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STUDY ON INTELLECTUAL PROPERTY ENFORCEMENT MEASURES, ESPECIALLY ANTI-PIRACY MEASURES IN THE DIGITAL ENVIRONMENT – EXECUTIVE SUMMARY*

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ABSTRACT

This study provides an overview of current approaches to online copyright infringements, focusing specifically on the responses to piracy in the digital sphere across the world. The study explores the global problem of online piracy, the different types of digital tools and measures used by right holders, online platforms, governments and the judiciary. The study also incorporates a discussion on the issues concerning anonymity and the “whack-a-mole” problem and notes the challenge of balancing fundamental rights, such as artistic expression, free speech and data and privacy rights, and the protection of copyright. The study highlights the gaps within the legal measures used at present and the current discussion around a possible uniform approach in the form of global guidelines in response to the present dilemma.

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

I. INTRODUCTION

1. Digital technology has brought many benefits but also some detriments. One such detriment is online piracy, that is to say, unlicensed copying and the distribution of unlicensed copies of films, photos, software, sound recordings and other artistic or literary works over the Internet or other computer networks. Digital technology enables any number of perfect copies of such works to be disseminated instantaneously anywhere in the world. It therefore threatens the viability of the broadcasting, entertainment, film, publishing, sound recording, software and other creative industries, which, in turn, undermines incentives to create new content.
2. This report seeks to present the ways in which enforcement measures have been adapted to meet the challenge of online copyright infringement.

II. THE CHALLENGES OF THE DIGITAL ENVIRONMENT

3. When films, music, photos, software and artistic and literary works had to be recorded on magnetic or optical media or in print, unlicensed copies could be seized at warehouses or distribution points or detained at ports and airports. In the digital environment, copyright is much more difficult to enforce for the following reasons:
 - It is not easy to identify suppliers of unlicensed copies because digital technology enables them to keep a low profile.
 - Websites and other platforms for the marketing and distribution of unlicensed matter may be shut down but similar sites can appear elsewhere on the Internet almost immediately afterwards. This report refers to that difficulty as the “whack-a-mole” problem after a fairground game where players hit one imitation mole with a mallet only to cause others to emerge elsewhere on the stand immediately afterwards.
 - The volume of unlicensed matter that can be distributed by digital technology is overwhelming.
 - Often there are jurisdictional issues because wrongdoing can take place in a country other than the one in which the wrongdoer is based.
 - There is precious little intelligence sharing or any other coordinated international response to online piracy between governments.
4. It has therefore been necessary to develop new measures to counter online piracy.

III. DEVELOPING RESPONSES TO ONLINE INFRINGEMENT

5. New judicial remedies have been developed in several countries. Intermediaries, such as government agencies and providers of telecommunications networks, can be required to disclose information of wrongdoing; records of wrongdoing can be seized and preserved; assets resulting from wrongdoing can be frozen; cross-border injunctions can be obtained; access to websites and other online platforms can be blocked; and low-cost small claims courts and tribunals with jurisdiction to determine copyright claims have been established.
6. The US Digital Millennium Copyright Act (“DMCA”) requires Internet service providers (ISPs) and other intermediaries to remove infringing matter upon notification by copyright owners as a condition of their immunity from copyright infringement claims. Conditional

immunity from infringement actions is similarly provided by the European Union (EU) Electronic Commerce Directive¹, though that legislation does not specify procedures for notification and take-down similar to those in the DMCA. The absence of such provisions has given rise to uncertainty which has resulted in litigation in several EU member states, with some cases having been referred to the Court of Justice of the European Union (CJEU). Sometimes, non-infringing materials have been removed without justification, which has given rise to complaints and claims from third parties. Another difficulty is that take-down is often ineffective. Infringing matter which has been removed in one jurisdiction under the DMCA or other legislation often reappears in another shortly afterwards, just as new moles emerge after one has been struck in “whack-a-mole”.

7. Because of those difficulties, several companies have developed their own notice-and-take-down procedures. A good example is Alibaba’s “One-stop-shop Intellectual Property Platform” where copyright and other right holders may register their intellectual property (IP) rights across all Alibaba platforms. Statistics published by that company appear to show that complaints of infringing activity have decreased as more and more copyright and other IP owners have registered their rights with Alibaba.

8. One response to the “whack-a-mole” problem is to require ISPs and other intermediaries to police their space for infringing activity and to remove infringing matter on their own initiative as soon as it appears. That is sometimes referred to as “notice and stay down”. Several online platforms including YouTube have developed software for detecting infringing matter which would enable them to perform such a requirement. The United Kingdom (UK) Intellectual Property Office has published proposals for such procedures in the UK but has not yet provided details as to how they would be implemented. The German Federal Court of Justice has inclined towards the imposition of a notice-and-stay-down obligation but the French *Cour de Cassation* and the CJEU appear to have taken the opposite view. Such a procedure would obviously risk the removal of non-infringing matter with the possibility of complaints and litigation from persons affected by such removal.

9. Article 17 of the EU’s newly adopted Copyright in the Digital Single Market Directive² appears to impose a “general monitoring obligation” on ISPs and other intermediaries as a condition of their immunity from liability for copyright infringement. It is not yet clear how far service providers will have to go to comply with that Article. It may require pre-licensing by copyright and other IP right holders. It will almost certainly require a tightening-up of notice-and-take-down and, possibly, notice-and-stay-down procedures. Again, there is the risk of removal of non-infringing matter giving rise to complaints from third parties. Procedures for determining whether copyright or other IP rights are infringed will have to be developed and these would have to be effective, fast and transparent.

10. ISPs and other intermediaries have developed and for many years have deployed technologies for identifying and blocking access to pornographic and other offensive material. Recently, courts and legislatures have required them to use these technologies to block access to matter that infringes copyright and other IP rights. The legal basis for requiring Internet access providers to block access to infringing matter in the EU is Article 8(3) of the Information Society Directive³. Similar legislation has been enacted in countries such as Australia and Singapore. Although blocking reduces access to infringing sites, it does not stop it altogether. Infringers often anticipate blocking orders by preparing new sites in different jurisdictions which can be opened almost immediately after the order is made. That is yet another example of the

¹ Directive 2000/31/EC on Certain Legal Aspects of Information Society Services, in Particular Electronic Commerce, in the Internal Market, available at: <http://data.europa.eu/eli/dir/2000/31/oj>.

² Directive (EU) 2019/790 on Copyright and Related Rights in the Digital Single Market and Amending Directives 96/9/EC and 2001/29/EC, available at: <http://data.europa.eu/eli/dir/2019/790/oj>.

³ Directive 2001/29/EC on the Harmonisation of Certain Aspects of Copyright and Related Rights in the Information Society, available at: <http://data.europa.eu/eli/dir/2001/29/oj>.

“whack-a-mole” problem. In the UK and many other countries, applications for blocking orders have to be made to the courts, which can be expensive, especially if such applications are to keep pace with infringers’ efforts to circumvent an order.

11. Blocking orders appear to have worked well in countries such as Denmark, where ISPs and other intermediaries have collaborated through their trade association to block comprehensively access to matter that is found by the courts to be unlawful. The Danish Ministry of Culture has developed a code of conduct for such blocking in conjunction with representatives of content providers and most of the ISPs. If a pirate whose site has been blocked by a court order attempts to transfer his business to another site, the code enables the industry to block access to the new site without the need for another court order. Users who persist in following a pirate may receive a “share with care” message from the trade association.

12. In some countries such as Portugal, blocking orders can be made by administrative agencies representing the government and industry rather than the courts, though the decisions of such agencies can always be reviewed by the courts. Other countries such as Lithuania have procedures that lie somewhere in between the Danish and Portuguese models.

13. Often sites that market infringing content carry lawful advertising. An obvious way of exerting pressure on such sites is to discourage advertisers from using such sites. In the UK, the City of London Police Intellectual Property Crimes Unit maintains a list of infringing websites which it discloses in confidence to members of the online advertising industry’s trade association. Similar arrangements known as “the disruption machine” exist in Denmark. Alibaba has its own site monitoring system which compiles a blacklist of offending sites. Other companies such as Amazon and eBay prefer a “green list” of legitimate sites. Efforts have been made by Google, Bing and other search engines to identify and restrict access by consumers to infringing sites⁴.

14. The sheer volume of infringing materials, as well as information on their sources and other activities, has been difficult to track. One possible answer to that difficulty is the use of blockchain technologies to record and share information on infringing activity. One of the advantages of the technology is that information can be shared between states and also between the public and private sectors within states. Blockchain records have already been accepted in evidence by the Chinese Internet courts mentioned in paragraph 5. Several jurisdictions elsewhere have enacted or are considering legislation to enable their courts to do so. Blockchain technology may enable governments to give effect to their obligations under the WIPO Copyright and WIPO Performances and Phonograms Treaties to protect rights management information⁵ because it is difficult to tamper with information recorded on a distributed ledger.

15. New enforcement measures and the adjustments made by the recent EU Directive to the liability regime for online intermediaries have provoked much discussion on the balancing of the protection of copyright with other fundamental rights. Critics express the concern that filtering, in particular, is a drastic measure which may involve making critical decisions about underlying fundamental rights such as the freedom of expression. Filtering may require judicial legal review in some instances, as platforms may err on the side of caution and resort to over-blocking to avoid possible liability to content holders.

⁴ In February 2017, Google, Bing and Yahoo! joined a Voluntary Code of Practice, along with representatives of creative industries. Under the chairmanship of the UK Intellectual Property Office, the Code assesses the effectiveness of search engines’ voluntary efforts to combat piracy, while also providing a forum to strengthen industry cooperation. The Code provides for the removal of links to infringing content from the first page of Internet search results, based on the number of take-down requests received by the search engines in respect of particular copyright-infringing websites.

⁵ WIPO Copyright Treaty, available at: <https://wipolex.wipo.int/en/treaties/textdetails/12740> and WIPO Performances and Phonograms Treaty available at: <https://wipolex.wipo.int/en/treaties/textdetails/12743>.

IV. CONCLUSION

16. Because of the challenges mentioned in paragraph 3, the traditional responses to piracy such as civil litigation, border checks and criminal proceedings are rarely effective and often prohibitively expensive. IP rights holders have had to develop other ways of combatting online piracy. These include using the courts in different ways such as seeking orders to require third parties to disclose information or documents or ISPs to block consumers' access to proscribed websites. They also include such measures as dissuading advertisers from doing business with websites that infringe copyright or facilitate such infringement. Some success has been achieved by these methods, but there has to be better coordination and intelligence-sharing between public and private sector agencies at national and international levels.

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