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EFFECTIVEENFORCEMENTOFINTELLECTUALPROPERTYRIGHTS

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I. INTRODUCTION

1. The paper consists of three parts. First, it refers briefly, in the form of an outline, to the international norms concerning enforcement of copyright and related rights with particular attention to the question of how these norms may and should be applied in the context of the Internet, in particular. Second, it addresses a key issue of the enforcement of copyright and related rights on the global network, namely the application and adequate legal protection of technological measures and rights management information. Third, it deals with the issue of the liability of service providers for infringements committed by those using their services.

II. INTERNATIONAL NORMS ON THE ENFORCEMENT OF COPYRIGHT AND RELATED RIGHTS

2. The Berne Convention and the Rome Convention only contain very general norms (Articles 16 and 36 of the Berne Convention and Article 26 of the Rome Convention) on the enforcement of the rights to be protected under them, while the TRIPS Agreement includes a detailed regulation on the obligations concerning enforcement of rights (Chapter III, Articles 41 to 64 of the Agreement).

3. Many substantive norms of the TRIPS Agreement (including the substantive norms of the Berne Convention incorporated by reference through Article 9.1 of the Agreement) are relevant for the protection of works and objects of related rights on the Internet (such as the reproduction right; the communication to the public rights; at least, in respect of audiovisual works, the distribution right, as well as the provisions limiting the possibility of applying exceptions and limitations). Furthermore, those rights which Members of the WCT grant above the minimum level required by the Agreement must be granted also to the nationals of other Members on the basis of the principles of national treatment and most-favoured-nation treatment (Articles 3 and 4 of the Agreement). It goes without saying that Chapter III of the Agreement on enforcement is applicable to all the rights which may be relevant for the protection and enforcement of copyright and related rights on the Internet.

4. The two WIPO "Internet treaties" (the WCT and the WPPT) do not contain detailed provisions on enforcement. It is, however, relevant that each of them includes a provision concerning enforcement obligations which does not appear in the Berne and Rome Conventions, and which, in a *mutatis mutandis* manner, is the same as the first sentence of Article 41 (and of the entire Chapter III) of the TRIPS Agreement. Article 14(2) of the WCT and Article 23(2) of the WPPT read as follows: "Contracting Parties shall ensure that enforcement procedures are available under their laws so as to permit effective action against any act of infringement of rights covered by this Treaty, including expeditious remedies to prevent infringements and remedies which constitute a deterrent to further infringements." This sentence indicates what kind of results enforcement provisions and their application must achieve. In the TRIPS Agreement, the detailed provisions follow on the procedures and measures that are necessary for achieving those results. It is believed that the Contracting Parties of the WCT and the WPPT may only fulfil their obligation to achieve the same kinds of results if they provide for and apply more or less the same kinds of procedures and measures as those prescribed in Chapter III of the TRIPS Agreement.

III. PROTECTION OF TECHNOLOGICAL MEASURES OF PROTECTION AND RIGHTS MANAGEMENT INFORMATION

5. The WCT and WPPT provisions on these issues have significance from the viewpoint of four themes. First, technological measures and rights management information are indispensable for the protection, exercise and enforcement of copyright and related rights on the Internet. Second, the WCT and WPPT prescribe specific enforcement obligations for the protection of such measures and such information. Under Article 11 of the WCT and Article 18 of the WPPT, "Contracting Parties shall provide adequate legal protection and effective legal remedies" against the act of circumvention of technological measures, and, under Article 12 of the WCT and Article 19 of the WPPT, they have also the obligation to "provide adequate and effective legal remedies" against removal and alteration of rights management information.

6. The implementation and application of the norms concerning rights management information probably will not raise any difficulty (detailed treaty provisions without any real interpretation problem; no reasonable and legitimate basis for opposing protection and remedies against what is in fact a form of falsification and destruction of information). The protection and application of the provisions on the protection of technological measures, however, requires special attention.

7. Some principles have been already quite clearly identified during the preparatory work leading to the adoption of the Digital Millennium Copyright Act (DMCA) in the United States of America (1998), the "Information Society" Directive of the European Union (2001) and other national laws where attempts have been made to implement the relevant provisions of the two treaties. These areas follow.

8. It is impossible to provide "adequate legal protection and effective legal remedies" against circumvention of technological measures if only the act of circumvention is prohibited. The prohibitions should extend to the manufacture, import, distribution, sale, rental, advertisement for sale or rental, or possession for commercial purposes of devices, products or components or the provision of services which: (i) are promoted, advertised or marketed for the purpose of circumvention of, or (ii) have only a limited commercially significant purpose or use other than to circumvent, or (iii) are primarily designed, produced, adapted or performed for the purpose of enabling or facilitating the circumvention of, --any effective technological measure.

9. Preferably, both technologies that control access to protected material and technologies that control certain specific restricted acts (such as reproduction) should be protected, and not only completed devices but also their specific circumventing components and functions should also be covered.

10. Certain measures (administrative regulation or legislative interventions) may have to be foreseen for the possible cases where the applicability of some -- from social viewpoint, particularly important -- exceptions may not be guaranteed on the basis of an appropriate cooperation between owners of rights and the beneficiaries of such exceptions.

11. The similarity between “traditional” piracy and the commercial importation, manufacture and distribution of circumvention tools is conspicuous. The latter, in fact, is a new form of piracy; therefore, meaningful sanctions, including criminal penalties must be available against it.

12. As regards the legal consequences of removal or alteration of rights management information, it is to be noted that the relevant provision of the two treaties are applicable where such acts are committed “knowing, or with respect to civil remedies, having reasonable ground to know, that it will induce, enable, facilitate or conceal an infringement” of a right. Therefore, the protection of such information in this kind of context, obviously, require provisions similar to those to be provided for and applied in the case of illicit acts concerning technological measures.

IV. LIABILITY OF SERVICE PROVIDERS

13. The WCT and the WPPT do not regulate the issues of liability. It is not sure that specific rules will be needed in all countries concerning the liability of service providers of interactive networks. It seems to be, however, that there is a trend towards the adoption of such kind of rules. This already has a certain relevance from the viewpoint of the two treaties since the issues of liability for infringements concern the application of enforcement measures required by them.

14. It is in general considered that a possible regulation of the liability of service providers – more precisely the limits of liability along with the conditions of such limits – should correspond to the following principles.

15. Immunities should be established at a reasonable level that is indispensable for guaranteeing appropriate security for service providers; no blanket immunities would be in harmony with the treaties, and, in particular with their provisions on enforcement of rights mentioned above.

16. Any possible rules should be in harmony with the substantive norms on copyright and related rights.

17. Any such rules should promote co-operation between owners of rights and service providers – where possible, encouraging market place solutions – in order to facilitate the detection of copyright piracy, to apply technological means for expeditious removal of infringing material from networks, to identify and pursue infringers and to deny access to them, etc.

18. The applicability of injunctive reliefs and other similar legal remedies should be maintained.

19. The first, and so far most detailed regulation of service provider liability took place in the US Copyright Act by the DMCA. It seems to correspond to the above -outlined principles and to function in practice appropriately. The relevant provisions are very complex; it seems sufficient to refer only in a sketchy way to the main features of this regulation included in Section 512 of the Copyright Act.

20. This Section -which was Title II in the DMCA -clarifies the rules concerning the liability of online service providers for copyright infringements carried out over their networks. It does not change existing law on what constitutes an infringement (or a defense to infringement), nor does it change the existing legal doctrines under which one party may be held responsible for infringements carried out by another (contributory or vicarious liability), except for a provision defining the circumstances under which universities may avoid liability for infringing activities of faculty members or employed graduate students in the course of teaching or research.

21. Section 512 defines four situations in which service providers may be immune from damages or other monetary relief for copyright infringement, and in which special rules may apply to limit available injunctive relief. In each situation, these liability limitations are subject to several specific conditions. These situations are the following:

-- 'mere conduit' where the service provider is merely providing a conduit for the transmission or routing of infringing material, including copies automatically made in the course of the transmission;

-- 'system caching', where the service provider automatically makes and retains copies of material, such as frequently -visited remote websites, to improve network performance and reduce congestion for users;

-- 'hosting', where the service provider, without receiving a direct financial benefit, provides access to infringing material posted on its system by a user, so long as the service provider does not know the material is infringing, is unaware of facts or circumstances from which infringement is apparent, or has not received a notification from the copyright owner; and

-- provision of 'search tools' and 'hyperlinks', where the service provider, under conditions similar to those applicable in the preceding situation, provides an information location tool, such as a directory, pointer or hyperlink, that facilitates access to infringing material, even if posted outside its system, so long as the service provider does not know the material is infringing, is unaware of facts or circumstances from which infringement is apparent, or has not received a notification from the copyright owner.

22. Section 512 also sets guidelines for notification that copyright owners may give service providers to alert them to infringing material on their networks, and requires that service providers designate agents to receive these notifications. A service provider receiving the notification who acts expeditiously to cut off access to it can enjoy the limitations on damages, injunctions and other remedies above, and generally is not liable to any other party if it acts in good faith in taking the material down. This is the 'notice and takedown' system. However, copyright owners are not required to give such notifications in order to enforce their

rights against service providers. The legislation establishes a counter-notice procedure by which the material in question can be restored to the system if the notification is challenged, and also provides civil liability for knowing material misrepresentation that cause unjustified removal of material. Section 512 also provides procedures for copyright owners to obtain subpoenas for the identification of subscribers who post allegedly infringing material.

23. Several copyright-based trade associations in the United States of America – specifically the Business Software Alliance (BSA), the Interactive Digital Software Association (IDSA), the Motion Picture Association of America (MPAA), and the Recording Industry Association of America (RIAA) – have been active in working to enforce their member companies' rights in the online environment for years also through the “notice and takedown” system. Just a month before the finalization of this paper, in December 2002, a paper was published summarizing statistics that reflect the aggregate experiences of the four associations listed above with notice and takedown during an 18-month time period between January 1, 2001 to June 30, 2002. In summary, it has been found that the notice and takedown system has been working positively in many respects. These four associations' efforts resulted in over 158,300 notices sent to selected targets. In only 13 instances did the parties that posted disputed contents send counter-notifications, and only three sites were actually put back online as a result.

24. A few caveats clarify the statistics in this survey. First, not every association has fully developed online anti-piracy programs for the entire 18-month time period surveyed. Secondly, these statistics do not include any independent online efforts undertaken by any individual member company of these associations. As a result, the statistics under-report actual online investigations undertaken by copyright owners, and their use of the notice and takedown procedure. Thirdly, because of the rapid changing technologies of distribution, not all of these associations have conducted comprehensive investigations in all protocols. Some protocols, such as peer-to-peer (P2P) technology, have proven more difficult to investigate on a comprehensive and systematic basis.

25. Another regulation which seems to correspond to the above-mentioned principle is included in the “Electronic Commerce Directive” of the European Union. The EU has chosen a so-called “horizontal approach” in regulating service provider liability where the regulation relates not only to copyright infringements but also to other illegal acts where the issues of liability emerge (such as defamation and other violation of personality rights, distribution of racial hatred, child pornography, etc.). At the same time, the directive covers also issues other than service provider liability (such as establishment and information requirements for service providers on electronic contracts).

26. The provisions on service providers are included in Section 4 – Articles 12 to 15 – of the directive. These provisions are less detailed and less complex than those introduced into the US Copyright Law by the DMCA, but, in substance, they contain more or less the same rules. There are also some differences: first, the directive has not harmonized the liability rules in respect of providing information location (search and navigation) tools; secondly, it does not provide for a “notice and takedown” procedure” and, thirdly, it does not contain the kinds of legal means for the identification of infringers as the U.S. Law.

27. The latter two missing elements would have made the regulation more complete. This seems to be the case in particular concerning that kind of “notice and takedown” procedure which functions quite efficiently in the United States of America. This is quite important in this context since it follows from the nature of the global network that infringing acts may cause great and irreparable harms within a very short time.
28. It is interesting to note that, nevertheless, some European countries also provide already “notice and takedown” procedures. Hungary is frequently mentioned as a positive example for this. The Hungarian Electronic Commerce Act of 2001 (hereinafter the E.C.A.) contains a “horizontal” regulation on the limitations of service providers’ liability under civil law in harmony with the “Electronic Commerce Directive” of the European Union, but it also provides for a “notice and takedown” procedure exclusively in respect of copyright and related rights infringements in a similar – but more simple way – as such a procedure is regulated in the DMCA.
29. Under the E.C.A., the owner of rights whose rights in a work, performance, phonogram, broadcast or database are infringed through the use of the services of a service provider may, in a private or public document having full evidentiary effect under the Civil Procedure Code, demand from the service provider the removal of, or the disabling of access to, the infringing material. The document (notice) must (a) identify the object of infringement and indicate the facts that may prove the probability of the infringement; (b) contain data for the identification of the infringing information; (c) specify the name, home and/or official address, telephone number and electronic mail address of the owner of rights.
30. Within 12 hours from the receipt of the notice, the service provider must remove or disable access to the information identified in the notice, along with indicating on the request of which owner of rights the removal of the information has taken place, and, within three days, must inform about this the user of its service who has provided the infringing information.
31. The user of the service, within eight days from the receipt of the notification on the removal of, or disabling access to, the information, may request, in a private or public document having full evidentiary effect, the restoration of the information to the system. In the document (counter-notice), the information in question and the network location from where it has been removed as well as the user of the service concerned must be identified (along with the same contact information as prescribed in the case of the right owner’s notice), and a statement must be included, with appropriate justification, according to which the information is not infringing. The service provider, upon receipt of the counter-notice, must restore the information to the system, and must inform the owner of rights about this.
32. If the user of the service concerned admits the infringement or does not submit a counter-notice within eight days, the service provider must maintain the removal of, or disabling access to, the information. In case of a counter-notice, the owner of rights, within ten days from the receipt of the counter-notice, has the option of filing a suit to obtain a court order to restrain the user of service from infringement – along with a request for an injunction to be applied by the court as a temporary measure – or of initiating criminal procedure. If either of these options is chosen, the owner of rights, within three days, must send the service provider a copy of the document by which he has filed suit or initiated criminal

procedure, and the service provider must remove or disable access to the information again in the same way and with the same deadlines as for the first time. The owner of rights is obliged to notify the service provider of any final decision in merit – including any such decision concerning the requested injunction as a temporary measure – and the service provider, depending on the decision, must either restore the information to the system or maintain the removal of or disabling access to it.

33. The service provider is not liable for the removal of or disabling access to the information concerned provided it has acted in a *bona fide* way and in harmony with the above-mentioned provisions of the E.C.A..

34. The experience of the first year of application of the E.C.A. shows that this simple, well-balanced but efficient “notice and takedown” procedure functions effectively in the fight against on-line piracy and other infringements.

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