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**Council for Trade-Related Aspects  
of Intellectual Property Rights**

**THE WORK PROGRAMME ON ELECTRONIC COMMERCE**

Background Note by the Secretariat

Addendum

*This document has been prepared under the Secretariat's own responsibility and without prejudice to the positions of Members and to their rights and obligations under the WTO.*

**I. INTRODUCTION**

1. At its meeting in March 2002, the Council for TRIPS requested the Secretariat to update its factual background note examining the provisions of the TRIPS Agreement relevant to paragraph 4.1 of the Work Programme on Electronic Commerce. This background note was prepared upon a request by the Council at its meeting in December 1998 and circulated in February 1999 in document IP/C/W/128. At the Council's meeting in March 2002, the Chair noted that the update should reflect recent developments that were relevant to the issue, including the work carried out by WIPO and other intergovernmental organizations. This update has been prepared in response to this request. It focuses on a number of important developments in the international regulatory framework that concern certain issues already discussed in document IP/C/W/128. It should be read in conjunction with the original document since it does not contain the information provided in that original note.

2. Part II of this update briefly summarizes the relevant work carried out by the WTO since the launch of the Work Programme. Parts III and IV look at certain developments concerning standards of protection, and enforcement and related matters. Regarding work carried out by other intergovernmental organizations, it might be noted that the General Assembly of WIPO adopted, at its meeting in September 1999, a WIPO Digital Agenda, which set out a series of guidelines and goals for WIPO in seeking to develop practical solutions to the challenges raised by the impact of electronic commerce on intellectual property rights.<sup>1</sup> In December 2002, WIPO published a survey entitled "Intellectual Property on the Internet: A Survey of Issues" (hereinafter "the WIPO Survey"),<sup>2</sup> which includes a summary of the main developments in relation to the topics on the WIPO Digital Agenda.<sup>3</sup> Work carried out by WIPO and other intergovernmental organizations is reflected in the context of the discussion of various topics below.

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<sup>1</sup> The WIPO Digital Agenda can be accessed through WIPO's gateway page on electronic commerce and intellectual property at <http://ecommerce.wipo.int/index.html>. This page contains a wealth of information on WIPO's activities in this area.

<sup>2</sup> A WIPO document WIPO/INT/02 available at <http://ecommerce.wipo.int/survey/index.html>. It reflects the developments that have occurred since the publication in May 2000 of a WIPO "Primer on Electronic Commerce and Intellectual Property Issues".

<sup>3</sup> Paragraphs 507-531 of the WIPO Survey.

## II. DEVELOPMENTS IN THE WTO

3. A "Declaration on Global Electronic Commerce" was adopted on 20 May 1998 in Geneva by the second session of the Ministerial Conference.<sup>4</sup> Ministers recognized that global electronic commerce was growing and creating new opportunities for trade, and urged the General Council to establish a comprehensive work programme to examine all trade-related issues relating to global electronic commerce, taking into account the economic, financial, and development needs of developing countries. They also declared that Members would continue their current practice of not imposing customs duties on electronic transmissions.

4. At its meeting in September 1998, the General Council established a Work Programme on Electronic Commerce<sup>5</sup> for the relevant WTO bodies, namely the Council for Trade in Services, the Council for Trade in Goods, the Council for TRIPS and the Committee on Trade and Development. Paragraph 4.1 of the Work Programme provided that "the Council for TRIPS shall examine and report on the intellectual property issues arising in connection with electronic commerce. The issues to be examined shall include:

- protection and enforcement of copyright and related rights;
- protection and enforcement of trademarks;
- new technologies and access to technology."

5. Paragraph 34 of the Ministerial Declaration, adopted at the fourth session of the Ministerial Conference on 14 November 2001 in Doha,<sup>6</sup> on electronic commerce reads as follows:

"We take note of the work which has been done in the General Council and other relevant bodies since the Ministerial Declaration of 20 May 1998 and agree to continue the Work Programme on Electronic Commerce. The work to date demonstrates that electronic commerce creates new challenges and opportunities for trade for Members at all stages of development, and we recognize the importance of creating and maintaining an environment which is favourable to the future development of electronic commerce. We instruct the General Council to consider the most appropriate institutional arrangements for handling the Work Programme, and to report on further progress to the Fifth Session of the Ministerial Conference. We declare that Members will maintain their current practice of not imposing customs duties on electronic transmissions until the Fifth Session."

6. Regarding institutional arrangements for handling the Work Programme, the General Council agreed at its meeting in October 2002 to maintain, for the duration of the work until the Fifth Ministerial Conference, the current institutional arrangements for handling the Work Programme on Electronic Commerce, namely that the Councils for Trade in Services, Trade in Goods and TRIPS, and the Committee on Trade and Development would examine and report on aspects of electronic commerce relevant to their respective areas of competence, and that the General Council would play a central role in the entire process, would keep the Work Programme under continuous review and would consider any trade-related issue of a cross-cutting nature.<sup>7</sup>

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<sup>4</sup> Document WT/MIN(98)/DEC/2.

<sup>5</sup> Document WT/L/274.

<sup>6</sup> Document WT/MIN(01)/DEC/1.

<sup>7</sup> Paragraphs 49-51 of document WT/GC/M/76.

7. WTO Members have held four dedicated discussions on cross-cutting issues relevant to electronic commerce under the auspices of the General Council.<sup>8</sup> A list of cross-cutting issues identified by delegations can be found in the attachments to the summaries of the first and second discussions. In this context, many delegations have highlighted the issue of classification of the content of certain electronic transmissions as a key issue in handling electronic commerce within the WTO work. The question is whether the supply of digitised products that can be delivered either on a physical medium or through an electronic transmission should be classified and addressed under GATS or GATT.<sup>9</sup> The products concerned consist principally of sound recordings, audiovisual works, video games, computer software and literary works, i.e. contents protected by copyright, related rights or other intellectual property rights ("IPRs") that can be delivered in a physical form such as CDs, CD-ROMs, DVDs, videos, books, newspapers and magazines, or in an electronic form over the Internet. As far as IPRs are concerned, the classification of the products in question for the purposes of GATS and GATT would not appear to affect the IP protection that the contents embodied on those products enjoy under the provisions of the TRIPS Agreement. The question under the TRIPS Agreement is under what circumstances an authorization by the author or some other right holder is required for the reproduction, electronic transmission or other use of such contents.

8. The issue of electronic commerce has been a standing item on the TRIPS Council's agenda since its meeting in December 1998. The records of the discussions are contained in the minutes of the relevant meetings in documents IP/C/M/21-35, IP/C/M/36/Add.1, IP/C/M/37/Add.1, IP/C/M/38 and IP/C/M/39. The Council invited the representative of WIPO at its meetings in December 1998, July 1999 and September 2000 to provide information on WIPO's activities dealing with electronic commerce. The Council submitted its first Progress Report to the General Council in July 1999 (IP/C/18), and a second Progress Report to the General Council was provided by the Chairman on his own responsibility in December 2000. Both reports reflected Members' view that the novelty and complexity of the intellectual property issues arising in connection with electronic commerce were such that continued further study was required by the international community to better understand the issues involved. It was noted that a great deal of work in this connection was under way in WIPO. In the light of its responsibilities in the area of intellectual property, the Council was of the view that the WTO should continue to consider developments in this area, including the further work of WIPO.<sup>10</sup> An Annex to this document contains a list of documentation on electronic commerce circulated in the TRIPS Council.<sup>11</sup>

9. One of the issues mentioned in paragraph 4.1 of the Work Programme concerns new technologies and access to technology. In this context, the original background note in document IP/C/W/128 discussed questions relating to transfer of technology.<sup>12</sup> As regards the transfer of technology to least-developed countries, developed country Members made information on their implementation on Article 66.2 of the TRIPS Agreement<sup>13</sup> available for the TRIPS Council's meeting in November 2002. A number of these submissions reported on incentives for technology transfer

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<sup>8</sup> Summaries of the discussions can be found in the following documents: the first discussion in June 2001 in WT/GC/W/436; the second discussion in May 2002 in WT/GC/W/475; the third discussion in October 2002 in WT/GC/W/386; and the fourth discussion in February 2003 in WT/GC/W/492.

<sup>9</sup> For more information, see a background note by the Secretariat entitled "E-Commerce Work Programme: The Classification Issue" circulated in document JOB(02)/37, and paragraphs 146-154 of Annex II to document WT/COMTD/M/40.

<sup>10</sup> Paragraph 12 of IP/C/18 and paragraph 9 of IP/C/20.

<sup>11</sup> The contents of the written submissions made to the Council have not been summarized in this update.

<sup>12</sup> Paragraphs 21-26 of IP/C/W/128.

<sup>13</sup> Article 66.2 requires developed country Members to "provide incentives to enterprises and institutions in their territories for the purpose of promoting and encouraging technology transfer to least-developed country Members in order to enable them to create a sound and viable technological base".

related to electronic commerce.<sup>14</sup> Having regard to instructions of the Doha Ministerial Conference,<sup>15</sup> the TRIPS Council, at its meeting in February 2003, put in place a mechanism for ensuring the monitoring and full implementation of the obligations in Article 66.2 of the TRIPS Agreement.<sup>16</sup> The role of IP protection in the transfer of technology has also been addressed by the Working Group on Trade and Transfer of Technology, which was established by Ministers in Doha to examine the relationship between trade and the transfer of technology.<sup>17</sup> The original note also discussed the potential of information and communications technologies to facilitate access from anywhere in the world to the valuable and extensive technological information contained in patent documents and to improve the efficiency of intellectual property offices in other ways.<sup>18</sup> A number of developed country Members have reported to the Council on their technical cooperation activities aimed at modernizing IP offices and their services.<sup>19</sup> WIPO is in the process of putting in place a global information network, WIPONET, to connect IP offices worldwide.<sup>20</sup>

10. The original background note also discussed questions concerning the potential application of the TRIPS Agreement's provisions relating to anti-competitive practices in the context of electronic commerce and the Internet.<sup>21</sup> Although issues concerning the interface between intellectual property rights and competition policy were discussed in the early work of the Working Group on the Interaction between Trade and Competition Policy,<sup>22</sup> they have not been a significant focus of the Group's work since the original note was prepared.<sup>23</sup>

11. There have not yet been any cases under the WTO dispute settlement system that would have focused on the use of intellectual property on the Internet. However, the communication to the public of works transmitted over the Internet was addressed in the panel report on *United States – Section*

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<sup>14</sup> The submissions by Australia, Canada, the European Communities and their members States, and the United States, circulated in documents IP/C/W/388/Add.2, IP/C/W/388, IP/C/W/388/Add.6 and IP/C/W/388/Add.7, respectively.

<sup>15</sup> Paragraph 11.2 of the Doha Decision on Implementation-Related Issues and Concerns (WT/MIN(01)/17).

<sup>16</sup> Implementation of Article 66.2 of the TRIPS Agreement; Decision of the Council for TRIPS of 19 February 2003 (IP/C/28).

<sup>17</sup> The Working Group will report to the General Council, which itself will report to the Fifth Session of the Ministerial Conference. See paragraph 37 of the Doha Ministerial Declaration (WT/MIN/(01)/DEC/1).

<sup>18</sup> Paragraph 24 of document IP/C/W/128.

<sup>19</sup> For example, see the reports submitted in the year 2002 by the European Communities and their member States and by Switzerland circulated in documents IP/C/W/377/Add.7 and 9, respectively.

<sup>20</sup> "The goal of WIPONET is to support the deployment of adequate local infrastructure in Intellectual Property Offices, with special attention to those in developing countries, providing the necessary software and hardware that would allow these offices to connect to the Internet and to benefit from certain communication and information services. In conjunction with the deployment of the network, WIPO would provide technical expertise and assistance in areas of legal advice, infrastructure development, capacity building and training." Paragraph 453 of the WIPO Survey. For more information on digital delivery of intellectual property services, see paragraphs 430-506 of the WIPO Survey.

<sup>21</sup> Paragraph 27 of IP/C/W/128.

<sup>22</sup> Report (1998) of the Working Group on the Interaction between Trade and Competition Policy to the General Council (WT/WGTCP/2), paragraphs 112-122.

<sup>23</sup> Issues related to electronic commerce have been recently addressed in the Final Report of the International Competition Policy Advisory Committee (ICPAC) to the Attorney General and the Assistant Attorney General for Antitrust of the US Department of Justice. While affirming the potential for the growth of electronic commerce to enhance competition in diverse ways, the Report also emphasizes the potential for anti-competitive practices and the continuing relevance of competition law disciplines in this field. In particular, it refers to the potential for traditional anti-competitive practices such as cartels, price signalling and the anti-competitive tying of sales through the Internet in addition to the possibility of network effects that would create the potential for the accumulation of market power and related abusive practices as issues that merit continuing attention by policy-makers. The Report also refers to the danger of "hidden mercantilism" in the form of new or increased interventions by governments or firms in the field of electronic commerce that could reduce competition in national or global markets.<sup>23</sup> See U.S., International Competition Policy Advisory Committee to the Attorney General and the Assistant Attorney General for Antitrust, Final Report (2002), paragraphs 289-292.

110(5) of the Copyright Act.<sup>24</sup> The report considered whether two exemptions contained in Section 110(5) of the US Copyright Act met the requirements of Article 13 of the TRIPS Agreement and were thus consistent with Articles 11*bis*(1)(iii) and 11(1)(ii) of the Berne Convention (1971) as incorporated into the TRIPS Agreement by its Article 9.1. The Panel concluded that one of the two exemptions in question, the so-called homestyle exemption in subparagraph (A) of Section 110(5), was confined to certain special cases within the meaning of the first condition of Article 13 of the TRIPS Agreement and, given that it met also the other requirements of Article 13, was thus consistent with the Berne provisions referred to above. In the Panel's proceedings the question was raised whether the development of on-line transmission of music could increase the adverse effects of the exemption and, therefore, should influence the Panel's assessment of the exemption. In considering the potential implications of public communication of works transmitted over the Internet, the Panel noted that "an authorization is required for the exploitation of protected works in respect of the exclusive rights protected under Articles 11(1)(ii) or 11*bis*(1)(iii) of the Berne Convention (1971)".<sup>25</sup> However, given the lack of experience of the application of the homestyle exemption to such situations, the Panel said that it could not see how potential repercussions in the future could affect its conclusions on homestyle exemption. However, it added that "we also do not wish to exclude the possibility that in the future new technologies might create new ways of distributing dramatic renditions of 'dramatic' musical works that might have implications for the assessment of subparagraph (A) as a 'certain special case' in the meaning of the first condition of Article 13".<sup>26</sup>

### III. STANDARDS OF PROTECTION

#### A. COPYRIGHT AND RELATED RIGHTS

##### WIPO Internet Treaties

12. Paragraphs 31 and 81-83 of the original background note provided information on the WIPO Copyright Treaty ("WCT") and the WIPO Performances and Phonograms Treaty ("WPPT") (often referred to as the "WIPO Internet Treaties"), adopted under the auspices of WIPO in December 1996. Since the circulation of the note, both treaties have entered into force, the WCT on 6 March 2002 and the WPPT on 20 May 2002.

13. As at 15 April 2003, the following 41 States were parties to the WCT:

Argentina, Belarus, Bulgaria, Burkina Faso, Chile, Colombia, Costa Rica, Croatia, the Czech Republic, Ecuador, El Salvador, Gabon, Georgia, Guatemala, Guinea, Honduras, Hungary, Indonesia, Jamaica, Japan, the Kyrgyz Republic, Latvia, Lithuania, Mali, Mexico, Mongolia, Nicaragua, Panama, Paraguay, Peru, the Philippines, Moldova, Romania, Saint Lucia, Senegal, Serbia and Montenegro, the Slovak Republic, Slovenia, Togo, Ukraine, and the United States.

14. As at 15 April 2003, the following 41 States were parties to the WPPT:

Albania, Argentina, Belarus, Bulgaria, Burkina Faso, Chile, Colombia, Costa Rica, Croatia, the Czech Republic, Ecuador, El Salvador, Gabon, Georgia, Guatemala, Guinea, Honduras, Hungary, Jamaica, Japan, the Kyrgyz Republic, Latvia, Lithuania, Mali, Mexico, Mongolia, Nicaragua, Panama, Paraguay, Peru, the Philippines, Moldova, Romania, Saint Lucia, Senegal, Serbia and Montenegro, the Slovak Republic, Slovenia, Togo, Ukraine, and the United States.

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<sup>24</sup> Document WT/DS160/R, adopted on 27 July 2000.

<sup>25</sup> Paragraph 6.152 of document WT/DS160/R.

<sup>26</sup> Paragraph 6.153 of document WT/DS160/R.

15. The WIPO Survey summarizes the status of implementation of these treaties as follows:

"For most countries, particularly those already in compliance with existing treaties, the implementation of the Internet Treaties does not require major rewriting of the law on copyright and related rights, nor any fundamental change in policy or the structure of their legal systems. Typically, a country may need to clarify the scope of existing rights to add the right of 'making available' on demand. Because the scope of related rights has traditionally been more limited, additional rights such as moral rights may need to be added to protect performers or record producers. Although not required by the treaties, a country may choose to make adjustments to the limitations and exceptions to rights it provides. Finally, each country must provide adequate and effective legal remedies against the circumvention of technical protection measures and the deliberate deletion or alteration of rights management information, although these provisions are drafted generally in the treaties so as to give national legislators flexibility in their implementation."<sup>27</sup>

#### Certain other WIPO activities

16. Paragraph 84 of the original background note discussed the protection of audiovisual performances, rights of broadcasting organizations and the protection of databases. As noted in that paragraph, the WPPT does not cover the rights of performers in audiovisual fixations of their performances. In December 2000, a Diplomatic Conference on the Protection of Audiovisual Performances was held under the auspices of WIPO with a view to extending the principles of the WPPT to audiovisual performances. While a provisional agreement was achieved on most substantive issues, agreement could not be reached on whether and, if so, how to regulate the transfer of rights from performers to producers, including whether such transfers should be internationally recognized. One possible approach considered by the Conference was to regulate this by determining the law applicable to such transfers.<sup>28</sup> The issue remains on WIPO's agenda. The WIPO General Assembly decided, at its meeting in September 2002, that the International Bureau should conduct informal consultations in the first quarter of 2003 with all interested parties to explore the possibilities of convening an *ad hoc* informal meeting to address the remaining differences and possible ways of resolving them.<sup>29</sup>

17. The WIPO Standing Committee on Copyright and Related Rights is continuing its discussions on a potential treaty that would update the international norms relating to the rights of broadcasting organizations in the light of recent technological developments.<sup>30</sup> The Committee is also continuing its consideration of the international protection of non-original databases, the form that such protection might take, and its economic impact.<sup>31</sup>

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<sup>27</sup> Paragraph 63 of the WIPO Survey.

<sup>28</sup> Article 12 of WIPO document IAVP/DC/33 entitled "Understanding on Provisions of the Instrument".

<sup>29</sup> WIPO documents WO/GA/28/7, paragraphs 41-42, and WO/GA/28/5. Such informal meeting has been scheduled for 18-20 June 2003. For more information, see <http://www.wipo.int/copyright/en/index.html>.

<sup>30</sup> A WIPO Secretariat technical background paper on the "Protection of Broadcasting Organizations" was circulated in May 2002 in a WIPO document SCCR/7/8. The relevant documentation can be accessed at <http://www.wipo.int/copyright/en/index.html>.

<sup>31</sup> Six studies were commissioned by WIPO on the economic impact of non-original database protection in developing countries and countries in transition. These studies were circulated in 2002 in WIPO documents SCCR/7/2-6 and SCCR/8/6. A WIPO Secretariat "Summary on Existing Legislation concerning Intellectual Property in Non-Original Databases" was circulated in September 2002 in document SCCR/8/3. The relevant documentation can be accessed at <http://www.wipo.int/copyright/en/index.html>.

## B. TRADEMARKS

18. Rights in trademarks and other distinctive signs are territorial, but when such signs are used on the Internet they become simultaneously accessible irrespective of territorial origin. Paragraphs 54-61 and 85-87 of the original background note in document IP/C/W/128 discussed certain questions arising from this tension between territorial systems of protection and the global nature of the Internet. These questions include under what conditions the use of a trademark on the Internet would satisfy certain requirements where the registrability or maintenance of a registration requires use, as well as under what conditions and in which jurisdiction(s) the use of a sign on the Internet would constitute an infringement. The note also addressed the issue of use and promotion of well-known marks on the Internet, as well as the relationship between trademarks and domain names. The following describes how these issues have been addressed in WIPO's recent work.

### Use of trademarks on the Internet

19. Issues relating to the use of trademarks on the Internet were addressed in a "Joint Recommendation Concerning Provisions on the Protection of Marks, and Other Industrial Property Rights in Signs, on the Internet ("Joint Recommendation"),<sup>32</sup> that was adopted by the Assembly of the Paris Union for the Protection of Industrial Property and the General Assembly of WIPO in September 2001.<sup>33</sup> The WIPO Survey characterizes the Joint Recommendation as follows:

"The Preamble to the Joint Recommendation makes clear that it does not purport to be a trademark law for the Internet, but is intended to guide the application of existing national or regional laws with respect to legal problems resulting from the use of a sign on the Internet. Emphasizing the 'global nature' of the Internet, the Joint Recommendation aims at providing the clearest possible legal framework for trademark owners who wish to use their marks on the Internet and to participate in the development of e-commerce upon it. Its purpose is, therefore, to help competent authorities to determine whether, under the applicable law, the use of a sign on the Internet has contributed to the acquisition, maintenance or infringement of a mark or other industrial property right in the sign, or whether such use constitutes an act of unfair competition, and thereafter to apply appropriate remedies.

The determination of the applicable law itself is not addressed by the Joint Recommendation, but is left to the principles of private international law, as they are applied in each Member State. [...]"<sup>34</sup>

20. The Joint Recommendation is built on three principles. First, the use of a sign on the Internet contributes to the acquisition, maintenance or infringement of a trademark or other industrial property right in the sign in a particular country only if the use has a commercial effect in that country. Second, the Joint Recommendation aims to enable owners of conflicting rights in identical or similar signs to use these signs concurrently on the Internet. To this end, it introduces a "notice and avoidance of conflict" procedure: right holders or persons who are otherwise permitted to use a sign in one jurisdiction are exempt from liability in another jurisdiction up to the point when they receive a notification of infringement in the latter jurisdiction. After the receipt of such notification, they continue to be exempt from liability if they expeditiously take reasonable measures which are

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<sup>32</sup> The Joint Recommendation is available at [http://www.wipo.int/about-ip/en/index.html?wipo\\_content\\_frame=/about-ip/en/development\\_iplaw/index.htm](http://www.wipo.int/about-ip/en/index.html?wipo_content_frame=/about-ip/en/development_iplaw/index.htm).

<sup>33</sup> These governing bodies decided to "[r]ecommend that each Member State may consider the use of any of the provisions [...] as guidelines concerning the protection of marks, and other industrial property rights in signs, on the Internet". Article 1(i) of the Joint Recommendation defines that a "'Member State' means a State member of the Paris Union for the Protection of Industrial Property, of the World Intellectual Property Organization, or of both".

<sup>34</sup> Paragraphs 155-156 of the WIPO Survey (a footnote in the original document omitted).

effective to avoid a commercial effect in that jurisdiction. Third, remedies for an infringement in a particular country must be proportionate to the commercial effect of the use of the sign in that country. In general, competent authorities should, as far as possible, refrain from granting "global injunctions" that would affect the use of the sign outside the jurisdiction in question.

### Well-known trademarks

21. The protection of well-known marks was addressed in a "Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks",<sup>35</sup> that was adopted by the Assembly of the Paris Union for the Protection of Industrial Property and the General Assembly of WIPO in September 1999.<sup>36</sup> First, it provides guidelines to assist competent authorities to determine whether a mark is well-known. Among the recommended criteria to be considered are the duration, extent and geographical area of any use and promotion of the mark. The explanatory notes prepared by the International Bureau of WIPO and attached to the recommendation state that, although the term "use" is not defined in the recommendation, for the purposes of its provisions the term "use" should cover use of a mark on the Internet. Furthermore, they explain that "[a]dvertising, for example, in print or electronic media (including the Internet), is one form of promotion".<sup>37</sup> Second, the recommendation provides that well-known marks must be protected against conflicting marks, business identifiers and domain names.<sup>38</sup> As regards domain names, it is specified that "[a] domain name shall be deemed to be in conflict with a well-known mark at least where that domain name, or an essential part thereof, constitutes a reproduction, an imitation, a translation, or a transliteration of the well-known mark, and the domain name has been registered or used in bad faith".<sup>39</sup>

### Domain names

22. Following its First Internet Domain Name Process, an international process to develop recommendations concerning the intellectual property issues associated with Internet domain names, WIPO published, in April 1999, its report "The Management of Internet Names and Addresses: Intellectual Property Issues". The principal recommendations of this report were implemented through the adoption by the Internet Corporation for Assigned Names and Numbers ("ICANN") of the Uniform Domain Name Dispute Resolution Policy ("UDRP") in August 1999. This procedure, which entered into operation in December 1999, provides holders of trademark rights with an administrative mechanism for the efficient resolution of disputes arising out of the bad faith registration and use by third parties of Internet domain names corresponding to those trademark rights. The UDRP now applies to disputes in the generic top-level domains ("gTLDs") .com, .net, and .org, the new gTLDs .aero, .biz, .coop, .info, .museum, .name, and .pro,<sup>40</sup> and those country code top-level domains ("ccTLDs") that have adopted the Policy on a voluntary basis.<sup>41</sup>

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<sup>35</sup> This recommendation is available at [http://www.wipo.int/about-ip/en/index.html?wipo\\_content\\_frame=/about-ip/en/development\\_iplaw/index.htm](http://www.wipo.int/about-ip/en/index.html?wipo_content_frame=/about-ip/en/development_iplaw/index.htm).

<sup>36</sup> These governing bodies decided to "[r]ecommend that each Member State may consider the use of any of the provisions [...] as guidelines for the protection for well-known marks". Article 1(i) of the recommendation defines that a "'Member State' means a State member of the Paris Union for the Protection of Industrial Property and/or the World Intellectual Property Organization".

<sup>37</sup> Sub-paragraphs 2 and 3 of Article 2(1) of the recommendation and the attached explanatory notes.

<sup>38</sup> Article 3(1) of the recommendation.

<sup>39</sup> Article 6(1) of the recommendation.

<sup>40</sup> ICANN has accredited a number of institutions to administer complaints filed under the Policy, among which the WIPO Arbitration and Mediation Center is the leading provider. To date, approximately 8,200 cases have been filed under the procedure. Of these cases, more than 4,800 were filed with the WIPO Arbitration and Mediation Center.

<sup>41</sup> WIPO launched in August 2000 the WIPO ccTLD Programme, which aims to enhance the protection of intellectual property in the ccTLDs through cooperation with their administrators. To date, 30 administrators of ccTLDs have retained the WIPO Arbitration and Mediation Center as dispute resolution service provider on the basis of the UDRP or a variation thereof.



23. WIPO commenced the Second WIPO Internet Domain Name Process in July 2000 to address abusive domain name registrations of identifiers other than trademarks. In September 2001, WIPO published its report on this process entitled "The Recognition of Rights and the Use of Names in the Internet Domain Name System", and presented it to WIPO's member States and ICANN. This report was analyzed by the WIPO Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications ("SCT"), which formulated a set of recommendations.<sup>42</sup> These recommendations were considered by the WIPO General Assembly at its meeting in September 2002.<sup>43</sup> The recommendation concerning country names was remitted for further consideration at the SCT's meeting in November 2002.<sup>44</sup> As a result, the member States of WIPO decided to recommend that the names and acronyms of intergovernmental organizations ("IGOs") and country names should be protected against abusive registration as domain names.<sup>45</sup> These recommendations were transmitted to ICANN.<sup>46</sup>

#### IV. ENFORCEMENT AND RELATED MATTERS

##### Liability of service providers

24. Paragraphs 73 and 74 of document IP/W/128 addressed the issue of the liability of service providers in respect of the transmission and storage of material initiated by others: to what extent service providers, who act as intermediaries transmitting or storing potentially infringing content, are or should be held liable for such content and, if so, what remedies should be available. Given that the Internet is a borderless medium, it would be important that national approaches to this issues would be mutually compatible so as to allow global networks and markets to develop smoothly.

25. This issue was discussed in the context of the work leading up to the WIPO 1996 Diplomatic Conference. Article 8 of the WCT on the "Right of Communication to the Public" compiles the various provisions of the Berne Convention on the right of communication into a single provision, extends the right to all categories of works, and clarifies the application of the right in respect of interactive on-demand communications.<sup>47</sup> As regards the scope of this right in respect of intermediaries who provide physical facilities for communication without actively initiating it, the Conference adopted the following Agreed Statement:

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<sup>42</sup> The SCT's recommendations are reflected in WIPO document WO/GA/28/3.

<sup>43</sup> The decisions of the General Assembly in respect of these recommendations are reflected in paragraphs 74-81 of WIPO document WO/GA/28/7.

<sup>44</sup> The decisions by the SCT concerning country names are reflected in 6-11 of WIPO document SCT/9/8.

<sup>45</sup> The delegation of the United States dissociated itself from the General Assembly's decision on the recommendation concerning the names and acronyms of IGOs, and the delegations of Australia, Canada and the United States dissociated themselves from the SCT's decision on the recommendation concerning country names.

The General Assembly also adopted recommendations concerning certain other identifiers. It adopted the recommendation that no particular form of protection of *international non-proprietary names for pharmaceutical substances* would be recommended in the DNS at this time, but that WIPO, together with the World Health Organization, would continue to monitor the situation and, where necessary, bring any important developments in this area to the notice of member States; it adopted the recommendation that WIPO member States should keep the issue of *trade names* under review and raise it for further discussion if the situation so required; it adopted the recommendation that no action was needed in respect of *personal names*; and in respect of *geographical indications*, it adopted the recommendation that this issue be reverted to the regular session of the SCT to decide how to address the issue of the protection of geographical indications in the DNS.

<sup>46</sup> For an in-depth examination of WIPO's work relating to domain names, see paragraphs 178-239 and 516-522 of the WIPO Survey. All the WIPO documentation referred to above can be accessed through the WIPO domain names gateway page at <http://ecommerce.wipo.int/domains/>.

<sup>47</sup> See paragraphs 43-45 of document IP/C/W/128. Similar provisions are contained in Articles 10 and 14 of the WPPT that deal with the right of making available of fixed performances and of phonograms.

"It is understood that the mere provision of physical facilities for enabling or making a communication does not in itself amount to communication within the meaning of this Treaty or the Berne Convention."

While this statement clarifies the scope of the right of communication to the public, it leaves the issue of liability of service providers to be determined at the national level.<sup>48</sup>

26. Since the adoption of the WCT in December 1996, the issue of liability of service providers has been addressed in the legislation of a number of countries. Some countries have regulated the issue specifically in relation to copyright, while others have taken a horizontal approach applying the rules to liability arising under any relevant laws applying to the information transmitted or stored. Below are some examples of such laws.

27. The United States Digital Millennium Copyright Act of 1998<sup>49</sup> limits the liability of service providers, under specified conditions, to certain forms of injunctive relief in respect of certain common activities involving the transmission or storage of material initiated by a person other than the service provider. The conditions include that the service provider complies with a "notice and take down" procedure that allows the right holder to notify it of allegedly infringing material residing on its system and require it to take down or disable access to such material after receiving such notice. Similar laws determining liability of service providers in the copyright context have been enacted in a number of countries, including Hungary, Ireland and Singapore.

28. The European Communities Directive on Electronic Commerce,<sup>50</sup> adopted in June 2000, approaches the same question in a horizontal manner. Its provisions on liability of intermediary service providers apply to liability that may arise from the application of copyright or any other relevant laws. Subject to certain conditions, service providers may not be held liable for the simple transmission of information provided by the recipient of the service ("mere conduit"), automatic intermediate and temporary storage of such information with the sole objective of making its onward transmission more efficient ("caching"), and storage of such information at the request of the recipient ("hosting"). In the case of hosting, the service provider, upon obtaining knowledge or awareness that the activity is illegal, must expeditiously remove or disable access to the information. The EC member States may not impose on service providers any general obligation to monitor the information transmitted or stored. Also Japan has approached the regulation of service provider liability in a horizontal manner in its "Provider Liability Law", enacted in November 2001.<sup>51</sup>

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<sup>48</sup> The agreed statement may be read together with the following explanatory notes on draft Article 10, which later became Article 8 of the WCT: "The relevant act is the making available of the work by providing access to it. What counts is the initial act of making the work available, not the mere provision of server space, communication connections, or facilities for the carriage and routing of signals. It is irrelevant whether copies are available for the user or whether the work is simply made perceptible to, and thus usable by, the user." "It is strongly emphasized that Article 10 does not attempt to define the nature or extent of liability on a national level. This proposed international agreement determines only the scope of the exclusive rights that shall be granted to authors in respect of their works. Who is liable for the violation of these rights and what the extent of liability shall be for such violations is a matter for national legislation and case law according to the legal traditions of each Contracting Party." Paragraphs 10.10 and 10.21 of WIPO document CRNR/DC/4 entitled "Basic Proposal for the Substantive Provisions of the Treaty on Certain Questions concerning the Protection of Literary and Artistic Works to be Considered by the Diplomatic Conference".

<sup>49</sup> Pub. L. No. 105-304, 112 Stat. 2860, 2876.

<sup>50</sup> 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.

<sup>51</sup> Law No. 137 of 30 November 2001.

Private International Law

29. Paragraphs 68-72 of the original note in document IP/C/W/128 highlight certain jurisdictional questions that relate to the use of intellectual property over the Internet. Under the WTO Work Programme on Electronic Commerce, the question of "jurisdiction and applicable law/other legal issues" has been identified by delegations as a cross-cutting issue.<sup>52</sup>

30. When a court is faced with a case involving a foreign element, it has to decide whether it possesses jurisdiction, and, if so, it has to decide the law applicable to the case. The third stage concerns the recognition and enforcement of foreign judgements. These issues have been addressed by national courts for long, leading to the gradual development of municipal law regulating these classic issues of private international law. What is particular for electronic commerce over global information networks is that it vastly increases the occurrence of potential disputes with foreign elements. The global nature of the Internet and the market-place it creates increases pressure to find compatible solutions to jurisdictional and choice of law questions, but at the same time it increases the complexity of the issues involved. As the technology and the market-place have developed, legal responses to these questions have continued to evolve under national jurisdictions.

31. Discussions on a new multilateral instrument have been under way under the auspices of the Hague Conference on Private International Law ("the Hague Conference")<sup>53</sup> since 1992. In June 2001, a Diplomatic Conference was held under the auspices of the Hague Conference to consider a convention on jurisdiction and the recognition and enforcement of foreign judgements in civil and commercial matters. This was to be the first session of the Diplomatic Conference to be conducted in two stages.<sup>54</sup> Among the main difficulties that have arisen in these discussions are the implications of e-commerce and the Internet on the new instrument, and how the instrument should treat intellectual property disputes. The kinds of questions that have arisen in regard to e-commerce include whether jurisdiction should be only exercisable by the courts of the country in which the source of the transmission is located ("country of origin") or anywhere the information, goods or services are received ("country of destination"). Another general question is whether the mere accessibility of a website in the forum suffices to support a claim for jurisdiction, or whether the website would need to have actual effects<sup>55</sup> in the forum before a court should exercise jurisdiction over companies that have established such websites.<sup>56</sup> As regards the protection of intellectual property rights, there have been discussions on whether there would be need to treat this area in a special way. Among the specific questions is whether a country where an industrial property right has been registered should have exclusive jurisdiction in proceedings concerning that registration, including where the question of the validity of that registration arises as an incidental question in infringement proceedings in another jurisdiction.<sup>57</sup> Discussions on a new multilateral instrument on jurisdiction, recognition and enforcement of judgements in civil and commercial matters are continuing under the auspices of the

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<sup>52</sup> A list of cross-cutting issues identified by delegations can be found in attachments to documents WT/GC/W/436 and 475.

<sup>53</sup> The Hague Conference on Private International Law is an intergovernmental organization, the purpose of which is to work for the progressive unification of the rules of private international law. More information is available on the Organization's website at <http://www.hcch.net>.

<sup>54</sup> A draft text of the convention is contained in a Hague Conference document entitled "Summary of the Outcome of the Discussions in Commission II of the First Part of the Diplomatic Conference 6-20 June 2001", which is available at <http://www.hcch.net/e/workprog/jdgm.html>.

<sup>55</sup> Cf. the WIPO Joint Recommendation which provides that, for the application of domestic trademark laws, the use of a trademark on the Internet is relevant only if the use has a "commercial effect" in the country in question. The Joint Recommendation does not address the issues of jurisdiction and applicable law.

<sup>56</sup> For more information, see a Hague Conference Prel. Doc. No 17, February 2002, entitled "The Impact of the Internet on the Judgements Project: Thoughts for the Future", available at <http://www.hcch.net/e/workprog/jdgm.html>.

<sup>57</sup> For an in-depth discussion on private international law and intellectual property, see paragraphs 260-311 of the WIPO Survey.

Hague Conference. They have recently concentrated on a possibly more limited convention, focusing in particular on choice of court clauses in business-to-business ("B2B") cases.<sup>58</sup>

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<sup>58</sup> An informal working group, set up in 2002, has elaborated a draft text focusing on certain core areas, namely on choice of court agreements in B2B cases (Prel. Doc. No 8, March 2003). At its meeting in April 2003, the Special Commission on General Affairs and Policy of the Conference requested the Secretary General of the Permanent Bureau to communicate this draft to the Hague Conference member States. He was instructed to ask them to inform him, before the end of July 2003, whether they would agree that this text should be put as the basis for work before a Special Commission to be convened in December 2003, with a view, in due course, to be forwarded to a Diplomatic Conference.

# ANNEX

## TRIPS COUNCIL DOCUMENTATION ON ELECTRONIC COMMERCE

Document reference	Submitted by	Title	Date of Circulation
JOB(02)/15 <sup>59</sup>	WIPO	Activities of Relevance to the Work of the Council for TRIPS	4 March 2002
IP/C/W/286	Switzerland	Work Programme on Electronic Commerce	22 June 2001
IP/C/W/264 <sup>60</sup>	Cuba	Need for Unrestricted Global Electronic Commerce	16 May 2001
IP/C/W/233	Australia	Electronic Commerce Work Programme	7 December 2000
IP/C/20	Chairman of the Council	Work Programme on Electronic Commerce; Progress Report by the Chairman to the General Council	4 December 2000
IP/C/W/224	European Communities	Work Programme on Electronic Commerce	17 November 2000
IP/C/18	Council for TRIPS	Work Programme on Electronic Commerce; Progress Report to the General Council	30 July 1999
IP/C/W/149	United States	Work Programme on Electronic Commerce	14 July 1999
IP/C/W/147	India	Work Programme on Electronic Commerce	13 July 1999
IP/C/W/145	Japan	Work Programme on Electronic Commerce	13 July 1999
IP/C/W/144	Australia	Work Programme on Electronic Commerce	6 July 1999
IP/C/W/140	European Communities	Work Programme on Electronic Commerce	7 May 1999
IP/C/16 <sup>61</sup>	United States	Work Programme on Electronic Commerce	12 February 1999
IP/C/W/128	Secretariat	Work Programme on Electronic Commerce; Background Note by the Secretariat	10 February 1999

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<sup>59</sup> The document provides information on WIPO's activities of relevance to matters before the TRIPS Council, including electronic commerce.

<sup>60</sup> Also circulated as document WT/GC/W/435, G/C/W/254, S/C/W/193 and WT/COMTD/W/87.

<sup>61</sup> Also circulated as document WT/GC/16, G/C/2, S/C/7 and WT/COMTD/17.