E

WIPO
WORLD
INTELLECTUAL PROPERTY
ORGANIZATION

WIPO/ACE/7/8
ORIGINAL: FRENCH
DATE: SEPTEMBER 20, 2011

Advisory Committee on Enforcement

Seventh Session
Geneva, November 30 – December 1, 2011

PRESENTATION OF THE FRENCH CHARTER ON THE FIGHT AGAINST CYBER-COUNTERFEITING[1] OF DECEMBER 16, 2009

prepared by Mr. Pierre Sirinelli, Professor at the Sorbonne School of Law (Paris 1 - Panthéon Sorbonne University) and Co-Director of the Intangible Law Research Center (CERDI - Paris 1 and Paris 11 Universities)[*]

1. I have been asked to present the broad outlines of the Charter which was signed, in France, on December 16, 2009, at the Ministry of Economy and Finance by more than 30 different professionals working in the sector (in the presence of Mrs. Lagarde, Minister of Economy, Employment and Industry, and Mr. Christian Estrosi, Minister for Industry) at the end of the ministerial mission that had been entrusted to me. I chaired that mission jointly with the Deputy Mayor of Cannes and Chair of the National Anti-Counterfeiting Committee (CNAC), Mr. Bernard Brochand.

2. This work followed a fact-finding mission, which had also been entrusted to me a few years earlier in 2005-2006, within the framework of the Ministry of Industry. As often with pioneering work, the fact-finding mission had not led to the adoption of tangible solutions, but, as with exercises of this type, opened up channels which others cross and then extend. Unquestionably, this first discussion, in the same way as those held within the Higher Council for Literary and Artistic Property (CSPLA)[2], a few years later, led to the successful completion

[1] The text of the Charter is available (in French) at http://www.minefe.gouv.fr/actus/pdf/091216charteinternet.pdf.

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

[2] The work therefore covered analyses of copyright and trademark law, and led to a report being produced:

[Footnote follows on next page]

of the work to which I shall now refer. However, this is at least one lesson that must be drawn from the first attempt: Where there is no real willingness to succeed, and no support from the authorities, the procedure undertaken is a very delicate one! If, in the final analysis, the solutions chosen are in very broad terms based on consensus, the careful attention of political authorities leads to similar projects being hatched.

3. The signatories to the Charter of December 16, 2009 are beneficiaries and platforms for electronic commerce which undertake to cooperate in order better to defend the interests of consumers (who, despite numerous requests, have strangely not wished to become further involved in the process).

4. This Charter aims to put a stop to the scourge of counterfeiting on digital networks. Its scope is, however, limited to the sales made on electronic commerce platforms such as eBay and Price Minister.

5. Two subjects also of concern have been dismissed (see the Preamble to the Charter): Firstly, the issue of *adwords*, since this matter was referred at the same time to the Court of Justice of the European Union; and secondly, that of selective distribution, because the French Government had decided to establish a dialogue in this area with the European Union. It is true that the issue was a political one since certain platforms attempted to use it in parallel in the discussion to give credit to the idea that trademark owners were overwhelmingly focused on old economic models or simply concerned at preserving the status quo, and therefore unwilling to ensure that the new commerce developed.

6. Despite this dual limitation, the Charter is of interest and relevance. In order to understand its usefulness and importance (II) we should just for a moment recall the context (I) in which the discussions progressed.

I. CONTEXT

7. We are currently concerned with answering a simple question: Why? However, the question may be broken down. Why was a decision made to participate (A) and why choose to do it in the form of a charter (B)?

A. Why participate?

8. No one doubts that electronic commerce is one of the fundamental challenges of the twenty-first century. It is one of the rare factors for growth and a very significant source of employment generation. Thus, it was stated at the e-G8, held last spring in Paris, that electronic commerce represented 7.5 per cent of the wealth produced in the United States of

---

[Continuation of footnote from previous page]

http://www.cspla.culture.gouv.fr/CONTENU/Rapport%20Prestataires%20de%20l%27Internet.pdf which led to the creation of two ministerial missions.
One, conducted under the aegis of the Ministry of Culture, the Ministry of Industry and the State Secretariat for the Digital Economy, devoted to creating rules for electronic commerce and copyright, in relation to the works made accessible by the Web 2.0 version.
The other, which depends on the Ministries of Finance and Industry, devoted to the search for consensus-based solutions in order to combat the phenomenon of counterfeiting likely to emerge on certain e-commerce platforms. It is the successful completion of the latter work which we will discuss here.

America and between four and seven per cent of that produced in France and Germany. By comparison, it appears to constitute more than half of the wealth produced in agriculture.

9. This context explains why governments and different authorities are doing everything to promote its development. It also explains the content of national or regional legislation dealing with electronic commerce (in particular the European Directive of June 8, 2000) which create a safe harbor in relation to certain activities. These standards have been prepared in order to attract investors and technical providers, whose activity allows the digital network infrastructure to be developed.

10. There is therefore room for hope that technical, economic and legal situations emerge clearly so that everyone may take part in these activities and be aware of their status and therefore of the legal rules which apply to them.

11. Concerning the situation within the European Union, while a common text harmonizing the rules applicable to such commerce exists, a large share of unpredictability appears to persist. A study of the case law of the Member States shows that there is great uncertainty all around regarding the interpretation of the Directive of June 8, 2000, in particular in its application to e-commerce platforms, despite the decisions of the European Union Court of Justice.

12. The case law was (and still is) in a state of flux. We must admit, without there being cause to defend any particular party, that we are a long way from the predictability that we are entitled to expect from a legal system! In this regard, the French law (of June 20, 2004), to which recourse is often sought in order to settle disputes or build a strategy – the law for ***trust*** in the digital economy – is not at all aptly named. Whatever the case may be, the uncertainty regarding case law leads to a certain unpredictability which generates some insecurity that is in any case harmful for the development of electronic commerce.

13. The challenge is not, however, a neutral one. In addition to the simple issue of responsibility, an analysis of the legal mechanism may dictate the attitude of the e-commerce platform in relation to the initiatives of certain insensitive Internet users whose desire is to "post" sale offers relating to counterfeit products on these platforms. In one approach (interpretation of existing texts leading to assimilation of the platform's activity to that of a simple host) the platform, which is not bound by a duty of surveillance or vigilance, must simply be reactive, i.e. do no more than act promptly when withdrawing an offer relating to counterfeit goods, once a beneficiary has drawn attention to the offer. In another analysis of the laws (refusal of characterization as host), the platform must be proactive and engage in preventive activity, i.e. avoid the offers of counterfeit products being brought to the attention of the public and allowing a sale to be made to the detriment of intellectual property rights or the consumer's security.

14. It was therefore considered useful to intervene to attempt to clarify matters. This is especially the case since there was a risk of *unfair competition* between spontaneously virtuous platforms (which bear the costs of surveillance and possibly lose part of their turnover) and those which refuse to make an effort (thereby saving on such costs and benefiting from larger inflows). In addition, there may be a temptation for downward alignment which may be a feature of the new entrants into the sector.

15. The view therefore exists that this Charter cannot be read as an instrument intended only to protect intellectual property rights but as an effort made in order to provide the conditions for the development of fair trade of benefit to all, without consumers being harmed.

B. Why a charter rather than a different solution?

16. The choice of a soft law appeared to present itself both owing to the benefits of such an approach and because of the disadvantages or difficulties linked to the other solutions. Let us sum up.

17. Firstly there is difficulty in developing legislation.

18. The room for manoeuvre of a national legislature, within the Union, is difficult to determine as a result of the European Directive of June 8, 2000. Owing to the primacy of European laws, the legislature is confined to attempting to find space in the gaps left by European laws, in other words, dealing with the issues which have not been expressly covered by the Directive or the difficulties which cannot be assimilated to those that have been resolved by the European rulings. That is what French senators had tried to do when proposing the creation of a new intermediate status between that of host and that of publisher.[3] However, the project has not for the time being prospered. It is true that there is very little room for manoeuvre and a purely national solution still does not have very great scope in the age of global commerce and the cross-border nature of digital networks.

19. Intervening at the European level was also a delicate issue for other reasons. An amendment to the Directive of June 8, 2000, which is technically possible under Article 21 of the Directive, may be envisaged but is likely to be complex to implement. This also gives rise to the danger of unsuitability and outdatedness of a new text which takes a long time to be adopted. This is the case in so far as there is no real political will to revise the text, since reopening the debate on this subject could lead to certain issues which certain players consider to be resolved or do not wish to see either directly or indirectly brought into question.

20. Of course, it is always permissible to await adoption of a position in principle in the interpretation of texts by the courts involved. However, are we really able to wait until a particular solution is provided by the Supreme Court (in France, the issue of the qualification of Web 2.0 activities received two different responses from the first civil chamber of the regulatory court, in one year!) or the Court of Justice of the European Union.

21. In view of these difficulties, we can only praise the intrinsic benefits offered by a charter: speed, flexibility, a sense of development and consensual nature, as well as the fact that time was ripe for the idea.

22. It should therefore be pointed out that the overall European plan to combat counterfeiting, adopted under the French Presidency of the European Union in the form of a Council Resolution of September 25, 2008, aimed to *promote partnerships between public and private sectors in order to combat counterfeiting and piracy,* ***recommend good practices*** *concerning Internet sales* ***and promote cooperation between professionals***. In keeping with the communication of the European Commission of July 16, 2008, referring to acts additional to the legislative standards intended to promote the conclusion of an agreement between professionals at the European level, the Charter intends to provide agreement concerning what has become known as *good practices*.

23. The primary interest of the Charter would therefore be to escape the uncertainties raised without, however, imposing on the different parties a settlement of the delicate issue of characterizing their activities in legal terms. The preamble of the Charter (paragraph 6)

---

[3] http://www.senat.fr/rap/r10-296/r10-2961.pdf: creation of an intermediate status of service publisher, concerning directly companies offering online services. In this report, they estimated that a company which "withdraws direct economic benefit from the consultation of the hosted content" should be covered by this new status, rather than that of host.

proclaims the neutrality of the document both in terms of legal status – and therefore the rules governing the liability of the signatories – and also current or future judicial procedures. The commitments made by the signatories are thus considered separately from the status that may be granted to them.

24. In a way, this is a *pending* right which needed to be developed. It is above all a question of *involving* the platforms rather than seeking to engage their liability.

25. However, the aim of the Charter is not merely to dispose of the uncertainties; it is also designed to move beyond the commitments imposed by the rules and, to some extent, to do *more and better* in a climate of consultation.

26 This presupposes a willingness to work together and to write on the basis of new obligations. A consensual right must be produced. This presupposes a clear manifestation of wills both in drawing up the rules and in the application thereof.

27. In the elaboration phase, without dialog or a real will to succeed, no charter may be signed. To be convinced of this it is sufficient to refer to the unsuccessful completion of the draft French charter between copyright owners and providers of Web 2.0, as part of the work of the Higher Literary and Artistic Property Council of the Ministry of Culture. The mistrust which was created, in other areas and in relation to other issues, between the different persons involved was the result of the real efforts made initially.

28. In order to attempt to reach an agreement, there are a number of working methods. These involve firstly either individual hearings, supplemented by meetings of colleges in order to arrive at a final comparison of the different points of view. Alternatively, as has been done by the European Union in the Memorandum of Understanding, this can be done directly through plenary meetings. Each method has its benefits and shortcomings, and ideally there should be sufficient time to apply, either successively or alternatively, both techniques.

29. Consultation must also take place after the Charter is signed, in its application phase. The signatories must collaborate in order to achieve the best possible implementation of the commitments made. They must meet frequently in order to update the information of use both in relation to commercial practices and technical considerations. There lies the other advantage of a charter: nothing is fixed and it may be hoped that the good habits which have been formed upstream will endure subsequently for the application of the text.

30. The overarching idea is that a right which is wanted and agreed upon by the different players is a right better applied spontaneously. There may be a kind of naivety in this hope but the latter observation may itself be tempered, as we will see later.

II. THE TEXT

31. It is necessary to see the content of the Charter (A) and ask questions as to its scope (B).

A Content of the Charter

32. As we have seen, the aim is to combat counterfeiting over the Internet, and to provide respective protection of consumers. To achieve this, a fair balance must be established between the respective interests of the parties concerned. This search does not necessarily lead to a meticulous calculation of the number of commitments which all parties have taken on. Of course, each of the players involved is generally bound by such a calculation but, in truth, this has little sense. It is less the number of obligations which matters but rather their intensity.

33. The Charter puts in place practical and proactive solutions which respect the interests of all the parties. It therefore establishes reciprocal and balanced obligations, the majority of which are based on the implementation of a duty of cooperation. Finally, in order to guarantee its effectiveness it chooses realistic and balanced solutions.

34. The Charter therefore provides for commitments which it is impossible to analyze in detail within the framework of this paper. In this overview it is possible only to raise a few points.

(a) The owners of rights and e-commerce platforms undertake, in consultation, to:

- attempt to produce preventive measures for constant cooperation[4] between the parties;
- conduct a study on the offers for Internet users (key words);
- introduce technical measures (more detailed, see (b) below) for detecting the offers concerning counterfeit products through platforms;
- or also working on sellers' profiles (identifying repeat offenders producing counterfeits);
- adopt simplified procedures for notification of counterfeit offers by rightsowners;
- introduce procedures for exchanges of information between platforms and right owners;

(b) The main advance made by the Charter in relation to the rules resulting from the Directive of June 8, 2000 lies in the desire to avoid the placing of counterfeit offers online rather than being satisfied simply with withdrawing such offers following notification.

35. It is therefore necessary to expect platforms to have a more proactive attitude rather than simply just reacting (there lies an important difference with the rules put in place as part of the European Memorandum of Understanding).

36. In order to do this, certain criteria should be identified, which would allow preventive filtering to be put in place. It is impossible here to provide details of all the efforts which could be made in this regard. It would even be out of place to do so at the risk of harming the effectiveness of the system (let us avoid supplying information which would allow counterfeiters to circumvent the measures introduced or to render the efforts made of no use). To pick up on the general characteristics already disclosed as part of the work of the Higher Literary and Artistic Property Council, it is possible only to say that the architecture of the Charter could be as follows:

- ➢ Work on key words[5] showing the counterfeit nature of the products offered for sale (for example: false, imitation, fake, copy, clone, etc).
- ➢ Identification of suspicious offers, for example from:

---

4 The principle of a (confidential) exchange of information between beneficiaries and platforms is stated and structured through the designation of correspondents (Article 10(1)). Its outline is fixed in Article 11(1) and (2). This concerns the analysis of the offers and the conduct of those selling counterfeit goods (Articles 2 to 6 and 9), the production and development of the criteria for detecting counterfeit offers or sellers (Article 12). The aim is to share the *know how* acquired by the different parties (Article 4(4) and Article 11(3)) and better training for staff working on the platforms responsible for combating counterfeiting (Article 11(3)).

5 Articles 3(a), 4 and 5. The procedure is proactive not only through detection measures since notification procedures allow counterfeit goods on offer to be withdrawn that would have slipped through the net.

- ✓ the source of the product (certain countries are more willing than others to be counterfeit *hubs*),
- ✓ the number of identical products offered for sale,
- ✓ the nature of the product (luxury make, IT product, etc.),
- ✓ or methods of payment or delivery,
- ✓ the state of brand new products and their packaging;

These are of course only clues which, once compared and tallied, attract attention.

37. However, the counterfeit nature of a product is not only determined by the content of the offer; there is also reason to take into account the analysis of the seller's behaviour[6]. The Charter thus invites to also scrutinize individuals associated with the presence of products in categories identified as the most likely to be counterfeit (Articles 7, 9 and 15). With regard to those individuals, usual sellers are taken into consideration to compare the number of articles offered for sale, the volume of business done and the time for a transaction to be carried out (Article 9). These constitute indicative elements intended to raise attention so that a verification process may be triggered in order to verify the regularity,of information relating to the identity or address of sellers. The process could result in a suspension of their accounts. Thought may also be given to request the production of invoices. The introduction of tools could also be envisaged allowing several pseudonyms belonging, in reality, to a single seller to be brought together, because of the similarity of the advertisements or the simultaneous nature of actions by such a person[7].

(c) The identification of counterfeit offers must prevent such offers being placed on line or, subsequently, ensure that they are withdrawn and cannot be put back on line.

38. In order to prevent repeat offenses the following may be envisaged:

- a suspension for six months of the accounts identified for a seller, whose first counterfeit offer is detected or for a seller able to sell counterfeit goods, in anticipation of the information proving the authenticity of the products sold;

- closure for five years of all the accounts identified for a seller of repeat counterfeit goods or for a seller who cannot prove the authenticity of the goods offered for sale online (Article 5(1) and (2)).

(d) Also and above all it should be recalled that this work is not done for the sole purpose of providing better protection for beneficiaries or simplifying the life of virtuous platforms but rather for ensuring better protection for consumers. This concern is all the more important since a number of counterfeit products may prove to be dangerous (tools, electrical or electronic appliances; spare parts…)

39. For this reason, the Charter provides for:
- improved information for sellers[8] and strengthening of the awareness of consumers[9] on platforms;
- protection for the health and safety of consumers through the withdrawal of offers relating to drugs[10];

---

6 Articles 3(b) and 4.
7 Article 5(3) provides for the identification of all the current or future accounts of sellers using different pseudonyms..
8 Articles 1 and 9.
9 Article 1(2).
10 Article 2.

- processing complaints by consumers who have fallen victim[11] to counterfeiting over the Internet.

40. Finally, to conclude this rapid overview, a few fundamental features of the economy of this Charter should be explained.

41. The Charter introduces a process of experimentation. In other words, an assessment will be made after 18 months. The French National Institute of Industrial Property (INPI) should, after gathering information on the ground, in particular from the different signatories, produce an application report in autumn 2011. It appeared to be absolutely necessary to carry out this task of overall evaluation by the signatories under the supervision of the authorities[12]. There is moreover a possibility of exclusion[13] of those who do not respect their commitments.

42. The Charter seeks to act as a virtuous circle but is not a closed shop. It is thus possible to admit new members. It is also possible to subject it on a regular basis to adaptation and improvement, in particular as regards detection tools, with a view to greater effectiveness[14].

43. In addition, an annex, which is a technical document subject to a certain confidentiality, explains in further detail the means to be used to reach the objectives, processes and the *modus operandi*.

44. Such confidentiality is necessary since, in keeping with the spirit of collaboration which has reigned throughout the preparation of this document, the different parties will gather together in order to use the best means designed to obtain results[15].

B. Scope

45. What may the scope of a charter be? In essence, if this question is considered carefully, it may be divided into two: Is it of a normative character (1) and how will it develop (2)?

1. Normative character?

46. There may be doubt to the extent that the Charter does not fit in to the frenetic legislative process currently prevailing. What may be the authority for a duty which is not enshrined in law? Will the commitment made be spontaneously implemented without fear of the sword of Justice? The fears of an ineffective law must be tempered.

47. It should be understood firstly that the aim sought is not a sanction: it is not a question of referring to responsibility but of a willingness to involve the different actors in this new economy.

48. It should then be noted that there may be an “internal” sanction which consists of an exclusion from the Charter. The contractual nature of the Charter does not prohibit a certain involvement of the State within the process of cooperation between the signatory parties. As the authority designated by the Minister of Industry and Consumption, INPI ensures that the

---

[11] Consumers have a contact point devoted to counterfeiting, the organizational arrangements for which are left to the choice of the owners of rights and platforms (see Article 10(2)).

[12] See Articles 3, 14 and 15.

[13] See Articles 15 and 16.

[14] See Preamble, point 5. Addendum, Article 12(1) and (2) (for detection measures) and Article 4(4) (for notification procedures), providing for mechanisms to evaluate and develop these measures in order to avoid them being circumvented by counterfeiters (Article 5, last paragraph).

[15] Article 13. Also for the purposes of avoiding the counterfeiters circumventing the adopted measures (Article 5, last paragraph).

process of experimentation runs smoothly, presides over the General Assembly which convenes the signatories and is competent, following referral by a signatory party, to launch proceedings for this purpose where the obligations provided for by the Charter are not fulfilled.

49. Of course, we are a long way from imposing damages, or even penal sanctions, but it should be noted that the opprobrium cast on the actor expelled from the virtuous circle is not without effects on the economy. It should moreover be pointed out that accession to the Charter has itself already produced some of these effects and that the turnover of the signatory platforms is increasing, which helps to compensate for the expenses incurred as a result of the implementation of the measures envisaged.

50. As indicated, it is true that the Charter is based on what is called in English-speaking countries soft law. We should not, however, be mistaken; this is not about creating an area of ineffective law. The opposite is in fact the case.

51. Firstly, since the Charter is innovative and goes beyond what the laws currently impose in terms of obligations. Subsequently, since it aspires to implement a consensual right, i.e. a right produced in consultation and, therefore, a right which is more easily accepted, better applied, more effective and more efficient. Finally, since the Charter, which is based on virtuous practices already implemented by certain protagonists, creates a new standard of behavior which it will be difficult to ignore owing to the fact that it is widespread. The good practices used become an actual standard which the judge may enshrine under the cover of analysis of the behavior of the *good father*.

52. In reality, the term soft law should not make us think of a soft ineffective law but rather of standards which embody a certain flexibility. It is necessary to understand the term by emphasizing the willingness for flexibility, allowing both greater adaptation to situations and better development of behavior and standards in the face of social, technical or economic transformations.

53. It is not a question of standards fixed, I should say set, in stone forever. But rather of an experimental right which is able to develop so as to adapt in the best possible way, as I put it, to the developments linked to an ever changing reality.

2. The future?

54. It should be noted firstly that, on the basis of this Charter, various actors have signed bilateral agreements. The urge for cooperation and flexibility has been understood. It should also be pointed out that firms which had not originally signed the Charter have in the meantime become party to it. These two phenomena contribute to a discussion with a view to possible changes.

55. The success of the Charter of December 16, 2009 has been such that the authorities have requested that the discussion continue by exploring other avenues. Thus, a new mission letter was delivered to us, in February 2011, by the Minister of Finance and the Minister of Industry, to Bernard Brochand and myself, in order to explore the possibility of signing different new agreements:

- concerning small ads sites (because it is necessary to avoid the phenomenon of counterfeiting being moved elsewhere);
- regarding means of payment (by playing on the *war nerve*);
- or also in relation to the efforts which may be made by *physical* transporters.

56. The discussions in progress are being conducted simultaneously but will of course lead, in the case of successful completion, to the signing of separate charters.

57. Other countries have been interested in the solutions put forward by France. Certain foreign associations have expressed their willingness, via their members, to sign the French Charter. However, such a step is only meaningful if, gradually, the discussion has expanded to the whole of the European or global area.

58. From this point of view, today's meeting is an interesting stage in the examination of this idea. The difficulty which sometimes exists in seeking and finding a global solution in a treaty must leave room for this type of alternative solution.

59. The discussion is probably less delicate at the regional level. The Commission in Brussels, which has shown itself to be unwilling to accept the principle of revising the e-commerce Directive, has taken up the idea and done work which has resulted in the signing of a Memorandum of Understanding[16] last spring (following the *Stakeholder Dialogue* conducted by the Directorate General Internal market and Services [DG Markt]).

60. That text presents solutions which are different from those which have been accepted in France. In simple terms, the Memorandum of Understanding is more closely marked by the logic which underpins the discussion of certain American actors. Platforms are bound more by a duty to react than by a proactive attitude. It would, however, be preferable to prevent what is bad rather than to attempt, at a later date, to put a stop to it.

61. Also, what does a consensual law add but the reflection (e-commerce Directive of June 8, 2000)[17] of a text which is difficult to develop? It is still not impossible to hope that this is a first stage and that, gradually, the positions of the different parties will move closer together.

[End of document]

---

[16] http://ec.europa.eu/internal_market/iprenforcement/docs/memorandum_04052011_en.pdf.

[17] However, the attention paid to a notification procedure shall be noted. This does not, however, constitute real progress for the countries which are already familiar with it.