IPR Protection & Enforcement: Challenges & Remedies - the EU Experience

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A few figures

The volume of counterfeiting and the development of trade on internet

➤ 2019 : 6.8% of all imports into the EU are counterfeit and pirated goods (EUR 121 billion - US$ 132 billion) EUIPO/OECD

➤ 2008-2018 : 1.6% growth of internet transactions worldwide (WTO)

In South-East Asia

➤ 2015-2019 : the volume of e-commerce transactions increased almost sevenfold (US$ 5.5 billion up to US$ 38 billion) (Google, Temasek, Bain)

➤ 2019-2025 : online trade will double in metropolitan areas and grow fourfold in on-urban areas (ibidem)
Challenges

Speed, costs, uncertainty

➤ Internet means speedy transactions and rapidly evolving technology

➤ Costs relate to the trials buyers and brand owners have to initiate in order to be compensated for the loss entailing from counterfeiters’ activities online

➤ Judicial proceedings have to be considered in different jurisdictions, with different legal concepts
The European Commission’s Response

The e.Commerce Directive and the Memoranda of Understanding: the “follow the money” approach

The European Commission (EC) has been acting

➤ as a law-maker: the E.Commerce Directive 200/31/EC

➤ as a facilitator for the development of best practices:
   ➢ the Memorandum of Understanding (MoU) on the sale of counterfeit goods via the internet
   ➢ the Memorandum of Understanding (MoU) on online advertising and intellectual property rights (IPRs)
The E.Commerce Directive (2000/31/EC)

Goals: to ensure the development of trade online while safeguarding the consumers’ interests and protecting the holders of intellectual property rights, i.e. to set up a balance between the various stakeholders’ interests.

Three principles will be agreed on:

➤ the liability of intermediary service providers under certain circumstances

➤ the introduction of out-of-court settlement of disputes

➤ the development of national codes of conduct
In the digital environment, intermediary service providers are numerous.

Intellectual property rights owners and consumers can be at risk in a number of places and via a number of tools available online: marketplaces, mobile applications, user-generated content sites, social networks, cyberlockers, content-sharing services, infrastructure providers, searching applications, online advertisers and payment processors.

For the purpose of this session, ISPs will be e-commerce platforms and social media.
The liability of intermediary service providers

The Directive sets a principle of limited liability

Instead of defining a global principle, the Directive indicates clearly when intermediary service providers (in particular hosting service providers) will not be held liable:

➤ the provider does not have actual knowledge of the illegal nature of the information stored

➤ the provider, upon obtaining such knowledge or being aware of the illegal nature of the information, has removed it or has disabled the access to it
Out-of-court settlements

The notice and take down procedure (NTD)

Under the Directive, a procedure based on the exchange of information between the intermediary service providers, on the one hand, the buyers and right holders, on the other hand, has been set up, whereby the dissatisfied user can file a complaint directly with the intermediary service provider about the illegal nature of the content (e.g. after receiving a fake product instead of the genuine one that was promoted via the sales offer online, or when a brand owner identifies suspicious offers or sellers via the monitoring of the e-platform).

This procedure can lead to the removal (the taking-down) of the listing connected to the offer.
National codes of conduct

Codes of conduct have appeared in a number of Member States under different forms: charters (France), ethics code (Austria), code of conduct (Denmark), etc.

The common feature between these different formats is to encourage exchanges between the rightholders and the intermediary service providers in order to:

➤ improve the out-of-court settlement such as the NTD procedure

➤ set up proactive measures, in order to detect offers of an illegal nature or sellers/wrongdoers via a better and shared knowledge of the features of the brands and branded products, on the one hand, and of the technical features of the online infrastructure, on the other hand.
The EU Memoranda of Understanding (MoUs)

The aim is to seek to disrupt and deter the supply side of the counterfeit market in a more efficient manner, to ensure ever more efficient and quick ways to make such illegal content to disappear from the online environment and, thus, to discourage counterfeiters altogether.

The general principles

➤ The cooperation under these agreements is voluntary
➤ There are regular assessments of how the agreements work in practice
➤ The MoUs are permanently open to new signatures
➤ The signature of the trade associations does not bind their members (however, they undertake to promote the MoUs with their members)
➤ During the period of assessment of the MoUs, no new litigation will be initiated between the signatories
A national example: Denmark

Denmark’s Code of Conduct (2014) allows for two distinct procedures: one aims at simplifying the implementation of a web blocking court order, the other one is purely non-judicial.

1. **“Share with Care”**
   - An association of rightholders is in charge of a claim of one of its members in court, to obtain a blocking order.
   - This association notifies the order to the Telecom Industry Association.
   - The Telecom Industry Association must implement the court order within 7 days.
   - Once the website is blocked, an information is placed on the website to inform the users and redirect them to a dedicated website (“Share with Care”) run by a forum gathering the Ministry of Culture, the national Agency for Digitisation, the Telecom Industry Association and the Rightholders association/“Alliance”.

1. The “web nudge” - “semi-blocking”: a page pops up on the user’s way to inform him/her of the existence of an illegal content. The user is free to continue (89% chose not to continue, 2014).
The MoU on the sale of counterfeit goods via the Internet (1)

First signed in 2011, it was assessed in 2013, updated in 2016 and assessed again in 2017.

The number of signatories has been growing.

The adopted strategy is based on three lines of action

➤ Platforms will make appropriate information available to potential sellers (unlawfulness of infringing goods) and buyers (how to avoid buying counterfeit goods) in cooperation with the right owners
➤ Proactive/preventive measures will be set up (e.g. vetting of sellers prior to allowing them to put their offers on line, continual assessment of their activity/performance)
➤ Existing NTD procedures will be made more efficient via the cooperation between the platforms and the right owners, and dissuasive action will be taken against repeat wrongdoers
The MoU on the sale of counterfeit goods via the Internet (2)

Good results have been achieved

- NTD procedures have been improved (an increase of 15% up to 50% in some cases of the number of listings removed or sellers barred altogether)
- preventive and proactive measures have been considered useful
- key performances indicators were introduced after the first assessment of the MoU to improve on the quantification of the offers of alleged counterfeit goods

An overall satisfaction of this format of cooperation has been expressed

Signatories now wish that the EC also acts as a mediator between the stakeholders, should the need arise
The Memorandum of Understanding on online advertising and Intellectual property rights (IPRs) protection (1)

The sale of advertising space is a source of revenue for websites and mobile applications. It “now accounts for about half of global advertising spending” (Digital Ad Spending 2019).

As a part of its “follow the money approach”, the EC therefore saw this MoU as a useful complementary tool to the MoU on sale of counterfeit goods on line.
The Memorandum of Understanding on online advertising and Intellectual property rights (IPRs) protection (2)

Signed in 2018, this MoU aims at avoid misplacement of advertisements on infringing websites and mobile applications.

Indeed, advertisements of genuine brands can be misplaced on websites and mobile applications hosting offers of an infringing nature.

As a result:
- consumers are mislead
- brands’ integrity is reduced
The Memorandum of Understanding on online advertising and Intellectual property rights (IPRs) protection (3)

29 signatories represent parties involved in placing, buying, selling and/or facilitating advertising: advertisers, advertising agencies, trading desks, advertising platforms, advertising networks, advertising for publishers, sales houses, publishers and Intellectual property rights owners.

1. Advertisers undertake to take reasonable steps to ensure that the advertising is removed, once they become aware of the nature of the website or mobile application.

2. Advertising intermediaries undertake to allow advertisers or other media buyers, in their contractual agreements, to use and/or require the use of tools and safeguards so as to avoid misplacement on websites and mobile applications that infringe copyright, or that disseminate counterfeit goods on a commercial scale.
The Memorandum of Understanding on online advertising and Intellectual property rights (IPRs) protection (4)

Details about the results obtained over one year since the signature of the MoU are expected in a near enough future.

However, at a meeting in September 2019, signatories expressed their satisfaction:

- They welcomed the already successful results.
- They already decided to engage further in the development and use of new tools and technology.
Conclusion

More avenues are being explored, and new tools are being developed, to help towards the ongoing fight against counterfeiting activities.

To complement these actions, the EC is contemplating working with other intermediaries such as the transporters and the payment service providers.

New tools are being developed in the way of a database intended for advertisers (the BRIP Database - Build Respect for Intellectual Property - WIPO and the EC), and using blockchain solutions to link tracking systems to public Intellectual property databases.

“In times of innovation and fast moving goods and services consumption, everyone, from the authorities to the private sector, has to be creative and cooperative to tackle intellectual property challenges in the most efficient way” (EU Delegation).
THANK YOU

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