

WIPO



WO/GA/24/2
ORIGINAL: English
DATE: August 13, 1999

E

WORLD INTELLECTUAL PROPERTY ORGANIZATION
GENEVA

WIPO GENERAL ASSEMBLY

Twenty-Fourth (14th Ordinary) Session **Geneva, September 20 to 29, 1999**

INTELLECTUAL PROPERTY AND ELECTRONIC COMMERCE

Memorandum of the Director General

1. At its meeting in September 1998, the WIPO General Assembly approved several proposals designed to establish greater coordination in the various activities of the Organization relating to the impact of electronic commerce and the digital economy on intellectual property (see documents A/33/4 and A/33/8, paragraphs 155 and 156).

2. The purpose of the present document is

(i) to report briefly on the activities undertaken since September 1998 in accordance with that decision of the WIPO General Assembly;

(ii) to set out, for the comments of the Member States, an analytical framework for describing the various elements of the work program of the Organization in relation to intellectual property and electronic commerce; while these elements are already contained in the draft Program and Budget for the 2000-2001 Biennium that has been submitted to the meeting of the Assemblies of the Member States of WIPO for their approval in September 1999 (see documents A/34/2 and A/34/2 Rev.), they are presented in the present paper from the perspective of electronic commerce in order to provide a clearer focus of the overall work program of the Organization in this area.

Activities in the Area of Electronic Commerce Since September 1998

3. In accordance with the decision of the WIPO General Assembly in September 1998, the *WIPO Internet Domain Name Process* has been conducted, culminating in the publication of a Report on April 30, 1999. The details of the Process and the present status of the recommendations made in the Report are the subject of document WO/GA/24/1 (“WIPO Internet Domain Name Process”). While the question of the implementation of the recommendations of the Report remains under consideration at this stage, it is believed that the Process has served

- to establish a framework for the reduction of tension between Internet domain names and intellectual property rights and for the resolution of conflicts between the two species of identifiers;
- to advance the protection of intellectual property within the Internet; and
- to establish the credibility of WIPO within the new governance structure of the Internet domain name system as an international organization responsive to the need to find means of promoting the policies underlying the protection of intellectual property in a manner that is sensitive to the circumstances of the new communications environment.

4. A *website* has been established as an information resource on the various programs of the Organization that relate to electronic commerce, including meetings organized on the subject. It may be accessed at <http://ecommerce.wipo.int>, or through the Organization’s home page (<http://www.wipo.int>) by clicking on “Electronic Commerce.” The website has been steadily attracting an increased audience, with 85,515 hits being registered in the month of July 1999. The website has served to establish greater awareness of the issues arising out of the impact of electronic commerce on intellectual property and as a vehicle for communicating information on the Organization’s activities in relation to those issues, as well as a means for connecting to the sites of other intergovernmental, governmental and non-governmental organizations concerned with electronic commerce.

5. A series of *regional consultations* have been organized on the impact of electronic commerce and intellectual property. These consultations have been held in Montego Bay, Jamaica (June 8 and 9), Kuala Lumpur, Malaysia (June 22 and 23), Rabat, Morocco (July 13 and 14), Mombasa, Kenya (July 29 and 30) and Buenos Aires, Argentina (August 2 and 3). In addition, discussion of issues arising out of the impact of electronic commerce on intellectual property is increasingly integrated into training programs and seminars conducted within the Organization’s program for cooperation for development. These consultations have served:

- to broaden participation in the discussion of appropriate responses to the challenges to intellectual property protection raised by electronic commerce;
- to sensitize an enlarged audience to the opportunities emerging for the exploitation of intellectual property assets in the new digital economy; and
- to provide an opportunity to gather information on the needs of, and difficulties experienced by, developing countries and countries in transition to a market economy in relation to the opportunities opening up in the digital economy.

6. Part of the agenda of the first meeting of the *Industry Advisory Commission (IAC)* convened by the Director General on February 4 and 5, 1999, (see document WO/GA/24/6) was devoted to a discussion of the impact of electronic commerce on intellectual property. The second meeting of the IAC, to be held on September 13, 1999, will be devoted exclusively to this subject. The discussions have served to provide a means for enhancing understanding of the issues from the perspective of those in industry involved in, or affected by, the use of electronic commerce, and for refining the description and definition of the impact of electronic commerce.

7. An *international conference* on intellectual property and electronic commerce is being organized to take place in Geneva from September 14 to 16, 1999. It is hoped that the conference will serve, similarly to several of the abovementioned activities, to continue the process of broadening participation in the evaluation and understanding of the impact of the digital economy and in the definition of those issues which the public and private sectors consider warrant attention at the international level.

An Analytical Description of WIPO's Programs and Activities in the Area of Electronic Commerce

8. As indicated in the document on this subject that was submitted to the September 1998 meeting of the WIPO General Assembly, electronic commerce and the digital economy have an impact on a wide variety of the programs and activities of the Organization. In order to facilitate an easier understanding of this impact, this section of the present document re-organizes those various activities into a framework that adopts the perspective of electronic commerce.

The Process of Continuing the Definition of Issues and the Broadening of Participation in that Process

9. Electronic commerce is very much in the early stages of evolution. That evolution is taking place within a technological and business environment that is characterized by rapid and radical change. Within that context, the evaluation of the impact of electronic commerce on intellectual property is likely to be a continuing process, which will require the vigilant monitoring of developments in order to determine whether any action is necessary or appropriate on the international level to preserve or enhance the effectiveness of the protection of intellectual property. The definition of issues is thus considered to be a fundamental part of the work program of the Organization in respect of the impact of electronic commerce on intellectual property.

10. Electronic commerce takes place on the global, borderless medium of the Internet. Much electronic commerce, whether business-to-business or business-to-consumer, is international, taking place between persons located in different physical jurisdictions. Similarly, regulatory or legislative action on the national level in relation to electronic commerce very often has international ramifications. Given the inherently international character of electronic commerce and of the responses to it, it is considered that an important element of the Organization's work program is to assist in broadening the participation of the developing countries in the process of defining and addressing issues arising out of the impact of electronic commerce (see Program 6.2 of the Draft Program and Budget 2000-2001 (document A/34/2)).

The Implementation of Completed Work

11. Historically, the first element of the Organization's work program in the area of electronic commerce was the conclusion of the WIPO Copyright Treaty (WCT) and the WIPO Performances and Phonograms Treaty (WPPT). As is well known, each of those Treaties requires 30 accessions or ratifications to enter into force. Moreover, given the international character of electronic commerce, the widest possible international adherence to the Treaties is desirable in order to ensure that they are effective instruments for the digital economy. At the date of this paper, eight countries had acceded to or ratified the WCT and six countries had acceded to or ratified the WPPT. The promotion of accessions to these two Treaties remains an important element of the work program of the Organization (see Program 10.1 of the Draft Program and Budget 2000-2001).

12. As mentioned above, the Report of the WIPO Internet Domain Name Process was published on April 30, 1999. The Report contained recommendations on improved registration practices, the establishment of a uniform dispute-resolution procedure for disputes concerning the abusive registration and use of domain names in violation of trademark rights and the establishment of a mechanism for protecting famous marks (see document WO/GA/24/1). The implementation of those recommendations in accordance with the decisions of competent authorities, including the provision of dispute-resolution services by the WIPO Arbitration and Mediation Center, is expected to constitute a significant element of the work program of the Organization in the coming biennium (see Program 3.3 of the Draft Program and Budget 2000-2001).

13. The recommendations contained in the Report of the WIPO Internet Domain Name Process were directed at the generic top-level domains (gTLDs). Given that a domain name registration provides a global presence on the Internet, many of the issues arising out of the intersection of domain names and intellectual property rights are similar in the country code top-level domains (ccTLDs) to those in the gTLDs. Accordingly, the Report detailed the way in which its recommendations might be applied in those ccTLDs whose administrators decided voluntarily to adopt some or all of the recommendations (see Annex VIII of the Report). It is expected that the provision of advice and assistance, at the request of administrators of ccTLDs, on the implementation of the recommendations on uniform dispute resolution and other matters designed to enhance the protection of intellectual property within the domain name space will also constitute part of the work program of the Organization in the coming biennium (see Program 3.4 of the Draft Program and Budget 2000-2001).

Work-in-Progress: Adjustments to the International Legal Framework

14. A series of issues are under discussion in the WIPO Standing Committees which relate to the adjustment of international intellectual property law, as reflected in multilateral treaties, to digital technology and the digital economy. The Member States have not, in every case, decided whether such issues are ripe for agreed international positions, nor decided necessarily the form of instrument in which any such agreed international position should be expressed. The main issues under consideration are:

(i) the extension of the principles of the WCT and the WPPT to the protection of audiovisual performances. Work on this issue is being carried out in the Standing Committee on Copyright and Related Rights, with the eventual aim of the possible adoption of a protocol to the WPPT on audiovisual performances. (See Program 10.2 of the Draft Program and Budget 2000-2001.)

(ii) the adjustment of the rights of broadcasting organizations to the more modernized framework of protection provided for other categories of rights by the WCT and the WPPT. Work on this issue is also being carried out within the Standing Committee on Copyright and Related Rights, with a view to the identification of issues to be covered in a possible new treaty dealing with such rights. (See Program 10.2 of the Draft Program and Budget 2000-2001.)

(iii) the continued discussion of the appropriateness of action on the international level in respect of the sui generis protection of databases. While the 1996 Diplomatic Conference at which the WCT and WPPT were concluded adopted a recommendation for the continuation of work on the eventual establishment of international protection for databases, the Member States seem at present to favor awaiting further developments at the national level before taking any action on the international level in relation to the protection of databases. (See Program 10.2 of the Draft Program and Budget 2000-2001.)

Work-in-Progress: Projects Relating to the Institutional Environment

15. In addition to raising new issues concerning the adequacy of the existing international legal framework, the digital economy has brought about radical changes in the institutional and commercial environment in which intellectual property is exploited. The Internet and, more particularly, the online distribution of publications, music, films, computer software and other digital works, have created certain needs and opportunities for international action directed at facilitating the adjustment of the historical institutional environment for the exploitation of intellectual property to the emerging digital institutional environment in which intellectual property is exploited. In response to those needs and opportunities, WIPO is exploring or undertaking several projects designed to contribute to a sound institutional environment for the exploitation of intellectual property in the digital economy:

(i) At the request of a leading museum in a developing country, the Organization is providing advice and assistance on the means by which its digitized collection of images may be made available online without the loss of control over the collection by the museum. The project represents a concrete example of the way in which electronic commerce and intellectual property rights may be used for the exploitation of cultural heritage to the advantage of the owners of that heritage and all persons interested in being able to share in the enjoyment of it. The project is of potential benefit to a wide range of developing countries. (See Program 3.4.)

(ii) Many collective management societies responsible for categories of copyright works are developing or have developed systems for the online provision of information about such works, online licensing of works and delivery of content pursuant to such licenses. At the request of certain societies, the Organization is exploring what role, if any, it might play in respect of the interconnection and interoperability of online systems developed by collective management societies so as to enhance the availability and exploitation of copyright works (see Programs 3.4 and 10.3). At the same time, the Organization is exploring what assistance such online systems might provide in the management, availability and exploitation of certain copyright works in developing countries where effective collective management systems do not exist (see Programs 3.4 and 6.3).

(iii) For the purposes of the provision of dispute-resolution services in relation to Internet domain name disputes, the Organization has developed an online system for the administration of dispute-resolution procedures. The system is operational in respect of

disputes in certain ccTLDs (see <http://arbiter.wipo.int>) and will shortly become operational in respect of disputes in the .com, .org and .net gTLDs, following the implementation of the recommendations of the WIPO Internet Domain Name Process. More generally, it is considered that the system may have many applications to other forms of intellectual property disputes, in addition to Internet domain name disputes, as intellectual property is increasingly exploited online. Within that context, the system may have many advantages as a relatively cheap and expeditious means for administering disputes arising out of intellectual property transactions that are low in value and yet international in character, as many online intellectual property licenses are likely to be.

Emerging Issues

16. A number of developments are occurring at the national level which concern the impact of electronic commerce on intellectual property and which, in the course of time, may be considered to warrant attention at the international level. Three such developments, in particular, may be mentioned.

17. The first is the possible introduction of national legislation establishing civil and criminal liability for the abusive registration and use of Internet domain names in violation of trademark rights ("cybersquatting"). The possibility of such legislation is under consideration in the United States of America. In certain other countries, it is considered that existing legislation already provides a sufficient basis for dealing with cybersquatting.

18. The practice of cybersquatting has already received attention within two contexts in WIPO. The first is the Report of the WIPO Internet Domain Name Process, in which, as mentioned above, it was recommended that a uniform administrative dispute-resolution procedure should be established for domain name registrations in the gTLDs, under which it should be possible to seek the cancellation, transfer or modification of domain names that are registered and used in deliberate, bad faith abuse of trademark rights. The second is the proposed Joint Resolution Concerning Provisions on the Protection of Well-Known Marks (see document A/34/13), which is to be considered by the WIPO General Assembly and the Assembly of the Paris Union at their meetings in September 1999 and which results from the work of the Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications. One of the provisions of the proposed Joint Resolution (Article 6) deals with conflicts between well-known marks and domain names.

19. If the approach of legislating against cybersquatting is adopted by a number of countries, the possibility of harmonization or an international norm might eventually need to be considered. In such an event, the scope of any such norm would also need to be addressed. In this last respect, the Report of the WIPO Internet Domain Name Process recommended that, in the future, attention be given to the abuse of other intellectual property rights and the abuse of cognate rights through the registration and use of Internet domain names. In particular, it was recommended that consideration be given to the abuse of personality rights, geographical indications, the names and acronyms of States and international intergovernmental organizations and International Nonproprietary Names for medicines (see, generally, paragraphs 292 to 303 of that Report). While there is evidence of abuse of these other rights and interests, the Report considered that, at a first stage, it was preferable to commence, at the international level, with the known and certain, namely, the abuse of trademarks, where there was a large measure of agreement that action was needed immediately, and to leave examination of the possibility of action in the other areas until a second and later stage.

20. A second emerging area is the question of online service provider liability. The question has been the subject of legislation in the United States of America in the Digital Millennium Copyright Act, where the issue is addressed from the point of view of *copyright* liability. The question is also addressed in the Proposal for a European Parliament and Council Directive on certain legal aspects of electronic commerce in the internal market, where the issue is addressed from the point of view of *liability in general*. A number of other countries are also in the process of developing legislative responses to the question. As these developments occur on the national level, it may, in due course, be considered appropriate to address the question at the international level, given the inherently international character of activity on the Internet and, thus, the inevitable international dimension to the issue of liability.

21. A third area of emerging significance is the question of accurate and reliable contact details of persons offering services or undertaking activity on the Internet. Its significance for intellectual property protection is that such contact details provide one of the few tools for the enforcement of intellectual property rights. Trademark owners wishing to take action against the holder of allegedly infringing Internet domain names, or copyright owners wishing to locate the operator of a website containing allegedly infringing content, require contact details to take any form of action against the alleged infringers.

22. This question was examined in the context of registration practices in the Report of the WIPO Internet Domain Name Process, where it was recommended that reliable and accurate contact details of domain name holders in the .com, .net and .org gTLDs, should be available and certain procedures should be established to cancel a registration where it is shown that details are inaccurate and that contact cannot be established with the holder of a registration. In some jurisdictions, legislation is also under consideration to require that contact details be furnished by those offering commercial services on the Internet, such legislation being contemplated in the interests not only of intellectual property protection, but also of consumer protection, the prevention of fraud in commerce and the protection of minors.

23. The issue of contact details raises concern in a contrary sense also in respect of the protection of privacy and the encouragement of an environment conducive to the exercise of civil liberties. These considerations, as well as the early stage of consideration and deliberations about the issue on the national level, make it unlikely that the issue will emerge for further treatment at the international level in the immediate future.

Horizontal Issues

24. As is apparent from certain approaches to the question of online service provider liability and from the various public interests underlying moves to ensure that reliable and accurate contact details of domain name holders are available, many of the issues raised by the impact of the digital economy on intellectual property have a horizontal dimension: they are of concern equally to other areas of public policy. This dimension poses the difficulty for policy makers of determining, for some issues, the appropriate perspective to adopt in respect of policy formulation (whether general or specific) and the appropriate department of government or agency in which to promote policy reflection.

25. There are two general issues which have a broad horizontal impact on numerous areas of public policy, but which also have a vital impact on the protection of intellectual property. Because of this particular impact on intellectual property, it is important for the Organization

to follow closely developments in relation to these issues, even if those developments are occurring elsewhere and are not specific to intellectual property.

26. The first such issue is the legal validity of contracts consummated electronically. From the perspective of intellectual property, the online licensing of intellectual property requires a legal framework that recognizes the legal validity of electronic contracts. Much work has been done in this regard by the United Nations Commission on International Trade Law (UNCITRAL), which has promulgated a Model Law on Electronic Commerce, one of the objectives of which is to create legal certainty with respect to the effect of electronic communications and contracts.

27. The second such issue is jurisdiction or, more particularly, the questions of which court has jurisdiction over a given matter and which law should be applied in respect of that matter. The issue is of primordial importance to the exploitation of intellectual property on the Internet and the many discussions of it occurring within various fora and contexts need to be monitored.

28. The General Assembly is invited to note and comment upon the contents of this Memorandum and the work program of the Organization in the area of electronic commerce.

[End of document]