

Position Paper

FEAT Position on the Digital Services Act

22/10/20



Executive Summary

In February 2020, the European Commission revealed its ambitions for a digital future that works for *all*.¹ Among its core objectives is a focus on "*a trustworthy environment in which citizens are empowered in how they act and interact*".² Consumers must trust in the services and products they buy online as they would offline, or they will become disengaged and the backbone of the digital single market will fall away.

One of the instruments proposed to tackle this objective is the Digital Services Act, which aims to upgrade liability and safety rules for digital platforms, services and goods.³ Central to this new initiative will be a revision of the E-Commerce Directive, adopted when internet commerce was still in its infancy to stimulate the sector by largely shielding intermediaries from responsibility and any meaningful obligation to tackle illegal activity.⁴

At the time the E-Commerce Directive was adopted, the secondary ticketing market was driven by street-based traders. However, increasing digitisation transformed the market, with the majority of sellers now trading tickets online. While this has enabled consumer-to-consumer ticket resale, the market has become dominated by commercial traders looking to capitalise on its profitability. They do this by bulk-buying event tickets and reselling them at higher prices, often illegally or contravening the lawful terms of resale.

The online marketplaces that facilitate these transactions are also making huge profits by turning a blind eye to or assisting illegal and invalid sales, and displaying misleading information. This leads consumers to make purchases they would not have made otherwise; they risk having their ticket cancelled or being turned away at the door; and in some cases, the tickets they have paid for do not exist.

This practice also distorts the primary market, with tickets often selling out within moments of going on sale, only for several to be immediately listed on secondary platforms at many times their face value.

The ticket resale market was estimated to be worth ≤ 12.14 bn in 2019^5 – if accurate, this represents a potentially huge amount of revenue leaching away from consumers and the cultural and sports industries. By comparison, the global audio and video music streaming market was worth just ≤ 10.4 bn⁶.

In the absence of effective legislation and enforcement capacity in many member states, live event businesses and consumer action groups have taken matters into their own hands. Annex 1 lists over 50

¹ European Commission. *Shaping Europe's Digital Future* (European Union, 2020).

² Shaping Europe's Digital Future, p. 2.

³ European Parliamentary Research Service. *The von der Leyen Commission's priorities for 2019-2024* (European Union, 2020).

⁴ European Parliament and Council. Directive 2000/31/EC of the European Parliament and of the Council of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market (2020). Article 15.

⁵ Technavio. Secondary Tickets Market by Event Type and Geography - Global Forecast and Analysis 2020-2024. (Online: 2019). NB: Study carried out pre-COVID-19 and unverified.

⁶ IFPI. Global Music Report: The Industry in 2019. (Online: 2020), p11.



legal cases and initiatives against secondary ticketing marketplaces that have taken place across EU countries in recent years. It details numerous actions brought by event organisers across Europe, from all corners of the live entertainment and sports industries. It also lists grassroots campaigns such as live music association PRODISS' #fanspasgogo in France;⁷ Latin artist Alejandro Sanz's Alianza Anti-reventa in Spain;⁸ and Denmark's Kulturministeriet's #billetblind.⁹

While these actions are to be applauded, they are a considerable drain on resources. They also have little lasting effect on marketplaces that continue to flout the law and rights holders' lawful contractual terms.

It is apparent that the existing European legal framework is insufficient and, in the absence of clear rules, has led to widespread consumer exploitation and legal uncertainty that jeopardises platform growth and hampers enforcement efforts. The Digital Services Act must address this by introducing an effective regulatory framework for online marketplaces and ensuring that the rules are rigorously enforced.

This is essential to allow C2C resale to flourish, creating a level playing field and maintaining consumers' trust.

Recommendations

- 1) A liability framework that clarifies the distinction between active and passive platforms and the circumstances in which they are liable. For example, promoting third party products/services, having a predominant influence over traders, providing misleading statements and guarantees, and continuing to list illegal products/services following repeated take-down notifications
- 2) Robust authentication and verification processes to identify commercial traders and check product/service compliance
- 3) Greater transparency and design requirements for online marketplaces, ensuring that information on the identity of third party traders and products, notice and action procedures and the marketplace's relationships with sellers is clear and accessible
- 4) A notice and action obligation to ensure the effective takedown of tickets listed illegally
- 5) The rules must apply to providers established in a third country that offer services and/or products to citizens in the EU
- 6) Oversight, enforcement and public performance rating

⁸ German R. Paez, "Alejandro Sanz lidera una alianza contra la reventa digital de entradas," *elpais.com* [online] 22 February 2017 [cited 5 March 2020] Available from <<u>https://elpais.com/cultura/2017/02/21/actualidad/1487678288_254575.html</u>>

⁷ PRODISS, "Criminal Action Against Viagogo and Launch of #fanspasgogo campaign," *prodiss.org* [online] 2 February 2018 [cited 5 March 2020] Available from

http://www.prodiss.org/sites/default/files/atoms/files/communication-criminal-action-against-viagogo.pdf

⁹ Kulturministeriet, "#BILLETBLIND - KAMPAGNE MOD ULOVLIGT BILLETSALG," *kum.dk* [online] 13 March 2019 [cited 5 March 2020] Available from <<u>https://kum.dk/temaer/billetblind/</u>>



Background

In January 2020, a Eurostat survey revealed that event tickets were one of the most popular online purchases among EU citizens, with 41% of e-shoppers purchasing tickets in a 12 month period.¹⁰ With high demand for tickets, it is not surprising that the secondary ticketing market is also thriving.

There is no automatic right to resale across Europe, and many member states have restricted the practice to protect consumers from harm. Regulation was also introduced as part of the 2019 Directive on the better enforcement and modernisation of consumer protection rules, banning the use of automated software to bulk-buy tickets and requiring commercial traders to self-identify.¹¹ Additionally, event promoters and other rights holders have sought to limit price gouging by imposing lawful resale restrictions to safeguard fans and protect their inventory.

Unfortunately, these rules are often ignored and a high proportion of tickets resold online are done so illegally or in violation of lawful terms and conditions, often moments after the event has gone on sale and occasionally before.

At the heart of the operation are a number of secondary ticketing marketplaces that provide a platform for traders to resell tickets, while generating income from buyer and seller fees of approximately 10-15% each way per transaction (Figure 1).

¹⁰ Eurostat. *E-commerce statistics for individuals*. (Online: 2020), p4.

¹¹ European Parliament and Council. Directive (EU) 2019/2161 of the European Parliament and of the Council of 27 November 2019 amending Council Directive 93/13/EEC and Directives 98/6/EC, 2005/29/EC and 2011/83/EU of the European Parliament and of the Council as regards the better enforcement and modernisation of Union consumer protection rules (2019).



Name	Founded	Registered Office(s)	Size	Fees
StubHub	2000	Incorporated in the US, UK, Canada and Spain	 Operational across the world, including Belgium, France, Spain, Germany, Ireland, Poland, the Netherlands, Portugal and the Czech Republic Acquired by eBay for €226m in 2007 Acquired Ticketbis in 2016 for €149.62m Sold to Viagogo for €3.67bn in cash in 2019, pending clearance eBay does not reveal earnings for StubHub but its Q3 2019 report shows StubHub had €279m in sales revenue for the quarter¹² 	 Charges fees to both buyers and sellers Fees depend on 'ticket supply and ticket marketing cost' but can be around 15% for the buyer and 10% for the seller
Viagogo	2006	Incorporated in Ireland, Switzerland, the UK and the US	 Operational across the world, including Germany, France, Spain, Italy, Belgium and Denmark Acquired StubHub for €3.67bn in cash in 2019, pending clearance 	 Charges fees to both buyers and sellers Fees vary depending on the event, but can be around 30% for the buyer and 15% for the seller
GoSports- Tickets	2015	Incorporated in Spain	- Operational across Europe	- Charges fees to both buyers and sellers - Fees are unclear
FanPass	2015	Incorporated in Cyprus	- Operational across Europe	- Charges service fees to both buyers and sellers - Fees are unclear
Gigsberg	2018	Incorporated in Switzerland and Estonia	- Operational across Europe	- Charges fees to both buyers and sellers - Seller fees vary depending on the event, buyer fees unclear

Figure 1: Key secondary ticketing marketplaces operating in Europe

¹² Billboard, "With Stubhub Purchase, Viagogo Is North America's New Resale Leader", *billboard.com* [online] 26 November 2019 [cited 10 May 2020] Available from https://www.billboard.com/articles/business/8544915/stubhub-purchase-viagogo-north-america-new-resale-leader



Ticket resale can be viewed as a spectrum of activity.¹³ On the one hand, there are genuine consumers looking to resell tickets to events they cannot attend. On the other, there are commercial resellers whose sole aim is to purchase and resell tickets for profit. While consumer-to-consumer resale is generally supported by industry and regulators (see Annex 2 for a list of providers), commercial reselling is not. A close look at two major secondary ticketing marketplaces reveals that commercial reselling dominates the market.

While the 2005 Unfair Commercial Practices Directive (UCPD) requires traders to provide details about their identity, secondary ticketing marketplaces do not comply with this requirement, so it is hard to calculate the percentage of commercial resellers trading tickets in the European Union.¹⁴ However, conclusions can be drawn from the UK, where additional rules apply under national law.¹⁵ Figures 2 and 3 demonstrate that, for the events sampled, 79% of tickets on Viagogo and 56% of tickets on StubHub were sold by commercial traders. An average of 69% of tickets were sold by commercial traders across both platforms. It can be reasonably assumed that a similar level of commercial activity is taking place across Europe, unbeknownst to consumers and failing to meet transparency standards required by law.

Name of event	Date	Number of tickets sold by professional sellers	Total number of tickets	Percentage of tickets listed by professional sellers
Elton John	Various	2280	2911	78%
Mo Gilligan	Various	97	107	91%
Harry Styles	23-24.03.21	44	76	58%
Genesis	29-30.11.20	232	326	71%
The Killers	4-5.06.21	369	424	87%

Figure 2: Traders listing tickets for London events promoted on Viagogo UK's homepage on 4 May 2020 (individual show data provided in Annex 3)¹⁶

¹³ See Mark James and Guy Osborn, "Tickets, touting & the law: a nuanced approach to a spectrum of behaviour", *Tickets, touting & the law: Briefing No.2* (2020).

¹⁴ European Parliament and Council. Directive 2005/29/EC of the European Parliament and of the Council of 11 May 2005 concerning unfair business-to-consumer commercial practices in the internal market and amending Council Directive 84/450/EEC, Directives 97/7/EC, 98/27/EC and 2002/65/EC of the European Parliament and of the Council and Regulation (EC) No 2006/2004 of the European Parliament and of the Council ('Unfair Commercial Practices Directive') (2005.) Article 7.
¹⁵ Great Britain. UK Government. Consumer Rights Act 2015. (London: Government Publications, 2015). Article 6a.

¹⁶ Viagogo, viagogo.co.uk [online] [cited 4 May 2020] Available from https://www.viagogo.co.uk



Figure 3: Traders listing tickets for London events promoted on StubHub UK's homepage on 3 May 2020
(individual show data provided in Annex 4) ¹⁷

Name of event	Date	Number of tickets sold by professional sellers	Total number of tickets	Percentage of tickets listed by professional sellers
Elton John	Various	1145	2107	54%
Tom Misch	22.09.20	1	1	100%
Pet Shop Boys	30.05.21	13	25	52%
The Manor	01.08.20	0	5	0%
The 1975	11.07.20	53	85	62%
Lewis Capaldi	04.10.20	221	361	61%
Romesh Ranganathan	Various	97	161	60%

In the last two years, secondary ticketing marketplaces have dominated the headlines. From illegally listing Euro 2020 tickets priced 19 times their face value,¹⁸ to listing invalid Rammstein tickets for up to €483,¹⁹ evidence shows that they routinely facilitate the sale of illegal or invalid tickets to drive profits.

Going beyond their role as hosts, they promote these listings by taking out advertisements and placing some prominently on their own websites, regularly using misleading phrasing such as "official" or "guaranteed" to lure consumers into a false sense of security.²⁰ They also conceal and omit essential information that leads consumers to make purchasing decisions that they may not have made otherwise. Many consumers are not even aware at the time that they are buying from a secondary source, let alone a professional reseller.

FEAT's six recommendations for addressing these problems within the secondary ticketing market are detailed below.

¹⁸ Richard Wheatstone, "Euro 2020 fans risk being fleeced of thousands as Wembley tickets flogged for £6,500 and cheaper seats at 19 TIMES face value online" *thesun.co.uk* [online] 10 September 2019 [cited 3 March 2020] Available from <<u>https://www.thesun.co.uk/sport/9771646/uefa-euro-2020-ticket-touts-unofficial-websites/</u>>

¹⁷ StubHub, stubhub.co.uk [online] [cited 3 May 2020] Available from <<u>https://www.stubhub.co.uk</u>>

¹⁹ Bild, "Rammstein Warns of Viagogo" *bild.de* [online] 5 July 2019 [cited 3 March 2020] Available from

https://www.bild.de/unterhaltung/musik/musik/eventim-rammstein-tickets-gibts-nur-dort-finger-weg-von-viagogo-6310664

²⁰ In 2018 Google banned the use of "official" unless authorised



Recommendation 1: Online marketplace liability

Articles 12 to 15 of the E-Commerce Directive restrict the situations in which intermediary services providers are held liable.²¹ The exemptions from liability established in these articles apply to service providers that are "technical, automatic and passive" in nature and have "neither knowledge of nor control over the information which is transmitted or stored".²²

While case law from key legal cases such as L'Oréal v eBay and Coty v Amazon has offered clarity and set a precedent in some areas, there is uncertainty about what constitutes an active or passive platform and the differences between them. Secondary ticketing marketplaces have taken advantage of this, shirking responsibility by claiming passive status and putting consumers at risk.

While some sector-specific provisions have been introduced - such as those covered by the Directive on copyright and related rights²³ - the current rules are not fit for purpose and would benefit from reform to bring an appropriate balance between consumers and online marketplaces in particular.

The DSA framework should clarify the differences between active and passive platforms, whilst outlining active behaviours to ensure that those claiming passive status are accountable for their actions promoting illegal activity such as illegal resale. These include:

- Promoting or advertising third party products/services;
- Having a predominant influence over traders;
- Providing misleading statements and guarantees;
- Repeatedly listing illegal products/services following take-down notifications.

These recommendations are explored below.

1.1 Marketplaces promoting or advertising ticket listings

In February 2020, French consumer association UFC-Que Choisir filed a complaint against leading secondary ticketing marketplace Viagogo after receiving 500 consumer testimonies related to pressure selling tactics and illegal ticket listings.²⁴ Tactics included displaying messages such as "Ces billets seront probablement bientôt tous écoulés", "21 autres personnes regardent cet évènement", and "Il ne reste plus

²¹ European Parliament and Council. Directive 2000/31/EC. Articles 12, 13, 14, 15.

²² European Parliament and Council. Directive 2000/31/EC. Recital 42.

 ²³ European Parliament and Council. Directive (EU) 2019/790 of the European Parliament and of the Council of 17 April 2019 on copyright and related rights in the Digital Single Market and amending Directives 96/9/EC and 2001/29/EC (2019).
 ²⁴ UFC-Que Choisir, "L'UFC-Que Choisir dépose plainte," *quechoisir.org* [online] 18 February 2020 [cited 28 February 2020] Available from: https://www.guechoisir.org/action-ufc-que-choisir-viagogo-l-ufc-que-choisir-depose-plainte-n75959/>



que X billets".²⁵ Additionally, these tickets were found to be listed without authorisation from the organiser, which is illegal in France.²⁶

Unfortunately, this behaviour is not uncommon. In February 2020, StubHub was found to be using similar tactics to shift unauthorised tickets to Premier Leagues games in the UK.²⁷ Meanwhile, a class action against eight resale sites by Belgium consumer association Test-Achats was launched after consumers fell victim to illegal resale practices after clicking on advertisements on Google – the first port of call for many consumers looking to buy tickets.²⁸

Similarly to the principle established by the European Court of Justice (ECJ) in 2011 in the judgement of L'Oréal v eBay, where it was ruled that online marketplaces are liable for the sale of counterfeit goods if they optimise the presentation or promote offers, secondary ticketing marketplaces must be held liable if they assist in the selling of illegal or invalid tickets.²⁹ This includes optimising offers, taking out advertising and displaying messages that encourage consumers to make purchases.

1.2 Predominant influence over traders

In 'Model Rules on Online Platforms', the European Law Institute (ELI) argues platforms should be liable for unfulfilled contractual obligations in the event that consumers can reasonably rely on the operator having a predominant influence over the trader.³⁰ The suggested criteria for assessing this is as follows:

- The supplier-customer contract is concluded exclusively through facilities provided on the platform;
- The platform operator withholds the identity of the supplier or contact details until after the conclusion of the supplier-customer contract;
- The platform operator exclusively uses payment systems which enable the platform operator to withhold payments made by the customer to the supplier;
- The terms of the supplier-customer contract are essentially determined by the platform operator.³¹

The above framework is intended to impose liability on online platforms that exert greater influence over the customer-supplier contract, and could be adapted and used effectively to help curb illegal resale

https://www.iq-mag.net/2018/12/france-reaffirms-antisecondary-law-failed-legal-challenge

²⁷ Rob Davies, "Revealed: full scale of football tickets being resold on StubHub at huge profit," *guardian.co.uk* [online] 13 February 2020 [cited 4 March 2020] Available from

Available from <<u>https://www.test-achats.be/famille-prive/droits-des-consommateurs/news/viagogo</u>>²⁹ Europa.eu, "ECLI:EU:C:2011:474," *curia.europa.eu* [online] [cited 4 March 2020] Available from

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²⁵ UFC-Que Choisir, "L'UFC-Que Choisir dépose plainte."

²⁶ Jon Chapple, "France reaffirms anti-secondary law after failed legal challenge," *iq-mag.net* [online] 14 December 2018 [cited 3 March 2020] Available from

<<u>https://www.theguardian.com/football/2020/feb/13/football-tickets-being-resold-on-stubhub-at-huge-profit-full-scale</u>>
²⁸ Test-Achats, "Nous assignons aussi Viagogo en justice," *test-achats.be* [online] 16 May 2017 [cited 4 March 2020]
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<<u>http://curia.europa.eu/juris/document/document.jsf;jsessionid=2115482E68928ED8D5583B9C4E0BD5A5?text=&docid=10</u> 7261&pageIndex=0&doclang=en&mode=Ist&dir=&occ=first&part=1&cid=309886> ³⁰ European Law Institute. *Model Rules on Online Platforms*. (Online: 2019).

³¹ As above, p.39.



activity. This includes extending the criteria to cover other means by which online marketplaces have influence over traders. For example, supplying tools that encourage illegal activity, and issuing restrictive online forms that limit the information sellers can provide.

An example can be drawn from a 2020 Guardian investigation into the conduct of secondary ticketing marketplaces, which found that Viagogo "provides an armoury of tools that experts say make it easier for ticket touts to commit fraud".³² This includes an "Inventory Manager" – a toolkit only available to sellers of multiple tickets – which enables prolific resellers to sell tickets in smaller batches through its "Clones" function and allows resellers to give "employees" access to their account, helping facilitate fraudulent ticket selling. It also has a "market research" page that displays upcoming events, some of which are categorised as "high demand, low supply" with a dollar-sign symbol to indicate likely profitability.

As long as the bulk of the responsibility falls on traders, secondary ticketing marketplaces will continue to benefit from a lack of liability and consumers will continue to be exploited. It is therefore essential that the Digital Services Act establishes a clear framework that imposes liability on platforms that have a predominant influence over traders.

1.3 Misleading statements and guarantees

There are many instances where secondary ticketing marketplaces have misled consumers by using labels such as "official" and "guaranteed" to describe the validity of the tickets. These claims are nearly always false, with event organisers keen to stress that the platforms are rarely identified as official resellers and the tickets may not be guaranteed to gain entry to the event.

This was recently brought to light by the Bavarian Consumer Association Verbraucherzentrale Bayern, which took Viagogo to court for falsely claiming it was an official ticket provider. The court ruled in the association's favour, prohibiting the platform from advertising that the delivery of "*valid tickets*" is guaranteed if the ticket does not entitle the user to attend the event.³³ Similar claims were made by Swiss consumer association Fédération romande des consommateurs (FRC) in 2017, which filed a complaint against Viagogo for posing as an official platform, citing, among other things, "*détestable opacité*".³⁴

The lack of liability for providing false statements and guarantees allows online marketplaces to capitalise on these claims without fear of retribution, taking advantage of consumers' trust in e-commerce.

³² Rob Davies, "Revealed: Viagogo site offers toolkit that could be used by fraudsters," *theguardian.com* [online] 27 February 2020, [cited 28 February 2020]. Available from:

<https://www.theguardian.com/money/2020/feb/27/revealed-viagogo-toolkit-fraud-tickets>

³³ Laurin Meyer, "Viagogo vor Gericht verurteilt," *tagesspiegel.de* [online] 5 June 2019 [cited 4 March 2020] Available from <<u>https://www.tagesspiegel.de/verbraucher/ticketboerse-viagogo-vor-gericht-verurteilt/24409044.html</u>>

³⁴ Le Temps, "La FRC dépose une plainte contre Viagogo à Genève," *letemps.ch* [online] 3 October 2017 [cited 2 March 2020] Available from <<u>https://www.letemps.ch/suisse/frc-depose-une-plainte-contre-viagogo-geneve</u>>



1.4 Repeatedly listing illegal products/services

Secondary ticketing marketplaces that are regularly found to be illegally offering tickets after extensive reporting and take-down requests should also be held liable, regardless of whether they are active or passive in nature. This could be achieved by strengthening Article 14 (1) to implement liability where providers have not taken appropriate measures to make sure that illegal products that are taken down, stay down.

Recommendation 2: Robust authentication and verification processes

The first step in preventing illegal activity on online marketplaces is to prescribe robust authentication and verification processes, encouraging them to vet sellers and their products before they are made available to consumers.

This would prove particularly effective in preventing the speculative selling of tickets, a common problem faced by consumers in which tickets are listed that have not yet been bought or do not exist. In Germany, for example, the Verbraucherzentrale Bayern identified speculative listings for a non-existent event by comedian Carolin Kebekus in Hamburg, which, according to her management, had never been planned.³⁵ In Spain, Viagogo was found listing tickets for a leg of Joaquín Sabina's Lo niego todo tour that simply did not exist.³⁶ Meanwhile, hundreds of speculative tickets were sold on resale platforms for the 2019 Champions League final in Madrid that could not be fulfilled due to high demand.³⁷ A thorough authentication process requiring traders to provide proof of purchase ahead of tickets being listed would help prevent cases such as these.

The verification process should also include a consent mechanism, where traders can state whether they have the right to resell the tickets. As part of this, secondary ticketing marketplaces must make sure that they are authorised to list the tickets and have processes in place to make sure that tickets to events that have already been flagged as not for resale do not end up on their platform.

³⁵ Marktwächter, "Marktwächterwarnung: Fake-Tickets bei Viagogo," *marktwaechter.de* [online] 24 August 2017 [cited 28 February 2020] Available from:

<https://www.marktwaechter.de/pressemeldung/marktwaechterwarnung-fake-tickets-bei-viagogo>

³⁶ Jon Chapple, "Viagogo hit by multiple speculative selling suits," *iq-mag.net* [online] 22 February 2017 [cited 4 March 2020] Available from <<u>https://www.iq-mag.net/2017/02/viagogo-multiple-speculative-selling-suits/</u>>

³⁷ Jesús Martínez, "Lío en los reventas de Champions: dejan sin entrada a centenares de aficionados," *lainformacion.com* [online] 30 May 2019 [cited 4 March 2020] Available from

<https://amp.lainformacion.com/empresas/lio-reventa-entradas-champions-league-stubhub-viagogo/6502677>



Online marketplaces should also verify the identity of sellers, otherwise there is no way to trace liability in case of consumer or business harm. Introducing a so-called "Know Your Business Customer" principle would help tackle this by obliging marketplaces to establish the identity of business sellers and details such as their company registration number. If they are unable to verify this information or the information provided is false or misleading, they must prohibit the seller from listing tickets on their platform.

Recommendation 3: Greater transparency

Transparency and trust go hand in hand and the current lack of effective regulation in this area has enabled online platforms to obscure and in some cases omit essential information for financial gain, exploiting consumers and eroding trust.

Online marketplaces must ensure that all material information is made clear to the consumer, and that this information is not obscured by the use of confusing language or tactics such as hover text.

Second, online marketplaces must be wholly transparent about their own business practices. This includes regularly reporting on their notice and action procedures and making consumers aware of any special relationships they have with business sellers.

Adopting these measures will empower consumers to make informed decisions about the products they buy.



3.1 Information on third party traders and products/services

As mentioned, secondary ticketing marketplaces across Europe do not provide consumers with the material information required by traders in Article 7 of the UCPD, such as the "geographical address and the identity of the trader, such as his trading name and, where applicable, the geographical address and the identity of the trader on whose behalf he is acting" in an invitation to purchase.³⁸ For example, Figure 4 reveals the standard ticket listing format on Viagogo.de, while Figure 5 is on StubHub.es. Neither reveal any information about the trader's identity, location or commercial status.

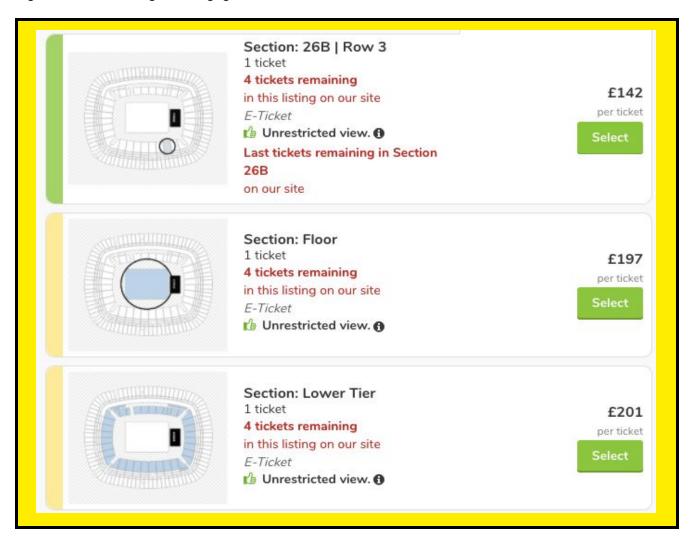


Figure 4: Ticket listings on Viagogo.de³⁹

³⁸ European Parliament and Council. Directive 2005/29/EC of the European Parliament and of the Council of 11 May 2005 concerning unfair business-to-consumer commercial practices in the internal market and amending Council Directive 84/450/EEC, Directives 97/7/EC, 98/27/EC and 2002/65/EC of the European Parliament and of the Council and Regulation (EC) No 2006/2004 of the European Parliament and of the Council ('Unfair Commercial Practices Directive') (2005.) Article 7.
³⁹ Viagogo.de, 'Böhse Onkelz, Commerzbank Arena, Frankfurt, Germany', 2020

<www.viagogo.de/Konzert-Tickets/Hard-Rock-Metal/Boehse-Onkelz-Karten/E-4483706> [cited 5 April 2020]



Figure 5: Ticket listings on StubHub.es⁴⁰

Entrada General	90 €
1 - 6 entradas	cada una
Entrada General	114 €
1 - 6 entradas	cada una
Entrada General	147 € cade una

Not only does this lead consumers to make purchases that they would not have otherwise, thinking that they are buying from genuine consumers or authorised platforms, but this practice also impedes legal steps against traders acting unlawfully.

Where additional national laws are in place, such as in the UK, secondary ticketing marketplaces are still falling considerably short, using tactics such as hover text and hidden fees in order to beguile consumers while appearing compliant.

Figures 6-8 below display a ticket listing for a Spring 2020 Thom Yorke concert on Viagogo.co.uk. Figure 6 shows what the consumer sees when they first click on the page, with key information such as the identity of the seller and original price of the ticket hidden behind the use of hover text, as is revealed in Figures 7-8. Not only is this essential information hidden, but the icons are grossly misleading; a 'star' commonly denotes a premium ticket and the letters FV are more likely to be construed as indicating face value tickets, not, in this case, tickets priced at six times their face value, as the hover text reveals.

⁴⁰ StubHub.es, "Mad Cool Festival, Feria de Madrid, Spain', 2020,

<www.stubhub.es/entradas-mad-cool-festival-madrid-9-7-2020/event/104420429> [cited 5 April 2020]



Figure 6: Ticket listing as it appears on Viagogo.co.uk, where commercial traders are currently required to self-identify and state the face value of the ticket⁴¹

	Section: Stalls FV	£316 per ticket
TTR	Secure Delivery, Pick up on event day Durestricted view.	Select

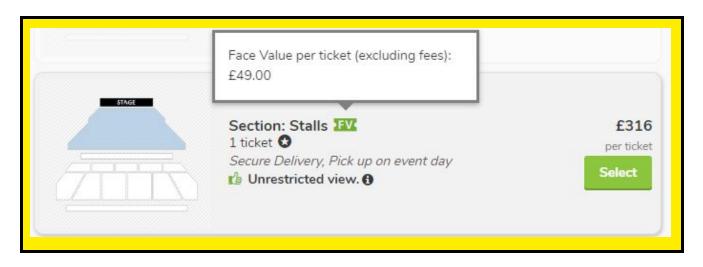
Figure 7: Hover text when the cursor is placed over the "star" icon⁴²

STAGE	Trader	6	
	T	Section: Stalls 11V 1 ticket Secure Delivery, Pick up on event day Unrestricted view.	£316 per ticket Select
(ZIII)		🕼 Unrestricted view. 🚯	Select

 ⁴¹ Viagogo, "Thom Yorke, Eventim Apollo, London, United Kingdom," *viagogo.co.uk* [online] [cited 02 March 2020], Available from: https://www.viagogo.co.uk/Concert-Tickets/Alternative-and-Indie/Thom-Yorke-Tickets/E-4138353
 ⁴² As above [cited 02 March 2020]



Figure 8: Hover text when the cursor is placed over the "FV" icon⁴³



Similarly confusing tactics are employed in the Netherlands, where the word 'wederverkoop' – which is archaic and hardly used by consumers in the context of secondary ticketing – is used by marketplaces to describe their platforms. As a result, consumers are rarely aware that they are shopping on secondary ticketing sites, something that is not helped by the overall design of these marketplaces, usually intended to look and have the same effect as primary ticketing sites.

The Digital Services Act must make online marketplaces responsible for clearly providing all material information required by law, whether by themselves or third party traders. It must also introduce specific design and presentation requirements to prevent online marketplaces from obscuring information.

3.2 Information on notice and action procedures

To help prevent repeat infringements, the Digital Services Act must introduce transparency obligations on notice and action procedures implemented.

This could take the form of a monthly public transparency report displaying the number of notices received, the results of these notices, time taken to respond, and details on any listings removed, including the sellers responsible. The level of reporting required could vary according to the size of the platform.

These measures are necessary for marketplaces to take greater responsibility for bad actors using their platform, and increase consumer confidence. They will also help rights owners identify sellers who repeatedly offer tickets illegally.

⁴³ As above [cited 02 March 2020]



3.3 Information on relationships with sellers

Purchasers must be made aware of any relationships the marketplace has with third party traders if that goes beyond what might be reasonably expected, particularly if the marketplace is listing tickets as a result of direct deals with event organisers which means the tickets were never sold on the primary market.

This is an issue that has received global attention in recent years, starting with an admission by Live Nation Italy's Managing Director Roberto de Luca on primetime TV show Le lene in 2016 that the company has direct deals with secondary ticketing marketplaces.⁴⁴ Similar uproar was caused in July 2019 when a US representative of the same company admitted to repeatedly putting tickets directly onto resale sites, including 88,000 Metallica tickets that ended up on StubHub and other marketplaces.⁴⁵

It is therefore essential that secondary ticketing platforms clearly disclose where they have business relationships with sellers, so that consumers know who they are buying from and where their contractual rights lie.

Recommendation 4: Notice and action obligation

Once aware of illegal content on their platforms, hosting providers must currently act "*expeditiously to remove or to disable access to the information concerned*".⁴⁶ The removal procedure, as outlined in the E-Commerce Directive, is established at a national level.

This is a good first step, but it is not enough to ensure that platforms implement effective notice and action procedures or that these procedures are workable for people flagging content.

We are not aware of any established notice and action systems for flagging illegal tickets in the EU. There is a system in the UK however, where legal undertakings between the UK's Competition and Markets Authority and secondary platforms led to the introduction of a notification mechanism. This provides event organisers with a process to contact these sites and request changes to ticket listings that they believe are non-compliant.

⁴⁴ Stuart Dredge, "Italy to regulate secondary ticketing after Live Nation furore," *musically.com* [online] 15 November 2016 [cited 4 March 2020] Available from

https://musically.com/2016/11/15/italy-to-regulate-secondary-ticketing-after-live-nation-furore/

⁴⁵ Dave Brooks, Hannah Karp, "Secretly Recorded Phone Call Offers Window Into How Live Nation Helped Metallica and Other Artists Place Tickets Directly On Resale Market," *billboard.com* [online] 19 July 2019 [cited 4 March 2019] Available from <<u>https://www.billboard.com/articles/business/8521538/live-nation-resale-market-secretly-recorded-phone-calls-concert-tick</u> ets>

⁴⁶ E-Commerce Directive, Article 14.



In the case of ticket resale, where consumers are purchasing a licence to attend an event, it is important that event organisers and enforcement bodies can easily report sales that are in contravention of national or EU laws or the lawful terms and conditions imposed. Subsequently, marketplaces must act quickly to remove the tickets in question and ensure that they do not reappear.

One way of achieving this and ensuring flexibility for different types of services and sectors is by introducing a broad set of procedural principles to ensure that event organisers and enforcement bodies can easily report illegal or invalid products/services across the EU. This could take the form of a simple complaint, redress and staydown mechanism, which could be further outlined in the E-Commerce Directive Annex and easily incorporated by online marketplaces. This will also have a positive effect on smaller services, which may not have the resources to enact multiple take-down processes varying across different member states.

The next step could be further defining the term 'expeditiously' to introduce a specific timeframe for the removal of illegal or invalid products, which will reduce uncertainty among businesses and ensure that the take-down of illegal content is genuinely timely. The German Netzwerkdurchsetzungsgesetz, which came into force in October 2017, obliges social network providers to delete unlawful content within a 24 hour timeframe.⁴⁷ A shorter timeframe would be necessary in the case of secondary ticketing marketplaces where there is little ambiguity about the legality of a listing and tickets regularly sell out within hours.

It is worth noting that a 2018 report by TNS Political and Social at the request of the European Commission revealed that 90% of consumers think that internet hosting services should immediately remove content flagged as illegal by public or law enforcement.⁴⁸

Recommendation 5: Protecting EU consumers from third country providers

Many secondary ticketing marketplaces servicing European consumers operate from outside of the EU. In recent years, as policy-makers have attempted to regulate these platforms, some have even closed their EU offices to evade national and community laws, while continuing to service EU citizens.

After several court proceedings in Germany, Viagogo closed its national office, which was, at the time, a satellite office of the English-registered Viagogo Ltd, and subsequently "moved" to Switzerland under the name Viagogo AG. The registered office for Viagogo.de and Viagogo.it is in Switzerland, and the registered office for Viagogo.fr and Viagogo.es is in Delaware, USA. The registered office for stubhub.de, stubhub.it, stubhub.es and stubhub.fr is in Switzerland.

⁴⁷ Bundesministeriums der Justiz und für Verbraucherschutz. Gesetz zur Verbesserung der Rechtsdurchsetzung in sozialen Netzwerken (Netzwerkdurchsetzungsgesetz - NetzDG) (2017). Section 2 (2.8)

⁴⁸ TNS Political & Social, co-ordinated by the European Commission, Directorate-General for Communication (DG COMM "Media monitoring, media analysis and Eurobarometer" Unit). *Illegal Content Online* (Online: EU Publications, 2018).



To avoid further evasion of justice and exploitation by these companies, the new rules in the Digital Services Act must apply to all marketplaces that are accessible to EU consumers and be readily enforceable. They must also apply to platforms which offer tickets that grant access to events within the EU, irrespective of the location of the marketplace's registered office.

Recommendation 6: Oversight, enforcement and public performance rating

While enhancing the legal framework is a necessary step, this must be paired with effective legal sanctioning in the event of non-compliance.

In an ever more digital world, where sellers and consumers are trading increasing numbers of tickets across borders, this can only be achieved by harmonised actions and close collaboration.

Most importantly, the DSA should establish a European watchdog that has the resources and powers to regulate online marketplaces, ensure compliance and issue effective penalties for breaches of law. This body could establish a code of conduct and benchmark the performance of online marketplaces in tackling illegal or invalid sales on their site. Responsible marketplaces could then receive an official EU stamped rating or trustmark, which could be displayed on their websites, visible to consumers. This will help consumers make informed choices and help raise awareness among advertisers, such as Google, when a marketplace is underperforming or breaches their advertising policies.

These measures should be decided as part of the DSA and in consultation with stakeholders to make sure that they are effective, proportionate and do not hamper growth. Indeed, a rating or "badge" has the potential to encourage more consumers to shop on their marketplace, so should be welcomed by platforms who wish to build trust and grow their platforms.

Furthermore, enforcement measures acquired in one Member State, such as injunctive relief, should be upholdable in courts across the EU. This will help avoid untimely and costly litigation and ensure that consumers do not have access to tickets resold illegally or that might not gain them entry to the event.

FEAT calls upon regulators to adopt these recommendations within the Digital Services Act to help strike the right balance between the competitiveness of online marketplaces and a high level of consumer protection, and restore trust in the digital single market.



About FEAT

Established in January 2019, the Face-value European Alliance for Ticketing is a non-profit company formed to promote face value resale and better resale practices across Europe.

FEAT's members are leading live event professionals from Austria, Belgium, Denmark, France, Germany, Ireland, the Netherlands, Spain, as well as EEA member Norway and Switzerland. They represent:

- Music artists including Adele, Ed Sheeran, Elton John, Björk, Iron Maiden, Florence + the Machine, Rolling Stones, Radiohead and Rammstein
- Comedians including Maz Jobrani, Aziz Ansari, Michael McIntyre, Ane Høgsberg, and Dara O'Briain
- Festivals including Nova Rock Festival, Hurricane/Southside Festivals and Pitchfork Paris

Supporting organisations include European live performance federation Pearle, European Music Managers Alliance, FanFair Alliance and campaign group Victim of Viagogo.

In April 2019, FEAT successfully lobbied for the adoption of the first secondary ticketing law banning bots, which came into effect in December 2019 as part of the Directive on better enforcement and modernisation of consumer protection rules, and has taken an active role in European discourse on ticketing.

Alongside our continued lobbying, we are currently carrying out an industry consultation on ticket resale issues, with a view to building a consensus for workable solutions, and will soon be launching a Europe-wide consumer survey, which will explore the current issues faced by ticket purchasers.

For more information, visit FEAT's website http://www.feat-alliance.org/



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Annexes

Annex 1: Overview of secondary ticketing activity by member state

<u>Austria</u>

- **March 2020:** Austria's Supreme Court ordered Viagogo to inform its buyers about the identity of ticket sellers and the type of ticket being sold by a seller before a purchase is made.
- **October 2019:** Austrian consumer association VKI successfully sued Viagogo over unfair clauses in its terms and conditions and refund rights.
- September 2018: Two comedians from Germany and Austria sued Viagogo AG for €35,000 for selling overpriced tickets to their shows. A case for the same amount was brought on behalf of the Austrian consumer protection agency WSV.

<u>Belgium</u>

- May 2017: Consumer group Test Achats/Test Aankoop launched a collective action against eight Dutch secondary sites over refunds for 'deceived consumers', as well as a legal case against Viagogo after receiving 500+ consumer complaints.
- **May 2016:** A judge ordered the country's internet service providers to block Topticketshop, Rang1Tickets.nl and Tickets België in response to €400,000 worth of fraudulent ticket sales.

<u>Denmark</u>

• **2018:** #billetblind awareness campaign launched by the Danish national consumer authority, Ministry of Culture and others to warn consumers about buying event tickets from resellers.

France

- March 2020: Paris Court of Appeals upholds its ruling that it is illegal for Viagogo to list tickets to the French Open Grand Slam.
- **February 2020:** Consumer association UFC-Que Choisir filed a complaint against Viagogo on account of 'deceptive marketing practices.'
- **June 2019:** An audit by Directorate-General for Competition, Consumer Affairs and Fraud Control revealed ten out of 12 ticketing platforms audited displayed 'abnormalities' such as hidden fees.
- **December 2018:** A Viagogo-led attempt to strike France's anti-touting laws from the constitution was rejected by Constitutional Council judges.
- **February 2018:** PRODISS filed a criminal complaint against Viagogo over illegal ticket sales and launched new #fanspasgogo campaign.
- **December 2017:** France's Directorate-General for Competition, Consumer Affairs and Fraud Control (DGCCRF) took injunctions against Viagogo for violating the Consumer Code.
- **October 2017:** The French Consumer Federation (FRC) lodged a criminal complaint with the Geneva Public Prosecutor against Viagogo for breaking the law against unfair competition.
- March 2017: Paris court ordered Viagogo to remove all of the tickets listed for Celine Dion concerts in France.
- July 2016: UEFA filed a criminal complaint against Viagogo for illegal ticket sales for Euro 2016.



• **March 2013**: Five promoters won a case against Viagogo, preventing them from reselling tickets without authorisation.

<u>Germany</u>

- **March 2020**: The Higher Regional Court in Celle upheld a prior ruling against Ticketbande, preventing them from breaking the resale ban clause put forward by BDKV.
- **February 2020**: German band 'Die Ärzte' successfully filed an injunction against Viagogo preventing it from misrepresenting the face value of their tickets.
- January 2020: The Higher Regional Court in Hamburg upheld a prior ruling against Viagogo relating to a €20,000 fine due to infringement of an injunction regarding Rammstein.
- **June 2019**: A German court ruled that Viagogo is no longer allowed to advertise its tickets as guaranteeing entry to an event.
- **December 2018**: The Hamburg district court issued an injunction on behalf of FKP Scorpio and Ed Sheeran, preventing Viagogo from reselling tickets for Ed Sheeran's 2019 tour.
- **November 2018**: The Hamburg district court issued a preliminary injunction against Viagogo preventing it from touting tickets to Rammstein's 2019 European tour.
- **January 2018**: The Hamburg District Court issued an injunction against Viagogo preventing it from listing tickets to the FIFA World Cup.
- January 2018: Consumer Advice Centres of Bavaria and of Baden-Württemberg launched two injunction cases against Viagago.

Hungary

• **December 2019**: The Hungarian Consumer Association initiated civil proceedings against Viagogo for alleged unfair commercial practices against consumers.

<u>Italy</u>

- **January 2020:** Italy's competition watchdog, the AGCM, opened an investigation into Nine Italian Serie A football clubs over their ticketing practices.
- **December 2019:** TicketOne issued a complaint to the public prosecutor's office asking them to enforce sanctions against secondary ticketing sites.
- **September 2019:** The Federconsumeratori sent a report to the Italian antitrust authority outlining concerns about Viagogo's practises.
- **July 2018**: The Civil Court of Rome issued an order preventing Seatwave and Viagogo from listing tickets to U2's July concerts.
- **June 2017**: The state prosecutor ruled that Stubhub, Viagogo and Live Nation are guilty of fraudulent activity over their dealings with secondary ticketing.
- **December 2016**: SIAE won a court judgement prohibiting the resale of Coldplay tickets.
- **November 2016:** Live Nation MD Roberto de Luca admitted on television show La Lene that Viagogo receives tickets directly from Live Nation.

<u>Ireland</u>

- **August 2018:** Gaelic Athletic Association cancelled tickets for the All Ireland final resold on secondary ticketing sites.
- **February 2018**: Competition watchdog launched an investigation into Ticketmaster, Viagogo and Stubhub.



- **July 2017**: Viagogo was investigated by the Irish Advertising Standards Authority for potentially overstepping advertising rules through its use of Google ads.
- July 2017: A survey by the Irish Sun revealed that 9/10 Irish citizens want secondary ticketing banned.

The Netherlands

• **Ongoing:** BEUC members have taken collective action against 8 resellers who moved from Belgium to the Netherlands to avoid Belgian anti-touting laws.

<u>Spain</u>

- **May 2019:** Anatic, the Spanish body for secondary ticketing, warned against resale practices for sports fixtures and concerts, calling for regulation of the sector.
- **March 2018**: The Valencian public prosecutor's office opened an investigation into price gouging on Viagogo.es and whether it constitutes "abusive conduct" under Spanish law.
- **February 2018**: The Spanish government announced a general investigation into fraudulent secondary ticketing practices.
- **February 2017**: The promoters of Joaquín Sabina's Lo niego todo tour and his management company launched legal action against Viagogo for speculatively listing tickets.
- **February 2017**: Alejandro Sanz announced a Resale Alliance to flight secondary ticketing.
- **February 2017**: Viagogo faced a lawsuit following the speculative selling of tickets for a postponed show by Joaquín Sabina.
- **November 2016**: FACUA-Consumers in Action filed a complaint against primary ticketing platform Ticketmaster in Spain, alleging the platform was selling tickets for higher prices via secondary website SeatWave.
- March 2016: Doctor Music Concerts filed official complaints against multiple secondary ticket outlets including Seatwave, Tengoentradas.com, Ticketbis, Viagogo, Entradas 365, TicketNetwork, Ticket Liquidator and Worldticketshop to regulatory and consumer protection agencies in Spain.

<u>Sweden</u>

• **February 2019:** The Swedish Consumer Agency revealed that it has received 138 complaints against Viagogo, leading it to issue a warning against the company.

Further secondary ticketing news and legal cases

- <u>Worldwide Secondary Ticketing News</u>
- European Secondary Ticketing Legal Cases



Name	Where does it operate?	Is there a face-value price cap?	Further information
Dice	France, Spain, Italy, UK, USA, Australia	Resale is at the total price originally paid. This is the same as the ticket's face value, as there are no booking fees.	Dice is a primary ticketing platform, but it includes options for resale, if permitted by the event organiser, and only once an event has sold out.
FanSALE	Denmark, Germany, Italy, Netherlands, Norway, Sweden, Switzerland, UK	Resale is at face value in the UK, Denmark, Germany, Italy, and Switzerland, booking fees are generally non-recoupable. Terms vary; in Germany and the Netherlands, sellers can set a price lower than face value, and in Norway and Sweden they can recoup some of the booking fee. Platform admin fees vary.	This is the resale arm of CTS Eventim, a primary ticketer. Resale is only allowed for Eventim's primary ticket stock
Fan-to-Fan	UK, Portugal, Spain	Resale is at the total price originally paid or less, platform admin fee is 10%.	This is the resale arm of primary ticketer See Tickets. Resale is only allowed for See Tickets' primary ticket stock
Resident Advisor		Resale is at the ticket's face value. Platform admin fee varies.	Resident Advisor is a primary ticketing platform, but it includes options for resale. Resale only once event sold out
Twickets	Germany, Ireland, Portugal, Spain, UK, USA, Canada, Australia, New Zealand	Resale is at the total price originally paid or less, platform admin fee is 10-15%.	Twickets is a fan-to-fan resale platform

Annex 2: Industry supported resale services currently available to fans in Europe

Industry supported resale sites due to be launched to fans in Europe

Name	Where does it operate?	Is there a face-value price cap?	Further information
	to expand in Europe		The resale arm of primary ticket agent of AXS



	charged to the reseller.	
to expand in Europe	originally paid or less. Platform admin fee is 10% plus £2.50	This is the resale arm of primary ticket agent Ticketmaster. Resale is only for Ticketmaster's primary ticket stock

Annex 3: Ticket listings for London events promoted on Viagogo UK's homepage on 4 May 2020

Name of event	Date	Number of tickets sold by professional sellers	Total number of tickets	Percentage of tickets listed by professional sellers
Elton John	<mark>2-Nov-2020</mark>	171	221	77%
Elton John	4-Nov-2020	176	219	80%
Elton John	6-Nov-2020	171	228	75%
Elton John	7-Nov-2020	191	261	73%
Elton John	2-Dec-2020	296	366	81%
Elton John	9-Dec-2020	295	378	78%
Elton John	14-Dec-2020	438	554	79%
Elton John	16-Dec-2020	240	279	86%
Elton John	17-Dec-2020	302	405	75%
Mo Gilligan	22-Oct-2020	4	8	50%
Mo Gilligan	23-Oct-2020	12	12	100%
Mo Gilligan	24-Oct-2020	61	65	94%
Mo Gilligan	29-Oct-2020	18	20	90%
Mo Gilligan	31-Oct-2020	2	2	100%
Harry Styles	23-Mar-2021	19	43	44%
Harry Styles	24-Mar-2021	25	33	76%
Genesis	29-Nov-2020	109	173	63%
Genesis	30-Nov-2020	123	153	80%
The Killers	4-Jun-2021	148	164	90%
The Killers	5-Jun-2021	221	260	85%



Name of event	Date	Number of tickets sold by professional sellers	Total number of tickets	Percentage of tickets listed by professional sellers
Elton John	2-Nov-2020	117	186	<mark>63%</mark>
Elton John	4-Nov-2020	102	182	56%
Elton John	6-Nov-2020	104	163	<mark>64%</mark>
Elton John	7-Nov-2020	91	181	50%
Elton John	2-Dec-2020	157	282	56%
Elton John	9-Dec-2020	76	147	52%
Elton John	14-Dec-2020	157	303	52%
Elton John	16-Dec-2020	161	288	56%
Elton John	17-Dec-2020	180	375	48%
Tom Misch & Yussef Dayes	22-Sep-2020	1	1	100%
Pet Shop Boys	30-May-2021	13	25	52%
The Manor	1-Aug-2020	0	5	0%
The 1975	11-Jul-2020	53	85	<mark>62%</mark>
Lewis Capaldi	2-0ct-2020	155	201	77%
Lewis Capaldi	4-0ct-2020	66	160	41%
Romesh Ranganathan	26-Sep-2020	0	2	0%
Romesh Ranganathan	27-Sep-2020	2	2	100%
Romesh Ranganathan	7-Mar-2020	2	4	50%
Romesh Ranganathan	8-Apr-2021	9	21	43%
Romesh Ranganathan	9-Apr-20201	18	30	<mark>60%</mark>
Romesh Ranganathan	10-Apr-2021	6	12	50%
Romesh Ranganathan	11-Apr-2021	12	16	75%
Romesh Ranganathan	15-Apr-2021	25	36	<mark>69%</mark>
Romesh Ranganathan	16-Apr-2021	6	12	50%
Romesh Ranganathan	17-Apr-2021	2	9	22%
Romesh Ranganathan	18-Apr-2021	15	17	88%

Annex 4: Ticket listings for London events promoted on StubHub UK's homepage on 3 May 2020