

Advisory Committee on Enforcement

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COORDINATING INTELLECTUAL PROPERTY ENFORCEMENT AT THE NATIONAL AND REGIONAL LEVEL

Contributions prepared by Belarus, China, Finland, Mexico, Peru, the Republic of Korea, the Russian Federation and Uganda

1. At the twelfth session of the ACE, held on September 4 to 6, 2017, the Committee agreed to consider, at its thirteenth session, among other topics the “exchange of information on national experiences relating to institutional arrangements concerning IP enforcement policies and regimes, including mechanism to resolve IP disputes in a balanced, holistic and effective manner”. Within this framework, this document introduces the contributions of seven Member States (Belarus, China, Finland, Mexico, the Republic of Korea, the Russian Federation and Uganda) on their experiences with coordinating IP enforcement.

2. The contributions in this document discuss a wide range of issues relevant to the topic of IP enforcement coordination and highlight the measures taken by each Member State in this area. Among others, the contributions cover questions of competence allocation across various authorities involved in the enforcement of IP. They consider ways of responding to the needs of specific industries, such as through the setting-up of mechanisms for timely and effective granting and enforcement of certain IP rights, as well as ways of addressing new technological trends in IP crime, such as through the establishment of dedicated units specialized in digital and cybercrime investigations. Strengthening legislation to address IP infringements, ensuring effective coordination between the activities of right holders, the judiciary and intermediaries, particularly in relation to the practice of cease-and-desist letters, and the set-up of specialized enforcement units are further issues discussed in the contributions. Awareness-raising campaigns, public-private partnerships and administrative coordination mechanisms also play a role, particularly in relation to the promotion of legitimate software – a topic discussed in contributions both by the Republic of Korea and Mexico.

3. The contributions are in the following order:

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INTELLECTUAL PROPERTY DISPUTE RESOLUTION IN BELARUS: GOVERNMENT BODIES INVOLVED AND THEIR COMPETENCES

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ABSTRACT

This paper describes how the competences to resolve intellectual property (IP) disputes have been distributed among various bodies in Belarus. Both administrative and legal procedures exist to remedy infringements of IP rights. More specifically, the paper discusses the competences of the Board of Appeals of the National Center of Intellectual Property (NCIP) and the Specialized Tribunal for Intellectual Property Matters under the Supreme Court of Belarus.

I. INTRODUCTION

1. Creating effective mechanisms for the enforcement of intellectual property (IP) rights within a country is the most important element in encouraging the development of an IP protection system. Recognizing the importance of IP, Belarus is trying to draw on the experience of various countries in developing a mechanism to enforce IP with a view to safeguarding the legitimate interests of IP right holders.
2. The adjudication of IP disputes in Belarus is currently carried out through administrative and judicial proceedings.

II. THE BOARD OF APPEALS

3. The Board of Appeals, established at the National Center of Intellectual Property (NCIP), is the administrative body with authority to hear IP disputes. It was created in 1995 as a quasi-judicial body.
4. The Board of Appeals is currently composed of 15 members who are either legal or technical specialists and hear disputes as panels. While the composition of a panel is determined by the Chairperson, it has at least three members and includes both specialists in a specific field of science or technology and lawyers.
5. The competence of the Board of Appeals is limited to hearing industrial property disputes. Receivable cases fall under the following categories:
 - complaints by applicants against NCIP decisions, taken after examination, to refuse legal protection for utility models, industrial designs, inventions, trademarks, plant varieties, layout-designs of integrated circuits or appellations of origin of goods;

* The views expressed in this document are those of the author and not necessarily those of the Secretariat of the Member States of WIPO.

- third-party challenges to NCIP decisions to grant legal protection for utility models, industrial designs, inventions, trademarks, plant varieties, layout-designs of integrated circuits and appellations of origin of goods;
- applications to recognize a trademark as a well-known trademark in Belarus;
- applications to terminate the legal protection of a trademark as a well-known trademark in Belarus; and
- applications to terminate the legal protection of appellations of origin of goods or the validity of certificates of the right to use an appellation of origin of goods.

6. Unsuccessful applicants may choose to lodge an appeal against NCIP decisions either with the Board of Appeals or the Supreme Court of Belarus. However, the Board of Appeals has exclusive competence to receive third-party challenges to decisions granting legal protection once protection documents have been issued, applications to recognize or terminate the legal protection of trademarks as well-known trademarks, as well as applications to terminate the legal protection of appellations of origin and the validity of certificates for the right to use appellations of origin of goods.

7. The time required for resolving cases differs depending on the nature of the disputes: complaints against refusals are reviewed within one month, while third-party challenges and applications are reviewed within six months.

8. The Board of Appeals hears around 50 to 65 cases in the course of a year. In about 60 per cent of cases, the parties are foreigners. Forty per cent of the cases received are appeals filed by applicants against NCIP refusals, 50 to 55 per cent are third-party challenges to NCIP decisions to grant industrial property rights and 5 to 10 per cent are applications on the recognition of trademarks as well-known marks in Belarus. Applications concerning the termination of legal protection of appellations of origin or the validity of certificates of the right to use an appellation of origin do not play a significant role in the practice of the Board of Appeals.

9. Eighty-five per cent of the disputes relate to trademarks, five per cent to inventions, five per cent to industrial designs and four per cent to utility models. The vast majority of disputes heard by the Board of Appeals thus concern trademarks.

10. The payable fees range between EUR 190 and 960, depending on the nature of the dispute. A fee equal to EUR 190, for example, is charged for reviewing an NCIP decision, while the fee for reviewing a petition to recognize a trademark as being well-known amounts to EUR 960.

11. A decision by the Board of Appeals is subject to appeal to the Specialized Tribunal for Intellectual Property Matters under the Supreme Court of Belarus within six months from the receipt of the decision by the parties. If decisions of the Board of Appeals are not appealed, they enter into force upon the lapse of six months.

III. THE SPECIALIZED TRIBUNAL FOR INTELLECTUAL PROPERTY MATTERS

12. The only judicial body competent to hear civil IP disputes is the Supreme Court of Belarus and, more specifically, the Specialized Tribunal for Intellectual Property Matters. Belarus was the first of the countries of the former Soviet Union to create a specialized court with competences to resolve IP disputes, the process that was initiated by NCIP (at the time the Belarus Patent Office). In March 2000, a tribunal specialized in the hearing of IP disputes was

established under the Supreme Court of Belarus, adjudicating disputes concerning industrial property as a court of first instance. Since the expansion of its competences in 2003, the tribunal has been adjudicating all civil disputes in the field of IP as a court of first instance.

13. The following cases fall under the jurisdiction of the tribunal:

- appeals against decisions of the NCIP Board of Appeals
- complaints by applicants against NCIP decisions, taken after examination, on utility models, industrial designs, inventions, trademarks, plant varieties, layout-designs of integrated circuits or appellations of origin of goods;
- proceedings on the authorship of IP;
- proceedings requesting the early cancellation of the legal protection of trademarks in Belarus in the event of their non-use;
- proceedings relating to the determination of IP rights infringements and the compensation for damage caused by such infringements;
- proceedings in relation to the issuing of compulsory licenses for industrial property rights;
- proceedings in relation to the termination of licensing agreements and the claiming of royalties and penalties under licensing agreements;
- proceedings requesting the recognition of acts as acts of unfair competition in relation to the registration of trademarks; and
- certain other cases.

14. Disputes involving copyright and related rights are heard by a single judge while all other disputes are heard by a tribunal composed of three judges.

15. The Specialized Tribunal for Intellectual Property Matters under the Supreme Court of Belarus consists of the chairman of the tribunal and six judges. Two of the judges are former employees of the Belarus Patent Office.

16. The fee for filing an appeal or proceedings with the Supreme Court of Belarus amounts to around EUR 200 for individuals and around EUR 500 for legal entities. A fee of five per cent of the amount claimed for compensation must be paid for property-related lawsuit claims, i.e. proceedings in which a person claims compensation for losses incurred as a result of an infringement of his or her IP rights.

17. Decisions of the Specialized Tribunal for Intellectual Property Matters under the Supreme Court of Belarus enter into force immediately and are not subject to appeal.

18. The Tribunal hears around 100 to 130 cases per year, approximately 30 per cent of which involve foreigners. Around 45 per cent of the cases end in an amicable settlement between the parties.

19. Industrial property issues account for 45 per cent of the disputes (35 per cent of the cases relating to trademark and ten per cent relating to inventions, industrial designs, and utility models).

IV. THE INFORMATION TECHNOLOGY AND INTELLECTUAL PROPERTY ARBITRATION TRIBUNAL

20. In May 2015, the Association of Information Technology Companies established the Information Technology and Intellectual Property Arbitration Tribunal in Belarus, consisting of 16 judges. The Tribunal is competent for disputes in the area of information technology and/or IP.
21. The arbitration fee for claims not involving questions of IP ownership is around EUR 350 per claim for individuals and EUR 400 for legal entities. For IP ownership claims, the fees range from 0.5 to three per cent of the costs of the claim, but no less than EUR 110.
22. No cases have been heard to date.

V. ADMINISTRATIVE AND CRIMINAL MEASURES IN RELATION TO IP INFRINGEMENTS

23. The review of administrative and criminal measures in the field of IP falls under the authority of courts of general jurisdiction. There are no specialized judicial tribunals for such cases and judges do not have specialized training in IP law.
24. Administrative and criminal measures are initiated only upon complaints filed by right holders whose IP rights have been infringed or by their legal representatives.
25. Administrative liability for the violation of IP rights includes the payment of a fine and/or the confiscation of the item that violates the law. Fines range from amounts equaling around EUR 100 to 3,000.
26. Criminal liability for the violation of IP rights is subject to penalties, corrective labor for a term of up to two years or a restriction of liberty¹ or imprisonment for a term of up to five years.
27. Over the past seven years a total of 100 sentences have been handed down in criminal cases. Punishment in the form of imprisonment is very rare. For the most part, infringers are fined (in 50 per cent of the cases) and are subject to a restriction of liberty.

¹ Restriction of liberty is a milder form of punishment compared to the deprivation of liberty, or imprisonment. In the case of a restriction of liberty, a convicted person must fulfill certain duties that restrict his or her freedom, the person is also constantly under the supervision of the enforcement authorities.

STRENGTHENING THE PROTECTION OF INDUSTRIAL DESIGNS TO PROMOTE THE DEVELOPMENT OF THE LIGHTING INDUSTRY – INTELLECTUAL PROPERTY RIGHTS PROTECTION IN GUZHEN, ZHONGSHAN, CHINA

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ABSTRACT

Initiated and supported by the State Intellectual Property Office of the People's Republic of China (SIPO), the Guzhen model aims to establish a system of industrial design protection that enables the speedy granting of intellectual property rights (IPR), as well as enforcement and coordination in an area with a specific industrial cluster, namely the lighting industry. The model has a positive effect on the development of the industry and the wider regional economy.

I. THE BOOMING LIGHTING INDUSTRY IN GUZHEN TOWN

1. The lighting industry in Guzhen, Zhongshan, Guangdong province, has its origins in the 1980s. Over a period of more than thirty years, it has flourished into an industry with a total output of CNY 100 billion, accounting for over 70 per cent of the domestic lighting market. So far, Guzhen has 26,000 businesses that manufacture lighting products and accessories. Amongst the 8,960 businesses that manufacture lighting products, there are three marks that have gained the title of well-known Chinese marks, seven products that are recognized as well-known products in the Guangdong province and 11 marks that are recognized as well-known in the Guangdong province. Guzhen and its surrounding area has developed into an industrial lighting cluster with an extensive supply chain and high level of geographical concentration. The products are exported to Southeast Asia, Europe, the Arab region, the United States of America, Japan and the Republic of Korea, and Guzhen is the biggest exporter of lighting products in China. In fact, Guzhen has become the largest production and sales center of lighting products in China and the world.

II. THE GUZHEN MODEL AS A RESPONSE TO INDUSTRIAL NEEDS

2. Due to the short life cycle of lighting products and their continuous upgrading, as the industry flourishes, the actors behind the innovation, such as enterprises, have experienced a sharply increased and rapid need for intellectual property rights (IPRs) protection.

3. According to a recent survey, the sales cycle of a light bulb is only three months. However, the average examination time in China for design patents is nearly six months. Consequently, a lighting design will probably become outdated even before the examination of the design patent application is concluded. This means that businesses will not be able to reap the full benefits of their intellectual property (IP) simply because the relevant IP rights (IPRs) will not yet have been granted, which could give rise to unauthorized copies of their designs.

4. To accommodate both industrial and market needs, in 2011, IPR administrative agencies at all levels, led by the State Intellectual Property Office of the People's Republic of China

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(SIPO), conducted in-depth research and established the China Zhongshan (Lighting) IPR Speedy Enforcement Center (Zhongshan Speedy Enforcement Center) tailored to characteristics of the lighting industry in Guzhen. The key idea of the innovative Guzhen model is to establish a system of IPR protection, led and guaranteed by all relevant administrative agencies that enables speedy granting of IPRs, enforcement and coordination.

III. SPECIFIC CHARACTERISTICS OF THE GUZHEN MODEL

5. The Guzhen model was developed to respond to the characteristics of the lighting industry in Guzhen. The model guarantees a high standard of examination and enforcement, and is compliant with international rules on IPR protection. It mainly focuses on industrial designs, but also protects copyright, trademarks, utility models and patents for inventions. These rights are protected by administrative and judicial proceedings. In particular, a high level of speediness in these proceedings is realized by improving administrative efficiency, without lowering the quality of work. Rather, the Guzhen model closely relates to industry self-regulation.

6. In collaborating under the Guzhen model, the IPR administrative agencies involved perform their role of providing services and guidance to the market. Specifically, the state and local IPR administrative management systems cooperate under a common legal framework to capture and better accommodate the needs of the market. The innovative top-down approach encompasses the creation, protection and utilization of IPRs, as well as their management by and service to right holders. Social supervision, industry self-regulation, arbitration and mediation, administrative enforcement, judicial procedures and other legal measures are integrated to satisfy industrial needs and boost industrial development.

7. SIPO and the Zhongshan Speedy Enforcement Center work together to achieve the goal of speedy IPR granting, enforcement and coordination. The speedy granting procedure is realized through China's Smart Search System of Designs and the Online Patent Authorization System set up by SIPO in the Zhongshan Speedy Enforcement Center. It includes a pre-registration granting access to the registration process, pre-examination, and an accelerated track for the examination of designs. With the speedy granting procedure, design applications can be granted by SIPO swiftly, the shortest processing time being 10 working days.

8. Speedy enforcement is realized through the Zhongshan Speedy Enforcement Center with the authorization of the Intellectual Property Office of Zhongshan, and the lighting industry in Guzhen benefits directly from this network of IPR protection. The speedy enforcement mechanism was established based on practical experiences with IPR protection, and includes the speedy processing of design applications, as mentioned above, the prioritization of mediation and joint enforcement measures, adopted proactively, to stop infringements of lighting designs at lighting exhibitions, on e-lighting platforms and across regions. These measures are coordinated with the public authorities responsible for commerce and industry, copyright and public security.

9. Speedy coordination refers to the strengthened coordination between the judiciary, arbitration centers, other administrative enforcement authorities and the industrial association. The Zhongshan Speedy Enforcement Center leads the coordination to raise the efficiency of enforcement. It is realized through the use of diverse non-judicial dispute resolution mechanisms (industrial self-discipline, mediation and arbitration), joint enforcement, and the combination of administrative measures with arbitration mechanisms. When the above approaches fail, court proceedings serve as the final remedy. In addition to achieving speed, rigorousness, synergies and comprehensiveness in protecting IPRs, the Guzhen model also promotes public knowledge on how to resolve disputes and creates a favorable business environment.

IV. THE EFFECTIVENESS OF THE GUZHEN MODEL

A. CREATING AN ENVIRONMENT FAVORABLE TO INNOVATION

10. Based on interviews and a survey of 34 scaled enterprises, i.e. enterprises above a certain size, and 350 small and medium-sized enterprises in Guzhen, 97 per cent believe that the current model of speedy design protection is very effective, and only three per cent think the effectiveness of the model should be further improved. By the end of 2017, the Zhongshan Speedy Enforcement Center had handled 2,638 disputes, of which 2,637 were finalized. The average processing capacity is over 377 cases per year. From 2012 to 2017, it handled 128 disputes concerning design patent infringements on exhibitions, all of which were concluded, including 47 dropped cases and 81 cases where the impugned products were removed from display. The Zhongshan Speedy Enforcement Center has also established fast-track procedures to enforce design patents on e-commerce platforms to improve the efficiency with which the platforms handle infringement cases. More specifically, the cooperation agreements with the e-commerce platforms address fast-track case handling, online-to-offline case connection and online evidence preservation. So far, 138 cases have been filed under these fast-track procedures, leading to the removal of IP-infringing links in all cases. The difficulties that the lighting industry in Guzhen experienced in enforcing IPRs have thus been resolved, and lighting enterprises are now encouraged to safeguard their IPRs.

B. INCREASED INNOVATION IN THE GUZHEN LIGHTING INDUSTRY

11. According to statistics, the number of lighting designers has surged since the establishment of the Zhongshan Speedy Enforcement Center, reaching 2,432 in 2017, a ten-fold increase compared to the number in 2011. More enterprises have introduced experts and cultivated talents in lighting design, and they have also cooperated with the Guzhen Lighting Institute and other international lighting institutes to conduct joint research and boost innovation. Talent sourcing efforts have led to a surge in innovation. In 2017, the number of granted design patents that enjoyed accelerated pre-examination reached 4,784, which represents a growth of 395 per cent compared to 2016.

C. INCREASED INNOVATION LED TO FURTHER GROWTH OF THE GUZHEN LIGHTING INDUSTRY

12. Lighting enterprises indicated that they would continue to increase the share of products for which they seek protection as patented designs as these products could be sold at a higher price. According to a survey carried out by the Zhongshan Speedy Enforcement Center amongst 406 enterprises that had applied for accelerated examination between 2015 and 2016, the average annual output of products protected by design patents of these enterprises amounted to CNY 5.48 million, and approximately 10 per cent of these enterprises had an annual output of products protected by design patents exceeding CNY 10 million. For the surveyed enterprises, the output of products protected by design patents accounted for as much as 53 per cent of their total output. About 20 per cent of the enterprises had an output of products protected by design patents even exceeding 80 per cent of their total output.

13. A statistical model based on the Cobb-Douglas function was used to analyze relevant data on the lighting industry in Guzhen from 2000 to 2016. The results show that design patents have contributed by 30.5 per cent to the economic growth of the lighting industry in Guzhen. Meanwhile, the profitability and market share of the lighting enterprises have increased significantly. Along with porcelain and textiles, lighting products represent the most internationally recognized Chinese products.

V. THE DEVELOPMENT OF THE GUZHEN MODEL

14. Based on the success of the Guzhen model, China has established 19 speedy enforcement centers in industrial clusters of glassware, kitchenware, furniture and leather products across the country over the past seven years, resulting in more expedient and effective IPR protection as well as more convenient, efficient and affordable IPR enforcement.

15. The Guzhen model needs to advance with the times and changes in the economy. From the available research and analysis of the Guzhen lighting industry and the Guzhen model of IPR protection, it can be concluded that it would be beneficial if the Guzhen model could be supported by a more comprehensive policy system to further promote the effectiveness of the administrative management of IPRs and to facilitate the creation and utilization of high-value IP in pace with industrial development. Under the current IPR protection system, the Guzhen model should continue to strengthen the mechanism of speedy, strict, synergetic and comprehensive IPR protection, so as to create a business environment favorable to building a global lighting hub.

CHINA'S EXPERIENCE IN PROMOTING THE USE OF LEGITIMATE SOFTWARE

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ABSTRACT

Copyright protection for software is an important part of intellectual property (IP) protection. This article describes the efforts of the Chinese Government to strengthen copyright protection for software. Based on its relatively comprehensive laws and regulations on copyright protection for software, China has launched a series of policies and measures to promote the use of legitimate software. It has also established an inter-ministerial coordination mechanism to promote the use of legitimate software by government agencies and enterprises. These efforts have effectively improved the environment for copyright protection for software and boosted the development of the software industry.

I. INTRODUCTION

1. The Chinese Government attaches great importance to protecting intellectual property (IP) rights. This was demonstrated when President Xi Jinping, in his keynote speech at the Boao Forum for Asia Annual Conference in April 2018, listed “strengthening the protection of intellectual property rights” as one of the four key measures for making the domestic market more accessible
2. Copyright protection for software is an important part of IP rights protection. The Chinese Government works hard to promote the use of legitimate software with a view to fostering a culture and environment of innovation, strengthening the protection of IP rights and facilitating the development of the software industry. To this end, a number of laws and regulations, as well as policies and measures have been put in place to promote the use of legitimate software, which provides a favorable market environment for the development of the software industry.

II. LAWS AND REGULATIONS ON THE PROTECTION OF SOFTWARE COPYRIGHT

3. The Chinese Government has established a legal system for the protection of software copyright, which consists of the Copyright Law of the People's Republic of China¹, the Regulations on Computer Software Protection² as well as other supporting laws and regulations. Both judicial and administrative remedies are available to address infringements, guaranteeing full protection for software copyright. To protect their rights against the alleged use of pirated software, software copyright holders may file lawsuits or file complaints to the copyright administrative agencies. Wherever the infringement of software copyright constitutes a crime, the perpetrator is subject to criminal liability.

* The views expressed in this document are those of the author and not necessarily those of the Secretariat or of the Member States of WIPO.

¹ Available on WIPO Lex at: <http://www.wipo.int/wipolex/en/details.jsp?id=6062>.

² Available on WIPO Lex at: <http://www.wipo.int/wipolex/en/details.jsp?id=13396>.

III. POLICIES AND MEASURES TO PROMOTE THE USE OF LEGITIMATE SOFTWARE

A. WORKING MECHANISM IS ESTABLISHED

4. In 2012, in order to strengthen organizational leadership and overall coordination on promoting the use of legitimate software, the Chinese Government established an Inter-Ministerial Joint Conference for Promoting the Use of Legitimate Software (Joint Conference). It is led by the National Copyright Administration and composed of 15 ministries, including the Ministry of Industry and Information Technology and the Ministry of Finance. The Joint Conference organizes, coordinates and guides government agencies and enterprises to use legitimate software. A regular working mechanism to promote the use of legitimate software is thus established.

B. INSTITUTIONAL CAPACITIES ARE ENHANCED

5. In 2011, the State Council issued *Several Policies for Further Encouraging the Development of the Software Industry and Integrated Circuit Industry*, which specified that policy measures on the use of legitimate software by government agencies should be fully implemented, and that enterprises and the public should be guided to use legitimate software as well. In 2013, the State Council promulgated the *Administrative Measures for the Use of Legitimate Software by Government Agencies*. In addition, the members of the Joint Conference, in accordance with their respective responsibilities, have issued 18 institutional documents to promote the use of legitimate software.

C. SUPERVISION AT THE SOURCE IS STRENGTHENED

6. A policy that required newly-manufactured computers to be pre-installed with legitimate operating system software was implemented to prevent the use of pirated software at source. The policy also required that government agencies, at all levels, when purchasing computer-related office equipment, must devise procurement plans for both office and anti-virus software, and purchase computer products with pre-installed legitimate operating system software.

D. ASSET MANAGEMENT IS STRENGTHENED

7. The Ministry of Finance put forward specific requirements for the supply, use and disposal of software in government agencies. The Joint Conference issued a Guide for Managing Legitimate Software, providing local agencies with institutional and ledger models, and drafted the Manual on Software Asset Management, following which 24 large and medium-sized enterprises voluntarily standardized their software asset management.

E. INSPECTION AND AUDIT ARE STRENGTHENED

8. The Office of the Joint Conference set up a regularized annual inspection exercise which subjects government agencies and enterprises to on-site checks for their use of legitimate software. In 2017, the Office dispatched 11 inspection groups to 16 provinces, autonomous regions and municipalities, which inspected 26,989 computers in 389 units. Under the guidance of the inspection groups, a total of 48,900 units were inspected in 31 provinces, autonomous regions and municipalities. Audit authorities at all levels include the use of legitimate software

as a priority task in their audit and inspection programs. The audit results are compiled into audit reports that are accessible to the public.

F. PIRATED SOFTWARE IS COMBATED

9. The National Copyright Administration has strengthened the regulations on software in order to combat pirated software. A number of cases of software copyright infringement have been dealt with. These include the case of software copyright infringement by Qingdao Chia Tai Co., Ltd., handled by the copyright law enforcement office in Jimo, Shandong Province, and the case of the sale of pirated software by Anhui Hefei Anhui Electronics Technology Company. The legitimate rights of software copyright holders from China and abroad are thereby protected.

IV. NOTICEABLE RESULTS ARE ACHIEVED IN PROMOTING THE USE OF LEGITIMATE SOFTWARE

A. LEGITIMATE SOFTWARE IS USED IN GOVERNMENT AGENCIES

10. By the end of 2013, all the software used by the central government and the government agencies at provincial, city and county levels was legitimate. Use of legitimate software is institutionalized at all levels of government agencies, which submit reports on their use of legitimate software to the copyright administrations of the respective administrative level at the end of each year. In 2017, all levels of government purchased a total of 1.277 million sets of operating systems, office and anti-virus software (excluding pre-installed legitimate operating system software), amounting to CNY 612 million. From 2011 to 2017, government agencies purchased a total of 9.624 million such sets, amounting to CNY 5.368 billion.

B. POSITIVE PROGRESS IS MADE IN THE USE OF LEGITIMATE SOFTWARE IN ENTERPRISES

11. By the end of 2017, a total of 37,667 enterprises had passed the inspection of deploying legitimate software. The majority of central enterprises³ and large and medium-sized financial institutions have also deployed legitimate software. In 2017, central enterprises and financial institutions purchased a total of CNY 2.145 billion of sets of operating systems, office and anti-virus software. From 2014 to 2017, money spent by central enterprises and financial institutions on purchasing sets of operating systems, office and anti-virus software amounted to CNY 8.568 billion.

C. INCREASE IN SOFTWARE COPYRIGHT REGISTRATIONS AND GROWTH IN THE SOFTWARE INDUSTRY

12. In 2017, the number of software copyright registrations reached 745,400, an increase of 82.79 per cent compared to the previous year. The revenue from software and information technology (IT) service industries reached CNY 5.5 trillion, representing a year-on-year increase of 13.9 percent. From 2013 to 2017, the average increase of software copyright registrations

³ Central enterprises are centrally administered State-owned enterprises, supervised and managed by the State-owned Assets Supervision and Administration Commission of the State Council (SASAC).

reached 41.45 per cent; and that from software and IT service industries reached 17.44 per cent.

V. CONCLUSION

13. China's laws and regulations have provided comprehensive protection for software copyright holders. To strengthen the protection of software copyright, the Chinese Government has also launched a series of policy measures that promotes the use of legitimate software. The laws and relevant policy measures require government agencies, institutions, and the general public to use legitimate software, and the Chinese Government will make greater efforts to promote the use of legitimate software.

BEST PRACTICES FOR THE USE OF CEASE-AND-DESIST LETTERS ADDRESSED TO INDIVIDUALS IN FINLAND

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ABSTRACT

Following a sharp increase in the number of cease-and-desist letters sent on behalf of right holders by law firms against alleged copyright infringers and a backlash against the content and process attached to this practice from recipients as well as the media, a working group was appointed by the Ministry of Education and Culture to study the use of such letters. The group was tasked with proposing best practices that would take account of the fundamental rights of the letters' recipients, balancing these against the rights of copyright holders, and make the process of sending cease-and-desist letters more transparent and predictable. The working group developed 15 best practices on the basis of the current law that increase legal certainty and balance in the monitoring of copyright infringements by means of such letters.

I. INTRODUCTION

1. Having sufficient means of enforcement is indispensable to holders of copyright and related rights, especially in the digital environment. Right holders can raise awareness of the negative impacts of piracy and recoup some of their investments in the production of film and television content by monitoring copyright infringements in peer-to-peer (p2p) networks and directing claims for compensation to individuals who have infringed copyright¹. To this end, in 2013, six representatives of foreign film, television and adult entertainment companies began to send letters to tens of thousands of individuals in Finland in relation to alleged copyright infringements in p2p networks.

2. The practice of what in Finland is termed "monitoring of copyright infringements by means of letters directed to individuals" can be described as follows. Typically, the process starts with a law firm commissioning or performing technical monitoring of the unauthorized distribution of copyright-protected works at the request of the copyright holder. Civil enforcement tools available to copyright holders in Finland include, among others, a right to request information on who has used a particular Internet protocol address (IP address) at the time that the infringement took place. More specifically, the Market Court may, under certain conditions, order telecommunications companies to disclose the contact information of the subscriber of the Internet connection to which the IP address was assigned at the time of the alleged infringement. Based on the disclosed information, the law firm sends cease-and-desist letters (in Finland commonly termed "copyright infringement letter") to the subscribers of the Internet connections on the right holder's behalf.

* The views expressed in this document are those of the author and not necessarily those of the Secretariat or of the Member States of WIPO.

¹ According to a study conducted by MediaVision Ab in 2016, 325,000 persons per month consumed audiovisual content from unlawful sources in Finland (by downloading or streaming). That is a considerable number of people in a country of five million inhabitants.

3. In mid-2015, the Ministry of Education and Culture started to follow the practices of different law firms. In May 2017, a working group on copyright infringement letters was appointed by the Minister of Education and Culture, Ms. Sanni Grahn-Laasonen². The Ministry acted in response to ever-increasing negative feedback from the recipients of such letters, as well as to inquiries from members of the Finnish Parliament. In particular, it was flagged up that there was no uniform practice but that it was unpredictable in which cases a letter would be sent and what its content would be. In addition, letters often contained high financial claims for infringements that could be considered minor as well as threats of high legal fees for uninitiated court proceedings. The Ministry considered that there was a need to ensure that the position of the recipient of the letter would be taken into consideration. This is also in line with the view taken by the European Commission that a fair balance needs to be struck between different conflicting fundamental rights when, *inter alia*, deciding on right of information requests and the awarding of injunctions³.

4. This paper presents the recommendations developed by the working group on best practices in relation to the monitoring of copyright infringements by means of letters directed to individuals as well as some additional observations⁴.

II. LEGISLATION AND ACTION WITH REGARD TO THE MONITORING OF P2P PIRACY BY INDIVIDUALS IN FINLAND

A. LEGISLATION ON THE DISCLOSURE OF CONTACT INFORMATION IN FINLAND AND THE EU

5. Pursuant to Section 60a of the Finnish Copyright Act (404/1961)⁵, the contact information of an individual who used a particular IP address at a particular point in time can only be disclosed by the telecommunication company following an order by the Market Court. This provision was adopted in 2006 as part of the implementation of Article 8.3 of the Information Society Directive (2001/29/EC)⁶. A similar right of information is included in Article 8 of the Enforcement Directive (2004/48/EC)⁷.

² Chaired by the Ministry, the working group consisted of 10 members: three copyright holders, three law firms sending cease-and-desist letters on behalf of foreign copyright holders, the Copyright Information and Anti-Piracy Centre, the Finnish Federation for Communications and Teleinformatics, a telecommunications company and the Electronic Frontier Finland, representing individuals receiving cease-and-desist letters. The Finnish Communication Regulatory Authority and the Finnish Competition and Consumer Protection Authority acted as standing advisors. The Data Protection Ombudsman was also consulted when required.

³ European Commission (2017), *A Balanced IP Enforcement System Responding to Today's Societal Challenges* (COM(2017)708), available at: <https://ec.europa.eu/docsroom/documents/26581>.

⁴ These should be considered as solely reflecting the views of the author and not the official position of the working group or of the Ministry of Education and Culture.

⁵ An English translation of the Finnish Copyright Act is available at: <https://www.finlex.fi/en/laki/kaannokset/1961/en19610404.pdf>. Section 60a of the Finnish Copyright Act states: "In individual cases, notwithstanding confidentiality provisions, an author or his representative shall be entitled, by the order of the court of justice, to obtain contact information from the maintainer of a transmitter, server or a similar device or other service provider acting as an intermediary about a tele-subscriber who, unauthorized by the author, makes material protected by copyright available to the public to a significant extent in terms of the protection of the author's rights. The information shall be supplied without undue delay". According to paragraph 3, "the author stands for the costs of the enforcement of an order to supply information and recompense the maintainer of the transmitter, server or other similar device or other service provider acting as an intermediary for possible damage."

⁶ Directive 2001/29/EC of the European Parliament and of the Council on the Harmonization of Certain Aspects of Copyright and Related Rights in the Information Society, available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32001L0029>.

⁷ Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the Enforcement of Intellectual Property Rights, available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32004L0048>.

6. In the application requesting individual contact information, a law firm must show that it has the right to make the request on behalf of the right holder(s) whose works have been subject to the monitoring process. It must also show that the user of the IP address has, unauthorized by the author, made materials protected by copyright available to the public “to a significant extent in terms of the protection of the author’s rights”.

7. The extent of the alleged infringement is central to the court’s evaluation. When the provision was adopted in 2006, the “significant extent” threshold for the disclosure of information was established to ensure that right holders’ information need for enforcement purposes is balanced with the data privacy rights of the affected individuals, taking into account the confidentiality of contact information as protected data. However, neither the government’s proposal leading to the inclusion of the provision (HE 28/2004) nor the reports of the Parliamentary Committees contain any detailed indication on how the assessment of significance should be made. Hence, the Market Court has considerable discretion in interpreting this requirement.

B. WORKING GROUP ON COPYRIGHT INFRINGEMENT LETTERS

8. In light of the varying practices of different law firms that engaged in sending letters and the diverging advice available online, including in administrative sources, on how to deal with such letters, but also in order to consider the legality and appropriateness of such letters, which had been questioned by the media, a working group was appointed by the Ministry to study the *status quo*. This group was tasked with proposing best practices in relation to the process of applying for disclosure of contact information as well as the content of the letters with the aim of improving the position of the recipients of such letters.

9. The group studied relevant case law and noted that only a very small portion of cases had been taken to court based on infringement letters. Studying the feedback compiled by the Ministry, it noted that the biggest concerns in relation to the letters were the inconsistency in the practices of the law firms as well as the legal uncertainty as to the conditions under which the disclosure of confidential contact information could be ordered.

10. The working group also noted that there was a sharp increase in requests for contact information based on IP addresses in 2016. There were no statistics readily available on the number of cases in which contact information had been ordered by the Market Court. In fact, a single application could contain up to almost 8,000 requests for disclosure based on particular IP addresses but the filing system of the Market Court only tracked applications. Only after a manual count, it could be established that in the period 2013 to 2017 contact information corresponding to 200,000 IP addresses was ordered for disclosure, of which contact information corresponding to 100,000 IP addresses in 2016 alone. Based on information provided by the Market Court, volunteers and law firms, the working group estimated that at least a few tens of thousands of letters had been sent to the postal addresses of Internet connection subscribers.

III. RECOMMENDATIONS OF THE WORKING GROUP

11. The working group studied the relevant practices in detail between June 1 and December 31, 2017. It conducted its work without affecting the court’s independence in general and did not take position on issues that fell under the court’s mandate or on other issues that were not included in its tasks.

12. The working group, excluding the representative of the recipients of monitoring letters⁸, considered it generally too early to discuss the need for amendments to the provision in the Copyright Act allowing for contact information to be submitted to right holders by a court order, especially taking into account the fact that the Market Court's practice would continue to evolve. In fact, the jurisprudence of the Market Court and of the Supreme Court, as the appellate instance, could affect copyright infringement letters in ways that cannot yet be anticipated.

13. The working group decided to recommend best practices aimed at making the process transparent and increasing predictability, which are summarized in the following paragraphs⁹.

A. CONTENT OF THE LETTERS

14. The first 12 best practices focus on the first contact with the Internet connection subscriber, unless otherwise noted:

- A letter must include *a clear and informative subject heading*, which will help the recipient understand the content.
- The letter must outline in a clear and easy to understand manner *what alleged infringement had been monitored* and *on which provisions and legislation the claim is based*.
- The *letter* must *list its sender*, the copyright holder, on whose request action is being taken as well as the recipient of the letter.
- The letter must clearly state that the *specified telecommunications company has been required to disclose* the Internet connection subscriber's contact information at the order of the Market Court.
- All letters related to the infringement must include details (number and date) about the Market Court decision but not the decision itself.
- The *letter* must clearly state the *sender's objective*, i.e., the monitoring and investigation of the alleged copyright infringement and the possibility of mediation to resolve the matter without a trial.
- The senders should be able to *address special situations* where the recipient is an elderly or under the age of 18, a person only speaking foreign languages, or where the Internet connection in question is shared, public or owned by a company. The senders must also comply with professional and ethical standards applying to attorneys and licensed legal counsels.
- The letter must specify in detail *what the settlement offered in the letter includes*, as well as what the requested compensation and investigation costs are based on.

⁸ A dissenting opinion was recorded in the report by the Electronic Frontier Foundation saying that the law should be amended, as voluntary best practices could not sufficiently safeguard individuals from unjustified or false claims of copyright infringement.

⁹ The full text of the recommendations, in Finnish, is available at: https://www.edilex.fi/julkaisuja_Internetissa/18626.

- The letter must invite the recipient, when necessary, to be in *contact primarily with the sender*, and must stipulate the consequences should the recipient not respond to the letter by the specified deadline.
- The Internet connection subscriber *may be asked to help* clarify¹⁰ the matter. The copyright holder can then decide, based on that information, what follow-up measures to take.
- *Misleading statements in the letters should be avoided where possible.* The Internet connection subscriber should not be referred to as the “primary suspect of the infringement”. The first letter establishing contact should never refer to any specific legal fees or other costs that a losing party would be responsible for paying in relation to the alleged copyright infringement unless a trial against the recipient of the letter is in fact in preparation or pending.
- The letter should include a *reference to the Ministry of Education and Culture website* containing the working group’s recommendations and other relevant information. The working group recommends that all parties involved monitor the information on the website, as this would ensure that information relating to the process is as consistent and reliable as possible¹¹.

B. APPLYING FOR CONTACT INFORMATION FROM THE MARKET COURT

15. The last three best practices aim to clarify the requirements right holders or their law firms need to fulfil when they apply to the Market Court for contact information in the first place:

- The application needs to *specify a unique time stamp in Finnish time*, and where possible in Coordinated Universal Time, of the alleged infringement. This aims to make the disclosure of contact information more efficient and to reduce errors.
- The *integrity and accuracy of the list of IP addresses* needs to be ensured at all stages: in the application, in the Market Court order and in the list attached to the order sent to the telecommunications company. Right holders are also reminded that contact information is confidential and that the protection of personal data must be complied with when such data are used¹².
- Monitoring by means of infringement letters aims to ensure that all parties involved make an effort to *reduce any delays to the procedure*, so that alleged copyright infringement can be investigated and resolved in a reasonable amount of time.

¹⁰ It is important to separate monitoring and independent investigation conducted by the right holders (or their representatives) from civil or administrative measures taken to prepare the filing of a claim based on copyright infringement. Criminal investigation of infringements can only be conducted by the police.

¹¹ Some authorities were not aware of the legal nature of the letters and suggested to individuals to throw them away. This resulted only in new letters being sent with possibly even stronger claims on liability for the infringement.

¹² Listing the number of IP addresses that were subject to right of information request orders helps track the extent of the use of this measure.

IV. STEP-BY-STEP INFOGRAPHIC

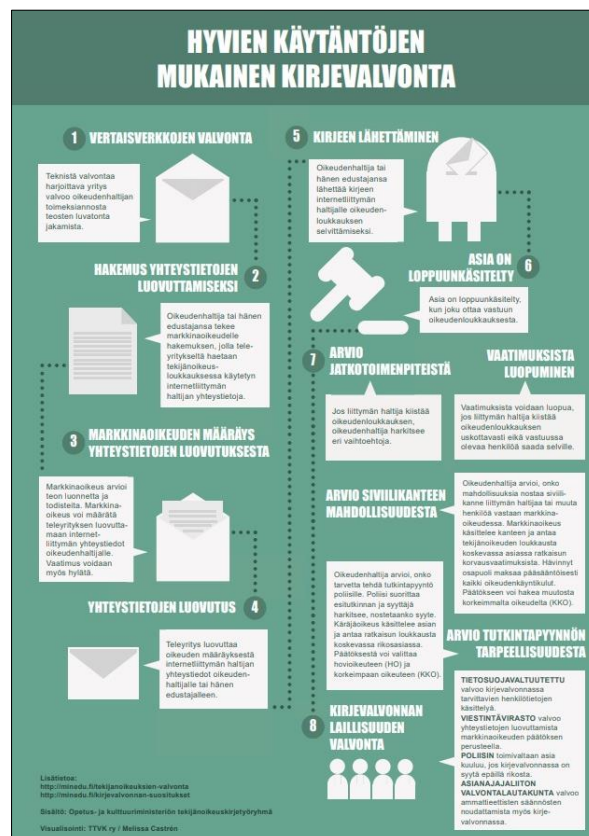
16. As a follow-up to and based on the best practices identified by the working group, a step-by-step infographic was published on the website of the Ministry of Education and Culture in March 2018¹³. It further clarifies the necessary steps to ensure an appropriate balance of the different affected fundamental rights in the monitoring of copyright infringements by means of letters directed to individuals:

- *Monitoring of p2p networks:* A law firm that performs technical monitoring supervises the unauthorized distribution of copyright-protected works at the request of the copyright holder.
- *Application for the disclosure of contact information:* The copyright holder or his/her representative submits an application to the Market Court, requesting the court to order the telecommunications company to disclose the contact information of the subscriber of the Internet connection used for the alleged copyright infringement.
- *Market Court decision on the disclosure of contact information:* The Market Court will assess the nature of the infringement and the evidence (threshold of significance). The Market Court can order the telecommunications company to disclose to the copyright holder the requested contact information. The copyright holder's request can also be rejected.
- *Disclosure of contact information:* At the order of the court, the telecommunications company discloses to the copyright holder or his/her representative the contact information of the subscriber.
- *Sending a letter:* The copyright holder or his/her representative sends a letter to subscriber of the Internet connection to investigate the alleged infringement.
- *The matter is closed:* The matter is closed when someone accepts responsibility for the alleged copyright infringement.
- *Evaluation of further measures:* If the Internet connection subscriber disputes the copyright infringement, the copyright holder will consider various alternatives.
 - *Waiver of claims:* The claim can be waived, if the connection subscriber credibly disputes the alleged copyright infringement and the responsible party cannot be determined.
 - *Assessment of the possibility for civil action:* The copyright holder considers whether there is a possibility to take civil action before the Market Court against the Internet connection subscriber or a third party. The Market Court will hear the case and give a ruling on compensation for the alleged copyright infringement. As a rule, the losing party will pay all court costs. An appeal can be submitted to the Supreme Court.
 - *Assessment of the necessity to submit a request for criminal investigation:* The copyright holder determines whether it is necessary to submit a request for investigation to the police. The police is responsible for carrying out a pre-trial investigation and the prosecutor will consider whether charges should be

¹³ <https://minedu.fi/tekijanoikeuksien-valvonta>.

filed. The District Court will hear the matter and hand down a decision in the criminal case concerning the alleged infringement. An appeal of the decision can be submitted to the Court of Appeal and the Supreme Court.

- *Supervision of the legality of using copyright infringement letters:* The Data Protection Ombudsman oversees the processing of personal data needed in the use of copyright infringement letters. The Finnish Communications Regulatory Authority supervises the disclosure of contact information. The police decides after the monitoring by means of an infringement letter whether there is reason to suspect a crime. The Finnish Bar Association's Disciplinary Board supervises compliance with professional and ethical standards of the legal profession also as these apply to the practice of monitoring copyright infringements by means of infringement letters.



V. CONCLUSIONS

17. On the basis of the recommendations presented in this paper and additional details on the website of the Ministry of Education and Culture, more reliable information on monitoring by means of infringement letters is now available. The working group emphasized the importance for all parties and authorities involved to refer to this information.

18. The work of the working group led to increased legal certainty and more balance in the monitoring of copyright infringements by means of letters directed to individuals. The need for further action will be assessed in January 2019.

COMBATING SOFTWARE PIRACY IN MEXICO

*Contribution prepared by Mr. Miguel Ángel Margáin, Director General, Mexican Institute of Industrial Property (IMPI), Mexico City, Mexico**

ABSTRACT

Aside from the protection of intellectual property (IP), the Mexican Institute of Industrial Property (IMPI) is responsible for both promoting and enforcing IP rights. In the context of promotion, IMPI has partnered with the Business Software Alliance (BSA) in pursuit of a common objective – to ensure that the IP rights involved in the use of software are fully respected. Recognizing the value of joint public and private sector initiatives in curbing the prevalence of illegal software and in creating favorable conditions for the development of sound technological ecosystems, IMPI and BSA have signed several cooperation agreements aimed at discouraging and combating the illegal reproduction and installation of computer programs. Several activities have been undertaken in the application of those agreements, including awareness-raising campaigns on the advantages of using legal software as well as inspection programs, conducted *ex officio* by IMPI and based on listings provided by BSA, to verify the legal use of computer programs. Although the use of illegal software is still widespread among Mexican companies, inter-institutional cooperation efforts have led to decreases in the rate of unlicensed software.

I. THE MANDATES OF THE MEXICAN INSTITUTE OF INDUSTRIAL PROPERTY AND THE BUSINESS SOFTWARE ALLIANCE

1. The Mexican Institute of Industrial Property (IMPI) is one of the few industrial property offices in the world that, in addition to protecting distinctive signs, patents and industrial designs, is vested with the functions of both promoting and enforcing intellectual property rights. Under the Federal Law on Copyright that entered into force on March 24, 1997, IMPI is empowered to investigate and sanction copyright-infringing behavior, when such behavior infringes authors' economic rights, in accordance with the procedure and formalities laid down in the Industrial Property Law.

2. Accordingly, in addition to IMPI's powers to prosecute administrative offences, it has a duty to build a culture of legality in relation to intellectual property (IP), which includes the promotion of the legal use of software. This is evident in the collaborative action taken to promote and strengthen IP rights pertaining to the use and exploitation of software.

3. The Business Software Alliance (BSA), for its part, is one of the largest private associations in the world representing software manufacturers. It is headquartered in the United States of America and has representatives in many countries, including Mexico. Its objectives include the promotion of free and open trade in legitimate software by combating piracy, collaborating with local governments to enforce applicable laws and organizing awareness-raising campaigns. Understandably, given its legal status, BSA cannot inspect establishments to ascertain that the software used is legal.

* The views expressed in this paper are those of the author and do not necessarily reflect the views of the Secretariat or Member States of WIPO.

4. IMPI and BSA share a common objective, namely ensuring that the IP rights involved in the use of software are fully respected. Meanwhile, IMPI firmly believes in the importance of building partnerships between the public and private sectors as it has become evident that such joint initiatives have been instrumental in curbing the prevalence of illegal software. Apart from protecting the interests of IP right holders, such partnerships help to create conditions that are conducive to the proper development of the technological ecosystems.

II. COOPERATION AGREEMENTS BETWEEN THE MEXICAN INSTITUTE OF INDUSTRIAL PROPERTY AND THE BUSINESS SOFTWARE ALLIANCE

5. In 2002, in an endeavor to strengthen action to combat the use, reproduction or exploitation of computer programs without the right holder's authorization, IMPI and BSA signed the Cooperation and Coordination Agreement to Combat the Illegal Exploitation and Use of Intellectual Property Rights under the *Zero Tolerance* campaign. This agreement serves as the legal instrument for cooperation on activities conducive to discouraging and combating the illegal reproduction and installation of computer programs.

6. Subsequently, in 2015, the Agreement for Collaboration and Coordination to Combat the Illegal Use of Computer Programs was signed as a follow-up to the 2002 Agreement. Its purpose is to encourage and raise awareness among software users of the importance of complying with the legal framework and thus curbing piracy.

7. In February 2018, IMPI and BSA reconfirmed their commitment to awareness raising as a means of reducing the rate of illegal software use.

III. IMPLEMENTATION OF THE COOPERATION AGREEMENTS

8. Under these legal instruments, two main types of activities have been implemented that reflect the additional dual function of IMPI, aside from IP protection, to both promote and enforce IP rights:

- Several awareness campaigns have been organized on the advantages of using legal software with the aim of encouraging widespread legal use.
- BSA and IMPI have, moreover, agreed to annual inspection programs, conducted *ex officio* by IMPI, to verify the legal use of computer programs, on the basis of listings provided by BSA. Those listings, provided monthly by BSA, comprise firms likely to be using presumably illegal computer programs and are compiled at the discretion of BSA. Drawing on the listing provided by BSA, IMPI takes the requisite action to conduct inspections in each and every establishment thus listed.

9. Such inspections are authorized under Article 203 of the Industrial Property Law and Article 234 of the Federal Copyright Law and are designed to ensure compliance with these laws. Business owners or managers are required to grant access to IMPI staff commissioned to conduct such inspections, provided that the applicable legal requirements are met. More specifically, the inspection must be conducted by authorized IMPI staff who must first identify themselves and show documentary proof of the relevant inspection warrant.

10. Although the inspections fall under the enforcement responsibilities of IMPI, the commissioned inspectors also endeavor, during the inspections, to raise the users' awareness of the importance of complying with the legal framework governing software use.

11. If, following the inspection, it is presumed that computer programs have been used illegally, the copyright holders may initiate trade-related infringement proceedings before IMPI. As a result of inspections conducted, the copyright holder may file a petition for an administrative finding of trade-related infringement. Such a finding would state that an infringement of the provisions of the Federal Law on Copyright has occurred and impose the corresponding financial penalty.

12. From 2013 to 2017, a total of 5,788 *ex officio* inspections of various commercial establishments using computer programs were conducted nationwide to verify compliance with the Federal Copyright Law, particularly, the lawful use of computer programs under a valid license.

13. During those inspections, recommendations were made to users of illegal software, who were advised to change their practices. Owing to the inspections conducted by IMPI, several firms have become compliant and have changed their practices by using software legally.

14. Fines can be imposed during *ex officio* inspections when the inspected business refuses to grant access to the place to be inspected (Articles 213.XXVIII and 214 of the Industrial Property Law)¹. Approximately 30 per cent of the administrative proceedings for software infringement start with *ex officio* inspections.

IV. EFFECTS ON SOFTWARE PIRACY IN MEXICO

15. According to the *BSA Global Software Survey*² conducted by BSA in 2015, the software piracy rate in Mexico has been falling steadily, owing to public-private collaboration. From 2013 to 2015, the rate of unlicensed software installation on computers decreased by two per cent, with losses from unlicensed software falling from USD 1.211 billion to USD 980 million.

16. However, BSA studies also reveal that, despite the above-mentioned decrease, up to 52 per cent of Mexican companies still use illegal software. A 10-point reduction in the software piracy rate would help to strengthen the national economy by generating USD 2.7 billion and creating some 7,000 new jobs.

17. The *BSA Global Software Survey* entitled *Software Management: Security Imperative, Business Opportunity*, published in June 2018³, shows that Latin America is currently the region in which unlicensed software installation on personal computers has fallen most sharply, primarily because Brazil and Mexico, the largest markets in Latin America, have substantially reduced the use of illegal software.

18. In particular, Mexico had reported in 2011 that 57 per cent of software installations were unlicensed, with a commercial value of USD 1.249 billion. In 2017, however, it reported that 49 per cent of software uses were unlicensed, nearly halving the cost reported in 2011 to USD 760 million.

¹ In addition, IMPI is competent to request third parties to provide information necessary to monitor compliance with the provisions of the Industrial Property Law (Article 203.I of the Industrial Property Law). If the requested information is not provided, a fine can equally be imposed (Articles 213.XXIX and 214 of the Industrial Property Law). It should be noted that a request for information can also be made by IMPI during and after inspections.

² http://globalstudy.bsa.org/2016/downloads/studies/BSA_GSS_InBrief_US.pdf.

³ https://gss.bsa.org/wp.../06/2018_BSA_GSS_Report_A4_en.pdf.

V. CONCLUSION

19. The foregoing analysis highlights the importance of continuing awareness-raising campaigns and conducting *ex officio* inspections to promote a culture of legality in the Mexican society. Furthermore, companies should be encouraged to adopt business practices that involve the management of legal software as part of their assets, as this would boost their profits and competitiveness.

ENFORCEMENT SYSTEMS IN IBEPI COUNTRIES

Contribution prepared by Mr. Ronald Gastello, Technical Secretary, Commission on Distinctive Signs, National Institute for the Defense of Competition and Protection of Intellectual Property (INDECOPI), Lima, Peru

ABSTRACT

Since the establishment of the National Institute for the Defense of Competition and Protection of Intellectual Property (INDECOPI), three distinct phases can be identified in terms of the action taken to combat IP-infringing practices. The first phase was marked by a local punitive strategy, reliant on INDECOPI's *ex parte* or *ex officio* operations to confiscate counterfeit and pirated goods inside the country. During the second phase, action was primarily taken at a customs control level, aimed at preventing the entry of infringing goods into the market. The third phase recognized the need for a holistic approach in tackling intellectual property (IP) infringements and pursued, on the one hand, a shift in consumer culture to the effect that demand for counterfeit goods would decrease, and, on the other, a decrease in the supply of such goods by providing greater incentives for micro and small businesses to create and register their own trademarks.

In November 2017, the Ibero-American Program on Industrial Property and Development (IBEPI) organized a Workshop on the Enforcement of Rights in Distinctive Signs hosted by INDECOPI in Lima. With a view to establishing a basis for potential harmonization of IP enforcement in IBEPI countries, the participating countries shared information and exchanged their experiences with IP enforcement, thus assessing commonalities and differences in their national legal frameworks and practices. Discussions were based on the responses to a detailed questionnaire covering, *inter alia*, issues relating to national IP enforcement policies, enforcement authorities, available legal measures, the disposal of IP-infringing goods. The present contribution presents the results of this survey, thereby providing an overview of enforcement systems in IBEPI countries.

I. PERU'S ANTI-COUNTERFEITING STRATEGY

1. Although intellectual property (IP) is the core business of organizations that have been established or instituted for the sole purpose of protecting, enforcing and/or promoting IP, as in the case of the National Institute for the Defense of Competition and Protection of Intellectual Property (INDECOPI) in Peru, each country's economy has a rather complex system of institutions (private and public) with an interest in IP, either because they have IP-related functions or because their activities depend on the best possible use of IP.
2. A country that fails to unite its IP institutions under a clear mission and vision will hardly be able to conduct sustainable and effective IP action. It is equally important to have in place an organization that provides leadership in a country's concerted action to promote IP.

* The views expressed in this document are those of the author and not necessarily those of the Secretariat of the Member States of WIPO.

3. In Peru, INDECOPI is a public entity recognized as the competent national authority in this area. It was established in 1992, and is competent not only to register IP rights, but also to settle disputes among IP owners and between them and third parties. In this context, it is competent to enforce these rights, drawing on powers such as the imposition of administrative penalties (fines).

4. From the establishment of INDECOPI to the present day, there have been three clearly defined phases in the action taken to combat IP-infringing practices, as outlined below.

A. PHASE I: LOCAL PUNITIVE STRATEGY

5. Between 1992 and 2004, acting on a party's complaint or on its own official initiative, INDECOPI conducted many operations to confiscate counterfeit and pirated merchandise.

6. The conduct of these operations required coordination at many levels with key bodies such as the national police, the office of public prosecution and the judiciary. The judiciary was in charge of issuing injunctions to unlock commercial premises. Effective action would have otherwise been impossible, given that the operations targeted large high-risk commercial centers. The following paragraphs highlight some of the obstacles faced in this very first strategy.

a) Costs Transferred by Criminal Organizations to Civil Servants Participating in Operations

7. Illegal organizations involved in counterfeiting and piracy could (and can) – owing to associated drug trafficking, smuggling and money laundering – finance avoidance measures designed to hamper the work of intelligence units and the conduct of operations.

8. Criminal organizations, for their part, hired legal firms to initiate criminal proceedings against civil servants participating in operation in order to intimidate civil servants in the performance of their duties.

b) Rapid Re-supply of Pirated and Counterfeit Goods

9. After each operation, it could be noted that the businesses who had been raided were able to replenish their stock of illegal goods within a very short time frame. This could be explained by the high market demand for counterfeit and pirated goods and the existence of assured sources of supply of those goods. In contrast, INDECOPI was obliged to bear high costs in undertaking a new operation.

c) Storage Costs

10. Storage can be a problem in *ex parte* action because the operation is carried out on the account and at the expense and risk of the claimant. In *ex officio* action, on the other hand, the storage costs were (and are) charged to INDECOPI.

11. In the 1990s, the storage costs borne by INDECOPI also included the costs for stowage and transport and, subsequently at the destruction stage, these same costs in addition to the costs for the disposal. Storage generally posed certain risks, as INDECOPI lacked the infrastructure to confine confiscated goods, with the consequent lack of security and the risk of losing those goods.

B. PHASE II: INTERNATIONAL PUNITIVE TRADE STRATEGY

12. Bearing in mind the lessons learnt, it was decided to analyse international experiences in combating these practices. Accordingly, the decision was adopted to take action at the customs control level.

13. This strategy was highly sustainable because most counterfeit and pirated goods (or their components) were (and are) produced abroad, primarily in countries that had (and have) the type of economy that made them genuine havens for exports to Peru.

14. Under new enforcement standards established regionally (the regulations of the Andean Community), internationally (free-trade treaties) and nationally (Legislative Decree No.1092 and the related regulation), efforts to prosecute these IP infringers therefore moved to the Customs Department's temporary storage terminals. Results were thus optimized because pirated and counterfeit goods were effectively confiscated before they could enter the country and be dispersed through commercial channels, which would otherwise have hampered their confiscation.

15. Against this backdrop, INDECOPI and the Office of the *Superintendent of Tax Administration* (SUNAT) signed an inter-institutional cooperation agreement in 2004, in which they undertook to work together to strengthen the administration of border measures.

16. The major commitments made comprised the appointment and accreditation of inspectors by INDECOPI for work in the Customs Department's temporary storage terminals; these inspectors joined customs officials in using intelligence practices to monitor the entry of merchandise that had a high incidence rate of IP infringement. On that basis, a "customs alert" system was developed, which involves electronic coordination by the Customs Department and INDECOPI in alerting right holders to suspicious imports so that they can file claims with INDECOPI within very short time frames to have the goods confiscated in all certainty.

17. Thanks to this coordination between INDECOPI and SUNAT, a rather efficient and effective cooperation system has been consolidated and has been successful in terms of the results achieved in confiscating pirated and counterfeit goods at much lower risks and costs than those entailed in operations in commercial areas. To illustrate this point, it has been estimated that the quantity of pirated and counterfeit goods confiscated in two months of activity, at a lower operational and logistical cost in the Customs Department's storage terminals, is equivalent, on average, to the amount that was seized in a period of two years of operations in commercial areas.

18. In addition to the described measures to fight IP infringements and offences, two further developments should be mentioned:

- in 2004, the Commission against Customs Offences was established under Law 28289 and, as its remit included combating piracy and counterfeiting, it took the name of Commission against Customs Offences and Piracy and is composed of 14 public and private institutions that combat counterfeiting, piracy and smuggling;
- in 2012, the State ruled that action to combat piracy and counterfeiting was in the national interest (D. S No. 003 - 2012 – Produce), with an emphasis on border measures.

C. PHASE III: STRATEGY TO PROMOTE LAWFUL TRADE AND BUILD A NEW SOCIETAL CULTURE

19. INDECOPI understands that dealing with piracy and counterfeiting entails tackling a problem with many thorny issues that comprise legal, economic, social and cultural factors that must be considered holistically if those practices are to be countered successfully.
20. Experience shows that punitive State action, albeit absolutely necessary and deserving to be strengthened, is insufficient.
21. The occurrence of behavior that infringes IP rights can be explained and must always be considered from a market perspective.
22. Accordingly, it can be asserted that there is a supply of counterfeit goods to the extent that there is demand for such goods. From this angle, strategies have been formulated for the adoption of State measures to reduce the demand for such goods, with a view to consequently also changing the supply of such goods. At the same time, strategies were formulated to specifically tackle the supply side by making it easier for the sector that primarily supplied such goods (micro enterprises) to trade lawfully, using their own brands. These measures will be considered in detail below.
- a) Measures Addressing the Demand for Counterfeit and Pirated Goods
23. The crucial question here is why the average consumer decides to buy a counterfeit good.
24. The first answer is that the consumer decides to do so because non-original goods are perceived to be cheaper. Subject A, the average consumer, will think deep down inside: "if this counterfeit article costs less than the original product, I will buy the counterfeit article to save some money". Subject A does not, however, give any thought to the medium- and long-term costs that he/she will incur from that counterfeit good.
25. In fact, in the medium (and even short) term, depending on the item in question, counterfeit goods tend to be of poorer quality, be less durable, pose health risks or even a danger to life. In the long term, the sale of counterfeit goods leads to a decline in tax revenue, causes unfair competition, discourages business investments and generates unemployment or underemployment, among other things.
26. The average consumer is not aware of all of the costs arising from purchasing counterfeit goods, basically because he or she does not perceive counterfeit goods as generating such costs although, in practice, these costs will sooner or later be irremediably transferred to him or her.
27. A cultural problem, therefore, exists because the average consumer does not have any perception of counterfeiting or piracy as something "bad". INDECOPI has therefore understood that to combat counterfeiting sustainably first of all the consumer's behavior must be changed.
28. Accordingly, it has also understood that society must be educated so that its behavior can be changed positively. Under this approach, it is clear that education at an early age is crucial for building a culture of respect for IP in the country. The growing school-age generation can be taught the appropriate levels of tolerance that must be shown towards such practices. "Children are like *wet cement*. Whatever falls on them makes an impression", according to Hiam Ginott, a child psychologist and school teacher.

29. Adopting this approach, the Ministry of Production, acting as the Chair of the Commission against Customs Offences and Piracy, signed an inter-institutional cooperation agreement with the Ministry of Education to include subjects fostering a culture of respect for IP and taxes in the secondary-school curriculum.

30. This educational plan was implemented this year, changing the curriculum of 70 public schools in Lima and Callao and reaching 50,000 pupils, after INDECOPi had launched an intensive teacher-training program in those schools. The goal is to introduce a new nationwide education curriculum by 2021.

b) Measures Addressing the Supply of Counterfeit and Pirated Goods

31. Experience shows that one means of tackling the supply of counterfeit goods consists of promoting trademark entrepreneurship amongst micro and small enterprises, which drive the country's economy, so that they can enjoy the benefits of trademark registration.

32. As a matter of fact, most trademark registrations are currently filed by medium-sized and large national enterprises and foreign firms. The challenge of convincing micro and small enterprises to develop their own brands has been addressed by putting in place a business consultancy platform designed to promote technical support for entrepreneurs in optimizing trademark selection and registration.

33. The goal, in other words, has been to ensure that trademark registration, which had to date been beyond the reach of many entrepreneurs due to its complexity and specialization, will be easier. If micro and small enterprises increasingly become trademark owners, there will be a broader base of entrepreneurs who, rather than investing time in monitoring when a successful trademark is designed so that they can copy it, will be keen to invest in their own trademarks.

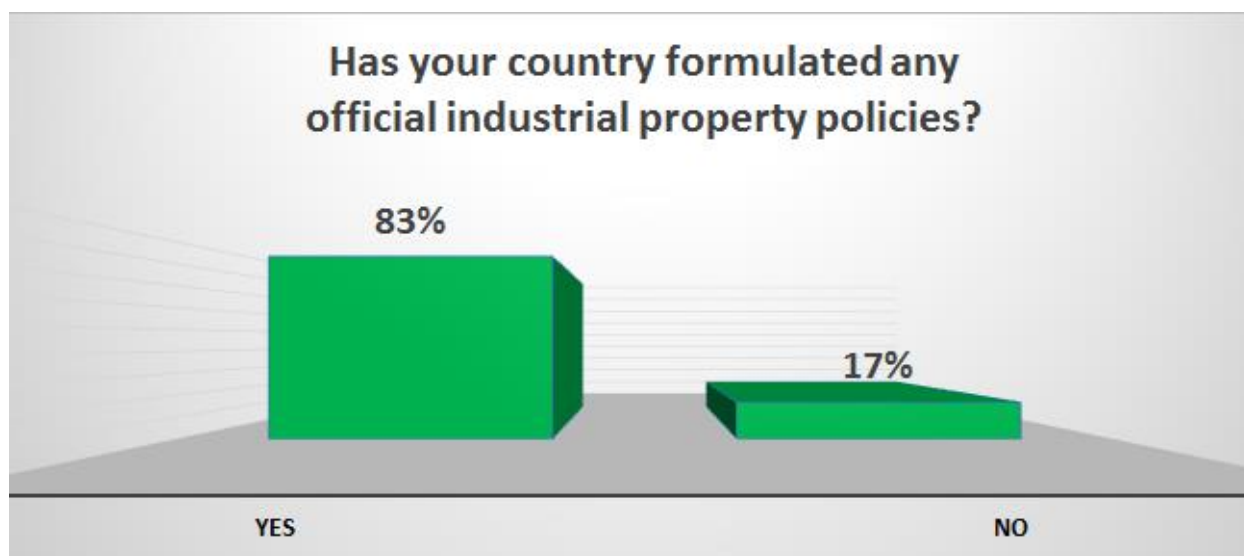
II. EXCHANGE OF EXPERIENCES AMONG IBEPI COUNTRIES

34. In November 2017, a workshop organized by the Ibero-American Program on Industrial Property and Development Promotion (IBEPI)¹ on the enforcement of rights in distinctive signs took place in Lima and facilitated an exchange of experience among the member countries of IBEPI (Argentina, Brazil, Colombia, Costa Rica, Dominican Republic, Ecuador, Guatemala, Mexico, Paraguay, Peru, Portugal, Spain, and Uruguay) in relation to their IP enforcement systems. During the Workshop, consideration was given to the following matters, among others: (i) linkages among strategic allies (national industrial property offices, customs authorities, the police, public prosecutors, judges, government leaders and lawmakers); (ii) standard laws on provisional and border measures; (iii) experience gained from enforcement in the digital age; (iv) formalization of micro and small enterprises to give them access to the benefits of trademark registration (technical support and lower registration costs); (v) educational outreach to schools in an endeavor to build a new culture of respect for intellectual property (IP); and (vi) better practices in the treatment of confiscated goods (donation and destruction). In this respect, the information exchange at this event aided in identifying key components that could form the basis of a harmonized public enforcement policy in Ibero-America. Discussions were based on the responses to a detailed questionnaire provided by the participants prior to the Workshop. The following paragraphs summarize these responses, thereby providing an overview of enforcement systems in IBEPI countries.

¹ More information on IBEPI can be found at: <http://www.ibepi.org>.

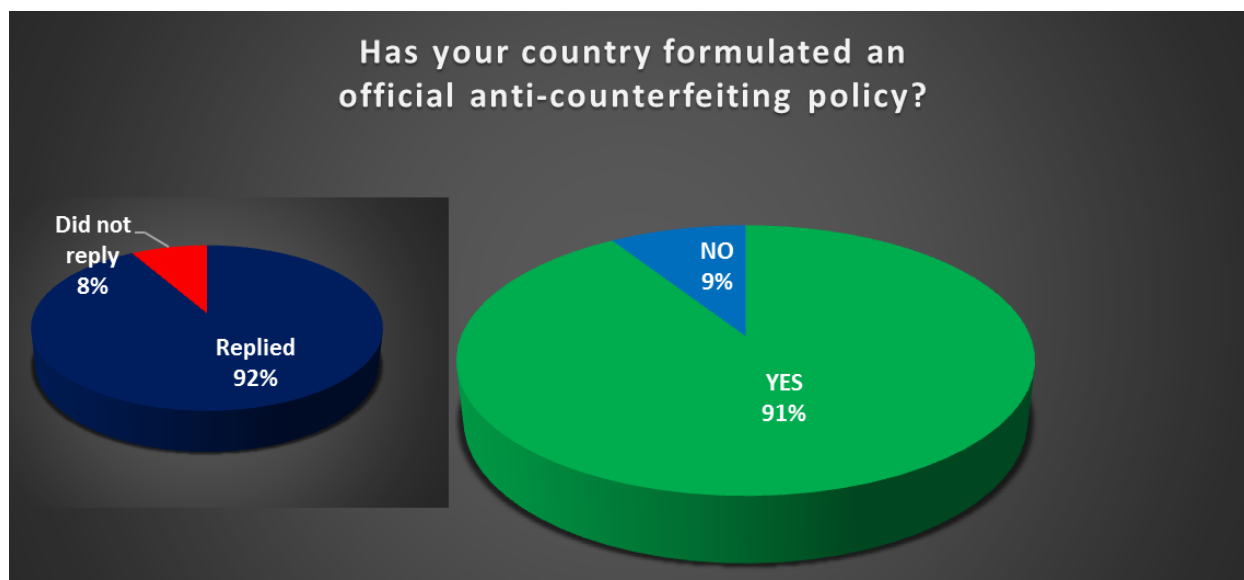
A. OFFICIAL INDUSTRIAL PROPERTY POLICIES

35. The existence of official industrial property policies was one of the primary matters considered. The survey finding on this topic was as follows:

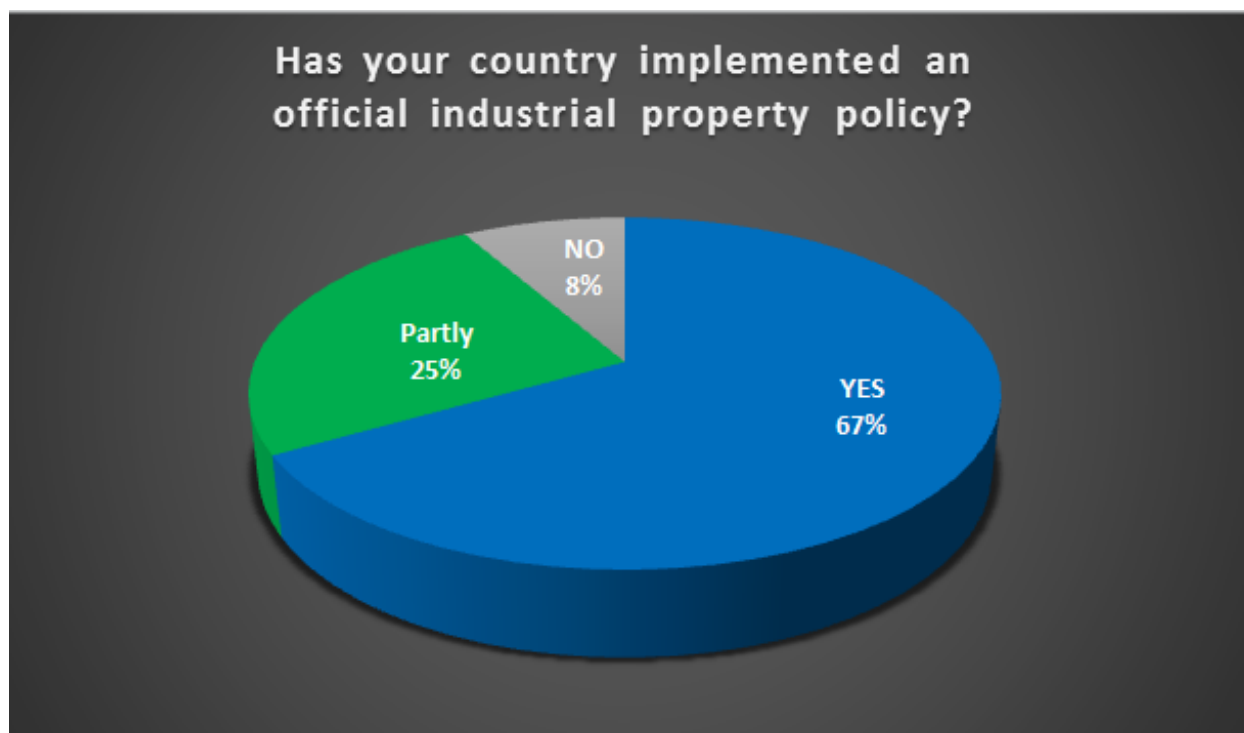


36. As can be seen, most respondent countries (83 per cent) replied that they had official industrial property policies.

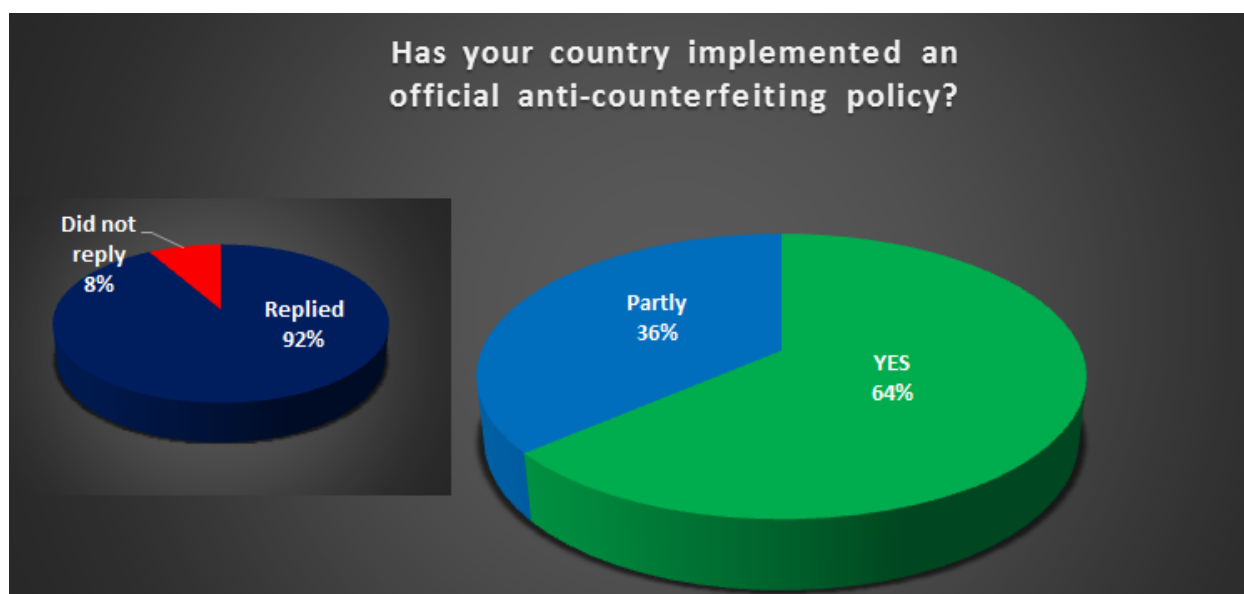
37. Similarly, 91 per cent of respondent countries replied that they had official enforcement (anti-counterfeiting) policies:



38. It must be pointed out that the percentages fell when questions turned to policy implementation. Accordingly, 67 per cent replied that they had implemented official industrial property policies.



39. The percentage fell to 64 when the question concerned the implementation of official enforcement (anti-counterfeiting) policies.

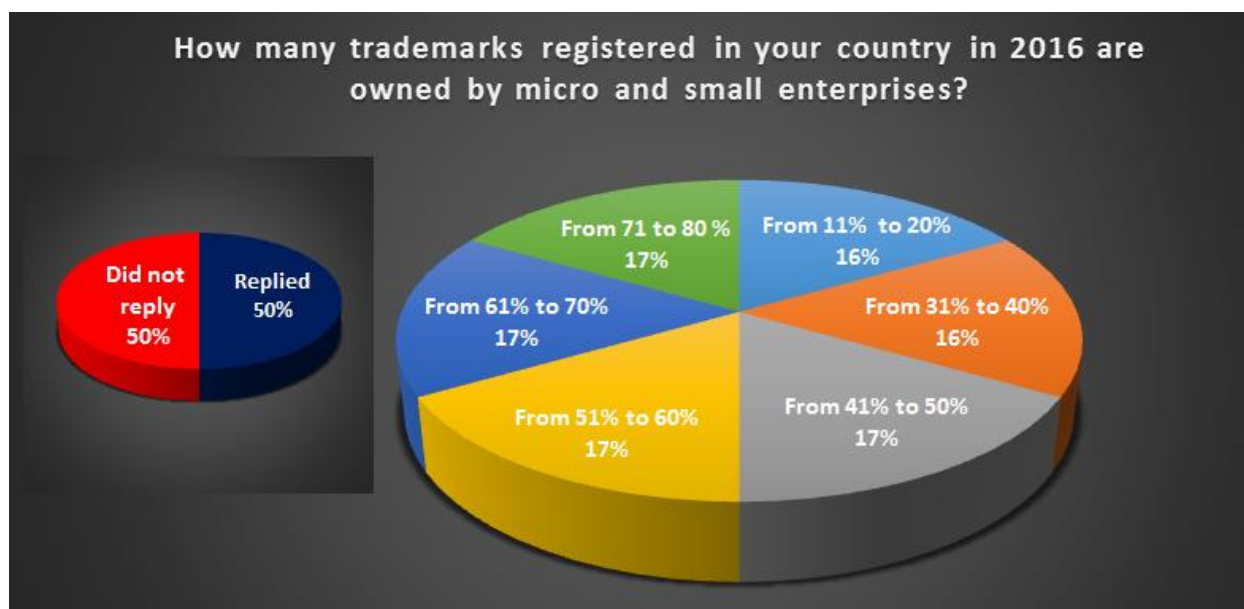


40. It should be noted that the notion of “official policy” was not necessarily confined to a tool containing general guidelines on all State action designed to achieve specific IP goals; rather, it was understood to refer to strategic plans formulated by the institutions tasked with protecting IP rights.

41. Against this backdrop, the development, through IBEPI, of the basics of a model for official IP policies that would involve all public and private IP institutions in each country, was identified as an avenue for improvement.

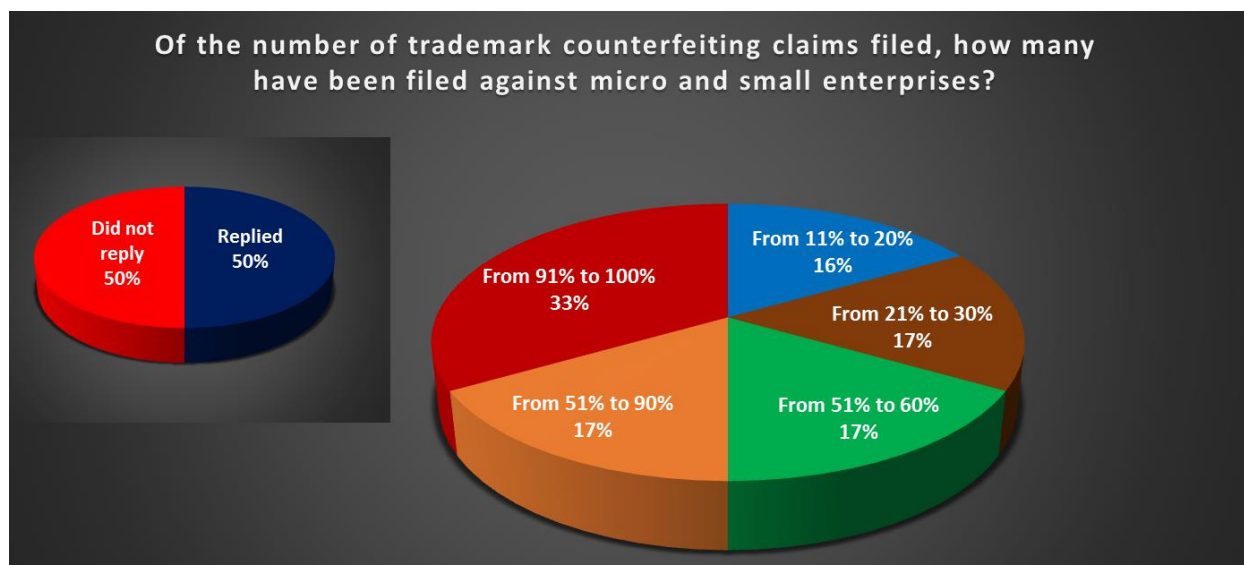
B. POLICY ON MICRO AND SMALL ENTERPRISES

42. Only half of the countries surveyed answered the question on the percentage of trademarks registered by micro and small enterprises. Thirty-two per cent of the respondent countries replied that between 11 and 40 per cent of national trademark registrations were requested by micro and small enterprises, while 34 per cent of the respondent countries stated that between 61 and 80 per cent of national trademark registrations were requested by micro and small enterprises.



43. In some cases, the above-mentioned percentages are indicative of promotional measures undertaken by the respective country. For example, in the case of Colombia, which had reported the highest percentage of registered trademarks owned by micro and small enterprises among IBEP countries (between 71 and 80 per cent), it was explained in the discussion that this was due to the policy of reducing registration fees for micro and small enterprises by about 25 per cent. In the case of Guatemala, which had replied that between 61 and 70 per cent of its registered trademark owners were micro and small enterprises, it was explained that this high level was not due to the lowering of fees but to a policy of providing technical support to micro and small enterprises, which included marketing by the Ministry of Economy through a private university.

44. Another major thought-provoking question concerned the exact percentage of micro and small enterprises reported to have infringed industrial property rights. The reply was as follows:

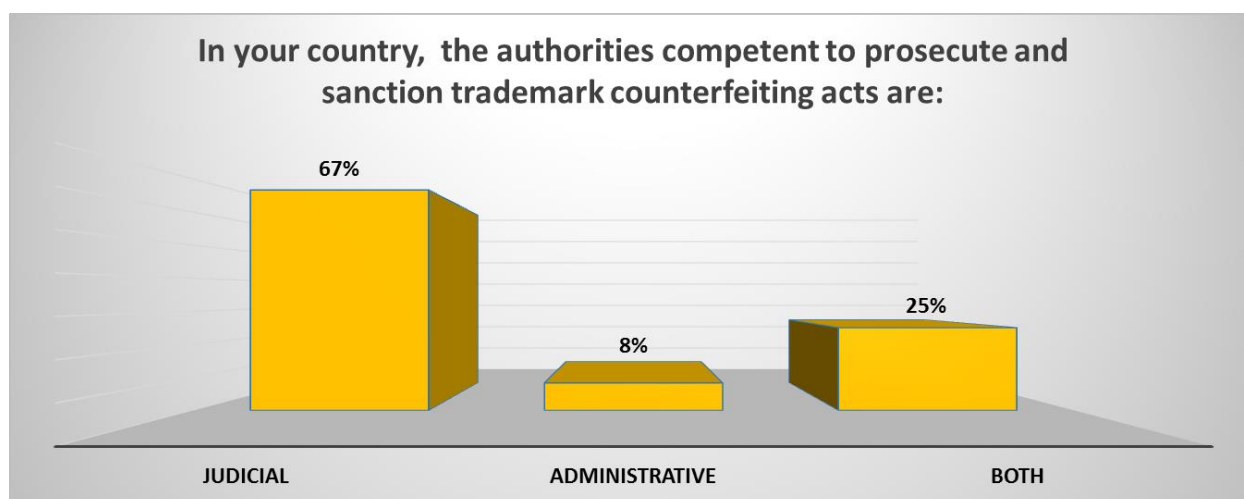


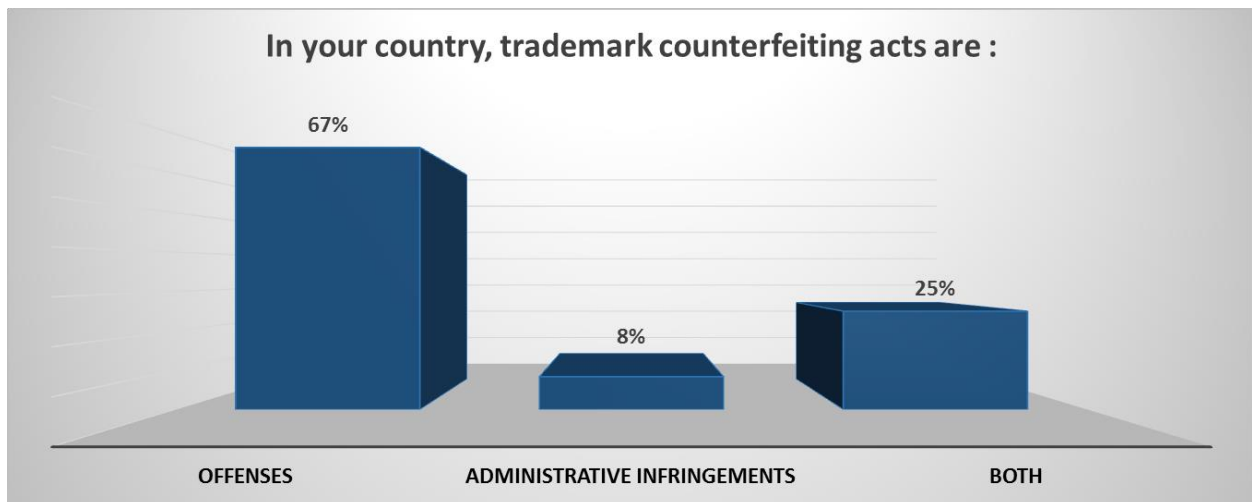
45. It may be concluded from the chart that 67 per cent of respondent IBEPi countries acknowledge that between 51 and 100 per cent of reported infringers belong to micro and small enterprises. These figures give cause for concern.

46. In light of the finding that micro and small enterprises are trademark infringers rather than trademark owners, it was determined that there was a need to implement policies to facilitate the registration of industrial property rights by micro and small enterprises as a means to approximate this sector to formal and lawful trade, either through fee reductions or technical support to facilitate registrations.

C. ENFORCEMENT AUTHORITIES

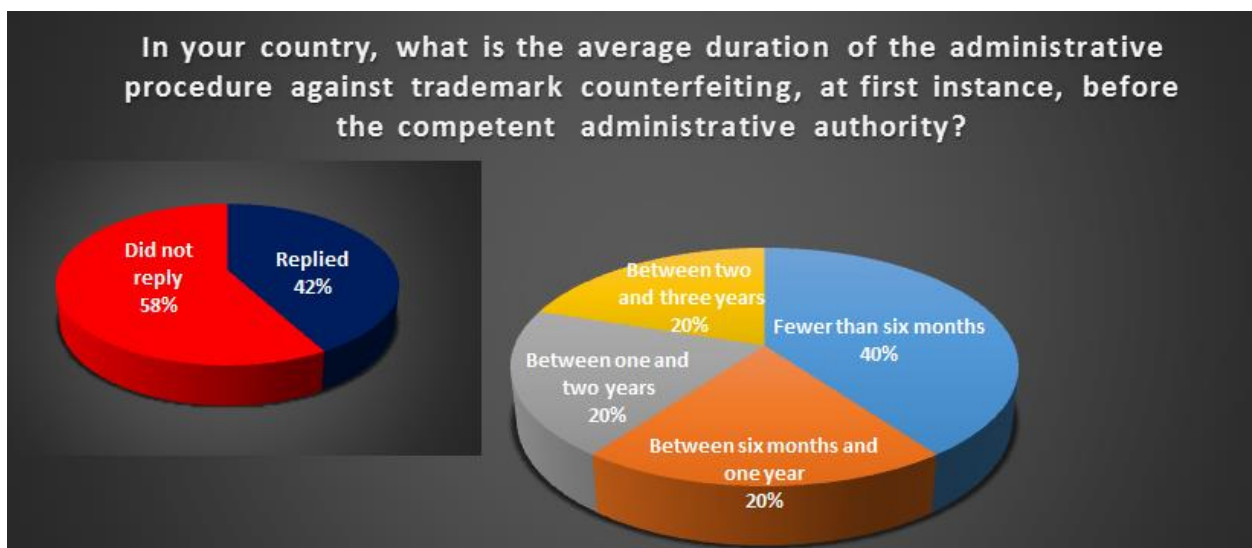
47. While one denominator common to the various trademark registration offices in IBEPi countries is that they are administrative authorities, this is not necessarily the case when it comes to identifying the authority tasked with enforcing such rights. IBEPi countries questioned on the subject replied as follows:

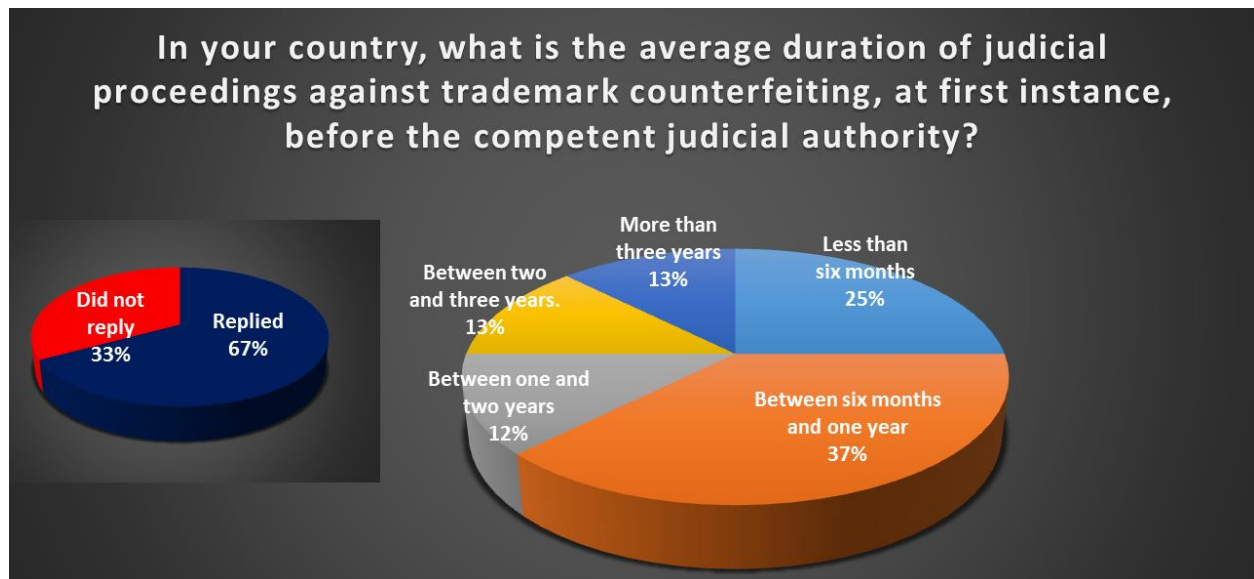




48. As can be seen, the enforcement authority is exclusively judicial in 67 per cent of the surveyed countries and exclusively administrative in only eight per cent. Twenty-five per cent of the surveyed countries replied, however, that enforcement was vested in both judicial and administrative authorities. In other words, of the 13 IBEP1 countries, only three had a mixed system.

49. Whether administrative or judicial authorities are competent in case of trademark counterfeiting is important as the time frame for judicial proceedings (at first instance) is different from the one for administrative proceedings. That difference was reflected in the survey replies:



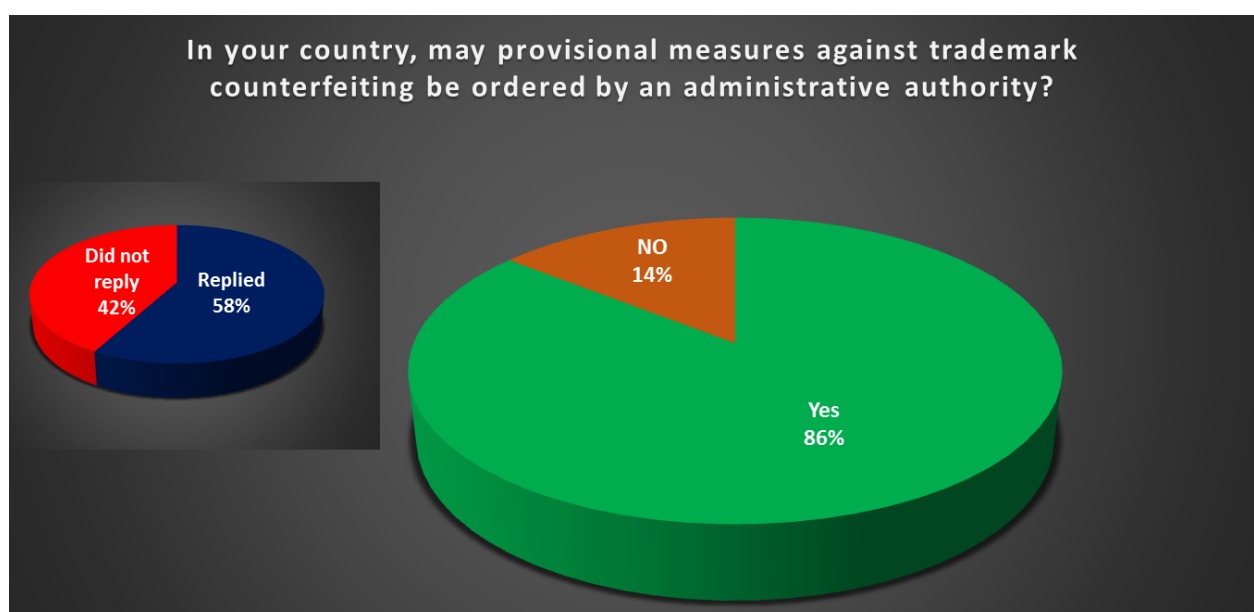


50. As can be seen, only 25 per cent of the responding countries replied that judicial proceedings on trademark counterfeiting (at first instance) were settled in less than six months, while 40 per cent of administrative procedures on the subject were settled in less than six months.

D. LEGAL MEASURES

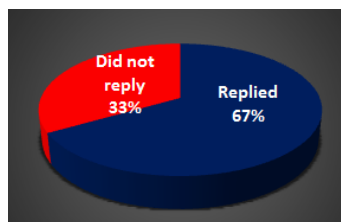
a) Provisional Measures

51. The survey explored the scope for action of enforcement authorities in IBEP countries. Firstly, it was found that 86 per cent of the surveyed countries had powers to order precautionary measures.



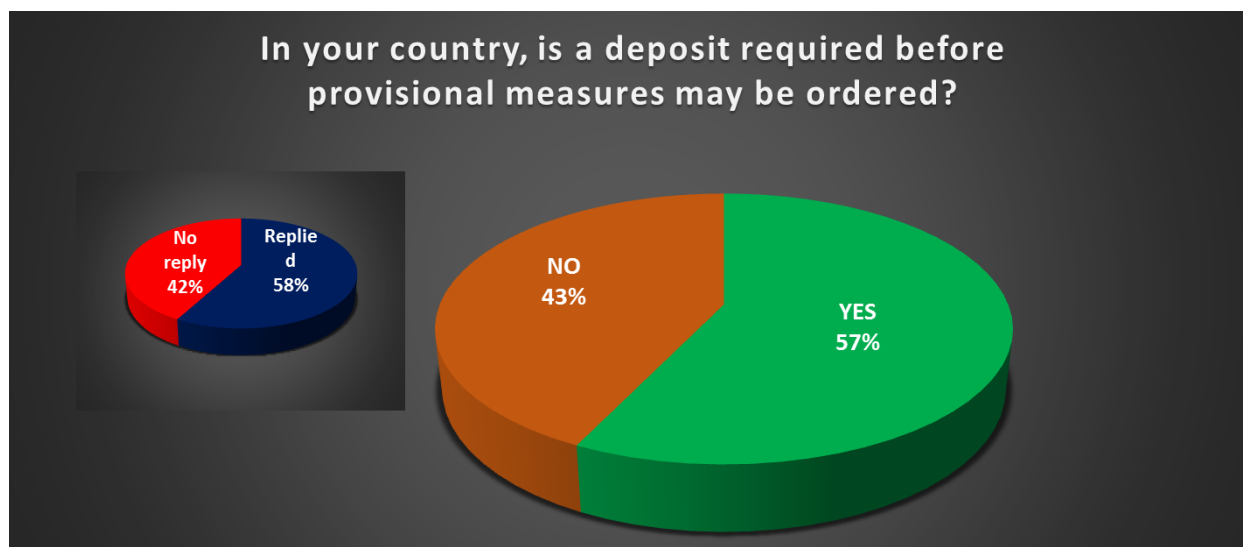
52. Secondly, it was found that enforcement authorities in all responding IBEP countries had the power to order the confiscation of allegedly infringing goods, while only 37.5 per cent had a wide range of provisional measures such as confiscation, restraint, cessation of use, cessation

of imports, cessation of exports, withdrawal of goods from the market and removal of advertisements.



In your country, which provisional measures may be ordered by an administrative authority?						
Confiscation of goods	Confiscation of goods Cessation of use Cessation of imports Cessation of exports Withdrawal of goods from the market Other	Confiscation of goods Restraint of goods	Confiscation of goods Restraint of goods Cessation of use Cessation of imports Cessation of exports Withdrawal of products from the market Only removal of advertisements	Confiscation of goods Restraint of goods Cessation of imports Cessation of exports Others : all measures taken by the Customs Department	Other: this matter is resolved only by the judiciary, and precautionary measures may be taken	All of the foregoing
12.5%	12.5%	12.5%	25%	12.5%	12.5%	12.5%

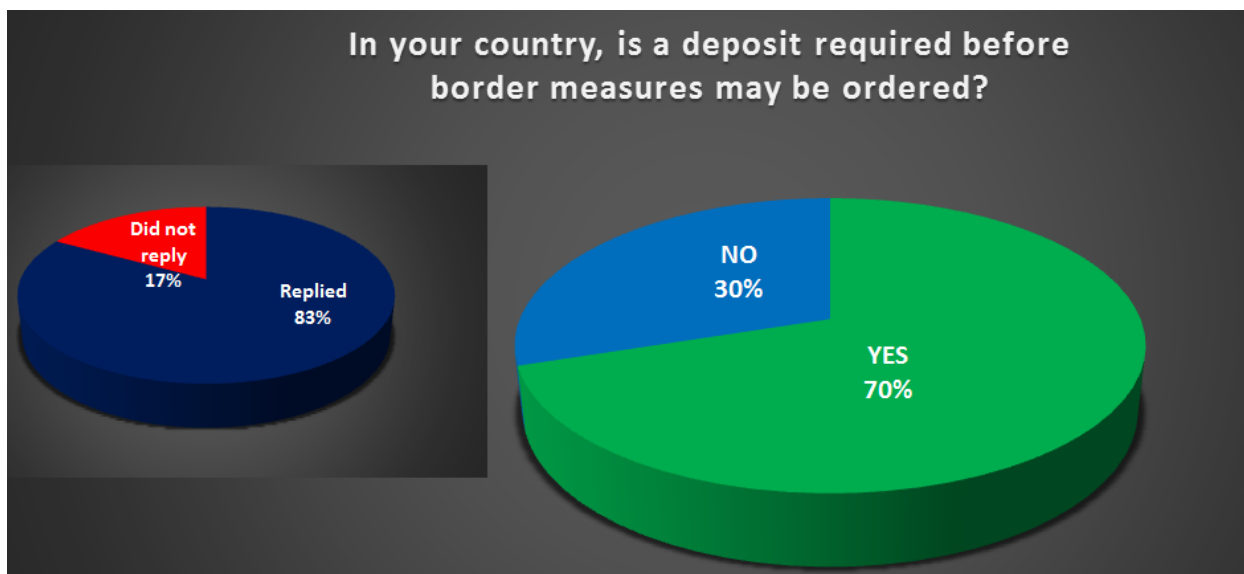
53. Thirdly, a highly important feature came to light, namely, the requirement in IBEPI countries, as a condition for the ordering of provisional measures, that the right holder requesting the order make a guarantee deposit. A deposit is required in 57 per cent of the countries that responded to this question.



54. This information highlights the potential difficulties that a trademark owner faces when requesting the competent authority to order precautionary measures inasmuch as the guarantee required may be too costly (time and financial costs).

b) Border Measures

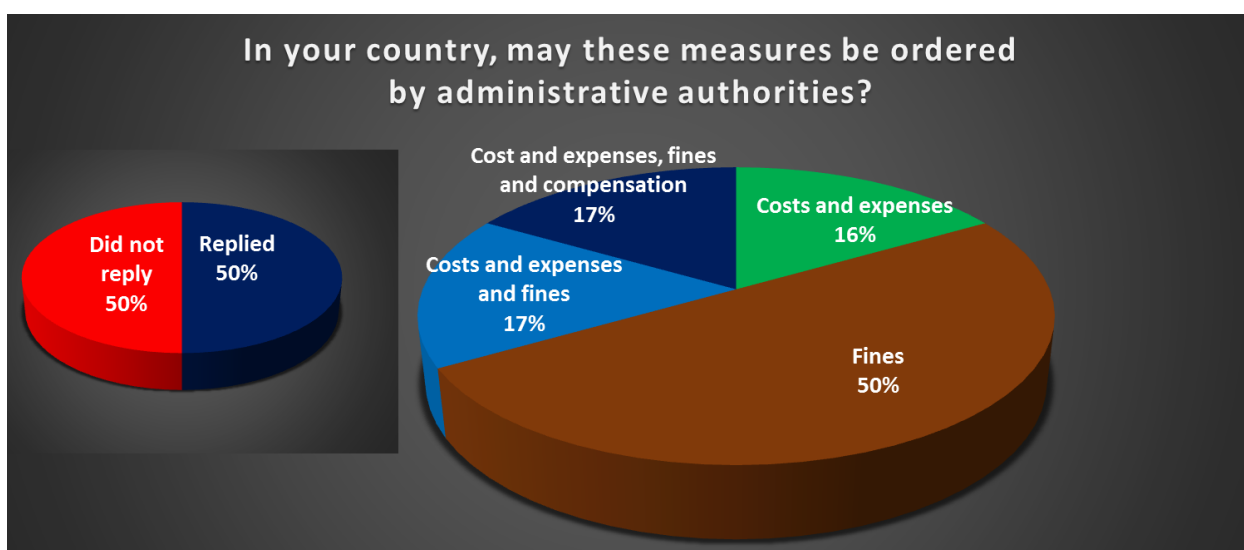
55. It was found that, as in Peru, most responding IBEPI countries (70 per cent) required that a deposit be paid when border measures were requested.



56. This requirement accounts for the lack of any border measures being ordered at the party's behest in Peru, and holds true for each IBEPI country that has this requirement.

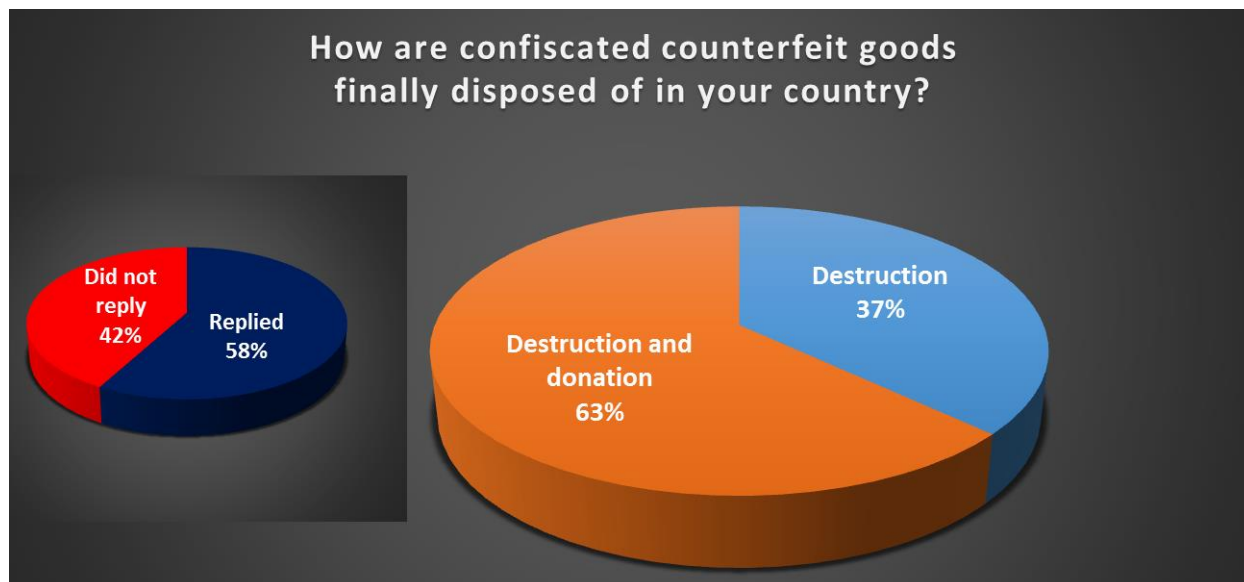
c) Final Measures

57. Among the measures that might be ordered in IBEPI countries, it was noted that fines were the only penalties imposed in 50 per cent of the respondent countries, while in 16 per cent of the respondent countries costs and expenses might be imposed. In 17 per cent of the respondent countries fines, expenses and costs may be imposed, and in another 17 per cent costs, expenses, fines and compensation.



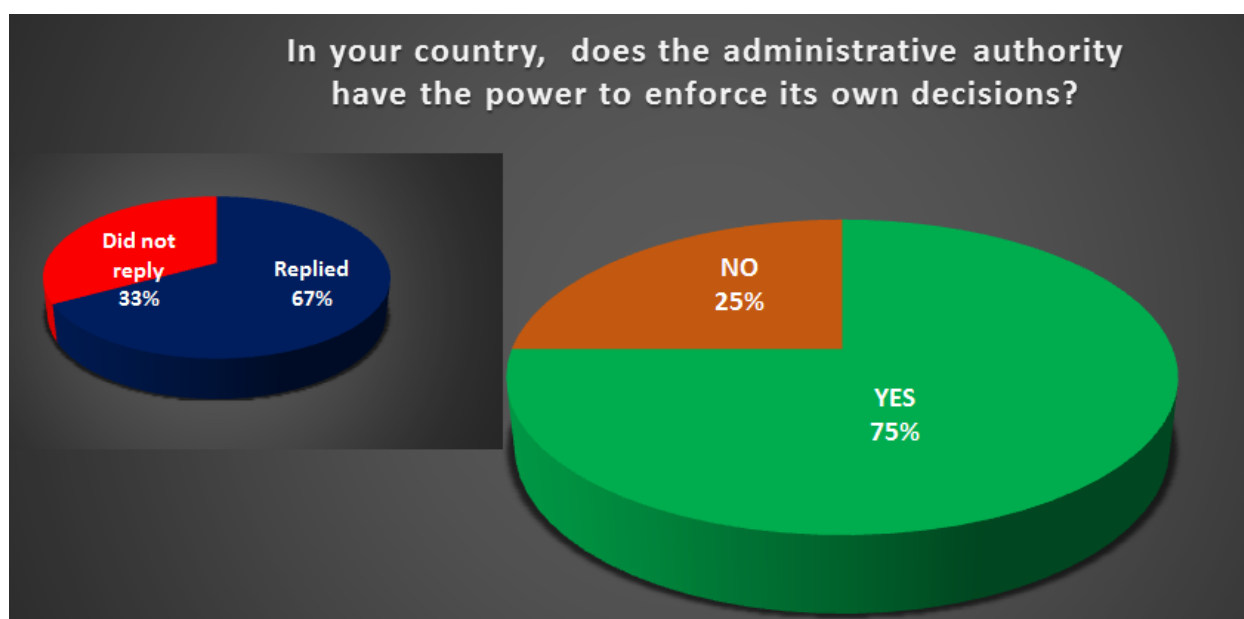
E. FINAL DISPOSAL OF CONFISCATED GOODS

58. One of the problems identified at the IBEPI Workshop were the costs borne by the authorities for the storage and disposal of confiscated goods. During the discussion, it was ascertained that those costs were borne mainly by the authorities and not, as in Peru, by the claimants / IP right holders. The problem is exacerbated by the fact that in 37 per cent of the respondent countries destruction is the only legally available option to dispose of confiscated goods.



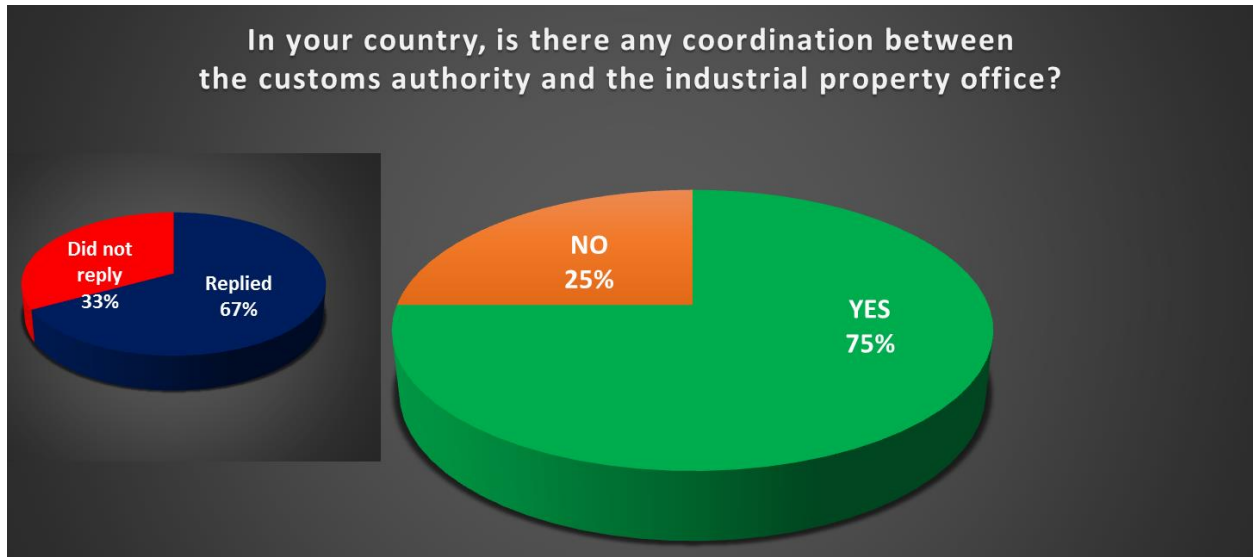
F. ENFORCEABILITY OF ADMINISTRATIVE DECISIONS

59. The power of administrative IP enforcement authorities in IBEPI countries to enforce their decisions was a very important issue. The survey and discussion revealed that in 25 per cent of the respondent IBEPI countries, the administrative IP enforcement authorities had no power to implement their own decisions and were obliged to resort to the judiciary to have them enforced.



G. COOPERATION

60. Lastly, a core feature in enforcement action that must be highlighted is the level of coordination between customs authorities and the industrial property offices. It was found that an alarming 25 per cent of the respondent countries reported that there was no coordination between those authorities.



ADMINISTRATIVE MEASURES TAKEN BY THE KOREAN INTELLECTUAL PROPERTY OFFICE UNDER THE UNFAIR COMPETITION PREVENTION AND TRADE SECRET PROTECTION ACT

*Contribution prepared by Mr. Taeyoung Lee, Assistant Director, Multilateral Affairs Division, Korean Intellectual Property Office (KIPO), Daejeon, Republic of Korea**

ABSTRACT

The Korean Intellectual Property Office (KIPO) is increasingly undertaking administrative measures to respond to unfair competition practices with a view to promoting consumer rights and interests. In an effort to prevent unfair competition, the Republic of Korea amended the Unfair Competition Prevention and Trade Secret Protection Act in January 2017 and April 2018. The amendments expanded both the scope of what is to be considered an act of unfair competition as well as the authority conferred upon KIPO to investigate cases of suspected unfair competition practices and issue corrective recommendations. This contribution describes the recent amendments as well as KIPO's competences and illustrates KIPO's strengthened efforts to remedy acts of unfair competition by way of two recent case studies.

I. LEGAL FRAMEWORK: THE UNFAIR COMPETITION PREVENTION ACT

1. Under the Unfair Competition Prevention and Trade Secret Protection Act (Unfair Competition Prevention Act), the Korean Intellectual Property Office (KIPO) has the authority to investigate certain types of unfair competition practices and make corrective recommendations if it finds that the market order is disrupted. Since the amendment of the Unfair Competition Prevention Act in January 2017, these competences also extend to acts by which the shape of an existing product, developed through another person's investment of time, money or effort, is imitated. "Shape" refers to the form, image, color, gloss of a product, or any combination of these, as defined in Article 2(1)(i).

2. In April 2018, the Unfair Competition Prevention Act was further amended to prevent the unauthorized use of ideas disclosed in business relationships, such as through transaction consultations, proposals, bidding or contests. In addition, the amended Act prohibits imitations of the overall appearance (trade dress) of a place of business, such as signs or a shop's interior or exterior designs. Both of these types of unfair competition fall within KIPO's competences to investigate and make recommendations.

A. ACTS OF UNFAIR COMPETITION

3. The following paragraphs describe in more detail the relevant articles of the Unfair Competition Prevention Act pertinent to the two case studies that demonstrate how the amendments have influenced administrative measures.

* The views expressed in this document are those of the author and not necessarily those of the Secretariat or of the Member States of WIPO.

a) Causing Confusion between Commercial Entities

4. According to Article 2(1)(b) of the Unfair Competition Prevention Act, an act qualifies as an act of unfair competition if it causes confusion with another person's commercial facilities or activities by using marks identical or similar to another person's name, trade name, or emblem, or any other mark indicating another person's business which is widely known in the Republic of Korea. The April 2018 amendment clarified that "other marks indicating another person's business" includes the methods of selling products or providing services, as well as the overall appearance of a place of business such as signs and exterior or interior designs.

b) Imitation of the Shape of a Product

5. Pursuant to Article 2(1)(i) of the Unfair Competition Prevention Act, it is an act of unfair competition to sell, lend, display for sale or lending, or import and export goods which copy the shape of goods manufactured by another person. The copying of the shape may relate to the form, image, color, gloss of the goods or any combination thereof. Such an act is not considered as an act of unfair competition if it occurs more than three years after the original product was first developed or if the appearance is commonly used for the respective type of goods.

c) Unauthorized Use of Another Person's Economically Valuable Ideas

6. According to Article 2(1)(j) of the Unfair Competition Prevention Act, what also qualifies as an act of unfair competition is the act of fraudulently using another person's technical or business ideas with economic value, obtained in the course of business negotiations (including proposals, bidding or transaction consultations), for one's own or a third party's business gains, or providing the same to a third party for use. The use of another person's ideas does not qualify as an act of unfair competition, however, if the ideas were already known to the party obtaining them or if the ideas are widely known in the respective industry.

B. ADMINISTRATIVE MEASURES

a) Article 7 of the Unfair Competition Prevention Act:
Investigation of Suspected Acts of Unfair Competition

7. Where it is necessary to ascertain whether an act of unfair competition as provided under Article 2(1) of the Unfair Competition Prevention Act (except (h) and (k)), or a violation pursuant to Article 3 or 3-2 (1) or (2) of the Unfair Competition Prevention Act has occurred, and where it would otherwise be impracticable to ascertain this, the Commissioner of KIPO may order a public official to enter business or manufacturing facilities and to examine relevant documents, books, or products or to collect the least amount of products necessary for testing and inspection.

b) Article 8 of the Unfair Competition Prevention Act:
Recommendations for Correction of Violations

8. If it is found that that the suspected act of unfair competition has occurred, the Commissioner of KIPO may issue a corrective recommendation to the offender to cease the infringing act or to remove or destroy the infringing mark within a specified period not exceeding 30 days.

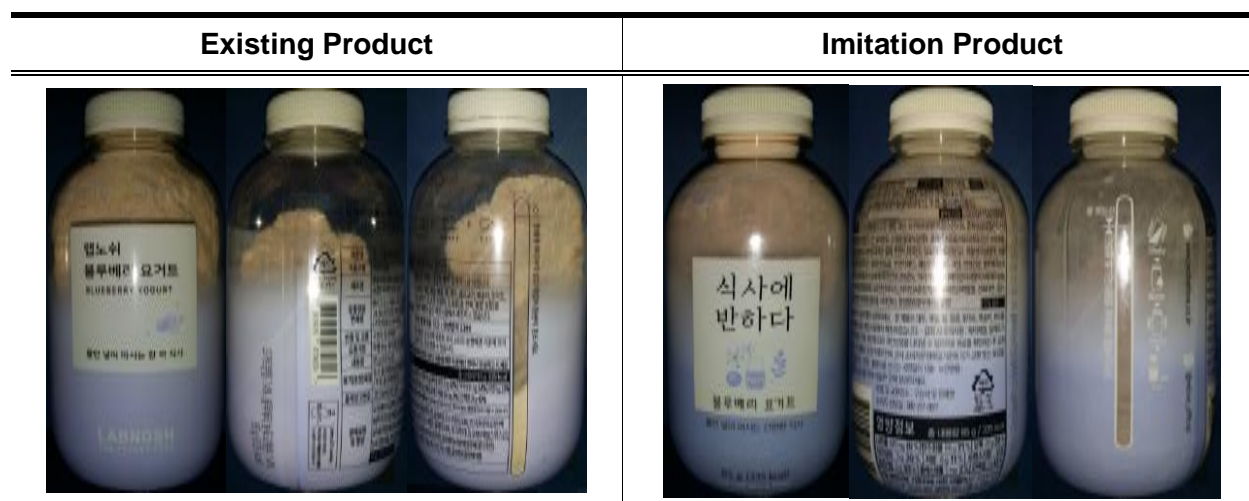
9. Through the Intellectual Property Investigation Division within the Intellectual Property Protection and International Cooperation Bureau, KIPO can investigate, report and consult on allegedly unfair competition practices, allow the hearing of opinions, make corrective recommendations, impose administrative fines and bring allegations to the police or prosecution office. If the police or prosecution establishes an act of unfair competition, the offender can be punished by imprisonment for up to three years or be imposed a fine not exceeding KRW 30 million.

II. CASE STUDIES OF ADMINISTRATIVE MEASURES TAKEN BY KIPO

A. THE *LABNOSH* CASE (IMITATION OF PRODUCT APPEARANCE)

a) Background

10. In August 2017, KIPO became aware that a start-up “A” which produced *Labnosh*, a powder meal replacement, was suffering damage as a result of an alleged direct product imitation by the manufacturer “B” and the retailer “C”.



11. In this case, KIPO interviewed both sides and investigated the manufacturer of the product container. KIPO also gathered the opinions of various experts, including professors, lawyers, design industry representatives, KIPO examiners and administrative judges.

b) Findings and Outcome

Scope of Product Shape: Holistic View to Be Taken

12. According to case-law established by the Supreme Court of the Republic of Korea, the container and packaging of a product can be considered as part of the shape of the product. When a container or packaging integral to the product is copied, the result can substantially be identified as an imitation of the product.

13. The *Labnosh* powder meal replacement was in a container with a label that could not be regarded separately. Therefore, the container, label and contents of the product were considered together in the administrative decision that determined the existence of an imitation of the shape of the product.

Usage of the Product: Use

14. With regard to goods imitating the appearance of goods manufactured by another person, the Unfair Competition Prevention Act considers it as an act of unfair competition if the imitating goods are sold, lent, offered for sale or lending, imported or exported. In this case, KIPO found that the retailer “C” had purchased the allegedly infringing goods from the manufacturer “B” and sold them in physical stores and e-commerce websites.

Exception for Acts Committed More Than Three Years After the Development of the Original Product: Non-applicable

15. The first *Labnosh* container design was delivered on September 8, 2016, and the final product with the powder meal replacement started selling on September 12, 2016. Therefore, three years had not passed since the original product had entered the market. Thus, the exception does not apply in this case.

Standard Shape of Comparable Products: Non-applicable

16. Before the launch of *Labnosh*, powder meal replacements existed in other forms such as individual pouches and bulk containers. The overall shape of the *Labnosh* product was therefore not considered a conventional container for comparable products, nor was it considered to be the only shape available to facilitate the function of the product.

Product Shape: Imitation

17. Not only the individual elements such as container, label and contents but also the product shape as a whole of manufacturer “B” was considered substantially the same as that of *Labnosh*. Without the leading product *Labnosh*, the shape of the infringing product may not have developed. Despite minor differences, the products were similar in terms of the main characteristics of the product design. In addition, according to established case-law, where substantial similarity between the appearances of the goods in question has been determined, an intention to imitate is generally presumed in the final decision.

Corrective Recommendation

18. To protect the profit of the start-up “A”, the manufacturer of the original product, from imitation, KIPO recommended that manufacturer “B” and retailer “C” discontinue production and sales of the imitating product within 30 days.

B. THE PYEONGCHANG WINTER OLYMPICS CASE (CAUSING CONFUSION BETWEEN COMMERCIAL ENTITIES)

a) Background

19. A case was brought to KIPO regarding confusion caused by mobile communication company “D”’s business signs in relation to the 2018 PyeongChang Winter Olympics. Three major broadcasting companies sponsored by company “D” had broadcasted campaigns using the same and/or similar signs to those used by the Organizing Committee of the 2018 PyeongChang Winter Olympic Games and Winter Paralympic Games (hereafter the Committee).

20. The Committee asked KIPO to investigate whether “D”’s advertisement constituted an unfair competition practice that led to confusion as to the origin of business activities.

The Committee’s Business Signs	“D” Company’s Signs
<p>PYEONGCHANG 2018</p>	<ul style="list-style-type: none"> - “Yuna Kim”, “2018 PyeongChang”, “Official Olympic Sports Events”, “PyeongChang Medal”, “For 4 years...”, “National Team”, “Winter Sports”, etc. - “D”-related texts and images: “Welcome to 5G Korea”, etc. 

b) Findings and Outcome

Mark Indicating Another’s Business

21. According to judicial precedents, a mark need not be limited to trademarks or emblems. Therefore, a mark indicating activities of the Committee could include registered or widely known IP rights attached to the PyeongChang Olympic Games mascots, slogans, and emblems, as well as elements that evoke Olympic events, such as past winter Olympic Games and Olympic messages.

Use of the Same or Similar Elements

22. Company “D”’s advertisement was broadcasted from December 2017 to January 2018 and included Olympic messages based on major Olympic sports, such as snowboarding and skiing. It also featured an honorary ambassador for the Olympics, Yuna Kim, and a member of the Korean National Olympic Team, Sungbin Yun. “D” also used phrases that brought to mind the Olympics. In addition, it was difficult to discern authenticity of sponsorship when comparing advertising content from KT, the biggest sponsor of the Committee, and their competitor company “D”.

Act of Causing Confusion

23. According to case-law established by the Supreme Court of the Republic of Korea, confusion can be interpreted in both narrow and broad terms. Confusion can exist if one entity is mistaken for another business entity and also where there is ambiguity as to the existence of a relationship between business entities, whether it be administrative, organizational, financial or contractual. “D” had thus undermined the sales activities of the Committee by free-riding on the latter’s efforts.

Final Decision on Unfair Competition

24. Consumers that saw “D”’s advertisement could assume the existence of an organizational, financial or contractual relationship between “D” and the Committee. By confusing consumers to this effect, “D” was free-riding on the credibility and customer interest associated with the Committee. “D” was misleading the public by implying financial support of

the Committee and suggesting that it had the rights to advertise the event by using the Olympic logo and other elements evoking the Olympics. The phrase, "Supporting 2018 PyeongChang with Yuna Kim" and the featuring of official sports events of the Winter Olympics were considered when qualifying the advertisements as an act of unfair competition. "D" had thus undermined the sales activities of the Committee by free-riding on the latter's efforts.

Corrective Recommendations

25. "D" had committed an act of unfair competition that caused confusion in relation to the organizational activities of the Committee. Therefore, KIPO made corrective recommendations to "D" to suspend their Olympic "sponsorship" advertisement or to modify and/or delete the advertisement marks relating to "D" services. The Unfair Competition Prevention Act regulates a correction period of 30 days or less. Considering the imminent opening of the Olympic Games, however, KIPO ordered that the correction should be implemented within three days from the recommendation date.

III. FUTURE PLANS

26. In order to take more effective action to prevent unfair competition, KIPO plans to impose legal orders of correction and penalties for non-compliance. Information sessions will be hosted for major corporations and the concerned public officials to introduce the laws and enforcement cases and raise awareness of the Unfair Competition Prevention Act. Promotional materials will be published to aid in distinguishing between genuine and imitation products; these will be disseminated to the general public in order to facilitate the citizens' ability to report suspected cases of unfair competition.

CRIMINAL INVESTIGATION AND PROSECUTION OF IP INFRINGEMENT IN THE REPUBLIC OF KOREA

*Contribution prepared by Mr. Donghwan Shin, Prosecutor and Senior Legal Counsel,
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ABSTRACT

The Ministry of Justice and the Prosecution Service of Korea coordinate the investigation and prosecution of intellectual property (IP) crimes. Prosecutors are in charge of criminal investigations in Korea, as well as IP infringement cases referred to them by the police and the special investigation police (SIP). In criminal procedure, prosecutors collaborate, instruct and give legal advice to other agencies and, at their sole discretion, request warrants from the court. As collecting evidence is an essential part of any investigation, search and seizure warrants and digital forensic skills are frequently used in IP infringement cases to identify the infringer and relevant damages. All 59 district prosecutors' offices in Korea have prosecutors for IP cases and two of them have separate departments exclusively for IP investigation. To keep up with growing digital and cyberspace IP crime, the Ministry of Justice and the Prosecution Service endeavor to focus on technological developments and tactics. The National Digital Forensic Center and Forensic Investigation Department of the Supreme Prosecutors' Office are both good examples in this regard.

I. LEGAL FRAMEWORK

1. The Korean legal framework has three separate approaches to intellectual property (IP) infringement. At an individual level, the right holder can file a civil lawsuit against the infringer for damages and be indemnified. At an administrative level, related agencies, such as the Korean Intellectual Property Office (KIPO), the Ministry of Culture, Sports and Tourism (MCST) or the Korean Customs Service (KCS) detect cases and impose administrative sanctions. Some severe infringements could go through a criminal procedure, in which case imprisonment or a criminal fine can be imposed on the infringers.

2. In Korea, several pieces of legislation, including the Patent Act, the Trademark Act, the Design Patent Protection Act, the Copyright Act, the Unfair Competition Prevention Act, the Trade Secret Protection Act, as well as the Utility Model Act, all contain provisions on IP infringement. Departments and agencies that are specialized in the related area collaborate within the competences provided to them by the aforementioned laws to prevent IP infringement.

* The views expressed in this document are those of the author and not necessarily those of the Secretariat or of the Member States of WIPO.

II. INVESTIGATION AND COORDINATION OF IP CRIMES

3. In criminal proceedings, prosecutors are defined as the conductors of investigations which are carried out in accordance with the Criminal Procedure Act¹. Prosecutors take charge of all criminal investigations and prosecutions in collaboration with the police and the special investigation police (SIP)². The majority of IP infringement cases are referred to the prosecution by the police or the SIP. Consequently, prosecutors coordinate consistent enforcement while also trying to avoid any overlapping investigation by giving legal advice or instructions when necessary.

4. In Korea, criminal investigation procedures are initiated through various channels: (a) victims or third parties can file an accusation for criminally punishable IP infringement; (b) the police and the SIP can launch an investigation and must then refer the case to prosecutors; and (c) sometimes prosecutors begin their own investigation with specific information. The table below presents the number of IP infringement cases referred to the Prosecution Service annually and the number of cases investigated by the respective SIP.

	2013	2014	2015	2016	2017
Prosecutors' Office	53,641	56,901	66,973	49,010	39,827
KIPO	376	430	378	351	362
MCST	1,192	2,136	1,091	447	495
KCS	373	262	192	178	155

5. The procedure for criminal cases is to focus on collecting evidence. For cases of IP crimes, collecting physical evidence is always urgent and essential. With respect to crimes that involve the use of social network service platforms, which are rapidly increasing these days, digital forensics has become an important part of the investigation. As it is difficult to identify and track the infringer, search and seizure warrants are frequently used by prosecutors. Prosecutors, at their sole discretion, request warrants from the courts.

6. Along with physical evidence, interviews or the interrogation of suspects and witnesses are another essential part of criminal investigations. Generally, suspects are initially interviewed by the police or the SIP and then subsequently interrogated by the prosecutors who decide whether or not the suspects should be prosecuted. Recently, an increasing number of prosecutors have come to rely on digital forensic skills before making their final determination.

¹ Articles 195, 196 and 197 of the Criminal Procedure Act describe specific roles, instructions, collaboration of the prosecutor with the police and the special investigation police. Under the Criminal Procedure Act, (i) the prosecutor can give instructions in ongoing criminal investigations of the police or the special investigation police, (ii) the police and the SIP are obliged to send all documents and evidence to the prosecutor after their own criminal investigation, (iii) the prosecutor reviews and investigates all referred or submitted cases for his / her determination of prosecution or non-prosecution. In practice, the prosecutor often gives advice or instructions to the special investigation police regarding ways of collecting evidence (especially compulsory investigation) or proving the case beyond the reasonable doubt.

² The special investigation police (SIP) are units attached to KIPO, MCST, KCS, etc. The SIP is appointed by the Chief Prosecutor (corresponds to the District Attorney) of the relevant district for criminal investigation of specific industry or legal area and has the same investigative authority as police officers in related crimes.

III. THE PROSECUTION SERVICE AND COORDINATION

7. In Korea, all 59 district prosecutors' offices and branches have prosecutors for handling IP cases. In particular, the Seoul Central Prosecutors' Office and the Daejeon District Prosecutors' Office have established special departments for IP infringement and investigation. The aforementioned two departments deal mainly with major and large-scale IP infringement cases. In 2016, these two offices also implemented a new screening system with the aim of achieving a more accurate and efficient determination of whether or not an act constitutes a criminal violation of a third-party patent right – the Patent Infringement Investigation Advisors (PIIA). The PIIAs give technical, patent-specific advice to prosecutors. By 2017, more than 800 IPR infringement cases had been brought to these PIIAs before a final prosecutorial decision was made.

8. In the case of IP crime, recovery or reimbursement to victims is another important issue. In this regard, prosecutors sometimes decide to send cases to an independent criminal mediation committee upon the consent of both parties. If the parties settle during this mediation, prosecutors will take the result of the settlement into consideration as a mitigating factor to the sentencing. Although prosecutors coordinate the submission to the mediation committee, the committee is an independent body and deals with various cases initiated by different agencies.

9. Korea maintains strict policies for IPR infringement. As of 2017, a total of 54,156 infringers have been criminally charged, 17,322 of which have been indicted to trial. According to the Sentencing Guidelines of Korea, any person who violates IP rights shall be imprisoned for a maximum of five years (copyright) or seven years (patents and trademarks). However, in practice, first-time offenders are likely to receive a suspended sentence or a criminal fine.

IV. CHALLENGES AND THE FUTURE OF IP ENFORCEMENT

10. Korea is making every effort to prevent online IPR infringement. Cybercrimes are becoming more prevalent everywhere with more sophisticated schemes or tactics. In this respect, Korean prosecutors strive to keep up with the technological evolution to fight against online IP infringement. In 2008, the National Digital Forensic Center (NDFC) was established in the Prosecution Service to aid criminal investigations. Using its expertise in forensics, genetics, email and computer technologies, NDFC conducts more than 9,700 forensic analyses each year.

11. With the recent technological evolution, new IP crimes committed using cloud computing and 3D printing are emerging with more untraceable infringers. In 2015 the Supreme Prosecutors' Office launched the Forensic Investigation Department which is comprised of five different divisions: the Scientific Investigation, the Forensic Science, the DNA Analysis, the Digital Investigation and the Cybercrime Investigation Divisions. This new Department has over 200 personnel, including prosecutors, investigators, computer engineers, forensic experts and digital analysts.

12. Cross-border infringement is a common characteristic of IP crimes. It is vital to cooperate with international counterparts as well as to share information. The Ministry of Justice is the responsible office for mutual legal assistance and extradition treaties. The Ministry of Justice coordinates both incoming and outgoing requests from all law enforcement agencies and seeks to strengthen mutual cooperation with foreign counterparts.

THE DEVELOPMENT OF MECHANISMS TO ENSURE COMPLIANCE WITH COPYRIGHT AND RELATED RIGHTS IN THE RUSSIAN FEDERATION

*Contribution prepared by Ms. Natalia Romashova, Director, Legal Department, Ministry of Culture, Moscow, Russian Federation**

ABSTRACT

The Russian Federation has undertaken a number of measures to strengthen the protection and enforcement of copyright and related rights, as well as to increase the transparency and accountability of collective rights management organizations to ensure that these bodies effectively administer the value accrued from exploiting works protected by copyright and related rights. Legislative changes include an increased protection of directors of theatrical performances and the introduction of anti-piracy legislation. In the latter context, an extra-judicial mechanism exists to address online copyright infringements, allowing right holders to apply to the owner of a website with infringing content and request the blocking of such site. In addition, courts can now also restrict access to a site that mirrors another website to which access has previously been blocked. While these measures are having a positive effect in curbing intellectual property infringements, further efforts are ongoing, for instance, with regard to simplifying the procedures for blocking infringing Internet sites.

I. INTRODUCTION

1. A culture of innovation and creativity is the most important tool for ensuring sustainable and balanced economic growth. In this context, the development of an effective system of intellectual property (IP) protection is a crucial element. Russian civil legislation devotes great attention to enhancing IP protection, while trying to ensure the greatest possible balance between the interests of users and right holders.
2. The Ministry of Culture of the Russian Federation is a federal executive body and one of its principal activities is the statutory regulation in the field of copyright and related rights. This document describes recent changes in Russian legislation aimed specifically at ensuring compliance with national legislation on copyright and related rights.

I. REGULATION OF COLLECTIVE RIGHTS MANAGEMENT ORGANIZATIONS

3. The Ministry gives great attention to monitoring the performance of collective rights management organizations (CMOs). In this regard, a number of changes have been made to the Civil Code to increase the transparency of the activities of these organizations and to strengthen the control over their operations. The main changes are:
 - The obligation of an accredited CMO to conduct annual audits of its financial statements on the results of a financial year, with the subsequent posting of such statements and an audit report on its official Internet website. The financial reports

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on special funds established by the accredited CMO are equally subject to mandatory annual audits.

- The obligation to make available to a right holder via the Internet the reports on the amount of royalties distributed to him or her and the amount withheld (in the setting up of a personal account for the right holder).
- The obligation to establish a supervisory board in accredited CMOs that includes representatives of the relevant federal executive agencies, the right holders, the creative unions and the users of subject matter protected by copyright and related rights. The exclusive competence of the supervisory board includes the monitoring of the CMO's financial and economic performance.

II. INCREASED LEGAL PROTECTION

A. RESALE RIGHT

4. In addition, work has been devoted to developing mechanisms aimed at ensuring the payment of royalties to eligible authors under the resale right (*droit de suite*). Unfortunately, today such a mechanism is in need of further development in the Russian Federation and the Ministry of Culture has made every effort to ensure at the legislative level the possibility for authors to collect royalties but also for accredited CMOs to collect, distribute and pay royalties on the authors' behalf.

5. The Article of the Civil Code devoted to the resale right has been changed and now includes the duty of auction houses, galleries and stores to provide information to the authors or accredited organizations about the resale of original works.

6. The procedure for payment of royalties and the amount of royalties due (calculated as a percentage of the resale price) are detailed in a Government Decree. The percentages are as follows:

Resale price of the works subject to the *droit de suite*, including original works of art and authors' manuscripts of literary and musical works

Royalties due

Up to and including RUB 100,000	five per cent
Over RUB 100,000 up to and including RUB 1.7 million	RUB 5,000 + four per cent of the amount exceeding RUB 100,000
Over RUB 1.7 million up to and including RUB 7 million	RUB 69,000 + three per cent of the amount exceeding RUB 1.7 million
Over RUB 7 million up to and including RUB 12 million	RUB 228,000 rubles + one per cent of the amount exceeding RUB 7 million
Over RUB 12 million to and including RUB 17.5 million	RUB 278,000 + 0.5 per cent of the amount exceeding RUB 12 million

Over RUB 17.5 million

RUB 305,500 + 0.25 per cent of the amount
exceeding RUB 17.5 million

B. PROTECTION OF STAGE DIRECTORS

7. In the area of related rights, legislation was amended with a view to strengthening the protection of the rights of directors of theatrical performances against unlawful third-party action. In practice, the productions of stage directors could often be used without their consent or used with substantive changes that violate the integrity of the production. In this regard, the Civil Code was amended, giving the production director the right to the inviolability of the production, i.e., the right to defend their production from any improper changes or amendments that distort the meaning or upset the integrity of the perception of the performance both in its public format (in a “living form”) and in the recording. The Ministry of Culture would welcome if WIPO Member States could consider establishing a similar level of protection for stage directors at the international level.

III. ENHANCED ENFORCEMENT MEASURES AGAINST ONLINE COPYRIGHT INFRINGEMENTS

8. Work has also been devoted to improving the current legislation in the context of the transition to a digital economy. The Ministry of Culture has taken part and continues to actively participate in improving anti-piracy legislation, which provides for measures aimed at stopping infringements of copyright and related rights on the Internet.

9. At present, the procedure for restricting access to illegal content established by the anti-piracy legislation¹ applies to almost all works protected by copyright and related rights, the only exception being photographic works.

10. The anti-piracy legislation contains an extra-judicial mechanism to address online infringements of copyright and related rights, allowing right holders to apply to the owner of the Internet site to disable access to illegally posted content and to promptly block such illegal content without incurring legal costs².

¹ Federal Law No. 187-FZ of July 2, 2013, on Amendments to Certain Laws of the Russian Federation Concerning the Protection of Intellectual Property Rights in Information and Telecommunication Networks (available at <http://www.wipo.int/wipolex/en/details.jsp?id=17108>) and Federal Law No. 364-FZ of November 24, 2014, on Amendments to the Federal Law on Information, Information Technology and Information Protection and the Civil Procedure Code (available at <http://www.wipo.int/wipolex/en/details.jsp?id=15580>) lay out the judicial procedure for blocking access to illegal content as well as the extrajudicial procedure allowing right holders to seek action directly from site owners.

² A right holder must submit an application in writing to the owner of the Internet website in question requesting the blocking of access to the allegedly infringing content. The application must include personal and contact information of the right holder, a description of the allegedly infringing content, as well as a reference to the domain name or network address of the site on which this content is placed, as well as evidence to the effect that the applicant is indeed the right holder of the rights in the respective content and that such content was placed online without the consent of the right holder. The owner of the Internet site has 24 hours from the receipt of the application to remove the allegedly infringing content. However, the site owner has the right to refrain from taking action if he or she has evidence that the content in question was legitimately placed online. In the event that the site owner does not take action following the right holder's application, the right holder may seek to enforce his or her rights judicially. See also Natalia Romashova (2014), *Enforcement of Rights to Audiovisual Works Under the Federal Act No. 187-FZ of July 2, 2013, on Amendments to Certain Legislative Acts of the Russian Federation Concerning the Protection of Intellectual Rights in Information and Telecommunication Networks and Other Measures Undertaken to Combat Piracy and Counterfeiting on the Internet* (document WIPO/ACE/9/23), available at: http://www.wipo.int/meetings/en/doc_details.jsp?doc_id=262758.

11. The legislation also takes into account that, due to the specific nature of the Internet, measures against online infringements may be easily circumvented. To counter one way of such circumvention, a mechanism was introduced that allows a court to restrict access to a site that is confusingly similar to a site to which access was previously restricted (so-called “mirrors”).
12. A ban was also imposed on the use of information and telecommunications networks, information systems and computer programs in Russia to gain access to illegal information resources. To ensure that the owners of such networks, systems and programs comply with the ban, they are granted access to a data base of the Federal Service for Supervision of Communications, Information Technology, and Mass Media (Roskomnadzor), which contains information on illegal information resources. In cases of failure to comply with the requirement to enforce the ban, Roskomnadzor can take further measures to ensure compliance.
13. At the same time, the operators of search engines are obliged to stop displaying in the Russian Federation links to information resources which are blocked in the Russian Federation.
14. Despite the positive effect of the measures taken in recent years, the Ministry of Culture continues its legislative work in the area of IP enforcement because there is a need to simplify the procedures for blocking Internet sites that infringe copyright and related rights. There is also a need to decrease the length of proceedings to block such sites.

INTELLECTUAL PROPERTY ENFORCEMENT COORDINATION IN UGANDA

Contribution prepared by Mr. Bemanya Twebaze, Registrar General, Uganda Registration Services Bureau (URSB), Kampala, Uganda

ABSTRACT

The Uganda Registration Services Bureau (URSB) is the national intellectual property (IP) office of Uganda established under the Uganda Registration Services Bureau Act with a remit to, among other things, administer IP laws. To overcome the limitation of private IP rights enforcement, URSB, in cooperation with the Uganda Police Force, established the specialized Intellectual Property Enforcement Unit (IPEU) in 2016. IPEU's role is to enforce the law in instances of trademark counterfeiting and copyright piracy. Since the establishment of IPEU, URSB has undertaken various IP enforcement activities. Although IPEU has faced a number of challenges as a newly created entity, it continually explores opportunities for cooperation with stakeholders and other partners in order to promote respect for IP in Uganda.

I. BACKGROUND

1. The Uganda Registration Services Bureau (URSB) was established through the Uganda Registration Services Bureau Act. URSB is responsible for the registration of businesses, marriages, liquidation matters and, notably, also intellectual property (IP) rights. Accordingly, URSB administers various IP laws¹. Of particular relevance in the present context are the Trademarks Act and the Copyright and Neighboring Rights Act, which treat the acts of counterfeiting and piracy as offences.

2. Copyright piracy became an offence in Uganda with the passing of the Copyright and Neighboring Rights Act of 2006. This law also made provision for the appointment of copyright inspectors to enforce the law in cases of piracy². Similarly, the Trademarks Act made provision for the appointment of trademark inspectors to enforce the law of trademarks³ although provisions against counterfeiting already existed under the Penal Code Act prior to the passing of the 2010 Trademarks Act.

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¹ These are the Copyright and Neighboring Rights Act (2006), the Copyright and Neighboring Rights Regulations (2010), the Trademarks Act (2010), the Trademarks Regulations (2012), the Geographical Indications Act (2013), the Industrial Property Act (2014) and the Industrial Property Regulations (2017) together with the Industrial Property (Fees) Regulations (2017).

² Section 41(2) of the Copyright and Neighboring Rights Act provides: "The Board of Directors of the Uganda Registration Services Bureau may appoint such number of ... copyright inspectors and other officers as may be necessary for the efficient discharge of the duties and functions of the Registrar of copyrights under this Act".

³ Section 82 (1) of the Trademarks Act provides: "The Board shall in consultation with the Registrar designate for the purposes of enforcing this Act, such number of inspectors as may be necessary and shall issue to them, in writing or in a prescribed form, certificates of authority to act as inspectors".

3. URSB currently has five duly appointed inspectors, who are police officers from the Uganda Police Force (UPF). Their appointment followed a formal agreement reached in November 2016 between URSB and UPF in the form of a Memorandum of Understanding (MoU). The MoU also resulted in the creation of a specialized Intellectual Property Enforcement Unit (IPEU) under the direction of the Registrar General. The Unit commenced operations in May 2017 and, since then, has carried out a number of activities.

II. ESTABLISHMENT OF THE INTELLECTUAL PROPERTY ENFORCEMENT UNIT

4. Pursuant to the MoU between URSB and UPF, police officers of various ranks and skills from the areas of investigation, intelligence, cybercrime and legal and general operations were seconded to URSB to create IPEU, the first unit specializing in IP rights enforcement in Uganda. As required by law, IPEU officers were appointed as trademark and copyright inspectors, as required by law. The appointments also leveraged the officers' expertise and experience with regard to law enforcement more generally.

5. The role of the IPEU is to:

- coordinate IP enforcement activities countrywide;
- implement strategies for the detection and prevention of IP crimes;
- coordinate and collaborate with stakeholders to enforce IP laws;
- provide technical advice to stakeholders on matters relating to public policy and IP enforcement; and
- support and/or facilitate the prosecution of offenders.

II. ACTIVITIES OF THE INTELLECTUAL PROPERTY ENFORCEMENT UNIT

A. CAPACITY BUILDING

6. While IPEU officers had expertise in their respective areas, their designation as trademark and copyright inspectors required additional capacity building in IP law and practice. Accordingly, they underwent in-house trainings. Regionally, URSB cooperated with the Kenya Copyright Board (KECOBO) to train the IPEU staff on practical operational matters related to enforcement action against copyright piracy. Finally, to gain an introduction to the basic concepts of IP, the staff also completed the distance learning course on IP (DL101) offered by the World Intellectual Property Organization (WIPO) Academy.

B. ENFORCEMENT PROCEDURE

7. All enforcement activities are initiated via a written complaint to the Registrar General. There is no standardized format for complaints but the document should contain details of the right holder and that person's IP right; the nature of the allegedly infringed IP right and of the affected products; details of the alleged infringer; and the remedy sought.

8. The complaint is registered by IPEU and assigned a reference number. Investigations commence immediately through intelligence gathering and evidence collection: statements are taken, sample exhibits collected, alleged infringers identified, allegedly infringing hubs located and operational resources mobilized, as necessary.

9. Where, following investigations, the inspectors ascertain that there has been a contravention of trademark rights and/or copyright and neighboring rights, the inspectors are empowered to enter any premises, vehicle or aircraft and to seize and detain any item suspected of being counterfeit or pirated. The seized articles are then retained as evidence for prosecution purposes.

C. PROSECUTION OF OFFENCES

10. The Office of the Director of Public Prosecutions (DPP) is responsible for instituting and conducting the prosecution of offences, including counterfeiting and piracy.

11. Upon receipt of the case file from IPEU, DPP either initiates proceedings or declines to prosecute. Prosecution is initiated if the available evidence is sufficient and there is a reasonable prospect of a successful prosecution. IPEU supports DPP throughout the process.

III. COORDINATION ARRANGEMENTS

12. Enforcing the law against counterfeiting and piracy, URSB shares common interests with other regulatory bodies. This made it necessary to set up permanent or *ad hoc* coordination frameworks.

A. UGANDA POLICE FORCE

13. UPF is constitutionally mandated to protect life and property; preserve law and order; prevent and detect crime; and to cooperate with the civilian authorities and other security organs and with the population more generally⁴.

14. While IPEU is staffed by police officers, UPF maintains its general constitutional mandate to enforce the law. UPF already has countrywide infrastructure and other resources. It is also clothed with unquestionable authority to preserve law and order and coordinates with other security organs to easily detect and prevent crime. Accordingly, URSB, through IPEU, coordinates:

- with UPF and the International Criminal Police Organization (INTERPOL) to deal with counterfeiting across borders;
- with police territorial commanders to mobilize and utilize the resources necessary for specific operations, and;
- with police administrations to supervise, discipline, promote, equip and otherwise empower IPEU officers in their capacity as police officers.

15. Through this arrangement IPEU has managed to carry out enforcement activities that were far beyond its inherent capacity in terms of geographical reach and human resource numbers.

⁴ Article 211 of the Constitution of Uganda.

B. UGANDA NATIONAL BUREAU OF STANDARDS

16. The Uganda National Bureau of Standards (UNBS) is a statutory body under the Ministry of Trade, Industry and Co-operatives, established by the Uganda National Bureau of Standards Act. Its mandate includes:

- formulating and promoting the use of standards;
- enforcing standards to protect public health and safety as well as the environment against dangerous and sub-standard products;
- ensuring fairness in trade and precision in industry through reliable measurement systems; and
- strengthening the assurance of the quality of locally manufactured products.

17. URSB and UNBS have a common interest in ensuring that products which are certified as meeting applicable standards are not counterfeited or pirated. In March 2018, the URSB signed an MoU with UNBS with the objective, among other things, of promoting quality in goods by enforcing standards and IP rights. The MoU will bring about investments of resources and time in joint activities by both organizations, thus leading to improved results.

C. UGANDA REVENUE AUTHORITY

18. The Uganda Revenue Authority (URA) is a statutory body established under the Uganda Revenue Authority Act. URA is mandated to collect and account for tax and non-tax revenue of the government and administer and enforce laws relating to such revenue. Through its Customs Department, URA implements the border measures foreseen in the various IP laws⁵. URSB will strengthen its partnership with URA to improve action in this area.

D. UGANDA COMMUNICATIONS COMMISSION

19. The Uganda Communications Commission (UCC) was established under the Uganda Communications Commission Act with a mandate to regulate the communications sector, including telecommunications, broadcasting, radio communications, postal communications, data communication and infrastructure. UCC issues licenses to broadcasters and distributors of content. URSB and UCC are exploring opportunities to ensure that content being broadcast or distributed by the entities licensed by UCC complies with the law, in particular the Copyright and Neighboring Rights Act⁶.

E. NATIONAL DRUG AUTHORITY

20. The National Drug Authority (NDA) was set up by the National Drug Policy and Authority Act. NDA regulates the manufacture, importation, distribution and use of both human and veterinary drugs in the country. In line with its mandate, NDA registers drugs and their brand names although the person registered for the brand name does not thereby acquire trademark rights under the Trademarks Act. As such, there is a common interest in ensuring that those

⁵ Section 86 of the Trademarks Act and section 56 of the Copyright and Neighboring Rights Act provide for suspension by customs authorities of the release into the channels of commerce of imported goods that bear infringing marks or constitute pirated copyright goods.

⁶ Also applicable in this regard is section 28 of the Uganda Communications Commission Act. It reads: "A person shall not take any action which is not authorized under this Act or other law, on account of the content of a program, to prevent the broadcasting of a program".

brands registered by NDA acquire enforceable IP rights. To that end, URSB and NDA carried out joint awareness-raising and enforcement activities.

F. COLLECTIVE MANAGEMENT ORGANIZATIONS

21. URSB supervises the Ugandan collective management organizations (CMOs). Before 2015, twenty staff members of the licensed CMOs, including the Uganda Reproduction Rights Organization, the Uganda Performing Rights Society and the Uganda Federation of Movie Industry, were appointed as copyright inspectors, as provided under the law, in order to enforce copyright in cases of piracy⁷.

22. These inspectors carried out a number of enforcement operations, which resulted in an increased public awareness of copyright and a better public perception of the role of CMOs in the administration of copyright. After 2015, the appointment of CMO staff as copyright inspectors was not renewed as the establishment of the IPEU was pending.

IV. CHALLENGES AND OPPORTUNITIES

23. The IPEU itself solely consists of five officers with basic knowledge and expertise to investigate and prosecute IP crimes. They are tasked to spearhead and coordinate enforcement measures against IP rights infringements throughout the country. To date, IPEU has received 29 complaints. In five cases, the concerned parties subsequently settled. Because of various factors, prosecution in the remaining cases has not been completed. It would be beneficial if the IPEU officers were permanently situated at URSB, which would reduce the risk of administrative action relocating them away from this specialized assignment. This would allow for in-depth capacity building and more effective coordination with other entities, as well as proper budgeting for IPEU's activities⁸, which would all have a positive impact on IPEU's results.

24. Further to the above, one of the factors for non-completion of prosecutions has been the limited capacity of DPP. Although DPP has the capacity to prosecute offences generally, the technical nature of IP crimes and inadequate exposure to the prosecution of such crimes has hampered efforts to prosecute such crimes. It has therefore become imperative to equip the prosecutors, as well as judges and magistrates, with the skills necessary for effective prosecution and adjudication of IP crimes.

25. Furthermore, awareness among the public of the dangers of counterfeiting and piracy is still low. URSB already carries out various public awareness-raising activities and will intensify these efforts in order to build a culture of respect for IP in Uganda.

26. There is also a lack of sufficient and credible data on the prevalence of counterfeiting and piracy. Whereas the negative impact of these acts is well known⁹, the lack of adequate data limits policy interventions that could otherwise be made to overcome the problem and, in particular, also hampers coordination mechanisms.

⁷ Section 52 of the Copyright and Neighboring Rights Act: "In addition to inspectors appointed under section 41 the Registrar may authorize ... any staff of a collecting society to perform the functions of an inspector under this Act".

⁸ For the financial year beginning July 2018, URSB is allocating nine percent of the IP budget to IPEU.

⁹ Data from the Business Climate Surveys at the Economic Policy Research Centre indicates that nearly 40 per cent of Ugandan businesses felt that they suffered – albeit to varying degrees – from unfair competition through counterfeiting and cheap sub-standard products.

27. Finally, there are inadequacies regarding institutional coordination arrangements. A failure to effectively coordinate among institutions creates enforcement gaps that are easily exploited by counterfeiters and those who deal in pirated works. Formal mechanisms of cooperation for enforcement will be initiated with all relevant institutions, including the Uganda Communications Commission (for broadcasters), the Uganda Revenue Authority (for border measures), the Ministry of Agriculture, Animal Industry and Fisheries (for agricultural inputs) and the National Information Technology Authority (for online infringements).

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