



paragraph 4.1 of the Work Programme on Electronic Commerce. Since many of these issues are already under discussion in the World Intellectual Property Organization (WIPO) and other intergovernmental organizations, it was agreed that the note should also provide information on their relevant activities.

6. This note has been prepared in response to the above-mentioned request. It follows the structure of the TRIPS Agreement, although certain related provisions are discussed together even when they appear in different parts of the Agreement. While it can be argued that virtually all of the provisions of the Agreement are relevant to the protection and enforcement of intellectual property rights even in the digital network environment, the discussion focuses on those provisions that appear to be most closely linked with the issues referred to in the Work Programme, with a special emphasis on the issues specifically referred to in paragraph 4.1 of the Programme. The list of relevant issues discussed in this note is not intended to be exhaustive, and new issues are likely to -33(t)ah o o0se2(m)12and rs

read in conjunction with Article 7, entitled "Objectives" and Article 8, entitled "Principles", which will be discussed below.

12. The basic notions, principles and objectives of intellectual property have survived over a









*Definition of publication and the notion of country of origin*

34. *Articles 3 and 4 of the Berne Convention*, as incorporated into the TRIPS Agreement by



38. The interpretation of the notion of publication may also have implications for determining which producers of phonograms and performers are eligible for protection under the TRIPS Agreement. One of the three criteria of eligibility for protection applicable to producers of phonograms is the criterion of publication, i.e. whether the phonogram was first published in another WTO Member (*Article 5(1)(c) of the Rome Convention* as incorporated into the TRIPS Agreement by means of a reference in Article 1.3 of the Agreement).<sup>16</sup> One of the three criteria applicable to performers is whether "the performance is incorporated in a phonogram which is protected under Article 5 of [the Rome] Convention" (*Article 4(b) of the Rome Convention* similarly incorporated into the TRIPS Agreement).<sup>17</sup>

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expiry of the term of protection. Paragraphs 2 and 3 of that Article contain



enjoy the right to authorize or prohibit reproduction of their phonograms, and makes it clear that this right covers both "direct" and "indirect" reproduction. *Article 14.3* provides that broadcasting organizations shall hav

wire or wireless means, in such a way that members of the public may access them from a place and at a time individually chosen by them." A similar right is granted in Article 14 of the WPPT to the producers of phonograms in respect of their phonograms.

Right holder

46. Differences at the national level concerning the definition of the person in whom copyrights are initially vested may have implications for the international circulation of works. Such implications may be reduced by means of contractual transfers of rights between the persons concerned, for example so as to cause the same person to be the right holder in different countries or to otherwise clarify the situation. However, there may be cases where such contractual transfers may not have been effected or where, under the principles of private international law, such transfers would not necessarily be recognized in each jurisdiction concerned.

47. The question of who should be considered the right holder of a work and eligible to institute infringement proceedings is addressed in a number of provisions of the Berne Convention as incorporated into the TRIPS Agreement. These provisions provide some guidance on the initial ownership and transfer of copyright. For example, a basic presumption contained in *Article 15(1) of the Berne Convention* provides that, "in order that the author of a literary or artistic work protected by this Convention shall, in the absence of proof to the contrary, be regarded as such, and consequently be entitled to institute infringement proceedings in the countries of the Union, it shall be sufficient for his name to appear on the work in the usual manner".<sup>24</sup> *Article 14bis of the Berne Convention* contains special provisions on cinematographic works. Paragraph 2(a) of that Article provides that "ownership of copyright in a cinematographic work shall be a matter for legislation in the country where protection is claimed".<sup>25</sup> To the extent that the provisions of the Agreement do not provide specific norms on the choice of law, the rules of private international law may provide additional guidance in the choice of law applicable to licensing contracts.

48. During the final phases of the Uruguay Round negotiations, the issue of seeking further clarification of these matters was raised. At that time, it was suggested that it be clarified in the text

Protected subject-matter

50. As was noted above, digital technology has led to the emergence of new types of works, notably computer programs and databases. Given that they are usually made available in digital form, they are well suited to being traded over digital networks. The expression "literary and artistic works" is defined in *Article 2 of the Berne Convention* as incorporated into the TRIPS Agreement to include "every production in the literary, scientific and artistic domain, whatever may be the mode or form of its expression".<sup>27</sup>



under what conditions and in which jurisdiction(s) might the use of a sign on the Internet constitute an infringement of a registered trademark, and whether the current territorially based system of registration of trademarks is sufficient for the emerging borderless electronic marketplace. Identical or similar signs registered as trademarks for identical goods or services may be owned by different persons in different countries; thus, even in respect of identical goods or services, the use of such trademarks on the Internet by one or more of the right owners may lead to conflicts.

58. *Article 6bis of the Paris Convention* as incorporated into the TRIPS Agreement<sup>34</sup> and *paragraphs 2 and 3 of Article 16* of the TRIPS Agreement contain additional obligations in respect of well-known marks: the registration of a mark must be refused or cancelled, and its use must be prohibited, if it conflicts with a well-known mark. In determining whether a trademark is well-known, Members must take account of the knowledge of the trademark in the relevant sector of the public, including knowledge in the Member concerned which has been obtained as a result of the promotion of the trademark. In addition to the question of what constitutes use of a trademark for the purposes of these provisions, questions may arise in respect of determining when and in which jurisdiction(s) a trademark is considered well-known, e.g. as a result of promotion of a trademark on the Internet.

59. Over time, case law is likely to develop concerning the above-mentioned issues. The question that has arisen is whether the existing national and international norms are adequate to address these issues in a consistent manner, or whether adaptations to the protection of trademarks are called for at the national and/or international level.<sup>35</sup>

60. A specific issue that has received much attention concerns the relationship between trademarks and Internet domain names.<sup>36</sup> Some of the problems stem from the fact that under each top-level domain name there can be only one of each particular second-level domain name, which is usually allocated on a first-come, first-served basis within each top-level domain name. On the other hand, the same trademarks may co-exist with different owners in different categories of products or services, and in different territories. In addition, there have been problems such as "warehousing" of second-level domain names corresponding to well-known trademarks for the purpose of selling them

be available for the trademark holder.<sup>37</sup> Conflicts between trademarks and domain names have brought to the fore also the more general question, not limited to intellectual property, of how best to develop the domain name system.<sup>38</sup>

(c) Other intellectual property rights

61. While paragraph 4.1 of the Work Programme refers specifically to the protection and enforcement of copyright and related rights and trademarks, it should be borne in mind that similar issues as discussed above may arise, even though not to the same degree, also in respect of other intellectual property rights, when subject-matter protected by these rights is traded over or otherwise used on the Internet.

62. The questions that were discussed above in the context of trademarks may in certain situations be relevant for the protection of other distinctive signs. As regards *geographical indications*, the TRIPS Agreement requires that interested parties must have the legal means to prevent the use of indications which mislead the public as to the geographical origin of the good, and use which constitutes an act of unfair competition (*Article 22*). Additional protection is provided for geographical indications for wines and spirits (*Article 23*). Also here the question may arise under what conditions and in which jurisdiction(s) does the use of a geographical indication on the Internet constitute an infringement. *Article 24* contains a number of exceptions to the protection of geographical indications. For example, a Member is not obliged to bring a geographical indication under protection where it has become in its territory a generic term for describing the product in question (paragraph 6). Measures to implement the provisions on geographical indications shall not prejudice prior trademark rights that have been acquired in good faith (paragraph 5). Under certain circumstances, continued use of a geographical indication for wines or spirits may be allowed on a scale and nature as before (paragraph 4). Questions may arise on whether and to what extent such territorially based exceptions may be used to justify the use of a geographical indication on global electronic communications networks, such as the Internet.

63. Some of the issues related to the differences in national legal systems concerning the standards of protection and ownership of rights may obliged scribing t108i e t24044914(m)17(pl)-4(em)-



categories of works. Also the national and most-favoured-nation treatment obligations may have implications in such situations.

64. In the area of *patents*, similar issues may arise to the extent that acts that infringe the rights conferred to the patent owner under *Article 28* can take place over an electronic network. A specific question that has arisen in the area of patents concerns the disclosure of technical information on the Internet and its impact on patentability under *Article 27.1*.<sup>39</sup> A right holder of a *layout-design of an integrated circuit* must have an exclusive right to authorize at least the reproduction and distribution for commercial purposes of such a design (*Article 6(1) of the IPIC Treaty* as incorporated into the TRIPS Agreement, and *Article 36* of the TRIPS Agreement). These provisions may have legal implications when layout-designs are transmitted over digital networks. The electronic network environment poses new challenges for safeguarding *trade secrets*. The provisions of *Article 39.2* would appear to apply to the new possible ways of acquiring or otherwise infringing trade secrets in such an environment.

65. As was mentioned above, the Work Programme on Electronic Commerce includes the consideration of issues relating to the development of the infrastructure for electronic commerce. The



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difficulties in acquiring or maintaining intellectual property rights are not employed to impair the protection required by the Agreement. These rules allow Members to require, as a condition of the acquisition or maintenance of rights related to trademarks, geographical indications, industrial designs, patents and layout-designs, compliance with reasonable procedures and formalities (*Article 62.1*)

*implementation of the WCT and WPPT* is directed at the promotion of the implementation of these two treaties. The treaties enter into force three months after 30 instruments of ratification or accession by states have been deposited with the Director General of WIPO.<sup>51</sup> These new instruments are self-standing treaties, which build on the Berne and Rome Conventions and the TRIPS Agreement<sup>52</sup>, but in some respects go further. The implementation of these new treaties will facilitate the creation of a secure and predictable legal environment that will foster the development of electronic commerce involving on-line distribution of materials protected by copyright and related rights.

82. The main improvements that relate to the use of works and phonograms on the Internet and other interactive digital networks concern the right of communication, circumvention of technological measures and integrity of rights management information. Authors, performers and phonogram producers enjoy an exclusive right of authorizing the communication or making available to the public their protected material, by wire or wireless means, in such a way that members of the public may access it from a place and at a time individually chosen by them. These rights cover, for example, on-demand delivery of works over the Internet (Article 8 of the WCT, and Articles 10 and 14 of the WPPT).<sup>53</sup>

83. The treaties recognize the role that technological measures used by right holders have in facilitating effective protection. In order to ensure the effectiveness of such measures, contracting parties to the treaties must provide adequate legal protection and effective legal remedies against the circumvention of effective technological measures that are used by authors, performers or producers of phonograms in connection with the exercise of their rights, and that restrict acts, in respect of their protected material, which are not authorized by the right holders concerned or permitted by law (Article 11 of the WCT and Article 18 WPPT). Individual licensing and collective management of protected materials can be facilitated by electronic rights management information that can be attached to digital copies of works and other material. The treaties require contracting parties to provide adequate and effective legal remedies against any person, who, without authority, removes or alters such information or distributes copies of protected material knowing that such information has been removed or altered without authority, and knows or, with respect to civil remedies, has reasonable grounds to know that it will induce, enable, facilitate or conceal an infringement of any right covered by the treaties (Article 12 of the WCT and Article 19 of the WPPT).

84. The WPPT does not cover the rights of performers in the audiovisual fixations of their performances. The Diplomatic Conference of December 1996 adopted a resolution calling for further preparatory work on a protocol to the WPPT concerning audiovisual performances.<sup>54</sup> The WIPO programme on the *protection of audiovisual performances* is aimed at the adoption of new international norms concerning the rights of performers in respect of audiovisual performances. This issue was latest discussed at the first session of the WIPO Standing Committee on Copyright and Related Rights held from 2 to 10 November 1998. The Diplomatic Conference of December 1996 also adopted a recommendation on databases that recognized that databases are a vital element in the development of a global information infrastructure, and expressed an interest in examining further the

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Copyright and Neighbouring Rights Questions, held in Geneva from 2 to 20 December 1996, a list of signatories and ratifications of the treaties, and other information on the treaties.

<sup>51</sup> The treaties were open for signature until the end of 1996. There are 51 signatories to the WCT and 50 signatories to the WPPT. At present, six countries have ratified the WCT and four countries the WPPT.

<sup>52</sup> For example, the WCT incorporates by reference the substantive obligations of the Paris Act 1971 of the Berne Convention, and contains provisions on, *inter alia*, the scope of copyright protection, protection of computer programs and compilations of data, and limitations and exceptions that follow closely the

possible implications and benefits of a *sui generis* system of protection of databases at the international level.<sup>55</sup> The WIPO programme on the *protection of databases* is concerned with the possibility of protection of databases, at the international level, beyond the protection provided for original databases by copyright. This issue was also discussed at the first session of the Committee. The third substantive issue discussed at the first session of the Committee concerned the protection of broadcasting organizations. The WIPO programme on the *protection of the rights of broadcasting organizations* is directed at the updating of international norms relating to the rights of broadcasting organizations.<sup>56</sup> The Committee, at its second session scheduled for 4 to 11 May 1999, will continue its work concerning the preparation of a protocol or a separate treaty on audiovisual performances, the issue of harmonization of the protection of databases, and the preparation of a treaty on the protection of the rights of broadcasting organizations.

85. The WIPO Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications is examining the *issues arising from the use of trademarks on the Internet*. The Committee discussed these issues at its first session held from 13 to 17 July 1998, and decided that they should be included on the agenda for its next session with highest priority. In preparation for that session, the International Bureau of WIPO would prepare a study, with the help of consultants, on the following two questions, for discussion by the Committee: (i) How can a relationship be determined between a sign or mark that is used on the Internet and particular goods or services? and (ii) How can a relationship be determined between a sign or mark that is used on the Internet and a particular country or territory?<sup>57</sup>

86. WIPO has undertaken an international process to develop recommendations concerning the *intellectual property issues associated with Internet domain names*, including dispute resolution. An Interim Report on "The Management of Internet Names and Addresses: Intellectual Property Issues" was published on 23 December 1998.





Realising the Potential of Global Electronic Commerce", held in Ottawa from 7 to 9 October.<sup>61</sup> The