



Promoting Intellectual  
Property Rights in the  
ASEAN Region

## Session 3: Overview of Legal Remedies to Combat IPR Online Infringement

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## **Types of online IPR infringements**

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- **Sale and distribution of IPR infringing goods on e-commerce platforms, social networks and stand alone websites**
- **Illegal sharing and distribution of copyright protected works**
- **Cybersquatting and other IPR infringing uses of domain names**



## **Online IPR infringements damages, remedies and alternative solutions**

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**Counterfeit products damage businesses, have a negative impact on jobs and tax revenues, and often endanger the health of consumers**

**Growth in legitimate online trading = growth in illicit trade**

**The rule of law applies online just as much as offline**

**Non legislative solutions are also being experimented**

**‘Follow the money approach’**



## **Content**

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## 1) Civil, Administrative, and Criminal Remedies against Online IPR Infringement

### TRIPS Agreement (WTO)

**International standards for the protection and enforcement of IPR**, measures such as:

- Obtaining of evidence and information on the infringement and the infringer (Article 47)
- Application of preliminary measures such as preliminary injunctions (Article 50)
- Suspension of release of infringing goods by the customs authorities (Article 51)
- Criminal procedures and penalties (Article 61)

**EU legislation** sets out general conditions for **protecting and enforcing IPR**

**Other EU regulations can apply to IPR online infringements**

**EU Member States laws** provide clarification or additional measures



## 1) Civil, Administrative, and Criminal Remedies against Online IPR Infringement

### EU Directive on enforcement of intellectual property rights (2004/48): IPRED

#### **Civil measures, procedures and remedies necessary to ensure enforcement of the IPR:**

- **Measures for preserving evidence** (description, samples, physical seizure, materials...)
- **Provisional and precautionary measures: to prevent an imminent infringement or to stop an ongoing one** (interlocutory injunction, injunctions against intermediaries: national courts may issue injunctions imposing specific monitoring obligations)
- **Corrective measures:** recall from the channels of commerce; definitive removal from the channels of commerce; destruction
- **Injunctions** (prohibiting the continuation of the infringement)
- **Ensuring appropriate compensation for the prejudice suffered: damages**
- **Reimbursement of legal costs**
- **Publication of judicial decisions**



## 1) Civil, Administrative, and Criminal Remedies against Online IPR Infringement

### EU Directive on e-commerce (2000/31): liability of internet intermediaries

*Principle* : Intermediaries are not obliged to monitor the information, which they send or store, nor do they have general obligation to actively seek facts or circumstances indicating illegal activity.

*Exception* : **If an intermediary has obtained knowledge or has become aware of such illegal activities the intermediary is required to act expeditiously to remove or to disable access to the information**

The Directive exempts intermediaries from liability for the content they manage if they fulfil certain conditions :

- Service providers hosting content, once they are aware of the illegal nature of the hosted content, they need to remove it or disable access to it expeditiously
- To be covered by the liability exemption they have to play a neutral, merely technical and passive role towards the hosted content



## 1) Civil, Administrative, and Criminal Remedies against Online IPR Infringement

### EU Regulation on customs enforcement of IPR (1383/2003 and 608/2013)

Contains provisions for IPR holders on how to ask protection to customs: **application for action**, submission of important and urgent information

Determines procedures for customs to follow in case of identification of goods suspected of infringing an IPR (procedural rules for customs supervision or control on the EU external borders)

Provides provisions for cooperation and exchange of information between customs and IPR holders

**63% of all EU customs seizures** of counterfeit and pirated goods are **small parcels sent through postal or courier services** (OECD 2018)

Top provenance countries of EU detention cases in 2017: **China (73%), Hong Kong (10%)**



## 1) Civil, Administrative, and Criminal Remedies against Online IPR Infringement

### EU legal instruments applied to IPR online infringements

**European Investigation Order (EIO):** judicial cooperation between EU Member States :

- requesting information on bank accounts
- freezing or confiscation of the deposits of such accounts
- locating and seizing servers used for suspected infringements
- interception and seizing of counterfeited products before they reach the consumer

**European Arrest Warrant (EAW):** simplified cross-border procedure for prosecuting or executing a custodial sentence or detention order; extradition of infringers or suspected infringers from other EU Member States

**Money laundering**



## 1) Civil, Administrative, and Criminal Remedies against Online IPR Infringement

### **Criminal measures:**

Criminal law is not harmonised by EU law

IPR infringements may be subject to criminal sanctions

Complaint to the relevant public enforcement authority or authorities initiate *ex officio* investigations and criminal proceedings independently

French Cybercustoms' collect information (on their initiative or citizens reporting) relating internet frauds, including IPR online infringements, for a judiciary treatment and criminal/customs sanctions



## 1) Civil, Administrative, and Criminal Remedies against Online IPR Infringement

### **Criminal penalties in France:**

4 years imprisonment and 400 000 € fine for anyone who offers for sale or sells counterfeit goods

If this offense is committed in an organized network or online, the maximum penalty incurred is increased to 7 years of imprisonment and 750 000 € fine

These amounts are doubled in case of recidivism

Total or partial closure, definitive or temporary, for a period not exceeding five years, of the establishment used to commit the offense

Confiscation of counterfeit goods and equipment

Publication of the judgment



## 2) EU legal framework for addressing Online Infringements

**Most EU MS legislation on civil/criminal enforcement provide that judicial or administrative authority can :**

### **Require to terminate or prevent IPR infringements to e-commerce platforms**

- Takedowns of infringing sales offers
- Suspension/blocking of specific vendor accounts
- Suspension/blocking of future accounts of a specific account holder

### **Order an internet intermediary to disclose account information**

- Account holder identity and contact information
- the IP addresses that are used for the infringing actions
- WHOIS information related to the domain name

### **Block of access to websites**

### **Domain name (DN) actions**

- Suspension of DN means the inactivation of the name servers assigned to a disputed domain name
- Transfer of a disputed DN from the present registrant to a new registrant
- Deletion or cancellation of DN registrations
- Seizure of DN (forfeiture or locking)



## 2) EU legal framework for addressing Online Infringements

### Effectiveness of legal remedies ?

**Traditionally**, companies pursue IPR infringements through the **judiciary or administrative system** (actions against suspected infringer: producer, distributor vendor)

**However**, such actions often fall short when it comes to effectively combat infringing actions in the online environment

Looking for **other ways** to pursue IPR infringements in the cross-border digital environment

**Online intermediaries** important role in managing online behavior and enforcing the IPR

They offer a natural point of control for monitoring, filtering, blocking, and disabling access to content, which makes them ideal partners for performing civil, administrative and criminal enforcement



## 2) EU legal framework for addressing Online Infringements

**Complement or alternative to legislation: non-judicial enforcement measures**

**Building trust between legal economic actors: IPR holders and internet intermediaries**

**Voluntary mechanisms between stakeholders: collaborative approach**

**Coordination of result oriented dialogues by European Commission / Member States**

**Practical solutions to better enforce IPR online**

**Constant technological advancements**

**'Follow the money' approach: Disrupting the revenue flow for commercial scale IP infringing activities through voluntary agreements**



## 2) EU legal framework for addressing Online Infringements

### Memorandum of Understanding on the sale of counterfeit goods via the internet

(signed in 2011, adapted in 2016)

A voluntary agreement facilitated by the EC

MoU helps build cooperation between IPR holders, business associations and internet platforms

- **Prevent online offers of counterfeited products**
- **Remove quickly any counterfeited products detected**

Annual monitoring of the achievements, key performance indicators



## 2) EU legal framework for addressing Online Infringements

### Memorandum of Understanding on online advertising and IPR (signed in 2018)

Online advertising is a major source of income for IPR-infringing websites

Misplacement of ads is an important problem, with brands themselves often unaware of where their ads are ending up.

Presence of ads for household brands and well-known payment services on IPR-infringing sites often leads consumers to believe that the site they are visiting is legal when it is not

Voluntary agreement facilitated by EC

Signatories commit to minimise the placement of advertising on websites and mobile applications that infringe copyright or disseminate counterfeit goods

This will help to curtail the revenues of these websites and apps

Annual evaluation



## 2) EU legal framework for addressing Online Infringements

### Next steps of the 'follow the money' approach:

**EC will facilitate dialogues / MoUs in new other areas**

**Intermediaries and IPR holders could usefully cooperate to detect and dissuade commercial scale IP infringing activities**

### **Cooperation between IPR holders and:**

- 1) Their suppliers (supply chain auditing MoU)
- 2) Internet sales platforms
- 3) Payment service providers
- 4) Transport service providers



### 3) European Commission Recommendation on Measures to Tackle Illegal Content Online

**With the surge of illegal content online, online platforms have an increasingly important role to play and need to step up their social responsibility**

In its Communication of September 2017 on **tackling illegal content online**, EC promised to monitor progress in tackling illegal content online and assess whether additional measures are needed to ensure the swift and proactive detection and removal of illegal content online, including possible legislative measures to complement the existing regulatory framework.

EC Recommendation of March 2018 is **a set of operational measures** (accompanied by the necessary safeguards) to be taken by companies and Member States to further step up this work before it determines whether it will be necessary to propose legislation.

Recommendations apply to all forms of illegal content including counterfeit products and copyright infringement (but also terrorist content, incitement to hatred and violence, child sexual abuse material).



### 3) European Commission Recommendation on Measures to Tackle Illegal Content Online

#### Proactive and effective weeding out of illegal content

As a first step to effectively fight illegal content online, EC is proposing **common tools to swiftly and proactively detect, remove and prevent** the reappearance of such content :

#### 1. Detection and notification:

Online platforms should **cooperate more closely with competent national authorities**, by appointing **points of contact** to ensure they can be contacted rapidly to remove illegal content

**Speed up detection:** online platforms are encouraged to work closely with **trusted flaggers** (i.e. specialised entities with expert knowledge on what constitutes illegal content)

Establish easily accessible mechanisms to allow users to flag illegal content

Invest in **automatic detection technologies**



### 3) European Commission Recommendation on Measures to Tackle Illegal Content Online

#### 2. Effective removal:

Illegal content should be **removed as fast as possible**

Platforms should clearly explain to their users their content policy and issue **transparency reports** detailing the number and types of notices received

Internet companies should also introduce safeguards to prevent the risk of over-removal

#### 3. Prevention of re-appearance:

Platforms should take measures to **dissuade users from repeatedly** uploading illegal content

EC strongly encourages the further use and development of **automatic tools to prevent the re-appearance of previously removed content (filters)**

## 4) Initiatives outside the EU...

### CHINA

#### **New e-commerce law** (entered into force in January 2019) :

- Obligation to **check regularly information** (identity, contact info, administrative licencing...) (Article 27)
- Establish rules for IPR protection and **enhance cooperation with IPR holders** (article 41)
- **Right to notify** with preliminary evidence (Article 42)
- **Take necessary measures** such as deleting, blocking or disconnecting links and terminating transactions or services, if not then liability (Article 45)

#### **Main Chinese e-commerce platforms** have implemented European best practices such as preventive filters and big data for analyzing offers contents (prior to publication online) :

- Using keywords in association with trademarks, company names or geographical indications
- Removing products not manufactured by IPR holders
- Preventing the use of blurry pictures or logos
- Detecting unrealistically low prices
- Identifying repeat infringers



## 4) Initiatives outside the EU...

### CANADA

**“Project Chargeback”** (Canadian Anti-Fraud Centre in partnership with banks, Visa, MasterCard):

- Increase refunds and reduce losses incurred by consumers
- Reduce overall profits received by organized crime from sales of counterfeit and pirated goods
- Support and protect IPR holders

### USA

“Memorandum on Combating Trafficking in Counterfeit and Pirated Goods” adopted by D. Trump on 3<sup>rd</sup> April 2019: Report and Recommendations are expected by the end of 2019



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