Josep Maria Bech Serrat

Selling Tourism Services at a Distance

An Analysis of the EU Consumer Acquis



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Preface

The entire body of European contract law is constantly changing. While many parts of consumer law were intended to be harmonised at the European level, there still remain quite a number of divergences between laws in the member states due to factors such as the minimum character of harmonisation or the legal context in which directives have to be implemented. At the time of writing Directive 2011/83/EU of the European Parliament and of the Council of 25 October has just entered into force (Consumer Rights Directive). The member states shall adopt and publish, by December 2013, the laws, regulations and administrative provisions necessary to comply with this Directive; and the provisions of the Consumer Rights Directive shall apply to contracts concluded after 13 June 2014. However, the Commission has recognised that it is not desirable to continue to adopt EU legislation in the same format; and, in this regard, the Green paper on policy options for progress towards a European contract law for consumers and businesses of 1 July 2010 probably marked a turning point at which the prospect of an optional instrument of contract law was given particular emphasis. As we already know from the work of the Expert Group, it is likely that this optional instrument will take the form of a revised DCFR.

Alongside the progress of the consumer *acquis*, the new technologies are transforming the tourism industry very rapidly by allowing the services to be sold at a distance. This area has been regulated in a highly fragmented way over the last 2 decades, i.e. the Distance Selling Directive, the E-Commerce Directive, the Package Travel Directive, Air Passenger's Rights Regulation (EC) No. 261/2004, among others, and this situation has brought about not only problems inherent to the harmonisation process of EU consumer law but also the enigmatic exclusion of tourism services from the scope of application of the distance selling rules. As is well known, Article 3 (2), second indent, of the Distance Selling Directive stated that Articles 4, 5, 6 and 7(1) were not applicable to contracts for the provision of accommodation, transport, catering or leisure services, where the supplier undertakes, when the contract is concluded, to provide these services on a specific date or within a specific period. The application of a particular right of withdrawal to contracts for the provision of these services has traditionally been considered

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inappropriate. More recently, Article 3(3), points (g) and (h), of the Consumer Rights Directive states that this Directive shall not apply to contracts which fall within the scope of the Package Travel Directive or the new Timeshare Directive; a wide exclusion of transport from the scope of distance selling regulation is provided in Article 3(3), point (k); and according to Article 16, point (l), of the Consumer Rights Directive, the separation between distance selling regulation and contracts for the provision of accommodation, transport, catering or leisure services will remain in the future, but only with respect to the right of withdrawal. This means that some additional measures provided by regulation to protect the consumer in distance contracts are not applicable.

In addition to presenting the current separation between distance selling in EU law and tourism from a critical perspective, Chap. 1 aims at placing the subject in the context of the EU consumer *acquis*. Highly topical questions such as the fragmented character of the EU legislation, the new harmonisation resulting from the Consumer Rights Directive and the possible role of the DCFR as an optional instrument to be used in the field are spelt out for the reader. We consider that there is a need to bring travel law closer to contract law and to take a European approach beyond the current and ever more complicated jungle of EC Law and national laws.

After introducing the subject, information requirements is the first issue to be analysed with a view to exploring the impact of excluding distance selling protection in tourism (Chap. 2). The rationale behind EC legislation on distance selling is that the consumer is dealing with a remote trader, about whom very little may be known. So additional information requirements are provided in the Consumer Rights Directive regarding the extent, form and time for providing pre-contractual information, among other aspects, when the various means of distance communication are used, e.g. the Internet. The fact that consumers cannot inspect the goods before deciding whether to purchase them has an impact on their ability to make an informed decision. New rules on the provision of a withdrawal model form, or additional information requirements to be provided if a distance contract to be concluded by electronic means places the consumer under an obligation to pay, will mean a step forward. However, there is still much to do concerning the issue after the adoption of the directive regarding restrictions to information to be provided to the consumer, the medium used for providing the information, cases where a website should be qualified as a durable medium, or the harmonisation of remedies for non-fulfilment of information duties. Some special features of pre-contractual information requirements in tourism are examined in the book. As additional information requirements do not apply to all the contracts concluded for the provision of tourism services, some of these contracts will be kept separate from the modernising process of the consumer acquis.

Chapter 3 is concerned with withdrawal rules. Another additional measure provided in cases of distance selling is a particular right of withdrawal, by virtue of which the consumer is entitled to extinguish the contract within a relatively short period. The consumer does not have to give any reason for withdrawing from the contract and no liability for non-performance arises for doing so. It aims to allow the consumer time for further consideration and to obtain information.

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The Consumer Rights Directive contains some rules on a particular right of withdrawal for distance and off-premises contracts (Articles 9–16). Some aspects of the right of withdrawal as provided in this regulation, however, are controversial for tourism, such as the cooling-off period, or the effects of withdrawal. For this reason whether there is room for a contractual right to withdraw is examined, i.e. a cancellation clause, to be used by the tourism industry.

Chapter 4 is devoted to the analysis of performance rules. Performance rules have also been regulated in EU law with a view to protecting the consumer when the purchase is not made face to face. Thus the consumer must be informed of the unavailability of goods or services ordered and must be able to obtain a refund of any sums paid as soon as possible and, at the latest, within 30 days. Additionally, member states can require the supplier to provide the consumer with goods or services of equivalent quality and price, if this requirement was stated prior to the conclusion of the contract. Unlike the other additional measures, performance rules remain mostly unaffected by the exclusion of tourism from the distance selling regulation. In this regard, specific performance rules for transport and package holidays are provided as well, e.g. the obligation to refund the passenger when the flight booked is cancelled as established in Air Passenger's Rights Regulation (EC) No. 261/2004 (Article 8(1), point (a), first indent in connection with Article 5(1), point (a)), or providing the consumer with a substitute package in accordance with the Package Travel Directive (Article 4(6), point (a)). This chapter makes a comparison between performance rules in the distance selling EU law with those performance rules specific for tourism. At this point, there is shown to be a need for a consumer's right to replacement—like that in sale of goods law—and additional information requirements.

Finally, some concluding remarks are made (Chap. 5). After adopting the Consumer Rights Directive, there is a need to coordinate the existing regulations. In particular, we consider that the current separation between distance selling and tourism should be fully revised. In addition, the research for this book confirmed that some of the current information requirements and withdrawal and performance rules of the consumer *acquis* are not fitting for selling tourism services at a distance. With regard to this, some proposals are made with the aim of making some of the rules more appropriate in the context of the review of the consumer *acquis* and a future optional European contract law.

Girona, Spain

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Acknowledgements

The manuscript 'Selling Tourism Services at a Distance: An Analysis of the EU Consumer *Acquis*' originated during the process of the publication of a scholarship article entitled 'Why is there a Separation between Distance Selling in EU law and the Tourism Industry?' in the *Journal of Consumer Policy* 75 (2010, volume 33, pages 75–89). When I embarked on this research, my knowledge of *acquis* communautaire was only limited and I was fortunate enough to be able to discuss the subject with Christian Twigg-Flesner as editor in Chief of the article. In fact, it was during that rigorous peer reviewing process, that the article submitted was considered to have 'started to come alive' and this was precisely when arguments were presented on why tourism services must not be excluded from providing the consumer with a right of withdrawal. As a result, the separation between distance selling in EU law and the tourism industry became the focus of the paper. This provided me with an invaluable insight into the topic. For that reason, I think the time has certainly come to thank Christian Twigg-Flesner for his support.

This was, however, the starting point of my interest in the topic only and a more detailed analysis concerning the sale of tourism services at a distance within the framework of the consumer acquis was made after publishing the article. An analysis of issues such as information requirements, the right of withdrawal and performance rules show how general mandatory rules protecting consumers hardly fit with the tourism industry. My research activity coincided with an intense debate upon European contract law. This continues at the time of writing, when the idea of an optional instrument is being given particular emphasis. Again fortune smiled when I was invited by Stephan Keiler to present the paper 'The Role of the Draft Common Frame of Reference in Travel Contracts' at the 2nd European Travel Law Forum (ETLF) which took place at the University of Salzburg from June 30th to July 1st 2011. The event was attended by highly reputed speakers in the field of travel law from all over the Europe, including Klaus Tonner, Ernst Führich, David Grant, or Piotr Cybula and thanks are due to these colleagues for their useful remarks. This specially applies to Stephan Keiler and other editors of the Journal of European Consumer and Market Law who agreed to accept a revised version of the paper presented in Salzburg for publication, now entitled 'The role of the DCFR

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The use of bibliography was possible thanks to the Faculty of Tourism of the University of Girona and the Institute of European and Comparative Private Law (IECPL). I would like to thank these organisations.

After 2 years of research, in September 2011 I considered the book must have an ending. Thanks are due to Vivien Greatorex-Davies for her help with writing in a non-native language. As can be appreciated, revising legal texts involves an enormous challenge. I also thank Springer, who kindly agreed to publish this book and am especially grateful to Anke Seyfried, Dagmar Kern, Manuela Schwietzer, Shanmugaraj Ranjani and the staff for their professional and kind cooperation in making the manuscript 'camera ready'. The book is much better due to their efforts and it goes without saying that responsibility for any mistake remains with the author.

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Abbreviations

ABTA Association of British Travel Agents

Acquis Group European Research Group on
Existing EC Private Law
Acquis Principles Principles of the Existing EC

Contract Law
AILA Air & Space Law

Air Passenger's Rights Regulation Regulation (EC) No. 261/2004 of the European Parliament and of the

European Parliament and of the Council of 11 February 2004 establishing common rules on compensation and assistance to passengers in the event of denied boarding and of cancellation or long

delay in flights

Athens Convention Athens Convention of

13 December 1974 relating to the Carriage of Passengers and their Luggage by Sea, as amended by the London Protocol of 1 November 2002

BGB Bürgerliches Gesetzbuch
BGH Bundesgerichtshof

Boat Passengers Rights Regulation (EU) Regulation (EU) No. 1177/2010 of the

European Parliament and of the Council of 24 November 2010 concerning the rights of passengers when travelling by sea and inland

waterway and amending

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Brussels I Regulation Regulation (EC) No. 2006/2004 Council Regulation (EC) No. 44/2001

of 22 December on jurisdiction and the recognition and enforcement of judgments in civil and commercial

matters

Bus Passengers Rights Regulation (EU)

No. 181/2011

Regulation (EU) No. 181/2011 of the European Parliament and of the

Council of 16 February 2011

concerning the rights of passengers in bus and coach transport and amending

Regulation (EC) No. 2006/2004

CESL Proposal for a Regulation of the

European Parliament and of the Council of 11 October 2011 on a Common European Sales Law

CFR Common Frame of Reference
CISG UN Convention of 11 April 1980 on

Contracts for the International Sale

of Goods

CML Rev Common Market Law Review

Consumer Rights Directive Directive 2011/83/EU of the European

Parliament and of the Council of 25 October 2011 on consumer rights

DCFR Draft Common Frame of Reference

comprising Principles, Definitions and Model Rules of European Private Law

ECCG European Consumer Consultative Group

ECJ European Court of Justice ECLG European Consumer Law (

ECLG European Consumer Law Group EESC European Economic and Social

Committee

ERCL European Review of Contract Law
ERPL European Review of Private Law
EUCTR European Consumer Transaction

Regulation

euvr Journal of European Consumer and

Market Law

Expert Group European Commission's Expert Group

on European Contract Law

Feasibility Study Feasibility study on a future initiative

on European contract law

IDP Revista d'Internet, Dret i Política

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IFTTA International Forum of Travel and

Tourism Advocates

IMCO Committee on Internal Market and

Consumer Protection

IMCO's draft Draft Directive on consumer rights

adopted by the European Parliament Committee on Internal Market and Consumer Protection on 9 February 2011

IMO International Maritime Organization ITLJ International Travel Law Journal

JBL. Journal of Business Law J Consum Policy Journal of Consumer Policy JL & Com Journal of Law and Commerce Montreal Convention

Montreal Convention of 28 May 1999

for the Unification of Certain Rules for

international Carriage by Air Neue Juristische Wochenschrift

NJW OFT Office of Fair Trading

OGH Oberste Gerichthof Oxford U Comparative L Forum Oxford University Comparative Law

Forum

Proposal from the European

Commission of 8 October 2008 for a Directive on consumer rights

PECL Principles of European Contract Law Principles of European Law on Sales PEL S PEL SC

Principles of European Law on

Services Contracts

pCRD

Regulation (EC) No. 1371/2007 of the Rail Passenger's Rights and Obligations Regulation European Parliament and of the Council of 23 October 2007, on rail

passengers' rights and obligations

Revista de Derecho Privado **RDP**

Rome I Regulation Regulation (EC) No. 593/2008 of the

European Parliament and of the Council of 17 June 2008, on the law applicable to contractual obligations

ReiseRecht Aktuell RRa

SAP Sentencia de Audiencia Provincial SJM Sentencia de Juzgado de lo Mercantil Small and medium enterprises SME Sentencia del Tribunal Supremo STS Study Group Study Group on a European Civil Code

TLQ Travel Law Quarterly xvi Abbreviations

TM UNCITRAL

UNIDROIT Principles 2010

WTO ZEuP Tourism Management United Nations' Commission on International Trade Law UNIDROIT Principles of International Commercial Contracts 2010 World Tourism Organization Zeitschrift für Europäisches

Privatrecht

Chapter 1 Introduction

Rudolf von Jhering once famously stated regarding commerce: 'I am only interested in arrangements upon which the security of the satisfaction of human want is based for society, but not in the laws according to which the methods of commerce are regulated'. While it could be argued that such a statement was made in another era, the fact is Jhering's words are still highly topical for selling tourism services at a distance in the EU member states.

Nowadays, many people buy tourism services over the phone, the Internet, by mail order or they use other means of distance communication. Just as in other areas, an increasingly wide range of products are available to consumers shopping in these ways. The tourism industry prefers to sell by distance means and has systems in place for trading in this way, e.g. by sending standard letters or emails to consumers they deal with at a distance, because the various means of distance communication provide new business opportunities, enable the trader to be more competitive, reduce costs and make commercial deals faster.

A consumer also benefits by using a distance technical medium to enter into a contract when buying tourism services. Through these means there is a potential increase in the number of services for comparison before concluding a contract. On the demand side, the Internet enables potential consumers to search for information more quickly, pick out data from different information sources, e.g. destinations, online travel agencies, hotels, to compare different travel solutions through metasearch engines and, where e-commerce facilities are provided, book and purchase travel online. Customers themselves can 'call the shots' and search for the best deal or last-minute booking, or tailor their own package tour programme through dynamic packaging.² Additionally, since the effort of going to business premises is avoided, the use of new technologies reduces transaction costs, the selling buying

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¹ von Jhering (1968) [1877–1883], p. 75.

² See Eurostat-European Commission (2008).

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process becomes more flexible for the consumer and the reduction in transaction costs may even be converted into a price reduction.

Thus, the development of technological factors, i.e. the Internet and e-commerce, the convergence of information and communication technologies (ICT) and multimedia, the spread of mobile technologies and navigation systems (GPS) and, more recently, the emergence of social networking and Web 2.0, are all factors that have had a powerful impact on consumers' travel decisions and, as a result, on destination competitiveness.

In 2009, 37% of individuals aged 16–74 in the 27 EU countries had bought or ordered products for private use over the Internet at least once in the last 12 months and the most popular types of goods and services purchased were 'travel & holiday accommodation' (14%).³ In 2010, the percentage of individuals buying online increased to 40% of individuals,⁴ and it is to be expected that the entry 'travel & holiday accommodation' will continue be one of the most popular types of goods and services purchased.

However, there is a correlation between the increasing use of distance communication means for selling tourism services and the many consumer complaints. Between 2005 and 2009, the European Consumer Centres Network (ECC-Net) handled almost 270,000 contacts with EU consumers who turned to them for advice or help on cross-border shopping, according to the ECC-Net 5th Anniversary Report published by the European Commission on 12 October 2010. Among other main findings, this report informs us that in 2009, more than half (55.9%) of all complaints received by the ECC concerned online transactions. The sectors which ECC clients complained about most were transport (30.6% of complaints in 2009), recreation and culture (26.2%) as well as restaurants and accommodation (13.3%).

Distance contract cover all cases where contracts concerning the supply of a good or the provision of a service are concluded between the trader and the consumer under an organised distance sales or service-provision scheme without the simultaneous physical presence of the trader and the consumer, with the exclusive use of one or more means of distance communication up to and including the time at which the contract is concluded. Websites only offering information on the trader, his goods and/or services should be put aside, even if such websites indicate one or more means of distance communication. Contracts which are not

³ Finland (31%) and Denmark (30%) were the member states with the highest proportion. http://epp.eurostat.ec.europa.eu/cache/ITY_PUBLIC/4-27032009-BP/EN/4-27032009-BP-EN.PDF. Accessed 21 October 2010. E-commerce accounted for 12% of enterprises' turnover in the EU 27 countries in 2008. According to Eurobarometer 2010, a similar proportion (13%) of holidaymakers opted for a package tour or all-inclusive holiday booked via Internet in 2010.

⁴ Eurostat (2011).

⁵ See European Consumer Centres Network (2010).

⁶ Art 2, point (7) of Directive 2011/83/EU of the European Parliament and of the Council of 25 October 2011 on consumer rights, [2011] OJ L 304/64 (Consumer Rights Directive). Compare with art 2, point (6), of the proposal from the Commission for a Directive on consumer rights adopted on 8 October 2008, COM(2008) 614 (pCRD). See European Commission (2008).

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negotiated on the professional supplier's business premises place the consumer at a significant disadvantage. Unlike in face—to—face situations, where the contract has to be concluded without the simultaneous physical presence of the supplier and the consumer, ⁷ additional consumer protection is needed.

Additional consumer protection will be required, regardless of the means of distance communication used. This includes real time distance communication, i.e. direct and immediate communication of a type where one party can interrupt the other in the course of the communication (e.g. telephone, electronic means such as voice over Internet protocol and Internet related chat or radio), but also non-real time distance communication (e.g. an Internet portal, emails, unaddressed and addressed printed matter, standard letters, press advertising with order form, catalogues, videotext, fax, teleshopping), amongst others. New technologies are advancing at a dizzying speed and the phenomenon of distance selling—particularly e-commerce—is expanding from day to day. So, currently the contract shall be concluded under an organised distance sales or service-provision scheme run by the supplier and the consumer will receive additional protection. Such protection will be given unless a distance contract is concluded by means of automatic vending machines, or concluded with telecomunications operators through public payphones for their use or concluded for the use of one single connection by telephone, Internet or fax established by a consumer.⁹

This book, therefore, focuses on B2C relations. However, the concept of 'consumer' here is not exactly the same as the prevailing concept used in EU contract law.

At the European level, the 'consumer' has been regarded as any natural person who, in contracts covered by the regulation, is acting for purposes which are outside his trade, business, craft or profession.¹⁰ This is the case in the Consumer Rights

⁷ A significant disadvantage occurs when the absence of the simultaneous physical presence of the contracting parties exists from the offer until the conclusion of the contract, not its performance. The use of one or more means of distance communication without physical presence up to and including the moment when the contract is concluded is required. Face—to—face contact during the negotiation process excludes the need for additional consumer protection.

⁸ This includes telephone with human intervention—also videophone—or without (automatic calling machine, audio text).

⁹ Art 3(3), points (l) and (m), of the Consumer Rights Directive. See also the pCRD adopted on 8 October 2008, which was silent on this, art 3(4b) pCRD as amended on 24 March by the European Parliament and the Council (P7_TA(2011)0293), and art 3(6), points (a) and (b) of the Draft Directive on consumer rights adopted by the European Parliament Committee on Internal Market and Consumer Protection (IMCO) on 9 February 2011 (IMCO's draft). For a working document providing an informal consolidated version of the draft, see European Parliament Committee on Internal Market and Consumer Protection (2011).

¹⁰ See, for instance, art 5(2) of the Regulation (EC) No. 593/2008 of the European Parliament and of the Council of 17 June 2008 on the law applicable to contractual obligations [2008] OJ L 177/6 (Rome I Regulation), or art 15 (1) of Council Regulation (EC) No. 44/2001 of 22 December on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters [2000] OJ L 12/1 (Brussels I Regulation).

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Directive. ¹¹ Here the term 'consumer' is functional-occupation related. According to a narrow interpretation of the European Court of Justice, legal entities are not included. EC law has traditionally left the protection of so-called 'small traders' to member states as part of minimum harmonisation and now a full level of harmonisation is to be implemented. ¹² Obviously, policy issues are involved in the legal definition of consumer. The aims of consumer protection, their paradigm, have changed. The image of the consumer is no longer that of a poor, destitute person who is without defence against trader and industry. Lately, some authors consider that the consumer is turning into the 'informed consumer' who on making use of the internal European market thereby promotes European integration. ¹³ Beyond such considerations, a restricted concept of consumer prevails in EU law.

By contrast, EC law has extended the traditional borders of consumer law in the field of tourism. Thus today, the protection of the passenger, tourist or traveller takes place either these persons take a trip 'outside' or 'within' their business or profession. ¹⁴ Such an approach is coherent with the concept of 'tourism', defined by the World Tourism Organization (WTO) as '[t]he activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes'. ¹⁵ So the progressive abandonment of the idea of the consumer as a weaker party—with some relevant exceptions ¹⁶—coexists with a broader subject scope of protection in

¹¹ Art 2, point (1), of the Consumer Rights Directive. See also art 2, point (1), pCRD as amended by the European Parliament and the Council on 24 March 2011. The latter text defined the 'consumer' as 'any natural person who, in contracts covered by this Directive, is acting for purposes which are *primarily* outside his trade, business, craft or profession' [emphasis added], and added that 'Member States may maintain or extend the application of the rules of this Directive to legal or natural persons which are not "consumers" within the meaning of this Directive'. The origin of this approach is found in art 2, point (1), IMCO's draft adopted on 9 February 2011. This wording implicitly means a renunciation of a process towards a unique concept of consumer for the European contract law.

¹² Art 4 of the Consumer Rights Directive. See Reich (2009), pp. 47–48.

¹³ *Ibid*, p. 45; also Hondius (2010), p. 107.

¹⁴Regarding transport, Karsten (2007), pp. 125–131; with regard to the concept of a traveller, see the definition of a consumer in art 2, point (1), of the Directive 90/314/EEC of 13 June 1990 on package travel, package holidays and package tours [1990] OJ L 158/59 (Package Travel Directive).

¹⁵ In the 1991 Ottawa Conference on Travel and Tourism Statistics, the demand side concept was accepted. See World Tourism Organization (1995).

¹⁶ For instance, recital (2) of Regulation (EU) No. 1177/2010 of the European Parliament and of the Council of 24 November 2010 concerning the rights of passengers when travelling by sea and inland waterway and amending Regulation (EC) No. 2006/2004 [2010] OJ L334/1 (Boat Passengers Rights Regulation (EU) No. 1177/2010) states that 'passenger is the weaker party to the transport contract' so as to justify a minimum level of protection; and the same wording is found in recital (2) of Regulation (EU) No. 181/2011 of the European Parliament and of the Council of 16 February 2011 concerning the rights of passengers in bus and coach transport and