



UNIVERSITY OF  
EASTERN FINLAND

# Liability of an Intermediary Service Provider for Trademark Infringement in Digital Marketing

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Abstract: The openness and availability of internet services provides a new environment for digital marketing. While this empowers market actors to more effectively promote their goods and services within the limits of free competition, the vastness and lack of oversight in the online environment opens the possibility for more malicious actors in an equal manner. This study seeks out to examine the legal responsibility of the intermediary service provider whose services are used to advertise goods or services that infringe on the trademark of another undertaking. As a prerequisite, the subject matter of trademark infringement in digital marketing must also be established. The issue lies in the crossroads between European Union's trademark, marketing and competition law and as such, an appropriate balance taking into account the rights of all stakeholders must be found. As such, the legal responsibilities of an intermediary service provider under European Union law are presented pursuant to the prevalent doctrine in European Union law.

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## List of abbreviations

CJEU	Court of Justice of the European Union
DMA	Regulation (EU) 2022/1925 of the European Parliament and of the Council of 14 September 2022 on contestable and fair markets in the digital sector and amending Directives (EU) 2019/1937 and (EU) 2020/1828 (Digital Markets Act).
DSA	Regulation (EU) 2022/2065 of the European Parliament and of the Council of 19 October 2022 on a Single Market for Digital Services and amending Directive 2000/31/EC (Digital Services Act).
E-commerce Directive	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.
EGC	European General Court
EU	European Union
EUIPO	European Union Intellectual Property Office
EUTMR	Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trade mark.
IP	Intellectual Property
IPR	Intellectual Property Rights
ISP	Internet Service Provider
ISSP	Information Society Service Provider
MCAD	Directive 2006/114/EC of the European Parliament and of the Council of 12 December

Open Internet Access Regulation	2006 concerning misleading and comparative advertising. Regulation (EU) 2015/2120 of the European Parliament and of the Council of 25 November 2015 laying down measures concerning open internet access and amending Directive 2002/22/EC on universal service and users' rights relating to electronic communications networks and services and Regulation (EU) No 531/2012 on roaming on public mobile communications networks within the Union
Paris Convention	Paris Convention for the Protection of Industrial Property as revised at Stockholm in 1967.
TFEU	Treaty on the Functioning of the European Union.
TMD	Directive (EU) 2015/2436 of the European Parliament and of the Council of 16 December 2015 to approximate the laws of the Member States relating to trade marks.
TRIPS Agreement	Agreement on Trade-Related Aspects of Intellectual Property Rights
UCPD	Directive 2005/29/EC of the European Parliament and of the Council of 11 May 2005 concerning unfair business-to-consumer commercial practices in the internal market and amending Council Directive 84/450/EEC, Directives 97/7/EC, 98/27/EC and 2002/65/EC of the European Parliament and of the Council and Regulation (EC) No 2006/2004 of

the European Parliament and of the Council  
(‘Unfair Commercial Practices Directive’)

## **Figures and tables**

Figure 1. The role of a third-party intermediary in e-commerce.

# 1 Introduction

## 1.1 Background

The rise of e-commerce<sup>1</sup> has made availability of the global trade of products in a business-to-consumer environment in a revolutionary manner. Simultaneously the presence of digital marketing has risen to prominence. Consumers are capable of seeing advertisements on their electronic devices, order the product, and receive it without having inspected the product or seller in a brick-and-mortar store on a first-hand basis. The advantages of this business model are convenience and potentially lower prices for the consumers due to the lack of real estate and personnel expenses.

However, the lack of first-hand experience has also its downsides. While it is possible to deceive a customer of the origin of the goods in question in a physical setting, it is much easier in an online environment. Therefore, the ability of the customer to establish a connection between the actual origin of the product is significantly hindered and the possibilities of deceitful business practices are inherently greater. This problem is highlighted if the product is being marketed by a trusted third party such as Google. The issue lies in the crossroads of Intellectual Property Law, Consumer Protection Law, Competition Law and Advertising and Marketing Law. The relationships of these fields of law in relation to this study will be established later. The point of view of this study is in the law of the European Union (EU) and thus, the definitions are largely based on the definitions of EU legislation.

Digital marketing has evolved in conjunction with the development of e-commerce. Digital marketing can be defined as any form of advertising or marketing that takes space in the digital environment to promote the sale of goods or services<sup>2</sup>. This broad understanding of digital marketing is highlighted in EU law since there are no clear definitions in EU legislation regarding the

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<sup>1</sup> E-commerce or electronic commerce refers to any trade conducted on the internet.

<sup>2</sup> Varhela – Virtanen 2024, chapter 12.

matter. Therefore, no forms of marketing should be excluded from the definition as long as they are conducted in the digital environment.

Goods are often protected by one or more intellectual property (IP) rights. The main purpose of IP protection according to the European Commission is to protect and stimulate the development and distribution of new products and the provision of new services based on the creation and exploitation of inventions, trademarks, designs, creative content or other intangible assets. Another significant interest is to provide guarantees regarding the quality and safety of goods and services.<sup>3</sup> This latter element is especially prevalent in the digital environment as the protected IP rights are one of the best indications of origin, and therefore assurances of the characteristics of the products that a potential customer may recognize<sup>4</sup>. A well-known trademark has usually gained reputation or 'goodwill' among the public thus easing the customer's decision to purchase<sup>5</sup>. Reputation is essential in e-commerce to highlight these ideals that are associated with the products provided by a certain trademark.

The purpose of trademark protection can be highlighted by establishing the functions of a trademark. The essential function of the trademark is to guarantee the identity of the origin of the marked product to the consumer or end user by enabling him, without any possibility of confusion, to distinguish the product or service from others that have another origin. Other functions of a trademark include guaranteeing the quality of the goods or services in question and functions of communication, investment or advertising.<sup>6</sup> Therefore, there is a clear connection between a trademark and the advertisement of a product carrying such trademark.

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<sup>3</sup> European Commission, Benefits of intellectual property rights, [https://policy.trade.ec.europa.eu/enforcement-and-protection/protecting-eu-creations-inventions-and-designs/benefits-ipr\\_en](https://policy.trade.ec.europa.eu/enforcement-and-protection/protecting-eu-creations-inventions-and-designs/benefits-ipr_en).

<sup>4</sup> Kur 2016, p. 7–8. A contrary opinion has also been posed by Fairley due to recent shifts in consumer behaviour in e-commerce as product comparison tools and websites have shifted consumer behaviour to seek specific products regardless of the manufacturer. See Fairley 2023, pp. 97–101.

<sup>5</sup> Kur 2016, p. 2.

<sup>6</sup> These functions have been specifically recognized by the CJEU. See C-487/07, *L'Oréal/Bellure*, (2009) ECR I-05185, para 58 and the case law cited. See also EUIPO 2024, Part C, Section 2, Chapter 2.1. Other trademark functions have been interpreted to exist or have been implied by courts. See Kur 2019, p. 11–12 and Haarmann – Mansala 2012, p. 42.

The interest of this study is specifically on the legislation regarding trademark infringement in digital marketing. Therefore, to proceed the definitions regarding what constitutes trademark infringement must be established. There are many terms associated with trademark infringement such as counterfeiting, imitation, pirated products and knockoffs. The nature, commonly accepted definitions and legal definitions of these terms may vary greatly. These definitions are examined in the following chapters.

## 1.2 Definitions

### 1.2.1 Imitation

There is significant interest for manufacturers to imitate or copy successful products. A successful product is proven to possess market interest and therefore financial viability as a means to garner profit. Copying might be perceived, however, as unethical, disrespectful, or distasteful as a business practice. Not all imitation is alike as imitation comes with abundance of nuances.<sup>7</sup> For the purposes of this study imitation shall be understood as a catch-all umbrella term that includes all forms of copying as it has been recognized by the Court of Justice of the European Union (CJEU) in the *L'Oréal/Bellure*<sup>8</sup> -case, including 'any imitation or replica'.

An argument could be made that the phenomena of significant market for imitation products is a result of the laws of supply and demand. As stated previously trademarks as rights fulfil multiple purposes for the holder. In the case of reputation, it protects the qualities that the undertaking has showed to possess such as quality of goods, craftsmanship, customer care, company values and design. The reputation garnered by the producer is associated to these ideals in the minds of potential customers. Those that respect these values and perceive to get what they

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<sup>7</sup> European Commission, Counterfeit, piracy and other IPR violations, [https://taxation-customs.ec.europa.eu/customs-4/prohibitions-and-restrictions/counterfeit-piracy-and-other-ipr-violations\\_en](https://taxation-customs.ec.europa.eu/customs-4/prohibitions-and-restrictions/counterfeit-piracy-and-other-ipr-violations_en).

<sup>8</sup> C-487/07, *L'Oréal/Bellure*, (2009) ECR I-05185, para 73.

have paid for are willing to purchase these products at a different price point as other customers that might only care about the appearance or design of the product.<sup>9</sup>

If there is a significant number of potential customers that are willing to purchase a product of lesser quality but with similar design, a market for imitation products will always exist. The question posed will therefore be, in which circumstances can this competition be restricted to ensure the protection of the trademark holder's rights? Counterfeited products are not necessarily even marketed as authentic, yet a large number of customers are willing to purchase similar products at a lesser price point.<sup>10</sup> Some forms of imitation are generally acceptable in this light as a form of fair competition while other are not<sup>11</sup>. The issue lies in the consideration of the form of business whether it infringes on any protected IP rights.

### **1.2.2 Trademark Infringement**

A trademark confers certain exclusive rights to its proprietor and certain actions that interfere with these rights may constitute trademark infringement. Specifically under Article 9 (2) of the Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trade mark (EUTMR)<sup>12</sup> and the corresponding provision of the Directive (EU) 2015/2436 of the European Parliament and of the Council of 16 December 2015 to approximate the laws of the Member States relating to trade marks (TMD)<sup>13</sup> Article 10 (2), the proprietor of a trademark is entitled to prevent all third parties not having his consent from using in the course of trade, in relation to goods or services, any sign where

- a) the sign is identical with the EU trade mark and is used in relation to goods or services which are identical with those for which the EU trade mark is registered;

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<sup>9</sup> Lunney 2023, p. 23-24.

<sup>10</sup> *Ibid.* pp. 17-36. See also OECD 2008 pp. 60-64.

<sup>11</sup> Kur 2016, p. 1-2.

<sup>12</sup> OJ 16.6.2017 L 154/1.

<sup>13</sup> OJ 23.12.2014 L 336/1.

- b) the sign is identical with, or similar to, the EU trade mark and is used in relation to goods or services which are identical with, or similar to, the goods or services for which the EU trade mark is registered, if there exists a likelihood of confusion on the part of the public; the likelihood of confusion includes the likelihood of association between the sign and the trade mark;
- c) the sign identical with, or similar to, the EU trade mark irrespective of whether it is used in relation to goods or services which are identical with, similar to or not similar to those for which the EU trade mark is registered, where the latter has a reputation in the Union 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 EU trade mark.”

Similar provisions are provided by Article 16 (1) of the Agreement on Trade-Related Aspects of Intellectual Property Rights, 15 April 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, 1869 U.N.T.S. 299, 33 I.L.M. 1197 (1994) (TRIPS Agreement), which states that the owner of a registered trademark shall have the exclusive right to prevent all third parties not having the owner’s consent from using in the course of trade identical or similar signs for goods or services which are identical or similar to those in respect of which the trademark is registered where such use would result in a likelihood of confusion. In case of the use of an identical sign for identical goods or services, a likelihood of confusion shall be presumed. The rights described above shall not prejudice any existing prior rights, nor shall they affect the possibility of Members of the TRIPS Agreement making rights available on the basis of use.

Additionally, Article 6 quinquies (b) of the Paris Convention for the Protection of Industrial Property as revised at Stockholm in 1967 (Paris Convention) provides that registration shall not be permitted for marks that are of such a nature as to infringe rights acquired by third parties in the country where protection is claimed. While the Paris Convention does not provide a clear definition for trademark infringement, similar chain of thought can be found in Article 10 bis of the Paris Convention (Unfair Competition). These provisions provided by Article 10 bis of the Paris Convention shall be examined further in chapter 2.3.

A protected trademark may be constituent of more than a trade name or word mark. Under Article 4 of the EUTMR an EU trademark may consist of any signs, in particular words, including personal names, or designs, letters, numerals, colours, the shape of goods or of the packaging of goods, or sounds, provided that such signs are capable of distinguishing the goods or services of one undertaking from those of other undertakings and being represented on the Register of the European Union trademarks, in a manner which enables the competent authorities and the public to determine the clear and precise subject matter of the protection afforded to its proprietor.

### 1.2.3 Counterfeiting

The definition of counterfeiting in the general understanding may often be confused with other forms of illegal or legal imitation. Counterfeiting is especially confused with piracy and some languages may not differentiate these terms<sup>14</sup>. In the appendixes of the TRIPS Agreement counterfeiting is defined in footnote 14 (a) of Article 51 as meaning any goods, including packaging, bearing without authorization a trademark which is identical to the trademark validly registered in respect of such goods, or which cannot be distinguished in its essential aspects from such a trademark, and which thereby infringes the rights of the owner of the trademark in question under the law of the country of importation.

Pirated products are defined conversely in the footnote 14 (b) of Article 51 as consisting of any goods which are copies made without the consent of the right holder or person duly authorized by the right holder in the country of production and which are made directly or indirectly from an article where the making of that copy would have constituted an infringement of a copyright<sup>15</sup> or a related right under the law of the country of importation.

Where counterfeited products infringe on a specific trademark, pirated products generally do not display trademarks *per se*. A pirated product usually copies the design or even patented

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<sup>14</sup> Salmi et al. 2008, p. 666.

<sup>15</sup> Pirated products are most often associated with copyright protected products. See Fink – Maskus – Qian 2015, p. 6.

physical features that do not fall within the definition of trademark subject matter. Therefore, in its essential form piracy in goods refers to infringements in design rights or other such rights and not trademarks. Within the scope of this study, it is not possible to exhaustively study all these circumstances in which it may be unclear whether a product would be classified as counterfeit or pirated products. In line with the definitions established by the appendixes on the TRIPS Agreement, products infringing on trademark rights shall be referred to as counterfeits, but the relationship with pirated products should be kept in mind.

### 1.3 Research questions and scope of the study

The foundation for this research is based on a deep interest in intellectual property law and commercial law. Due to the skyrocketing emergence of e-commerce and further digitalization of everyday trade, the legal status of the market actors needs to be clarified. While the status of direct counterfeiting and other forms of imitation has gained new dimensions in the digital environment, the foundational principles regarding the legality of the physical products remains within the general development of trademark law. Marketing of these products has instead seen a complete transformation alongside legal marketing efforts in the digital environment. The legal status of the (first or third party) marketing of infringing products is far less clear cut.

The emphasis of this study is in determining the legal status of the party responsible for marketing infringing products in the digital environment. The scope of this study is specifically in the context of European Union law and the European trademark system established by the EUTMR. Member States' law, international law and third country legislation will only be examined by comparative interpretation.

To further highlight the aim of the research we shall examine the *Google France* (also known as 'Google AdWords') -case as an example.<sup>16</sup> The issue regarded the advertisement service 'Ad-

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<sup>16</sup> Joined Cases C-236/08 to C-238/08, *Google France*, (2010) ECR I-02417.

Words' that Google offered to paying customers alongside their internet search engine. The AdWords service offered automated advertising appearing alongside search results by allowing any economic operator to reserve one or more keywords. In other words, when a user of the search engine executed a search corresponding to these keywords, the search results would include advertising links to websites under the heading 'sponsored link' of the customer whose keywords would match the search results.

The AdWords service was automated and operated under the 'maximum price per click' principle. Same keywords could be reserved by a number of customers. Louis Vuitton, among other plaintiffs, had become aware that the sponsored links provided by the AdWords service would display links to sites offering imitation versions of trademark protected products.<sup>17</sup> The CJEU found that, in line with recital 42 of Directive 2000/31/EC of the European Parliament and of the Council of 8 June 2000 in certain legal aspects of information society services, in particular electronic commerce, in the Internal Market (e-commerce directive)<sup>18</sup>, Google's role as an intermediary was of 'mere technical, automatic and passive nature' which implies that the service provider 'has neither knowledge nor control over the information which is transmitted or stored'.<sup>19</sup> The CJEU concluded that the passive storage and display of advertisements based on the stored keyword did not constitute the use of a sign within the meaning of Article 9 (1) of the EUTMR and Google was not liable for the unlawful use of the trademark prior to the knowledge of such use.

The findings of the CJEU in the *Google France* -case shall be examined in further detail in chapters 3 and 4. This brief overview does, however, provide examples on the parties to consider in such transactions and the role of a third-party advertiser as an intermediary.

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<sup>17</sup> Joined Cases C-236/08 to C-238/08, *Google France*, (2010) ECR I-02417, paras 22–29.

<sup>18</sup> OJ 17.7.2000 L 178/13.

<sup>19</sup> Joined Cases C-236/08 to C-238/08, *Google France*, (2010) ECR I-02417, paras 113–114.

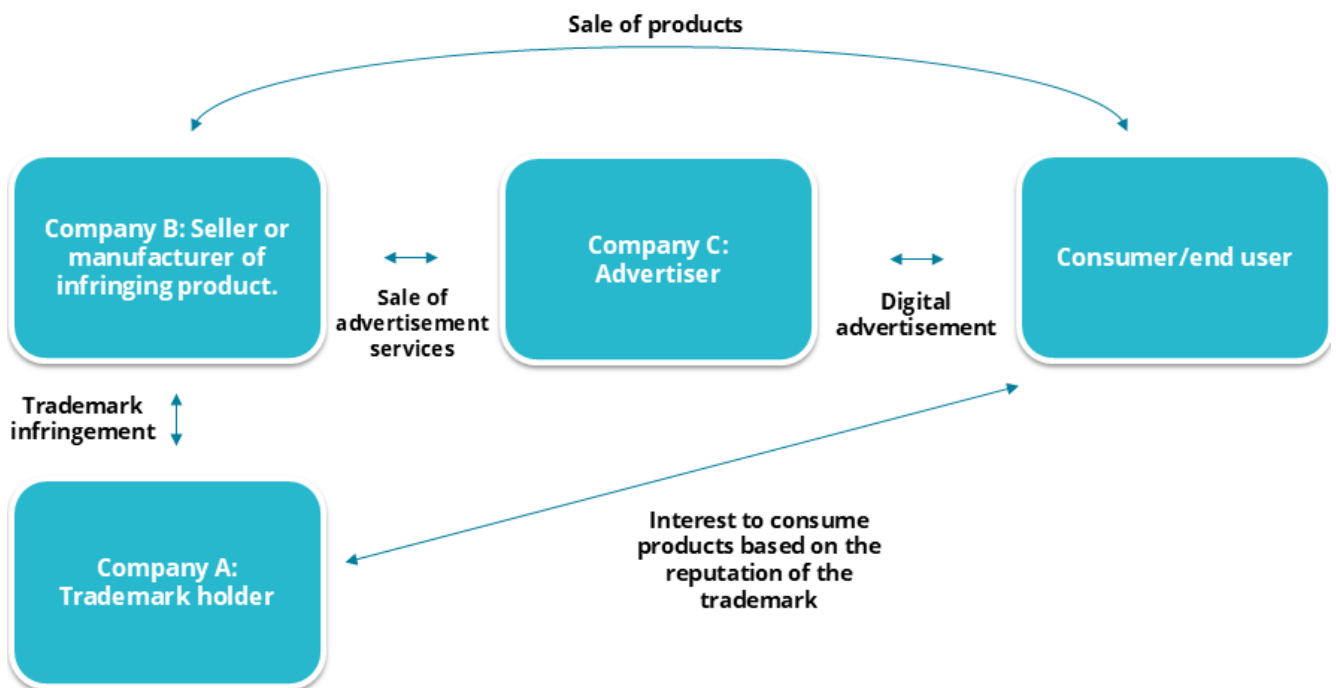


Figure 1. The role of a third-party intermediary in e-commerce.

The research question of the could be formulated as such:

*What is the legal responsibility of the intermediary advertiser for trademark infringement in digital advertising?*

In other words, the purpose of this study is to analyse and systematize the factors and circumstances which may contribute to the assessment of the liability of the party responsible for marketing products which infringe on a protected trademark within the EUTMR system as presented in Figure 1. A preliminary question on what constitutes trademark infringement in digital marketing must also be addressed. In order to examine these main research questions in detail, the foundations of the EUTMR system are in need of examination to establish groundwork for more detailed inquiry. In addition, legal framework of the EU in marketing and competition law must be established. The current doctrine regarding the assessment of trademark infringement and unfair business practices must be examined as preliminary questions in order to fully understand the existing legal framework. Liability will only be examined in regard to what constitutes liability. The measurement of the amounts of damages are not examined. The possible civil or

criminal repercussions of trademark infringement and their enforcement and procedural law fall outside the scope of this study.

The study consists of 5 main chapters. Chapter 1 presents the background of the topic in question with the purpose of leading into the topic, research questions and methods as well as the main sources of the study. Chapter 2 aims to provide an overview of the general framework regarding the relevant principles regarding e-commerce, marketing and consumer protection and unfair competition within EU.

The main research questions shall be examined in Chapters 3 and 4. In chapter 3 the focus is on the examination of what constitutes trademark infringement in digital marketing. Chapter 4 will subsequently focus on presenting the liability and responsibilities of the intermediary service provider. The key findings shall be concluded in chapter 5.

#### 1.4 Method and sources of the study

The selection of methods should align with the study's purposes and research questions. The method of this study is legal dogmatics. As stated by **Aarnio**, the purposes of legal dogmatics are the interpretation of existing law through substantiated recommendations and arguments as well as the systematization of prevailing law. Legal dogmatics can be separated into practical and theoretical facets, where the interpretation of existing law can be seen as the practical side and consequently the systematization of law as the theoretical side. These facets should not be understood as opposites, as these facets are highly interrelated.<sup>20</sup> Therefore, in light of the purposes and research questions of this study, both practical and theoretical legal dogmatics shall be used as methods. Especially the nature of EU law prerequisites that the current legal framework of the subject matter must be established through systematization.<sup>21</sup>

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<sup>20</sup> Aarnio 2006, p. 238.

<sup>21</sup> Siltala 2001, pp. 22–23.

The selection of the method as legal dogmatics allows the research questions to be assessed most effectively by analysing and systematizing existing law regarding the issue. Legal dogmatics also necessitates the analysis and deliberation of legal principles, which in turn requires interpretation of norms.<sup>22</sup> The value of legal sources is not equal and the doctrines regarding the selection of legal sources should be always considered.<sup>23</sup> According to prevalent doctrine, the starting point in examination should be primary and secondary EU law. Treaties are the starting point for EU law and are known in the EU as primary law. The body of law that comes from the principles and objectives of the treaties is known as secondary law; and includes regulations, directives, decisions, recommendations and opinions.<sup>24</sup>

The examination will naturally focus on these issues specifically in the European Union and the trademark system provided by the EUTMR and TMD. Other supplementary EU legislation as well as materials produced by the EUIPO will be examined in conjunction with EUTMR. As the subject matter concerns digital advertising, supplementary focus on legislation concerning information society such as the aforementioned e-commerce directive. Regarding marketing, consumer protection and competition law of the EU, some central sources include the Directive 2005/29/EC of The European Parliament and of the Council of 11 May 2005 Concerning Unfair Business-to-consumer Commercial Practices in the Internal Market (UCPD)<sup>25</sup> and Directive 2006/114/EC of the European Parliament and of the Council of 12 December 2006 concerning misleading and comparative advertising (MCAD).<sup>26</sup> The interpretation of these sources of law relies heavily on the jurisprudence of the CJEU as the CJEU is the final authority in determining the meaning of EU law.<sup>27</sup>

The EUTMR systems acts independently from Member States' trademark systems. Therefore, the sources in this study consist of legal literature regarding EU law as well as official sources such as the practical guidelines of the EUIPO. Furthermore, the legal literature regarding EU trademark

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<sup>22</sup> Hirvonen 2011, p. 24–25.

<sup>23</sup> Miettinen (ed) 2016, p. 116.

<sup>24</sup> European Commission, Types of EU law, [https://commission.europa.eu/law/law-making-process/types-eu-law\\_en](https://commission.europa.eu/law/law-making-process/types-eu-law_en).

<sup>25</sup> OJ 11.6.2005 L149/22.

<sup>26</sup> OJ 27.12.2006 L 376/21.

<sup>27</sup> Albors-Llorens 2023, p. 333–334.

law comprises mostly of wide article-by-article commentaries as well as of short-form academic writings aimed to discuss the more specialized issues of the EU trademark system, also known as European Union trademark (EUTM) system. This highlights the central nature of case law of the CJEU and legal praxis provided by the EUIPO.<sup>28</sup> Despite the extensivity of legal literature, the issues regarding trademark use in the course of digital marketing have not been presented in an in-depth and comprehensive manner.

Additionally, all EU Member States as well as the EU itself adhere to the Paris Convention and TRIPS Agreement, and thus, consideration for these will also be taken. Internet sources and some International sources will also be used to provide context on the issues examined.

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<sup>28</sup> It should be noted that some case law may relate to parallel provisions of the TMD or the Council Regulation 40/94/EC of 20 December 1993 on the Community trademark (CTMR, OJ. 14.1.1994 L 11/1), which preceded the EUTMR. The case law interpreting one of the sources of law applies *mutatis mutandis* to the other statutes as well, when the provisions are parallel. The applied provisions might therefore relate to these other statutes and provisions, but their interpretive value is the same. This is likely heightened due to the intertwined nature of the EUTMR and the TMD. See Kur 2013a, p. 774.

## 2 Digital Marketing in EU law

### 2.1 Digital marketing and e-commerce as Information society services

In the digital environment there are many forms of commercial actors or information society service providers (ISSPs). The definition of information society services in the e-commerce directive refers to Article 1 (2) of Directive 98/48/EC of the European Parliament and of the Council 20 July 1998 amending Directive 98/34/EC laying down a procedure for the provision of information in the field of technical standards and regulations (Directive 98/48/EC)<sup>29</sup>, which is no longer in force. The current definition is included in Article 1 (b) of Directive 2015/1535 of the European Parliament and of the Council of 9 September 2015 laying down a procedure for the provision of the information in the field of technical regulations and of rules on Information Society services (Directive 2015/1535)<sup>30</sup>. The original definition of Article 1 (2) of Directive 98/48/EC states that Information Society service is any service normally provided for remuneration, at a distance, by electronic means and at the individual request of a recipient of services.

For the purposes of said 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 (including digital compression) and storage of data, and entirely transmitted, conveyed and received by wire, by radio, by optical means or by other electromagnetic means and 'at the individual request of a recipient of services' means that the service is provided through the transmission of data on individual request. The definition of electronic means should be interpreted as including any electronic apparatus and application irrespective of technical means.<sup>31</sup>

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<sup>29</sup> OJ 5.8.1998 L 217, p. 18–26.

<sup>30</sup> OJ 17.9.2015 L 241/1.

<sup>31</sup> Lodder 2022, p. 28.

An average consumer might be in contact with various ISSPs throughout a single day. For example, a consumer might begin their day by scrolling through social media platforms such as Facebook or Instagram. Afterwards during their commute, they might listen to music from a music streaming service such as Spotify. In the afternoon, they might search for goods on Google and be directed to Amazon, where they buy the product from a seller. All mentioned ISSPs operate advertising as a core function of their business operations and income. The social media site TikTok even has an integrated TikTok Shop, and it offers independent (and often unincorporated) creators to market products sold in TikTok Shop via affiliate marketing programs. According to a 2007 survey conducted by Yankelovich, a market research firm, it was estimated that a consumer living in a city may see up to 5 000 ads in a day.<sup>32</sup> The number is likely to have increased significantly, especially outside large cities, as the access to internet as well as the increasing role of internet in the daily life has surged.<sup>33</sup>

Websites are less and less confined to certain categories and are rather integrated and diverse amalgamation of various features.<sup>34</sup> Therefore, it would not bear fruit to examine digital advertisement through the viewpoint of the type of service provider rather than as a whole, although different mechanisms of advertisement services do still play a part in the determination of which party has control over the displayed content.<sup>35</sup> In general, most services provided in the internet fall within the general meaning of information society services within the meaning of the e-commerce Directive.<sup>36</sup>

The general provisions of the e-commerce Directive are supplemented by Regulation (EU) 2022/2065 of the European Parliament and of the Council of 19 October 2022 on a Single Market

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<sup>32</sup> Lee – Ahn – Park 2015.

<sup>33</sup> Adfuel, The Daily Ad Exposure: How Many Ads Does the Average Person See Each Day, <https://goad-fuel.com/the-daily-ad-exposure-how-many-ads-does-the-average-person-see-each-day/>.

<sup>34</sup> See Alimonti – Neurohr – Ralston 2021, pp. 112–113, 137–143.

<sup>35</sup> This notion shall be further examined in Chapter 3.

<sup>36</sup> See recital 18 of the e-commerce Directive. Additionally, the scope of the Directive defined in Article 1 provides that the Directive be applied as a general groundwork in relation information society services. E-commerce Directive therefore provides a baseline for all e-commerce and there are no notable exceptions relating to Intellectual Property nor marketing. See recitals 11, 18 of the e-commerce Directive.

for Digital Services and amending Directive 2000/31/EC (Digital Services Act or DSA)<sup>37</sup> and Regulation (EU) 2022/1925 of the European Parliament and of the Council of 14 September 2022 on contestable and fair markets in the digital sector and amending Directives (EU) 2019/1937 and (EU) 2020/1828 (Digital Markets Act or DMA).<sup>38</sup>

The DSA is horizontal legislation for the digital single market, with transparency requirements and due diligence obligations proportionate to the size of the service provider. It will provide a new regulatory framework around online advertising, dark patterns, and will require online platforms to be transparent in the policing of content carried on their services.<sup>39</sup> The DMA is a sister provision which attempts to prise open gatekeeper market power in the EU. It will require gatekeepers, such as platforms, to ensure that they do not treat their services and products offered more favourably than similar services or products offered by third parties on their platform, while allowing allow third parties to inter-operate with their services and offering greater market transparency.<sup>40</sup>

Regulation (EU) 2015/2120 of the European Parliament and of the Council of 25 November 2015 laying down measures concerning open internet access and amending Directive 2002/22/EC on universal service and users' rights relating to electronic communications networks and services and Regulation (EU) No 531/2012 on roaming on public mobile communications networks within the Union (Open Internet Access Regulation)<sup>41</sup> provides the groundwork for network neutrality as the provisions of the Regulation neither impose nor discriminate in favour of the use of a particular type of technology<sup>42</sup>. The principle of network neutrality is fundamental in ensuring fair

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<sup>37</sup> OJ 27.10.2022 L 277/1.

<sup>38</sup> OJ 12.10.2022 L 265/1.

<sup>39</sup> Lodder – Murray 2022, p. 9. According to recital 4 of the DSA, the purpose of the legislation is to clarify and elaborate the general provisions of the e-commerce Directive.

<sup>40</sup> Jozwiak-Gorny – Jozwiak – Szmigielski 2022, p. 432–433.

<sup>41</sup> OJ 26.11.2025 L 310/1.

<sup>42</sup> Recital 2 of the Open Internet Access Regulation.

and meritocratic competition in the online platform.<sup>43</sup> Neutrality in terms of the technology is essential to provide the longevity of the provisions, as favouring certain technological solutions would be detrimental to the purposes of Open Internet Access Regulation.<sup>44</sup>

Net neutrality should also remain neutral to the data transmitted on the internet and should be 'moved impartially, without regard to content, destination or source'<sup>45</sup>. While the network neutrality principle in Open Internet Access Regulation establishes rights to individuals regarding internet access by establishing responsibilities to Internet Service Providers (ISPs), the principle of network neutrality, especially technological neutrality, exceeds that of the scope of the Regulation.<sup>46</sup> Thus, the provisions of other EU legislation regarding the information society services should be interpreted without prejudice to the technical application used. This is evident in the definition of information society services within Article 2 (a) of the e-commerce Directive being independent of the technical means that such a service is conducted through. Similarly, it is noted in recital 4 of the DSA that by using requirements that are technology neutral, innovation is not hampered but instead be stimulated.<sup>47</sup>

The e-commerce directive acts as the foundation for e-commerce services in EU law. Despite the age of the directive and changes in society, the principles in the directive are worded in a manner which enables their relevance to remain in our modern society.<sup>48</sup> As such it lays down some principles based on which an intermediary ISSP may be exempt from liability, while not directly taking a stance on what would constitute liability for intermediaries. In Section 4 of the e-commerce Directive titled 'Liability of intermediary service providers' provides, as indicated, provisions regarding the liability of intermediary service providers. Articles 12 (mere conduit), 13

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<sup>43</sup> Murray 2022, p. 283.

<sup>44</sup> Murray 2022, p. 286.

<sup>45</sup> Berners-Lee, 2017.

<sup>46</sup> Murray 2022, pp. 284–286.

<sup>47</sup> This is further extended in recital 28 of the DSA.

<sup>48</sup> The e-commerce directive may also be referred to as 'the legal framework directive' in relation to e-commerce. Wording such as 'the Directive must lay down a clear and general framework' and 'the objective of this Directive is to create a legal framework' is used in recitals 7–8 of the Directive. Lodder 2022, p. 21.

(caching) and 14 (hosting) provide such groundworks for exemption from liability. These provisions shall be examined further in Chapter 4.

E-commerce Directive does not define marketing or advertisement as such. Article 2 (f) introduces the concept of 'commercial communication' which is to be meaning any form of communication designed to promote, directly or indirectly, the goods, services or image of a company, organisation or person pursuing a commercial, industrial or craft activity or exercising a regulated profession. Both direct and indirect promotion is covered, in order to prevent circumvention of the ban on commercial communications for certain products (e.g., tobacco, alcohol).<sup>49</sup> Because the definition is wide, certain communications are explicitly excluded.<sup>50</sup>

Information allowing direct access to the activity of the company, organisation or person, in particular a domain name or an electronic-mail address or communications relating to the goods, services or image of the company, organisation or person compiled in an independent manner, particularly when this is without financial consideration do not in themselves constitute commercial communications. Such activities might consist of links to commercial sites for which the provider of the link is not paid for, consumer-testing services and websites for the purpose of price or products comparison. The mere ownership of a website, domain or e-mail address is also excluded.<sup>51</sup>

Correspondingly, 'advertising' is defined in Article 2 (a) of the MCAD as the making of a representation in any form in connection with a trade, business, craft or profession in order to promote the supply of goods or services, including immovable property, rights and obligations. The wording used is quite similar to that of Article 2 (f) of the e-commerce Directive. To further highlight the relationship between these concepts, the CJEU has used the exclusions provided Article 2 (f)

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<sup>49</sup> COM (1998) 586 final, p. 20.

<sup>50</sup> COM (1998) 586 final, p. 21.

<sup>51</sup> Lodder 2022, p. 31–32.

of the e-commerce Directive to determine that the registration of a domain name is not 'advertising' within the meaning of Article 2 (a) of the MCAD.<sup>52</sup> The Court noted, however, that the exceptions provided by Article 2 (f) of the e-commerce Directive could not be interpreted as categorically excluding all information or communications that would fall within the term of 'advertising' within Article 2 (a) of the MCAD.<sup>53</sup> This hints at the interpretation that these concepts, although highly interconnected, are not identical.

When compared to the definition of 'advertising' of Article 2 (a) of the MCAD which states that advertising means the making of a representation in any form in connection with a trade, business, craft or profession in order to promote the supply of goods or services, including immovable property, rights and obligations, one can conclude that these concepts of 'commercial communication' and 'advertising' are very similar in nature.

Advertising as a legal concept within the meaning of Article 2 (a) of the MCAD should be understood as a broad definition.<sup>54</sup> The forms of advertising should not be limited to traditional forms of advertising.<sup>55</sup> In accordance with the notion of network neutrality, all forms of advertising should be interpreted through the same conditions regardless of the practical application of the method of advertising.<sup>56</sup>

In conclusion, any service provided at a distance, by electronic means and at the individual request of a recipient of services is an information society service pursuant to Article 2 (a) of the e-commerce Directive. Any activity with the purpose of promoting the sale of goods or services, irrespective of the medium is advertising or marketing. Therefore, any activity that covers both of these definitions is digital marketing. Digital marketing and e-commerce are both within the scope of Information society services within the meaning of the e-commerce Directive, and thus,

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<sup>52</sup> C-657/11, *Belgian Electronic*, (2013) EU:C:2013:516, para 61. In legal literature, it has been posed that the concept of 'commercial communication' of the e-commerce Directive encompasses all forms of digital advertisement. See Varhela – Virtanen 2023, Chapter 12.

<sup>53</sup> C-657/11, *Belgian Electronic*, (2013) EU:C:2013:516, para 50.

<sup>54</sup> C-112/99 *Toshiba Europe*, (2001) ECR I-07945, para 28. See also Varhela – Virtanen 2023, Chapter 3.

<sup>55</sup> C-657/11, *Belgian Electronic*, (2013) EU:C:2013:516, para 35.

<sup>56</sup> Recital 4 of the DSA.

the liability of intermediaries acting in such a capacity is evaluated in relation to the provisions laid out in Articles 12–14 of the e-commerce Directive.

## 2.2 Misleading Advertising

Misleading advertising is defined in Article 2 (b) of the MCAD as any advertising which in any way, including its presentation, deceives or is likely to deceive the persons to whom it is addressed or whom it reaches and which, by reason of its deceptive nature, is likely to affect their economic behaviour or which, for those reasons, injures or is likely to injure a competitor. The concept of deceptive advertisement is sometimes used instead of misleading advertisement<sup>57</sup>, but due to the aforementioned definition of misleading advertisement, it would appear that these concepts are synonymous with each other.

According to Article 3 of the MCAD, the determination of the misleading nature of advertisement is based on the overall assessment of all its features, in particular any information containing the following:

- “(a) the characteristics of goods or services, such as their availability, nature, execution, composition, method and date of manufacture or provision, fitness for purpose, uses, quantity, specification, geographical or commercial origin or the results to be expected from their use, or the results and material features of tests or checks carried out on the goods or services;
- (b) the price or the manner in which the price is calculated, and the conditions on which the goods are supplied or the services provided;
- (c) the nature, attributes and rights of the advertiser, such as his identity and assets, his qualifications and ownership of industrial, commercial or intellectual property rights or his awards and distinction.”

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<sup>57</sup> See Kur 2013b, p, 15.

Misleading advertisement may be compared with the concepts of misleading actions in Article 6 of the UCPD and misleading omissions in Article 7 of the UCPD. A commercial practice shall be regarded as misleading within the meaning of Article 6 (1) of the UCPD if it contains false information or, through its overall presentation, deceives or is likely to deceive the average consumer, even if the information is factually correct, concerning elements such as the existence or nature of the product, its main characteristics (availability, benefits, risks, execution, composition, accessories, after-sale customer assistance, complaint handling, method and date of manufacture or provision, delivery, fitness for purpose, usage, quantity, specification, geographical or commercial origin, results expected from its use, or results and material features of testing), the extent of the trader's commitments, the motives for the commercial practice, the nature of the sales process, any statement or symbol relating to sponsorship or approval, the price or how it is calculated, any specific price advantage, the nature, attributes and rights of the trader or his agent (identity, assets, qualifications, status, approval, affiliation or connection, ownership of industrial, commercial or intellectual property rights, awards and distinctions), and the consumer's rights (including the right to replacement or reimbursement under Directive 1999/44/EC).

An action is also misleading pursuant to Article 6 (2) of the UCPD if it causes or is likely to cause the average consumer to take a transactional decision they would not have taken otherwise, involving marketing that creates confusion with competitors' products, trademarks, trade names, or other distinguishing marks, or non-compliance with firm, verifiable commitments in codes of conduct the trader has undertaken to follow, indicated in a commercial practice. The specific mention of use of a competitor's trademark in advertising links Article 6 of the UCPD to Articles 3 of the MCAD and 9 (3) (e) of the EUTMR. In the systematic approach the connected wording would indicate that these actions would be in the context of use of a trademark in digital marketing, prohibited as both misleading advertising and trademark infringement.<sup>58</sup>

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<sup>58</sup> The interpretation of legal concepts as autonomous legal concepts in EU law provides a basis for an autonomous and uniform interpretation throughout the Union in which connected nature of legal concepts may be conferred through references to other secondary EU law. Marušić 2023, p 118. See also recital 9 of the UCPD.

Under Article 7 of the UCPD, misleading omissions are prohibited alongside active misrepresentations outlined in Article 6. According to Article 7 (1) of the UCPD commercial practice is considered misleading if it omits material information that an average consumer needs to make an informed decision, causing or likely to cause them to act differently. Similarly, under Article 7 (2) it is deemed misleading if material information is hidden, presented ambiguously, or untimely, or if the commercial intent is not disclosed, resulting in comparable consumer outcomes. Pursuant to Article 7 (3) when space or time limitations in the communication medium exist, these constraints and any alternative measures taken to provide information must be considered. A non-exhaustive list of circumstances is cited in Article 7 (4) of the Directive pertaining to invitations to purchase, which contain material information such as key product features, the trader's identity and address, the tax-inclusive price, any additional charges, and details on payment, delivery, performance, and complaint handling if they deviate from professional diligence requirements.

Comparative advertising is defined in Article 2 (c) of the MCAD as any advertising which explicitly or by implication identifies a competitor or goods or services offered by a competitor. The prohibition of unfair comparative advertising differs from the approach of Article 3 of the MCAD as comparative advertising is predominantly permitted as long as it is in compliance with provisions provided by Article 4 of the MCAD, according to which comparative advertising shall, as far as the comparison is concerned, be permitted when the following conditions are met:

- (a) it is not misleading within the meaning of Articles 2(b), 3 and 8(1) of the MCAD or Articles 6 and 7 of the UCPD,
- (b) it compares goods or services meeting the same needs or intended for the same purpose,
- (c) it objectively compares one or more material, relevant, verifiable and representative features of those goods and services, which may include price,
- (d) it does not discredit or denigrate the trademarks, trade names, other distinguishing marks, goods, services, activities or circumstances of a competitor,
- (e) for products with designation of origin, it relates in each case to products with the same designation,

- (f) it does not take unfair advantage of the reputation of a trademark, trade name or other distinguishing marks of a competitor or of the designation of origin of competing products,
- (g) it does not present goods or services as imitations or replicas of goods or services bearing a protected trademark or trade name,
- (h) it does not create confusion among traders, between the advertiser and a competitor or between the advertiser's trademarks, trade names, other distinguishing marks, goods or services and those of a competitor.

Marketing law is deeply tied to consumer protection, which in turn is based on the principle of defending the weaker party as the consumer as a natural person is in a significant disadvantage in relation to a professional commercial party due to lack of experience, expertise and financial and commercial resources.<sup>59</sup> Thus, there exists a potential for businesses to exploit the lack of these qualities and to target consumer's personal vulnerabilities.<sup>60</sup> Principles of consumer protection cannot, for the most part, be applied to consumer-to-consumer or business-to-business contractual relationships.<sup>61</sup> EU marketing law is not, however, exclusively consumer protection law as indicated in recital 13 of the UCPD.<sup>62</sup>

Consequently, trademark protection is not consumer protection law either, although consumer protection principles may be considered. The perception of a consumer acts as a connecting fabric in the assessment of trademark infringement pursuant to Article 9 (2) of the EUTMR, although it is specifically worded only regarding the existence of 'likelihood of confusion on the part of the public'. The definition of the relevant public has evolved through case law. The terminology re-

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<sup>59</sup> C-105/17, *Kamenova*, (2018) EU:C:2018:808, para 34. See also C-59/12, *Zentrale zur Bekämpfung unlauteren Wettbewerbs*, (2013) EU:C:2013:634, para 35 and C-147/16, *Karel de Grote – Hogeschool Katholieke Hogeschool Antwerpen*, (2018) EU:C:2018:320, para 54.

<sup>60</sup> Duivenvoorde 2023, p. 635.

<sup>61</sup> Varhela – Virtanen 2023, Chapter 3.

<sup>62</sup> According to recital 13 'in order to support consumer confidence the general prohibition should apply equally to unfair commercial practices which occur outside any contractual relationship between a trader and a consumer'.

garding the relevant public has differed somewhat in CJEU and EGC case law. The public perceiving the trademark has been referred to as ‘an average consumer’<sup>63</sup>, ‘relevant consumer’<sup>64</sup> and ‘relevant public’<sup>65</sup> by the CJEU and EGC. Identity or similarity of signs and identity or similarity of the goods or services are both considered in light of the relevant public.<sup>66</sup>

The notion of an ‘average consumer’ operates on the presupposition that an average consumer is deemed to be reasonably well informed, reasonably observant and circumspect.<sup>67</sup> As such, the sign creates an overall impression in the minds of consumers with a lesser attention to detail and rarely being able to directly compare signs.<sup>68</sup> The level of attention might, however, vary based on the type of goods or services in question.<sup>69</sup> Especially in the case that the goods or services are highly specialised in a certain sector of the public.<sup>70</sup> Commercial actors are generally more likely to take greater care than the average consumer in the selection of the goods or services in question.<sup>71</sup> Therefore, in the determination of the relevant public, and thus the characteristics of the section of the public, both the categories of the goods and services as well as the types of customers in question should be taken into account.

The term of ‘relevant public’ does not therefore refer to the general public. The clientele of the goods or services in question might consist of private individuals (general public) or professional customers (specialised public) or in some instances, both.<sup>72</sup> The relevant public includes both the

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<sup>63</sup> C-342/97, *Lloyd Schuhfabrik*, (1999) ECR I-03819, para 26 and C-251/95, *SABEL*, (1997) ECR I-06191, para 23.

<sup>64</sup> T-40/19, *THE ONLY ONE by alphaspirt wild and perfect*, (2019) EU:T:2019:89 (not published), para 61 and T-359/23, *Société des produits Nestlé SA v EUIPO*, (2024) EU:T:2024:780, para 113.

<sup>65</sup> C-102/07, *Adidas*, (2008) ECR I-02439, paras 41–43.

<sup>66</sup> T-328/05, *Quartz*, (2008) ECR II-00104, para 23.

<sup>67</sup> C-291/00, *LTJ Diffusion*, (2003) ECR I-02799, para 52. See also C-210/96, *Tusky*, (1998) ECR I-04657, para 31.

<sup>68</sup> C-291/00, *LTJ Diffusion*, (2003) ECR I-02799, para 52 and C-251/95, *SABEL*, (1997) ECR I-06191, para 23.

<sup>69</sup> C-291/00, *LTJ Diffusion*, (2003) ECR I-02799, para 26.

<sup>70</sup> T-224/01, *Durferrit v OHIM*, (2003) ECR II-01589, para 52.

<sup>71</sup> T-211/03, *Faber Chimica*, (2005) ECR II-01297, para 24.

<sup>72</sup> EUIPO 2024, Part C, Section 2, Chapter 2.

actual and potential customers interested in acquiring the goods or services in question.<sup>73</sup> Therefore, the relevant public consists of the case-specific customer base of the goods or services for which the trademark has been registered and used in relation to.<sup>74</sup>

The use of the term 'consumer' in trademark law is somewhat likely to create confusion as neither trademark law, nor IP law at large, is consumer protection law within the meaning of Article 169 of Consolidated Version of the Treaty on the Functioning of the European Union (TFEU).<sup>75</sup> The relevant public of the trademark includes both private and commercial end-users and thus, the term of 'relevant public' conveys this notion better than terms 'average consumer' or 'relevant consumer'. In the case that the relevant public consists of natural persons as consumers, the definitions are in fact same. Therefore, consumer protection principles should be considered when assessing use of a trademark in marketing efforts targeted towards consumers.

Especially in the case of digital marketing, Article 6 (b) of the e-commerce Directive provides, that the natural or legal person on whose behalf the commercial communication is made shall be clearly identifiable. The lack of this information may lead to confusion of origin on the part of the consumer, although in the case of well-known marks this condition may be less applicable.<sup>76</sup> Trademark infringement is deemed in relation to the confusion of origin. A commercial communication, including advertising, that does not represent the origin of the goods or services in a sufficient manner may therefore be a misleading omission pursuant to Article 7 of the UCPD.

### 2.3 Deceptive and misleading advertising as unfair competition

The principle of undistorted competition has been incorporated in EU law as a fundamental principle since the Treaty establishing the European Economic Community of 25 March 1957, in force

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<sup>73</sup> T-378/07, *Représentation d'un tracteur en rouge, noir et gris*, (2010) ECR II-05153, para 43.

<sup>74</sup> It should be noted that certain 'specific public interests' may also exist. For example, not all marks are perceived in a similar manner. See Joined Cases C-456/01 P and 457/01 P, *Henkel*, (2004) ECR I-05089, para 46 and EUIPO 2024, Part C, Section 7, Chapter 2.2.

<sup>75</sup> OJ 26.10.2012 C 326/47.

<sup>76</sup> Lodder 2022, p. 42.

1 January 1958 (Treaty of Rome).<sup>77</sup> In Articles 119 and 120 of the TFEU it is stated that the activities of the Member States and the EU 'shall be conducted in accordance with the principle of an open market economy with free competition. Freedom of competition is therefore a founding principle of the EU. It does not, however, come without its limitations. Consumer protection and marketing law are themselves limitations to free competition. Regarding on the context, these can be classified as their own fields of law or mere facets of competition law. Competition law thus, consists of the regulations which either limit or promote the principal rule of freedom of competition. In general, exceptions to principal rules are interpreted narrowly.<sup>78</sup> However, in the context of competition law, the potential for the abuse of power is often too great in comparison to the weaker parties that such provisions are not as exclusive as they are in general.<sup>79</sup> Certain general restrictions on competition are provided by Articles 101-109 of the TFEU.

Whereas the concept of free competition aims to promote equal opportunity by dismantling barriers for undertakings to enter the market, the concept of undistorted competition aims to provide checks and balances to the market power<sup>80</sup> or unsuitable commercial practices utilized by market actors. In conjunction, the principles of free and undistorted competition promote a market that functions as intended by simultaneously allowing competitors to innovate and take advantage of their efforts and by limiting unfair practices or abuse of market power that would result in goods or services that impose unfair prices or conditions to their end-users.<sup>81</sup>

The relationship between the principle of undistorted competition and trademark protection is not a straightforward approach with merely limiting effects only. Rather, the preservation of undistorted competition requires a basically strong and firm protection of trademark. Both the interests of trademark holders and interests of competition must be taken into consideration.<sup>82</sup>

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<sup>77</sup> Jones – Townley 2023, p. 545–546.

<sup>78</sup> Holzapfel – Werner 2009, p. 99.

<sup>79</sup> Jones – Townley 2023, p. 546.

<sup>80</sup> Market power is an economic concept and means the ability to reduce output or capacity, to raise prices, to reduce the quality of products, to limit the choice available to customers and/or to suppress innovation without fear of a damaging competitive response by other firms. See Whish – Bailey 2024, p. 3.

<sup>81</sup> Jones – Townley 2023, p. 547–548.

<sup>82</sup> Max Planck Institute for Intellectual Property and Competition law 2011, p. 51.

The CJEU has taken the direction that emphasises the connection between trademarks and their impact on competition.<sup>83</sup> The principle of undistorted competition is a fundamental component of the EUTMR system and restrictions of trademark protection are restrictions to freedom of competition.<sup>84</sup> This is highlighted in recital 3 of the EUTMR, which states that the purpose of the EUTMR is to remove barriers in the entry to market in order to promote the free movements of the Union.

In this regard, the Article 5 (2) of the UCPD defines unfair commercial practices as being contrary to the requirements of professional diligence and it materially distorts or is likely to materially distort the economic behaviour with regard to the product of the average consumer whom it reaches or to whom it is addressed, or of the average member of the group when a commercial practice is directed to a particular group of consumers. Similarly, Article 10 bis (2) of the Paris Convention provides that any act of competition contrary to honest practices in industrial or commercial matters constitutes unfair competition. In light of these provisions, the dishonest use of a trademark in advertising is generally unfair competition.

Contrary to the principle of free competition and competition law at large having an intention to keep the market open for free competition, intellectual property provides protection to right holders via restrictions. It would be easy to conclude that there exists a tension between these fields of law, but this viewpoint is quite limited, and it has been generally accepted that these fields support one another. In fact, both bodies of law share the same underlying objective of promoting consumer welfare and fair practices in commerce. Innovation constitutes an essential and dynamic component of an open and competitive market economy.<sup>85</sup>

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<sup>83</sup> C-487/07, *L'Oréal/Bellure*, (2009) ECR I-05185, paras 68, 72. See also C-661/11, *Martin Y Paz*, (2013) EU:C:2013:577, paras 30, 35, 55–63.

<sup>84</sup> Max Planck Institute for Intellectual Property and Competition law 2011, p. 51.

<sup>85</sup> Whish – Bailey 2024, p. 865.

The notion of unfair competition can be juxtaposed with the conditions of 'honest industrial and commercial practices' as worded in Article 14 (1) of the EUTMR. Requiring honest practices prohibits dishonest practices. Therefore, Articles 14 and 15 of the EUTMR are themselves deterring unfair business practices and the case law regarding these provisions has noted several instances in which certain practices are not to be considered 'honest'.

Overall, the general principles of competition law should always be considered regarding the determination of trademark infringement and actions taken in the name of it as the limitations posed to product imitation pursuant to Article 9 of the EUTMR are exceptions to the principles of free and undistorted competition. In the context of trademark protection, the principles of EU competition law should be understood as striking an adequate balance between safeguarding the efforts made in accordance with honest commercial practices from being taken unfair advantage of and simultaneously allowing competitors to enter the market without undue barriers.

### 3 Trademark infringement in digital marketing

#### 3.1 Trademark infringement in keyword advertising

Keyword advertising is based on automated systems prompting advertisements based on certain keywords, of which the user may use as a textual prompt to search results and based on said keyword, advertisements corresponding to the keyword will be displayed. Although this function is most often associated with search engines, the technology can be utilized in other applications as well.<sup>86</sup>

There is a significant difference between the mere use of a registered trademark and the content otherwise displayed in the advertisement. As an exemplary thought experiment with the example of a Louis Vuitton trademark and a Louis Vuitton Alma BB women's handbag as the product for which protection is sought. If a competitor of Louis Vuitton were to register the keyword 'Louis Vuitton', a registered trademark, to prompt advertisements of unrelated goods such as industrial equipment with no mention of the words 'Louis Vuitton' appearing on the advertisement, as such that the recipient would be able to perceive, the use of a trademark would be limited to the keyword itself only.<sup>87</sup> Consequently, a competitor acquiring the keyword 'Louis Vuitton' to display advertisements showcasing an identical version of the Alma BB handbag<sup>88</sup>, in conjunction with the words 'Louis Vuitton' and the trademark displayed on the image of the product, the trademark would undoubtedly be used in relation to identical goods. There is a significant middle-ground between these two borderline examples. To clarify the relevant factors in the determination of trademark infringement, these variables must be thoroughly examined.

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<sup>86</sup> Keyword advertising is widely used in social media and e-commerce platforms. See to that effect Semrush, A Guide to the Best Advertising Platforms for Your Business, <https://www.semrush.com/blog/advertising-platforms/?form=MG0AV3>.

<sup>87</sup> An example as such would be quite unlikely to take place in practice.

<sup>88</sup> It should be noted, that in such a case of counterfeiting or product piracy other rights such as design rights would likely demand consideration.

Whether obtaining a keyword with the purpose of promoting the sale of goods or services constitutes use in the course of trade within the meaning of Article 9 (2) of the EUTMR seems to be quite clear-cut. As stated by the CJEU ‘the advertiser purchasing the referencing service and choosing as a keyword a sign identical with another’s trademark, it must be held that that advertiser is using that sign within the meaning of that case-law’.<sup>89</sup> From the point of view of the undertaking that solicitates the advertising services of the intermediary service provider, the selection of a keyword identical with a trademark has the object and effect of displaying an advertising link to the site on which the undertaking offers their goods or services for sale. As such, it cannot be disputed that the use of the sign as a keyword is used to trigger an advertisement with the purpose of promotion of sales and thus uses the sign in the context of commercial activity and not as a private matter.<sup>90</sup>

However, from the point of view of the intermediary advertiser, although the intermediary operates ‘in the course of trade’ by allowing users to select keywords to promote their sales, it does not follow that the intermediary ‘uses’ the trademark used as a keyword in the course of trade.<sup>91</sup> As the intermediary service provider displays commercial communications of their own clients’ as opposed to the intermediary’s own commercial communications, the intermediary does not use the mark on their own behalf within the meaning of Article 9 (2) of the EUTMR, despite the fact that the intermediary is paid for their services.<sup>92</sup> In other words, while the display of paid advertisements is activity ‘in the course of trade’, it is not **use** in the course of trade pursuant to Article 9 (2) of the EUTMR, as the trademark is not used by the advertiser. Merely providing the technical conditions necessary for others to use the sign in their own commercial communications is not ‘use’ of a trademark and as such, the CJEU noted in *Google France* that the examination of the use being ‘in relation to goods or services’ on the behalf of the intermediary would

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<sup>89</sup> Joined Cases C 236/08 to C 238/08, *Google France*, (2010) ECR I-02417, para 51. See also C-206/01, *Arsenal Football Club*, (2002) ECR I-10273, para 40, C-17/06, *Céline*, (2007) ECR I-07041, para 17 and C-62/08, *UDV North America*, (2009) ECR I-01279, para 44.

<sup>90</sup> Joined Cases C 236/08 to C 238/08, *Google France*, (2010) ECR I-02417, para 52. See also Max Planck Institute for Intellectual Property and Competition Law 2011, p. 80.

<sup>91</sup> Joined Cases C 236/08 to C 238/08, *Google France*, (2010) ECR I-02417, para 53.

<sup>92</sup> *Ibid.* paras 56–57.

not be necessary.<sup>93</sup> The notion regarding the ‘use’ by an intermediary has been further implied to be in connection with the direct or indirect control wielded by the intermediary in a variety of CJEU case law.<sup>94</sup> Pure internal use is not generally considered to be use in the course of trade<sup>95</sup> which points to an interpretation that use in the course of trade should be understood as outward actions taken for the purpose of commercial gain.<sup>96</sup> The exact definition of commercial use should, however, be solved on a case-by-case basis.<sup>97</sup>

The question whether the use of a trademark as keyword can be considered to be use ‘in relation to goods or services, is another factor that must be established. According to the CJEU, in the case that a competitor uses a trademark of another undertaking, with the purpose of the promotion of sales of their own goods or services, either by misleading consumers of their origin or presenting an alternative to the trademark proprietor’s goods or services, such use by the competitor constitutes use of the mark in relation to goods or services.<sup>98</sup> The mere fact that the competitor has selected the trademark as a keyword to promote their own goods or services implies that their intention is for consumers searching for the name of the proprietor of the trademark to see and possibly click links promoting the competitor’s goods or services along with those of the proprietor. This is emphasized by the fact that such searches are likely conducted with the intention of finding information or offers on the goods or services covered by that trademark.<sup>99</sup>

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<sup>93</sup> Joined Cases C 236/08 to C 238/08, *Google France*, (2010) ECR I-02417, paras 56–59.

<sup>94</sup> C-179/15, *Daimler*, (2016) EU:C:2016:134, paras 39–40, C-567/18, *Coty*, (2020) EU:C:2020:267, para 37. Acts of ‘using’ should be understood as active actions taken by the alleged infringer in line with the exemplary provisions of Article 9 (3) of the EUTMR. Joined Cases C-148/21 and C-184/21, *Louboutin*, (2022) EU:C:2022:1016, para 27.

<sup>95</sup> Max Planck Institute for Intellectual Property and Competition Law 2011, p. 80, 109.

<sup>96</sup> Max Planck Institute for Intellectual Property and Competition Law 2011, p. 109. Outward actions do not necessarily imply use in relation to end-users. See T-524/12, *Recaro*, (2013) EU:T:2013:604, paras 25–26.

<sup>97</sup> Max Planck Institute for Intellectual Property and Competition Law 2011, p. 109.

<sup>98</sup> Joined Cases C 236/08 to C 238/08, *Google France*, (2010) ECR I-02417, paras 69, 72.

<sup>99</sup> *Ibid.* paras 67–68. See also C-558/08, *Portakabin*, (2010) ECR I-06963, para 42.

From the reasoning presented by the CJEU in *Google France* it can be inferred that the use of a trademark in relation to advertising competitor's products as alternatives to the products offered by the proprietor of the trademark used as a keyword, if such use is not meant to confuse the origin of those products, constitutes comparative advertising.<sup>100</sup> The key consideration in this matter is that the recipients of such comparative advertising are capable of distinguishing the alternative products originating from another undertaking.<sup>101</sup>

However, if the competitor does not use the sign in a manner that allows the recipients to recognize the alternative products originating from another undertaking to that of the proprietor of the trademark used as a keyword, but on the contrary with the purpose of misleading the recipients of the advertisement to believe the goods or services originating from the proprietor of the trademark or from an economically connected undertaking, the nature of such advertisement is misleading and constitutes use 'in relation to goods or services' within the meaning of Article 9 (2) of the EUTMR.<sup>102</sup> Such is the case even if the sign is not affixed to the goods or services themselves, if the use of that sign establishes a link between the goods or services and the trademark.<sup>103</sup>

Use in relation to goods or services may be interpreted as a parallel to the doctrine of 'genuine use' pursuant to Article 18 (1) of the EUTMR.<sup>104</sup> The primary consideration in both instances is the existence of a concrete connection between the trademark and the goods or services. The CJEU established a baseline framework for determining genuine use in *Minimax*<sup>105</sup>. Genuine use denotes actual use, which cannot be merely token, serving solely to preserve the rights conferred by the mark.<sup>106</sup> Genuine use must be consistent with the essential function of a trademark,

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<sup>100</sup> Joined Cases C 236/08 to C 238/08, *Google France*, (2010) ECR I-02417, paras 70–71.

<sup>101</sup> C-533/06, *O2 Holdings*, (2008) ECR I-04231, paras 35, 36 and C-487/07, *L'Oréal/Bellure*, (2009) ECR I-05185, paras 52 and 53.

<sup>102</sup> Joined Cases C 236/08 to C 238/08, *Google France*, (2010) ECR I-02417, para 72.

<sup>103</sup> C-17/06, *Céline*, (2007) ECR I-07041, para 23 and C-62/08, *UDV North America*, (2009) ECR I-01279, para 47. The doctrine may be interpreted as being parallel to the doctrine of genuine use.

<sup>104</sup> EUIPO 2024, Part C, Section 8, Chapter 6.1.2.4.

<sup>105</sup> C-40/01, *Minimax*, (2003) ECR I-02439.

<sup>106</sup> *Ibid.* paras 35–36.

which is to identify the origin of goods or services.<sup>107</sup> The mark must be used on the market in relation to the goods or services for which the trademark is meant to protect. Internal use within a commercial setting is not use on the market while preparatory actions in marketing and securing customers for future transactions are genuine use.<sup>108</sup>

The determination of genuine use is a result of overall assessment of the nature of the goods or services, characteristics of the market, scale and frequency of use in order to examine whether the mark has been used with the aspiration to maintain or create a share in the market in the relevant economic sector.<sup>109</sup> The quantity of the efforts does not necessarily confer the entire nature of the undertaking as this depends on the characteristics of the goods or services and undertaking in question.<sup>110</sup> In essence, the question of genuine use stems from determining whether the undertaking has made efforts using the trademark with the purpose of selling the goods or services for which the trademark has been registered on the open market.<sup>111</sup>

When it comes to advertising of goods or services, the condition of 'in relation to goods or services' is not invalidated by the fact, that the use of a similar or identical sign does not relate to only those goods or services. On the contrary, such use by an advertiser of a sign, which is identical with the proprietor's trademark, to suggest to the audience an alternative to the offer from the proprietor of that mark, is use 'in relation to goods and services'.<sup>112</sup>

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<sup>107</sup> C-40/01, *Minimax*, (2003) ECR I-02439, para 36. See also C-259/02, *Laboratoire de la mer*, (2004) ECR I-01159, para 22. Use of a sign in relation to a single commercial operation may denote genuine use and a concrete quantitative *de minimis* threshold cannot be imposed. *Ibid.* paras 24–25.

<sup>108</sup> The sign must be used in a manner to create or preserve an outlet for the goods or services and the rights to oppose use cannot remain if the sign in question loses its commercial *raison d'être*. C-40/01, *Minimax*, (2003) ECR I-02439, para 37. Use in the mere context of preparatory actions might not in itself constitute genuine use, which denotes the nature of overall assessment. See C-495/07, *Wellness*, (2009) ECR I-00137, para 22.

<sup>109</sup> C-40/01, *Minimax*, (2003) ECR I-02439, paras 38–39. The purpose of commercial gain should be understood as having a financial interest in relation to the use of a mark even though the use might not have the purpose of financial gain *per se*. See C-442/07, *Radetzky*, (2008) ECR I-09223, paras 16–19, 22.

<sup>110</sup> C-40/01, *Minimax*, (2003) ECR I-02439, para 39.

<sup>111</sup> According to recital 25 of the EUTMR, use of a trademark in a manner which does not alter the distinctive character of the mark should not be sufficient to exhaust the exclusive rights conferred even in the case that the mark used would somewhat differ from that of what has been registered.

<sup>112</sup> C-558/08, *Portakabin*, (2010) ECR I-06963, para 28.

The use of a trademark as a keyword might extend to variations of said mark as well. In *Portakabin*, the competitor of Portakabin had registered the misspellings 'portacabin', 'portokabin' and 'portocabin' as alternative keywords along with the keyword 'Portakabin' in order to appear on searches even if the person conducting the search would make a minor spelling error.<sup>113</sup> The Court concluded that even as these misspellings did not reproduce the trademark 'without any modification or addition, all the elements constituting the trademark', they might be deemed identical if the marks, when viewed as a whole, contained differences so insignificant that they might go unnoticed by an average consumer.<sup>114</sup> Even in the case that double identity cannot be established, if a normally informed and reasonably attentive internet user cannot, without difficulty, ascertain the origin of the goods referred to in the advertisement, trademark infringement may be established on the basis of likelihood of confusion.<sup>115</sup> Similarly, keywords may consist of a combination of word that include other descriptions or words such 'imitation' or 'copy' as was the case in *Google France*.<sup>116</sup>

In conclusion, the use of a registered trademark as a keyword on the behalf of the undertaking that displays advertisements via the intermediary service provider's keyword advertising service constitutes 'use in the course of trade' and 'in relation to goods or services' pursuant to Article 9 (2) if the keyword is identical to that of the trademark and it is used in relation to goods or services identical or similar to those for which said trademark is meant to protect, if the use may be perceived by the recipients of the advertisement in a manner that is capable of confusion of the origin of the goods or services.

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<sup>113</sup> C-558/08, *Portakabin*, (2010) ECR I-06963, paras 16, 46.

<sup>114</sup> *Ibid.* paras 47–48. See also C-291/00, *LTJ Diffusion*, (2003) ECR I-02799, para 54, and C-278/08, *Berg-Spechte*, (2010) ECR I-02517, para 25.

<sup>115</sup> C-558/08, *Portakabin*, (2010) ECR I-06963, paras 50–52.

<sup>116</sup> Joined Cases C 236/08 to C 238/08, *Google France*, (2010) ECR I-02417, para 29.

The use of a trademark as a keyword on the behalf of the intermediary service provider does not constitute 'use in the course of trade' as long as their involvement is merely providing the technical means for the display of their clients' commercial communications. Considering that keyword advertising services, in general, operate on such a basis, it can be concluded that creating the technical conditions necessary for the use of a sign, in which other undertakings may use the sign in their commercial communications, without the involvement of the intermediary service provider does not, in general, constitute trademark infringement on the behalf of the intermediary.

### 3.2 Double identity and likelihood of confusion in keyword advertising

With the notions on how 'use in the course of trade' and 'in relation to goods or services' should be interpreted in digital marketing as established above, the concepts of double identity, likelihood of confusion and marks with reputation demand more examination. The identity or similarity of both the goods or services and the mark used to protect said goods or services is evaluated in respect of the assessment of double identity and likelihood of confusion.

As a baseline for the interpretation of whether double identity exists, a sign is identical when it reproduces, without any modification or addition, all the elements constituting the trademark or where, viewed as a whole, it contains differences which are so insignificant that they may go unnoticed by an average consumer.<sup>117</sup> In other words, where identical signs are used on identical goods and services, which do not originate from the proprietor of a trademark, this act infringes the rights of the holder.<sup>118</sup> However, in *Google France* the CJEU took an alternative approach to establish trademark infringement despite the fact that the examination was based on identical signs on identical products. The CJEU examined the use of the mark in light of the functions of a trademark. The CJEU noted that the (essential) function of indicating the origin of the mark is adversely affected if the ad does not enable normally informed and reasonably attentive internet

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<sup>117</sup> C-558/08, *Portakabin*, (2010) ECR I-06963, para 47, C-291/00, *LTI Diffusion*, (2003) ECR I-02799, paras 50-51, 54, and C-278/08, *BergSpechte*, (2010) ECR I-02517, para 25.

<sup>118</sup> Kur 2019, p. 6.

users, or enables them only with difficulty, to ascertain whether the goods or services referred to by the ad originate from the proprietor of the trade mark or an undertaking economically connected to it or, on the contrary, originate from a third party.<sup>119</sup> In fact, the CJEU concluded that the use of a sign identical with the trademark cannot be opposed if the use has no adverse effect on the functions of the trademark.<sup>120</sup> Despite the fact that the CJEU does not use the term 'likelihood of confusion' in this context, the definition appears to be clearly a *de facto* 'likelihood of confusion' test.<sup>121</sup>

This has been somewhat confirmed in later CJEU case law. In *Interflora*, the CJEU specifically noted that the case regarded the double identity of identical mark being used as a keyword in relation to identical goods.<sup>122</sup> The assessment of trademark infringement in keyword advertising has been based on the ability of 'reasonably well-informed and reasonably observant internet users' being able to identify the origin of the goods or services in cases regarding both double identity and likelihood of confusion.<sup>123</sup> As such, the CJEU has essentially established that there is no discrepancy between the interpretation of trademark infringement under Articles 9 (2) (a) and 9 (2) (b) of the EUTMR in the context of keyword advertising.<sup>124</sup>

In juxtaposition with the general doctrine of likelihood of confusion, the scope of likelihood of confusion includes both the direct confusion of the goods originating from a single undertaking and the confusion of the existence of an association between the undertakings<sup>125</sup>. In the latter case, this association may be perceived as an economic link between two undertakings, in which, the proprietor of a mark may exercise control over the other undertakings and thus, providing a

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<sup>119</sup> Joined Cases C 236/08 to C 238/08, *Google France*, (2010) ECR I-02417, para 84.

<sup>120</sup> *Ibid.* para 76, C-206/01, *Arsenal Football Club*, (2002) ECR I-10273, para 54, and C-487/07, *L'Oréal/Bellure*, (2009) ECR I-05185, para 60.

<sup>121</sup> Jyrkkiö 2011, p. 142.

<sup>122</sup> C-323/09, *Interflora*, (2011) ECR I-08625, para 33.

<sup>123</sup> C-278/08, *BergSpechte*, (2010) ECR I-02517, paras 38–41 C-323/09, *Interflora*, (2011) ECR I-08625, para 44. See also Joined Cases C 236/08 to C 238/08, *Google France*, (2010) ECR I-02417, para 84.

<sup>124</sup> Jyrkkiö 2011, p. 145.

<sup>125</sup> The latter element is also known as 'likelihood of association'. EUIPO 2024, Part C, Section 2, Chapter 3.1.

basis for the guarantee of quality.<sup>126</sup> Likelihood of association is not an alternative to likelihood of confusion, but that it merely serves to define its scope and thus, finding of likelihood of confusion requires that there be confusion as to the origin of the goods or services.<sup>127</sup> In a similar vein, the fact that use of a mark in a manner to suggest an association or a material link between undertakings has been deemed to be in discord with the functions of a trademark by the CJEU.<sup>128</sup>

In the case of direct confusion of the marks in question, the assessment should account for, in particular, the inherent characteristics of the mark, including whether it contains descriptive elements, its market share, intensity, geographic scope, and duration of use, promotional investment, public recognition linking the mark to a specific source, and endorsements from trade bodies or associations.<sup>129</sup> An average consumer usually perceives a mark as a whole instead of recognizing their details.<sup>130</sup> The more similar the goods or services covered and the more distinctive the earlier mark, the greater will be the likelihood of confusion. In making that assessment, account should be taken of all relevant factors. Subsequently, a fixed percentage as the amount of population recognizing or confusing the marks cannot be imposed either.<sup>131</sup> The likelihood for confusion will be greater, the more distinctive the earlier mark is.<sup>132</sup>

A factor leading to such an approach, where the assessment of trademark infringement under Articles 9 (2) (a) and 9 (2) (b) has been altered from general doctrine in the context of keyword

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<sup>126</sup> C-39/97, *Canon*, (1998) ECR I-05507, paras 28–29. Such economic links may exist under subsidiaries or members of the same group and exclusive distributors or licensees. See C-9/93, *Ideal Standard*, (1994) ECR I-02789, paras 34–37.

<sup>127</sup> C-251/95, *SABEL*, (1997) ECR I-06191, para 18.

<sup>128</sup> C-206/01, *Arsenal Football Club*, (2002) ECR I-10273, paras 50, 56.

<sup>129</sup> C-342/97, *Lloyd Schuhfabrik*, (1999) ECR I-03819, para 23. See also Joined Cases C-108/97 and C-109/97, *Chiemsee*, (1999) ECR I-02779, para 51. The assessment of similarity and therefore likelihood of confusion must be based on the visual, aural or conceptual similarity of the marks, with special regard given to the distinctive and dominant components of the marks, considering the overall impression the marks create. C-342/97, *Lloyd Schuhfabrik*, (1999) ECR I-03819, para 25.

<sup>130</sup> C-251/95, *SABEL*, (1997) ECR I-06191, para 23. Additionally, it should be noted, that an average consumer only rarely examines the marks in detail or can directly compare different marks, giving the overall impression higher significance, although the amount of care the consumer takes might vary based on the category of goods or services in question. C-342/97, *Lloyd Schuhfabrik*, (1999) ECR I-03819, para 26.

<sup>131</sup> C-342/97, *Lloyd Schuhfabrik*, (1999) ECR I-03819, para 24.

<sup>132</sup> C-251/95, *SABEL*, (1997) ECR I-06191, para 24.

advertising might be in the fact that the CJEU has held that the trademark selected as keyword does not need appear on the advertisement to satisfy the requirements of use in the course of trade and use in relation to goods or services.<sup>133</sup> If the keyword nor other mentions of the proprietor's trademark do not appear on the advertisement in a manner perceivable by the internet user, the notion of double identity does not appear to the internet user in a comparable manner to a physical advertisement in which the trademark is used in relation to identical or similar goods or services. The interpretation of double identity does, however, appear to be in discord with the general doctrine regarding the interpretation of Article 9 (2) (a) of the EUTMR, which has generally applied without the need to show the existence of likelihood of confusion.<sup>134</sup>

Another factor that has been established by the CJEU in relation to keyword advertisement is the notion of 'reasonably well-informed and reasonably observant internet users' or 'average internet users'<sup>135</sup>. This has been defined to be the 'relevant public' in the context of keyword advertising.<sup>136</sup> The relationship between the notions of 'average internet user' and 'average consumer' remains unclear. The wording of 'reasonably well-informed and reasonably observant internet users' does not seem to comprise of the part of the public that constitute the customer base of the goods or services in question, rather than internet users at large. This is a somewhat stark difference to the notion of what generally constitutes the relevant public in the determination of likelihood of confusion, especially considering that the notion of 'average consumer' may comprise of a specialized group of professionals with higher standards for comparison or purchase of goods or services.

With this difference of the definition of the relevant public in relation to keyword advertising, the application of the general likelihood of confusion standards appears to be problematic. Some

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<sup>133</sup> C-323/09, *Interflora*, (2011) ECR I-08625, para 31, C-278/08, *BergSpechte*, (2010) ECR I-02517, para 19 and Case C-91/09, *eis.de*, (2010) ECR I-00043, para 18.

<sup>134</sup> EUIPO 2024, Part C, Section 2, Chapter 2.1. See also Weckström 2010, p. 3.

<sup>135</sup> The wording has been somewhat ambiguous cf. Joined Cases C 236/08 to C 238/08, *Google France*, (2010) ECR I-02417, para 84, C-278/08, *BergSpechte*, (2010) ECR I-02517 para 41 and C-323/09, *Interflora*, (2011) ECR I-08625, para 44

<sup>136</sup> C-323/09, *Interflora*, (2011) ECR I-08625, para 50.

considerations of which factors may be taken into account in the consideration of ‘average internet user’ standard has been indicated by the CJEU. The fact that some commercial networks have been organized in such a way that the exact relationship between different operators may be difficult for an average internet user to determine with the absence of any indication from the advertisement, whether or not the displayer of the advertisement is a part of the network or in another manner related to the proprietor of the trademark.<sup>137</sup> This should especially be considered from the viewpoint of the essential function of the trademark, if the third-party advertisement implies the existence of an economic link between the parties.<sup>138</sup> Such might be the case even if an economic link is not suggested but the ad is vague to the extent that an average internet user would be unable to determine whether there is a commercial connection between the proprietor and the advertiser.<sup>139</sup>

The notion of average internet user has been further examined by Advocate General **Jääskinen** in his opinions on *L'Oréal/eBay*,<sup>140</sup> and *Interflora*<sup>141</sup>. According to Jääskinen, an average internet user is capable of understanding the differences between electronic marketplaces, direct sellers and the commercial source from which the goods or services originate since various intermediaries exist in the brick-and-mortar economy as well. As such, a conclusion of the misleading nature regarding the origin of goods or services cannot be presumed from the mere fact that an advertisement directs the internet user into the website of the advertiser if the advertisement is not misleading otherwise.<sup>142</sup> In the grand scheme, the ‘average internet user’ standard introduced in *Google France* may not differ much from an ‘average consumer’ as has been utilised in earlier case law. As of now, it has been interpreted quite widely, with no indication that the consideration might be limited to internet users using or wishing to use the goods or services in question or that consideration had been given to the fact that the users of the goods or services

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<sup>137</sup> C-323/09, *Interflora*, (2011) ECR I-08625, para 52.

<sup>138</sup> Joined Cases C 236/08 to C 238/08, *Google France*, (2010) ECR I-02417, para 89.

<sup>139</sup> *Ibid.* para 90.

<sup>140</sup> The Opinion of Advocate General Jääskinen in C-324/09 *L'Oréal/eBay* (2011), ECR I-06011.

<sup>141</sup> The Opinion of Advocate General Jääskinen in C-323/09 *Interflora* (2011), ECR I-08625.

<sup>142</sup> The Opinion of Advocate General Jääskinen in C-324/09 *L'Oréal/eBay* (2011), ECR I-06011, para 108.

are commercial end-users. On the other hand, there has been no clear indications that these doctrines would be completely incompatible in the context of digital marketing.

### 3.3 Use of a trademark as a keyword in relation to alternative products

If there is no double identity nor likelihood of confusion, a trademark may be used as a keyword in relation to alternative goods or services in a manner that allows internet users to identify them originating from another undertaking. Such use would constitute comparative advertising.<sup>143</sup> In this case, the proprietor's right to prohibit such use is based on the use being detrimental to the reputation of the trademark. Alternative product should be separated from the alternative offering of the same product as would be the case in authorized resale or second-hand sale of goods or services, although both instances may be liable to have an effect on the reputation of the proprietor's trademark.<sup>144</sup>

It has been concluded in CJEU case law, that the use of a trademark in comparative advertisement must be in accordance with conditions of permitted comparative advertisement pursuant Article 4 of the MCAD.<sup>145</sup> The CJEU has, however, noted that Article 9 (2) (b) should not be interpreted as meaning that a proprietor would be entitled to prohibit use in comparative marketing, if there is no likelihood of confusion despite the fact that the advertising would not entirely be in accordance with provisions of comparative advertising pursuant to Article 4 of the MCAD.<sup>146</sup>

An argument could be made that the use of a competitor's trademark as a keyword to direct potential buyers to alternative, and perhaps better, goods or services and thus, resulting in a better outcome for consumers.<sup>147</sup> In that light, it would be reasonable to limit the extent to which detriment to distinctiveness or reputation under Article 9 (2) (c) of the EUTMR is applied. On that note,

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<sup>143</sup> Joined Cases C 236/08 to C 238/08, *Google France*, (2010) ECR I-02417, paras 70–71, C-533/06, *O2 Holdings*, (2008) ECR I-04231, paras 35, 36 and C-487/07, *L'Oréal/Bellure*, (2009) ECR I-05185, paras 52 and 53.

<sup>144</sup> The Opinion of Advocate General Jääskinen in C-324/09 *L'Oreal/eBay* (2011), ECR I-06011, para 102.

<sup>145</sup> C-533/06, *O2 Holdings*, (2008) ECR I-04231, para 51.

<sup>146</sup> *Ibid.* para 69.

<sup>147</sup> The Opinion of Advocate General Jääskinen in C-323/09 *Interflora* (2011), ECR I-08625, para 45. See also Jyrkkiö 2011, p. 131–132.

the CJEU has considered the possibility of use being detrimental to distinctiveness (dilution) or reputation (tarnishment) in the context of keyword advertisement.<sup>148</sup>

To determine whether the use of a sign takes unfair advantage of the distinctive character or repute of the mark, it is necessary to undertake an overall assessment, which accounts all the factors relevant to the circumstances of the case.<sup>149</sup> Unfair advantage does not require malicious or intentional use. It should rather be interpreted as meaning use without justification (due cause), where the image that the earlier mark has acquired is projected to the later mark, allowing the financial exploitation of the earlier mark without compensation.<sup>150</sup> The evidence suggesting that the use is conducted in bad faith does, however, provide an indication of unfair advantage. The concepts of unfair advantage and detriment are separate, and unfair advantage may exist without being deemed detrimental to the distinctiveness or reputation of the trademark.<sup>151</sup>

The notion of taking unfair advantage of distinctiveness or repute covers any such circumstances, in which another party benefits from the attractiveness of the earlier mark by affixing on their goods or services a sign that is identical or similar to a widely known trademark. Use of identical or similar signs constitutes a misappropriation of the attractive power and advertising value of the mark with reputation, thus exploiting the mark's reputation, image and prestige.<sup>152</sup> Free-riding on the commercial value gained by another undertaking distorts competition as the later user of a mark attempts to exploit the perception of the public without having invested in the acquisition of reputation of said mark. In fact, such use would be detrimental to the investments and advertising efforts made by the proprietor of the earlier mark and the investment and advertising functions of a trademark.<sup>153</sup>

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<sup>148</sup> C-323/09, *Interflora*, (2011) ECR I-08625, paras 72–83.

<sup>149</sup> C-320/07 P, *Nasdaq*, (2009) ECR I-00028, para 45.

<sup>150</sup> The notion of reputation may be further highlighted by exploring licencing or franchising contracts. The success of such undertakings, which are allowed to utilize the reputation of a trademark for a fee, indicates the existence of significant value in the reputation of those trademarks.

<sup>151</sup> EUIPO 2024, Part C, Section 5, Chapter 3.4.3.1.

<sup>152</sup> EUIPO 2024, Part C, Section 5, Chapter 3.4.3.3. Such activity may be referred to as 'free-riding', 'parasitism' or 'riding coat-tails'. See C-487/07, *L'Oréal/Bellure*, (2009) ECR I-05185, paras 41, 49.

<sup>153</sup> C-487/07, *L'Oréal/Bellure*, (2009) ECR I-05185, para 63.

Regarding dilution, the CJEU has noted that dilution may occur, when a trademark is no longer capable of creating an immediate association with a specific commercial origin in the minds of consumers.<sup>154</sup> The right to prohibit such use should not be interpreted as the detriment to distinctiveness having already been resulted in the loss of the trademark's distinctive character.<sup>155</sup> Dilution cannot be established by the mere use of a keyword to draw internet users' attention to the existence of alternative products to that of the proprietor's of the trademark, provided that the advertisement allows reasonably well-informed and reasonably observant internet users to recognize that the goods or services offered originate from a competitor of that proprietor.<sup>156</sup>

In the settled case law of the CJEU, the conditions of use being detrimental to distinctiveness have been examined in relation to two autonomous conditions.<sup>157</sup> Firstly, there must be dispersion of the identity within the relevant public's perception.<sup>158</sup> Additionally, the use must result in change in the behaviour of the relevant public, or a serious likelihood that such a change will occur in the future.<sup>159</sup> The former may be referred to as the subjective condition and the latter as the objective condition.<sup>160</sup> Evidence of actual detriment is not necessary. Mere hypothetical evidence that indicates the likelihood of detriment on the basis of logical deductions and analysis of probability is sufficient.<sup>161</sup>

According to Advocate General Jääskinen, dilution should be considered in light of the 'property-based' conception of trademarks, which includes the functions of communication, investment and advertising, and as such, the trademark has the purpose of protecting the efforts and investments made by the proprietor. In contrast with the 'deception-based' idea of trademarks, in

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<sup>154</sup> C-323/09, *Interflora*, (2011) ECR I-08625, para 76. See also The Opinion of Advocate General Jääskinen in C-323/09 *Interflora* (2011), ECR I-08625, para 80 and EUIPO 2024, Part C, Section 5, Chapter 3.4.3.2.

<sup>155</sup> C-323/09, *Interflora*, (2011) ECR I-08625, para 77.

<sup>156</sup> *Ibid.* para 80. The existence of detriment has to generally be proven by the proprietor. EUIPO 2024, Part C, Section 5, Chapter 3.4.3.2.

<sup>157</sup> C-383/12 P, *Représentation d'une tête de loup*, (2013) EU:C:2013:741, para 35.

<sup>158</sup> C-252/07, *Intel*, (2008) ECR I-08823, para 76.

<sup>159</sup> *Ibid.* para 77.

<sup>160</sup> C-383/12 P, *Représentation d'une tête de loup*, (2013) EU:C:2013:741, para 37.

<sup>161</sup> *Ibid.* paras 42–43.

which the trademark is understood as an indication of origin serving its essential function, the purpose of these other functions is to protect the independent goodwill value of the trademark, although the functions of origin and quality may contribute to the value of the brand.<sup>162</sup>

Dilution may also lead to the trademark becoming generic which the CJEU has noted as a specific example of dilution in the context of keyword advertisement.<sup>163</sup> An often-quoted example of a trademark becoming a generic description is the brand 'Kleenex', a major facial tissue manufacturer, having become a generic description to identify all facial tissues. A quite obvious limitation to the limitations of reputation is the use of a trademark as a descriptive indication.<sup>164</sup> Denying the use of the keyword 'Apple' would be unreasonable insofar as the prohibition would extend to sellers of actual apples as produce.<sup>165</sup>

Dilution cannot generally be extended to the use of reputed marks in the case of use in relation to used or second-hand goods that have been legitimately put into the market, unless proper reasons for opposition exist.<sup>166</sup> On the notion of having been legitimately put into the market, there is an additional condition of consent of the proprietor pursuant to Article 15 (1). The CJEU has noted that the concepts of 'putting into market' and 'consent' should be interpreted uniformly throughout the Union.<sup>167</sup> Putting into market may thus be understood as the proprietor realizing the economic value of the trademark in relation to goods or services in a manner that

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<sup>162</sup> C-323/09, *Interflora*, (2011) ECR I-08625, para 76. See also The Opinion of Advocate General Jääskinen in C-323/09 *Interflora* (2011), ECR I-08625, para 50.

<sup>163</sup> C-323/09, *Interflora*, (2011) ECR I-08625, para 94.

<sup>164</sup> This is a form of competition-neutrality. Kur 2016, p. 2. See also Joined Cases C-108/97 and C-109/97, *Chiemsee*, (1999) ECR I-02779, para 28.

<sup>165</sup> The Opinion of Advocate General Jääskinen in C-323/09 *Interflora* (2011), ECR I-08625, para 70.

<sup>166</sup> C-558/08, *Portakabin*, (2010) ECR I-06963, para 78–79 and C-63/97, *BMW*, (1999) ECR I-00905, paras 29, 48. It has also been specifically noted in recital 22 of the EUTMR that the prohibition of the further commercialization of goods that have been legitimately put into market would be in opposition with the freedom of movement of the internal market.

<sup>167</sup> Joined Cases C-414/99 to C-416/99, *Zino Davidoff*, (2001) ECR I-08691, paras 37, 43.

that exhausts the right to prohibit the reselling by a third party.<sup>168</sup> Consent must be given explicitly and cannot be inferred from the proprietor's silence as implied consent.<sup>169</sup> However, consent may be given by other than the proprietor in the case of economically linked to the proprietor in a manner which allows the proprietor to exercise control over the marketing of products.<sup>170</sup>

Detriment to distinctiveness or reputation cannot be established on the merely on basis of use of another undertakings trademark if the use is accompanied by additional indications such as 'used' or 'second-hand'.<sup>171</sup> The opposite might, however, be true if the advertisement, even with the additional wording, would lead to de-branded or otherwise illegitimate products that may, in light of their volume, presentation, or quality, seriously damage the reputation of the earlier mark.<sup>172</sup> Further consideration may also be given in the case of removal of identification number that have been applied for legitimate purposes<sup>173</sup> and resale of pharmaceutical products after repackaging unless the criteria set forth in *Boehringer Ingelheim* -case are satisfied<sup>174</sup> Merely deriving an advantage from the reputation of the trademark either by reselling quality products<sup>175</sup> or selling second-hand goods<sup>176</sup> does not in itself constitute a legitimate reason for opposition.

Tarnishment or detriment to reputation has not been otherwise thoroughly considered by the CJEU in the context of keyword advertisement, but the Court has noted that tarnishment may occur if the use of a sign identical or similar to that of the proprietor of the trademark is used in a manner that leads to the power of attraction of the trademark being reduced in the public. Such detriment to reputation may, in particular, occur when the goods or services offered by the competitor possess such a quality or other characteristics that the use of an identical or similar sign

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<sup>168</sup> C-16/03, *Peak Holding*, (2004) ECR I-11313, para 40. Trademarks are exhausted only with respect to the individual items of the product which have been put on the market. See C-173/98, *Sebago*, (1999) ECR I-04103, para 22.

<sup>169</sup> See Joined Cases C-414/99 to C-416/99, *Zino Davidoff*, (2001) ECR I-08691, para 64.

<sup>170</sup> C-9/93, *Ideal Standard*, (1994) ECR I-02789, para 34 and C-59/08, *Copad/Dior*, (2009) ECR I-03421, para 51.

<sup>171</sup> C-558/08, *Portakabin*, (2010) ECR I-06963, paras 84, 93.

<sup>172</sup> *Ibid.* paras 85, 88, 91.

<sup>173</sup> C-349/95, *Loendersloot*, (1997) ECR I-06227, para 53

<sup>174</sup> C-348/04, *Boehringer Ingelheim*, (2007) ECR I-03391. See also C-379/97, *Paranova*, (1999) ECR I-06927.

<sup>175</sup> C-63/97, *BMW*, (1999) ECR I-00905, paras 29, 48.

<sup>176</sup> C-558/08, *Portakabin*, (2010) ECR I-06963, para 80.

in relation to such goods is liable to have a negative impact on the image of the trademark of the proprietor.<sup>177</sup> The poor quality or presentation of used or second-hand as mentioned above would likely result in the negative impact on the perception of the trademark. Such would likely be the case in non-used resale of trademark protected goods or services. Untruthful presentation or misinformation provided in the advertisement or website the advertisement directs to might fall within the presentation of the goods or services as indicated in *Portakabin* and thus be detrimental to the perception of the public. With the absence of extensive case-specific interpretation of tarnishment in the context of keyword advertisement, the existence of detriment to reputation would likely be interpreted in accordance with the general doctrine.

Regarding the detriment to reputation, the scope of detriment exceeds mere dilution of the distinctiveness of the earlier mark.<sup>178</sup> The reputation of the earlier trade mark may be tainted or debased in this way, either when the mark is reproduced in an obscene, degrading or inappropriate context, or in a context that is not inherently unpleasant but that proves to be incompatible with a particular image the earlier trade mark has acquired in the eyes of the public due to the promotional efforts of its owner.<sup>179</sup> The likelihood of such detriment may arise, in particular, from the fact that the goods or services offered by the third party possess a characteristic or a quality that is liable to have a negative impact on the image of the mark.<sup>180</sup>

Whereas the detriment to distinctiveness focuses more on the impact that the use of a similar or identical mark has in regard to the perception and behaviour of the public, detriment to reputation is usually conferred by the goods or services, for the use of the mark would result in provoking a negative or detrimental impact for the earlier mark with reputation. In addition to the requirement that the public might perceive a connection between the marks, the goods or services

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<sup>177</sup> C-487/07, *L'Oréal/Bellure*, (2009) ECR I-05185, para 40.

<sup>178</sup> Detriment to reputation may also be referred to as 'dilution by tarnishing' or 'degradation'. See EUIPO 2024, Part C, Section 5, Chapter 3.4.3.3 and C-487/07, *L'Oréal/Bellure*, (2009) ECR I-05185, para 40.

<sup>179</sup> EUIPO 2024, Part C, Section 5, Chapter 3.4.3.3.

<sup>180</sup> C-487/07, *L'Oréal/Bellure*, (2009) ECR I-05185, para 40.

on which the later mark is used must have characteristics or qualities that are potentially detrimental to the reputation of the earlier mark.<sup>181</sup> Example of such a conflict would be the later use of an identical or similar mark in relation to tobacco or alcohol when the earlier mark would have gained reputation in relation to goods or services in health, fitness or sports.<sup>182</sup>

The assessment of whether a mark has reputation is another prerequisite in order for the Article 9 (2) (c) of the EUTMR to be applied. Consideration is performed in light of all the relevant facts, in particular, the market share held by the trademark, the intensity, geographical extent and duration of its use, and the size of investment made by the undertaking in promoting it. A fixed percentage of the public cannot be imposed.<sup>183</sup> The provision however, implies 'a certain degree of knowledge of the earlier mark among the public' and in order for the public to form an association between the earlier and later use of a mark, and thus in order for the earlier mark to be damaged, the public must have knowledge of the earlier mark prior to the use of the later mark.<sup>184</sup> As the basis of the assessment must therefore be that the earlier mark must be known by a significant part of the public concerned by the goods or services covered by that trademark.<sup>185</sup> In the case that the earlier mark has reputation, the likelihood of confusion does not need to be proven.<sup>186</sup> The existence of reputation of a trademark should be evaluated on a case-by-case basis, taking into account not only the degree of awareness of the mark, but also any other fact relevant to the specific case, that is, any factor capable of giving information about the performance of the mark in the mark.<sup>187</sup>

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<sup>181</sup> T-215/03, *Vips*, (2007) ECR II-00711, para 67.

<sup>182</sup> Arguments regarding a mere inferior quality of goods or services in opposition proceedings related to the parallel Article 8 (5) of the EUTMR are not sufficient. EUIPO 2024, Part C, Section 5, Chapter 3.4.3.3.

<sup>183</sup> C-375/97, *Chevy*, (1999) ECR I-05421, paras 25, 27.

<sup>184</sup> *Ibid.* para 23.

<sup>185</sup> *Ibid.* paras 22–23. In accordance with Article 19 (1) of the EUTMR, the scope of an EU trademark is the entire territory of the Union. Regarding the scope of the territory of reputation, the extent of recognition does not, however, need to encompass the entire territory of the Union rather than a 'significant part' of the EU and even the territory of a single Member State may be sufficient. C-301/07, *PAGO International*, (2009) ECR I-09429, para 30. It would also be unreasonable to require proof for every Member State individually. See C-98/11 P, *Chocoladefabriken Lindt*, (2012) EU:C:2012:307, para 62.

<sup>186</sup> Joined Cases C-414/99 to C-416/99, *Zino Davidoff*, (2001) ECR I-08691, paras 28–30.

<sup>187</sup> EUIPO 2024, Part C, Section 5, Chapter 3.1.3.

The notion of reputation is founded upon the idea that a certain mark has gained recognition within the public, which in line with the functions of a trademark, indicate to that public both the origin of the goods or services associated with the trademark (essential function) as well as other characteristics such as the quality and 'brand'<sup>188</sup> of the goods or services (investment and advertising functions). In the international context of trademark law, the concepts of reputation and goodwill of trademarks are sometimes used interchangeably.<sup>189</sup> The EU has leaned heavily on the former in the system of EUTMR and TMD while the latter is more apparent in common law jurisdictions.<sup>190</sup> According to the EUIPO reputation encompasses both quantitative and qualitative aspects of the use of a trademark.<sup>191</sup> In other words, both aspects of how much of the public recognizes the mark (quantity) and what kind associated factors the public recognizes the mark representing (quality). Goodwill often refers to these qualitative aspects of the trademark.<sup>192</sup> In their nature, the concepts of reputation and goodwill, are very similar in essence, with the caveat that the concept of reputation in EU trademark law encompasses the quantitative recognition of the mark as well.<sup>193</sup>

In the consideration of dilution or tarnishment of a trademark with reputation, the notion of taking unfair advantage of the distinctive character or reputation of the trademark or 'free-riding' seems to be given separate consideration. It may be implied from the mere fact that a competitor selects another proprietor's trademark with reputation as a keyword, that the purpose of such action is to take advantage of said reputation.<sup>194</sup> The fact that a certain trademark is advan-

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<sup>188</sup> In this context the 'brand' refers collectively to a number of qualities that the public might connect to the trademark and the goods or services associated with the mark such as luxury, rarity, lifestyle, innovation or exclusivity. Brand is, however, not a legal concept but highlights the investment function of a trademark. See Haarmann – Mansala 2021, p. 42. See also C-323/09, *Interflora*, (2011) ECR I-08625, paras 60, 62.

<sup>189</sup> Gugeshashvili 2009. Concept of 'well-known' marks is also introduced in the Paris Convention and has been noted to be a 'kindred concept' with the CJEU noting that the difference is a mere 'nuance, which does not entail any real contradiction'. C-375/97, *Chevy*, (1999) ECR I-05421, para 22. See also See EUIPO 2024, Part C, Section 5, Chapter 2.1.2. See also C-328/06, *Fincas Tarragona*, (2007) ECR I-10093, para 17.

<sup>190</sup> Gielen 2022, p. 196 and Bone 2006, p. 47–48.

<sup>191</sup> EUIPO 2024, Part C, Section 5, Chapter 3.1.1.

<sup>192</sup> *Ibid.*

<sup>193</sup> *Ibid.*

<sup>194</sup> C-323/09, *Interflora*, (2011) ECR I-08625, para 86.

tageous as a keyword implies the existence of reputation and it cannot be denied that the competitor may derive an advantage of the traffic directed to their own website with the use of another mark with reputation as a keyword.<sup>195</sup> This may be further highlighted by the fact that the words used as prompts by internet users do not themselves hold value without the association derived from the meaning that the internet users associate from the words and the advertisers rely on these associations in their acquisition of keywords.<sup>196</sup> The association created by the use of a keyword, for the use of which the proprietor does not generally receive compensation, may further develop into a real economic advantage for the competitor if the advertisement results in sales of the advertised goods or services.<sup>197</sup>

As has been established in the CJEU case law, taking unfair advantage of a trademark with reputation without 'due cause' in order to exploit the recognition and goodwill value of the mark with reputation will generally be prohibitable by the proprietor of the earlier mark with reputation as unfair competition.<sup>198</sup> If the use of the mark does not constitute the offering of mere imitations or otherwise cause dilution or tarnishment of the trademark, but instead aims to offer alternative goods or services to those of the proprietor, the use is generally in accordance with the principles of fair competition and thus not without 'due cause'.<sup>199</sup>

In more practical terms, the findings of the CJEU in *Interflora* may be formulated as such: legitimate comparative advertising and advertising with the purpose of offering alternative products is, in general, permitted whereas advertising with the intention of taking unfair advantage of the distinctive character or reputation of the trademark with reputation is liable to opposition by the proprietor of the mark. Additionally, the use in comparative advertising must comply with the provisions of Article 4 of the MCAD regarding the fair conduct in comparative advertising.

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<sup>195</sup> C-323/09, *Interflora*, (2011) ECR I-08625, paras 85, 87.

<sup>196</sup> *Ibid.* para 76. See also The Opinion of Advocate General Jääskinen in C-323/09 *Interflora* (2011), ECR I-08625, para 67.

<sup>197</sup> C-323/09, *Interflora*, (2011) ECR I-08625, paras 87–88.

<sup>198</sup> C-324/09, *L'Oréal/eBay*, (2011) ECR I-06011, para 49, Joined Cases C 236/08 to C 238/08, *Google France*, (2010) ECR I-02417 para 102 and C-323/09, *Interflora*, (2011) ECR I-08625, para 89.

<sup>199</sup> C-323/09, *Interflora*, (2011) ECR I-08625, para 91.

Then again, a consumer interested in alternative products could prompt a search engine to provide alternative results by typing for example 'Louis Vuitton alternatives'. The CJEU has somewhat problematically concluded that the advertising function of the trademark would be unaffected by the use as a keyword by a competitor since the natural search results conveyed by a trademark as a search prompt would usually result in the highest positions of search results corresponding to the proprietor. Thus, the advertising function of the trademark would result in visibility to the internet users without the need for the use of the trademark as a keyword.<sup>200</sup> The very notion of the advertisement function indicates that a proprietor of the trademark is capable of prohibiting actions that would adversely affect the proprietor's use of the trademark as a factor in promotion of sales.<sup>201</sup> The conclusion that the trademark would essentially guarantee visibility in search results is somewhat problematic as the interpretation seemingly favour Google specifically as a search engine. Search engine results are not uniform in their practical functionality and do not necessarily provide as such that the amount of visibility would be guaranteed. Search engines operate on different result ranking algorithms and their effectiveness might vary.<sup>202</sup>

This is especially true since search engine optimisation<sup>203</sup> has become more adopted as a commercial practice which would result in higher compatibility with search prompts and thus higher visibility without the need for use of a trademark as a keyword. Hypothetically, a competitor might use the proprietor's trademark to optimize search results, either in addition to or without, using said trademark as a keyword, to adversely affect the visibility of the goods or services of the proprietor. If the trademark is not especially well-known or reputable, this might create significant barriers to their ability to utilize the advertising function of their mark, especially if the search engine or platform used does not function as implied in *Google France*. Considering the principle of network neutrality and the major changes in search engines and the behaviour of

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<sup>200</sup> Joined Cases C 236/08 to C 238/08, *Google France*, (2010) ECR I-02417, paras 94, 97.

<sup>201</sup> *Ibid.* para 92.

<sup>202</sup> See Varhela – Virtanen 2023, Chapter 12.

<sup>203</sup> Search Engine Optimization is the process used to optimize a website's technical configuration, content relevance and link popularity so its pages can become easily findable, more relevant and popular towards user search queries, which consequently result in better ranking. Intuit Mailchimp, What is SEO in Digital Marketing? <https://mailchimp.com/marketing-glossary/seo/>.

commercial actors in utilizing search engines, the application of the *Google France* standard might prove burdensome in light of the interpretation of the advertising function in digital marketing.

The limited interpretation of the advertising function in *Google France* leaves the interpretation open for contention. The assessment of the CJEU relating to the fact that the inherent advertising function of the trademark would result in natural visibility in search results could also alternatively be formatted as the advertising function being adversely affected if the visibility of the trademark would be significantly affected by the use of the trademark as a keyword by a competitor. This interpretation would somewhat bridge the gap allowing a case-by-case analysis of the facts while remaining neutral in relation to the technical application used, in line with the principle of network neutrality. This interpretation is somewhat opposed by the CJEU in *Interflora*. According to the CJEU, the mere fact that a proprietor of a trademark is obliged to intensify its in order to maintain or enhance its profile is not in on itself a sufficient basis to oppose competitive use of a trademark in keyword advertising.<sup>204</sup> This is further compounded by the fact that such practice is inherent in competition and as such would not be sufficient to distort competition.<sup>205</sup>

### 3.4 The legal nature of technical intermediary services

Keyword advertising is not the only form of technically conducted as a form of digital marketing. Whether the framework established in the case law regarding keyword advertising specifically can be widened to apply to other forms of technically conducted and/or automated forms of advertising should be examined further. Especially with the further sophistication of means used in digital advertising, the scope of alternative tools to prompt an internet user with search results has widened. Such examples would include contextual targeting, image recognition advertising,

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<sup>204</sup> C-323/09, *Interflora*, (2011) ECR I-08625, para 57.

<sup>205</sup> *Ibid.* See also C-59/08, *Copad/Dior*, (2009) ECR I-03421, para 22.

demographic targeting, voice search or speech recognition advertising, behavioural targeting and predictive analysis and geo-targeting.<sup>206</sup>

Image and speech recognition targeting are based on specific prompts applied by the user. Image recognition is based on the software's ability to recognize the contents of an image whereas speech recognition software translates spoken language into text.<sup>207</sup> When these technologies are applied in conjunction with technology to display advertisements, this constitutes either image or speech recognition targeting.<sup>208</sup>

Other forms of targeted internet advertising operate on a different basis. Demographic targeting is based on the demographic attributes of the internet user such as age, gender, income or political beliefs.<sup>209</sup> Geo-targeting is based on the internet user's geographic location. Behavioural targeting attempts to analyse the online behaviour of the internet user, often with the use of cookies collected by websites, to infer information about the internet user's interests and preferences. This may also be used in predictive analysis to convey the future interests of the user. Contextual advertising falls somewhat in the middle-ground between behavioural targeting and keyword advertising as it might utilize the internet user's latest search queries to infer context in which the search prompt has been made without necessarily basing the results in those keywords itself.<sup>210</sup> In essence, they rely on analysing the target audience the internet user falls into and thus, attempts to display advertisements based on said target audience. In practice, many of these techniques may be used simultaneously.<sup>211</sup>

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<sup>206</sup> Niininen 2022, p. 177. See also recital 6 of COM (2021) 731 final, p. 4.

<sup>207</sup> Digital Adoption, NLP, OCR, Image Recognition and Other Key AI Definitions, <https://www.digital-adoption.com/ocr-image/?form=MG0AV3>.

<sup>208</sup> Niininen 2022, p. 177.

<sup>209</sup> US Data Corporation, Glossary of Advertising Terms, <https://www.usdatacorporation.com/marketing-insights/advertising-terms/?form=MG0AV3>.

<sup>210</sup> Eurostat: Glossary, Internet Advertising, Eurostat, [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Glossary:Internet\\_advertising](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Glossary:Internet_advertising).

<sup>211</sup> Tiet – Karjaluo 2022, p. 37.

In their essence, all these forms of advertising rely on a technical solution to display an advertisement on the prompt of the internet user.<sup>212</sup> Therefore, *Google France* standard would likely apply to the determination of 'use' of the trademark by the intermediary as such that if the intermediary acts as a mere provider of those technical means for other undertakings to display their own commercial communications, they lack the control over the contents of the advertisement. In the absence of such control, the intermediary does not use the trademark within the meaning of Article 9 (2) of the EUTMR.<sup>213</sup>

The role of the undertaking, whose advertisement is displayed would also be quite analogous to that of keyword advertisement. Use of a trademark in either voice or image recognition would in fact be use of a trademark in a similar manner, although on a different format, provided that the prompt is identical or similar to that of the trademark. Especially in the case that a targeted ad would be displayed, based on cookies and other metadata on the internet user, as an embedded banner on a website of the intermediary, the contents of which would be decided by another undertaking without the control or knowledge of the intermediary.<sup>214</sup>

In the case of contextual targeting, demographic targeting, behavioural targeting and predictive analysis and geo-targeting the lack of a prompt would, however, not include the use of a trademark as such. In this case, the determination of use of a trademark would be based on the assessment of the advertisement itself.<sup>215</sup>

### 3.5 Advertising and Sales Promotions in Online Market Places

As a more traditional analogy to keyword advertising, some online marketplaces operate on an automated basis in which, sellers of goods or services may publish their own product listing. The scope of online marketplaces is quite diverse as such operators may have listings ranging from

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<sup>212</sup> Singaraju – Niininen 2022, p. 15.

<sup>213</sup> Joined Cases C 236/08 to C 238/08, *Google France*, (2010) ECR I-02417, paras 57, 120.

<sup>214</sup> For analogy see C-446/21, *Schrems/Meta*, (2024) EU:C:2024:834, para 61.

<sup>215</sup> Joined Cases C 236/08 to C 238/08, *Google France*, (2010) ECR I-02417, para 57.

those made by private individuals or established companies or second-hand to new goods with varying levels of control over the contents of said listings. While these listings do not necessarily equate to advertisement in the common sense, they are commercial communications within the meaning of Article 2 (f) of the e-commerce Directive.<sup>216</sup>

The role of an e-commerce platform in relation to keyword advertising had first been considered in *L'Oréal/eBay* in relation to digital advertising conducted by an e-commerce platform on a search engine on the behalf of sellers selling products under that trademark. The CJEU reiterated the *Google France* standard in allowing reasonably well-informed and reasonably observant internet users, without difficulty, to ascertain whether the goods or services referred to by the advertisement originate from the proprietor of the trademark or from an undertaking economically linked to it or, on the contrary, originate from a third party.<sup>217</sup> The CJEU concluded that the advertising originating from the operator of an online marketplace and displayed by a search engine operator must 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.<sup>218</sup>

Regarding the matter of an online marketplace allowing its own clients to publish offers that include trademarks of another undertaking, the online marketplace does not use the sign within the meaning of Article 9 (2) of the EUTMR as their own commercial communication, but as display of commercial communication of their own clients.<sup>219</sup> This has been further reinforced in CJEU case law.<sup>220</sup> The notion of control over the infringing action has even been extended to online marketplaces not using a trademark in the case that they stock or store, on behalf of a third-party sellers, goods which infringe on a trademark, provided that they are unaware of the nature of said goods and do not pursue themselves the aim of putting those goods on the market.<sup>221</sup> Thus, an online marketplace does not infringe on a trademark by the mere creation of

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<sup>216</sup> C-324/09, *L'Oréal/eBay*, (2011) ECR I-06011, para 102.

<sup>217</sup> *Ibid.* para 94.

<sup>218</sup> *Ibid.* para 96.

<sup>219</sup> *Ibid.* paras 102–103.

<sup>220</sup> Joined Cases C-148/21 and C-184/21, *Louboutin*, (2022) EU:C:2022:1016, para 30.

<sup>221</sup> C-567/18, *Coty*, (2020) EU:C:2020:267, para 53.

technical conditions necessary for the use of a sign and being paid for that service does not mean that the service provider itself uses the sign.<sup>222</sup>

Such advertisement might, however, be liable if it is indistinguishable from the service provider's own commercial communications. Such may be the case when a platform publishes their communications along with third-party communications in a uniform manner, in which the commercial communications are displayed simultaneously along with affixing their own logo as a renowned distributor or offering other supplementary services to those third-party sellers in connection with the marketing of their goods, such as support in the presentation of their advertisements and the storing and shipping of their goods.<sup>223</sup> In such a case, if those third-party communications form an integral part of the commercial communication of the operator of the online marketplace, the advertisement as a whole may create the impression for a well-informed and reasonably observant internet user that the operator of the marketplace is marketing those third-party goods or services in its own name and of its own accord.<sup>224</sup>

This notion is somewhat in line with Article 6 (b) of the e-commerce Directive, according to which the person on whose behalf the commercial communication is made shall be clearly identifiable. The need for such transparency provided by Article 6 (b) of the Directive has been upheld by the CJEU<sup>225</sup> and was a factor in the CJEU determining that the source of the communication must be identifiable in *L'Oréal/eBay*.<sup>226</sup> The requirement of transparency has since been elaborated on in Article 26 (1) of the DSA, according to which advertisements on online platforms must allow each individual recipient to identify, in a clear, concise and unambiguous manner and in real time, that the information is an advertisement, the natural or legal person on whose behalf the advertisement is presented, the natural or legal person who paid for the advertisement if this person

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<sup>222</sup> Joined Cases C-148/21 and C-184/21, *Louboutin*, (2022) EU:C:2022:1016, para 31 and C-567/18, *Coty*, (2020) EU:C:2020:267, para 43.

<sup>223</sup> Joined Cases C-148/21 and C-184/21, *Louboutin*, (2022) EU:C:2022:1016, para 35.

<sup>224</sup> *Ibid.* para 48.

<sup>225</sup> Joined Cases C 236/08 to C 238/08, *Google France*, (2010) ECR I-02417, para 86.

<sup>226</sup> C-324/09, *L'Oréal/eBay*, (2011) ECR I-06011, para 95.

is not the same on whose behalf the advertisement has been presented and meaningful information directly and easily accessible from the advertisement about the main parameters used to select the recipient to whom the advertisement is presented.

In the consideration of the overall nature of the third-party communication as a part of the marketplace operator's communication, the method and presentation of such advertisements, both individually and as a whole, is imperative.<sup>227</sup> The aforementioned requirement of transparency provides, that advertisements displayed on an online marketplace must be presented in a way which enables a well-informed and reasonably observant internet user to distinguish easily between offers originating, on the one hand, from the operator of that website and, on the other, from third-party sellers active on the online marketplace which is incorporated therein.<sup>228</sup>

In the case that the operator of an online marketplace may create the impression that it is marketing third-party sellers' goods under its own name insofar as it uses a uniform method of presenting both its own advertisements and those of third-party sellers, displays its logo as a renowned distributor on all advertisements, and describes various offerings without distinguishing their origin, the determination of the commercial origin from the perspective of an average internet user would be quite difficult.<sup>229</sup> Additionally, the nature and scope of services provided by the operator, such as dealing with users' questions, storage, shipping, and management of returns, may strengthen this impression.<sup>230</sup> Consequently, such an operator may be regarded as using a sign identical to an EU trademark of another person for goods sold on its marketplace without the trademark proprietor's consent, if users establish a link between the operator's services and the sign in question.<sup>231</sup>

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<sup>227</sup> Joined Cases C-148/21 and C-184/21, *Louboutin*, (2022) EU:C:2022:1016, para 49.

<sup>228</sup> Joined Cases C-148/21 and C-184/21, *Louboutin*, (2022) EU:C:2022:1016, para 50.

<sup>229</sup> *Ibid.* paras 51–52.

<sup>230</sup> *Ibid.* para 53.

<sup>231</sup> *Ibid.* para 54.

The adoption of the *Google France* standard in the context of online marketplaces strengthens the possibility of the use of said standards in all forms of digital marketing, in which, the mere creation of the technical means necessary for others to publish their own commercial communications does not, on the behalf of the intermediary, constitute trademark infringement under Article 9 (2) of the EUTMR. The wide variety of different online marketplaces makes the scope of application somewhat difficult to predict.<sup>232</sup> The case law is, however, quite open in its wording and thus, allows room for interpretation.

The role of the third-party advertiser in this context is likely to not differ much from that having been discussed in relation to keyword advertisement. Another problem that is prevalent in online marketplaces is the fact that in sellers in some marketplaces such as DHgate, a large Chinese market place with little oversight, evade detection by the use of code words and digitally blurred logos, while in reality, shipping counterfeit goods to buyers with trademarks often affixed.<sup>233</sup> The fact that the trademark does not need to be mentioned in the advert itself to create conditions for the likelihood of confusion does, however, open the door for the standards introduced in *Google France* to be applied nonetheless for such goods. The use of the *Google France* standard in the context of online marketplaces seems quite straightforward.

### 3.6 Trademark infringement in other forms of digital marketing

In the wide sense of the term, digital marketing constitutes any commercial communication conducted by an information society service provider at a distance, by electronic means and at the individual request of a recipient of services is digital marketing. Commercial communication or advertising may be characterized as the making of a representation in any form in connection with a trade, business, craft or profession in order to promote the supply of goods or services, including immovable property, rights and obligations under Article 2 (a) of the MCAD.

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<sup>232</sup> Jozwiak-Gorny – Jozwiak – Szmigielski 2022, p. 430–431.

<sup>233</sup> Office of the United States Trade Representative 2024, p. 24.

The wording of 'in connection with a trade, business, craft or profession' is quite similar to the notion of 'use in the course of trade' of Article 9 (2) of the EUTMR. In *Google France*, the CJEU concluded that Article 9 (2) of the EUTMR should be interpreted as such that an intermediary that only provides technical means for the display of ads does not 'use' the sign in the course of trade, although the activity of providing advertising services falls within the concept of commercial activity.<sup>234</sup> Consequently, the provision can be interpreted as meaning that if the service provider has control over the content of the advertisement, the intermediary service provider 'uses' the trademark in the course of trade.

As a real-world example, the *Google France* standard may be likened to a business selling advertisement space on billboards without being responsible for creating, managing, affixing or otherwise having control over the contents of the advertisement. One could argue that the mere ownership of the billboard constitutes responsibility for the use of it. In the digital environment, the absence of control or knowledge over the contents of the advertisement and thus, their nature, does not constitute use within the meaning of Article 9 (2) of the EUTMR.

It can be quite easily argued that any human intervention within the process of displaying an advertisement would require the intervening party to have control over said advertisement or at the very least, knowledge. Therefore, any forms of advertising that take place on the internet, displayed by either the first party or a third-party intermediary, would be incompatible with the *Google France* standard, if the display has been the result of human interaction.<sup>235</sup>

Pursuant to article 2 (b) of the UCPD, trader means any natural or legal person who is acting for purposes relating to his trade, craft, business or profession and anyone acting in the name of or on behalf of a trader. Pursuant to Article 6 (2) (a) a commercial practice shall be regarded as misleading if it causes or is likely to cause the average consumer to take a transactional decision that he would not have taken otherwise, and it involves any marketing of a product, including

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<sup>234</sup> Joined Cases C 236/08 to C 238/08, *Google France*, (2010) ECR I-02417, paras 52, 58.

<sup>235</sup> This interpretation is based on the wording of 'merely technical and automatic processing'. See recital 18 of the DSA.

comparative advertising, which creates confusion with any products, trademarks, trade names or other distinguishing marks of a competitor

In order to provide legal certainty and systematization, the definitions of the UCPD should be compatible with the EUTMR. As such, commercial communications may be defined as any actions taken by a trader in order to promote the supply of goods or services. Within the context of digital marketing and trademark infringement, any operators acting as traders may, therefore, be liable for the display of advertisements for which they have either control or knowledge over.

The Google France standard, however, has been adopted in non-electronic intermediaries means as well. In *Friedranken Winters*, the CJEU held that a service provider who, under an order from and on the instructions of another person, fills packaging which was supplied to it by the other person who, in advance, affixed to it a sign which is identical with, or similar to, a sign protected as a trade mark does not itself make use of the sign that is liable to be prohibited under that provision.<sup>236</sup> The interpretation provided by *Friedranken Winters* thus, somewhat implies that the lack of control might be extended to other means of intermediary activity if the activity is conducted under the orders of the patron of the advertisement communication. The application of such an interpretation might prove difficult to reconcile with the requirement of the intermediary not having knowledge in advertising, although the lack of control would be similar in both instances. As stated by the CJEU in *Friedranken Winters* and Advocate General Kokott in his opinion, the use of a trademark was not a part of the contractor's own communication.<sup>237</sup>

Social media has enhanced its role in the everyday life of internet users. Social media platforms might include commercial communications that are sold and displayed by the service provider itself, communications posted by business accounts as regular posts and sponsored communications by influencer or affiliate accounts.<sup>238</sup> The role of the service provider and the companies

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<sup>236</sup> C-119/10, *Friedranken Industrie Winters*, (2011) ECR I-13179, para 37.

<sup>237</sup> *Ibid.* See also The Opinion of Advocate General Kokott in C-119/10, *Friedranken Industrie Winters*, (2011) ECR I-13179, para 24.

<sup>238</sup> Horáková – Uusitalo 2022, pp. 95–107.

acquiring said advertising services appear to be quite analogous to those discussed in earlier chapters, provided that the service provider acts as a mere provider of the technical conditions necessary for their clients to display their own commercial communications.

The role of the influencers or affiliates is somewhat more interesting as they are essentially intermediaries publishing commercial communications via another intermediary. Especially non-incorporated influencers are often seen as private individuals rather than commercial actors. Influencers often use their audience as a platform to promote goods or services provided by another undertaking.<sup>239</sup> For their communications influencers are often paid directly as sponsorships. Alternatively, they may receive affiliate commissions as a share of the profits generated by their endorsement.<sup>240</sup>

It has been reported that the increasing popularity of social media influencers who review, promote and share links to counterfeit goods, especially luxury goods, has become prevalent. Sometimes influencers might intentionally direct their viewers to purchase counterfeit goods through pages linked in their social media profiles.<sup>241</sup> Pursuant to the interpretation of ‘trader’ under Article 2 (b) of the UCPD provided by the CJEU in *Kamenova*, the determination of the status of the individual requires an overall case-by-case assessment.<sup>242</sup>

The conditions that might be considered in the assessment include the level of organisation of the operation, the aim of generating profit, and connection to the influencer’s commercial or

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<sup>239</sup> It has been estimated in 2023 that the influencer marketing industry was valued to be approximately 13 billion USD. Southern New Hampshire University, From SEO to Social Media: What Are the 8 Types of Digital Marketing? <https://www.snhu.edu/about-us/newsroom/business/types-of-digital-marketing>.

<sup>240</sup> PragerMetis, Social Media Influencer Revenue Streams: Beware of Tax Implications, <https://pragermetis.com/insights/social-media-influencer-revenue-streams-beware-of-tax-implications/?form=MG0AV3>.

<sup>241</sup> Office of the United States Trade Representative 2024, p. 19. The practice of use and promotion of counterfeit and product imitation has become quite widespread as an internet subculture and may be referred to as Dupe (short for duplicate) culture. Coffee Intelligence, Copycat brands are proliferating – how do they get away with it? <https://intelligence.coffee/2025/01/copycat-brands-are-proliferating/?form=MG0AV3>.

<sup>242</sup> C-105/17, *Kamenova*, (2018) EU:C:2018:808, para 37.

professional activity, whether the seller possessed technical expertise placing them at an advantage over consumers, the legal status to conduct commercial activities, VAT registration and if the intermediary received remuneration or incentives, or regularly purchased goods for resale. Additional factors according to the CJEU in *Kamenova* include the frequency, regularity, and similarity of the operations. Therefore, an influencer with a permanent presence, especially if the operation is their career or main source of income, regularly uploads communications for which they have financial incentive due to affiliate commissions or sponsorships, will likely be deemed to be a trader within the meaning of Article 2 (b) of the UCPD. Misleading information regarding the origin of the goods or services by naming a trademark of another undertaking would likely constitute use in the course of trade within the meaning of Article 9 (2) of the EUTMR. The level of control influencers have over their content may not be able to be disputed as they, generally, have full control over their accounts, and thus, content as well.

In the context of digital advertising, it should be kept in mind that other considerations may also be applied to the use of a trademark by an intermediary. Comparative advertising compliant with Article 4 of the MCAD will, in general, be permissible. Honest referential use would also be permitted as has been established by CJEU case law.<sup>243</sup>

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<sup>243</sup> Joined Cases C 236/08 to C 238/08, *Google France*, (2010) ECR I-02417, para 65 and C-361/22, *Inditex*, (2024) EU:C:2024:17, para 58. See also C-206/01, *Arsenal Football Club*, (2002) ECR I-10273, para 38, C-228/03, *Gillette*, (2005) ECR I-02337, para 28 and C-48/05 *Adam Opel*, (2007) ECR I-01017, para 16.

## 4 Liability for trademark infringement and responsibilities of ISSPs

### 4.1 Liability of an intermediary service provider in digital marketing

The EUTMR does not establish rules regarding the liability for trademark infringement. The determination of liability has been left to the consideration of the Member States' national courts and procedures. This is highlighted by Article 17 (1) of the EUTMR, according to which infringement of an EU trademark shall be governed by the national law relating to infringement of a national trademark in accordance with the provisions of Chapter X of the Regulation. Pursuant to Article 17 (2) the EUTMR shall not prevent actions concerning an EU trademark being brought under the law of Member States relating to civil liability and unfair competition. In essence, the determination of liability is governed by Member States's legislation, although, trademark infringement generally establishes civil or criminal liability in Member States' national legislation. It can be interpreted from the fact that the exclusive rights of the proprietor of a trademark pursuant to Article 9 of the EUTMR are directly applicable in the entire territory of the Union, that those rights must also be enforceable in order to fulfil their purpose for the proprietor.

Liability of the intermediary may be alternatively established on the basis of them being providers of information society services. This approach is non-discriminatory in relation to the fact that the intermediary does not 'use' the trademark itself and thus, does not infringe on the trademark. In other words, their liability is based on their position as intermediary service providers in relation to illegal or infringing content.

According to the CJEU, the limitation of liability, will apply to such intermediary, provided that their contribution is 'of a mere technical, automatic and passive nature' which implies that that service provider 'has neither knowledge of nor control over the information which is transmitted or stored'.<sup>244</sup> As the intermediary does not use the mark within the meaning of Article 9 (2) of the

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<sup>244</sup> Joined Cases C 236/08 to C 238/08, *Google France*, (2010) ECR I-02417, para 113 and recital 42 of the e-commerce Directive.

EUTMR, and thus, does not infringe on the trademark, the liability of the intermediary is of a secondary nature<sup>245</sup> in relation to the commissioner of said advertisement.

The e-commerce Directive does not set forth any general provisions on what constitutes liability for an intermediary service provider, rather than providing grounds for exemption for liability on the part of said service providers.<sup>246</sup> The DSA does not provide substantial grounds for liability either, rather than reiterating and expanding on the conditions of the e-commerce Directive. The rules on liability of providers of intermediary services set out in the DSA should only establish when the provider of intermediary services concerned cannot be held liable in relation to illegal content provided by the recipients of the service.<sup>247</sup> Those rules should not be understood to provide a positive basis for establishing when a provider can be held liable, which is for the applicable rules of Union or national law to determine. Furthermore, the exemptions from liability established in this Regulation should apply in respect of any type of liability as regards any type of illegal content, irrespective of the precise subject matter or nature of those laws.<sup>248</sup>

The liability will thus ultimately be established pursuant to national law of the Member State. The DSA provides binding baseline exceptions for liability and as such, an intermediary complying with those provisions cannot be held liable for their infringement or hosting of illegal content in Member States.

The foundation of *Google France* indicates that an internet referencing service provider which stores, as a keyword, a sign identical with a trademark and organises the display of advertisements on the basis of that keyword does not use that sign within the meaning of Article 9 (2) of the EUTMR.<sup>249</sup> It should be noted that, the decision predated the adoption of the DSA. The conditions of Article 12 (mere conduit), Article 13 (caching) and Article 14 (hosting) of the e-commerce

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<sup>245</sup> Recital 27 of the DSA.

<sup>246</sup> This is emphasized in recital 40 of the Directive as the purpose was to set guidelines to combat existing and emerging disparities in Member States' legislation.

<sup>247</sup> Recital 17 of the DSA.

<sup>248</sup> Recitals 25–26 of the DSA. See also The Opinion of Advocate General Maduro in Joined Cases C 236/08 to C 238/08, *Google France*, (2010) ECR I-02417, para 127.

<sup>249</sup> Joined Cases C 236/08 to C 238/08, *Google France*, (2010) ECR I-02417, para 57.

Directive considered in *Google France*, are near-identically included in Articles 4–6 of the DSA. Thus, the interpretation is *mutatis mutandis*, similar in both statutes.

According to Article 12 (1) of the e-commerce Directive, “where an information society service is provided that consists of the transmission in a communication network of information provided by a recipient of the service, or the provision of access to a communication network, Member States shall ensure that the service provider is not liable for the information transmitted, on condition that the provider:

- (a) does not initiate the transmission;
- (b) does not select the receiver of the transmission; and
- (c) does not select or modify the information contained in the transmission.”

Pursuant to Article 12 (2) the act of transmission must be automatic, intermediate and transient storage of the information transmitted this takes place for the sole purpose of carrying out the transmission in the communication network, and provided that the information is not stored for any period longer than is reasonably necessary for the transmission. The intermediary ISSP is not liable for the transmitted information if three conditions are fulfilled. All three conditions must be simultaneously present since in all three cases the provider takes the initiative, the provider cannot be considered to act as a passive, neutral or inactive intermediary. The provision contains both civil and criminal liability.<sup>250</sup> The possibility of prohibitory injunctions is, however, not excluded pursuant to Article 12 (3) of the Directive and hence, infringing actions may be prohibited. Identical provisions are included in Article 4 of the DSA.

According to Article 14 (1) of the e-commerce Directive, “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:

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<sup>250</sup> Lodder 2022, p. 52.

- (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.”

The principle regarding hosting is based on the knowledge of the ISSP. The knowledge of the ISSP extends to the illegal nature of both information and activity. Knowledge of illegal information would be constituent of the fact that the provider is aware that the recipient stores illegal information such as child pornography or copyright infringing material. Knowledge of illegal activity, on the other hand, would be the case in which the provider is aware that information relating to illegal activity is exchanged as would be the case regarding a conversation or guide on how to obtain illegal information.<sup>251</sup> Article 14 (2) provides, that the exemption from liability shall not be applied if the recipient of the service is acting under the authority or control of the provider. The possibility for a court or administrative authority requiring the service provider to terminate or prevent an infringement is not limited pursuant to Article 14 (3) of the e-commerce Directive. Corresponding provisions are provided by Article 6 of the DSA.

The Article 13 of the e-commerce approaches the protection of the recipient from a different perspective as it is not primarily aimed at illegal information.<sup>252</sup> Pursuant to Article 13 (1) where an information society service is provided that consists of the transmission in a communication network of information provided by a recipient of the service, Member States shall ensure that the service provider is not liable for the automatic, intermediate, and temporary storage of that information, performed for the sole purpose of making more efficient the information's onward transmission to other recipients of the service upon their request, on condition that:

- (a) the provider does not modify the information;
- (b) the provider complies with conditions on access to the information;

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<sup>251</sup> Lodder 2022, p. 54.

<sup>252</sup> *Ibid.* p. 53.

- (c) the provider complies with rules regarding the updating of the information, specified in a manner widely recognised and used by industry;
- (d) the provider does not interfere with the lawful use of technology, widely recognised and used by industry, to obtain data on the use of the information; and
- (e) the provider acts expeditiously to remove or to disable access to the information it has stored upon obtaining actual knowledge of the fact that the information at the initial source of the transmission has been removed from the network, or access to it has been disabled, or that a court or an administrative authority has ordered such removal or disablement.<sup>253</sup>

In *Google France*, the CJEU had to determine whether the service provided by Google was an information society service within the meaning of Article 2 (b) of the e-commerce Directive and whether Google had acted in compliance with Articles 12–14 of the Directive. The Court deemed that the service provided by Google included storage (holding in memory on its server) of certain data, the advertising link and the accompanying commercial message as well as the address of the advertiser's site over a communications network accessible to internet users and thus, included all the features of an information society service pursuant to Article 2 (a) of the e-commerce Directive.<sup>254</sup>

Regarding the interpretation of Articles 12–14 of the e-commerce Directive, the CJEU referred to recital 42 of the Directive, according to which the exemptions from liability established in that directive cover only cases in which the activity of the information society service provider is 'of a mere technical, automatic and passive nature', which implies that that service provider 'has neither knowledge of nor control over the information which is transmitted or stored'.<sup>255</sup> The CJEU further noted regarding the examination of the role of the intermediary, that it should be established whether the nature of conduct of the service provider is neutral, in the sense that its conduct is merely technical, automatic and passive, pointing to a lack of knowledge or control of the

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<sup>253</sup> These conditions are reiterated in Article 5 of the DSA.

<sup>254</sup> Joined Cases C 236/08 to C 238/08, *Google France*, (2010) ECR I-02417, para 111.

<sup>255</sup> *Ibid.* para 113.

data which it stores.<sup>256</sup> Therefore, in order to be exempt from liability pursuant to e-commerce directive is established by two factors. The intermediary must have neither **control** nor **knowledge** of such infringing activities as described in chapter 3. Both conditions must be present simultaneously to exempt the intermediary's liability. In other words, an intermediary may be liable pursuant to the Member States' national law if they have either control or knowledge of the infringement.

The notion of knowledge seems to be a binary conception insofar as the wording implies that not having knowledge provides an exemption of liability. In a literal sense, this could be interpreted as having knowledge, from the moment of that binary status quo changing, seizes the exemption from applying. The existence of knowledge cannot be inferred from the mere fact that the keyword containing a trademark is entered into the system of the intermediary and stored in the memory on its server.<sup>257</sup> The ambiguous wording of the notion knowledge, it cannot be interpreted as discriminating between the source of such knowledge, whether that information is conveyed internally or externally. Therefore, it may be concluded, that any internal or external notification, whether that originates from the proprietor, a government authority or a third party, would in the broad sense constitute the intermediary becoming aware of illegal or infringing content. On the basis of the wording of Articles 13 (1) (c) and 14 (1) (b) of the e-commerce Directive the CJEU concluded that notion insofar as the exemption of liability does not extend to the intermediary in the case that after they become aware, because of information supplied by an injured party or otherwise, of the nature of the content and fails to act expeditiously to remove or to disable access to those data.<sup>258</sup>

On the matter of control on the part of the intermediary, the exemption should not apply where the intermediary has an active role of such a kind to give it knowledge of or control over that information. Consequently, the exemptions should accordingly not be available in respect of liability relating to information provided not by the client of the service but by the intermediary itself,

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<sup>256</sup> Joined Cases C 236/08 to C 238/08, *Google France*, (2010) ECR I-02417, para 114.

<sup>257</sup> *Ibid.* para 117.

<sup>258</sup> *Ibid.* para 109.

including where the information has been developed under the editorial responsibility of the intermediary.<sup>259</sup> This notion is somewhat induced in Article 4 (c) of the DSA as the exemption shall not apply if the provider selects or modifies the information. In *Google France*, the CJEU noted that the examination of the role of the intermediary in the drafting of the commercial message which accompanies the advertising link or in the establishment or selection of keywords is relevant.<sup>260</sup> In practice, the provision of intermediary advertising services of an automated and technical nature would include standardizing the display of the advertisement. There is a significant difference between the intermediary providing a 'blank canvas' banner for their clients or supplying them with a template for which the advertisement will be adapted. As a matter of fact, the intermediary service provider has control over the appearance of the overall impression given by the template and thus, the impression given to the recipients.<sup>261</sup>

It should be kept in mind, that Article 6 of the e-commerce Directive and Article 26 (1) of the DSA dictate that the party on whose behalf the commercial communication is made must be clearly identifiable. If the advertisement, when viewed as a whole, does not allow an average internet user to determine the commercial origin of the communication, and thus, that they may have the impression that the commercial communication is made in the name of the intermediary, this might constitute use of a sign under Article 9 (2) of the EUTMR.<sup>262</sup> As such, even if these actions are conducted as a purely technical manner, the uniformity of the template used may, in fact, imply the modification of the presented information in a manner that is in discord with the requirements of the e-commerce Directive. The need for transparency in advertising is especially emphasised by the CJEU<sup>263</sup> and therefore, in light of Article 12 (c) of the e-commerce Directive and Article 4 (c) of the DSA, prior technical modification in contradiction with the responsibilities pursuant to these statutes may infer control wielded by the intermediary in choosing how the information is presented.<sup>264</sup>

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<sup>259</sup> Recital 18 of the DSA.

<sup>260</sup> Joined Cases C 236/08 to C 238/08, *Google France*, (2010) ECR I-02417, para 118.

<sup>261</sup> *Ibid.* para 22 and Joined Cases C-148/21 and C-184/21, *Louboutin*, (2022) EU:C:2022:1016, paras 51–53.

<sup>262</sup> Joined Cases C-148/21 and C-184/21, *Louboutin*, (2022) EU:C:2022:1016, para 54.

<sup>263</sup> *Ibid.* para 50 and C-324/09, *L'Oréal/eBay*, (2011) ECR I-06011, para 94.

<sup>264</sup> See The Opinion of Advocate General Szpunar in Joined Cases C-148/21 and C-184/21, *Louboutin*, (2022) EU:C:2022:1016, paras 92, 100.

As such, the requirement for the lack of control on the behalf of the intermediary should not be interpreted as absolute. In theory, the condition of the involvement of the intermediary being of 'a mere technical, automatic and passive nature' should be understood as the intermediary providing the service in a manner that they lack actual control over the elements contained in the advertisement as a whole, including the commercial message, images, trademarks, links and other wording such as 'sponsored link' while simultaneously exercising their control over the template or other technical applications that allow for the intermediary to fulfil their own obligations provided by the e-commerce Directive and the DSA. The specific requirements for transparency provided by Article 26 (1) of the DSA imply that the advertiser generally has control over the manner in which the advertisement is presented.

In these circumstances, they retain the transparency of the advertising insofar that the average internet user is able to determine its commercial origin being apart from that of the intermediary and thus, the intermediary acts as a 'mere conduit' pursuant to Article 4 of the DSA. This interpretation is somewhat confirmed by recital 43 of the DSA, according to which in order for the intermediary to benefit from the exemption of 'mere conduit' they must not in any way be involved with the information transmitted, including technical manipulation of the information unless such technical manipulation does not alter the integrity of the information contained in the transmission.

A quite obvious caveat to the notion of control is the fact, that the intermediary may not be exempt from liability in the case of deliberate collaboration with the recipient of the services in order to facilitate illegal activities.<sup>265</sup> Deliberate collaboration may be founded on the intermediary making clear that their services are suited for illegal purposes, although the mere fact that the service is encrypted or otherwise offering anonymous use does not fulfil this condition. In a similar vein, the exemptions should not apply where the recipient of the service is acting under the authority or the control of the provider of a hosting service.<sup>266</sup> While not deliberate collaboration,

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<sup>265</sup> Recital 20 of the DSA

<sup>266</sup> Recital 23 of the DSA.

if the intermediary exercises its authority on its clients, the responsibility of their actions is carried onto the intermediary.<sup>267</sup>

The voluntary self-regulatory actions or actions in compliance with Union law undertaken by the intermediary will not have an effect on the applicability of the exemptions provided by the DSA pursuant to Article 7, provided such actions are carried out in good faith and in a diligent manner. These actions should be understood as an objective, non-discriminatory and proportionate manner, with due regard to the rights and legitimate interests of all parties involved, and providing the necessary safeguards against unjustified removal of legal content, in accordance with the objective and requirements of this Regulation.<sup>268</sup>

The conditions of the DSA pursuant to Article 2 (4) should be applied without prejudice to other EU or Member States' law.<sup>269</sup> As such, other injunctions and proceedings against intermediaries, in compliance with Union law, should not be excluded from, even in the case that the actions of the intermediaries fall within the scope of exemptions provided by the DSA.<sup>270</sup> Therefore, trademark infringement within the meaning of Member States' national law is not excluded from the scope of possible liability. Similarly, liability based on misleading advertising or non-compliant comparative advertising within the meaning of Articles 3 and 4 of the MCAD or unfair commercial practices pursuant to Article 5 of the UCPD, might be applied by Member States' authorities as both of these directives have been implemented in Member States' national legislation. It should, however, be noted that liability based on a combination of these cannot be applied in light of the *Ne bis in idem* principle. The principle based on Article 50 of the Charter of Fundamental Rights of the European Union (2000/C 364/01)<sup>271</sup> provides the basis that the intermediary may not be held liable twice for the same offence.<sup>272</sup>

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<sup>267</sup> The Opinion of Advocate General Szpunar in Joined Cases C-148/21 and C-184/21, *Louboutin*, (2022) EU:C:2022:1016, para 100.

<sup>268</sup> Taking reasonable measures with automated tools is in fact encouraged pursuant to recital 26 of the DSA.

<sup>269</sup> See recitals 9–10 of the DSA.

<sup>270</sup> Recital 25 of the DSA.

<sup>271</sup> OJ 18.12.2000 C 364/1.

<sup>272</sup> Spaventa 2023, p. 256.

In essence, liability may be founded on the intermediary on two conditions. Either they are deemed to be using the trademark under Article 9 (2) of the EUTMR and thus, liability may be established in National Courts pursuant to Article 17 (2) of the EUTMR. Alternatively, liability may be established insofar as the intermediary ISSPs are acting contrary to the requirements of the e-commerce Directive and DSA.

## 4.2 Legal responsibilities of an Intermediary Service Provider

### 4.2.1 Obligations to provide notice-and-takedown mechanisms

In the wording of the DSA Articles 5 (1) (e) and 6 (1) (b) the notion of the intermediary having to act in order to remove illegal or infringing content, this provision is implied as a condition in order to be exempt from liability. This negative requirement on the behalf of the intermediary can thus be interpreted as meaning that the intermediary must remove such content after becoming aware of the nature of the content. As previously stated, there does not appear to be discrimination in regards of the manner in which the knowledge is acquired. The condition is also interpreted to impose a positive responsibility for the intermediary along with acknowledging that the awareness of the illegal nature of the content may result from their own-initiative or through notices submitted to it by individuals or entities, provided that the notices are sufficiently precise and adequately substantiated to allow a diligent economic operator to reasonably identify, assess and, where appropriate, act against the allegedly illegal content.<sup>273</sup>

It should be noted in this regard that the CJEU has confirmed that the service provider should, stop the undue use of a trademark, and comply with the prohibition by the proprietor when it as a third party has direct or indirect control over the use and is therefore, effectively able to stop the use.<sup>274</sup> The control over the contents of the advertisement and the control over the display of

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<sup>273</sup> Recital 22 of the DSA

<sup>274</sup> C-179/15, *Daimler*, (2016) EU:C:2016:134, paras 41, 44.

the advertisement should be separated. As the intermediary acts as the storer of the information within the meaning of Article 6 of the DSA is hosting the information and as the operator of their own service has control over what information is transmitted in their service. As such, as they have control over the display of illegal content, they are *de facto* in control over the use due to their effective position to disallow the display of the advertisement.<sup>275</sup>

In practice, in order for the intermediary to be able to take the necessary actions in relation to illegal content, they must make sufficient efforts for external parties to report or notify on the nature of content hosted by the intermediary. General guideline for these requirements is included in Article 16 (1) of the DSA, according to which providers of hosting services shall put mechanisms in place to allow any individual or entity to notify them of the presence on their service of specific items of information that the individual or entity considers to be illegal content. Those mechanisms shall be easy to access and user-friendly and shall allow for the submission of notices exclusively by electronic means. These measures may be collectively referred to as 'notice and action mechanisms' as titled in Article 16 of the DSA. In the international context of trademark law, the definition of 'notice-and-takedown' may also be used.<sup>276</sup>

Pursuant to Article 16 (2) of the DSA the notices must be 'sufficiently precise and adequately substantiated' and containing all of the following elements:

- (a) a sufficiently substantiated explanation of the reasons why the individual or entity alleges the information in question to be illegal content.
- (b) a clear indication of the exact electronic location of that information, such as the exact URL or URLs, and, where necessary, additional information enabling the identification of the illegal content adapted to the type of content and to the specific type of hosting service;

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<sup>275</sup> Joined Cases C 236/08 to C 238/08, *Google France*, (2010) ECR I-02417, para 115.

<sup>276</sup> Weckström 2011.

(c) the name and email address of the individual or entity submitting the notice, except in the case of information considered to involve one of the offences referred to in Articles 3 to 7 of Directive 2011/93/EU<sup>277</sup>;

(d) a statement confirming the bona fide belief of the individual or entity submitting the notice that the information and allegations contained therein are accurate and complete.

The minimum requirements of the Article 16 (2) along with the wording of ‘sufficiently precise and adequately substantiated’ imply a specific threshold required in order for the intermediary to be held ‘having knowledge of the nature of the illegal content. In other words, the wording implies that mere suspicion nor partial information regarding the matter does not constitute ‘knowledge’ within the meaning of the DSA.<sup>278</sup> The nature of the content should be immediately apparent without detailed examination.<sup>279</sup> The fact that the provider automatically indexes information uploaded to its service, that it has a search function or that it recommends information on the basis of the profiles or preferences of the recipients of the service is not a sufficient ground for considering that provider to have ‘specific’ knowledge of illegal activities carried out on that platform or of illegal content stored on it.<sup>280</sup>

The notice and action mechanisms should provide for the timely, diligent and non-arbitrary processing of notices on the basis of rules that are uniform, transparent and clear and that provide for robust safeguards to protect the right and legitimate interests of all affected parties.<sup>281</sup> From the point of view of the recipients of the service, the protection of intellectual property is a significant legitimate interest for a party affected. There is no clear specification on the timeframe in

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<sup>277</sup> Directive 2011/93/EU of the Parliament and of the Council of 13 December 2011 on combating the sexual abuse and exploitation of children and child pornography, and replacing Council Framework Decision 2004/68/JHA, OJ 17.12.2011 L 335/1.

<sup>278</sup> According to Advocate General Saugmandsgaard Øe, the very purpose of the ‘notice and action’ mechanism is to provide the intermediary with the sufficient evidence to determine the legal nature of the content, which in turn requires specificity. See The Opinion of Advocate General Saugmandsgaard Øe in Joined Cases C-682/18 and C-683/18, *YouTube*, (2021) EU:C:2021:503, paras 187–188.

<sup>279</sup> Recital 53 of the DSA and Joined Cases C-682/18 and C-683/18, *YouTube*, (2021) EU:C:2021:503, para 112.

<sup>280</sup> Recital 22 of the DSA and Joined Cases C-682/18 and C-683/18, *YouTube*, (2021) EU:C:2021:503, para 114. The CJEU also held that ‘being aware in a general sense’ does not suffice as knowledge. *Ibid.* para 111.

<sup>281</sup> Recital 52 of the DSA.

which action should be taken and pursuant to Article 16 (6), actions should be taken in a ‘timely manner’. The concept of ‘timely manner’ appears to be a relative one as the intermediaries must take into account the type of illegal content and in cases regarding threat to life or safety, the intermediaries must act ‘without delay’.<sup>282</sup>

There is no clear indication within the DSA on which grounds an intermediary, having acquired knowledge of illegal content of their own accord, would have to take action. It would stand from the point of view of legal certainty and equality, that the thresholds provided by Article 16 (2) of the DSA would apply as well. To ensure that such actions based on internal notification are taken in accordance with the DSA, internal documentation of the notice and action procedures should be drafted in accordance with Article 16 (2) of the DSA.<sup>283</sup>

The intermediary service providers must establish points of contact for recipients of the service Pursuant to Article 12 of the DSA. The information regarding the point of contact must be eligible for the recipients of the service to communicate directly and rapidly with the service provider, by electronic means and in a user-friendly manner. Although the service providers may specify the language used, the language cannot in on itself create obstacles to communication.<sup>284</sup> Providers must make reasonable efforts to guarantee the sufficient manpower and resources to ensure the level of communication and cannot rely on automated chatbots. If used, the recipients must be aware that they are communicating with a chatbot.<sup>285</sup>

#### **4.2.2 Obligations to monitor**

According to Article 15 of the e-commerce directive and Article 8 of the DSA, Member States shall not impose a general obligation on ISSPs, when providing the services covered by Articles 12, 13

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<sup>282</sup> Recital 52 of the DSA.

<sup>283</sup> Joined Cases C-682/18 and C-683/18, *YouTube*, (2021) EU:C:2021:503, paras 115–116. See also See The Opinion of Advocate General Saugmandsgaard Øe in Joined Cases C-682/18 and C-683/18, *YouTube*, (2021) EU:C:2021:503, paras 189–190.

<sup>284</sup> Recital 42 of the DSA.

<sup>285</sup> Recital 43 of the DSA.

and 14, to monitor the information which they transmit or store, nor a general obligation actively to seek facts or circumstances indicating illegal activity. This principle should be interpreted as there being no *de jure* nor *de facto* obligations to monitor.<sup>286</sup>

The wording highlight quite clearly, that ISSPs are not expected to monitor activities in which they act as an intermediary in a manner deemed to fall under Articles 4–6 of the DSA. The wording does, however, suggest that there is no ‘general’ obligation to monitor, and such obligations might exist in specific instances. The provision should not be understood as excluding orders made by national authorities in accordance with national law.<sup>287</sup> This includes the possibility to impose duties of care which can be reasonably expected to be taken, especially in relation to certain types of illegal activities.<sup>288</sup> As it stands, since there are no general obligations to monitor, the responsibility of ISSPs when acting as intermediaries is to be understood as such that they must only act on the conditions that they are internally or externally notified of the existence of illegal content.<sup>289</sup>

The ratio behind the absence of the obligation to monitor is quite straightforward in light of the exemptions provided by Articles 4–6 of the DSA along with the thresholds of knowledge pursuant to Article 16 (2) of the DSA. Even in the case that the process of the information society service is not automated, it may not be immediately obvious whether the use of a trademark within the course of trade is legitimate or illegitimate. For example, if product displaying a trademark such as ‘Louis Vuitton’ were to be marketed on an information society service provider’s website, the commissioner of advertising services may be either an authorized reseller, representative or second-hand reseller. This is highlighted in recital 22 of the EUTMR, which states that the proprietor of an EU trademark is not entitled to prohibit the use of a trademark by a third party in relation to goods which have been put into circulation, under the trademark, either by the proprietor

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<sup>286</sup> Recital 30 of the DSA.

<sup>287</sup> Recital 47 of the DSA.

<sup>288</sup> See recital 48 of the DSA.

<sup>289</sup> While not a general obligation to monitor, the intermediaries have obligations to act diligently to process facts and circumstances in specific instances. See The Opinion of Advocate General Saugmandsgaard Øe in Joined Cases C-682/18 and C-683/18, *YouTube*, (2021) EU:C:2021:503, paras 175, 185.

or with the proprietor's consent. Therefore, the responsibility to defend their rights is placed primarily on the proprietor of which they are able to do with effective notice and action mechanisms.

Pursuant to Article 7 of the DSA, the intermediary service providers may take voluntary actions in order to detect, identify, remove or disable access to illegal content of their own accord, provided such actions are conducted in good faith and in a diligent manner. Such actions may not provide a basis for the ineligibility of the exemptions of Articles 4–6 of the DSA. According to recital 26 of the DSA the providers concerned should, in fact, take reasonable measures to ensure that, where automated tools are used to conduct such activities, the relevant technology is sufficiently reliable to limit to the maximum extent possible the rate of errors. Voluntary actions should not be used to circumvent the obligations of providers of intermediary services under the scope of the DSA. Such voluntary actions appear to be a common practice in the operations of ISSPs via the application of automated technical tools, especially in relation to the detection of counterfeit goods in e-commerce platforms.<sup>290</sup> Considering the voluntary nature of said activities, it would be unreasonable for them to fall outside the application of the exemptions provided by Articles 4–6 of the DSA.

Even in the case of voluntary actions, the service providers must provide information relating to these procedures within their terms and conditions pursuant to Article 14 of the DSA. As such, they must include information on any restrictions that they impose in relation to the use of their service in respect of information provided by the recipients of the service, in their terms and conditions. That information shall include information on any policies, procedures, measures and tools used for the purpose of content moderation, including algorithmic decision-making and human review, as well as the rules of procedure of their internal complaint handling system. It shall be set out in clear, plain, intelligible, user-friendly and unambiguous language, and shall be publicly available in an easily accessible and machine-readable format.

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<sup>290</sup> The Office of the United States Trade Representative 2024, p. 23–24, 31.

## 5 Conclusions

Placing legal responsibility to intermediary service providers for trademark infringement conducted in digital marketing in the form of civil or criminal liability as well as responsibilities to take action prerequisites that trademark infringement can be established. The establishment of trademark infringement in digital marketing communicated through automated technical means provides that the intermediary must have either knowledge or control over the nature of the commercial communication conducted through the service provided by the intermediary ISSP. As the prevalent doctrine examined in this study has highlighted, the intermediary does not itself use a sign in the course of trade insofar as they lack control or knowledge over the contents of the communication, provided that the involvement of the intermediary service provider is of 'mere neutral, technical and passive' nature and is in compliance with the provisions of Articles 2–4 of the DSA as well as the requirements of transparency in the origin and information to be provided of the commercial communications provided by Article 26 (1) of the DSA.

In a general manner, trademark infringement in digital marketing has certain differences, or special characteristics when it comes to the de facto doctrine regarding cases of double identity and likelihood of confusion. The doctrine adopted by the CJEU and EGC seems justified considering the factual differences between the real-world and online environments, although, the decision does not exist without due criticism. Further research into especially the concept of 'an average internet user' in relation to the concept of 'relevant public' is needed.

It is necessary to place some requirements for intermediary service providers as they possess significant control over the market and are often in the best position to intervene on the illegal conduct of their own clients. The general doctrine requiring that the intermediaries are without control nor knowledge of such actions does, however, provide a general exemption of their liability, provided that they act in a sufficient manner when knowledge is acquired. Requiring excessive efforts to monitor or otherwise examine traffic conducted through the services provided by

the intermediary would result in undue burden and barriers in the business of the intermediary.<sup>291</sup>

While they are, in fact, often in the best position to intervene and remove illegal content or activity, intermediaries should not be held excessively responsible for such actions for which they have merely provided technical means. The opposite is the case, however, when they are or become a willing participant by active or passive action. Passivity in relation to failure to take action after acquiring knowledge may lead to further damages to right holders. Thus, the liability of intermediaries should be understood as encompassing their contribution to the damage suffered insofar as their role exceeds the exemptions provided by Articles 2–4 of the DSA.

An argument could be made that the possibility of liability regarding illegal activity such as the sale or advertisement of counterfeit goods may lead ISSPs into a practice, in which they attempt to remove such content without reporting such activity to authorities in order to limit their own liability.<sup>292</sup> Such course of action would likely be beneficial to consumers and rightsholders regarding trademark protected products. However, illegal online activity as a greater social concern might be able to benefit from such a status quo. The removal of illegal or infringing content from more popular ISSPs might funnel such information and activities to ISSPs with less efficient safeguards and be able to flourish regardless. The removal of content might prove burdensome in civil or criminal procedures as evidence might pre-emptively be removed and thus inaccessible. From this perspective, it might be beneficial to clarify the codes of conduct of intermediary ISSPs in processing, assessing, documentation and reporting information regarding illegal and infringing information or activity. While the DSA provides a lot of groundwork for these procedures, the effectiveness of the Regulation exceeds the scope of this study.

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<sup>291</sup> See The Opinion of Advocate General Sánchez-Bordona in C-567/18, *Coty*, (2020) EU:C:2020:267, paras 77–81.

<sup>292</sup> Lodder 2022, p. 54–55.

As a final remark, it should be specifically noted that the findings presented in this study provide only a baseline interpretation of EU level principles. Based on the examination of the case law cited in this study, the CJEU has somewhat refrained from providing strong interpretations in Member States' national opposition proceedings. As such, the examination presented in this study cannot be universally applied in the EU at large. The application of these principles provided by the EUTMR, the TMD, the e-commerce Directive and the DSA in national proceedings necessitates further research.