

20 Sep 2021 New precedential judgment: offering product for sale through 'hidden link' is presumed unlawful

Israel - [Gilat, Bareket & Co, Reinhold Cohn Group](#)

- The dispute involved Facebook, adidas and Diana Zohar, an individual who managed a Facebook group promoting branded products
- The court found that the purpose of the 'hidden link' scheme was to conceal the sale of counterfeits
- Individuals who use this kind of scheme have a heavier burden of proving that they are selling original products

In a case of first impression, the Tel-Aviv District Court has held that the offering for sale of products through a 'hidden link' scheme was unlawful, as it was aimed at camouflaging the trade in counterfeits. The decision was issued in the case of *Zohar v Facebook Inc* (CA 63470-05-10).

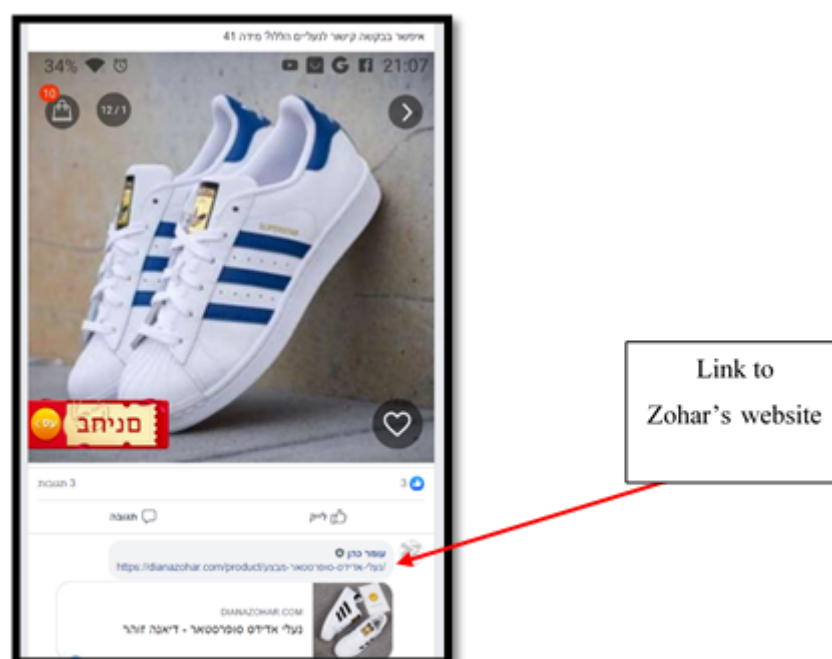
The lawsuit

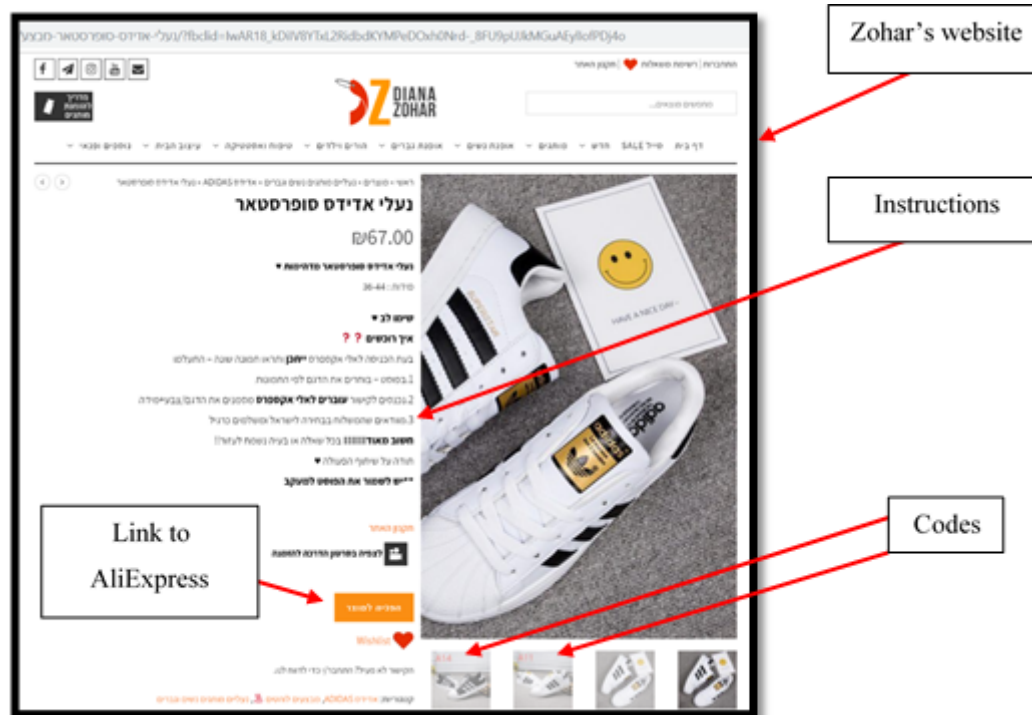
Plaintiff Diana Zohar managed a group on Facebook that promoted branded products. The group was shut down following complaints received by Facebook from different companies, including adidas, regarding the infringement of IP rights (including infringement of the ADIDAS trademarks) by the Facebook group. The plaintiff sought the restoration of her Facebook group via a court order against Facebook, while adidas was added as a formal defendant to Zohar's claim. adidas filed a counterclaim, along with a motion for an interim injunction requesting the court to order the immediate cessation of Zohar's infringing activity through the 'hidden link' scheme.

The 'hidden link' scheme

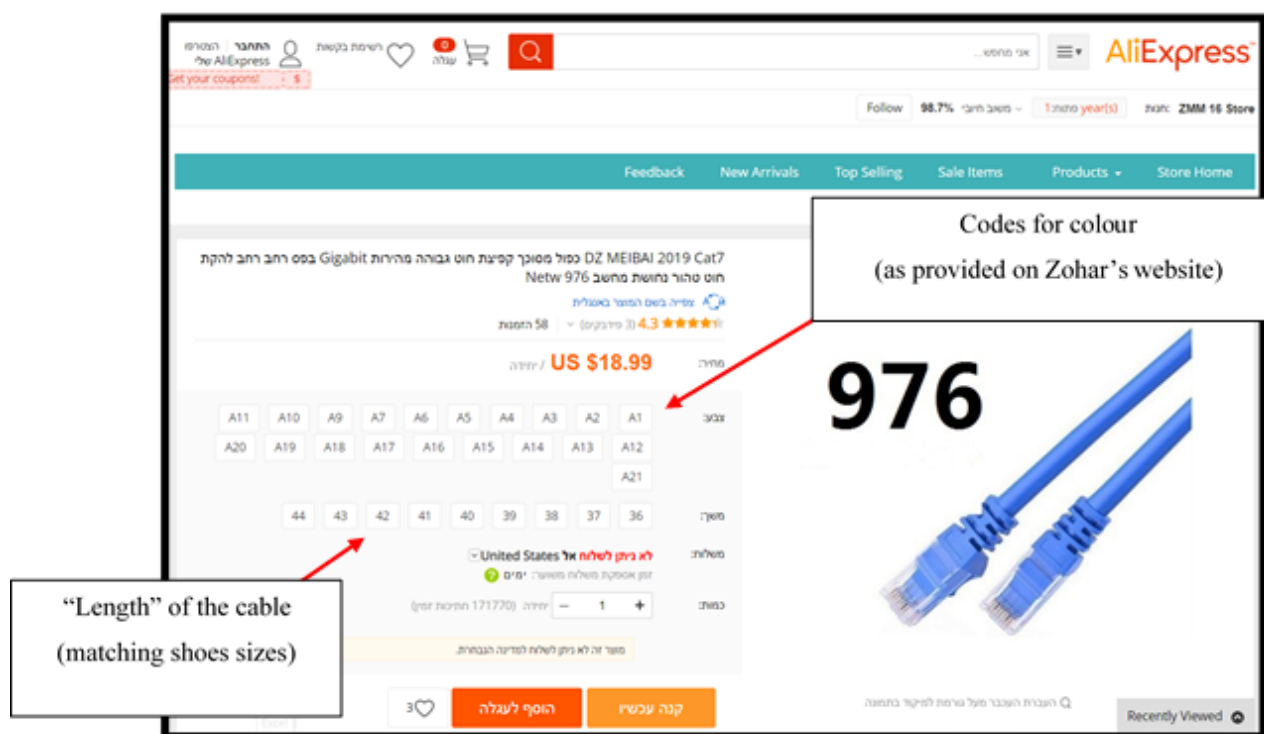
The scheme at issue consisted of a sophisticated process intended to mask the true nature of counterfeit products offered for sale on the Internet, and to conceal them from automatic search engines. Under the scheme, an advertisement for a branded product would be placed on a social media platform (eg, a Facebook group) in conjunction with a link to a website to perfect the transaction. The link would refer members of Zohar's Facebook group to Zohar's own website, where a link to AliExpress would be supplied to the potential buyer, alongside instructions for making the purchase. Specifically, the potential buyer was told that they were going to be referred to an online shop at AliExpress, where another product would be displayed (ie, not the product in which they were originally interested). Nonetheless, the product that would actually be sent to the buyer would be the product originally presented in the Facebook group, and not the non-infringing product showed on the online store. The method thus consisted of three steps:

- Step 1: The product was presented on a social media platform such as Zohar's Facebook group and/or website.





- Step 2: After clicking on the link to AliExpress, the user was sent to the AliExpress website where a generic and non-infringing product was displayed. To order the allegedly branded product, Zohar provided on her website codes that matched the generic product displayed on AliExpress.



- Step 3: After purchasing the generic product on AliExpress, the buyer received a counterfeit product.



As explained and proven by adidas and Facebook, the purpose of the scheme was to hide the sale of counterfeit products by using images of generic products, in order to evade the counterfeit detection tools of the companies entrusted with the online enforcement of the brand owners' IP rights.

Decision

The court dismissed the lawsuit against Facebook and accepted adidas' counterclaim, stating that the purpose of the 'hidden link' scheme was to conceal the sale of counterfeits in order to bypass the digital enforcement measures allowing brand owners to detect and stop counterfeit activity on the Internet. The court stated that individuals who use this kind of scheme have a heavier burden of proving that they are selling original products. In this regard, Zohar's defence claim that she merely advertised parallel-imported goods was rejected by the court, as she did not provide any evidence of this.

The court based its decision on direct evidence provided by adidas and Facebook, as well as on external circumstances, which reinforced the finding that Zohar was aware of the non-originality of the products recommended and marketed by her, and that she had knowingly acted to promote counterfeit products through her Facebook group and website. For example, Zohar distorted the brand names in her advertisements (eg,

by inserting asterisks in the names, such as "ad*das"), so that it would be legible to a human reader, but an algorithmic-robotic control would not detect the brand names.

Zohar was ordered to pay Facebook's costs and damages and costs to adidas totalling NIS150,000. Zohar was also required to cease advertising and marketing products bearing the ADIDAS trademarks.

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