

French court slaps eBay

By JAMES COVERT

Last Updated: 1:15 AM, September 19, 2009

Posted: 1:15 AM, September 19, 2009

A French court slapped eBay for trademark infringement yesterday -- the most recent setback in a flurry of legal skirmishes between the online auction site and European fashion companies.

LVMH Moet Hennessy Louis Vuitton charged that eBay failed to adequately police keywords and links on its site that led shoppers to counterfeit goods. A Paris tribunal agreed.

LVMH, which last year in Paris won a \$61 million judgment against eBay for selling fake handbags, fragrances and other merchandise, was awarded a 80,000 euros -- far less than the 4 million euros it had demanded, eBay noted.

However, the tribunal said it would also fine eBay 1,000 euros for each additional infringement.

"That jumps out at you," said Michael Goldberg, a partner at law firm Pryor Cashman LLP, referring to the fine for future infractions. "Given the volume of transactions on eBay, the cumulative penalty could be enormous."

eBay said the decision "flies in the face" of a February victory against Polo Ralph Lauren that's on appeal in a Belgian court. In May, a British court likewise rebuffed a suit from L'Oreal that blamed eBay for sales of bogus fragrances and cosmetics.

Yesterday's defeat also contrasts with eBay's victory in New York last year against Tiffany, which had accused eBay of promoting counterfeit jewelry, noted Vano Haroutunian, a partner at Ballon Stoll Bader & Nadler.

"It's a lesson to any Web site that's accessible in France," he said.

Separately this week, eBay was lobbying the European Union to scrap rules that allow luxury manufacturers to choose who can sell their brands online.