods pursuant to article 5.1 of the Directive and therefore article 2.20.1.a of CBPI is interpreted very broadly by the E.C.J., since such use exists when a company is informing the public that it carries out the repair and maintenance of goods covered by that mark, when the use of a trade mark by a company denotes the particular characteristics of the goods it offers, when a company uses the trade mark to promote the sale of scale models of vehicles, when a company uses the trademark in a trade name in connection with the marketing of goods or when a company makes comparative advertising. This use is therefore not limited to the circumstance that the public may perceive the use of the trademark as related to a given good sold or offered for sale by this company.

In all these cases, the Court indicated that the use in relation to goods was prohibited only if it affects or is liable to affect the essential functions of the mark of guaranteeing to consumers the origin of the goods or services.

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8. If an internet user searches on *Google* by typing the words “*Ralph Lauren*” or “*Polo Sport*,” it is because he has the intent of finding web pages concerning these goods.

The expressions “*Polo-Sport. A huge choice of great brands. You find everything on eBay!*” and “*Ralph Lauren. All brands available at low prices!*” that appear on the screen of the Google search engine can be understood by the relevant public only as indicating that *Polo Sport* and *Ralph Lauren* goods are offered for sale on the eBay site.

If there were a doubt as to the perception of the public, it is certainly dispelled by the insertion of the following text, at the bottom of the *Clothing & Accessories* page to which the hyperlink sends, where references are made to numerous brand products (which the court pointed out) and which can be found on the site, including *Ralph Lauren* products:

eBay is the most popular internet fashion site, and a great resource for fashionable, designer clothing, shoes and accessories. Looking for a Longchamps purse, a Ralph Lauren top, or Seven jeans? eBay has an unbeatable selection for incredible prices on all of your favorite brands; from great staples like Mer du Nord, Donaldson, Sarah Pacini and Esprit to hip items from Diesel, Bikkembergs and Dolce & Gabbana, to couture pieces from Prada, Armani, Fendi and Marc Jacobs. eBay even has an amazing selection of one-of-a-kind vintage items. You can find wholesale clothing lots, affordable basics, and haute couture designer wear for men, women and children on eBay. The Apparel Buying Guide can help you pick the right shoes, purse, pants, skirt, sweater, top or coat -- you name it! Now it is easier than ever to shop on eBay. You can make your choice among the various categories, such as women's clothing, lingerie and swimsuits, accessories for men and women, body care products or enter directly into the search engine Lacoste, Tommy Hilfiger, Pauline B. and many others. The descriptions will also help you select your items by size, material and color. Are you searching for the latest fashionable bag and the latest trendy jeans? Many of our listings have an immediate purchase option, which lets you buy instantly your latest leather boots, your Nathan bag and the Burberry scarf that completes your outfit to perfection. So start shopping now!

9. It is therefore established, in the case at hand, that the use by eBay of the *Ralph Lauren* and *Polo Sport* trademarks has the essential function of identifying the goods sold on its site and distinguishing them from the other goods sold on this site.

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The mere fact that the consumer is warned that such brand products are likely to be purchased on eBay does not imply that he believes that eBay is the seller, especially since the relevant public, which is used to this type of transactions, knows that eBay is only an intermediary and that the sale takes place directly between the seller and the buyer. In any case, nothing prohibits a third party user of the trademark, such as an intermediary or provider of related goods and services, from using it to distinguish the product, provided it does not affect the essential function of the trademark. Under no circumstances can the consumer believe that such use is intended to distinguish the eBay company itself from another company.

It does not matter that the internet user is not immediately sent to the page where *Ralph Lauren* and *Polo Sport* brand products are offered, since it is enough for him to retype the same keyword in the search field inserted in the *Clothing & Accessories* page to be sent to the specific page. It cannot be deduced from this mere circumstance that eBay intended as a priority to advertise its own company. In fact, eBay declared to be ready, without any prejudicial acknowledgment, to send the internet user directly to the specific ads, without going through the general page of the corresponding category, and the Court records this.

Equally, it is not because eBay buys as *AdWords* keywords reproducing well-known trademarks that we must deduce that it intended as a priority to advertise its site by using the advertising function of these trademarks. Since well-known brand products are offered for sale on the eBay site, eBay may legitimately buy the corresponding *AdWords*, which allows it to inform the internet users of the possibility to buy these products through it. eBay may also legitimately choose itself the *AdWords*, since it has all the sales statistics and therefore is in the best position to know the needs of the buyers.

10. To the extent that it is based on article 2.20.1.d of CBPI, the Ralph Lauren's claim is not well founded, since eBay did not use the trademark other than for the purposes of distinguishing goods or services.

Moreover, the use by eBay of the trademarks to identify products is not otherwise criticized by Ralph Lauren, especially based on article 2.20.1.a of CBPI.

The appeal on this point is well founded.

3.- On the use not in line with honest practices in commercial matters

11. Secondly, Ralph Lauren invokes article 2.23.1.b of CBPI (which is the transposition of article 6.1.b of Directive 89/104) under which the trade mark shall not entitle the proprietor to prohibit a third party from using, in the course of trade indications concerning the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of the service, or other characteristics of goods or services [...] provided he uses them in accordance with honest practices in industrial or commercial matters.

It argues that given the circumstances under which eBay used the trademark, the Court should decide that such use is not in accordance with honest practices in industrial or commercial matters.

12. It does not result from the exhibits that can be examined by the Court that eBay would have used the trademark as indication concerning the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of the service, or other characteristics of goods or services.

eBay uses the trademarks to distinguish the goods put up for sale on its site.

Consequently, Ralph Lauren's secondary claim, based on this provision, is not well-founded. Therefore, there is no need to examine the whether the use was in accordance with honest practices in industrial or commercial matters.

In any event, Ralph Lauren does not establish that the *Ralph Lauren* and *Polo Sport* brand products offered for sale on eBay would be counterfeit. Based on the existence of an alleged counterfeit of *Lancôme* products, Ralph Lauren limits itself in reality to affirming, in a general way and through a sophistic reasoning, that many articles that are sold on this platform would be counterfeit, since the eBay system would be particularly attractive to selling counterfeit products, because of the use of a pseudonym by the sellers and a market that goes beyond borders.

The subsidiary claim on this point is not well founded.

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4.- Costs

13. Given the complex character of the case, the two parties agree to establish the amount of the appeal proceedings costs at 10,000 €.

V.- HOLDING

On these grounds, the court,

- 1. States that the appeal is admissible and founded and the subsidiary petition of Ralph Lauren unfounded.**
- 2. Reverses the judgment rendered, except to the extent that it calculated the proceeding costs.**
- 3. Ruling again;**

Gives note to eBay that it declares to be ready, without any prejudicial acknowledgment, to send the internet user directly to the specific ads for the sale of *Ralph Lauren* and *Polo Sport* brand products without going through the general page of the corresponding category;

States that the Ralph Lauren's claim is not well founded and dismisses it.

- 4. Orders Ralph Lauren to pay the costs of both proceedings. The appeal costs of eBay total 186 € + 10,000 €.**

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So judged by:

Henry MACKELBERT, judge acting as president,
Marie-Francoise CARLIER, judge,
Marielle MORIS, judge

[signature]

M. MORIS [signature]

M.-F. CARLIER [signature]

H. MACKELBERT

and pronounced in public civil hearing of the ninth chamber of the court of appeals of Brussels on 11 Feb. 2009

in the presence of:

Henry MACKELBERT, judge acting as president,
Patricia DELGUSTE, court clerk

[signature]

P. DELGUSTE [signature]

H. MACKELBERT

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