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Paranoid Android: Samsung infringes Swatch's trade marks

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Swatch sued Samsung for trademark infringement, arguing that Samsung allowed users to download infringing watch face apps from its Galaxy App Store (“SGA”). The Samsung case[1] shows that the UK courts will take a different view, however, where a tech provider plays an active role in providing an ecosystem for third-party developers.

We have previously [discussed](#) the Swatch v Samsung decision in respect of intermediary liability. Here, we explore Samsung's appeal regarding its direct liability in allowing users to download infringing watch face apps from its SGA.

The Case

Samsung contended that they had not directly used the Swatch marks themselves, but merely created the technical conditions for watch face downloads via the SGA. Samsung claimed that the judge had taken a broad-brush approach in characterising their involvement as a commercial communication.

Samsung's appeal from the High Court was intervened by the CJEU's judgment in *Louboutin v Amazon*[2]. Louboutin extended e-commerce platform liability to include the hybrid scenario where platform operators provided their own offers as well as third parties'. Amazon were found to be directly liable and to be playing an active role in promoting third-party Louboutin items, with the uniform presentation of the Amazon-sold and third-party-sold goods an aggravating factor[3].

Here, the Court focused on Samsung's Galaxy Watch commercial model and the nose-to-tail process of app development and support. This included Samsung's 'hybrid' use within the SGA.

Samsung: more than just an intermediary – practical factors

The Court wasn't convinced that Samsung was a mere technical facilitator, noting Samsung's Galaxy Watch business model. This consisted of marketing, development and overall offering:

(i) Marketing

- promoting its smartwatches as truly watch-like
- advertising specifically a wide range of watch face apps in the wider SGA store

(ii) Development

- encouraging app developers to develop most of the watch face apps exclusively for, and operated only on, Galaxy Watches
- assisting app developers in various ways e.g. the Galaxy Watch Studio tool
- reviewing all apps for functionality and content before release

(iii) Offering

- relying on the watch face apps as being both crucial to the functioning of the Galaxy Watch as well as being a cosmetic veneer
- combining Samsung and third-party-developed apps in the SGA without any clear delineation
- fielding customer complaints and providing customer support post-sale

Overall, Samsung's symbiotic relationship with third-party developers went beyond mere technical hosting and a commission-based sales model. Samsung's business model was predicated on supporting third parties to do the heavy lifting in making the Galaxy Watch what it was advertised to be. Backend matters such as Samsung's content screening programme were also deemed irrelevant if they didn't affect consumers' end perception of the signs.

Takehomes

- Online platforms can be directly liable for trade mark infringement in certain circumstances, including where commercial relationships are strong and there is potential for post-sale confusion
- Online platforms would benefit from reviewing their commercial relationships with third parties and the robustness of their IPR tools
- Brand owners might target large platforms as well as individual sellers
- The decision may signal the beginning of a digital divergence between the UK and the EU when assessing infringement claims

Conclusion

Interoperability is a key feature of modern technology (see operating systems, cloud computing and AI models). The Samsung case will be welcomed by brand owners who are considering action against tech companies – with many owners already studying the operations of tech companies to see if they meet their requirements under the EU Digital Services Act (DSA). An online platform targeting UK consumers, with a vested commercial interest beyond infrastructure services, and a questionable IPR screening policy may find themselves on the wrong side of a UK trade mark infringement claim. Time will tell if the UK courts distinguish this case from others.

[1] *Montres Breguet SA & Ors v Samsung Electronics Co Ltd & Anor* ([2023] EWCA Civ 1478)

[2] Cases C-148/21 and C-184/21 – not binding on the Court post-Brexit but was persuasive because of the shared legal precedent between the UK and the EU pre-Brexit. The Court held that the judge had still arrived at the correct approach based on previous case law and the facts of the case

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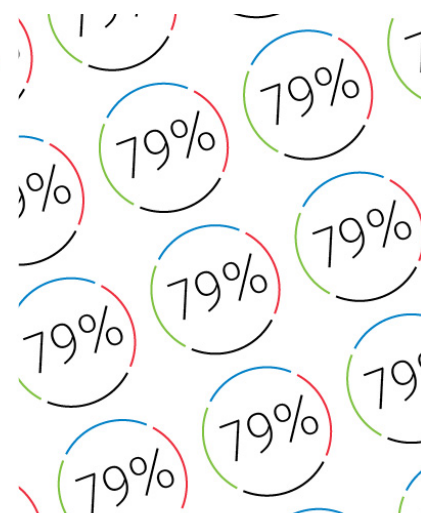
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