

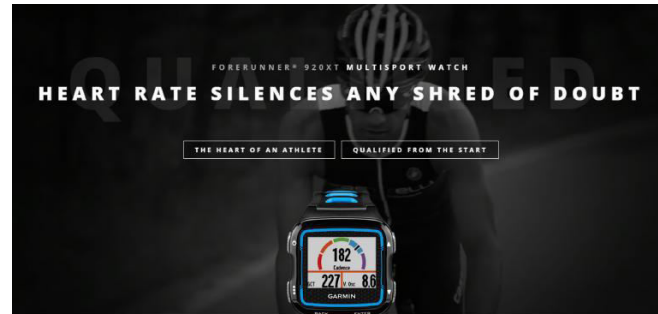


REGIONAL CONFERENCE
INTELLECTUAL PROPERTY AND SPORTS
APRIL 13-14, 2016
VILNIUS-LITHUANIA

IMPORTANCE OF IP PROTECTION FROM THE PERSPECTIVE OF THE
SPORTING GOODS INDUSTRY OWNER

BY
DR. JOCHEN M. SCHAEFER
ATTORNEY-AT-LAW (GERMANY)
LEGAL COUNSEL WFSGI

WELCOME TO THE SPORTING GOODS INDUSTRY





BRIEF PRESENTATION OF THE WFSGI AND MY ROLE WITHIN THE FEDERATION



ABOUT US

The WFSGI is:

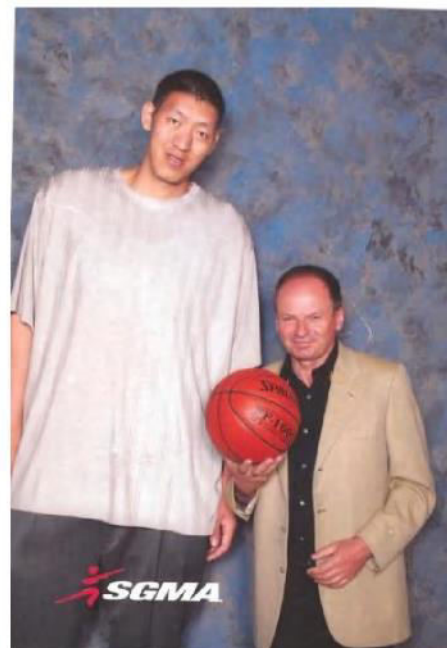
- An independent association formed by sporting goods brands, manufacturers, suppliers, retailers, national and regional federations and other sporting goods industry related businesses.
- The world authoritative body for the sporting goods industry recognized as the global voice of the sporting goods industry.
- A non-profit organization without any objective of economic character for its own gains.
- Officially recognized by the IOC as the industry representative within the Olympic family.

OUR ROLE

- Support and promote the sporting goods industry world-wide by providing the platform where our members forge the tools of their cooperation to promote fair trade in order to increase the sport participation in the world and improve the well-being of mankind through the practice of sports.
- Keep our members updated on important trade issues, laws and regulations like on product safety, on standardization and on working conditions.
- Act as the voice of the sporting goods industry toward international organizations (ILO, WTO, UN, etc.) and international sport organisations (IOC-International Olympic Committee and IFs-International Sports Federations).

ORGANIZATION OF THE WFSGI

The WFSGI is composed of seven committees that exchange information on various issues and topics:



INTRODUCING THE WORLD FEDERATION
OF THE SPORTING GOODS INDUSTRY:

GLOBAL SOLUTIONS THROUGH INTERNATIONAL TEAMWORK





Overview

- Not-for-profit organization formed in 1978
- Global voice of the industry
- Officially recognized by the IOC
- The Federation exists to serve its members

The WFSGI's Mission



CONNECT

INFORM

REPRESENT

PROMOTE



INFORM

- Best Practices
- Code of Conduct
- Laws and regulations

CONNECT

INFORM

REPRESENT

PROMOTE

WHAT ARE 'SPORTING GOODS' ??



FIVE GOOD REASONS FOR THE WFSGI'S ONLINE BRAND ABUSE PROJECT



NO. 1 FIRST AND FOREMOST:

COUNTERFEIT [BICYCLE] PRODUCTS CAN KILL/SEVERELY INJURE CONSUMERS/USERS, BUT DO AT LEAST SEVERELY DAMAGE OR EVEN DESTROY THE REPUTATION OF THE LEGITIMATE BRAND



FIVE GOOD REASONS FOR THE WFSGI'S COLLECTIVE ONLINE BRAND ABUSE PROJECT



NO. 2 :

Brands are not competing in this field, but are all victims of these illegal and in many instances criminal activities



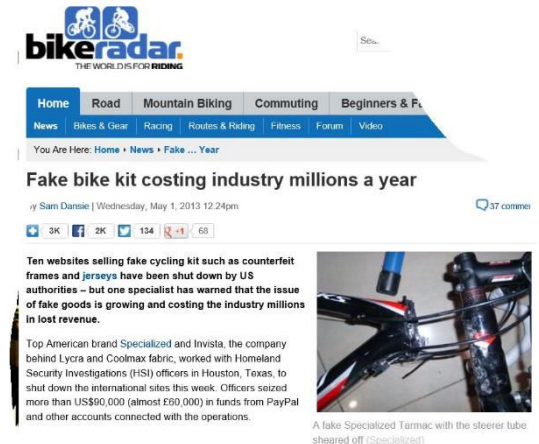
Bicycle Makers Struggle to Swat Down Counterfeits



The Astana Pro team's Vincenzo Nibali during the second stage of the Tour de France on July 5 in the Netherlands.

SEBASTIEN NOGIER / EUROPEAN PRESSPHOTO AGENCY

By IAN AUSTEN
JULY 19, 2015



5 GOOD REASONS FOR THE WFSGI'S ONLINE BRAND ABUSE PROJECT



NO. 3 :

Illegal Operators are mostly no 'monobrand stores', but are targeting/hitting multiple brands

PINARELLO

CANYON BICYCLES

MAVIC

ENVE

DT SWISS

SHIMANO

SRAM

GIANT

SPECIALIZED

FSA

ZIPP

SCOTT
CERVÉLO

RITCHEY

CAMPAGNOLO

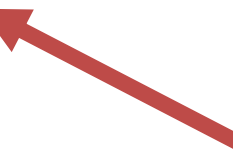
CERVÉLO

REYNOLDS ACCELL GROUP

ADVANCED SPORTS

3TCYCLING

MERIDA RIDLEY BIKES



5 GOOD REASONS FOR THE WFSGI'S ONLINE BRAND ABUSE PROJECT



NO. 4 :

This 21st Century Plague needs to be fought with 21st Century Technology Tools



5 GOOD REASONS FOR THE WFSGI'S ONLINE BRAND ABUSE PROJECT



NO. 5:

Not only major and European companies/brands are affected by this plague

15 COMMENTS SUBSCRIBE NEWS TECH

FSA on warpath over counterfeit sales epidemic

Buy from official sources says Taiwanese company to customers and retailers

by [nick_rearden](#) October 20, 2011



Bianchi Oltre 2012 - FSA K-Force Light chainset.jpg

WHY THE WFSGI CHOSE COMPANY CONVEY AS ITS COOPERATION PARTNER



Required Key Element of the WFSGI's Membership Service:

- A technology-driven powerful tool to efficiently combat such abuses;
- A deep understanding of the mechanisms and procedures available to resolve a great number of issues in a kind of short track procedure;
- The affordability to subscribe to such services not only for the world leaders within the sporting goods such as Adidas, Nike or ASICS, but also for smaller to medium-sized companies;
- The realization of a collective approach and actions jointly orchestrated by various brands by at the same time generating sizable scaling cost-saving effects for the respective WFSGI member companies involved;

WHO IS CONVEY?

- **Innovative services and solutions for Intellectual Property protection and enforcement in Internet:**
 - ✓ Online Anti-Piracy and Anti-Counterfeiting services in the sectors of Fashion, Luxury Watches, Jewelry, Classic Shoes, **Sportswear and Athletic Apparel, Bicycles, Football Jerseys/Apparel**, Automotive, Sunglasses, Food and Beverages, Pharma – on all the Internet different environments, including:
 - **Web 1.0** -> Generic Websites and Domain Names
 - **Web 2.0** -> Social Media, Video/Image Sharing, Social Networks
 - **Mobile Applications and Instant Messaging Portals**
 - **Online Marketplace and Auction Sites**
 - ✓ Internet Brand Compliance services for distribution channels control and licensee/distributors management
 - ✓ TM Clearing House accredited Agent for new generic Top Level Domains protection



LIMITS OF A 'TRADITIONAL' APPROACH

Method:

The IPR Owner targets the digital counterfeiter/abuser through:

- Sending of Cease & Desist letters, or
- Starting a court proceeding

Results:

FAILURE FREQUENTLY GUARANTEED

Reasons:

- Counterfeiters conceal their identity and have hundreds of alter-egos
- C&D letters are too weak – It's scrap paper in the eye of a counterfeiter
- Lawsuits are too slow and expensive
- Internet is ever-changing – contents appear/disappear/change in splits of a second



THE NEW PARADIGM OF ONLINE COUNTERFEITING

The IPR Owner forgets the counterfeiter and targets the 'PROXY' through a 'TAKE DOWN NOTICE'



What does 'PROXY' mean in this context?

1. The **Internet Service Provider (ISP)** i.e. Godaddy, Tucows, Marcaria, etc...
2. The **Hosting Provider**, i.e. Stratos, 1 and 1., Hetzner, etc...
3. The **Marketplace**, i.e. eBay, Amazon, Alibaba, Taobao, Dhgate, Rakuten, etc...
4. The **Social Network**, i.e. Facebook, Twitter, Instagram, etc...

Results: GREAT CHANCES OF SUCCESS

Reasons: IF THE PROXY, UPON THE IP HOLDER'S REQUEST, DOES NOT INTERVENE EXPEDITOUSLY TO STOP ITS CUSTOMER FROM INFRINGING MY RIGHTS, IT BECOMES LIABLE AND I CAN TAKE IT TO COURT

LEGAL GROUNDS



[EUROPE] Directive 2000/31/EC on eCommerce

[...] the service provider is not liable for the information stored[...] on condition that:

(a) the provider does not have actual knowledge of illegal activity or information [...]; or

(b) the provider, upon obtaining such knowledge or awareness, acts expeditiously to remove or to disable access to the information.

[US] 17 U.S. Code § 512

A service provider shall not be liable for monetary relief for infringement of copyright by reason of the storage at the direction of a user [...] if the service provider

(i) does not have actual knowledge [...] of the infringement;

(ii) [...] is not aware of facts or circumstances from which infringing activity is apparent; or

(iii) upon obtaining such knowledge or awareness, acts expeditiously to remove, or disable access to, the material.

[CHINA] Art. 36 Chinese Tort Law 侵权行为

A network service provider who infringes upon the civil right or interest shall assume the tort liability.

Where a network user commits a tort through the network services, the victim of the tort shall be entitled to notify the network service provider to take such necessary measures as deletion, block or

disconnection. *If, after being notified, the network service provider fails to take necessary measures in a timely manner, it shall be jointly and severally liable for any additional harm with the network user.*

TRADEMARKS ARE NOT ANY MORE ENOUGH...

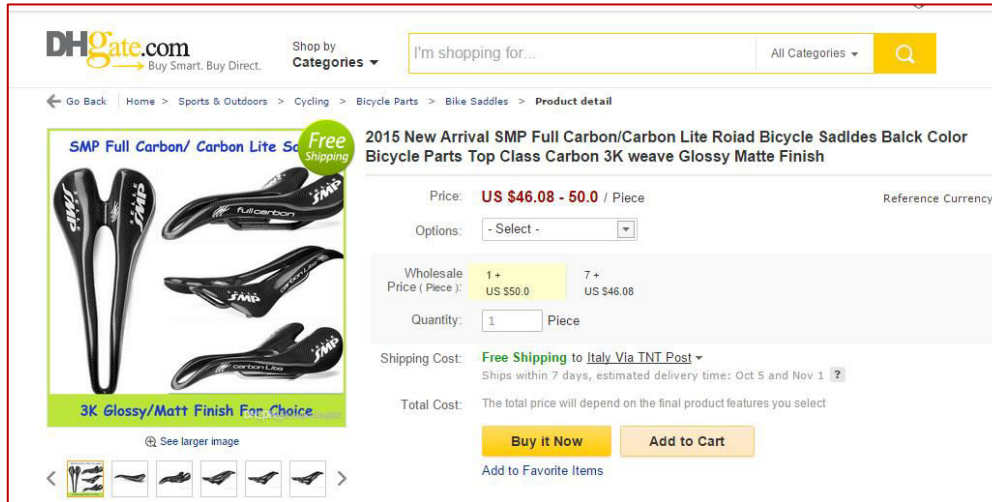
TRADEMARKS ARE THE MOST IMMEDIATE
WEAPON TO TACKLE COUNTERFEITS, BUT...

COUNTERFEITERS ARE INFRINGING UPON **ALL**
YOUR IP RIGHTS, INCLUDING

- **TECHNOLOGY PATENTS**
- **DESIGN RIGHTS**
- **COPYRIGHTS**

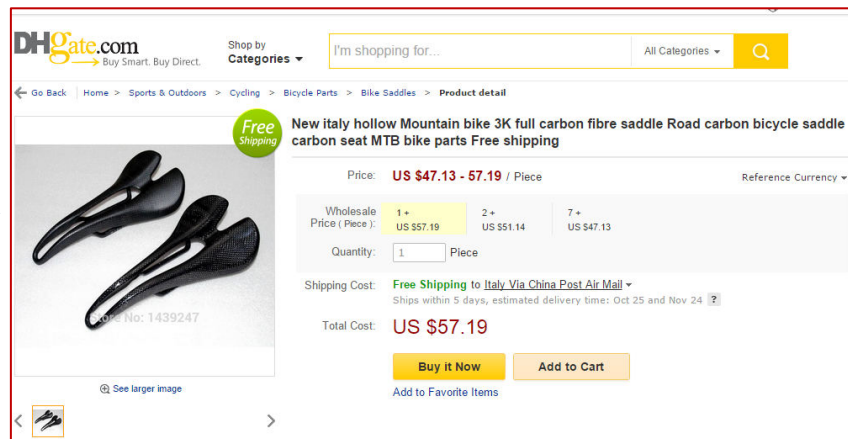
... AND THEY ARE SMART ENOUGH TO ADAPT
THE CONTENTS OF THEIR OFFERINGS TO AVOID
ENFORCEMENT.

TRADEMARKS ARE FREQUENTLY NOT ANY MORE ENOUGH...



A FAKE SELLE SMP SADDLE (the TM is visible)
ENFORCEMENT ON THE GROUND OF A TM

ONE WEEK
 LATER...



A FAKE SMP SADDLE (TMs disappeared)
AND NOW??

APPLICATION OF THIS APPROACH ON ASIAN MARKETPLACES BEING THE MAIN SOURCE OF COUNTERFEITS

- **1ST PHASE – SET UP OF RELEVANT COMPLAINT PROCEDURES**
- **2ND phase – ANALYSIS OF ALL LISTINGS AND DETECTION OF ABUSIVE URLS**
- **3RD PHASE – PRIORITIZING TARGETS AND OUTLINING OF A CUSTOM MADE ENFORCEMENT STRATEGY**
- **4TH PHASE – COMMENCEMENT OF TAKEDOWN PROCEDURES – REMOVAL OF ABUSIVE URLS AND SHUT DOWN OF E-SHOPS**
- **5TH PHASE – REFINEMENT OF ANALYSIS THROUGH IMAGES DETECTION**
- **6TH PHASE – ENFORCEMENT GROUNDED ON THE WHOLE IP PORTFOLIO – FROM TRADEMARKS TO COPYRIGHTS TO DESIGN AND TECHNOLOGY PATENTS, ETC.**

accomplishments



Jack Ma:
Counterfeits hurt Alibaba,
China economy



GOOD-FAITH TAKEDOWN MECHANISM
OF ALIBABA GROUP-TAobao.com
IS OFFICIALLY LAUNCHED

Good-faith Takedown Mechanism of Alibaba Group-TaoBao.com is officially launched

CONVEY S.R.L. Pending for Response to Counter-notification 24 Alibaba Intellectual Property Protection Platform 简体中文

Submit Complaints Manage Complaints

Status of Complaining Party

Good-faith Takedown Status

Your current status is: ✔ Good-faith complaining party.
[Good-faith Letter of Undertaking](#) [What is Good-faith complaining party?](#)

Complaints submitted by a good-faith complaining party will be processed within 1-3 working day(s) by expense in the area of intellectual property rights based on simplified requirements of proof of infringement.

If you have any queries, please feel free to contact iprsupport@alibaba-inc.com

Your Complaint Index

Takedown rate	Successful counter-notification rate
99.33%	0.06%

Notes

- Status of complaining parties will be calculated and updated automatically on the first day of each month.

THE EXPLOITATION OF THE WHOLE IP PORTFOLIO IS THE BASIS FOR A TOP REMOVAL RATE AWARDED BY THE MARKETPLACES

Results in the Bicycle Sector



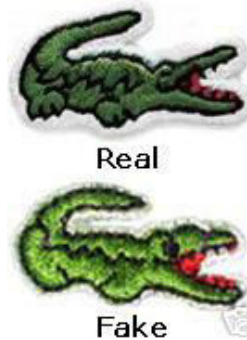
n. 160.115 (+41.009) counterfeit listings directly deleted (n. 37.881 on Sep 14 – Eurobike; n. 81.845 on Mar 15 – Taipei; n. 119.106 on Sep 15 - Eurobike)

€ 8.662.650,03 (+1.41M) counterfeit turnover blocked per semester from transaction of fake WFSGI Bike members' products (frames, wheels, components) (€ 4.917.340,73 on Mar 15 – Taipei; € 7.252.410,03 on Sep 15 - Eurobike)

	Listings deleted	Blocked sales	Sellers complained	Blocked Revenues (€)	Blocked Revenues (\$)
Company 1	411	424	165	€ 155.661,38	\$ 169.670,90
Company 2	16.938	19.632	2.008	€ 640.566,81	\$ 698.217,82
Company 3	3.626	1.151	1.190	€ 391.974,97	\$ 427.252,72
Company 4	3.253	7.839	1.063	€ 277.834,20	\$ 302.839,28
Company 5	26.035	3.413	1.086	€ 1.150.646,53	\$ 1.254.204,72
Company 6	742	330	306	€ 19.652,67	\$ 21.421,41
Company 7	13.093	2.296	1.265	€ 373.612,99	\$ 407.238,16
Company 8	11.971	2.458	1.260	€ 582.099,36	\$ 634.488,30
Company 9	3.155	277	367	€ 119.084,57	\$ 129.802,18
Company 10	12.269	17.638	1.227	€ 380.635,67	\$ 414.892,88
Company 11	10.047	1.811	1.154	€ 647.698,22	\$ 705.991,06
Company 12	312	2.678	145	€ 87.497,16	\$ 95.105,61
Company 13	52.508	14.587	2.414	€ 3.461.468,53	\$ 3.773.000,70
Company 14	4.047	5.951	1.054	€ 196.101,73	\$ 213.750,89
Company 15	1.708	2.780	221	€ 178.115,68	\$ 193.604,00
Total	160.115	83.265	14.925	€ 8.662.650,47	\$ 9.441.480,63

Months of Activities
10
25
13
8
20
10
13
13
13
15
10
11
28
22
3
Average
14


New IP-Related Pending Project of the WFSGI – Authenticity Protection



FINALLY:

THERE ARE TWO KINDS OF COUNTERFEITERS: **THOSE WHO FEEL GUILTY...**

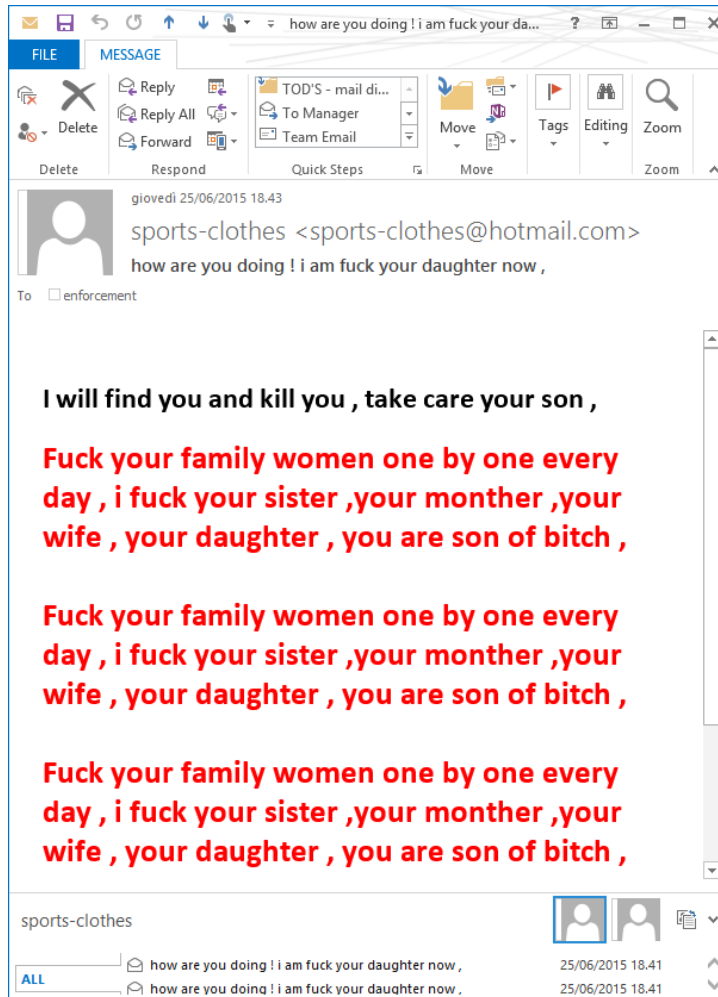


 mercoledì 16/09/2015 07.12
肖婧 <xiaojing199210@outlook.com>
Hello dear friend,
To enforcement@convey.it

Hello dear friend
I'm apologize, I have sold your company brand products, I'm so sorry, I kindly ask you to cancel a complaint, I will remove all offerings. Please give me a chance, I have to feed two children, I'm no have a job. This complaint will be close my store, I'm begging you to, please. I will remove all offerings.
Best regards
Top-rated Seller Motorcycle and Cycling

FINALLY:

..... AND THOSE WHO DON'T !!!!!!!!!!!!!





DR. JOCHEN M. SCHAEFER

ATTORNEY-AT-LAW (GERMANY)/LEGAL COUNSEL WORLD
FEDERATION OF THE SPORTING GOODS INDUSTRY

AM KAPELLENBERG 21
D-85604 ZORNEDING (MUNICH REGION) GERMANY
TEL.: +49-(0)8106-37 72 3-41 • FAX: +49-(0)8106-37 72 3-59
MOBILE.: +49-(0)151-16 40 79 32 • E-MAIL: SJ@SJLEGAL.DE