

Advisory Committee on Enforcement Online Dialogue

First Meeting

September 21, 2021

NEW DEVELOPMENTS IN COMBATING COUNTERFEITING AND PIRACY ON THE INTERNET

Contributions prepared by China, Germany, Hungary, Peru, the Philippines, the Russian Federation and South Africa

1. Following the postponement of the fifteenth session of the Advisory Committee on Enforcement (ACE), the ACE Online Dialogue provides an additional, virtual avenue for policy dialogue on building respect for IP and IP enforcement and focuses on the topic of *New Developments in Combating Counterfeiting and Piracy on the Internet*. Within this framework, this document introduces the contributions of seven Member States.
2. The contribution by China discusses recent developments in combating counterfeiting and piracy on the Internet by leveraging China's unique approach to intellectual property (IP) enforcement, including its dual-track enforcement system, cooperation amongst various governmental agencies, as well as the recent restructuring of the China National Intellectual Property Administration under the State Administration for Market Regulation and the use of targeted enforcement action specifically aimed at tackling online infringements.
3. The German contribution focuses on a new approach to the fight against online IP infringement through the introduction of criminal liability for digital trading platforms that have as their objective the enabling or promotion of unlawful acts, including trademark and registered design infringement.

4. The contribution by Hungary provides an overview of recent developments in online IP enforcement in the Group of Central European and Baltic States (CEBS). The document delineates several recent initiatives undertaken by CEBS members, including the implementation of coordinative mechanisms, new legislative processes to regulate the role of online intermediaries and several preventative measures in the form of digital awareness-raising campaigns.

5. The contribution by Peru discusses the online environment as the new frontier in the fight against IP infringement during the COVID-19 pandemic as well as the true enemy in this fight, namely organized crime groups. It describes Peru's multi-pronged approach to combating IP infringements through reactive, preventative and persuasive measures. Moreover, Peru emphasizes the collaboration between IP enforcement authorities and strategic allies that are in a better position to stop third-party infringements and identify the infringers, such as Internet intermediaries. To that end, a new provision was included in the national Industrial Property Law, according to which those able to prevent the continuation or perpetration of a third-party infringement may be ordered to do so. In addition, Peru seeks to increase voluntary cooperation with Internet intermediaries.

6. The contribution by the Philippines discusses the multifaceted approach adopted by the Intellectual Property Office of the Philippines (IPOHL) in response to a surge in online IP infringements during the COVID-19 pandemic. The contribution focuses on the expansion of online enforcement powers of IPOPHL's IP Rights Enforcement Office, increased private sector collaboration to enhance IP enforcement on digital platforms, adapting the legislative framework to respond to new technologies, as well as improving border measures, the judicial system and nationwide awareness as part of the Philippines' whole-of-society approach to tackling counterfeiting and piracy on the Internet.

7. The contribution by the Russian Federation considers various measures taken to combat online piracy as well as their effectiveness, as reflected in increased rates of legal online content consumption. Amongst these measures are several new developments, including a new mechanism to fight copyright infringements on mobile applications and a voluntary agreement signed by right holders, video hosting platforms and search engine operators aimed at facilitating interaction between these actors and promoting the prompt removal of infringing content.

8. The South African contribution discusses the lessons learned during the COVID-19 pandemic in relation to IP enforcement efforts. In particular, the document illustrates the ability of enforcement authorities in South Africa to quickly adapt to the new circumstances and use Internet-based technologies to facilitate cooperation, enhance training and capacity building and further the reach of education and awareness-raising activities.

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CHINA'S DEVELOPMENTS IN COMBATING COUNTERFEITING AND PIRACY ON THE INTERNET

*Contribution prepared by Mr. Han Zunliang, Deputy Director, Counter Counterfeit and Infringement Liaison Division, Law Enforcement Inspection Bureau, China State Administration for Market Regulation (SAMR), Beijing, China**

ABSTRACT

The contribution outlines recent developments in combating counterfeiting and piracy on the Internet in China. The document begins by laying out China's unique approach to intellectual property (IP) enforcement, which includes a dual-track enforcement system of administrative enforcement authorities on the one hand and criminal justice authorities on the other hand, cooperation amongst various governmental agencies facilitated by the National Leading Group on the Fight Against Intellectual Property Right (IPR) Infringement and Counterfeiting (the Leading Group) as well as the recent restructuring of the China National Intellectual Property Administration (CNIPA) under the State Administration for Market Regulation (SAMR). Next, the contribution discusses the positive results of the coordinated work to combat piracy and counterfeiting on the Internet, made possible through strengthening enforcement coordination, targeted enforcement action and the refining of laws and regulations to render IPR enforcement more effective. Finally, the contribution summarizes the next steps the Chinese Government plans to take in combating IPR infringements on the Internet, while keeping citizens' needs and societal concerns at the forefront.

I. INTRODUCTION

1. The Chinese government attaches great importance to the protection of intellectual property (IP). President Xi Jinping has repeatedly emphasized the need to step up IP enforcement, raise the costs of violating the law, and protect the legitimate intellectual property rights (IPRs) of all enterprises. On November 30, 2020, he emphasized once again that "innovation is the foremost driving force of development, and protecting intellectual property is protecting innovation". On May 21, 2021, Premier Li Keqiang gave an important instruction on IPR protection and the fight against infringements¹.
2. In the area of IP enforcement, China has focused on devising a national strategy, drawing on international experience, and building up coordination mechanisms, and has gradually established a system that both conforms to international rules and adapts to China's national characteristics.

* 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 For more information, see http://english.www.gov.cn/premier/news/202105/21/content_WS60a7b05ac6d0df57f98d9dd5.html.

II. ESTABLISHMENT OF A DISTINCTIVE IPR PROTECTION SYSTEM

A. DUAL-TRACK MECHANISM

3. China adopts a dual-track mechanism of administrative enforcement and criminal justice for the protection of IPRs. Administrative enforcement and criminal justice organs have a clear division of labor, with each performing its own respective functions while also being able to converge effectively in a coordinated manner.

4. In China, IPR infringement cases that do not constitute criminal offenses are handled by the relevant administrative enforcement authorities, including the National Copyright Administration of China (NCAC), the Ministry of Agriculture and Rural Affairs, the Ministry of Culture and Tourism, the General Administration of Customs, the State Administration for Market Regulation (SAMR), the National Radio and Television Administration, the National Forestry and Grassland Administration and the National Medical Products Administration. Cases of suspected IP criminal offenses, on the other hand, are handled by the public security authorities. Where there is conclusive evidence and concrete facts, these cases are transferred to the procuratorates for prosecution and the courts for judgment.

B. JOINT EFFORTS OF MULTIPLE AGENCIES

5. IPR protection in China involves multiple agencies. In 2011, in an effort to strengthen the unified leadership in combating intellectual property (IP) infringements, China set up the National Leading Group on the Fight Against IPR Infringement and Counterfeiting (the Leading Group), chaired by the leadership of the State Council². Provinces, autonomous regions and municipalities have also set up corresponding agencies, forming a national landscape of horizontal cooperation and vertical linkage.

6. Following an institutional reform in 2018, the General Office of the State Council issued a special notice to adjust the composition of the Leading Group. At present, State Councilor Wang Yong is the head of the group. Zhang Gong, Minister of the SAMR, and Meng Yang, Deputy Secretary-General of the State Council, serve as deputy heads.

7. The Leading Group now involves 27 member agencies, including administrative or law enforcement authorities (such as the SAMR, the China National Intellectual Property Administration (CNIPA), the NCAC, the Ministry of Agriculture and Rural Affairs, the Ministry of Culture and Tourism, the General Administration of Customs and the National Medical Products Administration), criminal judicial organs (such as the Ministry of Public Security, the Supreme People's Court and the Supreme People's Procuratorate) as well as macroeconomic and industrial management agencies (such as the National Development and Reform Commission, the Ministry of Industry and Information Technology and the Ministry of Commerce). The Office of the Leading Group is set up in the SAMR and handles the daily work of the Group.

² For more information on the work of the Leading Group, see Wang Shengli and Rui Wenbiao (2017), *Coordinating the Enforcement of Intellectual Property in China – Experiences from the National and Local Level* (pages 3-17 of document WIPO/ACE/12/5 Rev. 2); available at: https://www.wipo.int/meetings/en/doc_details.jsp?doc_id=381796.

C. IMPROVED EFFICIENCY OF THE LAW ENFORCEMENT SYSTEM

8. In 2018, the Chinese Government implemented an institutional reform, which established the SAMR to coordinate administrative measures and enforcement resources and promote a comprehensive approach to market regulation and law enforcement. In order to improve the IP system, the CNIPA was restructured and integrated into the SAMR.

9. The two administrations now work in their respective roles but also collaborate. The CNIPA provides operational guidance to enforcing teams nationwide for trademark and patent enforcement, formulates and guides the implementation of criteria for the determination of trademark and patent rights and their infringement and develops testing, authentication and other related standards in trademark and patent enforcement. Meanwhile, the SAMR organizes and leads trademark and patent enforcement, with specific enforcement undertaken by the comprehensive market supervision enforcement team, which is in charge of enforcing the law in areas such as trademarks, patents, geographical indications, production quality, food safety, commodity pricing and anti-monopoly and special equipment.

III. POSITIVE RESULTS OF COMBATING COUNTERFEITING AND PIRACY ON THE INTERNET

10. In implementing the above-mentioned decision by the Chinese government to further unify leadership in IP enforcement, the Office of the Leading Group and the SAMR promote horizontal cooperation and vertical linkage in their work, and pool their efforts to strengthen the regulation and enforcement of trademarks, patents, copyright and the rules against unfair competition and thereby curb IP infringements. The next paragraphs describe the work carried out in recent years in more detail.

A. STRENGTHENED COORDINATION

11. At the beginning of each year, the Leading Group convenes a national teleconference with its member agencies on combating IPR infringements to summarize the work undertaken, evaluate issues and assign tasks accordingly.

12. Since 2012, the Leading Group has issued key points related to the work on an annual basis, specifying key tasks and assigning responsibilities. As a main point for implementation, the annual key points regularly include “combating infringement and counterfeiting on the Internet”. At the end of each year, the member agencies of the Leading Group assess the performance of local authorities. To ensure effectiveness, the assessment results are then incorporated into the relevant appraisal system.

B. TARGETED ENFORCEMENT ACTION

13. For two consecutive years (2020 and 2021), the SAMR rolled out the *Iron Fist* campaign, which aims to repress illegal acts, such as trademark and patent infringements. The campaign focuses on infringements of key products, including health and safety related products, on both key physical markets and the online market³. By the first quarter of 2021, more than 46,000 cases of IPR infringements had been investigated and handled.

³ More information on the *Iron Fist* campaign is available (in Chinese) on the SAMR web site at: http://gkml.samr.gov.cn/nsjg/zfjcj/201904/t20190426_293160.html (first edition) and http://gkml.samr.gov.cn/nsjg/zfjcj/202004/t20200428_314779.html (second edition).

14. From October to December 2020, the SAMR, together with other member agencies of the Inter-Ministry Joint Meeting on Online Market Regulation, carried out the most recent edition of the special action *Operation Internet Sword* to supervise the online market. The special action aimed to promote the implementation of the E-Commerce Law, address the prominent issue of online sales of IP-infringing goods, implement the responsibilities and obligations of e-commerce operators and curb unfair competition practices on the Internet⁴. During *Operation Internet Sword*, local market regulatory authorities examined almost 4.38 million websites and online stores, deleted 233,900 illegal product listings, requested 23,100 websites to remove products and investigated and handled 19,900 cases, which effectively cleansed the online market and safeguarded the legitimate rights of both right holders and consumers.

15. In 2020, the NCAC, together with the Cyberspace Administration of China, the Ministry of Industry and Information Technology and the Ministry of Public Security, carried out the 2020 version of the special action *Sword Internet*, with the aim to combat copyright infringement in relation to audio-visual works, e-commerce platforms, social media and online education. The special action focused on the enforcement of copyright in video games, online music and on knowledge-sharing platforms and continued to consolidate the results of previous special action with regard to the online distribution of literary works, cartoons and comics, cloud services and mobile applications. During the special action, a total of almost 3.24 million copyright-infringing links were deleted, and 2,884 websites or mobile applications were shut down. Authorities investigated and handled 724 cases of online copyright infringements, among which 177 constituted criminal offenses, amounting to RMB 301 million worth of total value, and mediated 925 online copyright disputes. This led to a more copyright-friendly online environment, strengthened the supervision of major Internet service providers offering films, music, books or providing cloud storage services and encouraged Internet operators to fulfill their responsibilities.

16. In addition, an early warning list of 71 key works, namely films, was published in eight batches for precautionary copyright protection. On the basis of these lists, network service providers are requested to take action in protecting the key works during the film release period:

- network service providers directly providing content shall not provide the works contained in the list;
- network service providers providing storage space shall prohibit users from uploading the works contained in the list; and
- web service providers, e-commerce websites and application stores providing search links shall speed up the processing of notices by the copyright owner on deleting the infringing content or disconnecting the infringing link to works contained in the list.

C. REFINING LAWS AND REGULATIONS

17. Since 2019, amendments have been made to the Trademark Law, the Patent Law and the Copyright Law to improve the system of damages and increase the penalties in cases of infringement.

⁴ For more information on *Operation Internet Sword* (in Chinese), see http://gkml.samr.gov.cn/nsjg/wjs/202010/t20201030_322742.html.

18. In August 2020, the State Council amended the *Provisions on the Transfer of Suspected Criminal Cases by Administrative Law Enforcement Organs*. A second paragraph was added to Article 3, outlining the procedure for the transfer of suspected criminal cases of IP infringement, thereby further facilitating the link between administrative enforcement and criminal justice in IP matters.

19. Also in August 2020, the Leading Group Office, together with nine entities, including the Supreme People's Court, the Supreme People's Procuratorate and the Ministry of Public Security, issued the *Opinions on Strengthening the Destruction of Counterfeits*, which detail the scope, procedure and methods for destroying counterfeit goods.

20. In November 2020, the SAMR and the CNIPA led the development of national standards for *IPR Protection and Enforcement on E-Commerce Platforms* with the aim of further guiding parties to e-commerce platforms to strengthen IPR protection and enforcement and improving the e-commerce business environment.

21. In March 2021, the SAMR issued the *Administrative Measures for Supervising Online Transactions*, specifying key issues, such as the registration of online business entities, the regulation of new business forms, the responsibilities of platform operators and the protection of consumer rights.

22. In 2020, the NCAC issued the *Notice on Regulating the Copyright of Photographic Works* and the *Notice on Further Strengthening Evidence Examination and Determination for Copyright Administrative Law Enforcement*⁵.

23. In May 2021, the CNIPA and the Ministry of Public Security jointly issued the *Opinions on Strengthening Coordination in Advancing Intellectual Property Protection*⁶.

IV. THE NEXT STEPS

24. The year 2021 is the first year of the 14th Five-Year Plan⁷ and also a year of concerted efforts to protect IPRs and combat counterfeiting and piracy. With citizens' needs and social concerns in focus, China will continue to strengthen the overall coordination and increase the penalties for online IP infringements. Moreover, China will continue to focus its efforts on innovative regulatory approaches to increase the capacity of tracing the source of infringements and target enforcement action accordingly while also collaboratively constructing, collaboratively governing and collaboratively benefiting from a new model of combating IP infringement, so as to effectively protect the legitimate rights and interests of right holders and consumers.

[End of contribution]

⁵ See (in Chinese), <http://www.ncac.gov.cn/chinacopyright/contents/12227/346726.shtml> and <http://www.ncac.gov.cn/chinacopyright/contents/12233/353790.shtml>.

⁶ See (in Chinese), http://www.gov.cn/zhengce/zhengceku/2021-05/24/content_5611192.htm.

⁷ Outline for the 14th Five-Year Plan for Economic and Social Development and Long-range Objectives Through the Year 2035 of the People's Republic of China.

GERMANY'S NEW APPROACH TO COMBATING INTERNET CRIMES – THE ACT ON CRIMINAL LIABILITY FOR THE OPERATION OF CRIMINAL TRADING PLATFORMS IN THE LIGHT OF THE COMBAT AGAINST IP INFRINGEMENTS

*Contribution prepared by Mr. Tim Werner, Legal Officer, and Ms. Dorothee Shi, Administrative Officer, Federal Ministry of Justice and Consumer Protection, Berlin, Germany**

ABSTRACT

The Internet has simplified the exchange of goods and services in many ways, but not always for the better. In recent years, the trade of IP-infringing goods and services on the Internet via certain forums and marketplaces – like the trade with many other illegal goods and services – has become a persistent problem that urgently requires new approaches. One conceivable approach is the tightening of criminal regulations. In order to close legal gaps, Germany is introducing a new section to its Criminal Code that directly targets providers of criminal online trading platforms. It is intended to cover only platforms whose purpose is to enable or promote the commission of certain criminal offences, including trademark and design infringements. In addition, effective investigative options for solving criminal offences on the Internet will also be created, such as telecommunications surveillance, online searches and traffic data collection. Platform operators whose business model is aimed at the lawful sale of goods and services will not be affected.

I. BACKGROUND

1. The European Union Intellectual Property Office (EUIPO) published in June 2020 its *2020 Status Report on IPR Infringement*. The following findings were of particular interest for the consideration of IP Crimes under the new Act:

- Counterfeiting and piracy are a complex and growing problem. The business models adopted by counterfeiters make significant use of the Internet to distribute their products.
- Because of the high value associated with IP, infringement of IP is a lucrative criminal activity with a relatively low level of risk in terms of likelihood of detection and punishment if detected.
- Organized crime groups are heavily involved in counterfeiting and piracy. IP crime is often combined with other types of crime such as money laundering, human trafficking and occasionally forced labor; even one case in the European Union (EU) with links to a terrorist organization is reported¹.

2. One way to counteract counterfeiting may therefore be to reform and to adapt criminal law to modern criminal business models in order to ensure that IP crimes are not “low-risk crimes” and that criminal law can fulfil its function as a deterrent.

* 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 2020 Status Report on IPR Infringement: Why IP Rights are important, IPR Infringement and the Fight Against Counterfeiting and Piracy – Executive Summary, page 4, available at: https://euipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/observatory/documents/reports/2020_Status_Report_on_IPR_infringement/2020_Status_Report_on_IPR_infringement_exec_en.pdf

II. THE PROBLEM

3. Although IP-infringing activities on the Internet have already been subject to criminal prosecution in the past (see, e.g., Annex 1: section 143 of the German Trademark Act), this has so far primarily been targeted at the infringer. Platform operators often do not offer goods themselves, but merely make the Internet marketplace available for third-party offers. The main offence (infringement) is committed by the third-party seller. The platform operator has provided support in this regard. However, he is only liable to prosecution if the main (third-party) offence can be attributed to him. This necessitates either complicity (intentional cooperation) or abetment (participation through intentional support). Both require knowledge as the cognitive element of intent.

4. Proving knowledge, which in the case of abetment must relate at least to the essential features of the main offence, can be difficult in practice, especially if the platform operator does not have to be aware of the third-party offers. What is actually traded on the platform is not necessarily important to the operator. For the operator, the aim is to process as many profitable transactions as possible via the infrastructure. Particular difficulties can arise with fully automated platforms on which the seller enters goods into the virtual marketplace without the operator having to manually activate the offer. The aim of the new criminal Act is to better cover these constellations under criminal law.

III. THE NEW ACT²

A. THE CENTERPIECE: SECTION 127 OF THE GERMAN CRIMINAL CODE

5. At the center of the new German Act to combat the trade of many different kinds of illegal goods and services is the introduction of a new offence into the German Criminal Code. Excerpts of the new section 127 of the German Criminal Code read as follows (full provision see Annex 2):

a) Wording of section 127 of the German Criminal Code

6. – Whoever operates a trading platform on the Internet the purpose of which is to enable or promote the commission of unlawful acts incurs a penalty of imprisonment for a term not exceeding five years or a penalty fine unless the act is punishable by a more severe penalty under other provisions. Unlawful acts within the meaning of sentence 1 are:
- serious criminal offences;
 - offences pursuant to:
 - sections 143 [punishable infringement of signs], 143a [punishable infringement of an EU trade mark] and 144 [punishable use of indications of geographical origin] of the Trademark Act,
 - sections 51 [punishable infringement of a design] and 65 [punishable infringement of a Community design] of the Design Act.
- “Trading platform on the Internet” in the context of this provision means every virtual infrastructure on the Internet, whether in an openly accessible area or in

² On August 19, 2021, the Act to Amend the Criminal Code – Criminal Liability for Operating Criminal Trading Platforms on the Internet (Act to Amend the Criminal Code) was promulgated in the German Federal Law Gazette, see http://www.bgbl.de/xaver/bgbl/start.xav?startbk=Bundesanzeiger_BGBI&jumpTo=bgbl121s3544.pdf. The Act will enter into force on October 1, 2021.

areas where access is restricted by technical barriers, which grants the possibility to offer or exchange humans, goods, services or contents.

- Whoever commits the offence of subsection (1) sentence 1 on a commercial basis or as a member of a gang that has formed to repeatedly commit such offences incurs a penalty of imprisonment for a term of between six months and ten years.
- Whoever commits the offence of subsection (1) sentence 1 with the intention of enabling or promoting the commission of a serious criminal offence incurs a penalty of imprisonment for a term of between one year and ten years”³.

b) Explanation

7. In order to exclude platforms with a lawful business model, the regulation explicitly links the platform to a criminal purpose, namely the purpose of enabling or promoting certain criminal acts. This ensures legal certainty for companies whose business model is the operation of platforms with legally compliant offerings. These platforms are expressly not to be covered by the offence, and their existing business activities are not to be restricted in any way. The same will apply to platforms which, contrary to their legitimate objective, are used in individual cases by a user for trading in illegal goods. For the assumption of the objective element of the offence – namely, that the purpose of the platform is to enable or promote criminal offences – indications may include the way in which the platform is presented (e.g., predefined categories for certain illegal offers of goods) or the overall presentation of the offer on the platform. It is not necessary for only incriminated offers to be presented. It is always necessary to examine the specific circumstances of the individual case. Isolated lawful offers that are only of minor importance or serve to conceal the actual orientation do not preclude the assumption of a criminal orientation. Similarly, isolated illegal offers cannot justify the assumption of an overall criminal orientation. On the other hand, if an offer is strongly and predominantly of a criminally relevant nature, this can have a considerable indicative value. Since these are only indications, operators of platforms that are intended to serve legal purposes are not obliged to check the legality of the goods offered on their platforms on their own initiative if they have no indications of an illegal offer. A further indication of a criminal purpose can be the location of the platform on the dark net or deep web. This is because the associated restriction of findability to certain circles runs counter to the usual goal of trading, which is to ensure high demand by targeting as many interested parties as possible. Nevertheless, a restriction to platforms whose access and accessibility is limited by special technical precautions – for example, by the fact that they are operated on the dark net – should not take place because even in the part of the Internet that is accessible without restrictions (Clear Web), there are digital marketplaces where illegal goods and services are traded.

B. SECTIONS 100 A, B AND G OF THE GERMAN CODE OF CRIMINAL PROCEDURE

8. The law enforcement authorities must have the possibility to counter Internet crimes consistently and effectively. In addition to the introduction of section 127 of the German Criminal Code, effective investigative options for solving Internet crimes are also being created. To this end, the qualifying offences (section 127 (3) and (4) of the German Criminal Code) will be included in the catalogues of offences justifying telecommunications surveillance (section 100a of the German Code of Criminal Procedure), online searches (section 100b of the

³ Not an official translation.

German Code of Criminal Procedure) and capture of retained traffic data (section 100 g (2) of the German Code of Criminal Procedure).

C. SECTIONS 5 OF THE GERMAN CRIMINAL CODE

9. Section 5 of the German Criminal Code lists offences that can be prosecuted under the German Criminal Code even though they were committed abroad and are not punishable at the place of their commitment. Where online platforms and marketplaces are concerned, the site of crime is fairly flexible. It is quite easy for the perpetrators to operate their platforms and servers from abroad and still provide their service in Germany. In particular, perpetrators may try to operate their platforms from and in jurisdictions where this is not punishable. Thus, in adding the new section 127 of the German Criminal Code to the list of offences in section 5, it can be ensured that perpetrators with a special personal link to Germany cannot escape prosecution under German law by moving their place of operation abroad to a jurisdiction where this is not punishable. To prevent limitless application, this personal link requires that the perpetrator is a German citizen or lives mainly in Germany.

IV. CONCLUSION

10. The introduction of section 127 represents a new approach in the fight against the online sale of illegal goods of many different kinds. It is indisputable that tightening criminal law is not the ultimate solution in the fight against counterfeiting, but that it can only be one part of an overall solution involving many other legislative and non-legislative initiatives. The consideration of IP under section 127 also acknowledges that IP crime is not a harmless offence, but one that can have significant consumer health consequences in addition to its enormous economic consequences.

[Annex I follows]

ANNEX I

ACT ON THE PROTECTION OF TRADE MARKS AND OTHER SIGNS

SECTION 143 – PUNISHABLE INFRINGEMENT OF SIGNS

1. Any person who, in trade, unlawfully
 - uses a sign contrary to section 14 (2) no. 1 or 2;
 - uses a sign contrary to section 14 (2) no. 3 with the intention of taking advantage of or impairing the distinctive character or the repute of a trade mark which has a reputation;
 - affixes a sign contrary to section 14 (4) no. 1 or offers, puts on the market, stocks, imports or exports contrary to section 14 (4) no. 2 or 3 a wrapping or packaging or a means of identification, in so far as to third parties the use of the sign
 - a. would be prohibited in accordance with section 14 (2) no. 1 or 2; or
 - b. would be prohibited to third parties in accordance with section 14 (2) no. 3 and the act is carried out with the intention of facilitating the taking advantage of or impairment of the distinctive character or the repute of a trade mark which has a reputation;
 - uses a designation or a sign contrary to section 15 (2); or
 - uses a designation or a sign contrary to section 15 (3) with the intention of exploiting or impairing the distinctive character or the repute of a commercial designation which has a reputation

shall be liable to imprisonment of up to three years or a fine.
- (1a) (repealed)
- (2) If the offender acts on a commercial basis or as a member of a gang formed for the purpose of the continued commission of such offences in cases coming under subsection (1), the penalty shall be imprisonment for between three months to five years.
- (3) An attempt shall be punishable.
- (4) In the cases referred to in subsection (1), the offence shall be prosecuted upon motion only, unless the criminal prosecution authorities consider ex officio intervention imperative on account of the particular public interest in criminal prosecution.
- (5) Objects to which the criminal offence relates may be confiscated. Section 74a of the Criminal Code (Strafgesetzbuch) shall apply. Where the claims to destruction referred to in section 18 are upheld in proceedings pursuant to the provisions of the Code of Criminal Procedure governing compensation for the aggrieved person (sections 403 to 406c of the Code of Criminal Procedure), the provisions on confiscation (sections 74 to 74f of the Code of Criminal Procedure) shall not apply.

- (6) Where a penalty is imposed, an order shall be made upon motion by the aggrieved party and upon demonstration of a legitimate interest to the effect that the conviction be made public upon demand. The nature of the publication shall be laid down in the judgment.
- (7) (repealed)¹

[Annex II follows]

¹ https://www.gesetze-im-internet.de/englisch_markeng/index.html.

ANNEX II

SECTION 127 OF THE GERMAN CRIMINAL CODE

1. Whoever operates a trading platform on the Internet the purpose of which is to enable or promote the commission of unlawful acts incurs a penalty of imprisonment for a term not exceeding five years or a penalty fine unless the act is punishable by a more severe penalty under other provisions. Unlawful acts within the meaning of sentence 1 are:
 - serious criminal offences;
 - offences pursuant to
 - sections 86, 86a, 91, 130, 147 and 148 (1) No. 3, sections 149, 152b and 176a (2), section 176b (2), section 180 (2), section 184b (1) sentence 2, section 184c (1), section 184l (1) and (3), sections 202a, 202b, 202c, 202d, 232 and 232a (1), (2), (5) and (6), section 232b (1), (2) and (4) in connection with section 232a (5), pursuant to sections 233, 233a, 236, 259, 260, pursuant to section 261 (1) and (2) under the requirements of section 261 (5) sentence 2, as well as pursuant to sections 263, 263a, 267, 269, 275, 276, 303a and 303b,
 - section 4 (1) to (3) of the Act against Doping in Sport,
 - section 29 (1) sentence 1 No. 1, also in connection with subsection (6), and subsection (2) and (3) of the Narcotics Act,
 - section 19 () to (3) of the Commodities Control Act,
 - section 4 (1) and (2) of the New Psychoactive Substances Act,
 - section 95 (1) to (3) of the Medicinal Products Act,
 - section 52 (1) No. 1 and 2 lit. b and c, (2) and (3) No. 1 and 7 as well as subsection (5) and (6) of the Weapons Act,
 - section 40 (1) to (3) of the Explosives Act,
 - section 13 of the Explosives Precursors Act,
 - section 83 (1) No. 4 and 5 as well as (4) of the Cultural Property Protection Act
 - sections 143, 143a and 144 of the Trademark Act
 - sections 51 and 65 of the Design Act.
2. “Trading platform on the Internet” in the context of this provision means every virtual infrastructure on the Internet, whether in an openly accessible area or in areas where access is restricted by technical barriers, which grants the possibility to offer or exchange humans, goods, services or contents (section 11 (3)).
3. Whoever commits the offence of subsection (1) sentence 1 on a commercial basis or as a member of a gang that has formed to repeatedly commit such offences incurs a penalty of imprisonment for a term of between six months and ten years.

4. Whoever commits the offence of subsection (1) sentence 1 with the intention of enabling or promoting the commission of a serious criminal offence incurs a penalty of imprisonment for a term of between one year and ten years¹.

[End of Annex II and contribution]

¹ Not an official translation.

DEVELOPMENTS IN THE ONLINE ENFORCEMENT OF INTELLECTUAL PROPERTY IN THE GROUP OF CENTRAL EUROPEAN AND BALTIC STATES

*Contribution prepared by Mr. Péter Lábodý, Head, Copyright Department, Hungarian Intellectual Property Office (HIPO), Budapest, Hungary**

ABSTRACT

The following contribution focuses on developments in the area of online intellectual property (IP) enforcement in the Group of Central European and Baltic States (CEBS). It illustrates certain trends, based on reports provided by CEBS members, including a shift from accessing infringing content via peer-to-peer networks to the (mis)use of data and streaming services. The contribution also outlines the various approaches that have been implemented by CEBS members to improve IP protection and enforcement in the digital environment. These approaches include initiatives to ensure better coordination between various entities working in the area of IP enforcement as well as new legislative approaches to tackle online IP infringements. Finally, the contribution demonstrates a common strategy adopted by the majority of CEBS members that focuses on the prevention of IP infringements through public awareness raising and education.

I. INTRODUCTION

1. For the members of the Group of Central European and Baltic States (CEBS), protection of all forms of intellectual property rights (IPRs) and the fight against IPR infringements is a priority. Online intellectual property (IP) enforcement is important as the rate of online piracy continues to be particularly high compared to other forms of IPR infringements. In the online context, a shifting trend may be noted: while downloading infringing content via peer-to-peer networks has become less and less relevant, the (mis)use of data and streaming services is gaining in popularity. Finally, the use of social media platforms as a means of advertising and selling IP-infringing materials is also increasingly important.
2. Several approaches have been (and continue to be) applied by CEBS members to protect IPRs in the online realm.
3. Certain CEBS members have created mechanisms to ensure better coordination between the various levels of governmental institutions and public authorities working in the area of IPR enforcement as well as market players and professional representative organizations involved in the protection of IPR. Experience shows that the establishment of such permanent and structured mechanisms leads to better cooperation amongst the relevant actors.
4. In some CEBS members – especially, though not limited to, those that form part of the European Union – new legislative processes are underway with the aim to regulate the role of online platforms in the context of IPR enforcement.

* 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.

5. A common approach followed by the majority of CEBS countries focuses on the prevention of IPR infringements. In this context, the level of general awareness about IPRs is of utmost importance. In this framework, a very colorful set of tools has been adopted by CEBS members in recent years. The general trend (mainly due to the circumstances arising from the COVID-19 pandemic) in how to address target audiences switched from awareness raising in the physical environment to the online world, especially to social media. To this end, several informational websites were set up, social media influencers were commissioned, new materials were uploaded, online campaigns were launched and virtual conferences, workshops and lectures were carried out to inform the general public, and in particular the youth, of the importance of effective IPR protection.

6. In addition to the online enforcement of IPRs, tackling physical piracy and infringements (e.g., through customs measures) also remains a high priority in the CEBS region.

7. The following paragraphs provide more details on the developments with regard to online IP enforcement in certain CEBS members.

II. DEVELOPMENTS BY COUNTRIES

A. CROATIA

8. As of 2010, Croatia has established a permanent coordination mechanism aimed at improving the efficiency of the IPR enforcement system. Within this framework, the development of initiatives and activities related to IPR enforcement is continuously monitored at the national, European and international levels. The coordination model operates on several levels through permanent coordination bodies, coordination subgroups, and *ad hoc* working groups that provide support to individual professional activities. This coordination mechanism has enabled better cooperation between all entities competent in the area of IPR enforcement in Croatia as well as users of the protection system (right holders)¹.

9. The Working Group for Statistics of the Enforcement of IPRs was established for the purpose of monitoring the efficiency of the system of IP enforcement in Croatia. The working group is tasked with developing the methodology for collecting and analyzing statistical data related to IPR infringements. The ultimate objective is to improve the methodology used in preparing regular statistical reports on the infringements of IPRs in Croatia².

10. In the area of public awareness raising, the *Stop Counterfeiting and Piracy* portal was established to highlight the importance of IPR protection and respect for IP through the publication of important information and news in the area of IPR enforcement³.

11. Important news for consumers, especially regarding the potential dangers of buying counterfeit and pirated products online, is also published through the central consumer protection portal *All for Consumers* of the Ministry of Economy and Sustainable Development⁴.

¹ More information on the coordination mechanism that Croatia established in 2010 is available at: <http://www.stop-krivotvorinama-i-piratstvu.hr/en/intellectual-property-rights/coordination-of-the-enforcement/>.

² <https://www.dziv.hr/hr/provedba-prava/statistika/>.

³ www.stop-krivotvorinama-i-piratstvu.hr/en. Summaries of studies and reports prepared by the European Union Intellectual Property Office (EUIPO), the European Commission and other bodies and organisations are prepared and published in a special section of the webpage under the news section: <http://www.stop-krivotvorinama-i-piratstvu.hr/en/news-and-information/>.

⁴ Available at: <https://www.szp.hr/aktualno/euipo-objavio-izvjesce-povodom-obiljezavanja-svjetskog-dana-borbe-protiv-krivotvorenja/946> and <https://www.szp.hr/aktualno/objavljen-izvjestaj-europske-komisije-o-zastiti-i-provedbi-prava-intelektualnog-vlasnistva-u-trecim-zemljama/942>.

B. CZECH REPUBLIC

12. Although 2020 was an exceptional year due to the COVID-19 pandemic and its surrounding circumstances, IPR protection and enforcement continued to be a priority for the Czech Republic. Similarly to previous years, the most significant challenges faced in this area arose in the digital environment.

13. In 2020, a long-term trend of digital piracy shifting from peer-to-peer networks to the (mis)use of data services continued. As police figures show, the rate of copyright infringement has decreased by 33.5 per cent with a total of 210 detected crimes in 2020 (compared to 316 in 2019). The level of successful investigations of these crimes remains relatively high (approximately 42 per cent).

14. The trend of using social media platforms (Facebook, Instagram, etc.) as a marketplace for trademark-infringing goods has steadily increased in recent years. Copyright infringement (e.g., illegally streaming, downloading, embedding, etc.) and trademark infringement (e.g., through the sale of counterfeit goods) therefore remain among the most frequent cases of the IPR infringement. Counterfeit textiles, shoes and accessories are among the top categories of IP-infringing goods sold on online second hand markets.

15. The relevant Czech authorities, such as the Czech Customs Administration, the Czech Trade Inspection Authority and the Police of the Czech Republic are ready to cooperate on addressing these types of infringements with foreign partners at the national and international level (including the European Union Agency for Law Enforcement Cooperation (Europol) and the International Criminal Police Organization (INTERPOL), as well as national enforcement agencies from Member States of the European Union (EU) and other partners, such as the United States of America).

16. Despite the challenges, the Czech administration continued to pay considerable attention to educational and preventative activities, including training enforcement officials and educating the general public with a particular focus on the youth. Due to the pandemic, most of these activities took place online.

C. GEORGIA

17. The National Intellectual Property Centre of Georgia (Sakpatenti) is currently working with various e-platforms to develop effective mechanisms and tools to protect IPRs on the Internet. Within this cooperation framework, activities will be carried out to establish relevant rules, management processes, and disciplinary measures to protect IPRs on the Internet⁵.

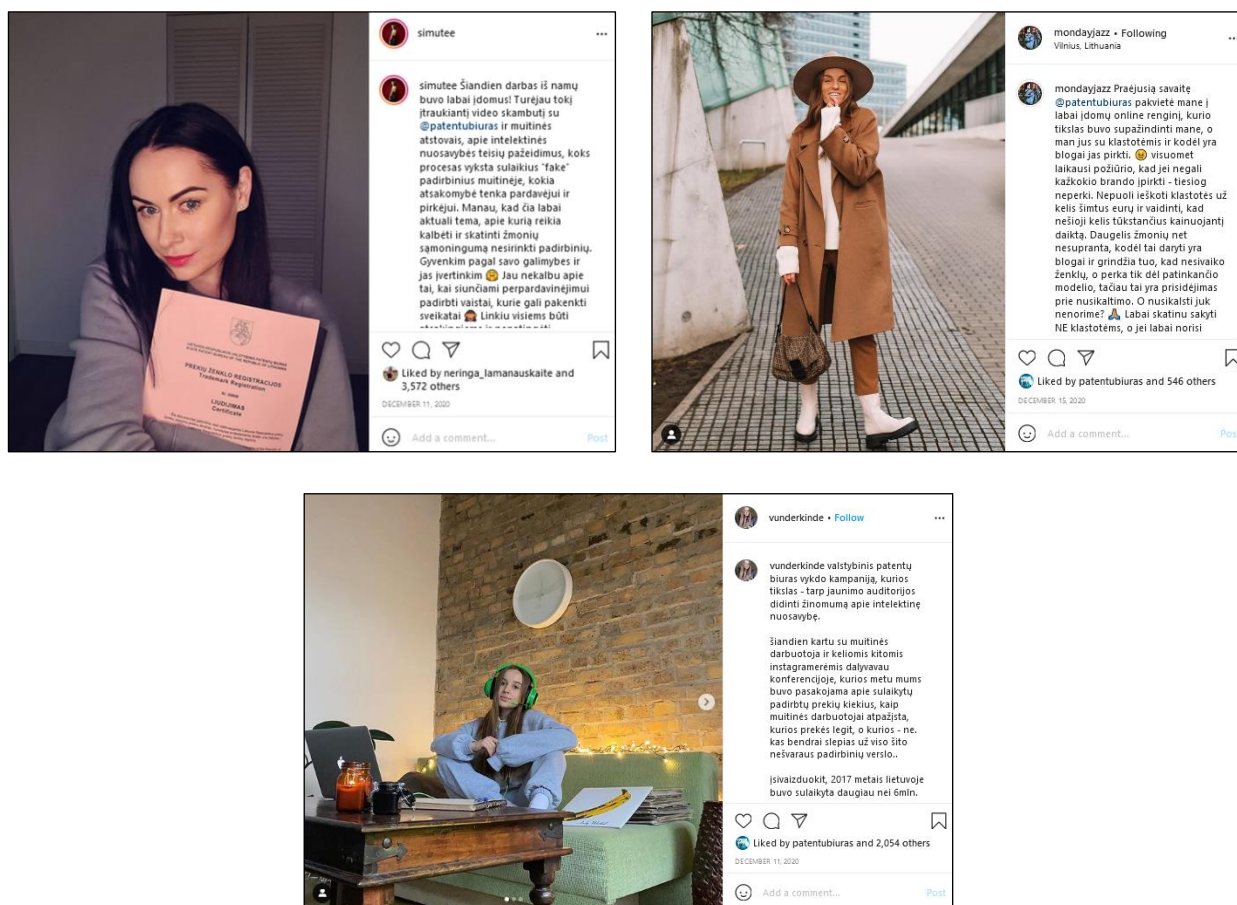
18. The Deep and Comprehensive Free Trade Area Agreement (DCFTA) between Georgia and the European Union (EU) obliges Georgia to implement an effective system of IPR enforcement, including mechanisms to prevent IPR infringement on the Internet. Sakpatenti has prioritized drafting specific legislation on the liability of Internet service providers (ISPs) and will also amend the Law on Copyright and Related Rights. The objective of the new provisions will be to pave the way for a clear approach with effective and transparent limits on the legal liability of ISPs for IPR-infringing content that will better serve both the right holders' and users' needs while encouraging respect for IPRs and fostering e-commerce.

⁵ For more information, see https://www.sakpatenti.gov.ge/en/news_and_events/338/.

D. LITHUANIA

19. In 2020, the State Patent Bureau of the Republic of Lithuania implemented several promotional activities with two key messages: on the one hand, promoting the importance of IP protection and, on the other hand, underscoring the potential danger of counterfeit goods. The aim of the activities was not only to disseminate informational and promotional material, but also to make use of different means of communication, such as social media, to better target the youth.

20. Through one social media campaign carried out on Instagram, three social media influencers created a series of posts⁶ explaining the danger of counterfeit goods to their followers, reaching a total of 271,300 Instagram users.



21. Another important project was a social experiment carried out with the objective of offering counterfeit goods on the street or next to a market and gauging the reactions of passers-by⁷. In carrying out the experiment, young actors pretended to be sellers of the counterfeit products, which were borrowed from the Customs Department. The result was surprisingly positive in that only a small number of persons expressed interest in purchasing the counterfeit goods⁸. The

⁶ See <https://www.instagram.com/p/C1qgfgVLzko/>, https://www.instagram.com/p/C1qPcd_hYA_/ and <https://www.instagram.com/p/C11Hp5jJMp/>.

⁷ A video can be accessed on the YouTube channel of the State Patent Bureau of the Republic of Lithuania, at: <https://bit.ly/34Lft5x>. At the time of writing, It has had almost 3 000 views and was well promoted via different media channels.

⁸ An article about the social experiment was also published on the English version of 15min.lt, the second largest news website in Lithuania, see <http://bit.ly/3t7c5Gs>.

social experiment garnered both national and international media interest⁹, attracting the attention of the largest national television broadcaster in Lithuania and winning third place in the national PR Impact Awards¹⁰.



22. An outdoor PR campaign was organized during the pre-holiday period from November 30 to December 13, 2020. The campaign placed an advertising billboard with the slogan “Give a real Christmas” in a central location reaching a wide audience. Christmas trees and decorations were semi-burned and damaged with an illustrative message on the dangers of counterfeited goods.



⁹ The material is also a finalist for the Golden World Awards of the International Public Relations Association, see <https://bit.ly/2T8PX1c>.

¹⁰ <https://bit.ly/3r8be7K>.

E. HUNGARY

23. Since 2008, the National Board Against Counterfeiting (NBAC) comprises all competent governmental institutions and authorities working in the field of IP as well as market players and professional representative organizations involved in the protection of IP. The Secretary of the NBAC is operated by the Hungarian Intellectual Property Office (HIPO).

24. According to research¹¹ commissioned by the NBAC, the downloading habits and motives of 18-26 year olds in Hungary have changed significantly as compared to 2017. In particular, there has been a significant decrease in illegal downloads in the field of music, from 64 per cent to 43 per cent. A significant shift in the consumption of audio-visual content was detected as well with the number of subscribers to legal streaming services nearly doubling from 19 per cent to 34 per cent (in Budapest to 49 per cent!). However, one interesting outcome of the survey showed that for nearly 30 per cent of the respondents, whether a website operates legally or illegally is of no importance. Most respondents took into account the overall quality of a content service when judging its legal or illegal nature.

25. In March 2020, the NBAC published a new version of its online educational material with up-to-date information, games and exercises¹². In reaction to online developments, a project group on online infringements was set up with the objective of increasing the efficiency of online enforcement of IPRs by enhancing the cooperation between public bodies, right holders and authorities.



26. Several awareness raising campaigns are organized in the media (both online and offline) and special “NOFAKE!” classes are held for students throughout the year. In the summer, the NBAC campaigns focus on festivals with interactive games and awareness raising presentations, where interesting awareness raising materials are provided to the numerous visitors.

¹¹ The final results of the research are available (in Hungarian) at: <https://bit.ly/3cYqrQq>.

¹² The materials can be accessed at: <https://www.sztnh.gov.hu/hu/mivel-fordulhatok-a-hivatalhoz/tajekoztatás/kiadványok/könyvek-es-tanulmányok>.



27. In 2019, the Hungarian portal *Hungaroteka* was launched, offering links to legal online content. The objective of the portal is to encourage users to search for legal content (audio-visual works, music, e-books, etc.) and thereby prevent them from turning to content on infringing sites. On March 12, 2020, the portal was linked to AGORATEKA (The European Online Content Portal)¹³, an initiative created by the European Observatory on Infringements of Intellectual Property Rights, to which other CEBS members contribute as well.

F. SLOVENIA

28. In June 2020, the Slovenian Intellectual Property Office (SIPO) established an informational website on counterfeiting and piracy, available in Slovenian¹⁴. The purpose of the website is to raise public awareness about the problem of counterfeiting and piracy and the economic, societal, environmental and other consequences for right holders and consumers. Furthermore, it aims to raise consumer awareness about the risks that counterfeit and pirated goods pose to consumer health and safety.

29. In the area of customs measures, throughout the course of 2020, the Financial Administration of the Republic of Slovenia discovered and retained 433,517 IP-infringing items worth almost EUR 5.5 million. Most of the seized items were clothing, footwear, accessories, car parts, toys and audio-visual devices. Most of the infringing goods arrived in Slovenia in shipping containers or by post.

30. Shipments that arrive in Port Koper are mainly destined for recipients in other EU member states, whereas detained postal items are intended for recipients in Slovenia. Most of the detained goods were destroyed under customs control.

[End of contribution]

¹³ <https://agorateka.eu/ea/>.

¹⁴ <https://originalen.si>.

COLLABORATIVE ENFORCEMENT IN THE DIGITAL ENVIRONMENT: SYNERGIES TO STRENGTHEN STATE ACTION DURING THE COVID-19 PANDEMIC

*Contribution prepared by Mr. Ronald Gastello Zárate, Technical Secretary, Commission of Distinctive Signs, National Institute for the Defense of Competition and Protection of Intellectual Property (INDECOPI), Lima, Peru**

ABSTRACT

This contribution discusses Peru's strategy of collaborative enforcement to fight intellectual property (IP) infringements in the digital environment. The document begins by highlighting the importance of effective IP protection, rendered even more pressing due to the COVID-19 pandemic. Next, the contribution lays out the new frontier in the fight against counterfeit goods, namely the online environment, and the true enemy in this fight, organized crime groups. With this in mind, the document goes on to discuss the crucial elements for implementing an effective IP enforcement system. Finally, the contribution illustrates several recent initiatives undertaken by Peru with the objective of increasing collaboration with third parties and enhancing enforcement efforts.

I. INTRODUCTION

1. In 2018, there were over three billion active social network users, which was equivalent to 40 per cent of the global population¹. From 2014 to 2019, e-commerce retail sales in Latin America grew by almost 20 per cent, which justified the term 'digital revolution'. However, when the pandemic struck, this figure grew to 230 per cent in April 2020², leading to a 'digital explosion'.

2. At some point, hopefully, social distancing restrictions will cease completely, but it will be too late because the pandemic will have completed its masterful work, that of forging – in the economic and social field – a new culture: that of social distance, that of "#StayAtHome". In fact, over the last year, we have all been protagonists of the consolidation of new behavioral and consumption habits, where, even though physical stores – progressively – are being visited again, online stores do not and will not cease to be the safest, least expensive and most practical option for both consumers and entrepreneurs. In particular, entrepreneurs will know how to allocate more resources for the development of more attractive and user-friendly electronic stores and platforms, targeting a larger group of consumers, which will result in the affirmation of new habits.

* 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 Sprout Social (2018), *61 Social Media Statistics to Bookmark for 2018*, available at: <https://noticias.universia.net.mx/practicas-empleo/noticia/2018/10/09/1161901/como-utilizar-redes-sociales-startup-exito.html>.

² See techtarjet.com/es/cronica/A-pesar-de-los-retos-el-eCommerce-crece-en-America-Latina.

3. The fight against counterfeiting faces challenges from the pandemic and the rise of e-commerce, with anonymous sellers around the world evading the authorities, who are often limited by the territoriality of their powers. It is a fight against international criminal organizations, which have designed operational networks with significant financial resources. These challenges require the state to adopt new enforcement strategies that go beyond punitive action and create synergies with private organizations, resulting in effective collaborative enforcement to stop infringements.

II. ENFORCEMENT DURING THE PANDEMIC

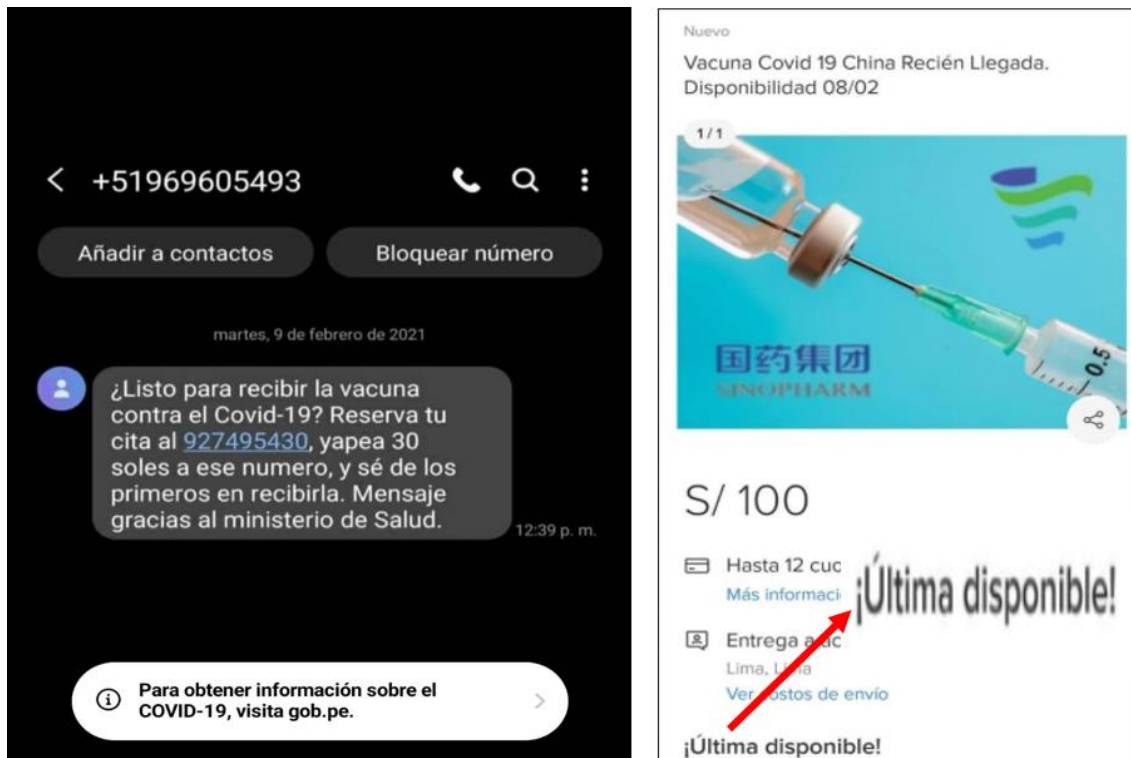
4. It is even more important to address counterfeiting during a state of emergency with a new wave of counterfeiting activity targeting basic essentials, such as food, cleaning and disinfectant products, personal protective equipment and medication. These counterfeit products became available on social networks and e-commerce platforms.

5. From mid-2020 to this year, the National Institute for the Defense of Competition and Protection of Intellectual Property (INDECOPI), in collaboration with the customs authority, has carried out hundreds of precautionary interventions to prevent counterfeit 3M masks from entering the country.



The image is a screenshot of a news article from the website 'GESTIÓN'. The article title is 'Indecopi impidió el ingreso de mascarillas falsificadas al Perú que ponían en riesgo la salud'. The sub-headline reads: 'La entidad detalló que la empresa 3M denunció que importadores de mascarillas y respiradores de silicona estaban imitando sus productos, y que estos no tenían la garantía la protección.' Below the text is a photograph of several 3M masks, including a white one and a teal one. The article is dated 'PERÚ' and includes social media sharing icons for Facebook, Twitter, and LinkedIn. A Google AdSense notice is visible on the right side of the page: 'Google ha cerrado el anuncio'.

6. At the start of 2021, when vaccine rollout was slow in Peru, there were online offers for COVID-19 vaccines, which were fake³.



A. IDENTIFYING THE TRUE ENEMY IN THE FIGHT AGAINST COUNTERFEITING

7. The correct enforcement strategy must identify the true culprits of counterfeiting. These are organized crime groups, which have understood that if demand for online goods increases, their supply of counterfeit online goods must also increase. The authorities must analyze the ability of these criminal organizations to adapt, know their strengths and understand the situation at hand to be able to devise an effective strategy against them.

8. That being said, we can anticipate that the combination of organized crime (OC), an exponential increase in e-commerce (EI) and the new cultural focus, #StayAtHome (#S), will produce something truly concerning:

$$OC + EI + \#S = X^x.$$

X^x represents the new counterfeiting rate, the quantification of which is still impossible to calculate.

B. IDENTIFYING THE NEW BATTLEGROUND IN THE FIGHT AGAINST COUNTERFEITING

9. The playing field is no longer physical but virtual, which means that enforcement authorities must adapt thoroughly, assuming *a priori* that existing laws might be anachronistic.

³ The text message reads: "Ready to receive the Covid-19 vaccine? Book your appointment at 927495430, pay 30 soles to this number, and be among the first to receive it. Message thanks to the Ministry of Health".

10. A regulatory reform must not shy away from reviewing the general principles of intellectual property (IP), such as territoriality, since not doing so could restrict the authorities' actions to national spaces, which can be seen as a disadvantage when imposing sanctions on actors who, in the online market, may be undetectable.

C. HOW TO COUNTER THE ENEMY'S STRATEGY

11. Counterfeiters carry out their activities using an 'iceberg strategy', whereby only a small part of their activity is visible: the point of sale. The rest of their business is hidden, without bank accounts, assets in their name, known associates, workers on the payroll, captive customers or real addresses.

12. It is better to bring the hidden part of the iceberg to the surface than to sink down to the bottom of the iceberg. To that end, INDECOPi published a working paper proposing a *Draft Law to Strengthen the Enforcement of Intellectual Property Rights*⁴, which sets out a strategy involving three enforcement approaches, the first of which being the reactive approach.

a) Strengthening Legal Powers

13. Under the *reactive approach*, it is proposed to create a reward program to encourage the cooperation of citizens who may have access to key information about centers where IP-infringing goods are produced, marketed, distributed or illegally reproduced and/or who can help to detect, investigate and sanction natural or legal persons who commit IP infringements.

14. INDECOPi will be in charge of implementing the reward program and will grant the financial rewards. The identity of the reward applicant will be kept confidential to encourage citizens to come forward.

15. Furthermore, a proposal to amend the Law Against Organized Crime is pending approval in the Congress of the Republic of Peru, which would bring customs offenses and IP crimes within the scope of that law⁵.

16. Including IP crimes within the list of organized crime offenses would allow for harsher punitive and penitentiary measures and allow the prosecution and the judiciary to intercept mail and communications, as well as to lift banking secrecy.

b) Changing the Landscape of Lenient Sanctions and High Social Acceptance of Counterfeiting Activities

17. The state must make efforts to build respect for IP as this can generate important benefits for society, incentivizing creativity, innovation and competition. With this aim, the state must implement a program of cultural transformation that makes it possible for society to appreciate the need to respect IP given the significant benefits it has for the country's economy.

⁴ <https://www.indecopi.gob.pe/-/documento-de-trabajo-fortalecimiento-de-la-observancia-de-los-derechos-de-propiedad-intelectual->

⁵ Draft Law No. 5273/2020-CR.

18. In this regard, the afore-mentioned *Draft Law to Strengthen the Enforcement of Intellectual Property Rights* also suggests a *preventative approach* to build a new culture of respect for IP that increases levels of social disapproval towards IP infringements and legitimizes drastic sanctions while, above all, encouraging citizens to view IP as an effective and practical tool for their professional or entrepreneurial development.

19. In line with this approach, from 2018, Peru has undertaken an integral training process to change attitudes through its educational program *I Decide, I Respect (Yo Decido, Yo Respeto)*⁶. This program instills respect for IP and encourages behavioral patterns that reject counterfeiting and piracy among school-age children. This program is aimed at students in their first to fifth year of secondary school.



20. Promoting a culture of respect for IP in future generations will create a new state of awareness, through which we hope to reduce the demand for counterfeit products.

21. The draft law also suggests a third enforcement approach: the *persuasive approach*. This approach refers to measures to encourage legal and official trade to reduce the supply of counterfeit products. The idea is to convert micro and small businesses into IPR holders. To achieve this, INDECOPI has been providing free technical support, mainly via virtual platforms. Converting a business owner in the grey economy into a trademark owner offers opportunities away from the world of counterfeiting.

22. The *National Collective Trademark Program (Programa Nacional de Marcas Colectivas)* is an example of this approach. From 2017 to 2020, the program facilitated the registration of 4,000 collective trademarks, helping artisanal and agricultural communities across the country enter the formal economy, organize themselves in associations and articulate themselves.

⁶ For more information on this program, see Ray Augusto Meloni García (2019), *I Decide, I Respect – I Respect Intellectual Property and Reject Contraband – A Recent Educational Program for High School Students in Peru* (pages 26-32 of document WIPO/ACE/14/4 Rev.), available at: https://www.wipo.int/meetings/en/doc_details.jsp?doc_id=449331.

c) Tackling the Online Market

23. The enemy's strategy has been to take over the online market by taking advantage of Internet service providers (ISPs). Some aspects make this extremely appealing, such as:

- joining a global market;
- easily using payment alternatives;
- supplier and consumer anonymity;
- lack of requirements necessary to run a physical store;
- lack of requirements to buy products (e.g., sales without prescriptions);
- high possibility of tax evasion.

III. COLLABORATIVE ENFORCEMENT: THE NEW STRATEGY

24. With the growth of e-commerce, IP infringement cases started to involve actors with unknown identities and addresses. The existing legislation did not foresee these situations, nor did it grant the power to force ISPs, mainly virtual platforms or social networks, to adopt measures to cause the infringing acts to cease. Therefore, it was necessary for ISPs to contribute to the enforcement of IP rights, using their position as operator (of the platform, social network etc.) to prevent the sale of counterfeit products.

25. INDECOPI call this collaborative enforcement. This is when the authorities work with strategic allies who are in a manifestly better position to stop infringements and identify perpetrators.

26. INDECOPI thus proposed to modify the national IP law, Legislative Decree No. 1075. This modification took place in September 2018:

Legislative Decree N° 1397 – Modification to Legislative Decree N° 1075

“Article 115. – Powers of investigation

Without the following list being exhaustive, the competent national authority has the following powers of investigation:

(...)

e) to order, as a precautionary or final measure, natural or legal persons, as well as public or private, state or non-state, profit or non-profit entities, to adopt measures to prevent third parties from continuing or committing acts that use subject matter without authorization (...).”

27. This modification provides INDECOPI with the power to order natural or legal persons, or private or state entities, to adopt concrete measures to stop IP infringements.

28. It is important to clarify that the liability resulting from the afore-mentioned provision does not find its justification in the commission of the infringing act, but in the disobeying or disregarding of the authorities' order.

29. The law was drafted so that nobody could legitimately claim to be outside of its scope. Indeed, it was deemed necessary to draft it broadly enough so that it would not merely include ISPs. Therefore, although the original intention of the law was to ensure the cooperation of ISPs, it was deemed appropriate to include any third party with a special position or capacity that might be able to prevent the continuation or perpetration of an infringement.

30. The law also did not specify the medium through which the addressee of the order needs to operate. Therefore, collaborative enforcement can be required for acts in the digital market as well as in the traditional market.

31. This option is similar to the form of responsibility known in American jurisprudence as 'landlord liability'. However, it is not the same since the responsibility set out in Article 115(e) of Legislative Decree 1075 is defined by non-compliance with the authorities' mandate, whereas 'landlord liability' attributes responsibility to the owner/landlord for his/her contribution to the infringement.

32. Thanks to this norm, it has been possible throughout the pandemic to audit and/or shut down online businesses that sell products with a high level of public interest, such as products that could harm children (counterfeit toys), human health (COVID-19 face masks, disinfectant products, etc.) and human safety (electronic cables, power outlets, electromagnetic switches).

33. Finally, throughout 2019 and at the start of 2020, INDECOPI held online and in-person meetings with various e-commerce platforms to raise awareness of the objectives and scope of this modification of Legislative Decree 1075, to provide information about the new 'collaborative enforcement' scheme and to propose the signing of cooperation agreements. These would convert online platforms into INDECOPI's best allies in the fight against online counterfeiting.



34. As a result, on February 10, 2020⁷, INDECOPI concluded an inter-institutional cooperation agreement with MERCADO LIBRE to activate an efficient mechanism to stop infringements on its platform. This made Peru one of the first countries in the region to have signed an agreement to protect IP.

IV. CONCLUSION

35. The COVID-19 pandemic has led to a sudden change in consumer habits and the competition landscape. Enforcement authorities must revise their plans and regulations accordingly.

⁷ This agreement was renewed in February 2021.

36. Enforcing IPRs is more important during a pandemic because consumers' desperation to access basic goods and services creates malicious opportunities for counterfeiters.

37. An enforcement plan must take into account that the true culprits of counterfeiting are criminal organizations that operate under the radar, using an 'iceberg strategy', through which the majority of their operations remain invisible.

38. It is imperative to design an enforcement plan that has three approaches:

- a preventative approach to create a culture of respect for IPRs and disapproval of counterfeiting;
- a persuasive approach that encourages legitimate business practices among micro and small businesses that are usually lured into counterfeiting by the prospect of profitable business; and
- a reactive approach to strengthen legal powers to impose administrative and penal sanctions.

39. These three approaches require a collaborative enforcement approach, such as the one used by INDECOPI, establishing:

- strategic synergies with third parties that are in a better position to introduce dissuasive measures in the online market; and
- financial agreements with those who have relevant information that could identify the true perpetrators of counterfeiting.

40. Dissolving the enemies' alliances weakens them. If enforcement authorities create their own alliances, they strengthen their own position.

[End of contribution]

THE PHILIPPINE APPROACH TO INTELLECTUAL PROPERTY PROTECTION IN DIGITAL TRADE

*Contribution prepared by Mr. Rowel S. Barba, Director General, Intellectual Property Office of the Philippines (IPOP HL), Taguig City, Philippines**

ABSTRACT

The following contribution outlines the multi-faceted approach that the Intellectual Property Office of the Philippines (IPOP HL) has adopted in recent years to address the persistent rise in online counterfeiting and piracy. The approach includes an expansion of IPOP HL's online enforcement powers, continued collaboration with the private sector, ongoing work to establish a fast and rolling site-blocking regime and a strengthening of the legal framework to address new and emerging technologies that allow counterfeiting and piracy to proliferate. Moreover, the Philippine government continues to increase collaboration amongst national and regional governmental institutions with the ultimate goal of strengthening border enforcement measures and encouraging best practices in digital trade. Finally, the approach addresses the need to empower right holders through information and knowledge sharing and consumers through awareness-raising and educational campaigns.

I. INTRODUCTION

1. Prior to the COVID-19 pandemic, societies had already been grappling with online crimes given the complex challenges they present in enforcing various laws and regulations. But as the pandemic prompted an even faster digital shift, several countries, including the Philippines, reported an unprecedented surge in online crimes, including crimes related to intellectual property rights (IPRs), such as counterfeiting and piracy. The situation has compelled the government to consider, and stakeholders to lobby for, legislative reforms to establish more efficient action against IPR infringements and increase penalties against infringers. Pending such legislative reforms, the Intellectual Property Office of the Philippines (IPOP HL), in collaboration with various relevant actors in the public and private sectors, has undertaken ongoing efforts to develop more robust enforcement strategies in the online space while also improving border safeguards, the effectiveness of the judicial system and nationwide awareness. This document presents the whole-of-society effort that IPOP HL is leading to curb counterfeiting and piracy in the Philippines.

II. EXPANDING ONLINE ENFORCEMENT FUNCTIONS

2. At the onset of the COVID-19 outbreak in the Philippines, the Intellectual Property Office of the Philippines (IPOP HL) had already expressed concern about a possible upward trend in counterfeiting and piracy, given the digital shift in various aspects of people's daily lives – from commerce to entertainment.

3. In 2020, IPR violation complaints filed by right holders and reported by concerned citizens surged to 121, surpassing the total number of cases received from 2016 to 2019. Ninety-five per cent of these claims concerned the digital space.

* 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.

4. Given this surge, IPOPHL, through its IP Rights Enforcement Office (IEO), issued new rules to expand its enforcement functions online and to make more dissuasive remedies available to right holders¹.

5. Specifically, under the new rules, the IEO can, on its own initiative:

- monitor marketplaces;
- immediately and temporarily stop IPR infringing operations through cease-and-desist orders; and
- endorse the cancellation of an infringer’s business permits, including licenses.

6. Since the release of the new rules, IPOPHL has yet to receive a complaint from IPR holders. If a complaint is filed and decided by the IEO, this decision will emanate from the Director General of the IPOPHL and will be subject to appeal before the Court of Appeals.

III. PRIVATE SECTOR COLLABORATION

7. IPOPHL’s new rules were crafted following consultations with stakeholders. Indeed, the Office has a wide network of private sector partners with whom IPOPHL continues to intensify its engagement in order to better understand the challenges they face and develop better enforcement measures accordingly.

A. MEMORANDUM OF UNDERSTANDING BETWEEN RIGHT HOLDERS AND E-COMMERCE ACTORS

8. Since 2018, IPOPHL has been engaging with digital platforms, commercial payment gateways and right holders to make e-commerce safer. The dialogue facilitated by IPOPHL resulted in the crafting of a memorandum of understanding (MoU)² between e-commerce platforms and select right holders. The MoU was signed in March 2021 with the main objective of improving the notice-and-takedown procedures of e-commerce platforms. In addition to this, the MoU lays out the terms for:

- preventive measures to be put in place;
- the legitimate sharing of relevant information with authorities upon request, insofar as data privacy laws and regulations permit; and
- policies to prevent repeat IPR infringements.

9. The MoU currently has 16 signatories, namely:

- Online platforms:
Lazada E-Services Philippines, Inc.
Shopee Philippines, Inc.
BF Jade E-Services Philippines, Inc. (Zalora Philippines)

¹ For an overview of IPOPHL’s enforcement function prior to the new rules, see Allan B. Gepty (2016), *The Enforcement Function of the Intellectual Property Office of the Philippines: Best Practices and Challenges* (pages 15-19 of document WIPO/ACE/11/6), available at: https://www.wipo.int/meetings/en/doc_details.jsp?doc_id=343776.

² Available at: <https://drive.google.com/file/d/1BwGoksbtdBLaxRtrjHYZUBhz09tII0DC/view?usp=sharing>.

- Brand owners:
Unilever Philippines, Inc.
Castrol Limited
GlaxoSmithKline Consumer Healthcare Philippines, Inc.
GlaxoSmithKline Philippines, Inc.
Solar Pictures, Inc.
Globe Telecom, Inc.
Daniel Wellington AB
Cambridge University Press
Golden ABC, Inc.
- Chambers of Commerce/Industry Associations:
American Chamber of Commerce of the Philippines
British Chamber of Commerce of the Philippines
European Chamber of Commerce of the Philippines
Philippine Retailers Association

10. MoU signatories meet biannually under the auspices of IPOPHL to assess the progress and implementation of the MoU, identify new developments in counterfeiting/piracy technology/modus and review the MoU and, possibly, expand its provisions to cover other actors such as internet service providers (ISPs).

B. SITE BLOCKING

11. IPOPHL is also working on establishing a fast and rolling site-blocking regime. The Office is collaborating with the Asia Video Industry Association, the National Telecommunications Commission (NTC) and Philippine ISPs to create a coordination mechanism that will enable a more streamlined and rapid blocking of pirate sites. IPOPHL hopes to soon be able to lay out a clear-cut, inter-coordination protocol for this process. At present, IPOPHL forwards a site-blocking request to the NTC, which has primary regulatory oversight over ISPs. The NTC, in turn, carries out some internal processes before issuing an order for ISPs to comply with. In the future, IPOPHL hopes to institutionalize a process wherein the NTC will recognize IPOPHL's site-blocking order and automatically order ISPs to follow.

12. In all these endeavors, the IEO will operate a complaint validation process with a "fine-toothed comb" to safeguard access to legitimate content and ensure that blocking only occurs in cases in which all evidence firmly points to piracy.

IV. STRENGTHENING THE LEGAL FRAMEWORK

13. Enforcement strategies must be shaped taking into account emerging technologies that allow counterfeiting and piracy to operate on a grander scale and render them more complex to deal with. As such, IPOPHL is supporting laws that will redefine enforcement strategies in the context of a digital economy.

A. IP CODE AMENDMENTS

14. Last year, IPOPHL proposed a bill to amend the 1997 IP Code. These amendments will make the IP law system more robust, effective, modern and forward-looking, thereby strengthening the Philippines' position as an attractive investment destination.

15. The proposed amendments³ will also allow the government to intensify its efforts in preventing counterfeiting and piracy. They aim to:

- establish a site-blocking regime;
- provide the Director General with the power to issue cease-and-desist orders and orders of confiscation;
- increase penalties for IPR infringers ; and
- remove the minimum amount for a damage claim so as to allow micro, small and medium-sized enterprises (MSMEs) to seek administrative remedies.

16. The bill to amend the IP Code is currently being discussed at the legislative committee-level of the Congress of the Philippines and will hopefully pass at least in the Lower House in the course of 2021.

B. INTERNET TRANSACTIONS BILL

17. IPOPHL fully supports the proposed Internet Transactions Act (ITA)⁴, which may soon go through deliberations in Senate. The proposed law will set standard measures to drastically change how e-commerce platforms, merchants and websites operate in the future. It will ensure that online operations do not funnel income towards counterfeiting, among other possible crimes.

18. The ITA also foresees a solidary liability for erring online merchants. Under such a solidary liability regime, trademark enforcement will be treated similarly to copyright enforcement in that individuals who conduct activities that indirectly contribute to the committing of an infringing act may be subject to criminal and civil procedures.

19. IPOPHL would welcome the passing of the ITA and the bill to amend the IP Code as this would allow for the putting in place of more proactive measures.

V. WHOLE-OF-GOVERNMENT APPROACH

20. On the government side, the 13-member National Committee on IP Rights (NCIPR) drives collaboration. It is spearheaded by IPOPHL as Acting Chair.

21. Since its creation, the NCIPR has recorded an increasing number of seizures, with an annual average growth of 55 per cent, amounting to PHP 23.6 billion (approximately USD 468.5 million) in 2018 compared with PHP 3.5 billion (approximately USD 69.5 million) in 2008.

22. While the annual growth in seizure value may in part be attributed to increased trade in counterfeits, it may also be explained by increased enforcement efforts. Indeed, IPOPHL inspection activities jumped 69 per cent to 2,644 inspections carried out in 2018 compared with 1,565 in 2008.

23. Today, inspection activities continue to uncover counterfeiting hotspots. Recently, the Bureau of Customs (BOC) discovered an entire building that stored counterfeit goods intended to be sold online.

³ House Bills 8062, available at: https://www.congress.gov.ph/legisdocs/basic_18/HB08062.pdf, and 8620, available at: https://www.congress.gov.ph/legisdocs/basic_18/HB08620.pdf.

⁴ House Bill 7805, available at: https://www.congress.gov.ph/legisdocs/third_18/HBT7805.pdf, and Senate Bill 1591, available at: <http://legacy.senate.gov.ph/lisdata/3301729864!.pdf>.

A. STRENGTHENING BORDER MEASURES

24. To further improve border protection, the BOC launched an inter-agency Border Protection MoU in October 2020, which involves 26 Philippine government agencies, including IPOPHL. The MoU aims to establish a systematic mechanism for sharing border protection-related intelligence.

25. IPOPHL is optimistic that such streamlined information sharing will result in faster and more effective enforcement and facilitate the interception of counterfeit goods at the port of entry.

B. REGIONAL CROSS-BORDER ENFORCEMENT

26. IPOPHL also believes that intercepting counterfeit trade must be pursued on a regional scale by creating better coordination systems across countries where illicit goods might traverse.

27. At the regional level, IPOPHL plays a leading role in strengthening IPR protection in representing the Philippines as the chair of the Association of Southeast Asian Nations (ASEAN)'s Network of IP Enforcement Experts (ANIEE)⁵.

28. Over the years, the ANIEE has been making significant strides in IPR enforcement. At present, a regional MoU between right holders and online platforms is being considered, drawing on existing experience in the region where the Philippines and Thailand already have such MoUs.

29. Under the Philippine chairmanship, the ANIEE has also engaged with the ASEAN Customs Enforcement Compliance Working Group (CECWG). IPOPHL continues to explore possible areas for coordination in an effort to accelerate the fulfillment of enforcement goals under ASEAN's 2016-2025 IPR Action Plan⁶.

30. The ANIEE is also considering the feasibility of engaging with the ASEAN Coordinating Committee on E-Commerce to discuss best practices in securing e-commerce transactions in the region, while incentivizing MSMEs to embrace digital trade.

31. These collaborative efforts are part of the Philippines' broader push to bolster ASEAN-wide efforts through its proposed *ANIEE ACTS Beyond 2020* program. The ACTS agenda will aim to speed up the region's enforcement progress by drawing focus to ACTS, which stands for Awareness, Capacity, Technology and Synergy.

⁵ For more details on the ANIEE and regional cooperation on IP enforcement see Allan B. Gepty (2017), *Regional Cooperation on Intellectual Property Rights Enforcement in the Association of Southeast Asian Nations* (pages 28-32 of document WIPO/ACE/12/5 Rev. 2), available at: https://www.wipo.int/meetings/en/doc_details.jsp?doc_id=381796.

⁶ Available at: [https://www.aseanip.org/Portals/0/ASEAN%20IPR%20ACTION%20PLAN%202016-2025%20\(for%20public%20use\).pdf?ver=2017-12-05-095916](https://www.aseanip.org/Portals/0/ASEAN%20IPR%20ACTION%20PLAN%202016-2025%20(for%20public%20use).pdf?ver=2017-12-05-095916).

C. ADJUDICATION OF IP INFRINGEMENT CASES

32. An important part of IPOPHL's enforcement work consists in making the justice system work for IP right holders.

33. In 2020, the Supreme Court issued the *2020 Special Rules on the Prosecution of Intellectual Property (IP) Cases*, which amended the 2010 version⁷. The Revised Rules, an effort initiated by IPOPHL, aim to improve and accelerate judicial proceedings in IP infringement cases. The most salient provisions include:

- reducing the period for rendering judgment;
- increasing the number of courts that issue writs of search and seizure; and
- mandating the training of judges and court personnel.

VI. EMPOWERING RIGHT HOLDERS

34. IPOPHL continuously engages with right holders to help them cope with the new challenges brought about by the digital economy. Recently, IPOPHL has partnered with the International Trademark Association (INTA), which will be working with IPOPHL in the coming months to improve the Philippine trademark protection system and align enforcement strategies with the needs of brand owners.

35. IPOPHL has also partnered with Google and Facebook to conduct webinars aimed at helping right holders use their existing search, detection and management tools to have better control over their IPRs online.

VII. CONSUMER AWARENESS

36. Over the past year, concerned citizens have been very active in reporting possible acts of IP infringement to IPOPHL. In order to maintain this engagement, IPOPHL will be more deliberate in targeting consumers in its awareness and education campaigns.

37. In June 2020, IPOPHL partnered with WIPO for a trial deployment of the *WIPO Consumer Survey Toolkit on Respect for IP*⁸. In a first phase of the project, the survey will be used to assess consumer attitudes and behavior towards copyright piracy. A professional fieldwork agency has been tasked to conduct the survey (launched in June 2021) and collate the results. The final report is expected to be submitted by October 2021.

38. IPOPHL is also collaborating with the Trade and Industry Department's Consumer Protection Group to develop awareness campaign materials, which will be launched in the coming months.

⁷ Available at: <https://sc.judiciary.gov.ph/14365/>.

⁸ Available at: <https://www.wipo.int/publications/en/details.jsp?id=4240>.

VIII. CONCLUSION

39. IPOPHL will continue to allocate a significant amount of time, resources and capacity to help stakeholders enforce their IPRs. It will also continue to shape its strategy in response to the needs of right holders in the ever-evolving digital economy. Such an enforcement program is needed not only to benefit right holders, but ultimately to achieve other national goals, namely consumer protection, public health, fair trade, a sound regulatory foundation to attract investors and a robust digital economy driven by an environment that nurtures innovation and creativity.

[End of contribution]

THE EXPERIENCE OF THE RUSSIAN FEDERATION IN COMBATING THE SPREAD OF PIRATED CONTENT ON THE INTERNET

*Contribution prepared by Mr. Vadim Subbotin, Deputy Head, Federal Service for the Supervision of Communications, Information Technology and Mass Media (Roskomnadzor), Moscow, Russian Federation**

ABSTRACT

This contribution discusses the measures taken by the Russian Federation to combat online piracy. The effectiveness of the measures is reflected, *inter alia*, by growth in consumption of legal online content and an increase in right holders' income generated from sales thereof. Meanwhile, the State continues its efforts to make these measures even more effective by actively supporting the development of industry self-regulation and encouraging direct interaction between major Russian IT companies and right holders in the fight against online piracy.

I. INTRODUCTION

1. The Federal Service for Supervision of Communications, Information Technology and Mass Media (Roskomnadzor) is the Russian federal government body mandated to curb the spread of pirated content on the Internet. Within its competence, Roskomnadzor applies various legislative mechanisms considered effective by right holders both in Russia and overseas and is constantly working to improve these mechanisms.
2. The current legislative framework enables Roskomnadzor to effectively combat the illegal distribution of content on pirate sites both through blocking orders and by reducing advertising revenues and traffic monetization, thereby cutting off financial flows. Roskomnadzor carries out this work in close collaboration with copyright holders and major IT companies¹, including search engines.
3. This contribution discusses the synergies achieved through government regulation combined with industry self-regulation in the fight against online piracy.

II. GOVERNMENT REGULATION

A. MAIN ANTI-PIRACY MECHANISMS IN RUSSIA

4. The main law governing online anti-piracy measures is Federal Law No. 149-FZ of July 27, 2006, on Information, Information Technologies and Information Protection². At

* 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 IT companies are computer hardware and software companies and those engaged in related high-tech areas, including telecom operators, search engines, etc.

² Federal Law No. 149-FZ of July 27, 2006, on Information, Information Technologies and Protection of Information (as amended up to Federal Law No. 177-FZ of June 8, 2020), available at: <https://wipolex.wipo.int/en/legislation/details/20722>. Article 15.2 was incorporated into Federal Law No. 149-FZ by Federal Law No. 187-FZ of July 2, 2013, on Amendments to Certain Laws of the Russian Federation Concerning the

present, the law applies to all copyright-protected subject matter, with the exception of photographs.

5. A right holder may have recourse to one of three ways to counter piracy³:

- a court ruling on interim measures (Article 15.2);
- a court decision to block websites permanently (Article 15.6); and
- a decision of the Ministry of Digital Development, Communications and Mass Media on the permanent blocking of sites that mirror sites blocked by a court decision (Article 15.6(1)).

6. These legislative mechanisms are being applied extensively. At the time of writing, pirated content has been removed or blocked on 1.5 million websites on the basis of 17,000 court interim orders, 900 court decisions, and 27,000 decisions by the Ministry of Digital Development, Communications and Mass Media.

7. Overseas right holders also make frequent use of the mechanisms. To date, Roskomnadzor has received over 380 decisions by the Moscow City Court relating to applications by global leaders in the film industry, such as Warner Bros. Entertainment Inc. (136 decisions), various divisions of Sony (137 decision), Universal Music (88 decisions), Disney Enterprises Inc. (11 decisions) and Marvel (nine decisions).

8. In addition to blocking specific pirate websites, measures are being taken to reduce traffic to these sites. Since 2017, Roskomnadzor has been collaborating extensively with search engines (Yandex, Google and Mail) to remove links to infringing content from search results. The provisions on permanent blocking (Article 15.6) and the blocking of mirror sites (Article 15.6-1) also provide for the removal of such links. Where access to content is restricted on the basis of Article 15.2, the removal of links from search results is provided for in Article 15.8.

B. NEW PROCEDURE TO PROTECT COPYRIGHT-PROTECTED SUBJECT MATTER DISTRIBUTED THROUGH SOFTWARE APPLICATIONS

9. With the share of mobile traffic increasing steadily, the market for mobile applications is also developing rapidly, through which pirated content can also be distributed.

10. In response to these threats, the Russian legislation was adapted, and, on October 1, 2020, amendments to Article 15.2 of Federal Law No. 149-FZ entered into force⁴.

11. Roskomnadzor sends a notice to the information resource hosting the application (so-called app store) requiring it to remove the protected copyright subject matter from the application. If the application owner fails to comply with the requirement of Federal Law No. 149-FZ, then the app store is obliged to restrict Russian users' access to the application. If the demand is not met within 24 hours, Roskomnadzor provides the telecom operator with the necessary information to restrict access to the application.

Protection of Intellectual Rights in Information and Telecommunication Networks, available at: <https://wipolex.wipo.int/en/legislation/details/17108>.

³ For more detailed information on the listed options, see Vadim Subbotin (2019) *Improving the Mechanisms to Counter the Online Dissemination of Pirated Content in the Russian Federation* (pages 12-16 of document WIPO/ACE/14/8 Rev.), available at: https://www.wipo.int/meetings/en/doc_details.jsp?doc_id=450691.

⁴ These amendments were introduced by introduced by Federal Law No. 177-FZ of June 8, 2020 on Amendments to the Federal Law on Information, Information Technologies and Information Protection.

12. At the time of writing, Roskomnadzor has received 28 court rulings, related to 19 mobile applications. Pirated content was removed from 13 software applications. Access to six applications has been restricted for Russian Internet users.

III. INDUSTRY SELF-REGULATION

13. Roskomnadzor also actively supports and encourages industry self-regulation.

14. On November 1, 2018, a *Memorandum of Cooperation on the Protection of Exclusive Rights in the Digital Age* was signed at the Roskomnadzor premises between major domestic holders of copyright in audiovisual works, owners of video hosting sites and search-engine operators⁵.

15. As part of the implementation of the Memorandum, the signatories have created an information system – a registry of web page URLs on which copyright is being infringed. A right holder who finds a web page infringing copyright submits an application to the registry, which operates around the clock. Search engines receive data from the registry every five minutes, and then remove the web page through which content is being pirated from search results within a maximum of six hours.

16. Such a mechanism, in tandem with legislative mechanisms, enables right holders to prevent the dissemination of pirated content on the Internet effectively and, most importantly, quickly. The short timeframe for taking action allows, for example, for an effective protection of premiere screenings.

17. At the time of writing, about 25 million links to pirated content have been removed from search results in this way.

18. Based on the results of testing the tools laid down in the Memorandum, a draft law has been prepared at the Roskomnadzor site, which is aimed at consolidating the above-mentioned self-regulation mechanisms at the legislative level. In the near future, the bill will be considered by the State Duma.

19. Roskomnadzor understands that government encouragement of processes aimed at the development of industry self-regulation, in synergy with current legislation, will achieve the greatest effect in the fight against online piracy.

IV. THE IMPACT OF RUSSIAN ANTI-PIRACY EFFORTS

A. ONLINE VIDEO SERVICES

20. Thanks to the joint effort of the State, right holders and IT companies, the number of users connecting to legal sources of online content – official online cinemas – is increasing significantly. As of late 2020, the total revenue of legal online video services in Russia amounted to RUB 38.942 billion (EUR 444 million), some 52 per cent higher than the previous year. Growth in 2019 compared to 2018 had already been at the same high rate⁶.

21. The fee-based model (comprising both subscriptions and video on demand purchases) continues to increase its share and dominate the advertising model. In 2020, the fee-based

⁵ More information is available at: <https://rkn.gov.ru/news/rsoc/news62760.htm>.

⁶ More information is available at: <https://www.iksmedia.ru/news/5723245-Rynok-onlajnvideo-v-Rossii-po-itoga.html>.

model constituted 78 per cent of total online video service profits (a year earlier, it had been at just over 70 per cent).

22. Moreover, in the first half of 2020, the advertising model was overtaken for the first time in terms of revenue by video-on-demand purchases (renting content or purchasing a digital copy), but by the end of the year, the share of revenue from content rental / purchase was nonetheless still lower than that of the advertising model, at 17 per cent compared to 21 per cent. At the same time, the share of subscriptions reached 61 per cent. Thus, the structure of video service income in 2020 was as follows:

- fee-based model: 78 per cent (subscriptions and video-on-demand purchases);
- advertising model: 21 per cent; and
- other monetization models: one per cent.

B. CINEMA TICKET SALES

23. The measures taken to protect IP not only affect the digital content market, but also the film distribution market. In 2020, total box office receipts for the Russian Federation amounted to RUB 22.8 billion (EUR 260 million), 47 per cent of which was from the sale of tickets to Russian films⁷.

24. The country's cinemas, whose operations were suspended for a period of four to nine months in 2020 due to restrictions to combat the COVID-19 pandemic, sold 88.7 million tickets, 68.6 per cent of which in the first three months of 2020.

25. In 2020, the volume of the film distribution market decreased by 58.8 per cent at the box office (in monetary terms this equated to RUB 32.6 billion, (EUR 372 million)), and 59.6 per cent by number of tickets sold in comparison with 2019.

26. At the same time, the market was adversely affected by the pandemic. Thus, as of the end of the year 2020, 1,914 cinemas had screened films, some 8.7 per cent lower than the same period of 2019 (2,096 cinemas had screened films as of December 31, 2019). Roskomnadzor, together with the right holders concerned, was actively involved in ensuring the protection of films that premiered in 2020.

V. INTERNATIONAL COOPERATION TO CURB ONLINE PIRACY

27. Finally, it is worth noting the importance and significance of international cooperation in the protection of intellectual property on the Internet. Roskomnadzor cooperates actively with WIPO, including in the context of a Memorandum of Understanding (MoU) that it concluded with WIPO in September 2020 regarding the provision of information to the WIPO ALERT database. Implementing the provisions of the MoU has strengthened the effectiveness of the fight against digital piracy, especially at the international level.

⁷ Detailed information is available at: <http://www.fond-kino.ru/news/itogi-kinoprokata-v-2020-godu/>.

28. Roskomnadzor has uploaded about 2,000 domain names to WIPO Alert. Roskomnadzor looks forward to a long and fruitful cooperation with WIPO to combat pirated content on the Internet.

[End of contribution]

USING THE INTERNET TO SUPPORT EFFECTIVE INTELLECTUAL PROPERTY ENFORCEMENT – FREEING UP CAPACITY, BOOSTING COLLABORATION AND EXTENDING THE REACH OF EDUCATION AND AWARENESS ACTIVITIES

*Contribution prepared by Ms. Amanda Lotheringen, Senior Manager, Copyright and Intellectual Property Enforcement, Companies and Intellectual Property Commission (CIPC), Pretoria, South Africa**

ABSTRACT

Since early 2020, the world has been facing one of its greatest challenges through the COVID-19 pandemic. The pandemic changed the way of working for professionals combating illicit trade, in particular trade in counterfeit goods. Although finding a silver lining during such difficult times is tough, the impact of COVID-19 has led to closer collaboration amongst various actors in support of the fight against counterfeit goods. This contribution discusses the benefits of using Internet-based technology to combat online piracy and counterfeiting. In particular, the contribution examines the ability of such technologies to boost inter-agency cooperation, enhance training and capacity building and increase the reach of education and awareness raising activities.

I. INTRODUCTION

1. The protection of intellectual property rights (IPRs) is critical for brand protection and is a key driver in aligning the actions to enforce IPRs taken by authorities, IPR holders and other relevant stakeholders.
2. The Internet has been a source of great concern for public authorities when it comes to enforcing IPRs. Many countries face the challenge of adopting new ways of combating online piracy and counterfeiting, be it by ensuring e-commerce platforms assume responsibility for verifying the authenticity of goods traded on their platforms or educating the consumers about the negative consequences of buying counterfeit goods.
3. Yet, despite the challenges posed by the digital environment in enforcing IPRs, the Internet also presents an effective tool to combat IPR infringements by freeing up capacity, facilitating collaboration among enforcement officials and advancing awareness-raising activities.
4. The Companies and Intellectual Property Commission (CIPC) plays a key role in the fight against counterfeits through various frontline activities. Forced to adapt their way of working by the COVID-19 pandemic, enforcement authorities started to collaborate actively and exchange lessons learned, not only nationally but also at the international level, which led to elevated public-private and cross-sector collaboration and increased the reach of public awareness initiatives. All of this is now happening in the virtual space at a fraction of the cost.

* 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.

II. CHALLENGES POSED BY THE INTERNET IN THE FIGHT AGAINST FAKES

5. IPRs support innovation and drive technological progress. That same technological progress, however, can be used to support intellectual property (IP) infringements and the unauthorized use of IP. Internet piracy and the sale of counterfeit goods online is nothing new. Indeed, in recent years, e-commerce platforms have become the new marketplace.

6. Traditionally, copyright piracy (willful copyright infringement on a commercial scale) and trademark counterfeiting are dealt with by the courts and, more specifically, by the judges that apply the rules of due process laid down in national law and by prosecutors that bring suspects before criminal courts. In the digital realm, the enforcement of IPRs is gradually shifting away from the courts and instead being placed in the hands of intermediaries that apply self-imposed codes of conduct. Some of these codes even call for filtering and monitoring of potentially infringing content. All over the world, Internet access providers and other online intermediaries are committing themselves, or are being compelled to commit themselves, to such self-regulatory mechanisms that aim to provide pragmatic solutions to the massive problem of Internet-based IPR infringement.

7. IPRs are, in essence, territorial and governed by national laws. However, infringing goods are traded across borders via the Internet with very little recourse. What can counter this massive dilemma to enforce IPRs? National governments tend to applaud, or even foster, the above-mentioned self-regulatory solutions.

8. But what other possible solutions are there? What could they look like and how can we optimize their benefits?

III. ADAPT OR BE LEFT BEHIND – USING THE INTERNET TO SUPPORT EFFECTIVE ENFORCEMENT OF INTELLECTUAL PROPERTY RIGHTS

9. In South Africa, the first lockdown was imposed on March 23, 2020. In a matter of days, life changed dramatically and telecommuting quickly became the new normal. Yet, with IP underpinning nearly every aspect of South Africa's economy – including well-paying jobs, the arts, science and technology in addition to creating a framework that allows new industries and innovation to flourish – the CIPC had no option but to swiftly adapt to the new normal.

A. THE IMPACT OF THE INTERNET ON COLLABORATION

10. The concept of collaboration itself is multifaceted in that it is generally viewed as a symbiotic and mutually beneficial activity. It is seen as a key element in the research process for its ability to produce results through the transfer and sharing of information, skills and expertise. International collaborative initiatives are passionately advocated for by many in the political science and development communities given the benefits for all participants. Such collaboration is thought to be particularly important between developing and developed regions as it provides valuable assistance to partners in the developing world.

11. Evidence of how the Internet supports international collaboration may also be found in a study published in the *Journal of Computer-Mediated Communication*, which concluded that “[i]nternational collaboration among scientists has been passionately advocated by many in the developing world. Among the several conditions that support collaboration among members of

a dispersed scientific community, Internet technology is crucial”¹. The study also examined the relationships among electronic communication, collaboration and productivity in South Africa, which had undergone remarkable change in the sphere of science and technology. To do this, scientists from a select number of research institutes and universities in the province of KwaZulu-Natal were surveyed. The study concluded that Internet use, as measured by time spent on e-mail, is positively associated with collaboration.

B. INTERNATIONAL EXCHANGE AND COLLABORATION

12. During the COVID-19 crisis, law enforcement officials found themselves able to connect with counterparts on all continents by making use of the vast new world of online platforms. Connecting with like-minded individuals through videoconferencing platforms supported a new way of collaboration that brought together law enforcement partners and stakeholders from different continents and cultures through a spectrum of technologies, producing a mix of knowledge, skills and solutions. Opportunities that previously came at a very high cost in terms of time and financial resources became available at a fraction of the cost and effort. This had the added benefit of freeing up resources and allowed enforcement officials to focus on operational successes.

13. The CIPC’s IP enforcement unit’s collaboration at the global level continued to intensify, and opportunities to partake in discussions, including with neighboring African countries, and share lessons learned in South Africa increased, which, in turn, enhanced the enforcement of IPRs. One such meeting was organized by the International Criminal Police Organization (INTERPOL) and brought together industry groups representing the pharmaceutical, fast-moving consumer goods, tobacco and liquor industries.

14. Another good example is a webinar that highlighted the importance of the South African Government’s crisis policy in relation to the total ban of liquor and its impact on illicit and counterfeit trade. During this webinar, the lessons learned by South Africa during the pandemic were shared with the rest of the world. Showcasing the work carried out in this area and the commitment of the Government to support IPR owners also ultimately contributes to increased investment into the country.

15. International collaboration through online platforms also makes it easy to identify trends across the global enforcement communities. For instance, a clear shift could be observed in the focus of enforcement officials across the African continent, with priorities moving away from merely confiscating commodities (goods) to detecting and following those most closely involved in IP crime. Information sharing with this goal has allowed the targeting of the kingpins of organized crime rings, which drive counterfeit goods.

C. COORDINATION OF ENFORCEMENT OPERATIONS

16. The coordination of enforcement operations also increased in the virtual space. Many operations were planned with a focus on counterfeit and substandard food and beverage products, with a particular emphasis on products that present a risk to human health. Chat services, for example, made it possible to easily share pictures of allegedly illicit goods and seek advice from colleagues.

¹ Radhamany Sooryamoorthy and Wesley Shrum, *Does the Internet Promote Collaboration and Productivity? Evidence from the Scientific Community in South Africa*, [2007] 12 *Journal of Computer-Mediated Communication* pp. 733-751, at p. 733.

17. In addition, online conferencing services allowed partners to come together and new alliances to form. Working with right holders in the virtual space to support law enforcement agents in enforcing IPRs delivered tangible results that contributed to right holders' profit margins.

18. Online meetings brought counterparts from across the African continent into each other's workspaces with a click of a button. Sharing operational challenges and successes on a weekly basis contributed to the sense of being part of a bigger global enforcement community, functioning as one. This quickly became the new daily reality.

19. Internet-based technology is also being used to unify record-keeping practices across enforcement agencies in South Africa. Due to a lack of accurate IP seizure data, it is difficult to determine the exact cost that IP infringements have on the South African economy. To address this, the CIPC is well on the way to developing a new mobile phone application named Accurate Justifiable Stats (AJS). The application will provide accurate statistical information and thus show the impact of counterfeiting. This, in turn, will contribute greatly to the ability of officials to press for more resources for IP enforcement activities.

D. TRAINING AND CAPACITY BUILDING ON THE INTERNET

20. Despite the challenging times, the CIPC continued to build capacity for small, medium and micro-sized enterprises (SMMEs), creatives and students active in various industries through projects that focus on promoting and protecting South Africa's competitive advantage through the nation's innovative economy. All these initiatives had to be moved to virtual platforms and the new format of a "webshop", i.e., a workshop on the web, was born. Soon enough, "webshop" sessions began being recorded and could be accessed on demand.

21. Hosting training sessions in hybrid format also increased their reach, and an effective use of Internet platforms facilitated a cross-pollination of skills. Physical and virtual participants commented on the value of such hybrid sessions.

22. Another key objective of the CIPC is to train all enforcement officials responsible for IPR actions on the relevant legislation, namely the Counterfeit Goods Act, No. 37 of 1997. During the pandemic, more than ever, providing support to frontline officers was a challenge, and new ways of achieving this objective were required. Making use of enforcement groups via chat services with right holders also on board overcame the challenge.

23. For example, during the month of December, usually a holiday month filled with festivities, due to the pandemic, the focus of enforcement authorities was on vaccines and protective gear that entered the country by the tons. Much of this material was smuggled, substandard and counterfeit. To address this, educational material targeting law enforcement partners was packaged in bite-size chunks that could be shared easily on social media platforms.

E. SOCIAL MEDIA DRIVEN AWARENESS CAMPAIGNS ON RESPECT FOR INTELLECTUAL PROPERTY

24. The same Internet that acted as a major trading platform for illicit goods could also be utilized to target the public with awareness campaigns to keep consumers informed and warned about the dangers posed by counterfeit protective gear. It allowed awareness messages, such as the ones below, to be disseminated on various social media channels directly to the personal computers and cellphones of the target audience.



SUPPORT NOT THE CRIME YOU MUST.

Do not produce packaging material for counterfeit organisations. Check cipc.co.za to ensure the correct trademark owners are producing packaging with you.

the dtic
Department of Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

ITAC
Intellectual Property Commission
a member of the dtic group

SARS
At Your Service

Report illegal imported goods **0861 843 384** or **0800 00 2870**



DON'T RISK YOUR HEALTH

Criminals are selling many items that could be dangerous to your health.

Ensure you are purchasing PPE equipment from a reputable source.

Only purchase the **COVID-19 vaccine** or **PPE** from **pharmacies** or **national healthcare approved facilities.**

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STEP OUT. DON'T STEP IN IT.

Purchasing counterfeit goods supports criminal activity. Just don't do it.

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25. Indeed, parallel to directing and supporting anti-counterfeiting operations, general awareness activities that deal with IPR enforcement and respect for IP form a crucial part of the fight against counterfeit goods.

26. During the COVID-19 pandemic, World IP Day was also celebrated, harnessing the advantages of online communication to increase impact and reach. In 2021, it was accompanied by a robust campaign that used community radios, social media platforms and websites to communicate different messages on the importance of IP. The main event was an online “webshop” on trademark infringements targeting small, micro and medium-sized enterprises in the printing and packaging industries.

VII. CONCLUSION

27. The excitement that met the advent of the Internet in the early 1990s was related to its potential for collaboration, which is fundamentally related to the exchange of information and the coordination of activities. The possibilities for partnerships, projects and scientific programs in the international arena seemed endless as rapid, efficient and effective communication and information transmission became a reality. Today, the expectations created by the Internet over 30 years ago are fulfilled on a daily basis, and the results speak for themselves. Officials are motivated by their connections with counterparts, hardly missing a meeting, even if it means connecting on a mobile phone on the way back from a crime scene.

28. Access to the Internet from a mobile phone or computer is a core component for the developing world. Opportunities for collaboration will be strengthened as the virtual distance between developing and developed countries decreases and constraints on interactive work are minimized. We have lived through times in which emergent information and technologies have fostered new types of collaboration, and these may still be improved.

29. Finding a silver lining may seem difficult during these times, but the COVID-19 crisis has led to closer collaboration in South Africa's fight against counterfeit goods. Collaboration and closer cooperation between different sectors, countries and public and private institutions is key in our fight against counterfeit goods. While the fight against illicit trade has not yet been won, the pandemic has widened the possibilities through technology, allowing authorities to become more united in combating illicit trade.

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