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INFORMATION NOTE

From: General Secretariat of the Council
To: Permanent Representatives Committee/Council

Subject: Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Council Directive 93/13/EEC of 5 April 1993, Directive 98/6/EC of the European Parliament and of the Council, Directive 2005/29/EC of the European Parliament and of the Council and Directive 2011/83/EU of the European Parliament and of the Council as regards better enforcement and modernisation of EU consumer protection rules
- Outcome of the European Parliament's first reading and Corrigendum procedure
(Strasbourg, 17 April 2019 and Brussels, 10 October 2019)

I. INTRODUCTION

In accordance with the provisions of Article 294 of the TFEU and the Joint Declaration on practical arrangements for the codecision procedure ¹, a number of informal contacts have taken place between the Council, the European Parliament and the Commission with a view to reaching an agreement on this legislative file at first reading.

¹ OJ C 145, 30.6.2007, p.5.

This file was expected ² to undergo the Corrigendum procedure ³ in the new European Parliament after adoption by the previous Parliament of its position at first reading.

II. VOTES

At its sitting of 17 April 2019, and following informal interinstitutional negotiations, the European Parliament adopted amendments (without legal linguistic revision) to the Commission proposal and a legislative resolution with a view to the adoption of the abovementioned proposal, constituting the European Parliament's position at first reading. It reflects what had been provisionally agreed between the Institutions.

After finalisation of the adopted text by the legal linguists, on 10 October 2019 the European Parliament approved a corrigendum to the position adopted at first reading.

With this corrigendum, the Council should be able to approve the position of the European Parliament as set out in the Annex ⁴ hereto, thus bringing to a close the first reading for both Institutions.

The act would then be adopted in the wording which corresponds to the Parliament's position.

² 8507/19.

³ Rule 241, EP Rules of Procedure.

⁴ The text of the amendments adopted and the European Parliament's legislative resolution are set out in the Annex. The amendments are presented in the form of a consolidated text, where changes to the Commission's proposal are highlighted in bold and italics. The symbol "■" indicates deleted text.


Better enforcement and modernisation of EU consumer protection rules *I**
European Parliament legislative resolution of 17 April 2019 on the proposal for a directive of the European Parliament and of the Council amending Council Directive 93/13/EEC of 5 April 1993, Directive 98/6/EC of the European Parliament and of the Council, Directive 2005/29/EC of the European Parliament and of the Council and Directive 2011/83/EU of the European Parliament and of the Council as regards better enforcement and modernisation of EU consumer protection rules (COM(2018)0185 – C8-0143/2018 – 2018/0090(COD))

(Ordinary legislative procedure: first reading)

The European Parliament,

- having regard to the Commission proposal to Parliament and the Council (COM(2018)0185),
 - having regard to Article 294(2) and Article 114 of the Treaty on the Functioning of the European Union, pursuant to which the Commission submitted the proposal to Parliament (C8-0143/2018),
 - having regard to Article 294(3) of the Treaty on the Functioning of the European Union,
 - having regard to the reasoned opinions submitted, within the framework of Protocol No 2 on the application of the principles of subsidiarity and proportionality, by the Austrian Federal Council and the Swedish Parliament, asserting that the draft legislative act does not comply with the principle of subsidiarity,
 - having regard to the opinion of the European Economic and Social Committee of 20 September 2018⁵,
 - having regard to the provisional agreement approved by the committee responsible under Rule 69f(4) of its Rules of Procedure and the undertaking given by the Council representative by letter of 29 March 2019 to approve Parliament’s position, in accordance with Article 294(4) of the Treaty on the Functioning of the European Union,
 - having regard to Rule 59 of its Rules of Procedure,
 - having regard to the report of the Committee on the Internal Market and Consumer Protection (A8-0029/2019),
1. Adopts its position at first reading hereinafter set out;
 2. Calls on the Commission to refer the matter to Parliament again if it replaces, substantially amends or intends to substantially amend its proposal;
 3. Instructs its President to forward its position to the Council, the Commission and the national parliaments.

⁵ OJ C 440, 6.12.2018, p. 66.

Position of the European Parliament adopted at first reading on 17 April 2019 with a view to the adoption of Directive (EU) 2019/... of the European Parliament and of the Council 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

(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 114 thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Economic and Social Committee⁶,

Acting in accordance with the ordinary legislative procedure⁷,

Whereas:

- (1) Article 169(1), and point (a) of Article 169(2), of the Treaty on the Functioning of the European Union (TFEU) provide that the Union is to contribute to the attainment of a high level of consumer protection through measures adopted pursuant to Article 114 TFEU. Article 38 of the Charter of Fundamental Rights of the European Union ('the Charter') provides that Union policies are to ensure a high level of consumer protection.
- (2) Consumer protection law should be applied effectively throughout the Union. Yet, the comprehensive Fitness Check of consumer and marketing law carried out by the Commission in 2016 and 2017 in the framework of the Regulatory Fitness and Performance (REFIT) programme concluded that the effectiveness of Union consumer

⁶ OJ C 440, 6.12.2018, p. 66.

⁷ Position of the European Parliament of 17 April 2019.

protection law is compromised by a lack of awareness among both traders and consumers and that *existing means of redress could be taken advantage of more often*.

- (3) The Union has already taken a number of measures to improve awareness among consumers, traders and legal practitioners about consumer rights and to improve enforcement of consumer rights and consumer redress. However, there are remaining gaps **█** in national law *regarding* truly effective and proportionate penalties to deter and sanction *intra-Union* infringements, insufficient individual remedies for consumers harmed by breaches of national legislation transposing Directive 2005/29/EC of the European Parliament and of the Council⁸ and shortcomings with regard to the injunction procedure under Directive 2009/22/EC of the European Parliament and of the Council⁹. Revision of the injunction procedure should be addressed by a separate instrument amending and replacing Directive 2009/22/EC.

⁸ 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 (OJ L 149, 11.6.2005, p. 22).

⁹ Directive 2009/22/EC of the European Parliament and of the Council of 23 April 2009 on injunctions for the protection of consumers' interests (OJ L 110, 1.5.2009, p. 30).

- (4) Directives 98/6/EC¹⁰, 2005/29/EC and 2011/83/EU¹¹ of the European Parliament and of the Council include requirements for Member States to provide for effective, proportionate and dissuasive penalties to address infringements of national provisions transposing those Directives. Furthermore, Article 21 of Regulation (EU) 2017/2394 of the European Parliament and of the Council¹² requires Member States to take enforcement measures, including imposition of penalties, in an effective, efficient and coordinated manner to bring about the cessation or prohibition of widespread infringements or widespread infringements with a Union dimension.
- (5) Current national rules on penalties differ significantly across the Union. In particular, not all Member States ensure that effective, proportionate and dissuasive fines can be imposed on traders responsible for widespread infringements or widespread infringements with a Union dimension. **Therefore**, the existing rules on penalties of Directives 98/6/EC, 2005/29/EC and 2011/83/EU **should be improved** and, **at the same time**, new rules on penalties in Council Directive 93/13/EEC¹³ **should be introduced**.

¹⁰ Directive 98/6/EC of the European Parliament and of the Council of 16 February 1998 on consumer protection in the indication of the prices of products offered to consumers (OJ L 80, 18.3.1998, p. 27).

¹¹ Directive 2011/83/EU of the European Parliament and of the Council of 25 October 2011 on consumer rights, amending Council Directive 93/13/EEC and Directive 1999/44/EC of the European Parliament and of the Council and repealing Council Directive 85/577/EEC and Directive 97/7/EC of the European Parliament and of the Council (OJ L 304, 22.11.2011, p. 64).

¹² Regulation (EU) 2017/2394 of the European Parliament and of the Council of 12 December 2017 on cooperation between national authorities responsible for the enforcement of consumer protection laws and repealing Regulation (EC) No 2006/2004 (OJ L 345, 27.12.2017, p. 1).

¹³ Council Directive 93/13/EEC of 5 April 1993 on unfair terms in consumer contracts (OJ L 95, 21.4.1993, p. 29).

- (6) *It should remain a matter for the Member States to choose the types of penalty to be imposed and to lay down in their national law the relevant procedures for the imposition of penalties in the event of infringements of Directives 93/13/EEC, 98/6/EC, 2005/29/EC and 2011/83/EU as amended by this Directive.*
- (7) To facilitate more consistent application of penalties, in particular in the case of intra-Union infringements, widespread infringements and widespread infringements with a Union dimension as defined in Regulation (EU) 2017/2394, common non-exhaustive **and indicative** criteria for the application of **penalties** should be included in Directives 93/13/EEC, 98/6/EC, 2005/29/EC and 2011/83/EU. These criteria should include, **for example, the nature, gravity, scale and duration of the infringement, and** any redress provided by the trader to consumers for the harm caused **■**. Repeated infringement by the same perpetrator shows a propensity to commit such infringements and is therefore a significant indication of the gravity of the conduct and, accordingly, of the need to increase the level of the penalty to achieve effective deterrence. The **■** financial benefits gained, or losses avoided, due to the infringement **should be taken into account, if the relevant data are available. Other aggravating or mitigating factors applicable to the circumstances of the case can also be taken into account.**

- █
- (8) Those common non-exhaustive ***and indicative*** criteria for the application of penalties might not be relevant in deciding on penalties regarding every infringement, in particular regarding non-serious infringements. Member States should also take account of other general principles of law applicable to the imposition of penalties, such as the principle of *non bis in idem*.
- (9) ***In accordance with Article 21 of Regulation (EU) 2017/2394, Member States' competent authorities concerned by the coordinated action are to take within their jurisdiction all necessary enforcement measures against the trader responsible for the widespread infringement or the widespread infringement with a Union dimension to bring about the cessation or prohibition of that infringement. Where appropriate, they are to impose penalties, such as fines or periodic penalty payments, on the trader responsible for the widespread infringement or the widespread infringement with a Union dimension. Enforcement measures are to be taken in an effective, efficient and coordinated manner to bring about the cessation or prohibition of the widespread infringement or the widespread infringement with a Union dimension. The competent authorities concerned by the coordinated action are to seek to take enforcement measures simultaneously in the Member States concerned by that infringement.***

- (10) To ensure that Member States' authorities can impose effective, proportionate and dissuasive penalties in relation to widespread infringements and to widespread infringements with a Union dimension that are subject to coordinated investigation and enforcement measures in accordance with Regulation (EU) 2017/2394, fines should be introduced as ***an*** element of penalties for such infringements. In order to ensure that the fines have a deterrent effect, Member States should set in their national law the maximum fine for such infringements at a level that is at least 4% of the trader's annual turnover in the Member State *or Member States* concerned. ***In certain cases, a trader can also be a group of companies.***

(11) *As laid down in Articles 9 and 10 of Regulation (EU) 2017/2394, when imposing penalties due regard should be given, as appropriate, to the nature, gravity and duration of the infringement in question. The imposition of penalties should be proportionate and should comply with Union and national law, including with applicable procedural safeguards and with the principles of the Charter. Finally, the penalties imposed should be appropriate to the nature and the overall actual or potential harm of the infringement of Union laws that protect consumers' interests. The power to impose penalties is to be exercised either directly by competent authorities under their own authority, or, where appropriate, by recourse to other competent authorities or other public authorities, or by instructing designated bodies, if applicable, or by application to courts competent to grant the necessary decision, including, where appropriate, by appeal, if the application to grant the necessary decision is not successful.*

- (12) Where, as a result of the coordinated action under Regulation (EU) 2017/2394, a single competent authority within the meaning of that Regulation imposes a fine on the trader responsible for the widespread infringement or the widespread infringement with a Union dimension, it should be able to impose a fine of at least 4 % of the trader's annual turnover in all Member States concerned by the coordinated enforcement action.
- (13) Member States should not be prevented from maintaining or introducing in their national law higher maximum turnover-based fines for widespread infringements and widespread infringements with a Union dimension. ***It should also be possible for Member States to base such fines on the trader's worldwide turnover, or to extend the rules on fines to other infringements not covered by provisions of this Directive related to Article 21 of Regulation (EU) 2017/2394.*** The requirement to set the fine at a level of not less than 4 % of the trader's annual turnover should not apply to any additional Member State rules on periodic penalty payments, such as daily fines, for non-compliance with any decision, order, interim measure, trader's commitment or other measure with the aim of bringing to an end the infringement.

(14) Rules on penalties should be included in Directive 93/13/EEC with a view to strengthening its deterrent effect. Member States are free to decide on the administrative or judicial procedure for the application of penalties for infringements of that Directive. In particular, administrative authorities or national courts could impose penalties when establishing the unfair character of contractual terms, including on the basis of legal proceedings initiated by an administrative authority. The penalties could also be imposed by administrative authorities or national courts when the seller or supplier uses contractual terms which are expressly defined as unfair in all circumstances in national law as well as when the seller or supplier uses contractual terms which have been found to be unfair by a final binding decision. Member States could decide that administrative authorities also have the right to establish the unfair character of contractual terms. Administrative authorities or national courts could also impose a penalty through the same decision by which unfairness of contractual terms is established. Member States could lay down the appropriate coordination mechanisms for actions at national level regarding individual redress and penalties.

(15) When *allocating* revenues from fines ■ , Member States should *consider enhancing the protection of the general interest of consumers as well as other protected public interests.*

(16) Member States should ensure that remedies are available for consumers harmed by unfair commercial practices in order to eliminate all the effects of those unfair practices. *A clear framework for individual remedies would facilitate private enforcement. The consumer should have access to compensation for damage and, where relevant, a price reduction or termination of the contract, in a proportionate and effective manner.* Member States *should* not be prevented from maintaining or introducing rights to *other remedies such as repair or replacement* for consumers harmed by unfair commercial practices in order to ensure full removal of the effects of such practices. *Member States should not be prevented from determining conditions for the application and effects of remedies for consumers. When applying the remedies, the gravity and nature of the unfair commercial practice, damage suffered by the consumer and other relevant circumstances, such as the trader's misconduct or the infringement of the contract, could be taken into account, where appropriate.*

- (17) The Fitness Check of consumer and marketing law and the parallel evaluation of Directive 2011/83/EU also identified a number of areas where the existing Union consumer protection rules should be modernised **■**. *In view of the continuous development of digital tools, adjustment of Union consumer protection law is necessary.*
- (18) *Higher ranking or any prominent placement of commercial offers within online search results by the providers of online search functionality has an important impact on consumers.*
- (19) *Ranking refers to the relative prominence of the offers of traders or the relevance given to search results as presented, organised or communicated by providers of online search functionality, including resulting from the use of algorithmic sequencing, rating or review mechanisms, visual highlights, or other saliency tools, or combinations thereof.*

(20) *In this regard, Annex I to Directive 2005/29/EC should be amended in order to make it clear that practices where a trader provides information to a consumer in the form of search results in response to the consumer's online search query without clearly disclosing any paid advertising or payment specifically for achieving higher ranking of products within the search results should be prohibited. When a trader has directly or indirectly paid the provider of the online search functionality for a higher ranking of a product within the search results, the provider of the online search functionality should inform consumers of that fact in a concise, easily accessible and intelligible form. Indirect payment could be in the form of the acceptance by a trader of additional obligations towards the provider of the online search functionality of any kind which have higher ranking as its specific effect. The indirect payment could consist of increased commission per transaction as well as different compensation schemes that specifically lead to higher ranking. Payments for general services, such as listing fees or membership subscriptions, which address a broad range of functionalities offered by the provider of the online search functionality to the trader, should not be considered to be a payment for specifically achieving higher ranking of products, provided that such payments are not dedicated to achieving higher ranking. Online search functionality can be provided by different types of online trader, including intermediaries, such as online marketplaces, search engines and comparison websites.*

(21) *Transparency requirements with regard to the main parameters determining ranking are also regulated by Regulation (EU) 2019/1150 of the European Parliament and of the Council¹⁴. The transparency requirements under that Regulation cover a broad range of online intermediaries, including online marketplaces, but they only apply between traders and online intermediaries. Similar transparency requirements should therefore be introduced in Directive 2005/29/EC to ensure adequate transparency towards the consumers, except in the case of providers of online search engines, which are already required by that Regulation to set out the main parameters which individually or collectively are most significant in determining ranking and the relative importance of those main parameters, by providing an easily and publicly available description, drafted in plain and intelligible language on the online search engines of those providers.*

¹⁴ ***Regulation (EU) 2019/1150 of the European Parliament and of the Council of 20 June 2019 on promoting fairness and transparency for business users of online intermediation services (OJ L 186, 11.7.2019, p. 57).***

- (22) *Traders enabling consumers to search for goods and services, such as travel, accommodation and leisure activities, offered by different traders or by consumers should inform consumers about the default main parameters determining the ranking of offers presented to the consumer as a result of the search query and their relative importance as opposed to other parameters. That information should be succinct and made easily, prominently and directly available. Parameters determining the ranking mean any general criteria, processes, specific signals incorporated into algorithms or other adjustment or demotion mechanisms used in connection with the ranking.*
- (23) *The information requirement regarding the main parameters determining the ranking is without prejudice to Directive (EU) 2016/943 of the European Parliament and of the Council¹⁵. Traders should not be required to disclose the detailed functioning of their ranking mechanisms, including algorithms. Traders should provide a general description of the main parameters determining the ranking that explains the default main parameters used by the trader and their relative importance as opposed to other parameters, but that description does not have to be presented in a customised manner for each individual search query.*

¹⁵ *Directive (EU) 2016/943 of the European Parliament and of the Council of 8 June 2016 on the protection of undisclosed know-how and business information (trade secrets) against their unlawful acquisition, use and disclosure (OJ L 157, 15.6.2016, p. 1).*

- (24) When products are offered to consumers in online marketplaces, both the provider of the online marketplace and the third-party supplier are involved in the provision of the pre-contractual information required by Directive 2011/83/EU. As a result, consumers using the online marketplace may not clearly understand who their contractual partners are and how their rights and obligations are affected.
- (25) Online marketplaces should be defined for the purposes of Directives 2005/29/EC and 2011/83/EU in a similar manner as in Regulation (EU) No 524/2013 of the European Parliament and of the Council¹⁶ and Directive (EU) 2016/1148 of the European Parliament and of the Council¹⁷. However, the definition of ‘online marketplace’ should be updated and rendered more technologically neutral in order to cover new technologies. It is therefore appropriate to refer, instead of to a ‘website’, to ***software, including a website, part of a website or an application, operated by or on behalf of the trader, in accordance with*** the notion of an ‘online interface’ as provided by ***Regulation (EU) 2017/2394 and Regulation (EU) 2018/302*** of the European Parliament and of the Council¹⁸.

¹⁶ Regulation (EU) No 524/2013 of the European Parliament and of the Council of 21 May 2013 on online dispute resolution for consumer disputes and amending Regulation (EC) No 2006/2004 and Directive 2009/22/EC (Regulation on consumer ODR) (OJ L 165, 18.6.2013, p. 1).

¹⁷ Directive (EU) 2016/1148 of the European Parliament and of the Council of 6 July 2016 concerning measures for a high common level of security of network and information systems across the Union (OJ L 194, 19.7.2016, p. 1).

¹⁸ Regulation (EU) 2018/302 of the European Parliament and of the Council of 28 February 2018 on addressing unjustified geo-blocking and other forms of discrimination based on customers' nationality, place of residence or place of establishment within the internal market and amending Regulations (EC) No 2006/2004 and (EU) 2017/2394 and Directive 2009/22/EC (OJ L 60 I, 2.3.2018, p. 1).

- (26) Specific information requirements for online marketplaces should therefore be provided in *Directives 2005/29/EC and 2011/83/EU* to inform consumers using online marketplaces about the main parameters determining the ranking of offers, *and* whether they enter into a contract with a trader or a non-trader, such as another consumer ■ .

(27) Providers of online marketplaces should inform consumers whether the third party offering goods, services or digital content is a trader or non-trader, based on the declaration made to them by the third party. When the third party offering the goods, services or digital content declares its status to be that of a non-trader, providers of online marketplaces should provide a short statement to the effect that the consumer rights stemming from Union consumer protection law do not apply to the contract concluded. Furthermore, consumers should be informed of how obligations related to the contract are shared between third parties offering the goods, services or digital content and providers of online marketplaces. The information should be provided in a clear and comprehensible manner and not merely in the standard terms and conditions or similar contractual documents. The information requirements for providers of online marketplaces should be proportionate. Those requirements need to strike a balance between a high level of consumer protection and the competitiveness of providers of online marketplaces. Providers of online marketplaces should not be required to list specific consumer rights when informing consumers about their non-applicability. This is without prejudice to the consumer information requirements provided for in Directive 2011/83/EU, and in particular in Article 6(1) thereof. The information to be provided about the responsibility for ensuring consumer rights depends on the contractual arrangements between the providers of online marketplaces and the relevant third-party traders. The provider of the online marketplace could indicate that a third-party trader is solely responsible for ensuring consumer rights, or describe its own specific responsibilities where that provider assumes responsibility for certain aspects of the contract, for example, delivery or the exercise of the right of withdrawal.

- (28) In accordance with Article 15(1) of Directive 2000/31/EC of the European Parliament and of the Council¹⁹, providers of online marketplaces should not be required to verify the legal status of third-party suppliers. Instead, providers of online marketplaces should require third-party suppliers on the online marketplace to indicate their status as traders or non-traders for the purposes of consumer protection law and to provide this information to the provider of online marketplace.
- (29) ***Taking into account the rapid technological developments concerning online marketplaces and the need to ensure a high level of consumer protection, Member States should be able to adopt or maintain specific additional measures for that purpose. Such provisions should be proportionate, non-discriminatory and without prejudice to Directive 2000/31/EC.***

¹⁹ 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 ('Directive on electronic commerce') (OJ L 178, 17.7.2000, p. 1).

- (30) *The definitions of digital content and digital services in Directive 2011/83/EU should be aligned to those in Directive (EU) 2019/770 of the European Parliament and of the Council²⁰. Digital content covered by Directive (EU) 2019/770 covers a single act of supply, a series of individual acts of supply, or continuous supply over a period of time. The element of continuous supply should not necessarily require a long-term supply. Cases such as web-streaming of video clips should be considered continuous supply over a period of time, regardless of the actual duration of the audio-visual file. It may therefore be difficult to distinguish between certain types of digital content and digital services, since both can involve continuous supply by the trader over the duration of the contract* ■ . Examples of digital services are *video and audio sharing services and other file hosting, word processing or games offered in the cloud*, cloud storage, webmail, social media and cloud applications. The continuous involvement of the service provider justifies the application of the rules on the right of withdrawal provided for in Directive 2011/83/EU that effectively allow the consumer to test the service and decide, during the 14-day period from the conclusion of the contract, whether to keep it or not. ■ Many contracts for the supply of digital content which is not supplied on a tangible medium are characterised by *a single act of supply* to the consumer of a specific piece or pieces of digital content, such as specific music or video files. Contracts for the supply of digital content which is not supplied on a tangible medium *remain subject to the exception from the right of withdrawal set out in point (m) of the first paragraph of Article 16 of Directive 2011/83/EU, which provides that* the consumer loses the right of withdrawal when the performance of the contract is started, such as download or streaming of the ■ content, *subject to the consumer's prior express consent to begin the performance during the right of withdrawal period and acknowledgement that he has thereby lost his right of withdrawal. Where there is doubt as to whether the contract is a service contract or a contract for the supply of digital content which is not supplied on a tangible medium, the rules on right of withdrawal for services should apply.*

²⁰ *Directive (EU) 2019/770 of the European Parliament and of the Council of 20 May 2019 on certain aspects concerning contracts for the supply of digital content and digital services (OJ L 136, 22.5.2019, p. 1).*

- (31) ***Digital content and digital services are often supplied online under contracts under which the consumer does not pay a price but provides personal data to the trader.***

Directive 2011/83/EU already applies to contracts for the supply of digital content which is not supplied on a tangible medium (i.e. supply of online digital content) regardless of whether the consumer pays a price in money or provides personal data. However, that Directive only applies to service contracts, including contracts for digital services, under which the consumer pays or undertakes to pay a price. Consequently, that Directive does not apply to contracts for digital services under which the consumer provides personal data to the trader without paying a price. Given their similarities and the interchangeability of paid digital services and digital services provided in exchange for personal data, they should be subject to the same rules under that Directive.

- (32) Consistency should be ensured between the scope of application of Directive 2011/83/EU and Directive ***(EU) 2019/770***, which applies to contracts for the supply of digital content ***or*** digital services under which the consumer provides ***or undertakes to provide*** personal data to the trader.

- (33) Therefore, the scope of Directive 2011/83/EU should be extended to cover also contracts under which the trader supplies or undertakes to supply a digital service to the consumer, and the consumer provides or undertakes to provide personal data. Similar to contracts for the supply of digital content which is not supplied on a tangible medium, that Directive should apply whenever the consumer provides or undertakes to provide personal data to the trader, except where the personal data provided by the consumer are exclusively processed by the trader for the purpose of supplying the digital content or digital service, and the trader does not process those data for any other purpose. Any processing of personal data should comply with Regulation (EU) 2016/679 of the European Parliament and of the Council²¹.
- (34) *In order to ensure full alignment with Directive (EU) 2019/770*, where digital content and digital services are not supplied in exchange for a price, Directive 2011/83/EU should also not apply to situations where the trader collects personal data █ for the sole purpose of meeting legal requirements *to which the trader is subject*. Such situations can include, for instance, cases where the registration of the consumer is required by applicable laws for security and identification purposes █ .

²¹ Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) (OJ L 119, 4.5.2016, p. 1).

- (35) Directive 2011/83/EU should also not apply to situations where the trader only collects metadata, such as **information concerning the consumer's device or** browsing history **■** , except where this situation is considered to be a contract under national law. It should also not apply to situations where the consumer, without having concluded a contract with the trader, is exposed to advertisements exclusively in order to gain access to digital content or a digital service. However, Member States should remain free to extend the application of that Directive to such situations, or to otherwise regulate such situations, which are excluded from the scope of that Directive.
- (36) *The notion of functionality should be understood to refer to the ways in which digital content or a digital service can be used. For instance, the absence or presence of any technical restrictions such as protection via Digital Rights Management or region coding could have an impact on the ability of the digital content or digital service to perform all its functions having regard to its purpose. The notion of interoperability relates to whether and to what extent digital content or a digital service is able to function with hardware or software that is different from those with which digital content or digital services of the same type are normally used. Successful functioning could include, for instance, the ability of the digital content or digital service to exchange information with such other software or hardware and to use the information exchanged. The notion of compatibility is defined in Directive (EU) 2019/770.*

- (37) Article 7(3) and Article 8(8) of Directive 2011/83/EU require traders, for off-premises and distance contracts respectively, to obtain the consumer's prior express consent to begin performance before the expiry of the right of withdrawal period. Point (a) of Article 14(4) of that Directive provides for a contractual sanction when this requirement is not fulfilled by the trader, namely that the consumer does not have to pay for the services provided. The requirement to obtain the consumer's prior express consent is accordingly only relevant for services, including digital services, which are provided against the payment of the price. It is therefore necessary to amend Article 7(3) and Article 8(8) to the effect that the requirement for traders to obtain the consumer's prior express consent only applies to service contracts that place the consumer under an obligation to pay.
- (38) Point (m) of the first paragraph of Article 16 of Directive 2011/83/EU provides for an exception to the right of withdrawal in respect of digital content which is not supplied on a tangible medium if the consumer has given prior express consent to begin the performance before the expiry of the right of withdrawal period and acknowledged that he thereby loses his right of withdrawal. Point (b) of Article 14(4) of that Directive provides for a contractual sanction when this requirement is not fulfilled by the trader, namely, the consumer does not have to pay for the digital content consumed. The requirement to obtain the consumer's prior express consent and acknowledgment is accordingly only relevant for digital content which is provided against the payment of the price. It is therefore necessary to amend point (m) of the first paragraph of Article 16 to the effect that the requirement for traders to obtain the consumer's prior express consent and acknowledgment only applies to contracts that place the consumer under an obligation to pay.

- (39) Article 7(4) of Directive 2005/29/EC sets out information requirements for the invitation to purchase a product at a specific price. Those information requirements apply already at the advertising stage, whilst Directive 2011/83/EU imposes the same and other, more detailed information requirements at the later pre-contractual stage (i.e. just before the consumer enters into a contract). Consequently, traders may be required to provide the same information at the advertising stage (e.g. an online advertisement on a media website) and at the pre-contractual stage (e.g. on the pages of their online web-shops).
- (40) The information requirements under Article 7(4) of Directive 2005/29/EC include informing the consumer about the trader's complaint handling policy. The Fitness Check of consumer and marketing law findings show that that information is most relevant at the pre-contractual stage, which is regulated by Directive 2011/83/EU. The requirement to provide that information in invitations to purchase at the advertising stage under Directive 2005/29/EC should therefore be deleted.

(41) Point (h) of Article 6(1) of Directive 2011/83/EU requires traders to provide consumers with pre-contractual information about the right of withdrawal, including the model withdrawal form set out in Annex I(B) to that Directive. Article 8(4) of that Directive provides for simpler pre-contractual information requirements if the contract is concluded through a means of distance communication which allows limited space or time to display the information, such as over the telephone, *via voice operated shopping assistants* or by SMS. The mandatory pre-contractual information to be provided on *or through* that particular means of distance communication includes information regarding the right of withdrawal as referred to in point (h) of Article 6(1). Accordingly, it also includes the provision of the model withdrawal form set out in Annex I(B). However, the provision of the withdrawal form is impossible when the contract is concluded by means such as telephone *or voice operated shopping assistant* and it may not be technically feasible in a user-friendly way on other means of distance communication covered by Article 8(4). It is therefore appropriate to exclude the provision of the model withdrawal form from the information that traders have to provide in any case on *or through* the particular means of distance communication used for the conclusion of the contract under Article 8(4).

(42) Point (a) of the first paragraph of Article 16 of Directive 2011/83/EU provides for an exception from the right of withdrawal regarding service contracts that have been fully performed if the performance has begun with the consumer's prior express consent and acknowledgement that he will lose his right of withdrawal once the contract has been fully performed by the trader. In contrast, Article 7(3) and Article 8(8) of that Directive, which deal with the trader's obligations in situations where the performance of the contract has begun before the expiry of the right of withdrawal period, only require traders to obtain the consumer's prior express consent but not acknowledgment that the right of withdrawal will be lost when the performance is completed. To ensure consistency between those provisions, it is necessary to ***add an obligation in Article 7(3) and Article 8(8) for the trader also to obtain the acknowledgement from the consumer that the right of withdrawal will be lost when the performance is completed, if the contract places the consumer under an obligation to pay. In addition, the wording of point (a) of the first paragraph of Article 16 should be amended to take into account the changes to Article 7(3) and Article 8(8) whereby the requirement for traders to obtain the consumer's prior express consent and acknowledgment only applies to service contracts that place the consumer under an obligation to pay. However, Member States should be given the option not to apply the requirement to obtain the consumer's acknowledgment that the right of withdrawal will be lost when the performance is completed to service contracts where the consumer has specifically requested a visit from the trader for the purpose of carrying out repairs. Point (c) of the first paragraph of Article 16 of that Directive provides for an exception to the right of withdrawal in respect of contracts regarding the supply of goods made to the consumer's specifications or clearly personalised. That exception covers, for example, the manufacturing and installation of customised furniture at the consumer's home when provided under a single sales contract.***

(43) *The exception from the right of withdrawal provided in point (b) of the first paragraph of Article 16 of Directive 2011/83/EU, should also be considered to apply to contracts for individual deliveries of non-network energy, because its price is dependent on fluctuations in the commodity markets or energy markets which cannot be controlled by the trader and which may occur within the withdrawal period.*

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- (44) Article 14(4) of Directive 2011/83/EU stipulates the conditions under which, in the event of exercising the right of withdrawal, the consumer does not bear the cost for the performance of services, supply of public utilities and supply of digital content which is not supplied on a tangible medium. When any of those conditions is met, the consumer does not have to pay the price of the service, public utilities or digital content received before the exercise of the right of withdrawal. As regards digital content, one of those non-cumulative conditions, namely ***under point (b)(iii) of Article 14(4)***, is a failure to provide the confirmation of the contract, which includes confirmation of the consumer's prior express consent to begin the performance of the contract before the expiry of the right of withdrawal period and acknowledgement that the right of withdrawal is lost as a result. ***However, that condition is not included among the conditions for the loss of the right of withdrawal in point (m) of the first paragraph of Article 16 of that Directive, creating uncertainty as regards the possibility for consumers to invoke point (b)(iii) of Article 14(4) when the other two conditions provided for in point (b) of Article 14(4) are met and, as a result, the right of withdrawal is lost in accordance with point (m) of the first paragraph of Article 16. The condition provided for in point (b)(iii) of Article 14(4) should therefore be added to point (m) of the first paragraph of Article 16 to enable the consumer to exercise the right of withdrawal when that condition is not met and accordingly claim the rights provided for in Article 14(4).***

(45) Traders may personalise the price of their offers for specific consumers or specific categories of consumer based on automated decision-making and profiling of consumer behaviour allowing traders to assess the consumer's purchasing power. Consumers should therefore be clearly informed when the price presented to them is personalised on the basis of automated decision-making, so that they can take into account the potential risks in their purchasing decision. Consequently, a specific information requirement should be added to Directive 2011/83/EU to inform the consumer when the price is personalised, on the basis of automated decision-making. This information requirement should not apply to techniques such as 'dynamic' or 'real-time' pricing that involve changing the price in a highly flexible and quick manner in response to market demands when those techniques do not involve personalisation based on automated decision-making. This information requirement is without prejudice to Regulation (EU) 2016/679, which provides, inter alia, for the right of the individual not to be subjected to automated individual decision-making, including profiling.

- (46) Considering technological developments, it is necessary to remove the reference to fax number from the list of the means of communication in point (c) of Article 6(1) of Directive 2011/83/EU since fax is rarely used now and largely obsolete. ■

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- (47) *Consumers increasingly rely on consumer reviews and endorsements when they make purchasing decisions. Therefore, when traders provide access to consumer reviews of products, they should inform consumers whether processes or procedures are in place to ensure that the published reviews originate from consumers who have actually used or purchased the products. If such processes or procedures are in place, traders should provide information on how the checks are made and provide clear information to consumers on how reviews are processed, for example, if all reviews, either positive or negative, are posted or whether those reviews have been sponsored or influenced by a contractual relationship with a trader. Moreover, it should therefore be considered to be an unfair commercial practice to mislead consumers by stating that reviews of a product were submitted by consumers who actually used or purchased that product when no reasonable and proportionate steps were taken to ensure that they originate from such consumers. Such steps could include technical means to verify the reliability of the person posting a review, for example by requesting information to verify that the consumer has actually used or purchased the product.*

- (48) *The provisions of this Directive addressing consumer reviews and endorsements are without prejudice to the common and legitimate advertising practice of making exaggerated statements or statements which are not meant to be taken literally.*
- (49) *Traders should also be prohibited from submitting fake consumer reviews and endorsements, such as ‘likes’ on social media, or commissioning others to do so in order to promote their products, as well as from manipulating consumer reviews and endorsements, such as publishing only positive reviews and deleting the negative ones. Such practice could also occur through the extrapolation of social endorsements, where a user’s positive interaction with certain online content is linked or transferred to different but related content, creating the appearance that that user also takes a positive stance towards the related content.*

(50) *Traders should be prohibited from reselling to consumers tickets to cultural and sports events that they have acquired by using software such as 'bots' enabling them to buy tickets in excess of the technical limits imposed by the primary ticket seller or to bypass any other technical means put in place by the primary seller to ensure accessibility of tickets for all individuals. That prohibition is without prejudice to any other national measures that Member States can take to protect the legitimate interests of consumers and to secure cultural policy and broad access of all individuals to cultural and sports events, such as regulating the resale price of the tickets.*

- (51) Article 16 of the Charter guarantees the freedom to conduct a business in accordance with Union law and national laws and practices. However, marketing across Member States of **goods** as being identical when, in reality, they have a significantly different composition or characteristics may mislead consumers and cause them to take a transactional decision that they would not have taken otherwise.
- (52) Such a practice can therefore be regarded as contrary to Directive 2005/29/EC based on a case-by-case assessment of relevant elements. In order to facilitate the application of existing Union law by Member States' consumer and food authorities, guidance on the application of current Union rules to situations of dual quality of food ■ was provided in the Commission Notice of 29 September 2017 'on the application of EU food and consumer protection law to issues of Dual Quality of products – The specific case of food'. In this context, the Commission's Joint Research Centre **presented**, on 25 April 2018, a 'Framework for selecting and testing of food products to assess quality related characteristics: EU harmonised testing methodology' ■ .

(53) However, in the absence of an explicit provision, the enforcement experience has shown that it might be unclear to consumers, traders and national competent authorities which commercial practices could be contrary to Directive 2005/29/EC. Therefore, that Directive should be amended to ensure legal certainty for both traders and enforcement authorities by addressing explicitly the marketing of a **good** as being identical to **a good** marketed in **█** other Member States, where **that good has** significantly different composition or characteristics. Competent authorities should assess and address on a case- by-case basis such practices in accordance with Directive 2005/29/EC, as amended by this Directive. In undertaking its assessment the competent authority should take into account whether such differentiation is easily identifiable by consumers, a trader's right to adapt **goods** of the same brand for different geographical markets due to legitimate **and objective** factors, such as **national law**, availability or seasonality of raw materials **█** or voluntary strategies **to improve** access to healthy and nutritious food as well as the traders' right to offer **goods** of the same brand in packages of different weight or volume in different geographical markets. ***The competent authorities should assess whether such differentiation is easily identifiable by consumers by looking at the availability and adequacy of information. It is important that consumers are informed about the differentiation of goods due to legitimate and objective factors. Traders should be free to provide such information in different ways that allow consumers to access the necessary information. Alternatives to providing information on the label of goods should generally be preferred by traders. The relevant Union sectorial rules and rules on free movement of goods should be respected.***

(54) While off-premises sales constitute a legitimate and well-established sales channel, like sales at a trader's business premises and distance-selling, some particularly aggressive or misleading marketing *or selling* practices in the context of visits to a consumer's home or excursions *as referred to in point (8) of Article 2 of Directive 2011/83/EU* can put consumers under pressure to make purchases of goods *or services* that they would not otherwise buy or purchases at excessive prices, often involving immediate payment. Such practices often target elderly or other vulnerable consumers. Some Member States consider those practices undesirable and deem it necessary to restrict certain forms and aspects of off-premises sales within the meaning of Directive 2011/83/EU, such as aggressive and misleading marketing or selling of a product in the context of unsolicited visits to a consumer's home or excursions. *Where such restrictions are adopted on grounds other than consumer protection, such as public interest or the respect for consumers' private life protected by Article 7 of the Charter, they fall outside the scope of Directive 2005/29/EC.*

(55) *In accordance with the principle of subsidiarity and in order to facilitate enforcement, it should be clarified that Directive 2005/29/EC is without prejudice to Member States' freedom to adopt national provisions to further protect the legitimate interests of consumers against unfair commercial practices in the context of unsolicited visits at their homes by a trader in order to offer or sell products or excursions organised by a trader with the aim or effect of promoting or selling products to consumers where such provisions are justified on grounds of consumer protection. Any such provisions should be proportionate and non-discriminatory and should not prohibit those sales channels as such. National provisions adopted by Member States could, for example, define time of the day when visits to consumers' homes without their express request are not allowed or prohibit such visits when the consumer has visibly indicated that such visits are not acceptable or prescribe the payment procedure. Furthermore, such provisions could lay down more protective rules in the areas harmonised by Directive 2011/83/EU. Directive 2011/83/EU should therefore be amended to allow Member States to adopt national measures to provide a longer period for the right of withdrawal and to derogate from specific exceptions from the right of withdrawal. Member States should be required to notify any national provisions adopted in this regard to the Commission so that the Commission can make this information available to all interested parties and monitor the proportionate nature and legality of those measures.*

(56) *As regards aggressive and misleading practices in the context of events organised at places other than trader's premises, Directive 2005/29/EC is without prejudice to any conditions of establishment or of authorisation regimes that Member States can impose on traders. Furthermore, that Directive is without prejudice to national contract law, and in particular to the rules on validity, formation or effect of a contract. Aggressive and misleading practices in the context of events organised at places other than trader's premises can be prohibited on the basis of a case-by-case assessment under Articles 5 to 9 of that Directive. In addition, Annex I to that Directive contains a general prohibition of practices where the trader creates the impression that the trader is not acting for purposes relating to the trader's profession, and practices that create the impression that the consumer cannot leave the premises until a contract is formed. The Commission should assess whether the current rules provide an adequate level of consumer protection and adequate tools for Member States to effectively address such practices.*

- (57) *This Directive should not affect aspects of national contract law that are not regulated by it. Therefore, this Directive should be without prejudice to national contract law regulating for instance the conclusion or the validity of a contract in cases such as lack of consent or unauthorised commercial activity.*
- (58) *In order to ensure that citizens have access to up-to-date information on their consumer rights and on out-of-court dispute resolution, the online entry point to be developed by the Commission should, as far as possible, be user-friendly, mobile-responsive, easily accessible and usable by all, including persons with disabilities ('design for all').*

- (59) In accordance with the Joint Political Declaration of 28 September 2011 of Member States and the Commission on explanatory documents²², Member States have undertaken to accompany, in justified cases, the notification of their transposition measures with one or more documents explaining the relationship between the components of a directive and the corresponding parts of national transposition instruments. With regard to this Directive, the legislator considers the transmission of such documents to be justified.
- (60) Since the objectives of this Directive, namely better enforcement and modernisation of consumer protection law, cannot be sufficiently achieved by the Member States but can rather, by reason of the Union-wide character of the problem, be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in that Article, this Directive does not go beyond what is necessary in order to achieve those objectives,

HAVE ADOPTED THIS DIRECTIVE:

²² OJ C 369, 17.12.2011, p. 14.

Article 1
Amendment to Directive 93/13/EEC

In Directive 93/13/EEC, the following article **■** is inserted:

“Article 8b

1. Member States shall lay down the rules on penalties applicable to infringements of national provisions adopted pursuant to this Directive and shall take all measures necessary to ensure that they are implemented. The penalties provided for shall be effective, proportionate and dissuasive.

2. *Member States may restrict such penalties to situations where the contractual terms are expressly defined as unfair in all circumstances in national law or where a seller or supplier continues to use contractual terms that have been found to be unfair in a final decision taken in accordance with Article 7(2).*

3. Member States shall ensure that **■** the following *non-exhaustive and indicative* criteria *are taken into account for the imposition of penalties*, where *appropriate*:

a) the nature, gravity, *scale* and duration **■** of the infringement;

■

b) any action taken by the *seller or supplier* to mitigate or remedy the damage suffered by consumers;

■

c) any previous infringements by the *seller or supplier*;

- d) the financial benefits gained or losses avoided by the *seller or supplier* due to the infringement, *if the relevant data are available*;
- e) *penalties imposed on the seller or supplier for the same infringement in other Member States in cross-border cases where information about such penalties is available through the mechanism established by Regulation (EU) 2017/2394 of the European Parliament and of the Council**;
- f) any other aggravating or mitigating factors applicable to the circumstances of the case.

■

4. ***Without prejudice to paragraph 2 of this Article***, Member States shall ensure that, ***when penalties are to be imposed in accordance with Article 21 of Regulation (EU) 2017/2394, they include the possibility either to impose fines through administrative procedures or to initiate legal proceedings for the imposition of fines, or both***, the maximum amount of such fines being at least 4 % of the ***seller's or supplier's*** annual turnover in the Member State or Member States concerned.
5. ***For cases where a fine is to be imposed in accordance with paragraph 4, but information on the seller's or supplier's annual turnover is not available, Member States shall introduce the possibility to impose fines, the maximum amount of which shall be at least EUR 2 million.***

6. Member States shall, by ... [***24*** months after the date of adoption of ***this amending*** Directive], notify the Commission of the rules and measures referred to in paragraph 1 and shall notify it, without delay, of any subsequent amendment affecting them.

* ***Regulation (EU) 2017/2394 of the European Parliament and of the Council of 12 December 2017 on cooperation between national authorities responsible for the enforcement of consumer protection laws and repealing Regulation (EC) No 2006/2004 (OJ L 345, 27.12.2017, p. 1).***”

Article 2
Amendments to Directive 98/6/EC

Directive 98/6/EC is amended as follows:

(a) *the following article is inserted:*

“Article 6a

- 1. Any announcement of a price reduction shall indicate the prior price applied by the trader for a determined period of time prior to the application of the price reduction.***
- 2. The prior price means the lowest price applied by the trader during a period of time not shorter than 30 days prior to the application of the price reduction.***
- 3. Member States may provide for different rules for goods which are liable to deteriorate or expire rapidly.***
- 4. Where the product has been on the market for less than 30 days, Member States may also provide for a shorter period of time than the period specified in paragraph 2.***

5. *Member States may provide that, when the price reduction is progressively increased, the prior price is the price without the price reduction before the first application of the price reduction.”;*

(b) Article 8 is replaced by the following:

“Article 8

1. Member States shall lay down the rules on penalties applicable to infringements of national provisions adopted pursuant to this Directive and shall take all measures necessary to ensure that they are implemented. The penalties provided for shall be effective, proportionate and dissuasive.

2. Member States shall ensure that **■** the following *non-exhaustive and indicative* criteria *are taken into account for the imposition of penalties*, where *appropriate*:

(a) the nature, gravity, *scale* and duration **■** of the infringement;

■

(b) any action taken by the trader to mitigate or remedy the damage suffered by consumers;

■

- (c) any previous infringements by the trader;
- (d) the financial benefits gained or losses avoided by the trader due to the infringement, *if the relevant data are available*;
- (e) *penalties imposed on the trader for the same infringement in other Member States in cross-border cases where information about such penalties is available through the mechanism established by Regulation (EU) 2017/2394 of the European Parliament and of the Council**;

- (f) any other aggravating or mitigating factors applicable to the circumstances of the case.

3. Member States shall, by ... [24 months after the date of adoption of *this amending Directive*], notify the Commission of the rules and measures referred to in paragraph 1 and shall notify it, without delay, of any subsequent amendment affecting them.

* *Regulation (EU) 2017/2394 of the European Parliament and of the Council of 12 December 2017 on cooperation between national authorities responsible for the enforcement of consumer protection laws and repealing Regulation (EC) No 2006/2004 (OJ L 345, 27.12.2017, p. 1)."*

Article 3
Amendments to Directive 2005/29/EC

Directive 2005/29/EC is amended as follows:

(1) in Article 2, the first paragraph is amended as follows:

(a) point (c) is replaced by the following:

“(c) ‘product’ means any good or service including immovable property, digital service and digital content, as well as rights and obligations;”;

(b) the following points are added:

“(m) ‘ranking’ means the relative prominence given to products, as presented, organised or communicated by the trader, irrespective of the technological means used for such presentation, organisation or communication;

(n) ‘online marketplace’ means a service using software, including a website, part of a website or an application, operated by or on behalf of a trader which allows consumers to conclude distance contracts with other traders or consumers.”;

(2) *in Article 3, paragraphs 5 and 6 are replaced by the following:* ■

- “5. This Directive does not prevent Member States from adopting provisions to protect the legitimate interests of consumers with regard to aggressive or misleading marketing or selling practices in the context of unsolicited visits by a trader to a consumer's home or ■ excursions organised by a trader with the aim or effect of promoting or selling products to consumers. ■ Such provisions *shall be proportionate, non-discriminatory and* justified on grounds of *consumer protection*.”
6. Member States shall notify the Commission without delay of any national provisions adopted on the basis of paragraph 5 as well as of any subsequent changes. The Commission shall make this information easily accessible to consumers and traders on a dedicated website.”;

(3) *in Article 6(2), the following point is added:*

“(c) any marketing of a *good, in one Member State*, as being identical to a *good* marketed in ■ other Member States, while *that good has* significantly different composition or characteristics, *unless justified by legitimate and objective factors.*”;

(4) ■ Article 7 ■ is *amended as follows:*

(a) *paragraph 4 is amended as follows:*

(i) *point (d) is replaced by the following:*

“(d) the arrangements for payment, delivery and performance, if they depart from the requirements of professional diligence;”;

(ii) *the following point is added:*

“(f) *for products offered on online marketplaces, whether the third party offering the products is a trader or not, on the basis of the declaration of that third party to the provider of the online marketplace.*”;

(b) the following paragraph is inserted:

“4a. When providing consumers with the possibility to search for products offered by different traders or by consumers on the basis of a query in the form of a keyword, phrase or other input, irrespective of where transactions are ultimately concluded, general information, made available in a specific section of the online interface that is directly and easily accessible from the page where the query results are presented, on the main parameters determining the ranking of products presented to the consumer as a result of the search query and the relative importance of those parameters, as opposed to other parameters, shall be regarded as material. This paragraph does not apply to providers of online search engines as defined in point (6) of Article 2 of Regulation (EU) 2019/1150 of the European Parliament and of the Council*.

*** Regulation (EU) 2019/1150 of the European Parliament and of the Council of 20 June 2019 on promoting fairness and transparency for business users of online intermediation services (OJ L 186, 11.7.2019, p. 57).”;**

(c) *the following paragraph is added:*

“6. Where a trader provides access to consumer reviews of products, information about whether and how the trader ensures that the published reviews originate from consumers who have actually used or purchased the product shall be regarded as material.”;

(5) the following article **■** is inserted:

“Article 11a

Redress

1. **■** Consumers harmed by unfair commercial practices, *shall have access to proportionate and effective remedies, including compensation for damage suffered by the consumer and, where relevant, a price reduction or the termination of the contract. Member States may determine the conditions for the application and effects of those remedies. Member States may take into account, where appropriate, the gravity and nature of the unfair commercial practice, the damage suffered by the consumer and other relevant circumstances.*
2. *Those remedies shall be without prejudice to the application of other remedies available to consumers under Union or national law.”;*

■

(6) Article 13 is replaced by the following:

“Article 13

Penalties

1. Member States shall lay down the rules on penalties applicable to infringements of national provisions adopted pursuant to this Directive and shall take all measures necessary to ensure that they are implemented. The penalties provided for shall be effective, proportionate and dissuasive.
2. Member States shall ensure that **█** the following *non-exhaustive and indicative* criteria *are taken into account for the imposition of penalties*, where *appropriate*:
 - (a) the nature, gravity, *scale* and duration **█** of the infringement;

█

(b) any action taken by the trader to mitigate or remedy the damage suffered by consumers;

■

(c) any previous infringements by the trader;

(d) the financial benefits gained or losses avoided by the trader due to the infringement, *if the relevant data are available*;

(e) *penalties imposed on the trader for the same infringement in other Member States in cross-border cases where information about such penalties is available through the mechanism established by Regulation (EU) 2017/2394 of the European Parliament and of the Council**;

(f) any other aggravating or mitigating factors applicable to the circumstances of the case.

■

3. Member States shall ensure that *when penalties are to be imposed in accordance with Article 21* of Regulation (EU) 2017/2394, *they* include the possibility either to impose fines *through administrative procedures or to initiate legal proceedings for the imposition of fines, or both*, the maximum amount of such fines being at least 4 % of the trader's annual turnover in the Member State or Member States concerned. *Without prejudice to that Regulation, Member States may, for national constitutional reasons, restrict the imposition of fines to:*
- (a) infringements of Articles 6, 7, 8, 9 and of Annex I to this Directive; and*
 - (b) a trader's continued use of a commercial practice that has been found to be unfair by the competent national authority or court, when that commercial practice is not an infringement referred to in point (a).*

4. *For cases where a fine is to be imposed in accordance with paragraph 3, but information on the trader's annual turnover is not available, Member States shall introduce the possibility to impose fines, the maximum amount of which shall be at least EUR 2 million.*



5. Member States shall, by ... [24 months after the date of adoption of *this amending Directive*], notify the Commission of the rules and measures referred to in paragraph 1 and shall notify it, without delay, of any subsequent amendment affecting them.

* *Regulation (EU) 2017/2394 of the European Parliament and of the Council of 12 December 2017 on cooperation between national authorities responsible for the enforcement of consumer protection laws and repealing Regulation (EC) No 2006/2004 (OJ L 345, 27.12.2017, p. 1).”;*

(7) ■ Annex I is *amended as follows*:

(a) *the following point is inserted*:

“11a. Providing search results in response to a consumer’s online search query without clearly disclosing any paid advertisement or payment specifically for achieving higher ranking of products within the search results.”;

(b) *the following points are inserted*:

“23a. Reselling events tickets to consumers if the trader acquired them by using automated means to circumvent any limit imposed on the number of tickets that a person can buy or any other rules applicable to the purchase of tickets.

23b. Stating that reviews of a product are submitted by consumers who have actually used or purchased the product without taking reasonable and proportionate steps to check that they originate from such consumers.

23c. Submitting or commissioning another legal or natural person to submit false consumer reviews or endorsements, or misrepresenting consumer reviews or social endorsements, in order to promote products.”.

Article 4

Amendments to Directive 2011/83/EU

Directive 2011/83/EU is amended as follows:

(1) Article 2 is amended as follows:

(a) point 3 is replaced by the following:

“(3) ‘goods’ means goods as defined in point (5) of Article 2 of Directive (EU) 2019/771 of the European Parliament and of the Council;*

** Directive (EU) 2019/771 of the European Parliament and of the Council of 20 May 2019 on certain aspects concerning contracts for the sale of goods, amending Regulation (EU) 2017/2394 and Directive 2009/22/EC, and repealing Directive 1999/44/EC (OJ L 136, 22.5.2019, p. 28).”;*

(b) the following point ■ is inserted:

“(4a) ‘personal data’ means personal data as defined in **point (1) of** Article 4 ■ of Regulation (EU) 2016/679 of the European Parliament and of the Council*;

* Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) (OJ L 119, 4.5.2016, p. 1).”;

(c) **points (5) and (6) are** replaced by the following:

“(5) ***‘sales contract’ means any contract under which the trader transfers or undertakes to transfer ownership of goods to the consumer, including any contract having as its object both goods and services;***

(6) ‘service contract’ means any contract other than a sales contract under which the trader supplies or undertakes to supply a service, *including a digital service*, to the consumer ■ ;”;

(d) point (11) is replaced by the following:

“(11) ‘digital content’ means *digital content as defined in point (1) of Article 2 of Directive (EU) 2019/770 of the European Parliament and of the Council**;

* *Directive (EU) 2019/770 of the European Parliament and of the Council of 20 May 2019 on certain aspects concerning contracts for the supply of digital content and digital services (OJ L 136, 22.5.2019, p. 1).*”;

■

(e) the following points are added:

“■ (16) ‘digital service’ means a *digital service as defined in point (2) of Article 2 of Directive (EU) 2019/770*;

■

- (17) ‘online marketplace’ means a service **■** *using software, including a website, part of a website or an application, operated by or on behalf of a trader* which allows consumers to conclude *distance* contracts with *other* traders *or* consumers;
- (18) ‘*provider of an online marketplace*’ means any trader which provides an *online marketplace to consumers*;

■

- (19) *‘compatibility’ means compatibility as defined in point (10) of Article 2 of Directive (EU) 2019/770;*
- (20) *‘functionality’ means functionality as defined in point (11) of Article 2 of Directive (EU) 2019/770;*
- (21) *‘interoperability’ means interoperability as defined in point (12) of Article 2 of Directive (EU) 2019/770.’;*

(2) *Article 3 is amended as follows:*

(a) *paragraph 1 is replaced by the following:*

“1. This Directive shall apply, under the conditions and to the extent set out in its provisions, to any contract concluded between a trader and a consumer where the consumer pays or undertakes to pay the price. It shall apply to contracts for the supply of water, gas, electricity or district heating, including by public providers, to the extent that these commodities are provided on a contractual basis.”;

(b) the following paragraph is inserted:

“1a. This Directive shall also apply where the trader supplies or undertakes to supply digital content which is not supplied on a tangible medium or a digital service to the consumer and the consumer provides or undertakes to provide personal data to the trader, except where the personal data provided by the consumer are exclusively processed by the trader for the purpose of supplying the digital content which is not supplied on a tangible medium or digital service in accordance with this Directive or for allowing the trader to comply with legal requirements to which the trader is subject, and the trader does not process those data for any other purpose.”;

(c) paragraph 3 is amended as follows:

(i) point (k) is replaced by the following:

“(k) for passenger transport services, with the exception of Article 8(2) and Articles 19, 21 and 22;”;

(ii) the following point is added:

“(n) for any goods sold by way of execution or otherwise by authority of law.”;

(3) in Article 5, paragraph 1 is amended as follows:

(a) point (e) is replaced by the following:

“(e) in addition to a reminder of the existence of the legal guarantee of conformity for goods, digital content and digital services, the existence and the conditions of after-sales services and commercial guarantees, where applicable;”;

(b) points (g) and (h) are replaced by the following:

“(g) where applicable, the functionality, including applicable technical protection measures, of **goods with digital elements**, digital content and digital services;

(h) where applicable, any relevant **compatibility and** interoperability of **goods with digital elements**, digital content and digital services ■ that the trader is aware of or can reasonably be expected to have been aware of.”;

(4) ■ Article 6 *is amended as follows*:

(a) *paragraph 1 is amended as follows*:

(i) *point (c) is replaced by the following*:

“(c) the geographical address at which the trader is established as well as the trader’s telephone number *and* e-mail address; *in addition, where the trader provides* other means of online communication which guarantee that the consumer can keep *any written* correspondence, *including the date and time of such correspondence*, with the trader on a durable medium, *the information shall also include details of those other means; all those means of communication provided by the trader shall* enable the consumer to contact the trader quickly and communicate with him efficiently; where applicable, the trader shall also provide the geographical address and identity of the trader on whose behalf he is acting.”;

(ii) *the following point is inserted:*

“(ea) where applicable, that the price was personalised on the basis of automated decision-making;”;

(iii) *point (l) is replaced by the following:*

“(l) a reminder of the existence of a legal guarantee of conformity for goods, digital content and digital services;”;

(iv) *points (r) and (s) are replaced by the following:*

*“(r) where applicable, the functionality, including applicable technical protection measures, of **goods with digital elements**, digital content and digital services;*

*(s) where applicable, any relevant **compatibility and** interoperability of **goods with digital elements**, digital content and digital services ■ that the trader is aware of or can reasonably be expected to have been aware of.”;*

(b) paragraph 4 is replaced by the following:

“4. The information referred to in points (h), (i) and (j) of paragraph 1 of this Article may be provided by means of the model instructions on withdrawal set out in Annex I(A). The trader shall have fulfilled the information requirements laid down in points (h), (i) and (j) of paragraph 1 of this Article if the trader has supplied these instructions to the consumer, correctly filled in. The references to the withdrawal period of 14 days in the model instructions on withdrawal set out in Annex I(A) shall be replaced by references to a withdrawal period of 30 days in cases where Member States have adopted rules in accordance with Article 9(1a).”;

(5) the following article ■ is inserted:

“Article 6a

Additional *specific* information requirements for contracts concluded on online marketplaces

1. Before a consumer is bound by a distance contract, or any corresponding offer, on an online marketplace, the *provider of the* online marketplace shall, *without prejudice to Directive 2005/29/EC*, provide the consumer with the following information *in a clear and comprehensible manner and in a way appropriate to the means of distance communication*:

- (a) *general information, made available in a specific section of the online interface that is directly and easily accessible from the page where the offers are presented, on the main parameters determining ranking, as defined in point (m) of Article 2(1) of Directive 2005/29/EC, of offers presented to the consumer as a result of the search query and the relative importance of those parameters as opposed to other parameters;*
- (b) whether the third party offering the goods, services or digital content is a trader or not, on the basis of the declaration of that third party to the provider of the online marketplace;

- (c) *where the third party offering the goods, services or digital content is not a trader, that the* consumer rights stemming from Union consumer protection law *do not* apply ■ to the contract ■ ; ■
- (d) where *applicable, how the obligations related* to the contract *are shared between the third party offering the goods, services or digital content and the provider of the online marketplace*, such *information being* without prejudice to any responsibility that the provider of the online marketplace *or the third-party trader* has *in relation to the* contract *under other Union or national law*.

2. *Without prejudice to Directive 2000/31/EC, this Article does not prevent Member States from imposing additional information requirements for providers of online marketplaces. Such provisions shall be proportionate, non-discriminatory and justified on grounds of consumer protection.”;*

(6) **■** in Article 7, *paragraph 3* is replaced by the following:

“3. Where a consumer wants the performance of services, or the supply of water, gas or electricity, where they are not put up for sale in a limited volume or set quantity, or of district heating to begin during the withdrawal period provided for in Article 9(2), and the contract places the consumer under an obligation to pay, the trader shall require that the consumer make such an express request on a durable medium *and request the consumer to acknowledge that, once the contract has been fully performed by the trader, the consumer will no longer have the right of withdrawal.”;*

(7) Article 8 is amended as follows:

(a) paragraph 4 is replaced by the following:

“4. If the contract is concluded through a means of distance communication which allows limited space or time to display the information, the trader shall provide, on **or through** that particular means prior to the conclusion of such a contract, at least the pre-contractual information regarding the main characteristics of the goods or services, the identity of the trader, the total price, the right of withdrawal, the duration of the contract and, if the contract is of indeterminate duration, the conditions for terminating the contract, as referred to, respectively, in points (a), (b), (e), (h) and (o) of Article 6(1) except the model withdrawal form set out in Annex I(B) referred to in point (h). The other information referred to in Article 6(1), **including the model withdrawal form**, shall be provided by the trader to the consumer in an appropriate way in accordance with paragraph 1 of this Article.”;

(b) paragraph 8 is replaced by the following:

“8. Where a consumer wants the performance of services, or the supply of water, gas or electricity, where they are not put up for sale in a limited volume or set quantity, or of district heating, to begin during the withdrawal period provided for in Article 9(2), and the contract places the consumer under an obligation to pay, the trader shall require that the consumer make an express request *and request the consumer to acknowledge that, once the contract has been fully performed by the trader, the consumer will no longer have the right of withdrawal.*”;

(8) *Article 9 is amended as follows*

(a) *the following paragraph is inserted:*

“1a. Member States may adopt rules in accordance with which the withdrawal period of 14 days referred to in paragraph 1 is extended to 30 days for contracts concluded in the context of unsolicited visits by a trader to a consumer's home or excursions organised by a trader with the aim or effect of promoting or selling products to consumers for the purpose of protecting legitimate interests of consumers with regard to aggressive or misleading marketing or selling practices. Such rules shall be proportionate, non-discriminatory and justified on grounds of consumer protection.”;

(b) *in paragraph 2, the introductory part is replaced by the following:*

“2. Without prejudice to Article 10, the withdrawal period referred to in paragraph 1 of this Article shall expire after 14 days or, in cases where Member States have adopted rules in accordance with paragraph 1a of this Article, 30 days from:”;

(9) *in Article 10, paragraph 2 is replaced by the following:*

“2. If the trader has provided the consumer with the information provided for in paragraph 1 of this Article within 12 months from the day referred to in Article 9(2), the withdrawal period shall expire 14 days or, in cases where Member States have adopted rules in accordance with Article 9(1a), 30 days after the day upon which the consumer receives that information.”;

(10) *in Article 13, ■ the following paragraphs are added:*

“4. In respect of personal data of the consumer, the trader shall comply with the obligations applicable under Regulation (EU) 2016/679.

5. The trader shall refrain from using any content, other than personal data, which was provided or created by the consumer when using the digital content or digital service supplied by the trader, except where such content:

- (a) has no utility outside the context of the digital content or digital service supplied by the trader;*
 - (b) only relates to the consumer's activity when using the digital content or digital service supplied by the trader;*
 - (c) has been aggregated with other data by the trader and cannot be disaggregated or only with disproportionate efforts; or*
 - (d) has been generated jointly by the consumer and others, and other consumers are able to continue to make use of the content.*
- 6. Except in the situations referred to in point (a), (b) or (c) of paragraph 5, the trader shall, at the request of the consumer, make available to the consumer any content, other than personal data, which was provided or created by the consumer when using the digital content or digital service supplied by the trader.*

7. *The consumer shall be entitled to retrieve that digital content free of charge, without hindrance from the trader, within a reasonable time and in a commonly used and machine-readable format.*
8. *In the event of withdrawal from the contract, the trader may prevent any further use of the digital content or digital service by the consumer, in particular by making the digital content or digital service inaccessible to the consumer or disabling the user account of the consumer, without prejudice to paragraph 6.”;*

(11) Article 14 is amended as follows:

(a) *the following paragraph is inserted:*

“2a. In the event of withdrawal from the contract, the consumer shall refrain from using the digital content or digital service and from making it available to third parties.”;

(b) *in paragraph 4, point (b)(i) is replaced by the following:*

“(i) the consumer has not given prior express consent to the beginning of the performance before the end of the 14-day or 30-day period referred to in Article 9;”;

(12) Article 16 is amended as follows:

(a) the first paragraph is amended as follows:

(i) point (a) is replaced by the following:

“(a) service contracts after the service has been fully performed ***but, if the contract places the consumer under an obligation to pay***, only if the performance has begun with the consumer’s prior express consent ***and acknowledgement that he will lose his right of withdrawal once the contract has been fully performed by the trader;***”;

(ii) point (m) is replaced by the following:

“(m) contracts for the supply of digital content which is not supplied on a tangible medium if the performance has begun and, if the contract places the consumer under an obligation to pay, where:

- (i) *the consumer has provided prior express consent to begin the performance during the right of withdrawal period;*
- (ii) *the consumer has provided acknowledgement that he thereby loses his right of withdrawal; and*
- (iii) *the trader has provided confirmation in accordance with Article 7(2) or Article 8(7).”;*

(b) the following *paragraphs are* added:

“Member States may derogate from the exceptions from the right of withdrawal set out in points (a), (b), (c) and (e) of the first paragraph for contracts concluded in the context of unsolicited visits by a trader to a consumer's home or excursions organised by a trader with the aim or effect of promoting or selling products to consumers for the purpose of protecting the legitimate interests of consumers with regard to aggressive or misleading marketing or selling practices. Such provisions shall be proportionate, non-discriminatory and justified on grounds of consumer protection.

In the case of service contracts which place the consumer under an obligation to pay where the consumer has specifically requested a visit from the trader for the purpose of carrying out repairs, Member States may provide that the consumer loses the right of withdrawal after the service has been fully performed provided that the performance has begun with the consumer's prior express consent.”;

(13) Article 24 is replaced by the following:

“Article 24

Penalties

1. Member States shall lay down the rules on penalties applicable to infringements of national provisions adopted pursuant to this Directive and shall take all measures necessary to ensure that they are implemented. The penalties provided for shall be effective, proportionate and dissuasive.
2. Member States shall ensure that **■** the following *non-exhaustive and indicative* criteria *are taken into account for the imposition of penalties*, where *appropriate*:
 - (a) the nature, gravity, *scale* and duration **■** of the infringement;
■
 - (b) any action taken by the trader to mitigate or remedy the damage suffered by consumers;
■

- (c) any previous infringements by the trader;
- (d) the financial benefits gained or losses avoided by the trader due to the infringement, *if the relevant data are available*;
- (e) *penalties imposed on the trader for the same infringement in other Member States in cross-border cases where information about such penalties is available through the mechanism established by Regulation (EU) 2017/2394 of the European Parliament and of the Council**;
- (f) any other aggravating or mitigating factors applicable to the circumstances of the case.

■

3. Member States shall ensure that *when penalties are to be imposed in accordance with Article 21* of Regulation (EU) 2017/2394, *they* include the possibility either to impose fines *through administrative procedures or to initiate legal proceedings for the imposition of fines, or both*, the maximum amount of such fines being at least 4 % of the trader's annual turnover in the Member State or Member States concerned.
4. *For cases where a fine is to be imposed in accordance with paragraph 3, but information on the trader's annual turnover is not available, Member States shall introduce the possibility to impose fines, the maximum amount of which shall be at least EUR 2 million.*

■

5. Member States shall, by ... [24 months after the date of adoption of *this amending Directive*], notify the Commission of the rules and measures referred to in paragraph 1 and shall notify it, without delay, of any subsequent amendment affecting them.

** Regulation (EU) 2017/2394 of the European Parliament and of the Council of 12 December 2017 on cooperation between national authorities responsible for the enforcement of consumer protection laws and repealing Regulation (EC) No 2006/2004 (OJ L 345, 27.12.2017, p. 1). ”;*

(14) in Article 29, paragraph 1 is replaced by the following:

“1. Where a Member State makes use of any of the regulatory choices referred to in Article 3(4), Article 6(7), Article 6(8), Article 7(4), Article 8(6), Article 9(1a), Article 9(3) and the second and third paragraphs of Article 16, it shall inform the Commission thereof by ... [24 months after the date of adoption of this amending Directive], as well as of any subsequent changes.”;

(15) Annex I is amended as follows:

(a) part A is amended as follows:

(i) the third paragraph ■ under "Right of withdrawal" is replaced by the following:

“To exercise the right of withdrawal, you must inform us [2] of your decision to withdraw from this contract by an unequivocal statement (e.g. a letter sent by post or e-mail). You may use the attached model withdrawal form, but it is not obligatory. [3]”;

(ii) point 2 under "Instructions for completion" is replaced by the following:

“[2.] Insert your name, geographical address, telephone number *and* e-mail address.”;

■

(b) in part B, the first indent is replaced by the following:

“To [here the trader’s name, geographical address and ■ e-mail address are to be inserted by the trader]:”.

Article 5
Information on consumer rights

The Commission shall ensure that citizens seeking information on their consumer rights or on out-of-court dispute resolution benefit from an online entry point, through the single digital gateway established by Regulation (EU) 2018/1724 of the European Parliament and of the Council²³ enabling them to:

- (a) access up-to-date information about their Union consumer rights in a clear, understandable and easily accessible manner; and***
- (b) submit a complaint through the Online Dispute Resolution platform established under Regulation (EU) No 524/2013 of the European Parliament and of the Council²⁴ and to the competent European Consumer Centre, depending on the parties involved.***

²³ ***Regulation (EU) 2018/1724 of the European Parliament and of the Council of 2 October 2018 establishing a single digital gateway to provide access to information, to procedures and to assistance and problem-solving services and amending Regulation (EU) No 1024/2012 (OJ L 295, 21.11.2018, p. 1).***

²⁴ ***Regulation (EU) No 524/2013 of the European Parliament and of the Council of 21 May 2013 on online dispute resolution for consumer disputes and amending Regulation (EC) No 2006/2004 and Directive 2009/22/EC (Regulation on consumer ODR) (OJ L 165, 18.6.2013, p. 1).***

Article 6

Reporting by the Commission and review

By ... [54 months after the date of adoption of this amending Directive], the Commission shall submit a report on the application of this Directive to the European Parliament and to the Council. That report shall include in particular an assessment of the provisions of this Directive regarding:

- (a) events organised at places other than the trader's business premises; and*
- (b) cases of goods marketed as identical but having significantly different composition or characteristics, including whether those cases should be subject to more stringent requirements, including prohibition in Annex I to Directive 2005/29/EC and whether more detailed provisions on information about the differentiation of goods are necessary.*

That report shall be accompanied, where necessary, by a legislative proposal.

Article 7
Transposition

1. By ... ~~/24 months after the date of adoption of this amending Directive/~~, Member States shall adopt and publish the measures necessary to comply with this Directive. They shall immediately inform the Commission thereof.

They shall apply those measures from ... ~~/30 months after the date of adoption of this amending Directive/~~.

When Member States adopt those measures, they shall contain a reference to this Directive or be accompanied by such a reference on the occasion of their official publication. The methods of making such reference shall be laid down by Member States.

2. Member States shall communicate to the Commission the text of the main measures of national law which they adopt in the field covered by this Directive.

Article 8

Entry into force

This Directive shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

Article 9

Addressees

This Directive is addressed to the Member States.

Done at ...,

For the European Parliament
The President

For the Council
The President
