

Advisory Committee on Enforcement

Thirteenth Session
Geneva, September 3 to 5, 2018

ARRANGEMENTS TO ADDRESS ONLINE IP INFRINGEMENTS

Contributions prepared by Israel, the United Kingdom and the European Union

1. At the twelfth session of the ACE, held on September 4 to 6, 2017, the Committee agreed to consider, at its thirteenth session, among other topics the “exchange of information on national experiences relating to institutional arrangements concerning IP enforcement policies and regimes, including mechanism to resolve IP disputes in a balanced, holistic and effective manner”. Within this framework, this document introduces the contributions of two Member States (Israel and the United Kingdom) and one non-state Member (the European Union) on various legislative and policy measures that they have taken to address online IP infringements.
2. The three contributions illustrate different approaches to the challenge of online IP infringements. The contribution by Israel discusses a number of legislative measures intended to curb copyright infringements in the online environment which have been proposed in a Bill to amend Israel’s copyright law. These include a broadened scope of liability for secondary infringements, provisions for the application and granting of site-blocking orders, procedures for the disclosure of the identity of infringing Internet users, as well as extended criminal liability. The contribution by the European Union focuses on self-regulatory initiatives targeting online infringements, particularly through voluntary agreements between right holders and different types of intermediaries. The contribution by the United Kingdom illustrates further instances of public-private cooperation in the fight against online infringements. It considers the role of the United Kingdom Intellectual Property Office in facilitating a code of practice between online search engines and the creative industries in order to stop search results from directing consumers to infringing websites. The contribution also discusses a partnership between the Police Intellectual Property Crime Unit and the advertising and creative industries aimed at preventing and disrupting copyright-infringing websites.
3. Together, the three contributions exemplify the range of tools available to lawmakers, law enforcers and right holders in addressing online IP infringements: from statutory changes, to soft law instruments, such as voluntary agreements and codes of practices. The latter two, in

particular, highlight not only the value of effective partnerships between public and private sector actors but also the important role that state authorities can play in bringing together and facilitating cooperation between different industry actors.

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PROPOSED ONLINE COPYRIGHT ENFORCEMENT MEASURES IN ISRAEL

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ABSTRACT

A Bill to amend the Copyright Law¹ was submitted to the Israeli Parliament in 2017 and is currently being discussed in public hearings before the Economic Committee. The Bill aims to create effective legal remedies for copyright enforcement in the online environment while simultaneously facilitating public online access to information and culture; preserving privacy rights; and providing platforms for the exercise of free speech and legitimate business activities. These measures include extending the scope of secondary infringement liability, site blocking in appropriate circumstances, court orders for the discovery of the identities of online infringers and extended criminal liability.

I. BACKGROUND

1. Establishing an exclusive right under copyright law is only meaningful if there are also effective means to enforce that right. The online communication environment has brought with it tremendous opportunities for access to information, culture, exchange of ideas and platforms for freedom of expression and commerce. However, the digital revolution has also led to new forms of copyright piracy which, if left unchecked, would limit the ability of authors to enjoy the fruits of their labor and the financial rewards derived from their work. Ultimately, it would act as a disincentive to the creation of new works of culture and information.

2. The opportunities and challenges created by the Internet are well known. National legislatures and courts around the world continuously struggle to craft regulatory schemes that simultaneously facilitate access to information and culture and also provide right holders with legal means to effectively enforce their intellectual property (IP) rights in the online environment.

3. Israel has a total population of less than nine million residents. The market for copyright-protected works in any language is relatively small but with regard to works in Hebrew, the residents of Israel are effectively the only market. Small markets are particularly vulnerable to the adverse impact of copyright piracy. In other words, where the financial success of authors of copyright-protected works is dependent on small markets with unique languages, those same authors will not be able to continue creating new works without affordable enforcement mechanisms to minimize the risks that their works are unlawfully copied. In Israel, the Government has recognized that the continued investment in the production of local language content is under threat from online copyright piracy.

* The views expressed in this document are those of the authors and not necessarily those of the Secretariat or of the Member States of WIPO.

¹ Copyright Law (Amendment No. 5), 5778-2017. Information, in Hebrew, on the status of the Bill can be found at: <http://main.knesset.gov.il/Activity/Legislation/Laws/Pages/LawBill.aspx?t=lawsuggestionssearch&lawitemid=2022457>.

4. The typical models behind online piracy involve web surfers using legitimate online platforms to find pirated content. Components of such business models may include tools that aggregate snippets of content into one accessible work, where each individual snippet itself may not even constitute an infringement. Similarly, copyright piracy may be facilitated through websites that do not host infringing content themselves but contain links, embedded or otherwise, to other websites hosting copyright-protected content that was not made available to the public at that particular site with the right holder's authorization. In these cases, it is often difficult to ascertain the identity of the infringing uploader or the owner of a website who, purposefully or innocently, provides links to web locations that store infringing content. Piracy is also enabled through computer programs that find infringing content and enable viewers to see it directly on their devices. Other variations of the copyright piracy-based business model exist and more will soon be invented.

5. With this reality in mind, the Intellectual Property Law Division of the Ministry of Justice held extensive consultations with right holders, academics, practitioners and the public at large in an effort to craft a Bill that would create effective and proportionate legal remedies for copyright enforcement in the online environment without inadvertently prejudicing privacy rights, access to culture or the exercise of free speech and legitimate business activities. The result of this work is Amendment No. 5 (Copyright Law) which was tabled in 2017 and is now pending in hearings before the Israeli Parliament.

6. The Ministry of Justice does not harbor illusions that this proposal will bring about the end of online piracy. Indeed, it is not aware of any legislation anywhere that can provide a silver bullet to end online piracy. The proposed amendment, in particular with regard to blocking orders, seeks to capitalize on the human tendency to gravitate to the easiest option for accessing online content. What the easiest option is often depends on a combination of factors, including price, quality, technical ease of access and consistency in results. Blocking orders should provide enough disruption to the ease of accessing content so as to cause many viewers to gravitate towards seamless non-infringing providers even where access to content may be subject to a fee.

7. The Bill has the following salient features, each of which will be elaborated further:

- creation of statutory definitions relevant to online enforcement;
- extension of the scope of secondary infringement liability;
- site blocking;
- discovery of identities of uploaders and streamers² of infringing content; and
- extended criminal liability.

II. STATUTORY DEFINITIONS RELEVANT TO ENHANCING ONLINE COPYRIGHT ENFORCEMENT

8. The enforcement provisions in the Bill relate to certain items that are not defined under the current Copyright Law. Hence, in order to make the new provisions operational and predictable it was determined to introduce definitions for certain terms, in particular for: "Internet website" and "access provider".

² A streamer is the person who streams content to the public.

9. "Internet website" will be defined as a location on the Internet that may be accessed by the public, either through prior registration or without access restrictions of any kind, for free or against payment. The definition of an "Internet website" will also include locations which are accessed by means of a computer program, for example an application installed on the consumer's end device that finds infringing content and displays it directly on that device. Finally, due to the global nature of the Internet, it is proposed to include within the aforesaid definition Internet websites stored on a server outside of Israel.

10. The blocking orders proposal is not directed towards Internet service providers in general, but, more specifically, towards "Internet access providers", which will be defined broadly as entities that, as their core services, facilitate access to the Internet. This will include entities that have received a license to provide telecommunications services under the Communications Law and entities operating under a general license for the provision of mobile radio telephone services.

III. EXTENSION OF THE SCOPE OF SECONDARY INFRINGEMENT LIABILITY

11. This element is probably the most unique aspect of the Bill and, if successful, may serve as a model for others to build upon. The concept of secondary or indirect infringement has long existed in Israeli copyright law, as well as the copyright laws of many countries, albeit largely in relation to unauthorized physical copies of works. In the world of physical infringing copies, secondary infringement liability applies to those entities that knowingly, or negligently, deal in infringing copies, usually in the context of a business, despite the fact that they themselves will not have made the infringing copies, nor authorized their making. The Bill proposes to extend the current secondary liability concepts to certain defined and limited instances of "making works available to the public". The proposed text states:

"(a) Where a work in which copyright subsists has been made available to the public ... without permission having been granted by the copyright owner, including after it has been made available as aforesaid for the first time, in a manner constituting a copyright infringement of making available to the public... and a person, in the course of business, performs an act which facilitates access of the public to an unlawfully made available work or which broadens the access of the public to it, with the purpose of gaining profit from such act and from the existence of such access, thereby infringes the copyright, if at the time of doing the act they knew or should have known that the work was an unlawfully made available work.

(b) A work that has been made available to the public, outside of Israel, with the permission of the copyright owner in the country in which it was made available will not, for the purpose of subsection (a), be deemed to be an unlawfully made available work."

12. Consequently, the extension of the concept of secondary liability will enable action targeting websites that contain redirection tools or links to sites where content has been made available to the public without right holder authorization, provided that the owner or operator of the websites carries out his or her connecting activities in the course of business, for commercial gain and with actual or constructive knowledge of the fact that the content was placed on that site without right holder authorization.

IV. SITE BLOCKING

13. In all likelihood website blocking will become a frequently used enforcement tool and perhaps even the most effective legal tool for disrupting online piracy business models. Blocking orders will not end online copyright piracy but the disruptions to viewers' ease of access to infringing content should cause many consumers to gravitate towards legitimate content providers who can guarantee consistent and seamless access in exchange for payment.

14. Israeli courts have granted blocking orders on the basis of their inherent authority or with the defendant's agreement. However, these orders have not been granted in a systematic or consistent manner and some courts have ruled that they do not have the authority to grant a blocking order directed at an access provider without specific enabling legislation. Given the utility recognized in blocking orders, together with the call by the judiciary for specific and comprehensive legislation in this field, the Intellectual Property Law Division of the Israeli Ministry of Justice prepared the proposal contained in the Bill.

15. The proposed legislation would prescribe specific procedures by which a right holder may commence legal action in court against an Internet access provider to obtain blocking orders in appropriate cases and upon fulfilment of certain specified conditions. The cost of conducting the blocking order would be borne by the applicant and not the Internet access provider, unless otherwise specified by the court.

16. Under the proposed law, a right holder seeking to obtain a blocking order would need to present the court with evidence indicating the existence of certain threshold requirements, including: (1) that the applicant is either the copyright owner or exclusive licensee of the copyright-protected work in question; (2) that his or her work is being infringed on the website in question – either directly or by way of secondary or contributory infringement; and, (3) that the website sought to be blocked contains primarily infringing content. In determining the question of infringement, permitted use would also be taken into account.

17. Even where those threshold elements are met, the blocking order would not be granted automatically. Given the severity of the remedy and its possible abuse or inadvertent negative impact on access to information and free speech, the court would take into account several factors when deciding whether to grant the order, including: (1) the severity of the alleged infringement; (2) the necessity for the order to prevent continuing or future infringements; (3) the efficacy of less drastic remedies; (4) the possible unintended impact of the order on legitimate online content; and (5) privacy considerations and public interests.

18. Where the court is persuaded to grant a blocking order, it would need to craft the order in a proportional manner that would achieve the goals of the particular situation without going further. The court would also need to determine the duration of the order, including potential renewal schemes, and to assess the cost of implementing the order by an access provider.

19. All orders would be subject to judicial review that could result in cancellation. Such review could be triggered by any person, including non-governmental organizations.

V. COURT ORDERS FOR THE DISCLOSURE OF THE IDENTITY OF AN INTERNET USER

20. The identity of an infringing uploader or streamer is often hidden or at least not readily ascertainable. In some cases, evidence pointing to the identity of such an infringer is held by, or can be ascertained by, Internet access providers, Internet service providers or other

intermediaries. Obtaining the identity of the infringer is critical to the right holder's ability to seek damages and injunctive relief against the infringer. Israeli courts have struggled with requests from right holders to issue orders against intermediaries obliging them to provide right holders with information about the identity of uploaders or streamers. Intermediaries will not voluntarily provide identifying information out of concern that doing so would expose them to claims of privacy infringement or that their actions would be seen as stifling the freedom of expression. It follows that in the absence of a court order Israeli intermediaries would not provide details about an uploader's identity. Similarly, Israeli courts have struggled with the issue as to whether they have authority to grant such disclosure orders in the absence of specific enabling legislation. Consequently, the Bill proposes specific legislation to enable courts to grant orders requiring intermediaries to disclose information relevant to identifying uploaders of allegedly infringing content.

21. The proposed procedure seeks to enable the disclosure of the identity of infringers and, at the same time, address privacy concerns and prevent frivolous or vexatious claims. Under the proposal, the party seeking a disclosure order would first need to persuade the court that a *prima facie* infringement is taking place, or has taken place, and that the applicant has standing to bring the infringement action and is likely to prevail in relation to the underlying infringement claim. Where the court grants the order, the court itself or an expert on its behalf would make the inquiries *vis à vis* the intermediary to find out the identity of the uploader. Initially, the identifying information would only be made known to the court. The court would then have discretion to turn over the information to the applicant, or to enable the alleged infringer to make an anonymous response to the application.

22. In cases where the intermediary has some relevant information but this information is not sufficient to successfully identify the uploader, the court would have, at its discretion, two primary options. First, the court may order that the inconclusive information be forwarded to the applicant as is. Alternatively, the court could, of its own accord, appoint an expert who would take forward the factual investigation. In assessing whether the inconclusive information should be forwarded to the applicant, the court would apply certain safeguards, such as a review of the proportionality between the potential detriment to a person's privacy versus the severity of the alleged infringement and the potential damage to a right holder.

VI. EXTENDED CRIMINAL LIABILITY

23. Under current law, criminal liability in relation to copyright only extends to infringements of the right of reproduction. Under the Bill, criminal liability would also extend to a person who, for commercial gain and in the course of his or her business, knowingly infringes the exclusive right of broadcasting or the exclusive right of making available. The law would prescribe penalties of up to three years imprisonment and/or fines up to NIS 1,582,000 (approximately USD 434,740) for such acts.

EXPERIENCES OF THE UNITED KINGDOM IN WORKING WITH INTERMEDIARIES TO TACKLE INTELLECTUAL PROPERTY RIGHTS INFRINGEMENT

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ABSTRACT

As set out in its Intellectual Property (IP) Enforcement Strategy (2016-2020), the United Kingdom (UK) aims to ensure all parties understand their responsibilities in helping to eradicate online infringement. The UK Intellectual Property Office (IPO) works with a number of different intermediaries to achieve this aim. This includes facilitating a code of practice between search engines and the creative industries to stop search results from pointing consumers to infringing websites; working with the advertising industry to prevent advertising appearing on (and funding) copyright infringing websites through the Police IP Crime Unit's Operation Creative and the Infringing Website List; and cooperation with online sales platforms.

I. INTRODUCTION

1. In May 2016, the Government of the United Kingdom (UK) published *Protecting Creativity, Supporting Innovation: IP Enforcement 2020*¹. This set out how the Government will make effective, proportionate and accessible enforcement of intellectual property (IP) rights a priority up to 2020. A key focus is to ensure all parties understand their responsibilities in helping to eradicate online infringement. The ambition is to develop a range of clear, well-evidenced online interventions and sanctions that guide consumers to legal content and deter criminals. This requires working in cooperation with a wide range of intermediaries. Some examples of how the UK goes about this are set out below.

II. SEARCH ENGINES

2. With the increasing popularity of digital consumption of music, audiovisual works, e-books and other types of content, there is a need to ensure that consumers have easy access to legal content and are not being inadvertently led to infringing websites. In 2015, the Prime Minister charged the Minister for Intellectual Property with hosting discussions between search engines and the creative industries to consider voluntary solutions to the problem of copyright-infringing websites appearing in search results.

3. In February 2017, the UK Government helped broker a landmark agreement between search engines and the creative industries. This Search and Copyright Code of Practice² aims to stop search results from pointing consumers towards copyright-infringing websites and sets out targets to encourage the demotion of copyright-infringing websites from the front page of

* The views expressed in this document are those of the author and not necessarily those of the Secretariat or of the Member States of WIPO.

¹ <https://www.gov.uk/government/publications/protecting-creativity-supporting-innovation-ip-enforcement-2020>.

² https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/609478/code-of-practice-on-search-and-copyright.pdf.

search results. It acknowledges that both right holders and search engines can play a valuable role in helping consumers locate legitimate content online. Under the code:

- *Right holders* agree to influence search listings through a range of channels, including reporting infringing content / URLs through copyright infringement notices and using search engine optimization to influence search rankings for legitimate domains they control.
- *Search engines* agree to ensure valid copyright infringement notices are acted upon promptly; to expand their efforts to more effectively demote domains that are dedicated to infringement; and to work collaboratively with right holders to consider other avenues to reduce the appearance of infringing sites appearing in top search rankings.

4. The ambition is that consumers will be less likely to be led to copyright-infringing websites in response to search queries.

5. The Code uses the copyright infringement notices regime foreseen in the Digital Millennium Copyright Act (DMCA) of United States of America as a metric for measuring infringing sites. It was decided to use DMCA notices as the notification system already exists and is familiar to both search engines and the creative industries. When the number of DMCA notices sent to search engines for a particular site reaches a certain threshold, and other factors are considered, it is demoted from the search rankings. A whitelist process was agreed to exclude legitimate sites that could be caught as a result of the notification system.

6. Progress towards meeting the objectives set out in the Code is measured ahead of, and presented at, quarterly meetings of all parties. A final report on the effectiveness of the Code will be published in 2018.

7. Although the Code is not legally binding, and there are no sanctions for non-compliance, all sides have proactively participated and have worked to revise the methodology used to understand how consumers are searching for content in order to improve the effectiveness of the Code. All sides consider the Code to have been a success. In the *Industrial Strategy Creative Industries Sector Deal*³ the Government committed to considering the need for new codes of practice on social media and user upload platforms, digital advertising and online marketplaces.

III. DOMAIN REGISTRARS AND THE ADVERTISING INDUSTRY

8. Operation Creative is a partnership between the Police Intellectual Property Crime Unit (PIPCU)⁴ and the advertising and creative industries to prevent and disrupt copyright-infringing websites. Right holders in the creative industries in the UK identify and report copyright-infringing websites to PIPCU, providing a detailed package of evidence indicating how the site is involved in copyright infringement. PIPCU evaluates and verifies whether the websites are infringing copyright. If confirmed, the site owner is contacted by PIPCU and offered the opportunity to engage with the police, to correct their behavior, and to begin to operate legitimately. If a website fails to comply, a variety of other tactical options may be used. This includes contacting the domain registrar to inform them of the criminality and to seek

³ <https://www.gov.uk/government/publications/creative-industries-sector-deal>.

⁴ <https://www.cityoflondon.police.uk/advice-and-support/fraud-and-economic-crime/pipcu/Pages/default.aspx>.

suspension of the site and disrupting advertising revenue through the use of an Infringing Website List (IWL) available to those involved in the sale and trading of digital advertising.

9. The IWL is an online portal providing the digital advertising sector with an up-to-date list of copyright infringing sites, identified and evidenced by the creative industries and verified by PIPCU. The aim of the IWL is that advertisers, agencies and other intermediaries will use it as a brand safety tool and cease advertisement placement on these illegal websites. Between January 2016 and January 2017, there was a 64 percent decrease in advertising from the UK's top ad spending companies on copyright infringing websites⁵.

10. Another PIPCU initiative is Operation Ashiko, a partnership with Nominet, the .uk domain registry. This operation targets the sale of counterfeit goods online and aims to seize the domains of infringers. PIPCU notifies Nominet that a domain is being used for criminal activity and after carrying out administrative checks, Nominet works with the registrar to suspend the domain. The sites disrupted by PIPCU often sell products claiming to be from well-known brands and include items such as clothes, handbags, shoes and electrical items. The goods being sold are often far from the advertised – and desired – products and are in fact merely cheap and inferior counterfeits. Between November 2016 and October 2017, more than 13,000 websites were taken down.

IV. E-COMMERCE PLATFORMS

11. The growth in e-commerce platforms and marketplaces provides as much opportunity for criminals as it does for legitimate traders. The UK Intellectual Property Office (IPO), through its Intelligence Hub, works with e-commerce platforms, where relevant, across a number of different operations to deal with the sale of counterfeit goods or illicit products. In the run-up to the 2016 UEFA European Championship finals in France, and following a request from the French Customs authorities, the IPO worked with eBay and sporting brands to identify manufacturers and online traders selling counterfeit goods in the UK. This resulted in the take-down of over 40 eBay accounts and the seizure of almost 1,000 fake football shirts.

12. As a result, a more formal process was established to engage with e-commerce platforms for future projects. The IPO's experience shows that it is essential to agree on particular issues at an early stage of engagement with the platform. This helps to manage the expectations of each partner and to ensure the relationship can be effectively managed. Such issues include:

- the format for engagement with the platform and the points of contact;
- the expectations of the platform with regard to maintaining a level of anonymity if it serves as the source of any subsequent intelligence;
- the frequency and format of data collection (including data security);
- the mechanisms for feedback on outcomes, subject access and complaint resolution; and
- the development of any media strategy.

⁵ <https://www.cityoflondon.police.uk/advice-and-support/fraud-and-economic-crime/pipcu/pipcu-news/Pages/Operation-Creative-sees-64-per-cent-drop-in-UK-advertising-.aspx>.

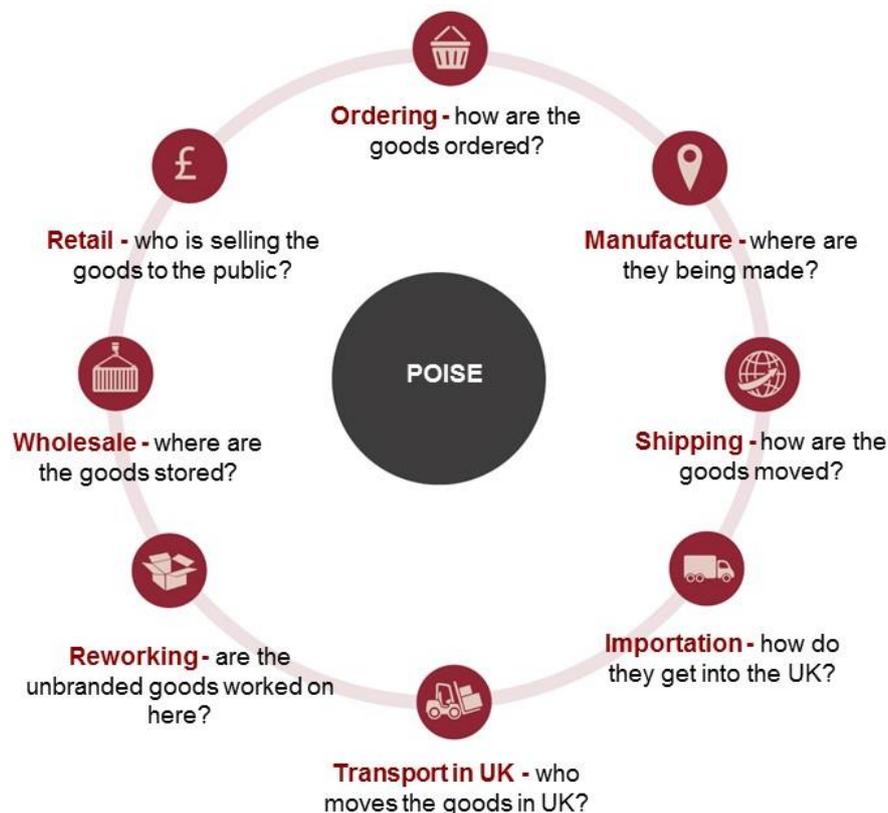
13. Alongside direct contact with e-commerce platforms that operate in the UK, the Government also supports agreements between various sectors of industry.

14. In 2017, a Strategic Cooperation Agreement was signed between Alibaba Group and the China-Britain Business Council (CBBC), with the aim of strengthening the protection of IP on e-commerce platforms in China. This agreement supports brands in areas such as notice-and-takedown mechanisms, pre-emptive measures to stop infringing content, and criminal enforcement cooperation offline, and renews and builds on a previous agreement signed in 2014 which resulted in three years of successful cooperation between the IP teams of CBBC and Alibaba.

15. One particularly notable success resulting from this cooperation was the dismantling of a criminal network producing counterfeit engine lubricants in Malaysia before being imported to China and sold online. Cooperation under the framework of the 2014 agreement led to the confiscation and destruction of 50,000 barrels of fake lubricant (with a street value of RMB 100 million) and a number of arrests and criminal prosecutions.

V. UNDERSTANDING OPPORTUNITIES FOR INTERVENTION WITH INTERMEDIARIES

16. When it comes to counterfeit and pirated goods, there are many intermediaries involved. The IPO has created a framework called *Poise* which represents the stages in the lifecycle of counterfeit and pirated goods and identifies opportunities for intervention with intermediaries at critical points in the lifecycle. This is used as a basis for all operations that the IPO is involved in, providing an effective method for tackling IP crime at a wider scale. It also provides a useful basis for considering the involvement of facilitators and enablers of counterfeiting and piracy, and opportunities for intervention. These facilitators and enablers are those providing the legitimate or illegal services or facilities needed in order for the infringer to execute their objective. The list is inexhaustible, but could include lawyers, landlords and utilities, for example.



VI. CONCLUSION

17. The IPO's experiences have shown that there is no single, perfect model for working with intermediaries to tackle IP rights infringement, but working in partnership is necessary to develop initiatives. We must adapt our approach to the specific circumstances at hand. We have also learnt that it can sometimes take time to make any progress and that perseverance is required. The activities described here contribute to a wider framework of measures (which also include evidence gathering and awareness raising) to tackle IP rights infringement in partnership with stakeholders.

STEPPING UP INDUSTRY-LED EFFORTS TO REDUCE INTELLECTUAL PROPERTY INFRINGEMENTS – AN UPDATE FROM THE EUROPEAN COMMISSION

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ABSTRACT

In November 2017, the European Commission presented a comprehensive package of measures to reduce counterfeiting and piracy. In that context, the Commission confirmed its “follow the money” approach to the enforcement of intellectual property rights (IPRs), which consists of designing policy measures that identify and disrupt the money trail for commercial-scale IPR-infringing activities. In practice, this approach translates into voluntary agreements between industry players. The two most advanced self-regulatory initiatives are the Memorandum of Understanding (MoU) on the sale of counterfeit goods via the Internet, which brings together major Internet platforms and right holders who suffer from frequent online sales of counterfeit or pirated versions of their products, and the MoU on online advertising and IPR. Both initiatives focus on online infringements of IPR and rely on the involvement of intermediaries and the use of new technologies that facilitate the enforcement of IPRs.

I. “FOLLOW THE MONEY” APPROACH TO INTELLECTUAL PROPERTY ENFORCEMENT

1. The fight against infringements of intellectual property rights (IPRs) requires joint efforts involving all actors, both public and private, and making use not only of judicial enforcement, but of all possible tools.
2. In 2014, the European Commission introduced the so-called “follow the money” approach to IPR enforcement. Rather than penalizing the citizen for infringing copyright, trademarks etc., this approach consists of designing policy measures that identify and disrupt the money trail for commercial-scale IPR-infringing activities. It therefore aims to curtail the profit-making potential of IPR-infringing activities.
3. The “follow the money” approach complements the legislative framework within the EU, in particular the 2004 Directive on the Enforcement of Intellectual Property Rights (IPRED)¹.
4. In practice, the “follow the money” approach translates into voluntary agreements between industry players. The European Commission acts as a facilitator of those agreements and as an “honest broker”, but it is not a signatory.

* The views expressed in this document are those of the authors and not necessarily those of the Secretariat or of the Member States of WIPO.

¹ Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the Enforcement of Intellectual Property Rights, available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32004L0048>. For more information on the legislative framework, see https://ec.europa.eu/growth/industry/intellectual-property/enforcement_en. For the online fight against counterfeiting and piracy, the EU regime on the liability of intermediaries established by the e-commerce Directive is also relevant (see <https://ec.europa.eu/digital-single-market/en/e-commerce-directive>). Also note the European Commission's Recommendation on Measures to Effectively Tackle Illegal Content Online of March 1, 2018, available at: <https://ec.europa.eu/digital-single-market/en/news/commission-recommendation-measures-effectively-tackle-illegal-content-online>.

5. The “follow the money” approach not only strengthens the cooperation between the industry representatives through the establishment of a sectorial code of conduct, it also helps identify best practices and disseminate them across the market, to the benefit of a wider range of actors.

6. In November 2017, the European Commission presented a comprehensive package of measures to reduce counterfeiting and piracy (IP Package)², which was well received by the Member States of the European Union (EU)³. In this context, the European Commission confirmed its “follow the money” approach to IPR enforcement and committed itself to:

- further engaging with stakeholders to improve and expand voluntary agreements to fight IPR infringements;
- in particular, working on promoting dedicated memoranda of understanding (MoUs) involving right holders, internet platforms, advertising companies, shippers and payment service providers; and
- continuing to monitor the functioning and effectiveness of such MoUs and report on their results.

7. There are four ongoing self-regulatory initiatives under the “follow the money” approach to IPR enforcement. The two most advanced initiatives are the MoU on the sale of counterfeit goods via the Internet and the MoU on online advertising and IPR (details outlined below).

8. Work is also underway on industry-led initiatives for the transport and shipping industries, which would aim to prevent the services of companies of these industries from being used by commercial-scale infringers to channel counterfeit goods into the EU. A further EU-wide initiative covers providers of payment services, which are often vital for IPR-infringing online offers.

9. The “follow the money” approach is also complemented with a strategy aimed at securing the supply chains from counterfeiting and at tracking products across supply chains⁴.

II. MEMORANDUM OF UNDERSTANDING ON THE SALE OF COUNTERFEIT GOODS VIA THE INTERNET

10. The Memorandum of Understanding on the Sale of Counterfeit Goods via the Internet (MoU on the online sale of counterfeit goods) was concluded in May 2011. It brings together major Internet platforms and right holders who suffer from frequent online sales of counterfeit or pirated versions of their products at the regional and global level (e.g., fast-moving consumer goods, consumer electronics, fashion and luxury products, sports goods, films, software, games and toys). The scope of this MoU extends to trademarks, design rights and copyright⁵. The

² For more information, see https://ec.europa.eu/growth/industry/intellectual-property_en#enforcement_package. Other measures include guidance on how to apply the Directive on the Enforcement of Intellectual Property Rights; initiatives to improve judicial enforcement in EU; measures to strengthen efforts to fight IP infringements at a global scale; and a separate package of measures to set out a framework for Standard Essential Patents.

³ See the conclusions of the Council of the European Union on the IP Package, available at: <http://data.consilium.europa.eu/doc/document/ST-6681-2018-INIT/en/pdf>.

⁴ Jean Bergevin (2013), *Preventive Actions Developed by the European Commission to Complement Ongoing Enforcement Measures with a View to Reducing the Size of the Market for Pirated or Counterfeit Goods* (document WIPO/ACE/9/20), available at: http://www.wipo.int/meetings/en/doc_details.jsp?doc_id=261436.

⁵ As such, the term “counterfeiting” under the MoU is understood as encompassing infringements of all these rights.

Internet platforms not only committed to notice-and-take-down procedures but also to taking pro-active and preventive measures, such as the use of monitoring tools allowing detection of illegal content even before the offer of this product's sale is published online.

11. The MoU on the online sale of counterfeit goods has been the basis for building cooperation and trust between signatories and has contributed to preventing infringing goods from being offered in online marketplaces. The first report on the functioning of this MoU adopted by the European Commission in 2013⁶ was cautiously positive. It provided a detailed assessment of best practices and practical measures that helped prevent the sale of counterfeit goods online.

12. However, the first report also underlined that more practical ways of measuring the effects of the cooperation under this MoU were needed. It was therefore subsequently agreed that a set of key performance indicators (KPIs) would be used as an objective, reliable and transparent way of measuring the effectiveness of the MoU. As a result, a set of KPIs was added to the text and an updated version of the MoU on online sale of counterfeit goods was signed in June 2016⁷.

13. In November 2017, the European Commission published a second overview of the functioning of the MoU on the online sale of counterfeit goods⁸. The overview covered the progress made during the first year of the revised MoU. The report was based on data obtained in relation to the KPIs set out in the MoU and feedback gathered from the MoU signatories.

14. The results of the work under the MoU on the online sale of counterfeit goods have been positive. They have shown that this MoU has effectively contributed to removing counterfeit products from online marketplaces and that the interaction of the parties in giving effect to the MoU strengthened mutual trust and cooperation. Further progress could still be made in particular in terms of wider participation of platforms and right holders, improved information exchange between the signatories and increased focus on the use of new technologies such as blockchain.

15. To date, the 2016 version of the MoU on online sale of counterfeit goods has been signed by five internet platforms⁹, 11 right holders¹⁰ and seven associations¹¹.

16. The MoU on the online sale of counterfeit goods shows that, when used alongside legislation, voluntary cooperation can usefully contribute to curbing online counterfeiting and piracy. It can provide the flexibility to quickly adapt to technological developments and deliver efficient solutions. The Commission will continue to play an active role in this industry cooperation, ensuring that all signatories act constructively and in good faith, and that a proper balance is kept between the interests of the different groups of stakeholders involved.

⁶ Report from the Commission to the European Parliament and the Council on the Functioning of the Memorandum of Understanding on the Sale of Counterfeit Goods via the Internet (COM(2013) 209), available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM:2013:0209:FIN>.

⁷ Available at: <http://ec.europa.eu/DocsRoom/documents/18023/attachments/1/translations/>.

⁸ As part of the IP Package, see footnote 2 above.

⁹ Alibaba Group Inc., Amazon Services Europe Sarl., eBay, PriceMinister Rakuten, Grupa Allegro s.p. z.o.o.

¹⁰ Adidas International Marketing BV, Chanel SAS, Gant AB, Lacoste SA, Luxottica Group Spa, Moncler Spa, Nike Inc., Procter & Gamble, Philip Morris International, Philipp Plein, Zanellato.

¹¹ ACG UK, AIM European Brands Association, Business Action to Stop Counterfeiting and Piracy, Federation of the European Sporting Goods Industry, International Video Federation, Toy Industries of Europe, Motion Picture Association.

III. MEMORANDUM OF UNDERSTANDING ON ONLINE ADVERTISING AND IPR

17. The world of online advertising is a hugely complex one that is governed by algorithms, real-time bidding, ad impressions, performance display ad allocation and an array of other perplexing factors. In this complex environment, the misplacement of advertisement on risky or IPR-infringing websites and mobile applications is an issue, with brands themselves often being unaware of where their ads end up.

18. This is an important problem since the websites and mobile applications that provide access to IP-infringing content, goods or services on a commercial-scale use the sale of advertising space as one of their revenue sources.

19. In addition, the presence of advertising for household brands or the availability of well-known payment services on IP-infringing websites and mobile applications can confuse consumers, who may mistakenly believe to access legal content.

20. On October 21, 2016, under the auspices of the European Commission, representatives of the advertising industry, right holders and advertisers, as well as intermediaries and technology providers, reached an informal agreement on a set of guiding principles¹² for the establishment of a MoU on Online Advertising and IPRs.

21. This milestone allowed further cooperation among the potential signatories of the future voluntary agreement, who represent parties involved in placing, buying, selling and/or facilitating advertising (including advertisers, advertising agencies, trading desks, advertising platforms, advertising networks, advertising exchanges for publishers, sales houses, publishers and IP owners, as well as associations of the above groups).

22. Since the adoption of the guiding principles, the potential signatories have worked closely together to agree on commitments that would allow minimizing the placement of advertising on websites and mobile applications that infringe IPRs on a commercial scale. At the same time, the aim was to recognize other fundamental rights, in particular the freedom of expression and information and the freedom to conduct business. In addition, it was important not to impede the freedom of commercial communication and competition at all levels of trade, including the purchasing and selling of advertising. The final text of the MoU was signed on June 25, 2018 by 14 companies and 14 associations¹³.

23. The MoU contains individual commitments for advertisers, advertising intermediaries and associations (see table below). Signatories also agree to measure the effectiveness of the MoU by reporting on the concrete means they individually have in place and by monitoring the impact of the MoU on the online advertising market. The agreement has an assessment period of 12 months, during which the signatories will meet quarterly.

¹² Available at: <http://ec.europa.eu/DocsRoom/documents/19462>.

¹³ The text of the MoU is available at: <https://ec.europa.eu/docsroom/documents/30226>. The signatories were Adform, Amobee, Associação Portuguesa de Anunciantes (APAN), Associazione Italiana Commercio Estero (Aice), comScore, Hrvatsko udruženje društava za tržišno komuniciranje - Croatian Association of Communications Agencies (HURA), DoubleVerify, European Association of Communications Agencies (EACA), European Gaming and Betting Association (EGBA), Google, GroupM, Integral Ad Science (IAS), Internet Advertising Bureau Europe (IAB Europe), Internet Advertising Bureau Italy, Związek Pracodawców Branży Internetowej IAB Poland, Internet Advertising Bureau Slovakia, Internet Advertising Bureau UK (IAB UK), ISBA, OpenX, Publicis Groupe, Sovrn, SpotX, Sports rights owners coalition (SROC), Trustworthy Accountability Group (TAG), Uniunea Agentiilor de Publicitate din Romania (UAPR, Romanian Association of Communications Agencies), Utenti Pubblicità Associati (UPA), whiteBULLET, World Federation of Advertisers (WFA).

Signatories	Commitments
All Signatories	- Undertake the actions provided for by the MoU in a manner that ensures full compliance with EU and national competition law.
	- Support the “follow the money” approach to IPR infringements, seeking to deprive commercial-scale IPR infringers of the revenue flows that make their activities profitable.
	- Ensure that, in relations with their contracting parties, for the services that fall within the scope of the MoU, they act in a manner that upholds the spirit of their commitments under the MoU.
Advertisers (directly responsible for the placement of advertising)	- Undertake reasonable measures to minimize the placement of their advertising on websites or mobile applications that infringe copyright or that disseminate counterfeit goods on a commercial scale.
	- Take reasonable steps to ensure that, when they become aware that their advertising is appearing on such websites and/or mobile applications, the advertising will be removed.
	- Limit the placement of their advertising on websites and mobile applications, based on their own individual policies and assessment criteria.
	- Adopt an IPR policy and make it publicly available.
Advertising Intermediaries (directly involved in buying, selling or brokering the sale or purchase of advertising space)	- Undertake to allow, in their contractual agreements, advertisers or other media buyers to use and/or require the use of tools and safeguards with the aim that the advertising placed through or with support of the advertising intermediaries’ services is not placed on websites and mobile applications that infringe copyright or that disseminate counterfeit goods on a commercial scale.
	- Allow individually advertisers to use and/or require the use of tools and safeguards with the aim that the advertising placed through - or with the support of - the advertising intermediaries’ services is not placed on websites or mobile applications that have been identified by advertisers in their advertising placement policies, or with the aim that the advertising is removed from such websites when detected.
	- Adopt an IPR policy and make it publicly available.
Associations	- Use their best efforts to encourage their members not to <ul style="list-style-type: none"> - offer for sale, recommend, or buy advertising space on websites or mobile applications that infringe copyright or that disseminate counterfeit goods on a commercial scale, - allow their services to be used either to place, or in connection with the placement of, advertising in such advertising space, in compliance with the principles of the MoU and subject to applicable laws.
	- Encourage their members, where appropriate, to sign the MoU individually.

IV. CONCLUDING REMARKS

24. The European Commission encourages industry partners to conclude voluntary agreements to combat IPR infringements. The MoUs complement the legislative framework which continues to be the basis of the fight against counterfeiting and piracy. Its success very much depends on the participation of key operators; the good faith of the partners to genuinely engage in an effective cooperation; and the ability to objectively measure the compliance with the commitments made. The European Commission will continue to work on the further development of these dialogues, in the interest of the stakeholders and society as a whole.

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