

Louis Vuitton Case May Provide Alternative Avenue for Attacking Online Infringement

By: Shannon V. McCue, Esq.

Louis Vuitton, an international French fashion house and luxury brand, sued Akanoc, a California-based internet service provider, for hosting Chinese websites which sold counterfeit Louis Vuitton merchandise. Vuitton claimed that Akanoc knew that these sites were being used to sell counterfeit goods infringing Vuitton's trademarks and copyrights. A jury awarded \$32.4 million to Vuitton based on contributory trademark and copyright infringement claims. Of interest, this is seemingly the first case where an internet service provider has been held liable for contributory trademark infringement.

Contributory trademark infringement recognizes that a dealer that assists a manufacturer in confusing or deceiving others is liable for contributing to the confusion or deception of the ultimate purchasers. One that: 1) intentionally induces another to infringe a trademark; or 2) continues to supply a product with knowledge that the infringer is mislabeling the particular product being supplied, is liable for contributory trademark infringement. When services are involved, courts consider the extent of control exercised by the defendant over the third party's means of infringement. It is essential, however, that the accused contributory infringer knows of the infringement.

While the Vuitton case is unique in finding an internet service provider liable for contributory trademark infringement, commentators have argued that such liability is a logical extension of those cases which have found landlords contributorily liable for trademark infringement occurring on their property with their knowledge. In the context of a flea market landlord, courts have also held that the landlord cannot bury their head in the sand to avoid liability. That is, if a landlord suspects wrongdoing and deliberately fails to investigate, they will be held liable for contributory infringement.

In the Vuitton case, Akanoc hosted, on its servers in California, websites advertising counterfeit goods provided by Chinese companies. Vuitton found 1,000 sites on these servers containing the Louis Vuitton name and sent repeated notices to Akanoc that the sites it hosted were providing infringing merchandise. The jury found Akanoc and its owner Steven Chen liable for contributory trademark infringement.

Akanoc has filed post-trial motions attempting to overturn the jury's verdict chiefly on the grounds that U.S. law does not apply because any alleged infringement occurred in China. Unless the verdict is taken away from the jury due to Akanoc's motion, this decision will undoubtedly be appealed. Nevertheless, while this verdict stands, trademark holders are advised to notify internet service providers when websites that they are hosting are infringing their trademarks and/or providing counterfeit goods. The immediate benefit may be that the internet service provider cooperates and has the web site owner take down the infringing material or shut down the offending web site. Alternatively, this notice may be the basis for arguing that the internet service provider was aware of infringement and therefore should be held liable for contributory infringement.

Copyright 2009 Hahn Loeser & Parks LLP

Shannon V. McCue is an associate with the Cleveland office of Hahn Loeser & Parks LLP. He has significant experience representing corporations of varying size in complex commercial cases in state and federal trial and appellate courts. Shannon has also worked on litigation matters that have involved a wide variety of legal issues such as contracts, trademark infringement, unfair competition, copyright infringement, patent infringement, franchise law, and business torts.