



Memorandum of Understanding

4, May 2011
Brussels

Memorandum of Understanding

The development of e-commerce offers unprecedented opportunities to increase European consumers' choice and access in the Internal Market. However, even if the vast majority of e-commerce that takes place on the major internet platforms is legitimate, internet platforms can also be abused by some who seek to distribute counterfeit goods. The sale of counterfeit goods over the internet is damaging and harmful to all legitimate stakeholders including internet platforms, intellectual property rights owners and, most importantly, consumers.

The sale of counterfeit goods over the internet presents a threat to all stakeholders, including consumers, rights owners, internet platforms and society in general as: i) consumers are at growing risk of buying inferior and possibly dangerous products, ii) the brand values, reputation and economic interests of rights owners are jeopardized through the sale of counterfeit versions of their branded products, iii) the efforts of internet platforms to be widely regarded as safe places to buy and sell legitimate products are undermined.

The purpose of this Memorandum of Understanding (hereinafter referred to as "MoU") is to establish a code of practice in the fight against the sale of counterfeit goods over the internet and to enhance collaboration between the signatories including and in addition to Notice and Take-Down procedures. The MoU will also set an example for other stakeholders that are not signatories to this MoU.

This MoU is agreed in good faith between the signatories, on the basis that it is a fair and honest representation of their intentions. The signatories recognise that trade associations who have signed this MoU cannot bind their members. However, these associations commit to make their members fully aware of this MoU and encourage them to respect its principles.

This MoU is limited to each signatory to the extent that it provides services in the Member States of the European Union / European Economic Area. It is not legally binding and does not now nor in the future create any contractual or pre-contractual obligations under any law or legal system. Nothing in this MoU shall be construed as creating any liability, rights, waiver of any rights or obligations for any parties or as releasing any parties from their legal obligations. This MoU shall not be construed in any way as replacing or interpreting the existing legal framework. This MoU is not to be used as, or form part of, evidence in any legal proceedings. This MoU concerns counterfeit and pirated goods. In particular, parallel imports of goods, "grey-market" goods, disputes over licensing agreements, or issues relating to the exhaustion of rights and selective distribution are not covered by this MoU.

1. DEFINITIONS AND GENERAL PRINCIPLES

DEFINITIONS

For the sole purpose of this MoU:

1. An **"Internet Platform"** means any information society service provider whose service is used by third parties to initiate online the trading of physical goods, and which is operated by a signatory of the MoU, to the extent so indicated by the service provider.
2. A **"Rights Owner"** means a signatory of the MoU who holds a registered trade mark, design right¹ or copyright (hereinafter referred to as "IPR"), pursuant to applicable Member State or EU law, for goods covered by this MoU, including exclusive licensees of such IPR.
3. **"Counterfeit Goods"** mean non-original physical goods manufactured without the consent of the Rights Owner which infringe IPR, pursuant to applicable Member State or EU law.
4. An **"Offer"** means a specific proposal for the sale of (a) good(s), entered by a seller on the system of an Internet Platform established in the EU/EEA.
5. **"Notice and Take-Down Procedures"** (hereinafter referred to as "NTD") means any procedure, including the associated processes, by an Internet Platform, that enables a Rights Owner to notify efficiently to an Internet Platform any relevant Offer, including closed Offers, of an alleged Counterfeit Good made publicly available using the relevant services of that Internet Platform, in order to allow the Internet Platform to take appropriate action, including making the Offer unavailable to the general public through the Internet Platform.
6. **"Pro-Active and Preventive Measures"** means any measures, technical or procedural, automated or non automated, including the associated procedures and processes, by an Internet Platform or a Rights Owner, aimed at a timely and adequate response to attempts to sell Counterfeit Goods over an Internet Platform, either prior to the Offer being made available to the general public, or as soon as technically and reasonably feasible thereafter, according to respective business models.

GENERAL PRINCIPLES

7. The signatories agree that the primary responsibility for the protection and enforcement of IPR remains with the respective Rights Owners and that it is the primary responsibility of Internet Platforms to enable a safe online environment for consumers. Hence, it is the parties' goal to collaborate in the fight against the sale of Counterfeit Goods over the Internet.
8. To address more effectively the problem of the sale of Counterfeit Goods over the Internet, the signatories have jointly established a number of principles that shall apply to the Offer of Counterfeit Goods over Internet Platforms. The signatories intend that commitment to the principles set out below, and taken as a whole, will result in a safer online trading environment for all.
9. The methods of implementation of the MoU by Internet Platforms and Rights Owners are in all instances governed by commercial reasonableness standards, taking into consideration the respective business models of the signatories.

¹ Internet Platforms may choose to limit measures related to design rights to Notice and Take-Down Procedures, as laid down in Section 2.

MORATORIUM ON LITIGATION

10. In order to facilitate an atmosphere of good faith, in which the signatories are willing to cooperate and assist each other in the fight against the sale of Counterfeit Goods over the Internet, the signatories agree not to initiate any new litigation² against each other, concerning matters covered by this MoU, following the signing of this MoU and until the end of the period referred to in paragraph 40.

2. NOTICE AND TAKE-DOWN PROCEDURES (NTD)

11. NTD are indispensable measures in the fight against the sale of Counterfeit Goods over Internet Platforms.
12. In addition to item-based NTD, Rights Owners should have the ability to notify Internet Platforms of sellers who they have a good faith belief are generally engaged in the sale of Counterfeit Goods, provided that Rights Owners identify Offers from such sellers, which are alleged to offer Counterfeit Goods. Internet Platforms commit to take this information into consideration as part of their Pro-active and Preventive Measures.

REPORTING SYSTEM

13. Internet Platforms commit to offer efficient and effective NTD, which should be accessible through electronic means. They should be accessible via the website of the Internet Platform, understandable, not excessively burdensome and simple to subscribe to, complete and process. Notifications should be limited to necessary information, such as a clear identification of both the reporting party and the identification of the specific Offer of the Counterfeit Good. They should also contain a clear allegation that the Offer in question concerns a Counterfeit Good.
14. While notifications may be "Offer" based, Internet Platforms commit to allow notifications to contain multiple Offers of the same seller, as long as such notifications provide sufficient information to permit the identification of the relevant Offers.

RIGHTS OWNERS' USE OF NTD SYSTEMS

15. Rights Owners commit to use NTD offered by Internet Platforms for notifications of Offers of Counterfeit Goods and commit to join respective rights protection programs of Internet Platforms (if such programs exist). Rights Owners commit to take commercially reasonable and available steps to ensure that they notify Internet Platforms in an efficient and comprehensive manner, of the presence of Offers of Counterfeit Goods and commit to ensure that their use of NTD is undertaken in good faith.
16. Rights Owners commit to take commercially reasonable and available steps to notify in a responsible and accurate way and with necessary precision to identify Counterfeit Goods and to avoid unjustified, unfounded and abusive notifications. In cases where it is obvious that notifications are made without exercising appropriate care, Rights Owners may be denied or may have only restricted access to NTD. Rights Owners and Internet Platforms commit to cooperate to minimize potential consequences to sellers in cases of erroneous notifications. Upon a request by the Internet Platform, Right Owners commit to pay to the Internet Platform the listing fee and the commission fee³ of any Offers that were deleted as a result of a notification(s) of multiple Offers made without exercising appropriate care. Sellers relisting offers that have been deleted upon unjustified notification should not incur additional costs.

2 The term "new litigation" means the filing or commencement of a lawsuit or legal proceedings which are not pending at the time of signature of this MoU or related in any manner to prior or existing legal actions.

3 Where such fee is part of the business model of the relevant Internet Platform

17. Rights Owners commit to limit their notifications of Offers of Counterfeit Goods to those in which they hold the relevant rights.

INTERNET PLATFORMS' RESPONSE

18. Internet Platforms commit to deal with notifications in an efficient and comprehensive manner, without undue delay and to ensure that valid notifications of Offers of Counterfeit Goods lead to a swift removal or disabling of the notified Offer (take-down) and to take deterrent measures in relation to such sellers. In all cases, Internet Platforms commit to assess the completeness and validity of a notification. In cases of doubt, or where the Internet Platform does not have the necessary information to permit the identification of the notified Offer, Internet Platforms may request additional information from the notifying party. Such requests shall be made in good faith and should not lead to an unreasonable or undue delay in taking down notified Offers in response to valid notifications where the Internet Platform can identify the specific Offer at issue.

FEEDBACK ON NTD

19. Internet Platforms and Rights Owners commit to provide each other with feedback on their notifications. Relevant sellers should also be informed where an Offer has been taken down, including the underlying reason, and should be provided with the means to respond including the notifying party's contact details provided by Rights Owners to Internet Platforms for this purpose.

3. PRO-ACTIVE AND PREVENTIVE MEASURES

PRO-ACTIVE AND PREVENTIVE MEASURES BY RIGHTS OWNERS

20. Rights Owners commit to take commercially reasonable and available steps to effectively fight counterfeiting at its source, including at points of manufacture and initial distribution.
21. Rights Owners commit to take commercially reasonable and available steps to actively monitor Offers on the websites of Internet Platforms with the aim of identifying Counterfeit Goods and notifying them, using NTD, to Internet Platforms.
22. Rights Owners commit to take commercially reasonable and available steps to provide and update general information to Internet Platforms giving priority to specific products that Rights Owners contend present a substantial and pervasive Counterfeit Goods problem on that Internet Platform, including those products which are particularly susceptible to constituting Counterfeit Goods (such as products or ranges/measures of products that do not exist in a Rights Owners' product line but have been specifically developed by counterfeiters to attract consumers). The provision of such information shall not constitute actual or implied notice or actual or constructive knowledge.
23. Right Owners commit to provide to Internet Platforms at their request a list of keywords commonly used by sellers for the purpose of offering for sale obvious Counterfeit Goods⁴, to assist Internet Platforms, as appropriate, with their Proactive and Preventive Measures.

⁴ Goods expressly offered for sale using language expressly indicating that such goods are counterfeit.

PRO-ACTIVE AND PREVENTIVE MEASURES BY INTERNET PLATFORMS

24. Internet Platforms commit to take commercially and technically reasonable steps to request seller contact information and to verify this information, provided by sellers, in specific circumstances that warrant such identification, in order to gain a reasonable assurance of a seller's identity.
25. Internet Platforms commit to take into consideration information not exclusively related to specific Offers, provided by Rights Owners, in their Pro-active and Preventive Measures. Such information shall not constitute actual or implied notice or actual or constructive knowledge.
26. While Rights Owners have agreed to take commercially reasonable and available steps to actively monitor Offers on the websites of Internet Platforms, Internet Platforms commit to take into consideration information received pursuant to paragraphs 22, 23 and 25. Internet Platforms commit to use this information at their discretion. The receipt of such information shall not lead to a general obligation to monitor for Internet Platforms.
27. Internet Platforms commit to take appropriate, commercially reasonable and technically feasible measures, taking into consideration their respective business models, to identify and/or prevent pro-actively the sale of Counterfeit Goods, especially obvious Counterfeit Goods, and to prevent such goods being offered or sold through their services. The measures taken by Internet Platforms shall be at their discretion.

4. COOPERATION, INCLUDING SHARING OF INFORMATION

COOPERATION INCLUDING SHARING OF INFORMATION BY INTERNET PLATFORMS

28. Internet Platforms commit to adopt, publish and enforce IPR policies, which should be clearly communicated and indicated on their sites and reflected in the contracts which they conclude with their sellers.
29. To facilitate legal actions and investigations into the sale of Counterfeit Goods, Internet Platforms commit to disclose, upon request, relevant information including the identity and contact details of alleged infringers and their user names insofar as permitted by applicable data protection laws.⁵

COOPERATION INCLUDING SHARING OF INFORMATION BY RIGHTS OWNERS

30. For the purpose of, or in connection with, legal proceedings or investigations into the sale of Counterfeit Goods, Rights Owners' requests for the disclosure of the identity and contact details of alleged infringers should be made in good faith and in compliance with applicable law, including data protection laws.

⁵ Signatories recognize that, in certain jurisdictions, authorisation by a designated state agency or court may be required under local law for disclosure of personal data and that in case of doubt on the admissibility of disclosure, the Internet Platforms may require the Right Owner to obtain such authorisation.

5. CONSUMER CONFIDENCE, INFORMATION AND PROTECTION

31. Internet Platforms and Rights Owners recognize that consumers can be active parties in the fight against counterfeiting. They jointly recognize that consumers need to be provided with appropriate tools to help them report Offer of Counterfeit Goods and rogue sellers.
32. Internet Platforms and Rights Owners commit to provide appropriate means to consumers to identify and report Offers of Counterfeit Goods, prior to, or after purchase, to Internet Platforms and to Rights Owners.
33. Internet Platforms recognize the importance of consumer confidence and satisfaction. To this end, they commit to assist consumers who unintentionally purchase Counterfeit Goods on their website. Signatories endorse the principle, but need not mandate, that buyers should not return confirmed Counterfeit Goods to sellers.⁶

6. REPEAT INFRINGERS

INTERNET PLATFORMS' POLICIES RELATING TO REPEAT INFRINGERS

34. Internet Platforms and Rights Owners commit to cooperate in the detection of repeat infringers, especially, but not limited to, those selling high volumes, dangerous, pre-release or obvious Counterfeit Goods.
35. Internet Platforms commit to implement and enforce deterrent repeat infringer policies, according to their internal guidelines. These policies should be enforced objectively and include the suspension (temporary or permanent) or restriction of accounts or sellers. Internet Platforms commit to use their best efforts to prevent re-registration of permanently suspended sellers. These policies should take particular account of factors, such as the severity of a violation, the number of alleged infringements (not taking into account the Offers deleted upon unjustified notification⁷), the apparent intent of the alleged infringer and the record of notices and feedback, received from Rights Owners.
36. Internet Platforms commit to share, upon request, information on suspension of repeat infringers on an individual and case-by-case basis with the Rights Owners concerned, in so far as permitted under applicable data protection laws and in accordance with Internet Platform's data disclosure agreements.

RIGHTS OWNERS' MONITORING OF REPEAT INFRINGERS

37. Subject to applicable data protection laws, Rights Owners commit to provide information to Internet Platforms concerning those sellers they believe to be repeat infringers and commit to provide feedback to Internet Platforms on the effectiveness of Internet Platforms' policies regarding repeat infringers (e.g. if Rights Owners feel that there has been a failure to take measures against a repeat infringer).

⁶ Some Rights Owners and Internet Platforms have in place consumer guarantee schemes.

⁷ Paragraph 16.

7. COOPERATION WITH CUSTOMS, BORDER AUTHORITIES AND LAW ENFORCEMENT AUTHORITIES

38. The signatories agree on the importance of supporting the work of law enforcement authorities in the fight against the sale of Counterfeit Goods over the Internet. To this end, Rights Owners and Internet Platforms commit to cooperate and assist law enforcement authorities, where appropriate and in accordance with applicable law, in the investigation of the sale of Counterfeit Goods.

8. ASSESSMENT AND FOLLOW-UP

ENTRY INTO FORCE

39. This Memorandum of Understanding will become effective and will enter into force on 05/05/2011.

ASSESSMENT PERIOD

40. The signature of this MoU will be followed by an assessment period of twelve months. During this assessment period, the signatories will meet quarterly under the auspices of the European Commission, to analyze the progress, implementation and functioning of this MoU on the basis of Key Performance Indicators (KPIs) developed at the outset by the signatories.

41. The signatories, together with the European Commission, will meet at the end of the assessment period to evaluate, on the basis of a report prepared by the European Commission upon consultation of the signatories, the effectiveness of the MoU in reducing the sale of Counterfeit Goods over Internet Platforms, to discuss the continuation of the MoU and, if appropriate, to discuss and propose appropriate follow-up actions.

REVIEW

42. After the assessment period, signatories may prolong this MoU for an indefinite period.

Each year, the European Commission may draw up, upon consultation of the signatories, a report on the functioning and application of this MoU.

The signatories of the MoU will meet biannually or more frequently if serious problems arise with regard to the functioning or the application of the MoU, under the auspices of the European Commission, to review the MoU and to take further steps, if necessary.

SIGNATORIES

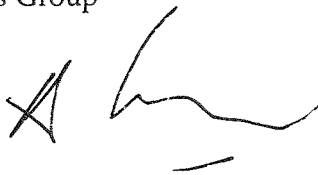
- 43. Additional signatories may adhere after the assessment period.
- 44. Each signatory may at any time terminate its participation in this MoU by notification to the other signatories and the European Commission.
- 45. Each signatory may at any time request the European Commission to convene a plenary meeting of all or specific signatories, if it feels that a signatory is not respecting the principles established by this MoU. Signatories, after consultation of the European Commission, may decide to ask such a signatory to withdraw from the MoU.
- 46. This MoU only applies to its signatories. It shall, however, be open to other parties. Any additional party signing the MoU agrees not to initiate any new litigation against any other signatory of this MoU concerning matters covered by this MoU within twelve months following such signing.
- 47. Signatories may indicate on their websites or in commercial or other communications that they have signed this MoU.

Parties indicate their agreement to this MoU by their signatures.

Endorsed in Brussels on 4 May 2011.



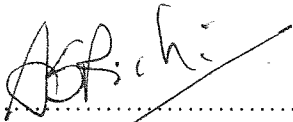
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TGJ Behean, General Counsel Group Intellectual Property
The adidas Group



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Alain Galaski, Director General
AIM (European Brands Association)



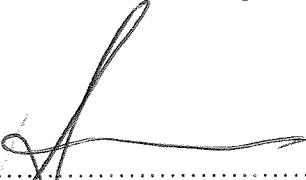
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Alexander Thies, NFP media rights GmbH & Co. KG
Allianz Deutscher Produzenten - Film & Fernsehen e.V



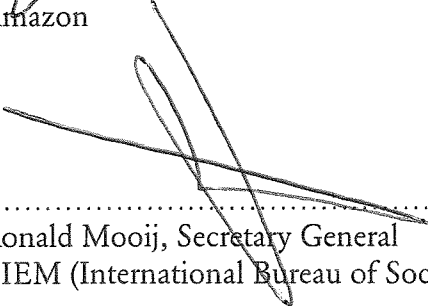
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Alberto S. Bichi, (via Power of Attorney from the Amer Sports group)
Amer Sports group



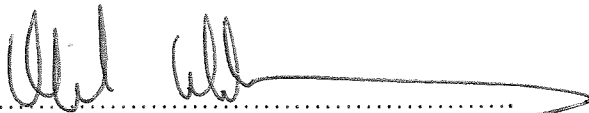
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Chris Oldknow (Microsoft Ltd), ACG Council, Vice-Chair / ACG Director
The Anti-Counterfeiting Group (ACG)



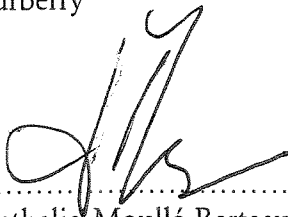
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Michael Miller, Director, Amazon Services Europe Sarl
Amazon



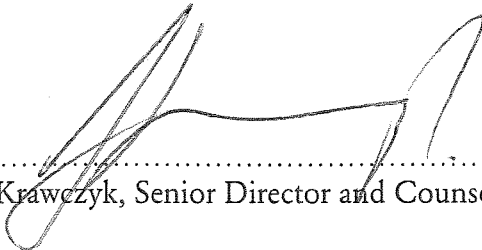
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Ronald Mooij, Secretary General
BIEM (International Bureau of Societies Managing Recording and Mechanical Reproduction Rights)



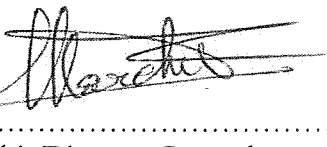
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Michael Mahony, Senior Vice- President Commercial Affairs and General Counsel
Burberry



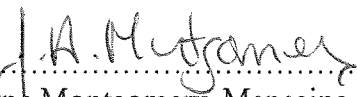
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Nathalie Moullé-Berteaux (Lacoste), Member of and Authorized Representative for Business Action to
Stop Counterfeiting and Piracy (BASCAP)
Business Action to Stop Counterfeiting and Piracy (BASCAP)



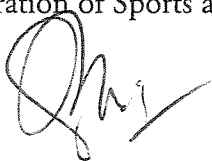
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Stefan Krawczyk, Senior Director and Counsel Government Relations Europe
eBay



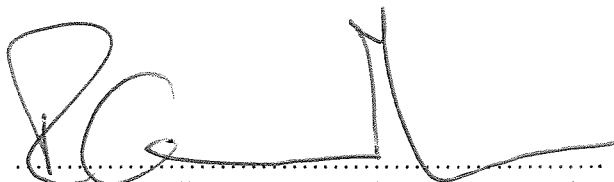
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Francesco Marchi, Director General
The European Textile and Clothing Confederation (EURATEX)



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Jane Montgomery, Managing Director
Federation of Sports and Play Associations (FSPA)



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Claudio Rotti (via Power of Attorney from Renato Borghi, President of Federazione Moda Italia)
Federazione Moda Italia



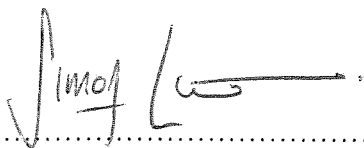
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Rory MacMillan, Vice-President of FESI, Chair of the FESI IPR Working committee
FESI - Federation of the European Sporting Goods Industry



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Ann Charlotte Söderlund (via Power of Attorney from Louise de Verdier, Director of Legal and Corporate
Affairs, Gant AB)
Gant



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Karl Sedlmeyer, Delegate of HDS
HDS- Bundesverband der Schuhindustrie e.V.



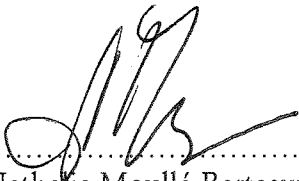
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Simon Little, Managing Director
Interactive Software Federation of Europe (ISFE)



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Paul Solleveld, President
International Video Federation (IVF)



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Claudio Rotti, President
Italian Association of Foreign Trade (AICE)



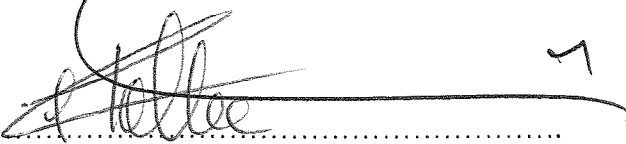
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Nathalie Moullé-Berteaux, Executive Vice- President, Public & Legal Affairs
Lacoste



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Mette M. Andersen, Director and Corporate Counsel LEGO Juris A/S
Lego group



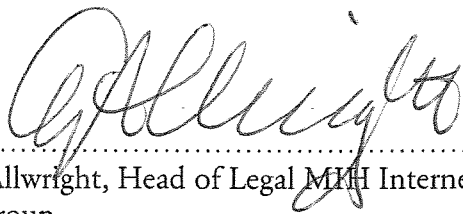
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Patrick Quart, Advisor to the Chairman
LVMH group



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Yann Le Tallec, Senior Manager of Government Affairs
Mattel, Inc.



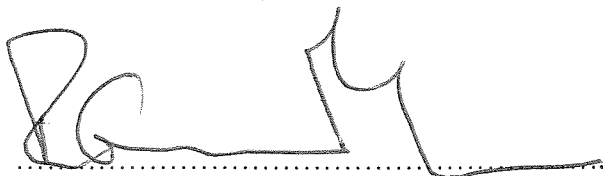
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John Vassallo, Vice- President for EU affairs
Microsoft



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Craig Allwright, Head of Legal MIH Internet Europe
MIH group



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Christopher P. Marcich, President and Managing Director
Motion Picture Association (MPA) EMEA



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Rory MacMillan, Director Government & Public Affairs EMEA
Nike



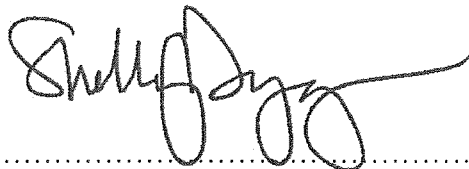
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Lucille P. Nichols
Director, Legal & IP, Global
Global Anti-Counterfeiting & Brand Enforcement
Nokia



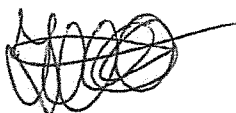
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Kaisa Olkkonen
Vice President, Corporate Relations &
Responsibility
Nokia



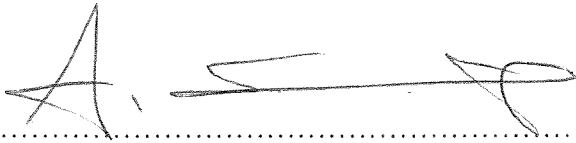
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Benoît Tabaka (via Power of Attorney from Pierre Kosciusko-Morizet, President)
PriceMinister, Rakuten group



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Shelley Duggan, Global Brand Protection Leader
Procter & Gamble



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Frederick Mostert, Chief Legal Counsel
Richemont



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Ann Charlotte Söderlund, Chairwoman
Swedish Anti-Counterfeiting Group (SACG)



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Truus Huisman, Head of European Public Affairs
Unilever