

# Is US Amazon 'targeting' UK and EU consumers?

**Paul Sweeden, Associate at Locke Lord LLP, evaluates the *Lifestyle Equities CV and Another v Amazon UK Services Ltd and Others* [2021] EWHC 118 (Ch) case, and what it means for trademark use in online retail.**

In a recent decision involving the use of an identical sign for identical goods of a registered trademark on a website, the English High Court (the "**Court**") held that various "BEVERLY HILLS POLO CLUB" ("**BHPC**") UK and EU registered word and logo trademarks were not infringed by Amazon<sup>1</sup>.

The key legal issue in the case concerned the medium by which the alleged infringements took place, namely through various e-commerce platforms controlled/operated by Amazon. In particular, it was alleged that these platforms enabled consumers within the UK and EU to purchase BHPC-branded goods, which – while lawfully manufactured and marketed for sale in the US with US rights-holder's consent – had not been put on the market by or with the appropriate owner consents in the UK or EU.

The main legal issue for the Court to consider was whether the use of a sign on a website constituted use of a sign in the relevant territory, and in particular whether the US-facing Amazon website was targeting consumers within the UK and EU.

## Background of dispute

The claimants' Lifestyle Equities CV and Lifestyle Equities BV ("**Lifestyle Equities**") were the exclusive licensees of a portfolio of UK and EU word and logo trademarks, including "BEVERLY HILLS POLO CLUB" (the "**BHPC Marks**"). Lifestyle Equities sold clothing and similar goods under the BHPC Marks throughout the world, including in the US, EU and United Kingdom.

In 2008 there had been a split in ownership, which resulted in the territorial use of the BHPC Marks and associated business activities being divided between the jurisdictions of the US, EU and UK. Lifestyle Equities brought a claim of trademark infringement against the defendants, who comprised of members of the Amazon group of companies ("Amazon") that operated e-commerce websites, including its US-facing website at amazon.com, together with the UK



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and German websites (the "Amazon Websites").

The claim of Lifestyle Equities centered around whether goods bearing the BHPC Marks that had been lawfully produced and marketed for sale in the US were also being sold, or at the very least visible and marketed by Amazon Websites, within the UK and EU. The availability of US products bearing the BHPC Marks on Amazon Websites was alleged by Lifestyle Equities to infringe its UK and EU trademark rights.

## The Decision

First of all, it is important to note that the EU and UK have developed two different approaches in determining "use" in the context of the internet. The European Court of Justice has developed the concept of "*targeting*", ensuring that trademark protection does not extend beyond the territorial boundaries of the EU, whereas the English courts apply an average consumer test to establish whether a product is being targeted at a particular location. The Court, in agreeing with Amazon, concluded that the average consumer's perception of *targeting* (i.e. the test in establishing "use" within the jurisdiction) was a broad one, and that account had to be taken of all relevant circumstances of the matter in hand, including data, viewing figures and volume of traffic and Amazon's subjective intent. The simple fact that a website was accessible within the UK and EU was not a highly supportive factor in isolation.

In an attempt to further support its case, Lifestyle Equities placed reliance on the *Blomqvist* case, citing its broad interpretation of trademark infringement via a foreign website. In particular, Lifestyle Equities claimed that if BHPC products had been sold (or at least marketed) through amazon.com to consumers within the UK or EU, such conduct would amount to an infringement even if amazon.com did not target UK and EU consumers and even if the sale legally took place outside the EU.

In the context of the *Blomqvist* decision, the Court considered whether the absence of direct

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targeting of UK and EU consumers from amazon.com could still enable Lifestyle Equities to claim that the sale of BHPC products established use of the sign in the UK and/or the EU. The Court went on to distinguish *Blomqvist* from the present case for a number of reasons, including that there was no analysis of *use of the sign in the course of trade* and that the CJEU in *Blomqvist* was interpreting the Customs Regulation (1383/2003) concerning the destruction of counterfeit goods – meaning that the CJEU arrived at its decision in an entirely different context to the present dispute.

Lifestyle Equities argued that such listings under the BHPC Marks, on the Amazon website, were targeted at UK and EU consumers because, while the UK and EU were not specifically targeted by amazon.com, the website effectively targeted the world, not just the US. The Court rejected this line of argument for a number of reasons:

- Established case has held that mere accessibility of a website cannot constitute *targeting*. Otherwise, a finding that a website simply targets the world would damage the jurisdictional scope / concept of trademark rights (i.e. a trademark is not a global monopoly);
- *Targeting* in fact requires offers for sale and advertisements to attract sales from a jurisdiction in which the relevant trademark was registered. In that respect, whether the relevant test was that from the perspective of the average consumer, or from data of sales and viewing figures, the Court held that it was clear that BHPC-branded products listed on amazon.com were not targeted at the UK and EU. The average consumer in the UK/EU who managed to locate those Amazon listings would have deliberately searched for the specific content and would not have been put off by significantly high shipping and import costs. It would have also been clear to the average purchasing consumer that they were buying such products from the US and from the US website of Amazon in particular. The insignificant number of consumers that had actually gone on to purchase BHPC-branded goods from amazon.com must have had a specific reason for doing so, but that could not lead to a finding that those listings were targeting the UK and EU markets.

Given that UK and EU sales of BHPC-branded goods were extremely low and any damage suffered by Lifestyle Equities would be on *de minimis* scale, the Court also held:

- The sale of products bearing the BHPC Marks via Amazon's US facing websites

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- <sup>1</sup> The Court also held that a small number of Amazon listings were targeted at UK consumers via its Amazon Global Store before 2019, which amounted to trade mark infringement, but was prior to Amazon's implementation of technical restrictions on its e-commerce platforms.
- <sup>2</sup> *Flowers Inc. v Phonenames Ltd* [2000] E.T.M.R. 369

did not constitute trademark infringement of the BHPC Marks. In particular, contractual terms and conditions stipulated that a purchaser took title to the goods in the US and was the importer of record and primarily responsible for the payment of taxes and import duties;

- Third party sellers of BHPC-branded goods via amazon.com did not involve sales by Amazon, so Amazon could not be liable for any trademark infringement in respect of sales of such products.

### Case comment and existing case law

The decision provides further clarity on what constitutes targeting of consumers via a website, as well as providing useful input on the application of the average consumer test. Indeed, the decision to a large extent is relatively consistent with existing case law on targeting of consumers within the UK and EU via an e-commerce platform.

For further context, it is helpful to look back at previous case law on this issue, going back as far as 2002 in the High Court appeal case of *Flowers Inc.*<sup>2</sup>. In *Flowers*, it was argued by the claimant that use of the trademark on any website potentially demonstrates an intention to use the mark within the jurisdiction, because use on a website took place in an “omnipotent cyberspace”. The judge dismissed this assessment, holding that for trademark law purposes, use on a website should not be regarded as use everywhere in the world simply because the site was globally accessible. The judge considered that it would be absurd for trademark law to intrude where it would be clear to anyone visiting a website that the owner's intention was only to address a specific community. A quote from the judge which aptly sums up the rationale of the present decision:

“I questioned this with an example: a fishmonger in Bootle who put his wares and prices on his own website, for instance for local delivery, can hardly be said to be trying to sell fish to the whole world or even the whole country. And if any web surfer in some other country happens upon that website he will simply say “this is not

## Résumé

### Paul Sweeden, Associate

Paul Sweeden is an Associate in the London office of Locke Lord LLP and a member of the Intellectual Property Group. Paul's practice covers all aspects of intellectual property law, with a particular focus on trademark and copyright disputes as well as advising on a variety of UK and European patent related issues for clients. Paul also has experience dealing with intellectual property brand management. Paul is experienced in managing complex IP disputes on behalf of some of the world's best-known brands.

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for me” and move on. For trade mark laws to intrude where a website owner is not intending to address the world but only a local clientele and where anyone seeing the site would so understand him would be absurd. So I think that the mere fact that websites can be accessed anywhere in the world does not mean, for trade mark purposes, that the law should regard them as being used everywhere in the world.” [2000] E.T.M.R. 369

Since that decision and with the increase in infringement claims involving websites, the courts have added various factors and tests on a case by case basis in order to determine what constitutes targeting and, thus, use within the UK and EU. Those previous decisions could be viewed as having been made in the furtherance of public policy, namely to ensure that e-commerce cannot be used by a trademark owner as a means to create a global trademark monopoly on the basis of a jurisdictionally limited trademark right. To hold otherwise would undermine local trademark law and disrupt the entire trademark system.

Indeed, to ensure that a trademark is used as a means of enforcement only within its jurisdictional limits, case law has evolved to require an aggrieved trademark owner to demonstrate as a matter of fact by way of evidence that the

website is infringing the owner's trademark within the UK and/or EU. By way of non-exhaustive example, when determining the issue the courts will consider whether the goods are offered for sale in the relevant currency, as well as the shipping options that are available. The courts will also consider relevant data, including whether UK/EU consumers are accessing the website directly, rather than being targeted: were consumers required to carry out research prior to locating the material, for example? Further, the courts will consider whether advertisements were intentionally directed at UK/EU consumers (raising an assumption on the part of the UK/EU consumer that the website was targeting them). In addition, the website's terms and conditions of sale are a relevant factor when determining where the sale is deemed to take place and the extent to which the consumer is deemed to be the importer of the goods.

As such, as this decision demonstrates, use of a trademark on a website is not in itself evidence of targeting or use within the UK and EU. Indeed, all relevant factors are taken into account when arriving at a decision as to whether a website is targeting UK/EU consumers. Therefore, for the reasons set out above, the Court found no evidence that Amazon was targeting UK/EU consumers, making its decision a relatively straightforward one.



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