

TABLE OF CONTENTS

SERIES PREFACE	v
AUTHORS' PREFACE	ix
LIST OF ABBREVIATIONS	xxix
TABLE OF EU LEGISLATION	xxxiii
TABLE OF ECJ/CJEU CASES	xxxix
CHAPTER 1.	
ECONOMIC LAW, CONSUMER INTERESTS, AND EU INTEGRATION	
Norbert REICH and Hans-W. MICKLITZ	1
I. Economic law and consumer interests in the complex relations of Community/ Union, Member States and undertakings.	6
II. The initial "productivist concept" of the EEC Treaty and the problem of the promotion of consumer interests	8
III. Consumer rights under primary EU law	17
1. Consumer policy as an independent Community/Union policy ...	17
a) Consumer protection in the internal market: a contradiction in itself?	17
b) Consumer policy and subsidiarity.	20
2. The consumer right to information	21
a) The information paradigm of EU consumer law.	21
b) The right to information as a subjective right	22
c) Comprehensibility and language of the information.	23
d) Limitations of the right to information: right to data protection.	25
3. Consumer right to education, association, protection of legitimate expectations and effective judicial protection	26
a) The right to education	26
b) The right to form associations	27
c) Protection of legitimate expectations	27
d) Judicial protection and access to justice	28
e) The so-called sectoral clause.	29

IV.	“Measures” of consumer policy: a question of competence.	30
1.	Harmonisation measures according to the “old law”	30
2.	Competence in the internal market and its restrictions	31
3.	“Measures” instead of “specific actions”	33
4.	“Monitoring” measures	34
5.	Classification of the different policies	35
6.	Overview of “positive” integration measures of EC consumer law and policy	36
V.	The position of the consumer under the law of EU directives.	38
1.	Prevalence of directives in EU consumer policy	38
2.	Legal effects of directives	39
a)	“Minimum” vs. “total” and “targeted” harmonisation	40
aa)	Minimum harmonisation as the traditional starting point.	40
bb)	Total harmonisation “targeted” at specific areas as the “new” approach	41
b)	“Horizontal (negative) direct effect”?	42
c)	“Directive conforming” (consistent) interpretation	44
d)	State liability as a remedy of last resort.	45
VI.	Consumer concepts in Community law	45
1.	The “informed consumer” standard	45
2.	The “vulnerable” consumer standard	46
3.	The “weaker” consumer in the case law of the ECJ	48
4.	“Consumer” as a legal concept: a narrow or a wide definition?	50
VII.	Future orientations of EU consumer policy and law: a critical overview.	52
1.	From consumer law to user protection?	52
a)	The role of the “passive market citizen”	52
b)	Access to services of general interest and to payment services.	54
c)	Passengers, tourists and travellers.	55
d)	IP users?	57
2.	Consumer law and contract law in the EU	60
3.	Review of European consumer contract law: towards full harmonisation of the <i>acquis</i> or a European consumer protection regulation?	63
a)	Commission attempts at reviewing the “consumer <i>acquis</i> ”	63
b)	Option for an EU Consumer Protection Regulation as an alternative?	64

CHAPTER 2.

UNFAIR COMMERCIAL PRACTICES AND MISLEADING
ADVERTISING

Hans-W. MICKLITZ.....	67
I. Introduction	70
1. Summary of the legislative history of Directive 84/450/EEC	70
2. The development of Directive 97/55/EC concerning misleading advertising so as to include comparative advertising	72
3. Relationship with primary Community law.....	74
4. The way ahead: Directive 2005/29/EC on unfair commercial practices (UCPD)	75
II. The purpose of Directive 2005/29/EC.....	77
1. Protection of consumers' economic interests.....	77
2. Main purpose of the UCPD: freedom of decision-making, market transparency and information	77
3. Internal market reference and general interest	78
4. The relationship of the protective purposes to each other	79
III. The scope of Directive 2005/29/EC	79
1. Personal scope of application	79
2. Factual scope of application	80
3. Limitation of the scope of application.....	81
a) National and Community law regulations that are not pre- empted by the Directive	81
b) Priority of special EC provisions	82
c) The escape clause (minimum/maximum harmonisation).....	83
d) Special provisions for financial services, precious metals and health-related rules.....	84
IV. Minimum/maximum harmonisation and internal market clause in the UCPD	85
1. The background to the debate.....	85
2. Maximum harmonisation and internal market clause.....	87
V. The concept of fair trading in the UCPD	88
1. The three-level structure of the general clause.....	88
2. Conceptual basis of the term "fairness"	88
a) European fairness as an autonomous concept.....	89
b) European fairness, national morals, taste, decency and cultural values.....	89
c) Elements of the general clause	91
3. Requirements of professional diligence.....	91
4. Material distortion of the economic behaviour of the consumer ...	92
5. The "average consumer" and particularly vulnerable groups	94
6. Relationship between the comprehensive general clause and the special general clauses	95

VI.	The concept of misleading advertising in Directive 2005/29/EC	96
1.	The concept of misleading commercial practices	96
2.	Misleading commercial practices: abstract or concrete?	98
3.	Information requirements and misleading omissions (Article 7)..	101
a)	Developments of case law	101
b)	Misleading omissions (Article 7).....	102
c)	Misleading through violations of informational obligations established in specific laws	103
VII.	Comparative advertising in Directive 2006/114/EC.....	104
1.	The concept of comparative advertising	105
2.	Strengthening of the rational decision-making process.....	107
3.	The required extent of the comparison	110
VIII.	Aggressive commercial practices in Directive 2005/29/EC.....	113
1.	Aggressiveness as a new prohibition clause	113
2.	Aggression and culture	114
3.	Function and system of Articles 8 and 9.....	115
IX.	Annex I of Directive 2005/29/EC: structure and concept	116
1.	The concept of the list and national law	116
2.	“Considered unfair” – “considered misleading” – scope for interpretation.....	117
3.	Exclusive or non-exclusive.....	118
X.	Codes of practice in Directive 2005/29/EC	119
1.	Function of the codes of practice	119
2.	Substantive requirements and legal consequences of a breach	119
XI.	Burden of proof in Directives 97/55/EC (now 2006/114/EC) and 2005/29/EC	121
1.	The regulation in Directive 2005/29/EC	121
2.	The regulation in Directive 97/55/EC (now 2006/114/EC).....	122

CHAPTER 3.

UNFAIR TERMS IN CONSUMER CONTRACTS

	Hans-W. MICKLITZ.....	125
I.	The starting point.....	127
1.	The proposals of the Commission	129
2.	The deliberations in the Council of Ministers	131
3.	The protective purpose of Directive 93/13/EEC of 5 April 1993 ...	132
II.	The scope of application of Directive 93/13/EEC.....	133
1.	Objective scope of application.....	133
a)	Standard contracts	134
b)	Pre-formulated terms.....	135
c)	Individual terms.....	135

2.	Exceptions to the scope of application.....	136
a)	Mandatory statutory or regulatory provisions and the provisions or principles of international conventions	136
b)	Review of price and main subject matter	138
c)	Employment, succession and company law	138
d)	Insurance law	139
3.	Subjective application criteria.....	140
a)	The concept of “consumer”	140
b)	Seller or supplier, in particular public undertakings and landlords	141
III.	The concept of unfairness	142
1.	Unfairness in the formal sense: the so-called requirement of transparency	142
a)	The significance of the requirement of transparency	142
b)	Plain intelligible language.....	143
c)	Contractual transparency and transparency of markets.....	144
2.	Substantive criteria	145
a)	Abuse control of unfair terms rather than control of standardised terms.....	146
b)	Yardstick of control	147
c)	The scope of review by the ECJ.....	149
3.	The consequences of unfair terms	152
IV.	The so-called indicative list.....	155
1.	The legal nature of the indicative list	156
2.	Is there an obligation to implement for the Member States?	157
3.	The content of the indicative list.....	158
V.	Law enforcement.....	159
1.	Adequate and effective means of law enforcement: associations and authorities with standing to sue	159
2.	Limitation period	160
3.	Review <i>ex officio</i>	161
4.	Legal protection in enforcement proceedings	162
VI.	Reform of the Unfair Terms Directive 93/13/EEC	163

CHAPTER 4.

SALE OF CONSUMER GOODS

Hans-W. MICKLITZ and Norbert REICH

I.	Introduction	168
II.	Scope of application	170
1.	Scope of application concerning the subject matter	170
a)	Consumer goods.....	170
b)	Guarantee	171

	c) Second-hand goods sold at public auction	171
	d) Contracts for the supply of consumer goods to be manufactured or produced	172
2.	Scope of application concerning the person affected	172
	a) The consumer	172
	b) The seller	173
	c) The producer	173
III.	Conformity of the consumer goods with the contract	173
	1. Description, sample or model: Article 2(2)(a)	174
	2. Fit for any particular purpose for which the consumer requires them: Article 2(2)(b)	174
	3. Fit for normal use: Article 2(2)(c)	175
	4. Normal quality and public statements: Article 2(2)(d)	175
	5. Incorrect installation or incorrect installation instructions	176
IV.	Time and presumption of lack of conformity	177
V.	Statutory exclusion of liability for lack of conformity	177
VI.	The obligations of the seller: Article 2; and the right of redress: Article 4	178
	1. Seller's obligations	178
	2. The right to redress in Article 4	179
	a) Requirements on the right to redress	179
	b) Persons subject to the right to redress	179
	c) Subject to the disposition of the parties?	180
VII.	Remedies of the consumer: Article 3	180
	1. Repair and replacement: the <i>Weber/Putz</i> doctrine	181
	a) The right of the consumer to choose	183
	b) Exclusion of the obligation to remedy by the seller	183
	c) Execution of the remedy	184
	2. Reduction of the price and rescission (termination) of the contract	185
VIII.	The double period and the period for asserting a claim: Article 5	186
IX.	"Commercial" guarantees: Article 6	188
X.	Binding nature, minimum protection, PIL, duty to report and inform: Articles 7, 8, 8a, 9, 11 and 12	189
	1. Binding nature, Article 7(1)	189
	2. The minimum protection clause	190
	3. The duty to report and inform	191
	4. Revision of the Consumer Sales Directive: a new Article 8a	191
XI.	Outlook: digital content contracts	192

CHAPTER 5.

CONSUMER CREDIT

Peter ROTT	197
I. Consumer Financial Services	200
II. The old Directive 87/102/EEC	202
III. The reform process and the harmonisation concept	204
IV. The new regime of Directive 2008/48/EC	207
1. Scope of application	207
a) Personal scope of application	207
b) Credit agreements	208
c) Exemptions	208
aa) Total exemptions	208
bb) Partial exemptions	209
cc) Optional exemptions	210
d) Barriers to more extensive national legislation?	210
2. The protective instruments	211
a) Credit advertisement	212
b) Pre-contractual obligations	213
aa) Pre-contractual information	213
bb) Pre-contractual advice	217
cc) Responsible lending	218
dd) Sanctions for the breach of pre-contractual obligations ..	220
c) Form and content of the contract	221
aa) The content of the contract	221
bb) The form of the contract	222
d) The right to terminate the contract	223
e) The right of withdrawal	223
f) The right to early repayment	225
g) Linked credit agreements	226
aa) The definition of the linked credit agreement	227
bb) The withdrawal from the linked contract	228
cc) The effect of the withdrawal from the credit agreement on the linked contract	228
dd) The consumer's claims against the creditor	228
h) Overdraft facilities and overrunning	229
i) Credit intermediaries	230
aa) The definition of the credit intermediary	231
bb) Pre-contractual information and advice	231
cc) Status information and fees	232
j) Enforcement	233
k) Conclusions and perspectives	234

V.	Mortgage credit.....	234
1.	Recommendation 2001/193/EC	234
2.	The proposed Mortgage Credit Directive	235
a)	Scope of application	235
b)	Substantive law	236
c)	Authorisation and prudential supervision.....	236
VI.	Credit-related unfair contract terms law	237

CHAPTER 6.

LIABILITY FOR DEFECTIVE PRODUCTS AND SERVICES

	Hans-W. MICKLITZ.....	239
I.	The work of the EC on a directive on product liability.....	242
1.	The economic and legal fundamentals of the European approximation work	242
2.	Consumer interests in product liability law	243
3.	The development stages of the E(E)C: approximation work	244
II.	The safety concept of the Directive: what is a defect?.....	246
1.	The notion of defect in the different proposals.....	246
2.	Defect and expected safety	247
a)	Construction, fabrication and instruction defects	247
b)	Defects at the time of or subsequent to a product being put into circulation.....	250
c)	Products having no effect	252
d)	Territorial standard	253
III.	The notion of “producer”	253
1.	Importance of the concept for a system of “strict liability”	253
2.	The concept of “producer” in Directive 85/374/EEC.....	255
a)	Producer in a narrower and broader sense.....	255
b)	Manufacturer of a component part.....	257
c)	EU “importers”	257
d)	Subsidiary liability of the supplier.....	258
IV.	Exemptions from liability	259
1.	Exemptions related to the product.....	259
a)	Agricultural products	259
b)	Dynamic concept of “product”.....	260
2.	Exemptions related to the person.....	261
a)	The general problem.....	261
b)	The decisive element: putting a product into circulation.....	262
c)	“Non”-economic activity of the producer.....	262
d)	Producer of component parts.....	263
V.	Exemptions related to risks: the development risk defence.....	263
1.	The origins of the debate	263

2.	The present situation of the “development risk” defence	265
VI.	The effects of the Directive on the product liability law of the Member States	267
1.	The relation to other claims under national law	267
2.	Prescription periods	268
3.	Implementation proceedings	269
4.	The impact of the Directive on the substantive law of the Member States	271
5.	Legal protection provided by the Directive	273
VII.	Liability for services	274
VIII.	Annex: Proposed Draft for an EC regulation/directive on the liability for the safety of services	276
1.	General concept	276
a)	Common system of combined contract and tort law	276
b)	Justification: social contact	277
2.	Elements of liability	277
a)	Type of liability	277
b)	Standard of care	278
c)	Scope of protection	279
d)	Vicarious liability	280
e)	Bodily injury	280
f)	Causation	281
g)	Proof	281
h)	Compensation and damage	282
i)	Contributory negligence	282
3.	Exclusion of liability	283
4.	Specific ADR mechanisms	284

CHAPTER 7.

CROSS-BORDER CONSUMER PROTECTION

	Norbert REICH	285
I.	General remarks	288
II.	The Rome Convention	290
1.	Freedom of choice: Article 3 taken with Articles 8 and 4 of the Rome Convention	291
a)	Requirements for the choice of law in Article 3 of the Rome Convention	291
b)	Separation of choice of law and main contract	292
c)	Choice of law in standard terms and conditions: Article 8(1) and (2)	294
d)	Objective applicable law in the absence of a choice: Article 4 of the Rome Convention	295

2.	Scope of application as regards the person affected: consumer contracts (1)	295
3.	Scope of application as regards the subject matter: consumer contracts (2)	297
4.	Special connecting factors in consumer contracts (3).	297
	a) Protection of the “passive consumer”	298
	b) Application of Article 5 beyond its strict wording	299
	c) Consequences of Article 5.	300
III.	Rome I Regulation (EC) 593/2008	301
1.	Issues for reform of PIL	301
2.	Transforming the Convention into a Regulation: Commission proposal of 15 December 2005 and amended EP proposal of 29 November 2007	301
3.	Rome I Regulation: relation to the Convention	303
4.	Reformulation of consumer contracts.	304
5.	Special rules for personal passenger contracts.	308
6.	Relation to special EC/EU instruments.	308
IV.	PIL in secondary Community/Union law	308
1.	Special provisions in the consumer law regulations	309
2.	Directives	309
	a) The approach taken in directives.	309
	b) Similarities of the conflict of law provisions as contained in the different directives	310
	c) The special case of e-commerce: a “country-of-origin” principle?	311
V.	Rome II Regulation (EC) 864/2007 on PIL arising out of non-contractual obligations	312
1.	General application of the <i>lex loci delicti</i>	313
2.	The special case of product liability	313
3.	Unfairness: the “market principle” vs. country of origin	314
4.	Restraints of competition.	316
5.	Other non-contractual obligations: limited freedom of choice.	317
VI.	Jurisdiction in cross-border litigation.	317
1.	The importance of the Brussels Convention and Regulation	317
	a) The Brussels Convention of 1968 as amended.	317
	b) Brussels Regulations 44/2001 and 1215/2012.	320
2.	Jurisdiction over consumer contracts under the Convention/Regulation	322
	a) The concept of “consumer” in the Convention and the Regulation	323
	b) Concept of consumer contract under the Convention.	325
	c) Protection of the “passive consumer” only in the Convention	325

d)	Modifications by Article 15 of the Brussels Regulation 44/2001: the concept of “active trader”	326
e)	Jurisdiction clauses	327
f)	Arbitration clauses	327
3.	Actions in tort/quasi-delict	328
VII.	Specific Union procedures also involving consumers	329
1.	Order for payment procedure	329
2.	Small claims procedure	331
VIII.	Outlook: “Transnational consumer law” as an alternative to conflict rules?	332
1.	<i>Lex mercatoria electronica</i> as emerging “transnational law”?	332
2.	The evolution of “soft law” standards: an alternative to “hard” law concerning cross-border transactions?	336

CHAPTER 8.

LEGAL PROTECTION OF INDIVIDUAL AND COLLECTIVE CONSUMER INTERESTS

	Norbert REICH	339
I.	Effective and appropriate legal protection as a general EU law principle	342
1.	Overview of the development of the case law	343
2.	The principles of equivalence and effectiveness	344
3.	Improvement of effective legal protection of the individual	347
a)	Interim legal protection	347
b)	Damages for breach of directly effective EU law: state liability	349
4.	The meaning of effective legal protection in consumer law	352
a)	Legal consequences for breach by Member States of the obligation to provide effective legal protection	353
b)	Damages for failure to implement directives	354
c)	Legal protection in the case of faulty applications of the consumer protective directives	355
II.	The improvement of the legal protection of the individual in horizontal relationships against undertakings	356
1.	Claims for compensation under Union law	356
2.	Effects on consumer protection: proposed EU action	360
III.	Effective legal protection of the individual and liability of the Union	361
IV.	Improving consumers’ access to justice	362
1.	Legal aid in cross-border conflicts	362
2.	Alternative dispute resolution (ADR): Directive 2013/11/EU and Regulation (EU) 524/2013	363

3.	Case law on ADR and consumer arbitration	374
V.	Enforcement of collective consumer interests	378
1.	General principles under Union law	378
2.	Absence of collective redress mechanisms in primary EU law	380
3.	Secondary law	381
a)	Directives 84/450/EEC and 2006/114/EC on misleading advertising	381
b)	Directive 93/13/EEC on unfair terms in consumer contracts	382
c)	Directive 2005/29/EC on unfair commercial practices and Directive 2011/83 on consumer rights	383
d)	Directive 2009/22/EC (ex-Directive 98/27/EC) on injunctions for the protection of consumers' interests	384
e)	Relationship of Directive 2009/22/EC to individual provisions contained in other directives	385
4.	Right of action and standing to sue (legitimate interest to take legal action)	386
a)	Right of action	386
b)	Standing to sue (legitimate interest to take legal action)	387
5.	International jurisdiction and enforcement in actions for cross-border injunctions	388
6.	Cooperation on consumer protection	389
7.	Collective redress in EU law: a new tendency towards law enforcement?	390

CHAPTER 9.

THE CONSUMER RIGHTS DIRECTIVE AND ITS IMPACT ON INTERNET AND OTHER DISTANCE CONSUMER CONTRACTS

	Klaus TONNER	393
I.	Introduction	394
II.	Consumer Rights Directive	395
1.	Short legislative history of the CRD	395
2.	Scope of application	397
3.	Full harmonisation	400
4.	Information duties	401
a)	General rules and rules for other than off-premises and distance selling	401
b)	Off-premises and distance selling information duties	403
c)	Formal requirements for off premises transactions	404
d)	Distance selling requirements	404
5.	Right of withdrawal	406
a)	Information about the right to withdraw	406
b)	Withdrawal period	406

c) Exercise of the right of withdrawal	407
6. Provisions with relevance for sales contracts	409
7. Enforcement	410
III. Information duties of the Services Directive and the E-Commerce Directive.	411
IV. Conclusion	412
INDEX	415