



**BARKERBRETTELL**

PATENTS TRADE MARKS COPYRIGHT DESIGNS

**SEEKING TO PREVENT THE SALE OF GOODS ON EBAY**

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With the power of internet selling growing on a daily basis, increased consideration needs to be given as to how to prevent unapproved listings on eBay. The options available will depend on a number of factors including whether the goods being offered for sale are genuine goods or counterfeit.

### **1. The goods being offered for sale**

Whether the goods being offered for sale are counterfeit or genuine, if they are branded with one or more registered trade marks they will be likely to infringe those registered trade mark rights. Therefore proceedings can be issued against the seller on the grounds of trade mark infringement.

In addition, if there is an established reputation in the name under which the infringing products are being sold, then it may be possible to also bring an action for passing off against the seller of such goods.

### **2. The defence**

Under UK trade mark law, there is a defence to trade mark infringement under the doctrine of exhaustion of rights. A registered trade mark will not be infringed when the trade mark is used 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 its consent. Therefore, if the eBay seller has legitimately purchased the goods being sold from either the proprietor or a third party which is authorised to sell the same, then it is not possible to prevent the resale of those goods.

However, if the goods being sold were not put on the market by the proprietor, e.g. they were stolen during delivery, this defence will not apply.

The doctrine of exhaustion of rights will also not apply where the trade mark proprietor has legitimate reasons to oppose further dealings in the goods.

Examples of such reasons are:

- where the condition of the goods has been changed or impaired after they have been put on the market
- where the resale of the goods will tarnish the reputation of the trade mark owner, e.g. where the goods are sold at a poorer standard of quality,
- where false representations are being made by the seller
- where the seller creates the impression that they are commercially connected to the trade mark owner in some way.

It should be noted that the doctrine of exhaustion of rights defence does not apply in relation to passing off proceedings.

### **3. Liability**

A recent UK decision between eBay and L'Oreal has held that eBay is under no rule of law or obligation to prevent its users infringing third party trade marks.

#### **4. Verified Rights Owner (VeRO)**

eBay advocates that it aims to develop and enforce policies and procedures for protecting intellectual property. To facilitate this, eBay has created the Verified Rights Owner (VeRO) programme in order that the owners of intellectual property rights (such as copyright, trade marks and/or patents) which may be infringed by listings or items sold on eBay can report those listings.

In order to participate in the VeRO programme, a form must be filed with eBay, specifying the allegedly infringing listings and infringed works, complete with an original authorised signature by either the rights owner or their authorised representative.

Some problems with the VeRO system are:

- It is only possible to take action after a rights holder becomes aware of a posted listing and the product in question may have been sold by that time.
- There is a burden on the rights holder to search for and complain using the VeRO form about suspect product sales. This becomes an onerous burden when one considers the number of potentially harmful listings on the eBay website.
- The VeRO program is focussed on product listings rather than the profile of the seller offering them for sale. A listing can be taken down but then amended and / or reposted shortly after.
- The sanctions applied by eBay are ineffective. Removing a listing rather than preventing the seller from using the website is a weak solution.
- Even if a seller's account is suspended, the same seller can simply register under a different name and start afresh with the same activities.

#### **5. What to do if unauthorised products are being sold on eBay**

There are a number of different factors which could affect how to proceed in connection with the unauthorised sale of goods on eBay and each case should ideally be assessed on a case by case basis by the proprietor's Attorney.

It will be important to consider the desired end result, e.g. whether this is to only stop the sale of the unauthorised goods on eBay or whether it is to stop the sale and additionally seek financial compensation.

If the aim is just to stop the sale of the goods, then the VeRO process will be the quickest and cheapest way of preventing such use, provided that there is the required entitlement to use this process. If the additional aim is to seek financial compensation from the sellers, then consideration should be given as to whether to also issue proceedings for trade mark infringement/passing off. It can be anticipated that the costs of issuing such proceedings would be far higher than filing a VeRO application.

One other option available would be to consider whether it might be worth seeking to enter into some form of agreement with any of the eBay sellers, especially some of the larger shops. This could be a chance to give due consideration as to whether any licensing opportunities are available which would enable the proprietor to control use of its trade marks and generate a revenue.