



Counterfeit goods brought Christmas joy for some and misery for others: the ECJ's crackdown on counterfeit goods continues

This Christmas confiscated counterfeit designer clothes were distributed to local charities in the UK rather than being destroyed, assisting many homeless and vulnerable people.

Over the past 12 months Norfolk **Trading Standards** has seized **counterfeit goods** worth tens of thousands of pounds. Instead of destroying the goods, Trading Standards worked with the charity "His Church" to rebrand and distribute seized goods to homeless and vulnerable people.

In the United States, US officials are working day and night to crackdown on counterfeit goods. US officials have used "**Cyber Monday**" to announce Court orders shutting down 150 domain names of commercial websites they say were selling "many millions" of dollars worth of counterfeit goods.

The message from officials has been very clear – they will "not tolerate those who seek to profit by abusing the internet and stealing **intellectual property** at the expense of others".

The fake goods range from sports jerseys, uniforms, DVDs, shoes, handbags, golf sets and exercise equipment that were being sold as "knock off" versions of named brand products.

In the UK, Christmas shoppers hunting for Christmas bargains were warned to be on the lookout for counterfeit goods. By way of example hundreds of counterfeit goods were put on show in a Hull shop in a bid to highlight the



dangers of shoppers buying fake items as Christmas gifts.

It is reported that the counterfeit goods trade costs the UK £1.3 billion a year and becomes a particularly serious risk around Christmas and the January sales when people are doing large amounts of shopping, specifically online shopping.

Further action representing a significant step in the ongoing battle against the sale of fake items online has been taken by a US Judge who ordered **Google, Yahoo, Twitter and Facebook**, among others, to **delist domain names** linked to websites selling counterfeit goods. The Court's ruling came in response to a case brought by French cosmetics giant L'Oreal against eBay in the UK.

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European Court of Justice ruling

In 2011 the case of **L'Oreal v eBay** [2009] EWHC was referred to the **European Court of Justice** by the UK High Court for clarification of the obligations of internet marketplaces under European Union law.

L'Oreal brought a case against eBay involving trade mark infringements committed by users of its website. L'Oreal claimed that eBay directed its users towards goods that infringed trade mark law, which were offered for sale on its website. Furthermore, L'Oreal was of the view that eBay's efforts to prevent the sale of counterfeit goods on its website were inadequate.

The European Court of Justice said that websites such as eBay might be liable for trademark infringements if they played an **"active role"** in **promoting fake goods**. Previously, the High Court in the UK ruled that eBay was not jointly liable for the sale of any counterfeit L'Oreal products through its website, but

said that the online marketplace could do more to stop trademark infringement.

It also said that companies such as eBay were deemed to play an "active role" for instance by "optimising the presentation of the online offers for sale or promoting those offers".

The Court said that "when the operator has played an active role of that kind, it cannot rely on the exemption from liability which European law confers, under certain conditions, on online service providers such as operators of internet marketplaces".

Finally, the European Court of Justice said that it was for the national courts to order online shopping sites to take measures to prevent **trademark infringements**.

Counterfeit goods can be seized if destined for the EU

Two recent joined cases involving C-446/09 Koninklijke Philips Electronics NV v Lucheng Meijing Industrial Company

Ltd and C-495/09 Nokia Corporation v Her Majesty's Commissioners of Revenue and Customs were referred to the European Court of Justice by the national Courts for clarification on whether fake or imitation goods coming from non-EU states may be detained by the customs authorities in the 27-country bloc. It was ruled by the **European Court of Justice** that **counterfeit goods** can only be seized on arrival in the European Union if they are meant for sale in the European Union.

This Judgment is disappointing to many intellectual property owners as it means suspected counterfeit goods can only be held if it can be shown they were intended for sale in Europe, or there is a lack of co-operation from the companies involved.

However, despite the challenges faced by counterfeit goods, **increased international co-operation** is helping to wage the war on the theft of intellectual property.