

**LIFESTYLE EQUITIES CV AND
LIFESTYLE LICENSING BV
V AMAZON UK SERVICES
LIMITED AND 4 OTHERS
(2022) EWCA CIV 552; A
QUESTION OF EXPEDIENCY
VERSUS TRADEMARK
INFRINGEMENT.**

In a world that is a global village, where the access to internet has undoubtedly facilitated trade across continents, the position of e-commerce within the legal framework of protection of intellectual property rights has increasingly become a basis for recent cross-border intellectual property law disputes.

It is against this backdrop, that the Civil Division of the Court of Appeal of England and Wales has delivered a land mark decision substantiating what falls within the parameters of use of a sign by a third party in the relevant territory for purposes of establishing liability in trademark infringement by e-commerce businesses. In particular, do advertisements and offers for sale on an online e-commerce platform like Amazon fall within the definition of use in the relevant territory? Should the above activities be interpreted as targeting a particular class of customers so as to amount to 'use' within the course of trade?

Introduction

The brief background of this case is that Lifestyle Equities CV and Lifestyle Licensing BV (Lifestyle) are respectively the owner and the exclusive licensee of various UK and EU trademarks consisting of either the words BIVERLY HILLS POLO CLUB or a logo comprising those words together with a device of a horse and a rider registered in respect of various goods.

Lifestyle instituted a claim against Amazon for infringement of their trademarks by advertising, offering for sale and selling US branded goods to consumers in the UK and the EU.

The High Court dismissed the claims by Lifestyle whereupon it determined that an average consumer knew full well that they were viewing or shopping on the Amazon website that is primarily directed at US consumers. The website in question contains millions of offers for sale or advertisements to target UK/EU.

The trial Judge concluded that the offers for sale and advertisements by Amazon and listings on Amazon.com were not designed to specifically attract sales from the UK and EU where the Lifestyle's trademarks are registered. In absence of the deliberate targeting of UK and EU consumers by Amazon and a direct connection between Amazon's activities and the territory of registration of the Lifestyle's marks, the claim could not succeed.

Lifestyle appealed against the decision of the High Court. The Court of Appeal reversed the decision by finding that all of the advertisements and offers for sale in issue amounted to use of the relevant signs in the UK and EU by finding that;

1. That the offer for sale made in the "Review your order" page was targeted at UK consumers.
2. Taking the full product details page, it was targeted at the UK because not only did it state in two different places "Deliver to United Kingdom", but also it stated specifically that "this item ships to United Kingdom", that it

- could be delivered by a specific date and also provided the shipping cost. The website clearly showed the UK consumer that they could buy the item and Amazon would arrange for it to be shipped to them in the UK.
3. The findings of the Court applied to all the business models of Amazon namely Amazon Exports-retail, Amazon Global Store, Merchant Fulfilled Network Export model and fulfillment by Amazon Export.
 4. Amazon's sales of US branded goods incorporating Lifestyle trademarks to UK and EU consumers constituted 'use' of the signs in the relevant territory which fell within the category of infringing use.

Significance

This decision has overlapping implications on the way e-commerce platforms lay out their on-line platforms for purposes of enabling their customers easily navigate the platforms for purposes of utilizing the services offered by them and purchasing products. These platforms ought to balance between the need for convenient use and easy navigability of the on-line platform and the compliance with intellectual property rights of the territories within which these users who access the online platforms are situated.

The High Court dismissed a section of Lifestyle's factors upon which they relied to justify that Amazon was liable for deliberate targeting UK/EU customers. The Court reasoned that it was simply evidence that Amazon always strives to provide an easy customer experience. These included statements about delivering to the UK, shipping to the UK, pricing in GBP and Amazon handling import duties.

In contrast, the Court of Appeal relied on the same factors to find that Amazon's offer for sale and advertisements amounted to use of the relevant signs in the UK and the EU which amounted to infringement of Lifestyle's trademarks.

Therefore, the question to ponder about is at what point should global e-commerce businesses draw the line between activities that may be interpreted to be trademark infringement by courts of law and those that facilitate convenient use of their platforms by the customers?

In court's view, in order to find that a global e-commerce business' activity amounts to trademark infringement, the determination lies in the wholesome analysis of the facts of each case. The test is that from the perspective of the average consumer, the foreign trader's internet activity must be seen as targeting at consumers in the UK. The requirement for this is hinged on the universally accepted principle that trademarks are territorial in nature. To impose liability for trademarks infringement in a particular territory on a foreign e-commerce business that has global presence simply based on the fact that it easily attracts consumers worldwide due to its easy accessibility from anywhere in the world would be up surd!

Therefore, in the present case, the distinction between infringement and convenience to use lay in the fact that the entire lay out of the platform and steps undertaken by a consumer to navigate and use the platform, was manifestly intended to target a

consumer from the UK. This intention was shewn in the fact that Amazon was not only aware that the purchaser was located in the UK and the currency for payment was GBP but also undertook to make all the necessary arrangements for the goods to be shipped, imported and delivered to the consumer in the UK.

The high level of control exercised by Amazon during the transactions from the point of placing the order till the final delivery of the items purchased rendered it liable for “use” of the mark within the UK.

Secondly, the decision places greater burden and responsibility on e-commerce businesses to take more precautions and pre-screening for compliance with prevailing intellectual property laws and practices in various countries prior to hosting third party products and or services on their platforms. E-commerce businesses will be compelled to factor in potential legal compliance risks like exposure to litigation proceedings like this one once they opt to host third party products and services on their platforms without carrying out exhaustive due diligence.

The decision may compel e-commerce businesses to tread carefully when deciding which of their services shall be accessible in various jurisdictions depending on the favourability of their respective intellectual property rights landscape.

Implications to Uganda’s e-commerce business environment.

Closer to home, the decision should be a wake-up call to e-commerce businesses to take further precautions prior to hosting third party products and or services on their platforms to ensure that the status and scope of ownership of intellectual property rights is clearly established; in the event of use in other jurisdictions becomes a bone of contention. The scope of due diligence inquiries will have to be wider than initially anticipated. In the near future, the cult favourite clauses of exclusion of liability in the event of claims of breach of intellectual property rights for content on the platforms by third party hosts may not succeed in the event of litigation.

Furthermore, e-commerce businesses will have to clearly define the position of the ancillary services that are accessed through their platforms meant to facilitate convenient and effective service delivery to users purchasing items or services on the respective platforms. E-commerce businesses have to clearly define the nature of their relationship with these ancillary service providers for purposes of explicitly limiting the scope of their liability in case of flouting of the law by these service providers.

The Court of Appeal seemed to have been persuaded by the fact that all the transaction communication to the customer was made by Amazon regardless of the fact that in one category of purchases on the site, a third party seller was revealed as the source of the products bearing the Lifestyle’s UK registered trademarks.

The above position also exposes e-commerce businesses to “intermediary liability claims” for infringement of trademark rights by foreign owners of intellectual property rights of products hosted and sold on their platforms. Pursuant to the Electronic

Transactions Act, an e-commerce service provider is only held liable for infringement of another person's rights if it is notified in writing that certain material hosted on its platform is infringing rights of another person and ignores it.

However, when it comes to liability for infringement of intellectual property rights, the above concept is still novel and our courts are yet to pronounce themselves upon rights. In practice, these e-commerce businesses are served with take down notices whereupon failure to abide by the demand, they are sued for copyright or trademarks infringement and in other cases; passing off.

In summation to all the above, the above decision will effectively shape how e-commerce businesses lay out their platforms to render easy navigability and use by potential customers. E-commerce businesses will have to strike a balance between convenient use and compliance with intellectual property rights. These businesses have to weigh the cost of efficiency and legal compliance when it comes to their business operations.

Needless to say, global e-commerce businesses have become a target for potential litigation claims by relatively unknown intellectual property rights owners alleging infringement of intellectual property rights of their lesser known brands. Nevertheless, the court has attempted to clearly set the parameters of what amounts to "use" in the course of trade for purposes of establishing infringement of trademark rights by on-line business platforms in another jurisdiction.

However, the key take away is that e-commerce business proprietors ought to streamline their operations to ensure that adequate pre-screening is done prior to hosting third party content on their respective platforms. Alternatively, e-commerce businesses may have to put in place mechanisms that facilitate the visibility of third-party product and or service providers on their platforms so as to render them liable in the event of claims for intellectual property rights infringement. Of certainty, is that this decision will influence how e-commerce businesses facilitate trade across the globe through their operations on their platforms. Of obscurity is whether these businesses will adopt an intrepid and stern approach or become more apprehensive in their online operations.



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