

Swatch v Samsung: App Store Operators Are Not Intermediaries and Can Be Liable for Trade Mark Infringement

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The High Court of Justice of England & Wales has recently held Samsung liable for trade mark infringement for watch faces sold on the Samsung Galaxy App store (“Samsung’s Store”) and infringing Swatch Group’s trade mark rights. The [judgement](#) provides useful guidance on intermediary liability specifically regarding app store operators.

Background

Digital watch faces can be downloaded by an app store and uploaded to a smartwatch. In this case, the watch face apps were only available on Samsung’s Store and were only available for Samsung smart watches. The Samsung Store is managed by Samsung, and acts as an online platform where both Samsung and third party app developers can offer apps to consumers.

Swatch claimed that 23 of their trade marks were infringed by 30 watch face apps that were available on the Samsung Store between October 2015 and February 2019. Despite the fact that these apps were designed and offered for sale by third parties (i.e., app developers), Swatch argued that Samsung was still involved in and had control over the sale process. In their defence, Samsung argued that there was no case of trade mark infringement as Samsung had not used the trade marks but merely provided a platform for developers and, therefore, it should not be held liable based on the “safe harbour provision” (i.e., Article 14 of the E-Commerce Directive).

The Decision

The court decided that Samsung infringed the Swatch trade marks and took advantage of their reputation, as there had been active behaviour and control by Samsung in relation to the face watch apps and their availability on the Samsung Store. To come to this conclusion, the court took the following circumstances into account:

- Samsung decided to only design limited amount of apps and encouraged third party developers to create and offer for sale watch face apps on the Samsung Store. Samsung also offered assistance to app developers to create the apps and actively advertised the apps.
- Samsung has licence agreements with app developers in place, as this is a requirement for

developers who wish to use Samsung's materials and upload apps on the Samsung Store.

- The content review process allows Samsung to only allow apps considered to be appropriate and compliant with their technical requirements into the Samsung Store. Thus, Samsung's role went beyond providing a merely technical tool and Samsung has clear commercial interest in connection with the apps sold on the Samsung Store.
- Watch face apps act as an interface of the watch and a first interaction with the product. Thus, they denote the origin of the watch itself and can create confusion in the market or suggest that a link between Samsung and Swatch existed.

Safe Harbour Provision

Samsung could not rely on the safe harbour provision, according to which an intermediary cannot be held liable for infringing content on its platform if it does not have actual knowledge of the illegal content and, in case it does obtain this knowledge, acts expeditiously to remove or disable access to the content.

In fact, by reviewing all apps as part of the content review process, Samsung had obtained knowledge of facts such as the app name, the appearance of the watch face and the branding on the watch face. Accordingly, Samsung, as a diligent economic operator, should have identified and avoided the trade mark infringement.

Conclusion

This case provides useful guidance on online intermediary liability for app store operators and indicates that a distinction should be made between app store operators and online marketplaces, as app store operators generally have an active role in relation to the content promoted and sold on the app store, including review before publication, and should therefore be liable for trade mark infringement related to the apps sold on their stores.

As a result, app store operators should be aware that automated reviews, notice and take down processes as well as a specific pledge not to infringe intellectual property rights may not be sufficient to minimise the infringement risk. A thorough IP review of the content developed by third parties should also be undertaken to ensure that no third party's rights are infringed before the content is made available to consumers.

Sophie Verstraeten also contributed to this article.

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