

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

WORK PROGRAMME ON ELECTRONIC COMMERCE

Progress Report to the General Council

1. The task assigned to the Council for TRIPS under paragraph 4.1 of the Work Programme on Electronic Commerce adopted by the General Council on 25 September 1998 was to "examine and report on the intellectual property issues arising in connection with electronic commerce". It was specified that "the issues to be examined shall include: protection and enforcement of copyright and related rights; protection and enforcement of trademarks; and new technologies and access to technology". It was further stated, in paragraph 1.2 of the Work Programme, that "the bodies referred to in paragraphs 2-5 of that Work Programme shall report or provide information to the General Council by 30 July 1999".
2. The TRIPS Council discussed the intellectual property issues arising in connection with electronic commerce at its meetings of 1-2 December 1998, 17 February, 21-22 April and 7-8 July 1999. The records of the discussions are contained in the minutes of the relevant meetings in documents IP/C/M/21, paragraphs 106-109, IP/C/M/22, paragraphs 108-124, IP/C/M/23, paragraphs 71-88, and IP/C/M/24¹, respectively. A communication by the European Communities and their member States (IP/C/W/140) was presented to the Council at its meeting in April, and communications from Australia, Japan and India at its meeting in July (IP/C/W/144, IP/C/W/145 and IP/C/W/147). Subsequently, the United States circulated a paper (IP/C/W/149). At its meeting in December, the Council agreed that the Secretariat would be requested to prepare a background factual note examining the provisions of the TRIPS Agreement relevant to paragraph 4.1 of the Work Programme on Electronic Commerce and that this note should also provide information on the relevant activities of the World Intellectual Property Organization (WIPO) and of other intergovernmental organizations. This note was circulated in document IP/C/W/128 on 10 February 1999. In addition, the Council invited the representative of WIPO at its meetings in December and July to provide information on WIPO's activities dealing with electronic commerce.
3. This report does not purport to be a full description of the Council's work on electronic commerce. For that, Members should have reference to the documents referred to in paragraph 2 above. Rather, it seeks to summarize the work done. After indicating some general points that arose in the Council's work on this matter, this report is structured around the headings that were identified in the General Council's mandate, with the exception that all enforcement issues are addressed under a single heading, given that the same issues arise in different areas of intellectual property. In addition, a brief reference is made to other areas of intellectual property. The report ends by putting emphasis on the need for further study by the international community.

¹ To be circulated.

General points

4. In the Council's work, the importance of intellectual property for the development of electronic commerce was noted. The point was made that trade conducted electronically generally has a relatively high intellectual property content. It was noted that the creation of a secure and predictable legal environment for intellectual property rights would foster the development of electronic commerce. The view was also expressed that it could not be assumed that the benefits of electronic commerce would flow automatically to developing countries or that developments in this area would be equitable. Another point made was that the basic principles of intellectual property had survived rapid technological change and that the language used in the TRIPS Agreement was generally neutral in relation to technology. In this connection, it was suggested that, while the growth and technological development of electronic commerce posed some challenges for the protection and use of intellectual property rights, such challenges could be addressed essentially within the established international framework for intellectual property law. This view of the issue of technological neutrality was however challenged. It was noted that this matter could require additional analysis or debate. The point was also made that the TRIPS Agreement had been negotiated before the implications of global digital networks for the protection and enforcement of intellectual property rights had become an issue before the international community. Attention was drawn to the importance of multilaterally agreed approaches to intellectual property issues arising in connection with electronic commerce, given the global nature of digital networks. The point was made that more work and experience was required to identify which intellectual property issues could be resolved by right holders themselves and which would require governmental action at the international level.

Copyright and related rights

5. The Secretariat background note (IP/C/W/128) described a number of issues arising out of electronic commerce in connection with copyright and related rights, in the light of the changes that digital networks have brought to the way that works and other protected materials are created, produced, distributed and used. These include the implications of electronic commerce for the definition of publication and the notion of country of origin; right of reproduction; right of communication; moral rights; right holder; protected subject-matter; limitations; and collective management. In the discussion, individual delegations highlighted the importance of one or more of these issues. In connection with the role that electronic networks could play in facilitating the collective management of rights, particular reference was made to the potential contribution they could make in respect of rights related to folklore and other forms of traditional expression.

6. Note was taken of the work already done and under way in the World Intellectual Property Organization, in particular the adoption in December 1996 of two new treaties on copyright and related matters, namely the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty, which, as stated in their Preambles, aim to respond to the profound impact of the development and convergence of information and communication technologies on the creation, production and use of literary and artistic works, performances and phonograms. In addition, the Council was informed of ongoing work in the WIPO on the protection of audiovisual performances, databases and the rights of broadcasting organizations, as well as on electronic management systems and the management of copyright and related rights in the digital environment.

Protection of trademarks

7. The issues identified in this connection in the Secretariat background note include the use of trademarks on the Internet, in particular in the light of the territorial nature of trademark rights and their general specificity to particular products or services, the protection of well-known trademarks, and the relationship between trademarks and Internet domain names. In connection with the latter

issue, the Council was informed of the final report of the WIPO Internet Domain Name Process entitled "The Management of Internet Names and Addresses: Intellectual Property Issues" published by WIPO on 30 April 1999 (accessible on <http://wipo2.wipo.int>). The Council was also informed of other ongoing work in WIPO in the context of its Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications on issues arising from the use of trademarks on the Internet as well as in connection with well-known marks.

New technologies and access to technology

8. Attention was drawn in the Council to the provisions of Article 7 of the TRIPS Agreement which states that the protection and enforcement of intellectual property rights should contribute to the promotion of technological innovation and to the transfer and dissemination of technology. In this connection, the Secretariat background note referred to the role that the TRIPS Agreement and a functioning intellectual property regime should play in promoting technological development, including in connection with electronic communications networks, facilitating access to technology, requiring disclosure of new technology, requiring under Article 66.2 incentives for promoting and encouraging technology transfer to least-developed country Members, and providing for measures and international cooperation to deal with anti-competitive practices relating to the transfer of technology.

9. In the discussion as well as in the Secretariat note, the point was made that electronic commerce technologies were already, to an extent, facilitating access to new technologies and had great further potential in this regard, in particular in relation to patent information disclosed pursuant to Article 29.1 of the TRIPS Agreement, and that this aspect should be given due attention in technical cooperation activities. The Council was informed of the WIPO work programme on global network and intellectual property information services aimed, *inter alia*, at facilitating making intellectual property information available to the public.

Enforcement

10. The Secretariat background paper described a number of issues for the enforcement of intellectual property rights, traditionally undertaken on a territorial basis, arising out of the growing use of global electronic networks. These include the implications for questions of determining the appropriate jurisdiction and applicable law, the liability of service providers for intellectual property infringements, the role of technological measures for facilitating protection of copyright and related rights and the role of electronic rights management information. The importance of a number of these issues was highlighted in the statements and contributions of Members. The Council was informed of the work under way in WIPO on a number of these issues in its programme on intellectual property rights beyond territoriality.

Other areas

11. It was noted that, while the intellectual property issues arising in connection with electronic commerce are mainly to be found in the areas of copyright and related rights and trademarks, such issues could also arise in other areas of intellectual property. For example, the point was made in the Secretariat note and also in the Council's discussion that some of the same types of issues that arise in connection with trademarks can also arise in connection with other intellectual property rights, notably geographical indications. The Secretariat background note also referred to potential issues in connection with industrial designs, patents, the layout-designs of integrated circuits and undisclosed information.

Final remarks

12. Members of the Council are of the view that the novelty and complexity of the intellectual property issues arising in connection with electronic commerce are such that further study is required by the international community to better understand the issues involved. It was noted that, as indicated earlier in this report, a great deal of work in this connection is under way in WIPO. In the light of its responsibilities in the area of intellectual property, the TRIPS Council is of the view that the WTO should continue to consider developments in this area, including the further work of WIPO.
